APPENDIX
TO THE 2012 ANNUAL CORPORATE GOVERNANCE REPORT OF DISTRIBUIDORA INTERNACIONAL DE ALIMENTACIÓN, S.A.

I. Introduction

To prepare its 2012 annual corporate governance report (the "**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. However, the incorporation of the contents set forth in article 61 bis of Securities Market Law 24/1988 of 28 July 1988 (the "Securities Market Law"), pursuant to the letter sent to all issuers by the Spanish Securities Market Commission on 28 December 2011, makes it necessary to draw up this Appendix.

II. Contents

This Appendix includes the reporting contents set forth in 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.
- Rules for amendments to the Company's by-laws.
- Significant agreements entered into by the Company that would come into force or be amended or annulled in the event of a change in control arising from a takeover, and effects thereof.
- Agreements between the Company and members of the board of directors, management personnel or employees that stipulate 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.

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.**

  All DIA securities are traded on an EU regulated market. All DIA shares (ISIN ES0126775032) are quoted on the Spanish electronic trading market through the Spanish Stock Exchange Interconnection System (SIBE). They are traded on the four Spanish stock exchanges located in Madrid, Barcelona, Bilbao and Valencia.

  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: participation in the distribution of corporate earnings and of 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 by-laws, with one vote for every share with voting rights; 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 limiting 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, 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 by virtue of a joint verbal action.

As a listed entity, the acquisition of certain significant DIA 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 Spanish Securities Market Commission Circular 2/2007 of 19 December 2007, which stipulate as the first threshold for notification 3% of share capital or 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 among shareholders that might restrict the free transferability of shares or that might lead to restrictions to voting rights.

- **Rules for amendments to the Company's by-laws**

Applicable rules are in line with the regulation set forth in the Spanish Companies Act. In accordance with article 16 of the Company by-laws, shareholders are responsible for amending the by-laws at their general meeting.

With respect to the right to information in the event of amendment, article 19 of the by-laws 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 the report thereon at the Company's registered offices, and to request that this documentation be delivered or sent free of charge.

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

With respect to quorum and the proportion of votes required to agree any amendment to DIA's by-laws, 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 share capital with voting rights is required, although on occasions where less than 50% of share capital is present, any agreement amending the by-laws 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 effects thereof**

  The syndicated loan of Euros 1,050 million extended to DIA by a number of financial institutions on 13 May 2011 (the syndicate of financial institutions being increased on 4 July 2011) includes clauses which stipulate early maturity of financing in the event of a change in Company control, in which case the loans and any interest accrued thereon will fall due and be payable immediately. A similar clause was included in the syndicated loan agreement for up to Euros 200 million signed by the Company on 8 February 2013.

  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 with a view to securing more competitive prices. This contract includes a specific compensation clause covering the event of a change in direct or indirect control of either party in favour of certain food distribution groups. Pursuant to this clause, should the contract be terminated due to for this reason, DIA would be liable for payment of up to Euros 35 million as compensation. Other than the above, the Company has no significant agreements that would come into force or be amended or annulled in the event of a change in control resulting from a takeover. However, given the numerous contracts entered into by the Company, some may include clauses that 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 stipulate compensation in the event that these individuals resign or are wrongfully dismissed, or their professional relationship with the Company is terminated as the result of a takeover.**

  As described in the ACGR, at 31 December 2012, two members of DIA's senior management have benefits of this nature under the terms and conditions set forth in the aforementioned report. With respect to the above, please see sections B.1.13 and G (in relation to B.1.13) of the ACGR.

- **Description of the main internal control and risk management systems related to financial reporting**

  The mechanisms that comprise the risk management and control systems related to financial reporting are as follows:

a) Control environment:

i. 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 system of internal control over financial reporting (ICOFR). Article 5 of DIA's board regulations stipulates that one of the duties of the board of directors that cannot be delegated is the approval of "the control and risk management policy, identifying the Company's main risks and organising adequate internal control and reporting systems".

Group financial management, through the Group ICOFR unit and Country ICOFR units, is responsible for the design, implementation and operation of ICOFR. Country ICOFR management reports to Group ICOFR management and is hierarchically dependent on Country financial management.

