

ANNEX 1

ANNUAL REPORT ON THE REMUNERATION PAID TO DIRECTORS OF LISTED CORPORATIONS

IDENTIFICATION DETAILS OF THE ISSUER

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COMPANY NAME

DISTRIBUIDORA INTERNACIONAL DE ALIMENTACIÓN, S.A.

REGISTERED OFFICE

C/ JACINTO BENAVENTE, 2ªA (EDIFICIO TRIPARK), (LAS ROZAS) MADRID

**STANDARD FORM OF THE ANNUAL REPORT ON THE REMUNERATION
PAID TO DIRECTORS OF LISTED COMPANIES**

A THE COMPANY'S REMUNERATION POLICY FOR THE CURRENT YEAR

A.1 Explain the company's remuneration policy. In this section include information related to the following:

- The general principles and basis for the company's remuneration policy.
- The most significant changes made to the remuneration policy compared with one applied in the previous financial year and the changes made in the year to the terms and conditions for exercising options already granted.
- The criteria and composition of comparable company groups whose remuneration policy has been examined to determine the company's remuneration policy.
- The relative importance of the variable remuneration items compared with the fixed ones and the criteria applied to determine the different components of the directors' remuneration package (remuneration mix).

Explain the remuneration policy

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

- Prudence: DIA's Board of Directors endeavors to ensure that the remuneration is moderate and in accordance with the trends and references of remuneration applied in the market by companies of a similar size and that perform a similar business, so that it is in line with the best market practices.
- Commitment: the remuneration policy endeavors to reward quality, dedication, responsibility, knowledge of the business and commitment to the company of the people who hold key positions and lead the organization.
- Linked to profits: the policy is based on the necessary link between remuneration and the company's profits, so that the variable remuneration has sufficient weight to effectively reward the targets achieved and the contribution made to the company's value and
- Internal and external equality: the remuneration takes the external competitive environment and internal equality into consideration.

The general principles and grounds of the remuneration system established for directors endeavor to ensure that their remuneration has a reasonable proportional relationship with the importance of the company, its financial situation and market standards for comparable companies. The remuneration system established, especially in the case of executive

directors, is oriented towards promoting long-term profitability and sustainability and includes the necessary precautions to avoid the excessive assumption of risks and rewarding unfavorable results.

The criteria used to determine the remuneration policy for the members of the Board of Directors are included in Articles 39bis of the company's Bi-laws and Article 33 of DIA's Board of Directors Regulations, and they are different depending on whether the directors are executive or non-executive.

In accordance with the aforementioned principles, the remuneration system for DIA Directors for holding that position has the following characteristics:

- Transparent information regarding director's remuneration.
- It provides incentives for remunerating rating their dedication, qualification and responsibility, without being an obstacle to their loyalty.
- It consists primarily of an amount for pertaining to the Board of Directors and, if appropriate, Board Committees.
- The fixed amount depends on the duties performed or the positions held within the Board of Directors or on its Committees.
- Part of the remuneration is share-based, which they must continue to own until time they cease to be directors.
- Per diems are received for attending Board or Committee meetings.
- Directors are compensated for travel, trips and other expenses incurred to attend company meetings or to perform their duties.

The criteria for determining the various components of the remuneration package for external directors relate to compensating them for their professional value, dedication to the position and the responsibility assumed without their objectivity when defending the business' interest being affected by the remuneration received.

Specifically, the remuneration mix in the case of non-executive directors is as follows:

- Fixed remuneration consists of a cash amount established based on their position and responsibility, placing a higher weight on the duties of the Chairperson of the Board and its Committees.
- Per diems are received in cash for Board and Committee meetings.
- 50% of the directors' fixed remuneration is paid in cash and 50% by granting them company shares. These shares are awarded net of the corresponding PIT withholdings, for which the director is responsible.
- In keeping with Recommendation no. 57 of the code of good governance of listed companies, of the Spanish National Securities Market Commission, directors (including executives) must continue holding the company shares they receive for this remuneration until they cease in their position as directors. This obligation seeks to involve directors in the long-term sustainability of the company and is one of the risk control measures which the company has included in the design of the directors' compensation system.
- The number of shares granted as part of the fixed remuneration of the directors is calculated by reference to the result of dividing 50% of the remuneration payable to each director by a reference market price that was the Volume Weighted Average Price ("VWAP") for the market prices for the DIA shares in the 15 stock exchange business days prior to the date on which the Board approves the Annual Remuneration Report.

In any event, the sum of the fixed remuneration and per diems may not exceed the maximum amount approved on an annual basis by the General Shareholders' Meeting and the Board of Directors may establish a lower amount. In 2017 the maximum amount of remuneration of the directors as a whole will amount to 1,500,000 euros, approved by the General Shareholders' Meeting in the past and which remains in force.

The remuneration system for the director that performs executive duties at the company is based on the remuneration policy applied to DIA senior executives. The general principles and grounds for that system are as follows:

The rest of the contents of this section are set out in the appendix to this Report.

A.2 Information about the preparatory work and decision-making process used to determine the remuneration policy and the role played, if any, by the Remuneration Committee and other control bodies in structuring the remuneration policy. This information must include, if any, the mandate and composition of the Remuneration Committee and the identifying details of the external advisors whose services have been used to define the remuneration policy. Similarly, the position of the directors must be expressed that, if any, have taken part in defining the remuneration policy.

Explain the process for determining the remuneration policy
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The control bodies that take part in defining the company's remuneration policy are the Board of Directors and the Nomination and Remuneration Committee (NRC).

The company's Board of Directors.

Pursuant to Article 31 of the company's By-laws and Article 5 of the Board of Directors' Regulations, the Board of Directors is responsible for the following duties:

- Make decisions relating to the remuneration of directors, pursuant to the bylaws and, as the case may be, the remuneration policy approved by the General Shareholders' Meeting; and
- In the case of the executive directors, determine any additional remuneration for their executive duties and other terms and conditions that their contracts must observe.

In addition, according to the provisions in Article 31.4(j) of the company's By-laws and Article 5.b) (ix) of the Board of Directors' Regulations, the Board of Directors of DIA is the competent body to prepare the annual corporate governance report and the annual report on directors' remuneration, and to submit it to the General Shareholders' Meeting.

The Nomination and Remuneration Committee.

Pursuant to Article 39.4 of the company's Board of Directors' Regulations, the NRC is responsible for the following duties:

- Evaluate the skills, knowledge and experience needed to be a member of the Board of Directors. For this purpose, the NRC defines the functions and abilities needed by the candidates in order to be Board members and evaluates the time and dedication required for them to be able to efficiently perform their duties;
- Propose to the Board of Directors the appointment of independent directors for their designation by co-option, in order to be submitted to the decision of the Shareholders' Meeting, and proposals for reappointment or removal of those directors by the Shareholders' Meeting;

- Inform on the proposed appointments of the rest of directors for their designation by co-option, in order to be submitted to the decision of the Shareholders' Meeting, and the proposals for reappointment or removal of those directors by the Shareholders' Meeting;
- Inform the Board of Directors of the appointment, reappointment and removal of members from the internal posts of the Board (chairman and deputy chairman, coordinating director, secretary and deputy secretary, as the case may be);
- Inform on the proposed appointments and removal of senior executives and the basic conditions of their contracts;
- Inform the Board of a variety of issues and, in particular, ensure that the procedure for selection of directors and senior executives does not entail implicit biases which hinder the selection of female members. In this regard, the committee will establish a representation objective for the less-represented gender on the Board of Directors and will prepare guidelines on how to reach that objective;
- Propose the following to the Board of Directors: (a) the remuneration policy for the directors and senior managers or for those who perform senior management functions under the direct supervision of the Board, committees or of managing directors, and (b) the individual remuneration of executive directors, and the other terms and conditions in the contracts, ensuring that they are observed, and (c) the basic terms and conditions of senior executives' contracts;
- Analyze, draw up and regularly review the applicable remuneration policy for executive directors and the management team, including the stock remuneration systems and their application, and guarantee that they are in proportion to the amounts paid to other directors and members of the management team and other members of the company's staff;
- Supervise that the remuneration policy determined by the company is observed;
- Evaluate and organize the succession of the chairman of the Board of Directors and of the company's top executive and, as the case may be, make proposals to the Board in order for that succession to take place in an orderly and planned manner;
- In general, supervise the compliance with the rules of corporate governance applicable to the company, including periodically evaluating its corporate governance system in order for it to fulfil its aim of promoting social interest and taking into account, as appropriate, the legitimate interests of the other interest groups;
- Inform the shareholders of the performance of its functions, attending for that purpose the General Shareholders' Meeting; and
- Assist the Board of Directors in drawing up the directors' remuneration report and submit any other reports to the Board of Directors in relation to the remuneration stipulated herein, verifying the information on the remuneration of the directors and senior executives contained in the different corporate documents, including the annual report on directors' remuneration.

