



Innovation

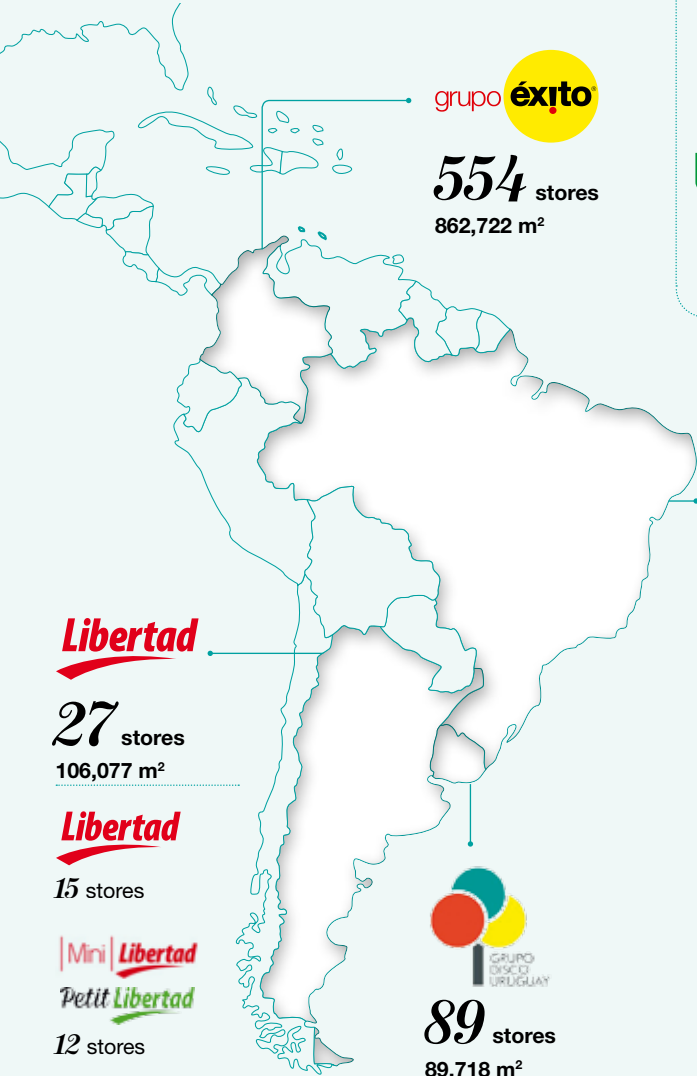
as a lever of differentiation

INTEGRATED
REPORT
2018



We continue our leadership as the best retail platform in the region

1,533 stores



252 stores



73 stores



99 stores



18 stores



112 stores



34 Shopping Malls and Commercial Galleries (includes Viva Malls)

GPA 863 stores
1,793,078 m²

Libertad

27 stores
106,077 m²

Libertad

15 stores

Mini Libertad

Petit Libertad

12 stores

Paseo
LIBERTAD

15 shopping centers

Devoto

58 stores

Disco

29 stores

Géant

2 stores

extra

262 stores



186 stores

mini mercado extra

156 stores

minuto
Pão de Açúcar

79 stores

MERCADO extra

23 stores

ASSAI
ATACADISTA

144 stores

COMPRE BEM
SUPERMERCADOS

13 stores

› **COP 279,000 million**

in net income

↗ 28.3% increase compared to 2017

› **5.7%**

consolidated recurring** EBITDA

↗ 40 bps more than in 2017, growing for the second consecutive year

› **55 billion**

in consolidated operating income

↗ 8.9%* more than in 2017

› **COP 65 billion**

in assets

↗ 2.6% growth compared to 2017

* No exchange rate effect, growth in each country expressed in local currency.

** Excluding tax credits and non-comparable items.

We lead retail's digital transformation

We connected the physical and virtual channels for our customers to find what they want, where they want

Net sales in e-commerce channels grew **33.4%** in 2018, **3.4%** of the Company's total sales



We expanded the product offer through our virtual showcase

Growth of **54.6%** in Market Place sales with more than **1,000 vendors** and **60,000 products** available



We established a record in total visitors to our e-commerce portals

61 million visitors in www.exito.com, carulla.com, arkitect.com and bronzini.com
➤ **20% more than in 2017**

Domicilios



mis catálogos digitales

We deliver to our customers all the products they need to the comfort of their home

2.7 million orders

Products within the customer's reach, even when they are not at the physical store

- **5.5%** sales increase on digital catalogues
- **155** digital catalogues available



We make it possible for our customers to make their purchases online and pick up the products at the store of their choosing

More than **60,000** purchase orders



Implementation of the Colombian textile model the region.
 More than **760,000** clothing items exported from Colombia, amounting **USD 3.2 million**.

Win-win **company collaboration agreement** to develop Colombian mini-markets.

Profitable shopping centers and commercial galleries with anchor high-traffic stores expansion.

Leading the Premium food stores model in the region for customers who value innovation, quality and service as differentiating aspects.

Proposal in response to new market needs. Tailored both to **professional customers**, and **end customers**.

15 initiatives | 51% of results
 New business models



The synergies process is becoming a value generating engine in the four countries



Synergies run rate for the four countries exceeded initially expected benefits

In 2018, we continued to contribute to the country's development

At Grupo Éxito we believe that when we unite, we can make a better country; that is why, in the framework of our sustainability strategy, we generate actions and encourage others to join their wills to make this possible.