The Audit and Compliance Committee is responsible for supervising the ICOFR system. Article 37 of the board regulations stipulate that the Audit and Compliance Committee shall, among other duties, "supervise and review the process for preparing and presenting financial information" and "supervise and review the effectiveness of internal control procedures". This Audit and Compliance Committee function is delegated to the Internal Audit unit, operating under by-laws regulating, among other functions, its duty to supervise the effectiveness and efficiency of the internal control system.

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

– Departments and/or mechanisms responsible for: (i) designing and reviewing the organisational structure; (ii) defining areas of responsibility and authority clearly, with adequate distribution of duties and functions; and (iii) ensuring the existence of sufficient procedures for these to be correctly communicated throughout the entity.

– Code of conduct, approval body, level of distribution and instruction, principles and values included (indicating any specific mention to the recognition of transactions and preparation of financial information), and body responsible for analysing breaches and proposing corrective measures or penalties.

– Whistle-blowing hotline 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 (at a minimum) accounting standards, audit, internal control and risk management.

The person ultimately responsible for the design and review of the organisational structure of DIA and its subsidiaries (the "DIA Group") is the CEO, followed by the Country Steering Committee and/or the Group Steering Committee. The Hay Group method of job evaluation is used to establish the relation between the structure, functions/jobs and category of workers occupying these positions.

In addition to the job profile and competencies needed for each position, the duties and functions are defined by each direct supervisor, approved, with the assistance of experts from the Human Resources (HR) department, by departmental heads, and authorised by appropriate HR management: Country management, if it implies a change in local status, and Group management, if it implies a change in international status or promotion to management status. The use of a standardised system to evaluate jobs in all countries that provides valid international status for all the countries in which the Company is present and indicates the equivalence between local and international status for any position within the organisation.

The aforementioned is implemented using three tools:

- An organisation chart showing the hierarchical relationship between positions and the people occupying those positions within the Company;
- A map of management and specialist positions, with job descriptions indicating the job title and the status associated with each position; and
- Job descriptions contained in a software application, such descriptions being mandatory for leadership and managerial positions.

Job descriptions and evaluations (and, therefore, the review of the organisational chart, the job map and the job descriptions) are drawn up or updated when job supervisors notify HR management.

The job description and evaluation process is therefore an ongoing one, whether arising from organisational restructuring, as new responsibilities arise or as the business evolves. If a job is ICOFR-related, the process for defining new positions and reviewing existing positions stipulates that explicit reference must be made to this.

ICOFR documentation includes a risk and control matrix in which the organisational structures and/or job functions responsible for each control mechanism in relation to the preparation of financial information are clearly defined. These responsibilities have been validated by the heads of these departments and/or units through a formal approval process and notified to both Country and Group Steering Committees.

Up until it was listed, DIA applied the Carrefour Group's code of professional conduct, as it belonged to that group.

During 2012, DIA has defined policies and procedures designed to inform and train employees on certain principles of conduct and to prevent and detect misconduct. As part of this process, the first DIA Group code of ethics was approved, a whistle-blowing hotline was created and a plan or model to prevent breaches of conduct within the Company was implemented.

On 9 May 2012 the board of directors of DIA approved its first Code of Ethics based on consensus and reflecting the diversity that exists in the DIA Group. The Company believes that the Code of Ethics is the best instrument through which to put into practice a top-down compliance policy, guiding employees by example through adherence to certain standards of conduct or behaviour. As with other rules defined within the Company, compliance with the Code is obligatory for all employees.

The Code establishes and defines five principles of conduct, the first of which addresses: “compliance with all rules, both external laws and regulations, and internal policies and procedures”.

In relation to financial reporting, the third principle, "we safeguard assets and information", explicitly specifies DIA's commitment to “always provide accurate, precise information to the markets and to all those who have dealings with us. The organisation and every one of us assume transparent, reliable financial reporting as our principles of conduct”.

Furthermore, based on the premise that what is relevant is not the existence of a code *per se* but the knowledge and observance thereof, DIA has set up an Ethics Committee whose responsibility it is to facilitate the dissemination and implementation of the Code and to ensure the knowledge and understanding of it and respect for it.