The rest of the contents of this section are set out in the appendix to this Report.

- A.3 Specify the amount and the nature of the fixed components, with a breakdown, if needed, of the remuneration for performing senior management duties by the executive directors, the additional remuneration for the chairperson or members of the Board of Directors or any of its committees, the expenses incurred for attending the board and its committees' meetings or any other fixed remuneration paid to the directors, along with an estimate of the annual fixed remuneration resulting therefrom. Identify other benefits that are not paid in cash and the main parameters applied in order to grant them.

Explain the fixed components of the remuneration

As mentioned in section A.1 above, the company has a remuneration package that is different depending on whether the directors are executive or non-executive.

In the case of non-executive directors:

- In the year 2017, the maximum amount of directors' remuneration as a whole will remain at 1,500,000 euros, which amount was approved by the Shareholders' Meeting in the past and remains in force.
- Of said amount, the fixed remuneration paid to the members of DIA's Board of Directors for their supervision functions and collective decision-making duties, pursuant to a decision by the Board of Directors, is as follows:
 - Chairperson of the Board of Directors: 165,000 euros.
 - Member of the Board of Directors: 80,000 euros.
 - Chairperson of the Nomination and Remuneration Committee: 35,000 euros (additional).
 - Member of the Nomination and Remuneration Committee: 25,000 euros (additional).
 - Chairperson of the Audit and Compliance Committee: 35,000 euros (additional).
 - Member of the Audit and Compliance Committee: 25,000 euros (additional).
- For 2017, the Board of Directors has approved maintaining the same distribution of remuneration among the various members of the Board of Directors and both Committees. This amount will be adapted when directors are appointed or step down from office during the year and it will be awarded in proportion to the time they hold their posts.
- Included in the maximum amount approved by the Board, the directors will receive 2,000 euros for attendance at each meeting of the Board of Directors, and 1,000 euros for attending Committees.

In the case of the Chief Executive Officer:

The Chief Executive Officer, Mr. Ricardo Currás, is entitled to payment of fixed remuneration for performing executive duties that, in 2017, the Board of Directors has maintained at 600,000 euros.

Additionally, as remuneration in kind, he is also granted a life insurance policy, health care insurance coverage and the use of a company car, as explained in section A.10 below.

In addition, the company includes the Chief Executive Officer in the supplementary remuneration called pension assistance, established by the company for its executives, according to the policy on Directors' remuneration.

As a result of the legislative amendment relating to pension plans in Spain, the Board of Directors has the intention of analyzing the possibility of structuring these payments through another procedure or vehicle, without it representing any increase in the amounts currently paid to its employees.

A.4 Explain the amount, the nature and main variable components included in the remuneration systems.

In particular:

- Identify each of the remuneration plans in which the directors are beneficiaries, their scope, date of approval, date of implementation, valid term and their main features. In the case of stock option plans and other financial instruments, the general features of the plan must include information about the terms and conditions for exercising such options or financial instruments for each plan.

- Specify any remuneration paid for profit sharing or bonuses and the reasons for which they are granted.

- Explain the main parameters and basis for any annual bonus system.

- The kinds of directors (executive directors, external proprietary directors, external independent directors or other external directors) who are beneficiaries of the remuneration systems or plans that include variable remuneration.

- The basis for such variable remuneration systems or plans, the assessment criteria chosen for being benefiting from them, along with the components and assessment methods to determine whether or not such assessment criteria have been met and an estimate of the absolute amount of the variable remuneration resulting from the remuneration plan in force, depending on the hypothesis or targets used as reference being achieved.

- If any, information must be provided about the terms for deferral or delays in payment that have been determined and or the periods for withholding stock or other financial instruments, if any.

Explain the variable components of the remuneration systems.

Annual Variable Remuneration System (AVR).

Of the Board members, the variable remuneration only applies to the Chief Executive Officer.

The variable remuneration is based on objective criteria aimed at evaluating the Chief Executive Officer's contribution, in the performance of his executive functions, to the business objectives of the company and of the DIA Group.

The objective criteria used to calculate the AVR are, among others:

- (i) quantitative (targets linked to the performance of sales, both global and by divisions; targets linked to the performance of indicators of the income statement – e.g. performance of distribution costs, sales margin, EBITDA, EBIT, net profit, etc.; targets linked to the performance of balance sheet indicators – e.g., performance of working capital or its components, CAPEX, debt; quantitative targets that measure any of the aforementioned variables compared to the competitors (e.g., market share), the weight of these targets on AVR being 70%.

Each year, the Board of Directors approves the quantitative targets of the AVR bearing in mind the company's business priorities. In this regard, the Board approved the following quantitative targets for fiscal year 2017:

Quantitative targets	Weight
LFL growth of chain store sales	10%
Adjusted EBIT	40%
Growth of chain store sales	10%
Cash from goods (" <i>Average trade working capital</i> ")	10%
Total	70%

- (ii) specific, which, in turn, can include quantitative targets that are a priority at any given time in the opinion of the Board of Directors, for developing the business in the short term, and qualitative or business development targets on a long-term basis (such as, for example, consumer involvement, development and integration of new businesses and acquisitions, reinforcement of internal organization, quality of stakeholder relations, franchisee satisfaction rating, equity story, etcetera.), the weight of these targets on AVR being 30%.

In the case of the Chief Executive Officer, the establishment of the amounts of the AVR, targets and evaluation of performance falls to the Board of Directors, at the proposal of the NRC. For fiscal year 2017, the Board has established an AVR for the Chief Executive Officer equal to 100% of the fixed remuneration, for a case of 100% achievement of the targets. Given that the AVR can range between 0% and 200%, the AVR of the Chief Executive Officer can theoretically reach from 0% to 200% of the fixed remuneration. The fundamental parameters of the AVR are reviewed annually by the NRC, which has concluded that they are adequate for measuring the contribution by the management team, including the Chief Executive Officer, to the results of the DIA Group.

Long-Term Incentive Plans

Based on the experience with the incentive plans implemented previously by the company, the Board of Directors of DIA, at the proposal of the NRC, resolved at its meeting on March 11, 2016 to approve a new Long-Term Incentive Plan 2016 -2018, which may be settled in shares in the company, addressed to the Chief Executive Officer and the management team, which was approved by the General Shareholders' Meeting on April 22, 2016 and which is the Plan that is currently in force.

The main aim of the Long-Term Incentive Plan 2016-2018 is to align the interests of the Beneficiaries with those of the company's shareholders, and incentivize the achievement of results and the fulfillment of the company's strategic objectives for the period 2016-2018.

In order to do so, the Plan:

- Establishes transparent, demanding and long-term targets (at least three years).
- Includes accrual metrics and conditions that are clearly linked to the attainment of certain demanding financial and operating targets that increase shareholder value.
- Uses two operating metrics, one measured in absolute terms ("Cumulated Organic Cash From Operations") and the other measured in relative terms ("Relative Organic Sales Average Growth") bearing in mind the company's position in the ranking of entities comparable to DIA, and the return for shareholders, measured on absolute terms to offer a more complete view of the company's performance.
- The degrees of achievement of the objectives of the Long-Term Incentive Plan 2017-2018 have been established taking into account the company's strategy plan for the measurement period (2016-2018).
- Establishes share-based remuneration for the executive team, as part of total remuneration, which is in line with long-term shareholder interests and objectives.
- Establishes for the Chief Executive Officer and the members of the Management Committee (COMEX) the obligation to retain ownership of all the shares received under the Long-Term Incentive Plan 2016-2018 and other long-term incentive plans implemented by DIA in the future, until they reach the number of shares equivalent to two times the fixed remuneration, in the case of the Chief Executive Officer, and one time the fixed remuneration in the case of the members of COMEX. The Chief Executive Officer and members of COMEX shall retain ownership of those shares until their employment or independent contractor relationship with the company comes to an end.
- Defers over time the delivery of part of the shares to ensure that no remuneration is paid based on incorrect results ("clawback" rule).
- Complies with requirements to report to institutional shareholders the metrics used.

The Plan consists of the allocation of Restricted Stock Units ("RSUs") that will allow participants to receive DIA shares in the future, subject to certain metrics and shareholder returns. The number of RSUs allotted will depend on the level of the participant's responsibility within the organization. The number of RSUs initially assigned to the Chief Executive Officer in 2016 pursuant to the Long-Term Incentive Plan 2016-2018 is 376,898 RSUs.

Additionally, the Chief Executive Officer has participated in the Long-Term Incentive Plan 2014-2016, the termination of which is described in section C below, and in the Long-Term Incentive Plan 2011-2014, having received in 2016 the last 20% of the incentive accrued under this Plan, which is also described in section C.

- A.5 Explain the main features of the long-term savings systems, including retirement and any other pension benefits partially or fully financed by the company, whether provided internally or externally, with an estimate of their amount or equivalent annual cost, specifying the kind of plan, whether it is defined contribution or benefits, the conditions for consolidation of the economic rights in favor of the directors and their compatibility with any kind of severance pay for early dismissal or termination of the contractual relationship between the company and the director.