More than **63,400** children under the age of five received better **nutrition and comprehensive care**

More than **519,000** people benefited from the donation of **1,946 tons of food** in good condition generated by our operations

92% of the fruits and vegetables sold were acquired in the country. **82% were purchased directly from more than 670 Colombian farmers**

Close to **1,400** mini-markets and mom & pops are part of the **program Aliados Surtimax and Super Inter**, a shared value strategy we have with small and medium-sized merchants



We recovered more than **22,600** tons of **recycled material**

We stop supplying, commercializing and delivering straws and plastic mixers in our stores

We reduced by **34%** the use of plastic bags thanks to our customer's support

With more than **4,400** healthy food product references, we expanded the "Bueno para ti" (Good for you) portfolio to include special needs, organic products, with nutritional and health benefits

More than **330** products constitute the **Taeq healthy brand** portfolio, which is shaping to be Colombia's health brand



We continue as the **largest private employer in the country**, with more than **40,000** employees.

We invested more than **COP 86,000** million in benefits **for our employees and their families**. Of those, COP 6,000 million were invested in loans for buying, building and improving housing.

INTEGRATED
REPORT
2018



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and General Counsel
Sustainability Department
Grupo Éxito External Communications
and Reputation Office

Concept Architecture and graphic editing:

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Scope

The following Integrated Report contains the results of Grupo Éxito's operations from January 1 to December 31, 2018. The report summarizes commercial operations in Colombia, Brazil, Uruguay, and Argentina, their businesses, brands and formats.

To learn more please visit:

- ▶ Grupo Éxito: www.grupoexito.com.co
- ▶ Grupo Pão de Açúcar: www.gpabr.com
- ▶ Libertad: www.libertadsa.com.ar
- ▶ Grupo Disco: www.disco.com.uy

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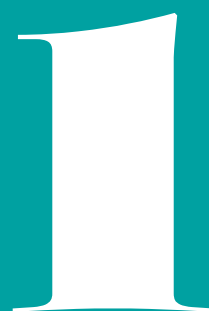


*Éxito wow, the hypermarket of the future.
A shopping experience that combines the best
of the physical and virtual worlds with 25 new
proposals to surprise our customers*



Foreword

*Innovation as a lever
of differentiation*



Foreword

We consolidated the Company's main achievements during 2018 in this Integrated Report. The Report is delivered in four chapters: Management Report, Corporate Governance Report, Financial Statements, and Sustainability Report.

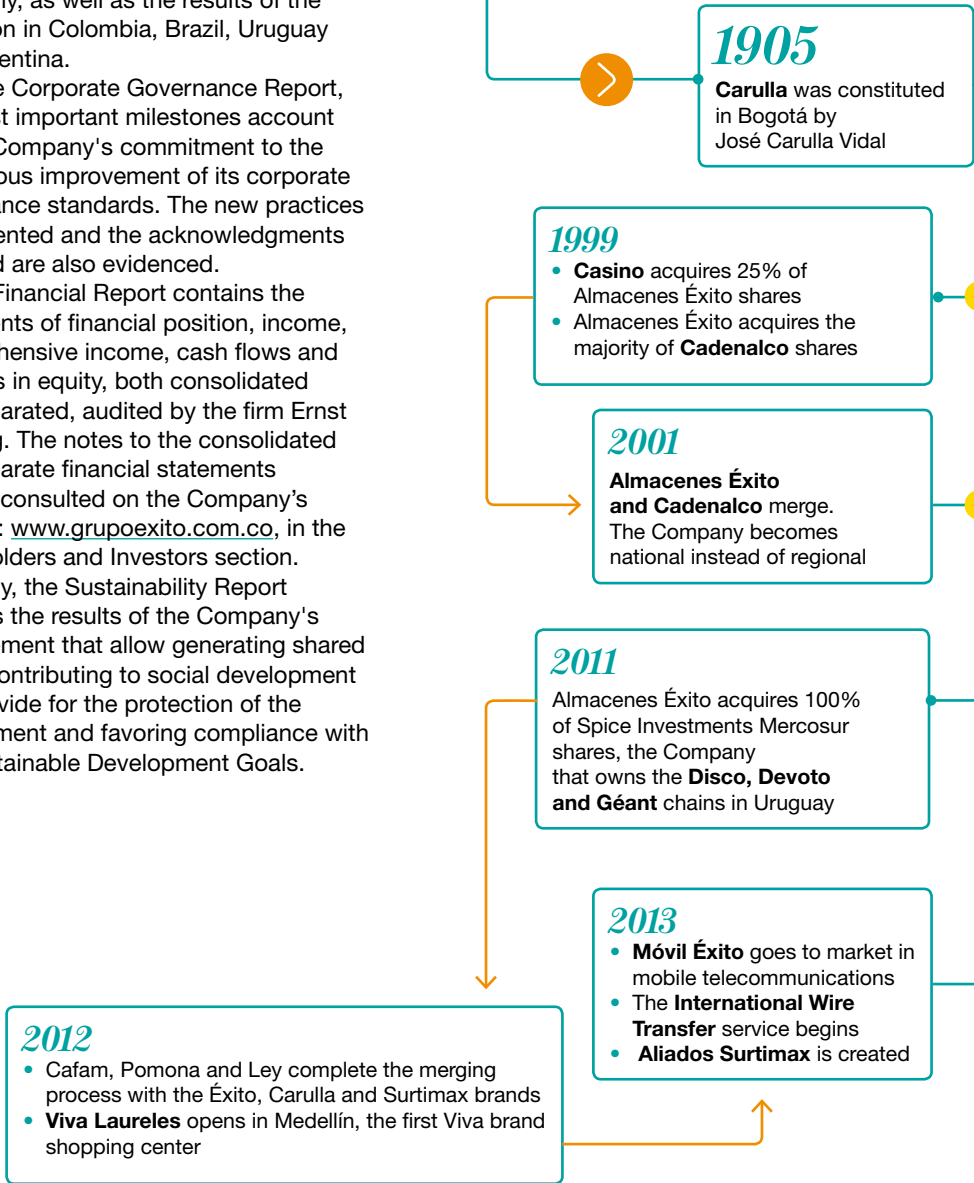
The Management Report records the main milestones of the year for the Company, as well as the results of the operation in Colombia, Brazil, Uruguay and Argentina.