DIA's board of directors also approved the creation and implementation of an Ethics Consultation and Information Channel (by e-mail and regular mail) for the Group and for each jurisdiction in which DIA operates, to clarify doubts of interpretation and analyse and resolve potential breaches of the Code in accordance with applicable internal and external regulations. The corporate Ethics Committee is responsible for managing the Ethics Consultation and Information Channel, disseminating its existence and monitoring its proper operation.

Breaches of the Code shall be studied by the Ethics Committee and resolved in accordance with applicable internal and external regulations.

Any notifications or complaints received, which must be signed, shall be evaluated and dealt with confidentially. The identity of those filing a complaint or participating in the investigation shall be kept confidential in accordance with the data protection laws prevailing in each jurisdiction. The Ethics Committee will not tolerate retaliation against employees who, in good faith, make use of the Ethics Consultation and Information Channel to inform the Committee of potential irregularities.

With regard to the manner in which notifications and/or complaints are to be handled, the Ethics Committee shall draw up a statement and proceed to determine whether the notification is related to:

a) Violations of the Code of Ethics; and/or

b) Irregularities that could have criminal consequences.

These circumstances will result in a case being opened. If the subject of the notification cannot be included in sections (a) or (b) above, the notification will be filed without a case being opened.

The case shall be monitored by the member of the Ethics Committee appointed to head the investigation. If the notification is related to a member of the Committee, the investigation will be led by the head of the legal department.

The person in charge of the investigation will notify the person filing the complaint of its receipt and request, where necessary, any additional information.

The information contained in the notification or complaint and, where appropriate, the credibility of the person filing the complaint, will be evaluated by the person in charge of the investigation from a dual perspective: i) the reliability of the personal filing the complaint; and ii) the accuracy of the information contained in the complaint.

i) Certain objective data relating to the assurance provided by the person filing the complaint regarding their ability to obtain the data referred to in the complaint will be used to determine the filer's credibility.

ii) Accuracy of the information provided refers to the rating given on the basis of its content, determining whether it is consistent with facts and procedures known to the department or unit where the allegations arise, as well as all the circumstances at the time the events are reported along with other possible events that might occur in the Company that could affect their credibility.

All DIA Group directors have signed the Code of Ethics, evidencing their commitment to uphold these ethical principles, enforce them among personnel under their responsibility and put them into practice.

Every year a report will be submitted to the Audit and Compliance Committee with statistics on all notifications and/or complaints.

The purpose of DIA's training programme is to play a key role in the achievement of its strategic objectives and of the professional and personal development goals of its employees. The programme is implemented in two different ways:

- Through a formal technical training programme to provide employees with the technical skills they need to perform their jobs. All units have a training budget that they manage according to their requirements and which is based on the number of employees in each unit and their job categories.
- Through a skills development programme to provide formal training in the skills needed for promotion to positions of greater responsibility. This includes specialised training programmes such as Master's programmes, language study, skills development, etc. In 2012 financial management received a total of 3,463 hours of training.

Both external and internal technical training activities have been conducted.

In 2012 financial management conducted 13 external training activities for 24 participants with a total of 294 hours of training. These training programmes consist of periodic training and updates for staff involved in preparing and reviewing financial information and evaluating ICFR covering, at a minimum, accounting standards, audit, internal control and risk management.

As for internal training on ICOFR, in the first half of 2012, information sessions of 1- or 2-hour duration totalling 235 hours were held for all Group management members. Furthermore, training sessions consisting of weekly technical meetings on key aspects of ICOFR (control activities, financial reporting risk and other risks) were conducted throughout 2012. These meetings involved the heads of both Country and Group ICOFR units as well as most departments affected and Country CFOs. Ninety employees took part in these training activities over a total of 500 hours.

b) Assessment of financial reporting risks

i. Main features of the risk identification process, including 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 that 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.

DDIA has decided to base its financial reporting error or fraud risk management system on COSO II methodology (*Committee of Sponsoring Organizations of the Treadway Commission*). In 2012 an ICOFR manual was drawn up describing the system for identifying and assessing risks.