Moreover, specify the contributions in favor of the director to defined contribution pension plans; or the increase in the director's consolidated rights, when they involve contributions to plans with defined benefits.

Explain long-term saving systems

The company has no long-term savings schemes for any of its directors.

- A.6 Specify any remuneration agreed or paid in the case of dismissal of a director from his/her post.

Explain the remuneration

On the date of this Report, there are no golden parachute or severance pay clauses agreed by DIA in the case of dismissal of the company's directors from their posts as such.

- A.7 Specify the conditions that must be observed in the contracts of those performing senior management duties, such as executive directors. Among others, information must be provided about the terms, the limits in the amounts of severance pay, permanence clauses, prior notice terms, and payment as replacement of the aforementioned prior notice, and any other clauses related to recruitment bonuses and severance pay or golden parachute clauses due to early dismissal or termination of the contractual relationship between the company and executive director. Include, inter alia, any non-competition, exclusivity, permanence or post-contractual loyalty and non-competition clauses or agreements.

Explain the terms and conditions of the executive directors' contracts

Essential terms and conditions that must be observed in the contracts of those performing senior management duties, such as the Chief Executive Officer.

The essential terms and conditions of the Chief Executive Officer's contract are the following, among others:

- Term: Indefinite

- Clawback clause: according to which the company can claim from the Chief Executive Officer the repayment of the amounts received by him as annual and multiyear variable remuneration if, in the three years following its calculation and payment, the company becomes aware that the calculation and payment of that remuneration has been based in full or in part on information manifestly proven to be false or inaccurate afterwards, or that risks or other unexpected circumstances arise that have not been assumed or foreseen by the company which have a material adverse effect on the income statement of the company.
- Exclusivity: The Chief Executive Officer's contract includes a condition that he must fully and exclusively render his services to the company and the DIA Group may not render his services or perform professional activities, by means of any kind of contractual relationship, for other persons or companies without the company's express prior consent.
- Prior notice term: If the Chief Executive Officer decides to terminate his contract, he must send written notice to the company specifying this fact at least six months in advance.
- Moreover, in the case the company dismisses the director, it must provide at least six months' prior notice.
- Permanence: The Chief Executive Officer's contract does not include any permanence or loyalty clauses.
- Severance pay: The Chief Executive Officer's contract specifies that he is entitled to severance pay equal to two (2) annual payments of his remuneration if the Board of Directors decides to terminate the contract for reasons not based on his failure to fulfill his duties or due to a case of disciplinary dismissal declared to be justified.
- Post-contractual non-competition: The Chief Executive Officer's new contract includes a post-contractual non-competition clause obliging the Chief Executive Officer for a period of twelve (12) months: (i) not to provide services or perform activities that compete with those of the company or of the DIA Group, and (ii) not to contract or try to contract or solicit, in his own benefit or that of third parties, employees, professionals, directors or members of the company or of the DIA Group. The Chief Executive Officer would receive, as a consideration for those obligations, a compensation equal to one annual payment of the fixed annual remuneration that he is receiving at the time of termination of the contract.

The rest of the contents of this section are set out in the appendix to this Report.

A.8 Explain any supplementary remuneration earned by the directors as consideration for the services they render other than those related to their posts.

Explain supplementary remuneration

The directors earn no supplementary remuneration as consideration for the services they render other than those related to their posts.

- A.9 Specify any remuneration paid as advances, credits and guarantees granted, stating the interest rate, their essential features and the amounts possibly reimbursed, as well as the commitments undertaken on behalf of each one as a guarantee.

Explain the advances, credits and guarantees granted

There are no advances, credits or guarantees of any kind granted by the companies in the DIA Group to their directors.

- A.10 Explain the main features of the remuneration in kind.

Explain the remuneration in kind

DIA has undertaken the following commitments for the Chief Executive Officer:

- The cost of a life insurance policy, covering his death for any reasons (distinguishing the events of “any reasons”, accident and traffic accident) and full permanent disability with an annual premium of 900.50 euros.
- The cost of a health care coverage insurance policy with a premium of 699 euros.
- He is allowed to use a company car, according to the company’s policy with a cost of 5,629.90 euros.

- A.11 Specify the remuneration received by the director by virtue of the payments made by the listed company to a third company where the director renders his services, when the purpose of such payments is to remunerate the services rendered thereby in such company.

Explain the remuneration received by the director by virtue of the payments made by the listed company to a third company where the director renders his services

The Chief Executive Officer is not paid any remuneration as a director at other companies of the DIA Group.

- A.12 Any other remuneration item different to the previous ones, whatever its nature may be or the company in the group that pays it, in particular when it is considered a related transaction or the granting thereof distorts the true image of all the remuneration payable to the director.

Explain the other remuneration items

There are no other different or additional remunerations to those described in this report remuneration.

A.13 Explain the measures the company has adopted related to the remuneration system to reduce excessive risks of exposure and to adapt it to the company's long-term values and interests, which must include, if any, a reference to the following: the measures planned to guarantee that the remuneration policy takes into account the company's long-term profits, measures that determine a suitable balance between the fixed and variable components included in the remuneration, measures adopted related to the jobs of staff whose work has a significant impact on the company's risk profile, reimbursement formulae or clauses to be able to claim the refund of the variable components included in the remuneration based on the profits and losses, when such components have been paid taking into account data that have been clearly proven inaccurate afterwards and the measures applied to avoid conflicts of interests, if any.

Explain the actions adopted to reduce risks
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Through its Board of Directors and the NRC, DIA Group performs ongoing supervisory and review duties for its directors' remuneration policy.

Therefore, pursuant to Article 39.4 of the company's Board of Directors' Regulations, the NRC is responsible for the following duties:

- Propose the following to the Board of Directors: (a) the remuneration policy for the directors and general managers or for those who perform senior management functions under the direct supervision of the Board, of committees or of managing directors, and (b) the individual remuneration of executive directors and the other terms and conditions in the contracts, ensuring that they are observed, and (c) the basic terms and conditions of senior executives' contracts;
- Analyze, draw up and regularly review the applicable remuneration policy for executive directors and the management team, including the stock remuneration systems and their application, and guarantee that they are in proportion to the amounts paid to other directors and members of the management team and other members of the company's staff;
- Supervise that the remuneration policy determined by the company is observed; and
- Assist the Board of Directors in drawing up the report on the directors' remuneration and submit any other reports to the Board of Directors in relation to the remuneration stipulated herein, verifying the information on remuneration of the directors and senior executives contained in the different corporate documents, including the annual report on directors' remuneration.

Pursuant to Article 31 of the company's By-laws and Article 5 of the Board of Director's Regulations, the Board is responsible for the approval of the company's policies and strategies and certain operating decisions, including the following:

- Approve the remuneration policy and assess the performance of the management team;
- Determine the control and risk management policy, including tax risks, and supervise the information and control systems, identifying the company's main risks and organizing the suitable internal control and IT systems;

- Make decisions relating to the remuneration of the directors, pursuant to the bylaws and, as the case may be, the remuneration policy approved by the General Shareholders' Meeting; and
- Determine, in the case of executive directors, any additional remuneration for their executive duties and other terms and conditions that their contracts must stipulate.

By virtue of the foregoing, the remuneration systems for the directors in the DIA Group implicitly include measures to control risks in their design, as follows:

- The remuneration of the directors for their duties as such is limited to a fixed amount, and to the receipt of per diems in cash, within the limits determined by the General Shareholders' Meeting and the Board of Directors, which, among other measures, may determine a total amount lower than that stipulated by the General Shareholders' Meeting or eliminate per diems.
- 50% of such fixed remuneration must be paid by granting DIA shares.
- All the directors (including the remuneration paid to the executive for such item) must keep such shares until they step down from office as directors.
- The additional fixed remuneration, along with the variable remuneration, is only applicable to the Chief Executive Officer, and he receives this for his executive duties, apart from those related to his position as director and regardless of his remuneration as a member thereof.
- The variable remuneration is linked to the corporate business targets and special quality and quality targets being achieved.

The rest of the contents of this section are set out in the appendix to this Report.

B THE COMPANY'S REMUNERATION POLICY ESTABLISHED FOR FUTURE YEARS

Revoked

C OVERALL SUMMARY OF HOW THE REMUNERATION POLICY WAS APPLIED IN THE FINANCIAL YEAR JUST ENDED

C.1 Explain, in a nutshell, the main characteristics of the structure and remuneration items of the remuneration policy applied during the financial year just ended, giving rise to the individual remuneration earned by each of the directors as itemised in Section D of this report, along with a summary of the decisions taken by the board for the application of such items.