In the Corporate Governance Report, the most important milestones account for the Company's commitment to the continuous improvement of its corporate governance standards. The new practices implemented and the acknowledgments received are also evidenced.

The Financial Report contains the statements of financial position, income, comprehensive income, cash flows and changes in equity, both consolidated and separated, audited by the firm Ernst & Young. The notes to the consolidated and separate financial statements may be consulted on the Company's website: www.grupoexitocom.co, in the Shareholders and Investors section.

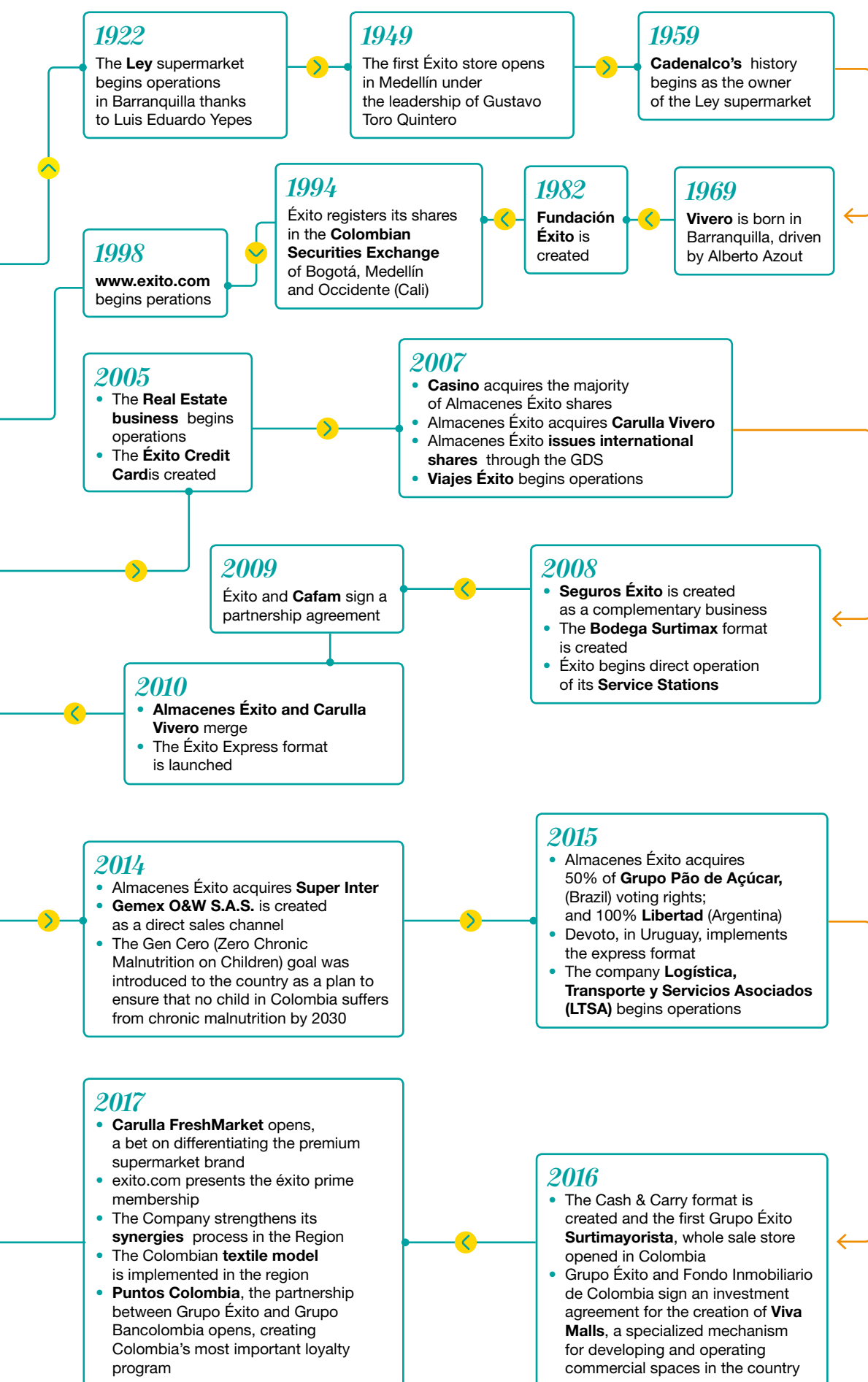
Finally, the Sustainability Report includes the results of the Company's management that allow generating shared value, contributing to social development and provide for the protection of the environment and favoring compliance with the Sustainable Development Goals.

In 2018, we innovated to lead retail's digital transformation



2018

- **Éxito wow is born**, the hypermarket of the future that combines the physical and the virtual world.
- **Carulla FreshMarket** continues to consolidate itself as the rich, healthy and sustainable concept of the premium brand
- **Surtimayorista**, the main supply corner store, strengthens its presence in the country
- **Puntos Colombia** advances in its consolidation to become Colombia's most important loyalty program
- **Viva Envigado**, opens Colombia's largest commercial and business complex, which brings a new experience-based generation of shopping centers in the country



We surprise our customers with brands, businesses and differential formats in Colombia

Retail



252 stores
2 Éxito wow store openings



99 stores
5 Carulla FreshMarket store openings



112 stores



73 stores
10 renovations

Real Estate Business



34 Shopping Malls and Commercial Galleries (includes Viva Malls)
Viva Envigado and Tunja start operations

Direct Business



We established a record of more than **61 million** visitors to exito.com, carulla.com, arkitect.com and bronzini.com



More than **2.7 million** purchase orders
↗ **33.4%** sales increase



More than **1,000** partners and vendors.
60,000 available products



5.5% sales increase



More than **60,000** products picked up at **Punto Entrega** of their choosing

Wholesale Business and Professional Customer



18 stores

10 store openings



1,396 Aliados

Business Support



Distribuidora de textiles y confecciones S. A.