Group financial management is responsible for identifying risks related to error or fraud in financial reporting using the ICOFR scope matrix and for documenting the control design process. It is also responsible for performing a self-assessment of the design of the controls in place to mitigate these risks and define the opportunities for improvement as needed to correct internal control weaknesses that might have been detected and verify implementation thereof through the Group ICOFR unit, which in 2012 introduced a programme to perform self-assessments.

The purpose of the ICOFR scope matrix is to identify the accounts and breakdowns that carry significant associated risk and whose potential impact on financial reporting is material. Both quantitative and qualitative factors (complexity of operations, fraud risk, degree of process standardisation and others) have been taken into consideration during the process of identifying significant accounts and breakdowns.

This ICOFR scope matrix was drawn up on the basis of the statement of financial position and the consolidated statement of comprehensive income included in the audited consolidated annual accounts at 31 December 2011 and approved by the Audit and Compliance Committee. It will be reviewed annually using the audited consolidated annual accounts and whenever there is a change in the scope of the DIA consolidating group.

The critical processes and subprocesses associated to each of these significant accounts and breakdowns have been defined, identifying risks that could give rise to error and/or fraud in financial reporting, addressing all financial reporting objectives (existence and occurrence; completeness; valuation; presentation, disclosure and comparability; and rights and obligations).

During the risk-identification process, the impact of other risk types (operational, technological, financial, legal, reputational, environmental, etc.) that may adversely affect the reliability of financial reporting are also considered.

On a quarterly basis, Group legal management confirms the information on the companies that make up the consolidating group and notifies the Consolidation department. In the Group organisational structure, the Consolidation department reports to Group Administration, Accounting and Consolidation management (which reports to Group financial management).

One of the duties of the Audit and Compliance Committee is to supervise and review the adequate limitation of the scope of consolidation pursuant to article 37 of the board 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" through the Internal Audit unit.

c) Control activities

i. Procedures to review and authorise financial information and the ICOFR system description to be published on the securities markets, 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 judgements, estimates, measurements and projections.

The Group periodically reviews the financial information drawn up as well as the description of the ICOFR, according to the different levels of responsibility, to ensure the quality of financial reporting.

On a quarterly basis, Country CFOs and the Group Head of Administration, Accounting and Consolidation (which reports to Group financial management) formally review and validate financial information drawn up and submitted to the Consolidation department (which reports to the Group Administration, Accounting and Consolidation department) using the HFM consolidation tool to verify the reliability of the information.

The procedure for reviewing and authorising financial information is certified on an annual basis by the Country CFO, the Group CFO, with the approval of the Country CEO and Group CEO, and submitted to the Audit and Compliance Committee by the Chief Corporate Officer prior to the authorisation for issue of the annual accounts by the board of directors.

One of the functions of the Group Head of ICOFR proposed by Group financial management and appointed by the Audit and Compliance Committee is to draw up a description of ICOFR in coordination with the areas involved. This description is formally validated by these departments, the Group CFO and the Chief Corporate Officer. This process concludes with the approval of the Annual Corporate Governance Report by the board of directors.

In 2012, Group financial management, through the Group ICOFR unit, documented error or fraud risks in financial reporting, the controls affecting all of the Company's critical processes/subprocesses, and the main critical processes/subprocesses identified as material in other subsidiaries. These processes cover the various types of transactions that could have a material impact on the financial statements (purchasing, sales, personnel expense, etc.) including, specifically, the accounting close, reporting and consolidation, as well as all of those subject to significant judgements, estimates, measurements and projections.

The documentation for each critical process comprises:

- Descriptions of each subprocess associated with each process.
- Flow diagrams for each subprocess.
- Detail of information systems that have an impact on the subprocesses.
- Detail of management-approved internal rules and procedures to regulate these subprocesses.
- Description of significant financial reporting risks (including those relating to fraud risk) and others (operational and/or compliance) associated with different subprocesses and control.
- Description of key and non-key controls to mitigate each risk identified.

For each control identified:

- Organisational structures and/or functions of the jobs responsible for each of the key and non-key controls identified.
- Frequency of controls.
- Degree of automation of controls.
- Type of control measures: preventive or detective.
- Definition of whether it can be used to cover fraud.