<p>Explain the structure and remuneration items of the remuneration policy applied during the year</p>

The characteristics of the remuneration policy applied during 2016 are as follows:

The amount received by the directors as members of the Board was 1,187,976.45 euros. The remuneration corresponding to 2016 in this connection has been the following:

- Ms. Ana María Llopis Rivas: 124,204.58 euros of payment in cash and 51,441.36 euros paid in financial instruments.
- Mr. Ricardo Currás de Don Pablos: 69,429.84 euros of payment in cash and 24,941.12 euros paid in financial instruments.
- Mr. Julián Díaz González: 81,590.12 euros of payment in cash and 38,272.93 euros paid in financial instruments.
- Mr. Richard Golding: 98,806.85 euros of payment in cash and 35,854.91 euros paid in financial instruments.
- Mr. Juan María Nin Génova: 92,131.04 euros of payment in cash and 32,732.02 euros paid in financial instruments.
- Mr. Pierre Cuilleret: 26,943.42 euros of payment in cash and 11,814.71 euros paid in financial instruments. Mr. Pierre Cuilleret resigned from his post of director on April 22, 2016.
- Mr. Mariano Martín Mampaso: 94,743.12 euros of payment in cash and 41,918.64 euros paid in financial instruments.
- Ms. Rosalía Portela de Pablo: 64,094.22 euros of payment in cash and 22,448.41 euros paid in financial instruments. Ms. Rosalía Portela de Pablo resigned from her post of director on September 7, 2016.
- Mr. Antonio Urcelay Alonso: 94,131.04 euros of payment in cash and 32,732.02 euros paid in financial instruments.
- Ms. Angela Lesley Spindler: 72,734.44 euros of payment in cash and 33,997.04 euros paid in financial instruments. Ms. Angela Lesley Spindler was named director on February 15, 2016.
- Ms. María Garaña Corces: 2,630.07 euros of payment in cash and 1,223.02 euros paid in financial instruments. Ms. María Garaña Corces was named director on December 14, 2016.
- Mr. Borja de la Cierva Álvarez de Sotomayor: 28,611.85 euros of payment in cash and 10,549.68 euros paid in financial instruments. Mr. Borja de la Cierva Álvarez de Sotomayor was named director on September 5, 2016.

The aforementioned financial instruments are shares in DIA.

- The directors have received per diems in the amount of 2,000 euros for attending each meeting of the Board of Directors and 1,000 euros for attending Committee meetings. These amounts have been included in the amounts specified above for each director.
- Remuneration for directors' positions was paid half in cash and half by delivery of company shares.
- The number of shares granted as remuneration to the directors was calculated by reference to the result of dividing 50% of the remuneration payable to each director by a reference market price that, for the financial year 2014, was the Volume Weighted Average Price ("VWAP") for the market prices for the DIA shares in the 15 stock exchange business days prior to February 23, 2016 (inclusive).
- Directors (including the Chief Executive Officer) are required to hold the shares until they cease to be directors.
- The difference in remuneration of directors between 2016 and 2015 (detailed in the tables included in D.1 below) is due to the following aspects: (i) the different value of the share at the time of the allotment (that is, the time when the number of shares to which each director would be entitled is set) and the date on which the financial instruments are claimable and awarded, (ii) the number of meetings of the Board and its Committees, and (iii) the changes made in the composition of the Board and its Committees.
- In relation to the Chief Executive Officer, in 2016, in addition to the remuneration paid to him in his capacity as director, the Board of Directors decided that he would receive the following fixed and variable components:
 - A fixed component of 600,000 euros.
 - An AVR for 2016 of 616,620 euros, which the Chief Executive Officer will effectively receive in 2017.

The amount of the AVR for 2016 of the Chief Executive Office has been obtained from the degree of achievement of the following targets:

Targets	Peso
Quantitative targets	70%
LFL growth of chain store sales	10%
Adjusted EBIT	40%
Growth of chain store sales	10%
Cash from goods	10%
Specific targets	30%

By applying the scales of achievement approved by the Board of Directors, the degree of achievement of targets is 83.77% for the quantitative targets as a whole, and 19% in the case of specific targets.

This AVR for 2016 can differ from that recorded by the company in the financial statements of that year.

- An amount of 7,229.40 euros corresponding to remuneration in kind, according to the breakdown included in section A.10 above.

- A pay supplement called pension assistance, of 6,400 euros.

Incentive Plan 2011-2014

On December 7, 2011, the company's Board of Directors approved the Long-Term Incentive Plan 2011-2014 (hereinafter, the Incentive Plan 2011-2014) based on the report and proposal from the NRC, and which includes the company's Chief Executive Officer.

According to the deferred award schedule for the shares derived from the Incentive Plan 2011-2014, the Chief Executive Officer received, out of the total number of shares relating to his participation in the Plan, 60% before April 30, 2015, 20% in December 2015 and the remaining 20% in September 2016.

In this regard, in 2016, the Chief Executive Officer received, as liquidation of the 20% of the Incentive Plan 2011-2014, according to the degree of achievement of the objectives of the Plan, approved by the Board of Directors at its meeting of February 20, 2015, and which were informed by the company in its annual report on directors' remuneration for 2015: (i) 51,848 shares and (ii) a cash amount of 222,113 euros, according the liquidation procedure established in the Plan.

The rest of the contents of this section are set out in the appendix to this Report.

D ITEMIZATION OF INDIVIDUAL REMUNERATION EARNED BY EACH DIRECTOR.

Name	Type	2014 accrual period
ANA MARIA LLOPIS RIVAS	Other external	From 01/01/2016 to 12/31/2016
RICARDO CURRÁS DE DON PABLOS	Executive	From 01/01/2016 to 12/31/2016
JULIÁN DÍAZ GONZÁLEZ	Independent	From 01/01/2016 to 12/31/2016
RICHARD GOLDING	Independent	From 01/01/2016 to 12/31/2016
JUAN MARIA NIN GENOVA	Independent	From 01/01/2016 to 12/31/2016
PIERRE CUILLERET	Independent	From 01/01/2016 to 04/22/2016
MARIANO MARTÍN MAMPASO	Independent	From 01/01/2016 to 12/31/2016
ROSALÍA PORTELA DE PABLO	Independent	From 01/01/2016 to 09/07/2016
ANTONIO URCELAY ALONSO	Independent	From 01/01/2016 to 12/31/2016
ANGELA LESLEY SPINDLER	Independent	From 02/15/2016 to 12/ 31/2016
MARÍA GARAÑA CORCES	Independent	From 12/14/2016 to 12/31/2016
BORJA DE LA CIERVA ÁLVAREZ DE SOTOMAYOR	Independent	From 09/05/2016 hasta 12/31/2016

D.1 Complete the following tables on each director's individual remuneration (including remuneration for the performance of executive functions) earned during the financial year.

a) **Remuneration earned at the company that is the subject of this report:**

i) **Remuneration in cash (amounts in €thousand)**

Name	Salaries	Fixed remuneration	Per diems	Short-term variable remuneration	Long-term variable remuneration	Remuneration for belonging to Board Committees	Severance	Other items	Total 2016	Total 2015
ANA MARIA LLOPIS RIVAS	0	110	14	0	0	0	0	0	124	124
RICARDO CURRÁS DE DON PABLOS	600	53	16	617	0	0	0	236	1,522	2,511
JULIÁN DÍAZ GONZÁLEZ	0	65	17	0	0	0	0	0	82	81
RICHARD GOLDING	0	77	22	0	0	0	0	0	99	93
JUAN MARÍA NIN GÉNOVA	0	70	22	0	0	0	0	0	92	23
PIERRE CUILLERET	0	20	7	0	0	0	0	0	27	86
MARIANO MARTÍN MAMPASO	0	71	24	0	0	0	0	0	95	86
ROSALÍA PORTELA DE PABLO	0	48	16	0	0	0	0	0	64	79
ANTONIO URCELAY ALONSO	0	70	24	0	0	0	0	0	94	80
ANGELA LESLEY SPINDLER	0	52	21	0	0	0	0	0	73	0
MARÍA GARAÑA CORCES	0	3	0	0	0	0	0	0	3	0
BORJA DE LA CIERVA ÁLVAREZ DE SOTOMAYOR	0	23	6	0	0	0	0	0	29	0

ii) Share-based remuneration systems (amounts in €thousand)

ANA MARIA LLOPIS RIVAS												
2016 Fixed share-based remuneration												
Date implemented	Options held at the start of 2015						Options allotted during the year 2016					
	No. of Options	Shares affected	Strike price (€)	Exercise period			No. of Options	Shares affected	Strike price (€)	Exercise period		
01/01/2016	0		0.00	Not applicable			0	0	0.00	Not applicable		
Conditions: not applicable												
Shares delivered in 2016			Options exercised in 2016				Unexercised expired options	Options at the end of 2016				
No. of shares	Price	Amount	Strike price (€)	No. of Options	Shares affected	Gross profit (€k)	No. of Options	No. of Options	Shares affected	Strike price (€)	Exercise period	
11,020	4.668	51	0.00	0	0	0	0	0	0	0.00	Not applicable	
Other conditions for exercise: Not applicable												