Close to **8,000** jobs created in more than **100** workshops for textile and garment manufacturing



More than **1,000** product references manufactured



More than **39** million kilometers traveled by the vehicles of the our logistics and transport company

Complementary businesses that drive better outcomes



More **2.7** million of cards issued



Portfolio with over **300** airlines and more than **300,000** hotels worldwide



More than **1 million** customers covered through micro-insurance alternatives



More than **1.3** million active telephony users



More than **3.7 million** national and international transactions

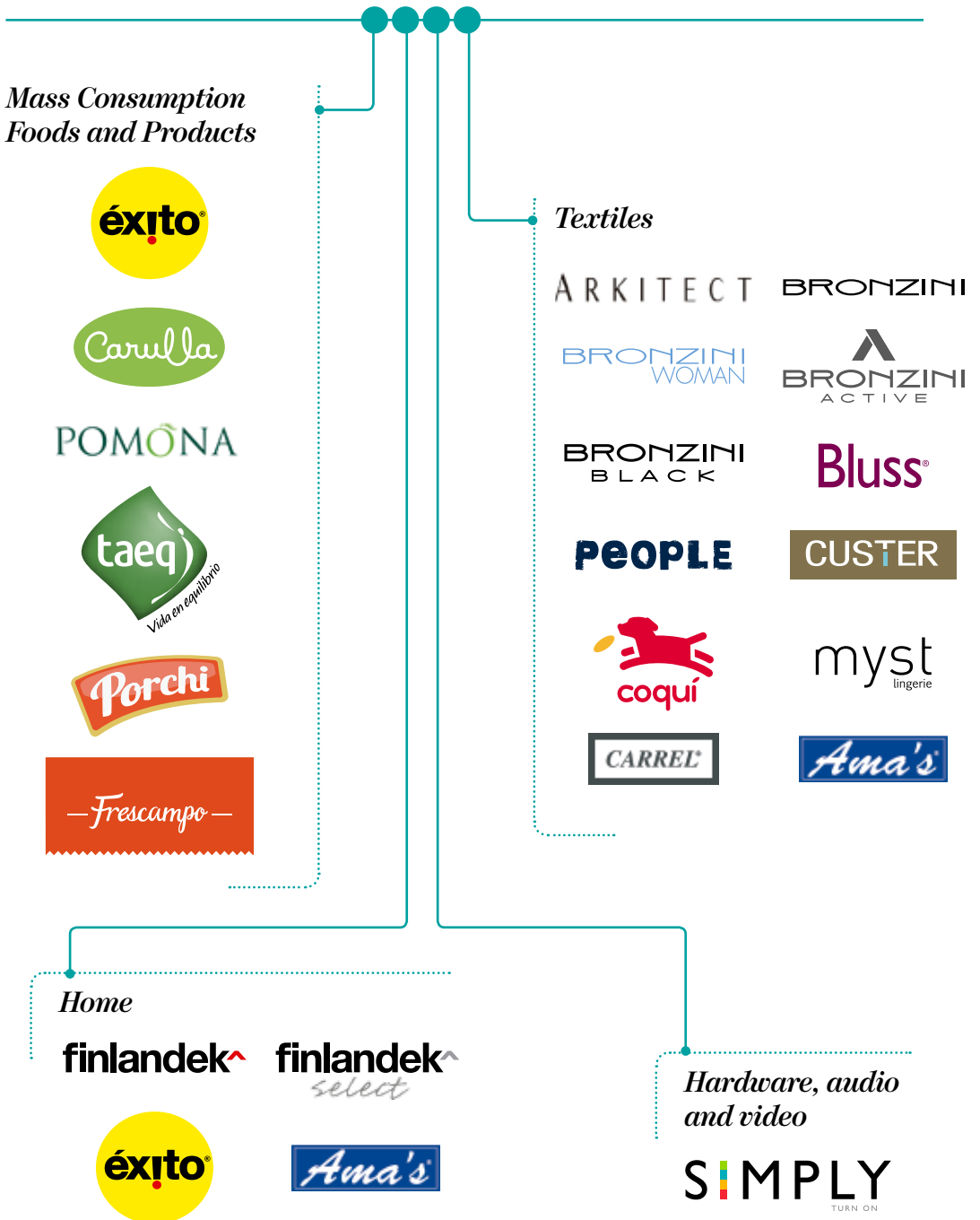


More than **14,600** business women
Reaching more than **340** cities



We have been producing our private labels for more than 60 years

With our private labels we seek that our customers find a portfolio of innovative products, differential generators of trust and with the best quality-price relationship.