All documentation has been validated by the units responsible for the controls documented in the ICOFR control and risk matrix using a formal approval flow and distributed to all the units that have validated it, as well as to the Country and Group Steering Committees.

The aforementioned documentation will be reviewed and updated on an annual basis.

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 in place setting forth the policy for protecting information with respect to access control, user responsibilities, communication and operation security, change management, secure development, 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 risk-mitigation criteria that 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 reliance on IT systems.

The following general controls provide DIA with reasonable assurance regarding internal control of information systems:

- DIA has introduced the controls required to ensure the segregation of duties and user access to information on a need-to-know basis. They are currently being updated for all subsidiaries and systems that have a financial impact.
- There is a methodology in place for software development in differentiated environments to ensure that changes to the information systems are adequately authorised and tested.
- Information systems are classified and segmented by network according to their relevance. They are hosted on specialised locations that guarantee both business continuity and physical security.
- Information systems are operated and monitored by authorised personnel in accordance with established operating procedures.
- Data backups are performed on a regular basis and stored at secure locations.
- There is an incident-management system in place to resolve problems that might arise during business processes.

Business processes that are critical for the Company have various organisational and technological solutions to 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 operations 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 have material impact on the financial statements.

d) Information and communication

i. A specific unit designed to define and keep accounting policies (accounting policy unit or department) up-to-date and resolve any queries or conflicts 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.

In April 2012 Group management for Administration, Accounting and Consolidation drew up a DIA manual of accounting policies adapted to Group requirements which has been distributed to all subsidiaries. These accounting policies have been developed based on European Union-endorsed International Financial Reporting Standards (EU-IFRS). The manual of accounting policies will be updated on an annual basis and distributed to all associated personnel at the various subsidiaries by e-mail.

Group Administration, Accounting and Consolidation management is responsible for, among other duties, resolving queries derived from interpretation of the above-mentioned accounting policies by issuing written replies to the queries that will be incorporated into the DIA manual of accounting policies at the next update.

ii. Mechanisms to obtain and prepare financial information using standardised formats to be applied and used by all Company or Group 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 September 2011, DIA has implemented an IT HFM consolidation tool which allows financial information to be prepared in a standardised format once data has been downloaded from SAP by each subsidiary, thereby facilitating the consolidation process. This is made possible by all subsidiaries having the same SAP-based financial reporting system.

Downloading of data is done either automatically, from SAP, or manually. The tool contains preventive controls to guarantee that data is downloaded correctly. 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. This tool contains formal procedures for Country CFOs to validate financial information as set forth in paragraph (c) i above.

Most of the information supporting the breakdowns and notes to the annual accounts in included in the HFM tool. For specific breakdowns not included in HFM, previously defined standardised formats are used and submitted to the Consolidation department.

Financial information on ICOFR is centrally procured and prepared by the Group head of ICOFR, who conducts interviews with the various departmental heads to compile information that supports and justifies the ICOFR description.

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 unit 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 performing the assessment to report the results thereof, whether the entity has an action plan detailing any possible corrective measures, and whether the impact on financial information has been taken into consideration.

As indicated in paragraphs (a) i and (b) i above, the Audit and Compliance Committee is responsible for "supervising and reviewing the effectiveness of internal control procedures". In 2012, the Audit and Compliance Committee approved the creation of the ICOFR unit, the ICOFR scope matrix drawn up by that unit and validated by the corresponding areas, and the internal audit plan for 2012. The Committee also monitored progress on the ICOFR project by means of periodic reports submitted by the Chief Corporate Officer.

The results of the Company ICOFR self-assessment performed by Group financial management through the Group ICOFR unit were submitted by the Chief Corporate Officer at the first Audit and Compliance Committee meeting for 2013, which was held in February.

DIA has an Internal Audit unit that is hierarchically dependent on the CEO and functionally dependent on the Audit and Compliance Committee. Amongst its functions, the Internal Audit unit supports the Audit and Compliance Committee in monitoring the correct functioning of ICOFR, reporting on the results of ICOFR and the audits to both DIA's executive management and its Audit and Compliance Committee.

The Internal Audit unit's duties are limited to internal auditing functions.

