



**RESOLUTIONS PROPOSED BY THE BOARD OF DIRECTORS OF
DISTRIBUIDORA INTERNACIONAL DE ALIMENTACIÓN, S.A. TO THE
AUGUST 2019 SPECIAL SHAREHOLDERS' MEETING**

1. RATIFICATION AND REAPPOINTMENT OF DIRECTORS. ESTABLISHMENT OF THE NUMBER OF DIRECTORS.

1.1 RATIFICATION AND REAPPOINTMENT OF MR. STEPHAN DUCHARME AS PROPRIETARY DIRECTOR

RESOLUTION 1.1

“To ratify the appointment by co-optation of Mr. Stephan Edward DuCharme, as resolved by the Board of Directors at the meeting held on May 20, 2019, and to reappoint him for the bylaw term of three years, following a favorable report from the Appointments and Compensation Committee, with the category of proprietary director.”

1.2 RATIFICATION AND REAPPOINTMENT OF MR. KARL-HEINZ HOLLAND AS EXECUTIVE DIRECTOR

RESOLUTION 1.2

“To ratify the appointment by co-optation of Mr. Karl-Heinz Holland, as resolved by the Board of Directors at the meeting held on May 20, 2019, and to reappoint him for the bylaw term of three years, following a favorable report from the Appointments and Compensation Committee, with the category of executive director.”

1.3 RATIFICATION AND REAPPOINTMENT OF MR. MICHAEL CASEY AS PROPRIETARY DIRECTOR

RESOLUTION 1.3

“To ratify the appointment by co-optation of Mr. Michael Joseph Casey, as resolved by the Board of Directors at the meeting held on May 20, 2019, and to reappoint him for the bylaw term of three years, following a favorable report from the Appointments and Compensation Committee, with the category of proprietary director.”

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1.4 RATIFICATION AND REAPPOINTMENT OF MR. CHRISTIAN COUVREUX AS INDEPENDENT DIRECTOR

RESOLUTION 1.4

“To ratify the appointment by co-optation of Mr. Christian Pierre Couvreur, as resolved by the Board of Directors at the meeting held on May 21, 2019, and to reappoint him for the bylaw term of three years, following a favorable report from the Appointments and Compensation Committee, with the category of independent director.”

1.5 RATIFICATION AND REAPPOINTMENT OF MR. SERGIO FERREIRA DIAS AS PROPRIETARY DIRECTOR

RESOLUTION 1.5

“To ratify the appointment by co-optation of Mr. Sergio Ferreira Dias, as resolved by the Board of Directors at the meeting held on May 20, 2019, and to reappoint him for the bylaw term of three years, following a favorable report from the Appointments and Compensation Committee, with the category of proprietary director.”

1.6 RATIFICATION AND REAPPOINTMENT OF MR. JOSÉ WAHNON LEVY AS INDEPENDENT DIRECTOR

RESOLUTION 1.6

“To ratify the appointment by co-optation of Mr. José Wahnon Levy, as resolved by the Board of Directors at the meeting held on May 20, 2019, and to reappoint him for the bylaw term of three years, following a favorable report from the Appointments and Compensation Committee, with the category of independent director.”

1.7 ESTABLISHMENT OF THE NUMBER OF MEMBERS OF THE BOARD OF DIRECTORS AT EIGHT AND MAINTENANCE OF VACANCY

RESOLUTION 1.7

“To establish at eight the number of members of the Board of Directors and to maintain the vacancy arising following the resignation tendered on May 21, 2019 by Mr. Borja de la Cierva Álvarez de Sotomayor, with an express provision that the Board of Directors reserves the authority to cover such vacancy by co-optation after the holding of this Shareholders' Meeting.”

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2. APPROVAL OF THE POLICY ON DIRECTORS' REMUNERATION, INCLUDING APPROVAL OF THE MAXIMUM AMOUNT OF THE DIRECTORS' FIXED REMUNERATION FOR THEIR SERVICES AS SUCH AND OF THE MAXIMUM NUMBER OF SHARES TO BE DELIVERED TO NON-EXECUTIVE NON-PROPRIETARY DIRECTORS

EXPLANATION:

The Shareholders' Meeting held on March 20, 2019 rejected the 2018 annual report on directors' remuneration at the relevant consultative vote, meaning a new policy needs to be submitted to the Shareholders' Meeting for approval prior to its application.