Senior Management



Carlos Mario Giraldo Moreno
CEO



Carlos Mario Díez Gómez
Chief Operative Retail Officer
for Colombia



Manfred Heinrich Gartz
Chief Financial Officer



José Gabriel Loaiza Herrera
Vice-president of International
Business



Juan Felipe Montoya Calle
Vice-president of Human
Resources



Juan Lucas Vega Palacio
Vice-president of Real Estate



Jacky Yanovich Mizrach
Vice-president of Sales
and Operations



Carlos Ariel Gómez Gutiérrez
Commercial Vice-president



Camilo Alberto Gallego Ferrer
Vice-president of Éxito Services



Camilo Reina Ramírez
Vice-President of Marketing
and Digital Transformation



Claudia Echavarría Uribe
Corporate Affairs Manager
and General Counsel



Marcela Quintero Vélez
Client Service Corporate
Manager



Sandra Orrego Correa
Corporate Planning and
Merchandise Manager



Leonardo Valderrama Martínez
Supply Chain Manager



Gladys Elena Estrada Yepes
Auditing Director



Shareholders and Investors

- › General Meeting of Shareholders
- › Comprehensive Report 2018
- › Teleconferences on quarterly and yearly results.
- › Relevant information publications
- › Corporate website
- › Quarterly meetings with traders
- › Meetings with investment funds, pension funds and analysts



Employees

- › Quaterly and yearly presentation of results
- › Intranet, press releases, billboards, email, magazines and internal radio ads
- › Agenda of primary groups
- › Occupational health joint committees
- › Coexistence committees
- › Work environment survey
- › Leadership assessment
- › Collective bargaining processes
- › Retirement interview
- › Ethics Hotline



Customers

- › "The voice of the client" events
- › Sistema Respuesta Oportuna a los Clientes (Timely Customer Response; ROC, for the Spanish original)
- › Quality Service Audit (QSA)
- › Service lines and emails by brand
- › Social media
- › Brands and company websites



Suppliers

- › Supplier web portal
- › Releases and quarterly magazines
- › Bulletins
- › Corporate website
- › Supplier tours
- › Proveedores de Éxito contest
- › Quality Service Audit (QSA)
- › Training events
- › Social audits
- › Ethics Hotline



The Colombian State

- › Quarterly and yearly presentation of results
- › Reports on activities results upon request
- › Relevant information publications
- › Participation in trade union meetings
- › Comprehensive Report 2018



Society

- › Social media
- › Participation in summits and events
- › General invitation events
- › Brands and company websites
- › Comprehensive Report 2018
- › Ethics Hotline



Media relations

- › Information for the media
- › Press conferences and media tours
- › Invitations for fairs, presentations and special events
- › Social media
- › Email

We create spaces for dialogue and feedback with our stakeholders

Mission

We work for customers to come back

Values

- › Customers first
- › Innovation
- › Simplicity
- › Teamwork
- › Passion

Acknowledgments that fill us with pride and motivate us to keep working

- › We are the only retail Company in Latin America included in the **Dow Jones Sustainability Index**, in the category "emerging markets" that recognizes our practices in terms of sustainability
- › We are part of the **Dow Jones Sustainability Mila Pacific Alliance Index (DJSI Mila Pacific Alliance)**, which recognizes companies with higher sustainability performances in countries that are part of the Pacific Alliance
- › We were elected by the Transparency Secretariat of the Presidency of the Republic as one of the 13 private companies with **best active anti-corruption practices**
- › We received the Andesco Sustainability Award, in the category "**best large company in another sector of the national economy**," for having a strategy aligned with the Sustainable Development Goals (SDG). This recognition is awarded by the National Association of Public Utilities and Communications Companies (Andesco)
- › For the second time, we won the **Logyca** prize for implementing leading chain logistics and collaborative management practices with our commercial partners
- › We are one Colombia's 10 companies with **the best corporate reputation, social responsibility, corporate governance and talent practices**; we are leaders in the Department Stores category according to research by Merco



Carulla FreshMarket, rich, healthy and sustainable concept. Unique experiences that express the process of co-creation with local suppliers, craft products and the freshness of this premium brand



Management Report
*Innovation that drives
the strengthening
of our value proposition*



CEO and Board of Directors' Management Report



Carlos Mario Giraldo Moreno
CEO Grupo Éxito

Dear Shareholders:

Grupo Éxito's results in 2018 benefited from the positive effect of our innovation strategy, applied to each one of our operations in South America, as well as from the consolidation of a differentiation path in the Colombian market.

Innovation propelled the strengthening of the Group's value offer at a regional level and was the main engine to improve results, along with a consistent operational optimization in all the countries.

The positive impact of Grupo Éxito's innovation in its South American operations marked the outcome in 2018. This outcome ratified the importance of the Group's decision to diversify, thus achieving a solid leadership position in Colombia and Uruguay, a co-leadership in Brazil, and an important role outside Buenos Aires in Argentina

Key business highlights



Éxito wow Envigado, the first hypermarket of its kind in the country

Regional positioning of the *Fresh Market*

business model. This innovation offers customers, the best gastronomical and commercial experiences and attained excellent results in all four countries. We totaled 42 stores of this type in South America in 2018.

2

1

Launch of *Éxito wow*, a new generation of hypermarkets which blends the best of the digital and physical worlds in one place. The two Éxito wow stores opened in 2018 were greatly welcomed by our customers and grew sales by double-digit.

3

Launch of two supermarket business models in Brazil:

Mercado Extra, a new proposal which offers an assortment better adjusted to the customer needs and a more competitive pricing. *Compre Bem*, is an alternative to face regional competition, with product supply adapted to each territory, along with an emphasis on customer's service.

Fresh Market business model implemented in four countries





4

Our *Cash & Carry* business model remains as an important engine for growth. The Surtimayorista brand reached 18 stores in Colombia in 2018, achieving great acceptance from professional customers and households and increased sales by over 47%. Assaí in Brazil reaffirmed its commercial soundness with sales growing by 24.2% and the opening of 18 stores during the year. The banner reached a total of 144 stores.

6

Viva Malls,

our real estate investment vehicle in Colombia, opened two shopping centers: Viva Envigado and Viva Tunja, which added 115,000 square meters in gross leasable space for a total of 570,000. These developments are distinctive due to its innovative *retailtainment*, a blend of commerce and entertainment, with a third of its overall leasable area dedicated to family leisure.