RICARDO CURRÁS DE DON PABLOS
2016 Fixed share-based remuneration

Date implemented	Options held at the start of 2016						Options allotted during the year 2016				
	No. of Options	Shares affected	Strike price (€)	Exercise period			No. Of options	Shares affected	Strike Price (€)	Exercise period	
01/01/2016	0		0.00	Not applicable			0	0	0.00	Not applicable	
Conditions: not applicable											
Shares delivered in 2016			Options exercised in 2016				Unexercised expired options	Options at the end of 2016			
No. of shares	Price	Amount	Strike price (€)	No. of Options	Shares affected	Gross profit (€k)	No. of Options	No. of Options	Shares allotted	Strike price (€)	Exercise period
57,191	5.256	301	0.00	0	0	0	0	0	0	0.00	Not applicable
Other conditions for exercise: Not applicable											

JULIÁN DÍAZ GONZÁLEZ
2016 Fixed share-based remuneration

Date implemented	Options held at the start of 2016						Options allotted during the year 2016				
	No. of Options	Shares affected	Strike price (€)	Exercise period			No. of Options	Shares affected	Strike price (€)	Exercise period	
01/01/2016	0		0,00	Not applicable			0	0	0,00	Not applicable	
Conditions: not applicable											
Shares delivered in 2016			Options exercised in 2016				Unexercised expired options	Options at the end of 2016			
No. of shares	Price	Amount	Strike price (€)	No. of Options	Shares affected	Gross profit (€k)	No. of Options	No. of Options	Shares affected	Strike price (€)	Exercise period
8,199	4.668	38	0.00	0	0	0	0	0	0	0.00	Not applicable
Other conditions for exercise: Not applicable											

RICHARD GOLDING												
2016 Fixed share-based remuneration												
Date implemented	Options held at the start of 2016						Options allotted during the year 2016					
	No. of Options	Shares affected	Strike price (€)	Exercise period			No. of Options	Shares affected	Strike price (€)	Exercise period		
01/01/2016	0		0.00	Not applicable			0	0	0.00	Not applicable		
Conditions: not applicable												
Shares delivered in 2016			Options exercised in 2016				Unexercised expired options	Options at the end of 2016				
No. of shares	Price	Amount	Strike price (€)	No. of Options	Shares affected	Gross profit (€k)	No. of Options	No. of Options	Shares affected	Strike price (€)	Exercise period	
7,681	4.668	36	0.00	0	0	0	0	0	0	0.00	Not applicable	
Other conditions for exercise: Not applicable												

JUAN MARÍA NIN GÉNOVA												
2016 Fixed share-based remuneration												
Date implemented	Options held at the start of 2016						Options allotted during the year 2016					
	No. of Options	Shares affected	Strike price (€)	Exercise period			No. of Options	Shares affected	Strike price (€)	Exercise period		
01/01/2016	0		0.00	Not applicable			0	0	0.00	Not applicable		
Conditions: not applicable												
Shares delivered in 2016			Options exercised in 2016				Unexercised expired options	Options at the end of 2016				
No. of shares	Price	Amount	Strike price (€)	No. of Options	Shares affected	Gross profit (€k)	No. of Options	No. of Options	Shares affected	Strike price (€)	Exercise period	
7,012	4.668	33	0.00	0	0	0	0	0	0	0.00	Not applicable	
Other conditions for exercise: Not applicable												

PIERRE CULLERET												
2016 Fixed share-based remuneration												
Date implemented	Options held at the start of 2016						Options allotted during the year 2016					
	No. of Options	Shares affected	Strike price (€)	Exercise period			No. of Options	Shares affected	Strike price (€)	Exercise period		
01/01/2016	0		0.00	Not applicable			0	0	0.00	Not applicable		
Conditions: not applicable												
Shares delivered in 2016			Options exercised in 2016				Unexercised expired options	Options at the end of 2016				
No. of shares	Price	Amount	Strike price (€)	No. of Options	Shares affected	Gross profit (€k)	No. of Options	No. of Options	Shares affected	Strike price (€)	Exercise period	
2,531	4.668	12	0.00	0	0	0	0	0	0	0.00	Not applicable	
Other conditions for exercise: Not applicable												

MARIANO MARTÍN MAMPASO												
2016 Fixed share-based remuneration												
Date implemented	Options held at the start of 2016						Options allotted during the year 2016					
	No. of Options	Shares affected	Strike price (€)	Exercise period			No. of Options	Shares affected	Strike price (€)	Exercise period		
01/01/2016	0		0.00	Not applicable			0	0	0.00	Not applicable		
Conditions: not applicable												
Shares delivered in 2016			Options exercised in 2016				Unexercised expired options	Options at the end of 2016				
No. of shares	Price	Amount	Strike price (€)	No. of Options	Shares affected	Gross profit (€k)	No. of Options	No. of Options	Shares affected	Strike price (€)	Exercise period	
8,980	4.668	42	0.00	0	0	0	0	0	0	0.00	Not applicable	
Other conditions for exercise: Not applicable												

ROSALÍA PORTELA DE PABLO												
2016 Fixed share-based remuneration												
Date implemented	Options held at the start of 2016						Options allotted during the year 2016					
	No. of Options	Shares affected	Strike price (€)	Exercise period			No. of Options	Shares affected	Strike price (€)	Exercise period		
01/01/2016	0		0.00	Not applicable			0	0	0.00	Not applicable		
Conditions: not applicable												
Shares delivered in 2016			Options exercised in 2016				Unexercised expired options	Options at the end of 2016				
No. of shares	Price	Amount	Strike price (€)	No. of Options	Shares affected	Gross profit (€k)	No. of Options	No. of Options	Shares affected	Strike price (€)	Exercise period	
4,809	4.668	22	0.00	0	0	0	0	0	0	0.00	Not applicable	
Other conditions for exercise: Not applicable												

ANTONIO URCELAY ALONSO												
2016 Fixed share-based remuneration												
Date implemented	Options held at the start of 2016						Options allotted during the year 2016					
	No. of Options	Shares affected	Strike price (€)	Exercise period			No. of Options	Shares affected	Strike price (€)	Exercise period		
01/01/2016	0		0.00	Not applicable			0	0	0.00	Not applicable		
Conditions: not applicable												
Shares delivered in 2016			Options exercised in 2016				Unexercised expired options	Options at the end of 2016				
No. of shares	Price	Amount	Strike price (€)	No. of Options	Shares affected	Gross profit (€k)	No. of Options	No. of Options	Shares affected	Strike price (€)	Exercise period	
7,012	4.668	33	0.00	0	0	0	0	0	0	0.00	Not applicable	
Other conditions for exercise: Not applicable												

ANGELA LESLEY SPINDLER												
2016 Fixed share-based remuneration												
Date implemented	Options held at the start of 2016						Options allotted during the year 2016					
	No. of Options	Shares affected		No. of Options			Shares affected		No. of Options	Shares affected		
01/01/2016	0		0.00	Not applicable			0	0	0.00	Not applicable		
Conditions: not applicable												
Shares delivered in 2016			Options exercised in 2016				Unexercised expired options	Options at the end of 2016				
No. of shares	Price	Amount	Strike price (€)	No. of Options	Shares affected	Gross profit (€k)	No. of Options	No. of Options	Shares affected	No. of shares	Price	
7,283	4.668	34	0.00	0	0	0	0	0	0	0.00	No applicable	
Other conditions for exercise: Not applicable												

MARÍA GARAÑA CORCES												
2016 Fixed share-based remuneration												
Date implemented	Options held at the start of 2016						Options allotted during the year 2016					
	No. of Options	Shares affected		No. of Options			Shares affected		No. of Options	Shares affected		
01/01/2016	0		0.00	Not applicable			0	0	0.00	Not applicable		
Conditions: not applicable												
Shares delivered in 2016			Options exercised in 2016				Unexercised expired options	Options at the end of 2016				
No. of shares	Price	Amount	Strike price (€)	No. of Options	Shares affected	Gross profit (€k)	No. of Options	No. of Options	Shares affected	No. of shares	Price	
262	4.668	1	0.00	0	0	0	0	0	0	0.00	No applicable	
Other conditions for exercise: Not applicable												

BORJA DE LA CIERVA ÁLVAREZ DE SOTOMAYOR												
2016 Fixed share-based remuneration												
Date implemented	Options held at the start of 2016						Options allotted during the year 2016					
	No. of Options	Shares affected		No. of Options			Shares affected		No. of Options	Shares affected		
01/01/2016	0		0.00	Not applicable			0	0	0.00	Not applicable		
Conditions: not applicable												
Shares delivered in 2016			Options exercised in 2016				Unexercised expired options	Options at the end of 2016				
No. of shares	Price	Amount	Strike price (€)	No. of Options	Shares affected	Gross profit (€k)	No. of Options	No. of Options	Shares affected	No. of shares	Price	
2,260	4.668	11	0.00	0	0	0	0	0	0	0.00	No applicable	
Other conditions for exercise: Not applicable												

iii) Other benefits (amounts in €thousand)