The Board of Directors therefore submits to the binding vote of the Shareholders' Meeting a new policy on directors remuneration, the content of which is in keeping with the remuneration system provided for in the corporate bylaws and with the provisions of articles 529 *septedecies*, 529 *octodecies* and 529 *novodecies* of the Capital Companies Law.

In accordance with subarticle 2 of article 529 *novodecies* of the Capital Companies Law, the proposed new policy on directors' remuneration must be reasoned (hence this explanation) and must be accompanied by a specific report by the Appointments and Compensation Committee. Both documents are available to the shareholders on the Company's website as from the call of the Special Shareholders' Meeting and it is placed on record that shareholders have the right to request that such documents be delivered or sent to them free of charge.

If approved, the new policy on directors' remuneration will be applicable immediately and will remain in force for the three years following the year of its approval, in accordance with the provisions of subarticle 3 of article 529 *novodecies* of the Capital Companies Law.

The new policy firstly contemplates the remuneration of directors for their services as such. In this regard, in accordance with article 39.1 of the corporate bylaws, the office of director is remunerated. This notwithstanding, only non-executive non-proprietary directors will receive remuneration for the office of director. The remuneration system for non-executive non-proprietary directors seeks to adequately reward their abilities and dedication, taking into account the offices they may hold in the future on the Board of Directors and enabling the Company to attract and retain the necessary talent, and to align their interests with those of the shareholders in general. For such purposes, the system consists of fixed monthly remuneration and deferred remuneration in shares, on the terms detailed in the policy.

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The policy includes the maximum annual amount of the fixed allowance for all directors for their services as such and the maximum limit on shares deliverable to all directors as deferred remuneration.

In turn, the remuneration policy for executive directors seeks to offer overall remuneration packages linked to the business strategy that are competitive and that take into account the discharge of office by each person at the Company. The sole executive director of the Company at this time is the Chief Executive Officer.

In short, the directors' remuneration policy proposed to the Shareholders' Meeting aims to provide the Company with the necessary means to attract and retain the necessary talent in order to tackle the major challenges faced by DIA.

PROPOSED RESOLUTION:

RESOLUTION TWO

*“To approve, in accordance with the provisions of article 529 novodecies of the Capital Companies Law and article 39 bis of the corporate bylaws, the Policy on directors' remuneration of Distribuidora Internacional de Alimentación, S.A. (the “**Policy**”), the text of which has been made available to the shareholders since the date of the call of this Shareholders' Meeting.*

In order to enable the implementation of the Policy, to approve, in accordance with the provisions of article 217.3 of the Capital Companies Law, the maximum annual amount of the fixed allowance for all directors for their services as such at €1,350,000 and, with respect to the deferred remuneration in shares for non-executive non-proprietary directors, to approve, in accordance with the provisions of article 219 of the Capital Companies Law, the allocation to such directors under the Policy of a maximum of 7,500,000 ordinary Company shares with a unit par value of €0.10. In allocating these shares, the average closing price of the DIA share in the last 15 trading sessions immediately preceding the reference date will be taken as a reference, and the reference date will be the date of appointment by co-optation or resolution of the Shareholders' Meeting, as applicable. The Company may cover the indicated shares using any shares that make up or that may make up its treasury stock from time to time or use other appropriate coverage systems.

In addition, to empower the Board of Directors so that, to the extent required by law and with powers to subdelegate, it may interpret, implement, formalize and execute this resolution, adopting all such agreements and signing all such public or private documents as may be necessary or appropriate to ensure it takes full effect, with the authority to adapt the Policy where necessary, and at the proposal of, or following a report by, the Appointments and Compensation Committee, to any circumstances that may arise, to the rules established in the applicable

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legislation, to the recommendations and best practices in this area and to the specific requirements of supervisory bodies, provided that this does not entail a material change of its terms and conditions which, in accordance with the applicable legislation, must be resubmitted to the Shareholders' Meeting for consideration, and, in particular, without limitation, so that it may:

- (i) Implement and establish the specific conditions of the remuneration system for directors with respect to any matters not provided for in the Policy, including, in particular, to bring in and remove directors, to agree the settlement of the variable remuneration and the terms of same, to establish scenarios for early settlement, as applicable, and to declare the fulfillment of any conditions to which such settlement may be linked.*
- (ii) Adapt the content and conditions of the Policy to any corporate transactions or exceptional circumstances that may arise while it remains in force.*
- (iii) In general, perform all such steps and sign all such documents as may be necessary or appropriate for the validity, effectiveness, establishment, implementation and execution of the Policy.*