7

Complementary businesses take on greater relevance in the region. To highlight, the growth of the financial business in Colombia through the *Tuya* alliance and the launch of the *“Passaí”* credit card, for Assaí’s customers in Brazil.

5

Our *omnichannel*

strategy went forward and consolidated our leadership through our last mile alternatives in the region.

Exitto.com positioned itself as one of Colombia’s major *marketplace*; the penetration in Brazil’s virtual market, with the “Clube Extra” and “Cliente Mais” customer loyalty apps, reached more than 7.5 million downloads being the *retail* apps with the greatest amount of downloads in the country; and finally, we reached a leading food business positioning with the greatest participation in omnichannel sales in Uruguay.



Viva Envigado, the largest business and commercial complex in Colombia, a new generation of shopping centers in the country

8

Puntos Colombia,

our loyalty program in alliance with Bancolombia, was successfully launched to issue and redeem points in an ecosystem of around 30 commercial allied brands. Grupo Éxito's *retail* brands in Colombia have been the main destination available for close to 15 million customers in the ecosystem, to redeem points.

10

The consolidated recurring **EBITDA** margin grew for second consecutive year and was 5.7%¹, in 2018, 40 bps above the previous year, thanks to good commercial performance, the contribution of complementary businesses and rigorous expense control.

9

Consistent **net income** recovery, derived from increased operations efficiency, strict control of management and financial expenses and the good performance of all the business units. Earnings per share grew 28.3%, from COP 486 to 624.

12

We exceeded our run rate target from **regional synergies** before our set date. The important achievement of implementing processes and communication channels among countries, as well as an open and cooperative culture are remarkable.

11

The Company continued to improve its **debt level** and closed 2018 with a NFD/Company EBITDA adjusted ratio at holding level of 3.1 times, compared to the previous year's ratio of 3.5 times.

¹ Excluding non-recurring effects, mainly tax credits, for comparison purposes.



Colombia - Grupo Éxito

Rational consumer behavior, volatility in consumer confidence related to presidential elections and the new financing law (tax reform), along with a more competitive environment impacted by hard discounters and e-commerce, characterized 2018.

Our strategy in Colombia was proven suitable in the midst of a more competitive environment and a retail business demanding greater interaction among physical and virtual channels. Accordingly, our stores and distribution centers interacted with our digital channels such as e-commerce and virtual market platforms.

In this context, our operation in the country reached COP 11.2 billion in net revenues, with a 1.1% growth and a recurring EBITDA margin of 5.8%, 10 bps above the 2017 result. This progressive recovery of profitability levels derived from improved commercial performance and the outcome of the operational excellence program that led expenses to grow below inflation levels to a mere 1.6%, and in line with the objective set for this year.

The net revenue result reflects the consistent focus of our strategy centered on the customer and based on five pillars: leading the retail omnichannel platform in the region, having a differentiated and profitable commercial model, customer traffic and asset monetization, operational excellence and sustainability.

Our omnichannel platform in Colombia showed a 33.4% sales increase, leveraged by: a strengthening of our web sites, which increased visits by 20%; a 54.6% marketplace growth; a more efficient delivery service model with more than 2.7 million of dispatches, more than twice the previous year's; and an increase in catalogue sales of 5.5%.

Our stores complement our omnichannel model and selling spaces are meant to become entertaining and experience centers while their warehouses become logistic centers, that efficiently serve nearby households.

Results in Colombia showed our focus on innovation as a differentiating proposal through Company concepts such as Éxito wow, Carulla FreshMarket and the Surtimayorista Cash & Carry; in strengthening the omnichannel and the optimization of customer traffic monetization. The Company reached COP 11.2 billion in net revenue, a growth of 1.1%

Main advances and innovation activities embedded in a distinctive commercial and profitable model

- ▶ Carulla totaled six store conversions to the Fresh Market model, which represented 12% of the brand's sales and reached double-digit growth.
- ▶ The Éxito brand witnessed its key stores, Envigado and Country in Bogotá, transformed into a new concept called Éxito wow. This expression says it all. The model has a captivating and colorful proposal, full of innovative products in modern categories, such as fresh, hand-made bakery, chef cuisine and healthy, cosmetics and personal care products. It also offers additional innovation in services, such as delivery support areas, touch screens for customer service, and connectivity in the entire store, among others. The growth of the Wows encourages us to forecast additional openings in Bogotá, Medellín, Cali and Barranquilla during 2019.
- ▶ This was a year of expansion for our Cash & Carry business model, under the Surtimayorista banner. This format opens a new market for Grupo Éxito in Colombia, mainly professional customers such as mom & pops, restaurants, cafeterias and food processors. Surtimayorista also recorded important sales to end consumers in low-income neighborhoods in Bogotá and Barranquilla. The banner totaled 18 stores and reached sales above US 100 million with a positive EBITDA margin, which compares to the non-profitable businesses managed by other low-cost store operators. Cash & Carry is definitely a centerpiece growth differentiator for the Company with a clear expansion plan from store conversion.



Carulla FreshMarket offers handmade products prepared right in front of the customer

The innovation in our business model goes beyond commercial activities and deepening an omnichannel strategy. We also offer complementary businesses, nourished by customer traffic of close to 800 thousand people visiting our stores and other channels on a daily basis, as well as focus on asset monetization. These businesses continue being an important source of profitability for the Colombian operation.

Complementary businesses, in alliance with specialist leaders in each one of the sectors, continue to consolidate themselves and contribute to the overall result of the Company. We highlight the following:

- ▶ The financial business with Tuya, manages Éxito's credit card, the second in Colombia by number of customers with over 2.7 million cardholders.
- ▶ Insurance, with micro-policies acquired by almost one million customers.
- ▶ The travel business, which increased revenues by 22%.
- ▶ The financial transaction business enable customers to pay bills and managing local and international remittances from stores.