RICARDO CURRÁS DE DON PABLOS				
Remuneration in the form of advances and loans granted				
Interest rate for the transaction		Basic characteristics of the transaction		Any amounts reimbursed
0.00		Not applicable		Not applicable
Life insurance premiums		Company guarantees in favour of directors		
2016	2015	2016		2015
1	1	Not applicable		Not applicable

b) Remuneration earned by directors due to membership on the boards of other group companies:

i) Remuneration in cash (amounts in €thousand)

Name	Salaries	Fixed remuneration	Per diems	Short-term variable remuneration	Long-term variable remuneration	Remuneration for belonging to Board Committees	Severance payments	Other items	Total for 2015	Total for 2014
ANA MARIA LLOPIS RIVAS	0	0	0	0	0	0	0	0	0	0
RICARDO CURRÁS DE DON PABLOS	0	0	0	0	0	0	0	0	0	0
JULIÁN DÍAZ GONZÁLEZ	0	0	0	0	0	0	0	0	0	0
RICHARD GOLDING	0	0	0	0	0	0	0	0	0	0
JUAN MARÍA NIN GÉNOVA	0	0	0	0	0	0	0	0	0	0
PIERRE CUILLERET	0	0	0	0	0	0	0	0	0	0
MARIANO MARTÍN MAMPASO	0	0	0	0	0	0	0	0	0	0
ROSALÍA PORTELA DE PABLO	0	0	0	0	0	0	0	0	0	0
ANTONIO URCELAY ALONSO	0	0	0	0	0	0	0	0	0	0
ANGELA LESLEY SPINDLER	0	0	0	0	0	0	0	0	0	0
MARÍA GARAÑA CORCES	0	0	0	0	0	0	0	0	0	0
BORJA DE LA CIERVA ÁLVAREZ DE SOTOMAYOR	0	0	0	0	0	0	0	0	0	0

ii) Share-based remuneration systems

ANA MARÍA LLOPIS RIVAS												
Not applicable												
Date implemented	Options held at the start of 2014					Options allotted during the year 2016						
	No. of Options	Shares affected	Strike price (€)	Exercise period		No. of Options	Shares affected	Strike price (€)	Exercise period			
1/1/2016	0	0	0.00	Not applicable		0	0	0.00	Not applicable			
Conditions: not applicable												
Shares delivered in 2016			Options exercised in 2016				Unexercised expired options	Options at the end of 2016				
No. of shares	Price	Amount (€)	Strike price (€)	No. of Options	Shares affected	Gross profit (€k)	No. of Options	No. of Options	Shares affected	Strike price (€)	Exercise period	
0	0.00	0	0.00	0	0	0	0	0	0	0.00	Not applicable	
Other conditions for exercise: Not applicable												

RICARDO CURRÁS DE DON PABLOS												
Date implemented	Options held at the start of 2016					Options allotted during the year 2016						
	No. of Options	Shares affected	Strike price (€)	Exercise period		No. of Options	Shares affected	Strike price (€)	Exercise period			
1/1/2016	0	0	0.00	Not applicable		0	0	0.00	Not applicable			
Conditions: not applicable												
Shares delivered in 2016			Options exercised in 2016				Unexercised expired options	Options at the end of 2016				
No. of shares	Price	Amount (€)	Strike price (€)	No. of Options	Shares allotted	Gross profit (€k)	No. of Options	No. of Options	Shares allotted	Strike price (€)	Exercise period	
0	0.00	0	0.00	0	0	0	0	0	0	0.00	Not applicable	
Other conditions for exercise: Not applicable												

JULIÁN DÍAZ GONZÁLEZ												
Not applicable												
Date implemented	Options held at the start of 2016						Options allotted during the year 2016					
	No. of Options	Shares affected	Strike price (€)	Exercise period			No. of Options	Shares affected	Strike price (€)	Exercise period		
1/1/2016	0	0	0.00	Not applicable			0	0	0.00	Not applicable		
Conditions: not applicable												
Shares delivered in 2016			Options exercised in 2016				Unexercised expired options	Options at the end of 2016				
No. of shares	Price	Amount (€)	Strike price (€)	No. of Options	Shares affected	Gross profit (€k)	No. of Options	No. of Options	Shares affected	Strike price (€)	Exercise period	
0	0.00	0	0.00	0	0	0	0	0	0	0.00	Not applicable	
Other conditions for exercise: Not applicable												

RICHARD GOLDING												
Not applicable												
Date implemented	Options held at the start of 2016						Options allotted during the year 2016					
	No. of Options	Shares allotted	Strike price (€)	Exercise period			No. of Options	Shares allotted	Strike price (€)	Exercise period		
1/1/2016	0	0	0.00	Not applicable			0	0	0.00	Not applicable		
Conditions: not applicable												
Shares delivered in 2016			Options exercised in 2016				Unexercised expired options	Options at the end of 2016				
No. of shares	Price	Amount (€)	Strike price (€)	No. of Options	Shares allotted	Gross profit (€k)	No. of Options	No. of Options	Shares allotted	Strike price (€)	Exercise period	
0	0.00	0	0.00	0	0	0	0	0	0	0.00	Not applicable	
Other conditions for exercise: Not applicable												

JUAN MARÍA NIN GÉNOVA												
Not applicable												
Date implemented	Options held at the start of 2016						Options allotted during the year 2016					
	No. of Options	Shares affected	Strike price (€)	Exercise period			No. of Options	Shares affected	Strike price (€)	Exercise period		
01/01/2016	0	0	0.00	Not applicable			0	0	0.00	Not applicable		
Conditions: not applicable												
Shares delivered in 2016			Options exercised in 2016				Unexercised expired options	Options at the end of 2016				
No. of shares	Price	Amount (€)	Strike price (€)	No. of Options	Shares affected	Gross profit (€k)	No. of Options	No. of Options	Shares affected	Strike price (€)	Exercise period	
0	0.00	0	0.00	0	0	0	0	0	0	0.00	Not applicable	
Other conditions for exercise: Not applicable												

PIERRE CULLERET												
Not applicable												
Date implemented	Options held at the start of 2016						Options allotted during the year 2016					
	No. of Options	Shares affected	Strike price (€)	Exercise period			No. of Options	Shares affected	Strike price (€)	Exercise period		
1/1/2016	0	0	0.00	Not applicable			0	0	0.00	Not applicable		
Conditions: not applicable												
Shares delivered in 2016			Options exercised in 2016				Unexercised expired options	Options at the end of 2016				
No. of shares	Price	Amount (€)	Strike price (€)	No. of Options	Shares affected	Gross profit (€k)	No. of Options	No. of Options	Shares affected	Strike price (€)	Exercise period	
0	0.00	0	0.00	0	0	0	0	0	0	0.00	Not applicable	
Other conditions for exercise: Not applicable												

MARIANO MARTIN MAMPASO												
Not applicable												
Date implemented	Options held at the start of 2016						Options allotted during the year 2016					
	No. of Options	Shares affected	Strike price (€)	Exercise period			No. of Options	Shares affected	Strike price (€)	Exercise period		
1/1/2016	0	0	0.00	Not applicable			0	0	0.00	Not applicable		
Conditions: not applicable												
Shares delivered in 2016			Options exercised in 2016				Unexercised expired options	Options at the end of 2016				
No. of shares	Price	Amount (€)	Strike price (€)	No. of Options	Shares affected	Gross profit (€k)	No. of Options	No. of Options	Shares affected	Strike price (€)	Exercise period	
0	0.00	0	0.00	0	0	0	0	0	0	0.00	Not applicable	
Other conditions for exercise: Not applicable												

ROSALÍA PORTELA DE PABLO												
Not applicable												
Date implemented	Options held at the start of 2016						Options allotted during the year 2016					
	No. of Options	Shares affected	Strike price (€)	Exercise period			No. of Options	Shares affected	Strike price (€)	Exercise period		
1/1/2016	0	0	0.00	Not applicable			0	0	0.00	Not applicable		
Conditions: not applicable												
Shares delivered in 2016			Options exercised in 2016				Unexercised expired options	Options at the end of 2016				
No. of shares	Price	Amount (€)	Strike price (€)	No. of Options	Shares affected	Gross profit (€k)	No. of Options	No. of Options	Shares affected	Strike price (€)	Exercise period	
0	0.00	0	0.00	0	0	0	0	0	0	0.00	Not applicable	
Other conditions for exercise: Not applicable												