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3. AMENDMENT OF ARTICLE 37 OF THE CORPORATE BYLAWS (CONSTITUTION AND MAJORITY FOR THE ADOPTION OF RESOLUTIONS BY THE BOARD OF DIRECTORS)

RESOLUTION THREE

“To amend article 37 of the corporate bylaws which will hereafter be worded as follows:

Article 37.- Constitution and majority for the adoption of resolutions

- 1. In order for resolutions falling within the remit of the board of directors to be valid, the majority of board members must be present, in person or by proxy, at the meetings at which resolutions are adopted.*
- 2. All directors may grant their vote to, and confer a proxy on, another director. This notwithstanding, non-executive directors may only confer a proxy on another non-executive director. Proxies shall be conferred specifically for the board meeting in question and, to the extent possible, shall be conferred with instructions.*
- 3. The chairman shall chair the debate, encouraging all of the directors to participate in the deliberations.*
- 4. Unless a voting quorum is specifically established by law or in the bylaws, resolutions shall be adopted by an absolute majority of the directors present, in person or by proxy, at the meeting. In the event of a tie, the chairman shall have the casting vote.”*

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4. RATIFICATION OF THE AMENDMENT OF THE SYNDICATED FINANCING AND OF THE NEW FINANCING FACILITIES, AS WELL AS OF THE GRANT, RATIFICATION AND EXTENSION OF GUARANTEES, AND APPROVAL OF A HIVE DOWN TRANSACTION, FOR THE PURPOSES OF ARTICLES 160.F) AND 511 BIS.1.A) OF THE CAPITAL COMPANIES LAW

EXPLANATION:

As notified by the Company by means of the inside information disclosures dated June 25, 2019 and July 18, 2019, with registration numbers 279560 and 280284, respectively, the Company has reached and implemented an agreement to amend and restate its syndicated bank debt with all creditors of such debt (the “**Syndicated Creditors**”).

The first of these disclosures included a description of the main terms and conditions of the amended and restated syndicated financing and of the new financing facilities (hereinafter, the syndicated financing as novated on its new terms and conditions, the “**Syndicated Financing**”). The second disclosure confirmed the entry into force and effectiveness of the amendment and restatement of the Syndicated Financing.

As indicated in the second disclosure, the Company considers that the entry into force of the Syndicated Financing, as novated, provides the Company with a viable capital structure in the long term.

The conditions imposed by the Syndicated Creditors in the Syndicated Financing include the implementation of a hive down by the Company (the “**Hive Down**”) whereby:

- (i) New, non-operating subsidiaries of DIA will be created or acquired.
- (ii) All of the business, assets, liabilities and contracts of DIA, with the exception of a) the bonds (European Medium Term Notes) currently issued by the Company, b) any assets, liabilities or contracts that cannot be transferred due to the existence of legal or contractual restrictions, c) any assets, liabilities or contracts the transfer of which materially and adversely affects the business of the Company or of the Company's group, d) any assets, liabilities or contracts the transfer of which results in a cost for the Company's group (including taxes or losses of tax assets) which exceeds an aggregate amount of €5,000,000, and e) any property lease agreements the assignment or transfer of which entitles the lessor to increase the rent or terminate the lease agreement, will be transferred to one or more subsidiaries indirectly owned by DIA.
- (iii) In particular, as the first milestone, the Company must transfer to the

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subsidiaries indirectly owned by DIA, no later than December 31, 2019 and subject to the above exceptions:

- a) all real estate owned by DIA in Spain;
 - b) certain commercial establishments of DIA representing 58% of Restricted EBITDA (as such term is defined and calculated in the Syndicated Financing); and
 - c) DIA's holdings in the Brazilian, Argentinean and Portuguese subsidiaries, to the extent viable from a legal, tax and regulatory standpoint.
- (iv) Certain subsidiaries directly or indirectly owned by DIA and forming part of the Hive Down will become additional borrowers under the Syndicated Financing.
- (v) Guarantees will be granted over the shares, bank accounts and receivables of the subsidiaries directly or indirectly owned by DIA that will participate in the Hive Down, in order to secure the Syndicated Financing.

It is considered necessary and appropriate to execute the Hive Down, taking into account the fact that it is an obligation provided for in the Syndicated Financing that was required by the Syndicated Creditors in exchange for the novation of the Syndicated Financing, and it is envisaged that its implementation may help facilitate access by the Company and its group to potential financing or refinancing in the future.