Carulla FreshMarket was recognized by the British Institute of Grocery Distribution – IGC among “16 best supermarkets to visit in 2019” around the world and the only recognized in Latin America

A few years ago, we began maximizing the value of our real estate assets with the development of our Viva brand. This brand has consolidating itself year after year, making Grupo Éxito the first real estate operator in the country with a portfolio that includes 34 shopping centers and commercial galleries with a 96% occupancy rate. In 2018, the Company opened Viva Tunja, the main shopping center in the region of Boyacá, and Viva Envigado, the largest business and commercial complex in the country.

We cannot lose sight on the need to be competitive, therefore, we came up with creative ways to compensate the impact of inflation on expenses. As such, we applied global productivity methods, such as Six Sigma and Kaizen, with working cells that review processes and make them leaner and executed under controlled standards. These initiatives contributed to keep expenses growing by 1.6%, half the year's inflation.

Finally, we highlight the rigorous management of the Company's debt and liquidity which led to a reduction of debt ratios² to 3.1 times.

Viva Envigado, the new generation of shopping centers, introduced Colombia to the new shopping trend that combines entertainment and retail. Viva Envigado reached nine million visitors, in its first three months of operations

² Net Financial Debt/adjusted EBITDA.



South America Operations

As in the previous year, our retail operations in South America in 2018, contributed to the organization's profit growth. Grupo Éxito consolidated itself as the leader of the food business in the entire region, with 1,533 stores in the four countries, more than 140,000 employees and a solid leadership position in Colombia and Uruguay; a sound co-leadership in Brazil and as an important player outside of Buenos Aires in Argentina.

Grupo Pão de Açúcar in Brazil posted consistent solid results, thanks to the positive performance of Assaí, Extra and Pão de Açúcar. GPA reached COP 40 billion in net revenue



Brazil - Grupo Pão de Açúcar

The country's macro variables closed at stable levels after significant volatility during the first half of 2018. The exchange rate of the Brazilian real recorded a 7% devaluation against the Colombian peso. GDP grew by 1.1% at the closing of the third



Assaí, the Cash & Carry format, opened 18 stores and grew sales by 24.2% in local currency

quarter and inflation at year-end was 3.8%. Grupo Pão de Açúcar net revenues reached COP 40 billion, with an increase of 10.7% in local currency. The recurring EBITDA margin was 5.5%³, 50 bps above 2017, driven by the maturity of the Assaí stores and the good commercial performance of the Extra and Pão de Açúcar brands.

The Assaí banner opened 18 stores and totaled 144 in 2018. The banner increased sales by 24.2% in local currency and represented a stake of 46.4% over GPA food sales. More than 600 thousand Assaí's customers holding the "Passaí" credit card, benefitted by exclusive offers and discounts. The credit card generates a high level of loyalty and additional revenues for the Company. Assaí was the Cash & Carry brand with the greatest growth in the Brazilian market.

The Extra and Pão de Açúcar brands positioned as one of the most innovative ones in the market, thanks to the consolidation of its "Clube Extra" and "Cliente Mais" apps. These allow customers to access discounts and redeem prizes upon reaching periodical purchase goals. These apps have been downloaded by over 7.5 million customers,

whom double purchases of those customers without the apps.

The Extra brand's renewed commercial proposals granted market share gains. Pão de Açúcar continued its store renovation plan and benefited from the Company's know-how in developing the FreshMarket model. Fifteen Pão de Açúcar stores were renovated under the new generation concept at the closing of 2018. These store transformations in 2017 and 2018 enabled the brand to growth over 3% and to maintain high profitability levels.

Finally, it's worth noting that the Brazilian subsidiary went forward with the sale of part of its share in Via Varejo S.A. and at the end of 2018 sold 3.86% of shares via a TRS (Total Return Swap). The transaction was duly announced and is consistent with the strategy of profitably expanding the food business in Brazil.

³ Excluding non-recurring effects, mainly tax credits, for comparison purposes.



Uruguay - Grupo Disco

The country's economy faced a challenging year due in part to its Argentinian neighbor's macroeconomic environment and the revaluation of its currency against the Brazilian real. This situation was reflected in a decrease in tourism by approximately 30% and an economic growth of 2.1%, upon closing of the third quarter, a lesser amount than previous quarters.

The Company's operation in Uruguay stand out as one with the best profit levels in the region, with a recurring EBITDA margin of 7.7%

Despite this context, our operation in Uruguay continued with a positive evolution. Net revenue grew by 5.2% in local currency and recurring EBITDA reached a 7.7% margin, stable versus last year and the highest in the group.

The Fresh Market model was implemented in six stores, completing 15 at the end of 2018. The model offers a commercial leverage, added value to customers with high quality, fresh products and a unique purchase experience. Sales from Fresh Market stores represented 30% of total sales and grew 8%, a performance above the rest of the stores.

During 2018, our business unit focused on developing its omnichannel capacity, it offered a last mile service and strengthen our own websites, currently representing 2.1% of the Devoto brand sales.



Argentina – Libertad

The country's new economic project underwent material setbacks in 2018, due to difficulties controlling both inflation as well as the reactivation of consumer spending. This situation led to the devaluation of the Argentinian currency above 100% and inflation reached 47.9%, damaging the purchasing power of Argentinians.

The dual strategy at our company Libertad, which combines retail operations with a solid real estate business, allowed us to perform above other businesses in the sector. Libertad net revenue grew by 28.1% in local currency and posted a 4.1% recurring EBITDA margin, excluding inflationary adjustments.