ANTONIO URCELAY ALONSO												
Not applicable												
Date implemented	Options held at the start of 2016						Options allotted during the year 2016					
	No. of Options	Shares affected	Strike price (€)	Exercise period			No. of Options	Shares affected	Strike price (€)	Exercise period		
1/1/2016	0	0	0.00	Not applicable			0	0	0.00	Not applicable		
Conditions: not applicable												
Shares delivered in 2016			Options exercised in 2016				Unexercised expired options	Options at the end of 2016				
No. of shares	Price	Amount (€)	Strike price (€)	No. of Options	Shares affected	Gross profit (€k)	No. of Options	No. of Options	Shares affected	Strike price (€)	Exercise period	
0	0.00	0	0.00	0	0	0	0	0	0	0.00	Not applicable	
Other conditions for exercise: Not applicable												

ANGELA LESLEY SPINDLER												
Not applicable												
Date implemented	Options held at the start of 2016						Options allotted during the year 2016					
	No. of Options	Shares affected	Strike price (€)	Exercise period			No. of Options	Shares affected	Strike price (€)	Exercise period		
1/1/2016	0	0	0.00	Not applicable			0	0	0.00	Not applicable		
Conditions: not applicable												
Shares delivered in 2016			Options exercised in 2016				Unexercised expired options	Options at the end of 2016				
No. of shares	Price	Amount (€)	Strike price (€)	No. of Options	Shares affected	Gross profit (€k)	No. of Options	No. of Options	Shares affected	Strike price (€)	Exercise period	
0	0.00	0	0.00	0	0	0	0	0	0	0.00	Not applicable	
Other conditions for exercise: Not applicable												

MARÍA GARAÑA CORCES												
Not applicable												
Date implemented	Options held at the start of 2016						Options allotted during the year 2016					
	No. of Options	Shares affected	Strike price (€)	Exercise period			No. of Options	Shares affected	Strike price (€)	Exercise period		
1/1/2016	0	0	0.00	Not applicable			0	0	0.00	Not applicable		
Conditions: not applicable												
Shares delivered in 2016			Options exercised in 2016				Unexercised expired options	Options at the end of 2016				
No. of shares	Price	Amount (€)	Strike price (€)	No. of Options	Shares affected	Gross profit (€k)	No. of Options	No. of Options	Shares affected	Strike price (€)	Exercise period	
0	0.00	0	0.00	0	0	0	0	0	0	0.00	Not applicable	
Other conditions for exercise: Not applicable												

BORJA DE LA CIERVA ÁLVAREZ DE SOTOMAYOR												
Not applicable												
Date implemented	Options held at the start of 2016						Options allotted during the year 2016					
	No. of Options	Shares affected	Strike price (€)	Exercise period			No. of Options	Shares affected	Strike price (€)	Exercise period		
1/1/2016	0	0	0.00	Not applicable			0	0	0.00	Not applicable		
Conditions: not applicable												
Shares delivered in 2016			Options exercised in 2016				Unexercised expired options	Options at the end of 2016				
No. of shares	Price	Amount (€)	Strike price (€)	No. of Options	Shares affected	Gross profit (€k)	No. of Options	No. of Options	Shares affected	Strike price (€)	Exercise period	
0	0.00	0	0.00	0	0	0	0	0	0	0.00	Not applicable	
Other conditions for exercise: Not applicable												

iii) Long-term saving systems

Name	Company's contribution during the year (€thousand)		Amount of accumulated funds (€thousand)	
	Fiscal year 2016	Fiscal year 2015	Fiscal year 2016	Fiscal year 2015
ANA MARIA LLOPIS RIVAS	0	0	0	0
RICARDO CURRÁS DE DON PABLOS	0	0	0	0
JULIÁN DÍAZ GONZÁLEZ	0	0	0	0
RICHARD GOLDING	0	0	0	0
JUAN MARÍA NIN GÉNOVA	0	0	0	0
PIERRE CUILLERET	0	0	0	0
MARIANO MARTÍN MAMPASO	0	0	0	0
ROSALÍA PORTELA DE PABLO	0	0	0	0
ANTONIO URCELAY ALONSO	0	0	0	0
ANGELA LESLEY SPINDLER	0	0	0	0
MARÍA GARAÑA CORCES	0	0	0	0
BORJA DE LA CIERVA ÁLVAREZ DE SOTOMAYOR	0	0	0	0

c) Summary of remuneration (amounts in €thousand):

The summary must include the amounts relating to all remuneration items included in this report that have accrued to the Director, in thousand euro.

In the case of long-term saving systems, the contributions or allocations made to this type of system will be included.

Name	Remuneration earned at the Company				Remuneration earned at Group companies			Totals			
	Total cash remuneration	Amount of shares granted	Gross profit from options exercised	Company total fiscal year 2016	Total cash remuneration	Amount of shares awarded	Gross profit from options exercised	Total fiscal year 2016 group	Total fiscal year 2016	Total fiscal year 2015	Contribution to savings systems during the year
ANA MARIA LLOPIS RIVAS	124	51	0	175	0	0	0	0	175	170	0
RICARDO CURRÁS DE DON PABLOS	1,522	301	0	1,823	0	0	0	0	1,823	4,241	1
JULIÁN DÍAZ GONZÁLEZ	82	38	0	120	0	0	0	0	120	118	0
RICHARD GOLDING	99	36	0	135	0	0	0	0	135	124	0
JUAN MARÍA NIN GÉNOVA	92	33	0	125	0	0	0	0	125	29	0
PIERRE CUILLERET	27	12	0	39	0	0	0	0	39	123	0
MARIANO MARTÍN MAMPASO	95	42	0	137	0	0	0	0	137	124	0
ROSALÍA PORTELA DE PABLO	64	22	0	86	0	0	0	0	86	105	0
ANTONIO URCELAY ALONSO	94	33	0	127	0	0	0	0	127	106	0
ANGELA LESLEY SPINDLER	73	34	0	107	0	0	0	0	107	0	0
MARÍA GARAÑA CORCES	3	1	0	4	0	0	0	0	4	0	0
BORJA DE LA CIERVA ÁLVAREZ DE SOTOMAYOR	29	11	0	40	0	0	0	0	40	0	0
TOTAL	2,304	614	0	2,918	0	0	0	0	2,918	5,140	1

D.2 State the relationship between the remuneration obtained by the directors and the entity's results or other performance measurements, explaining, as pertinent, how changes in company performance may have influenced the change in the directors' remuneration.

The AVR applied to the Chief Executive Officer takes into account the achievement of certain business targets with a direct impact on the company earnings.

The variable remuneration for 2016, taking into account the achievement of the targets of that year as detailed in section C.1 of this Report, amounted to 616,620 euros (to be received in fiscal year 2017), which represents 102.77% of fixed remuneration. That amount corresponds to the amount which the Chief Executive Officer will effectively receive and can defer from the AVR of 2016 registered by the company in the financial statements of that year.

D.3 Report the result of the consultative vote by the general shareholders' meeting on the annual report on prior-year remuneration, indicating the number of votes against, if any:.

	Number	% of total
Votes cast	377,535,880	60.89%

	Number	% of total
Votes against	32,634,465	8.64%
Votes in favour	340,015,348	90.06%
Abstentions	4,886,067	1.29%

E OTHER INFORMATION OF INTEREST

If there is any relevant aspect of director remuneration that it has not been possible to set out in the other sections of this report, but which it is necessary to include for more complete and reasoned information on the remuneration structure and practices of the company with its directors, describe it briefly.

This report has been prepared in accordance with the provisions of Article 541 of the Spanish Corporate Enterprises Law, which establishes the obligation of listed companies to prepare an annual report on director remuneration, in accordance with the content, format and structure stipulated by Order ECC/461/2013 (March 20, 2013) and the Spanish National Securities Market Commission's Circular 4/2013 (June 12, 2013), amended by that Commission's Circular 7/2015, of December 22, 2015.

This annual remuneration report was approved by the company's Board of Directors at its meeting held on February 22, 2017.

Indicate whether any Directors voted against or abstained in connection with the approval of this Report.

Yes No

Appendix

APPENDIX TO THE ANNUAL REPORT ON THE REMUNERATION PAID TO DIA'S DIRECTORS

Section A.1 cont.

- The remuneration is assigned for the performance of executive duties in accordance with the policy established for senior executive remuneration and in accordance with that established in their respective contracts.
- It represents a balanced and efficient relationship between fixed and variable components.
- The variable remuneration paid to the executive director is configured with a medium and long-term outlook, which encourages action in strategic terms, in addition to attaining short-term results.
- The remuneration system is compatible with the adequate and effective management of risk and the business strategy, DIA's long-term values and interests, without the variable remuneration threatening the company's capacity to maintain adequate solvency and financial situation.
- It takes into account market trends and positions itself in that respect in accordance with DIA's strategic outlook, and it is effective in attracting and retaining the best professionals.

The remuneration policy is therefore oriented towards generating value for the company, seeking to align shareholder interests with the prudent management of risk and strict compliance with current legislation regarding the remuneration paid to the directors of listed companies.