Article 160.f) of the Capital Companies Law includes, among the other powers of the Shareholders' Meeting, the power to resolve on "*the acquisition, disposal or contribution of the essential assets to another company*". Article 511 bis.1.a) of the Capital Companies Law includes, among the matters reserved to the Shareholders' Meeting of listed companies, "*the transfer to dependent entities of essential activities pursued up to that time by the company itself, even where the company maintains full control thereof.*"

Taking the above into account, it is considered appropriate for the Syndicated Financing and the grant, extension and ratification of guarantees deriving from same to be ratified by the Shareholders' Meeting, since they refer to Company assets that may fall within the parameters of article 160.f) of the Capital Companies Law.

It is also considered appropriate for the Hive Down to be approved by the Shareholders' Meeting in the context of article 160.f) of the Capital Companies Law, since it affects assets that fall within the parameters provided for in such

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article, and in the context of article 511 bis.1.a) of the Capital Companies Law, since it is a transaction that entails the transfer to a dependent entity of the essential activities pursued up to that point by the Company.

RESOLUTION FOUR

“To acknowledge and ratify the Syndicated Financing, as novated, and the new financing facilities, as well as the grant, extension and ratification of the guarantees envisaged therein for all appropriate legal purposes and, in particular, the purposes of article 160.f) of the Capital Companies Law.

To approve the Hive Down for the purposes of articles 160.f) and 511 bis.1.a) of the Capital Companies Law, all with a view to complying with the undertakings assumed under the Syndicated Financing.

To expressly empower the Board of Directors of the Company, as broadly as may be possible by law, with powers of substitution and subdelegation, to perform all such steps and formalities as may be necessary or appropriate on the broadest possible terms to ensure the execution and successful outcome of the Hive Down and, in particular, without limitation, the following:

- (i) To establish the terms and conditions on which the Hive Down will be performed.*
- (ii) To determine the most appropriate legal structure and specific transactions for the Hive Down and the entities ultimately acquired, in accordance with the study and analysis carried out by the Company and its external advisers.*
- (iii) To determine the time periods and specific dates for execution of the Hive Down.*
- (iv) To execute the Hive Down in one or more transactions, performing all necessary or appropriate steps for such purpose.*
- (v) To establish any aspects relating to the Hive Down that have not been determined by this resolution.*
- (vi) To negotiate, sign and execute all such public or private documents as may be necessary or appropriate in relation to the Hive Down.*
- (vii) To draft, sign and submit any additional or supplementary documentation or information that may be necessary to the National Securities Market Commission or any other competent authority, domestic or foreign.*
- (viii) To draft and publish all such notices as may be necessary or appropriate.*

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- (ix) To draft, sign, execute and, as appropriate, certify any type of document.*
- (x) To appear before the notary of its choosing and have this resolution notarized, as well as to perform all such steps as may be necessary and to approve and formalize all such public or private documents as may be necessary or appropriate to ensure the full effectiveness of the Hive Down as regards any of its aspects and content and, in particular, to rectify, clarify, interpret, complete, detail or specify, as appropriate, the resolution adopted.*

To expressly authorize the Board of Directors of the Company so that, in turn, it may delegate to any of its members, or any attorneys-in-fact that may be determined, some or all of the powers conferred by virtue of this resolution that may legally be delegated and so that it may confer the pertinent powers on the Company employees it sees fit for the implementation of the delegated powers.”

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5. DELEGATION OF POWERS TO FORMALIZE AND IMPLEMENT ALL OF THE RESOLUTIONS ADOPTED BY THE SHAREHOLDERS' MEETING

RESOLUTION FIVE

“Without prejudice to the powers delegated in the preceding resolutions, to grant powers to the Board of Directors, with express powers to subdelegate, to the Chairman of the Board of Directors, to the Chief Executive Officer, to the Board Secretary and to the Deputy Board Secretary, as broadly as may be required by law, so that any of them may implement the above resolutions, for which purpose they may: (i) establish, interpret, clarify, complete, develop, amend, rectify errors or omissions and adapt the resolutions set out above to the oral or written assessment of the commercial registrar or any competent authority, public official or entity; (ii) prepare and publish the legally required notices; (iii) have the above resolutions notarized and execute any public and/or private document considered necessary or appropriate for their implementation; (iv) submit any documentation to the commercial registry or other competent registries; and (v) perform all such steps as may be necessary or appropriate for their satisfactory implementation and, in particular, their registration at the commercial registry or any other competent registry.”

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Madrid, July 26, 2019