The Internal Audit unit is responsible for executing the audit plan approved by the Audit and Compliance Committee in January 2012.

Auditing control environment practices were evaluated during the audits carried out in 2012.

An audit to monitor the correct functioning of ICOFR in two of the processes defined as key by the Company began in November 2012. This audit was used to evaluate the ICOFR scope matrix, the effectiveness, design and operating of the reviewed practices and the procedure for identifying financial information error risks. The report on the two processes analysed was issued and reported to the Audit and Compliance Committee on 20 February 2013, along with the pertinent recommendations and actions plans, ranked by level of risk.

Audits to monitor the correct functioning of ICOFR in other key processes will continue to be conducted both within the Company and in the other jurisdictions in which it operates during 2013.

The Audit and Compliance Committee prepares an annual report on its activities (Annual Activity Report), highlighting the main incidents, if any, in relation to the Committee's duties. Among other matters, the 2012 Annual Activity Report mentions monitoring of ICOFR implementation processes, approval of the ICOFR scope matrix, approval of the Group Risk Management Policy, start-up of an integrated Group risk management system, presentation of the results of ICOFR self-assessment by the Company and the evaluation of existing key ICOFR controls in two key processes. Whenever the Committee considers it appropriate, the report may include proposals for improving Company corporate governance.

ii. Whether there is a discussion procedure whereby the auditor (in accordance with the technical standards governing the audit profession), the Internal Audit unit and other experts can inform senior management and the Audit Committee or the Company directors of any significant internal control weaknesses 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 observed weaknesses.

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 unit will periodically inform DIA Group management and the Audit and Compliance Committee of the results of ICOFR system reviews and other internal audits carried out during the year, as well as the status of any action plans arising as a result.

In 2012 the Audit and Compliance Committee met six times.

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 includes comments from Group management and, where applicable, any action plans to be implemented to mitigate the internal control weaknesses detected, and was submitted to the Audit and Compliance Committee in May 2012.

f) Auditor's report

i. Whether ICOFR information supplied to the market has been reviewed by the external auditors, if so, attaching the corresponding report. If not, explanation of the reasons.

DIA submitted ICOFR information remitted to the markets for 2012 for review by the external auditor. The scope of the auditor's review procedures was in accordance with the draft action guidelines dated 28 October 2011 and the corresponding model auditor report issued by the official bodies that represent the auditing profession. Furthermore, on 25 January 2012, Circular E01/2012 of the Spanish Institute of Chartered Accountants (ICJCE) established certain additional considerations referring to the above model report that have also been taken into consideration by the external auditor when carrying out procedures. The report of the auditors is attached herewith.

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Auditors' Report on the “Information concerning the System of Internal Control over Financial Reporting (ICOFR)” of Distribuidora Internacional de Alimentación, S.A. for 2012

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

To the Directors of
Distribuidora Internacional de Alimentación, S.A.

As requested by the Board of Directors of Distribuidora Internacional de Alimentación, S.A. (the “Company”) and in accordance with our engagement letter dated 23 January 2013, we have applied certain procedures to the “Information concerning the System of ICOFR” attached in the Appendix to the Annual Corporate Governance Report of Distribuidora Internacional de Alimentación, S.A. for 2012, which summarises the Company's internal control procedures for annual financial reporting.

Securities Market Law 24/1988 of 28 July 1988, amended by Sustainable Economy Law 2/2011 of 4 March 2011, requires that for financial periods beginning on or after 1 January 2011, the Annual Corporate Governance Report (ACGR) include a description of the main characteristics of the internal control and risk management systems connected with regulated financial reporting. In this regard, on 26 October 2011 the Spanish Securities Market Commission (CNMV) published the Draft Circular amending the standard Annual Corporate Governance Report to be published, including guidelines for preparing the description of the main characteristics of their ICOFR system. In its letter of 28 December 2011, the CNMV recalls these legal amendments that are to be taken into account when preparing the "Information concerning the System of ICOFR" for publication, until the final publication of the CNMV Circular that defines the new standard ACGR.