In this regard, besides the remuneration received as director, the remuneration package in 2017 of Mr. Ricardo Currás de Don Pablos, who holds the position of Chief Executive Officer, is composed of the following:

- A fixed salary in 2017 of 600,000 euros, which is intended to compensate him for the performance of his executive duties.

- An annual variable remuneration (“AVR”) which in 2017 is equivalent to 100% of his fixed remuneration in the case that 100% of the targets are achieved. Since the AVR system may vary from between 0% and 200%, the executive director’s AVR could theoretically be from 0% to 200% of his fixed remuneration.
- Some additional remuneration in kind that is detailed in section A.10 of the Annual Remuneration Report.
- A pay supplement called pension assistance according to the Policy on Directors’ Remuneration.
- Participation in the Long-Term Incentive Plan 2016-2018, consisting of the assignment of Restricted Stock Units (RSUs), which will permit him to receive shares in DIA in 2019 and 2020, subject to certain conditions and strategic targets for the period 2016 - 2018.

Section A.2 cont.

In addition, the company’s NRC plays an important role in drawing up the directors’ annual remuneration report, carrying out an internal preparation and assistance process in order to ensure it is in line with the best corporate governance practices and with the regulations in force.

The By-laws and the Board of Directors’ Regulations state that the NRC must be composed by external or nonexecutive directors, mostly independent, with a number that must be determined by the Board of Directors of a minimum of three and a maximum of five.

At the time this report was prepared, the composition of the NRC was as follows: Mr. Mariano Martín Mampaso, independent external director, as Chairman, Mr. Antonio Urcelay Alonso, independent external director, as member, and Ms. Angela Lesley Spindler, independent external director, as member.

Mr. Ramiro Rivera Romero acted as Nondirector Secretary of the NRC, who performed the duties of Nondirector Secretary of the company’s Board of Directors;

and Mr. Miguel Ángel Iglesias Peinado acted as Nondirector Deputy Secretary of the Committee, who is Nondirector Deputy Secretary of the Board of Directors.

The Board of Directors' Regulations state that such Committee must hold a meeting as often as may be deemed necessary, in the opinion of its Chairperson, who must summon a meeting whenever a report must be issued or proposals must be adopted and, in all cases, whenever it may be necessary for the correct performance of its duties.

In 2016, the NRC held eight meetings. The attendance of the directors' belonging to the NRC at those meetings was as follows:

- Mr. Pierre Cuilleret: 3 meetings. Mr. Pierre Cuilleret resigned as director and member of the NRC on April 22, 2016.
- Mr. Mariano Martín Mampaso: 8 meetings.
- Mr. Antonio Urcelay Alonso: 8 meetings.
- Ms. Angela Lesley Spindler: 5 meetings. Ms. Angela Lesley Spindler was appointed as member of the NRC on April 24, 2016.

When performing its duties, the NRC periodically uses external advisors to evaluate the Board (at least once every three years, according to the recommendations on good governance) and to configure the remuneration policy for directors. It has also received external advisory services in relation to long-term incentive plans and the preparation of this report. The company was assisted by Garrigues as external advisor for matters related to remuneration.

Section A.7 cont.

In fiscal year 2015, in order to comply with the requirements of Law 31/2014, amending the Corporate Enterprises Law in relation to remuneration of directors, the company agreed with the Chief Executive Officer to renegotiate his terms of his employment. The provisions introduced in the contract that was signed include, most notably, a clawback clause (pursuant to which, in certain circumstances, the company

can claim from the Chief Executive Officer the reimbursement of the amounts received by him as AVR and pluriannual remuneration), a provision for severance (right to receive severance pay equal to two (2) annual payments of his remuneration if the Board of Directors decides to terminate the contract for reasons not based on his failure to fulfill his duties, or due to a case of disciplinary dismissal declared to be justified), and a post-contractual non-competition clause. The conditions in force previously were described in detail in the annual reports on directors' remuneration relating to previous fiscal years.

The Chief Executive Officer's relationship with the company dates back to 1986, and has been maintained uninterruptedly in different formats and conditions up to the present. By executing the new contract, the Chief Executive Officer accepted a reduction in the contractual rights of severance in case of termination of the employment contract (under which his severance pay was equal to a certain number of days per year of service without contractual limits, which resulted in a severance pay of around three (3) years' remuneration), which thereafter was limited to two (2) years of remuneration, in keeping with the provisions of the company's Board Regulations and with Recommendation no. 64 of the code of good governance of listed companies, of the Spanish National Securities Market Commission, relating to payments for termination of contract.

Additionally, the Chief Executive Officer assumed a post-contractual non-competition obligation which he did not have prior to that time and which applies for a period of twelve (12) months following the end of the relationship. Pursuant to that obligation, the Chief Executive Office undertakes: (i) not to provide services or perform activities which compete with those of the company or the DIA Group, and (ii) not to hire or attempt to hire or solicit, in his own benefit or interest or in that of third parties, employees, professionals, managers or directors of the company or the DIA Group, receiving an economic compensation for those obligations equivalent to one annuity of the fixed annual remuneration being received by him at the time of termination of his contract, prorated and paid on a monthly basis). This provision, therefore, complies with art. 529 octodecies of the Corporate Enterprises Law, which permits the

remuneration policy (in the company's case, approved by the Shareholders' Meeting on April 24, 2015) to set severance pay for early termination of the contractual relationship, on the one hand, and a post-contractual non-competition clause, on the other.

Section A.13 cont.

The company deems that the fixed remuneration of the directors who perform executive duties is sufficiently high so as to permit the company to withhold the variable remuneration if they do not fulfill the performance criteria established.

The Chief Executive Officer also takes part in the Incentive Plan 2014-2016 and in the Incentive Plan 2016-2018 (the "Incentive Plans"), also associated with compliance with a set of certain target business objectives and key indicators evaluated on a multiyear basis. These Incentive Plans contribute to aligning the interests with the shareholders of DIA Group because the amount of the Incentives is linked to the creation of value for the shareholders through payment in the form of shares in the company.

According to the provisions in Article 33 of the Board of Directors' Regulations, where variable components of remuneration are paid, the payment of a large part thereof is deferred for a sufficient period of time to verify the performance criteria established. In this regard, the Incentive Plans include a deferred payment schedule for the Chief Executive Officer.

Due to the foregoing, the schedule for the award of shares under those Plans is as follows: (i) in the case of the Incentive Plan 2014-2016, the award dates established are no later than April 30, 2017 (50% of the number of shares he is entitled to receive) and January 2018 (50% of the number of shares he is entitled to receive), and (ii) in the case of the Incentive Plan 2016-2018, the award dates established are no later than April 30, 2019 (50% of the number of shares he is entitled to receive) and January 2020 (50% of the number of shares he is entitled to receive).

If the Chief Executive Officer does not remain at the company until each of the award dates for certain reasons (i.e. resignation, justified disciplinary dismissal), it is possible that he will not receive any further shares within the scope of the Plan.

It should be remembered that the Board of Directors' Regulation stipulates, with respect to variable remuneration, the following clawback rule:

- of the variable remuneration components, a significant amount will be deferred for a sufficient period in order to verify whether or not the established performance conditions are met.
- the portion of the remuneration subject to deferral will be determined based on the relative weight that the variable component has compared with the fixed component of the remuneration; and
- a clause is included that allows the company to claim reimbursement for any variable remuneration components when the payment has not been in line with the performance conditions or when it was paid based on information whose inaccuracy is manifestly demonstrated later.

Moreover, the Long-Term Incentive Plan 2016-2018 establishes for the Chief Executive Officer and the members of the Management Committee (COMEX) the obligation to retain the ownership of all the shares received under that Plan and other long-term incentive plans implemented by DIA in the future, until they reach a number of shares equivalent to two times the fixed remuneration, in the case of the Chief Executive Officer, and one time the fixed remuneration in the case of the members of COMEX. The Chief Executive Officer and the members of COMEX shall retain the ownership of those shares until their employment or independent contractor relationship with the company comes to an end.

Section C.1 cont.

- Incentive Plan 2014-2016

The Board of Directors of the company approved, on March 19, 2014, as a result of the favorable report by the NRC, the implementation of the Incentive Plan 2014-2016, which includes the Chief Executive Officer.

Upon expiration of the Plan, the Board of Directors, at the same meeting held on February 22, 2017 which approved this Report, has determined that the targets established in the Plan have been met.

However, due to the growth strategy carried out by the DIA Group through various acquisitions, one of the specific indicators, i.e., Cumulative Non-recurrent Costs, established solely for the Chief Executive Officer and for another of the senior managers, has exceeded the maximum threshold established in the Plan. For this reason, the Chief Executive Officer will not receive any right for his participation in that Long-Term Incentive Plan 2014-2016.

Section D.1.a) i) clarification

Mr. Ricardo Currás' "Other concepts" remuneration amount includes the costs of life insurance, health insurance, the value of the use of a vehicle, the amount in cash relating to the liquidation of the Incentive Plan 2011-2014, and the amount relating to the pay supplement called pension assistance.