Sub-section 7 of the standard Annual Corporate Governance Report included in the CNMV Draft Circular, referring to the content of the ICOFR, requires companies to specify whether the ICOFR description has been reviewed by the external auditor and, if so, that the corresponding report be included in the ACGR. To this effect, on 28 October 2011 the Draft Action Guide together with the corresponding standard auditor's report (hereinafter Draft Action Guide) were published by the corporations representing the auditors. Additionally, on 25 January 2012, the Spanish Institute of Registered Auditors, in its Circular E01-2012, laid down certain further related considerations.

The Board of Directors is responsible for adopting appropriate measures to reasonably ensure the implementation, maintenance and oversight of an adequate system of internal control, the development of improvements to that system and the preparation and definition of the content of the attached Information concerning the System of ICOFR.

In this respect, it should be borne in mind that irrespective of the quality of the design and operation of the internal control system adopted by the Company in relation to annual financial reporting, the system may only provide reasonable, but not absolute assurance in relation to the objectives pursued, due to the limitations inherent in any internal control system.

In the course of our audit work on the consolidated annual accounts of Distribuidora Internacional de Alimentación, S.A. and its subsidiaries for 2012, and in accordance with Technical Auditing

Standards, our evaluation of the Company's internal control was solely aimed at enabling us to establish the scope, nature and timing of the audit procedures. Consequently, the scope of our evaluation of the internal control, performed for the purposes of the audit, was not sufficient to enable us to issue a specific opinion on the efficiency of this internal control over regulated annual financial reporting.

For the purposes of issuing this report, we have applied only the specific procedures described below and set out in the Draft Action Guide, which defines the work to be performed, the minimum scope of the work and the content of this report. As the scope of the work resulting from these procedures is in any event limited and substantially less than that of an audit or review of the internal control system, we do not express an opinion on its effectiveness or design or operational efficiency, with respect to the Company's annual financial reporting for 2012 described in the attached Information concerning the System of ICOFR. Consequently, had additional procedures been applied to those described below, or had an audit or review been performed of the internal control system in relation to regulated annual financial reporting, other events or matters could have been identified, which would have been reported to you.

Moreover, as this special engagement does not constitute an audit of accounts nor is it subject to the Revised Audit Law, approved by Royal Decree-Law 1/2011 of 1 July 2011, we do not express an audit opinion in the terms envisaged in such legislation.

The following procedures were performed:

1. Reading and understanding of the attached information prepared by the Company in relation to the ICOFR system and evaluation of whether it covers all the information required, taking into account the minimum content described in the standard Annual Corporate Governance Report of the CNMV Draft Circular.

2. Inquiries of personnel responsible for preparing the information detailed in point 1 above in order to: (i) gain an understanding of the preparation process; (ii) obtain information that allows us to assess whether the terminology used conforms to the definitions contained in the reference framework; (iii) obtain information on whether the control procedures described are in place and operational in the Company.

3. Review of explanatory documentation supporting the information detailed in point 1 above, and which mainly includes that made directly available to those responsible for preparing the descriptive information on the ICOFR. This documentation includes reports prepared by internal audit, senior management and other internal or external specialists supporting the Audit and Compliance Committee.

4. Comparison of the information detailed in point 1 above with the understanding of the Company's ICOFR system gained as a result of the procedures performed within the framework of the audit work on the annual accounts.

5. Reading of the minutes to the meetings of the Board of Directors, Audit and Compliance Committee and other committees of the Company for the purposes of assessing the consistency of the matters discussed at these meetings in relation to the ICOFR system with the information detailed in point 1 above.

6. Procurement of a representation letter concerning the work performed, duly signed by those responsible for preparing and drawing up the information detailed in point 1 above.

As a result of the procedures applied to the Information concerning the System of ICOFR, no inconsistencies or incidents have come to light that could affect it.

This report has been prepared exclusively within the context of the requirements laid down by Securities Market Law 24/1988 of 28 July 1988, amended by Sustainable Economy Law 2/2011 of 4 March 2011, and the CNMV Draft Circular dated 26 October 2011 for the purposes of the description of the ICOFR system in Annual Corporate Governance Reports.

KPMG Auditores, S.L.

(Signed on original in Spanish)

Carlos Peregrina García

20 February 2013