It's also important to note the commercial advances obtained in the country thanks to the implementation of new proposals for the fresh product category, inspired by the FreshMarket and the development of a distinct commercial proposal for the sales of household products and cellphones.

In spite of the macroeconomic situation in Argentina, the dual model allowed Libertad to have the best results within the sector. The operation in this country showed revenue growth of 28.1% in local currency, excluding inflationary adjustments



Colombian textile model implemented at 61 Grupo Éxito stores in Brazil, Uruguay and Argentina

Synergies

Results originated from focusing on three main activities:

- a. New business models, representing 51% of the benefits with 15 initiatives.
- b. Trade and economies of scale with 24% of the benefits and 7 initiatives.
- c. Cost efficiency with 25% of the benefits and 6 initiatives.

In 2018, the run rate from synergies surpassed the target set for 2020, thanks to the implementation of 28 initiatives and the constant guidance of the Synergy Office

Among the new business models, we highlight:

- ▶ Arkitekt and Bronzini private labels reached historical market share levels in Libertad in Argentina (43%), Grupo Disco in Uruguay (45%) and Extra in Brazil (18.7%), leveraged by the rollout of the Colombian textile model in 61 stores in the three countries.
- ▶ The Cash & Carry model developed in Colombia by exchanging best practices with Assaí in Brazil, continued consolidating its expansion and closed 2018 with 18 Surtimayorista stores.
- ▶ The Fresh Market model inspired by the successful Uruguayan experience, was implemented in 27 stores in the region, totaling 42 stores in the four countries, grew sales over other stores.
- ▶ Best practices from Uruguay's "Home" model were implemented in Argentina, as well as the "Todo x tu bolsillo" (all for your wallet) price strategy from Uruguay and Colombia.

Regarding commercial synergies and economies of scale, we highlight:

- ▶ The joint purchase of more than 930 food and non-food containers worth over USD 42 million, led to savings between 5% and 20%.
- ▶ The renegotiation of trade agreements with the largest food and non-food multinationals for the entire region.
- ▶ The continuous export dynamics of 16 vendors across countries in which Grupo Éxito operates, posted sales above USD 2.3 million in categories such as meat, coffee and biscuits - crackers.

As part of the focus on cost efficiency synergies:

- ▶ The regional supply model of indirect goods, services and technology consolidated purchases above USD 107 million with savings close to USD 10 million.
- ▶ The exchange of best practices for supply chain continued, as well as for shrinkage management and operational excellence.
- ▶ Rollout of productivity model, originated in Colombia, was taken to 62 Grupo Disco stores in Uruguay with improvements in sold-outs, inventory levels and productivity.

As these results show, the synergies process reaches maturity and is becoming a value generating engine in the four countries. These efforts will now be concentrated on the distinct proposals for our customers through innovation and digital transformation.

Consolidated Financial Results

In 2018, consolidated net revenue reached COP 55 billion, an 8.9% growth, when excluding the negative FX effect, driven by the gradual recovery of our Colombian operation and the constant solid performance in Brazil.

Expenses grew below inflation in our main operations, thanks to the important efficiency initiatives implemented. The focus on innovation and productivity enabled us to reach a recurring EBITDA of COP 3.1 billion, with a 5.8% margin (4).⁴

Consolidated net revenue was COP 55 billion and net income showed a 28.3% growth

Net financial expenses showed good performance and decreased by 25.6% from the debt reprofiling in Colombia and lower interest rates in Brazil and Colombia. These results enabled reaching a net profit of COP 279,403 million and an EPS of COP 624, a 28.3% growth, generating value for our shareholders.

⁴ Non-recurring effects are excluded, mainly tax credits, for comparison purposes.

Closing remarks

Results show that 2018 was a year of great importance for the consolidation of Grupo Éxito in the different markets where we operate, as well as a clear recovery of the Colombian business. This good performance is supported by sales growth in local currency in all four countries, the important contribution of complementary businesses and the effectiveness of cost and expense control plans. All this led to net income and EPS at consolidated level to increase by 28.3%, in the midst of complex macroeconomic scenarios in different countries.

Innovation will continue to be the backbone of growth and sustainability in our business and favoring market share gains through the renovation of stores, the implementation of concepts, such as Wow and FreshMarket, and the expansion of profitable models, such as Cash & Carry. Likewise, we will strength the digital transformation and omnichannel strategies, developing and growing delivery services and apps and modernizing websites.

We will consistently move forward in activities related to asset and traffic monetization, which have proven to be an important source of profits for the 2018 results. Puntos Colombia will strengthen its customer's base and benefit from the growing redemption of points in our system.

Interaction among the operations will guarantee best practices, focusing on initiatives to improve productivity, format evolution, omnichannel experience digital transformation and innovation.

Finally, we express our gratitude to all collaborators who make possible the achievement of the objectives we set as an organization; to our customers who give us their trust and preference; to our vendors with whom we have built valued relationships; and, of course, we want to express our gratitude to our shareholders for trusting our management and walking with us in our purpose of contributing to the development of the countries in which we operate.

Carlos Mario Giraldo Moreno

Luis Fernando Alarcón Mantilla

Felipe Ayerbe Muñoz

Ana María Ibáñez Londoño

Daniel Cortés McAllister

Jean-Paul Mochet

Philippe Alarcon

Bernard Petit

Hervé Daudin

Guillaume Humbert

We will continue leveraging the growth and sustainability of our business in innovation, digital transformation and omnichannel strategies



This report is a summary of the one published on the corporate web page. To view the CEO and Board of Directors' Management Report in its complete version, please access www.grupoexito.com.co "Shareholders and investors," or scan the code.



Surtimagorista, the main supply corner store. Banner having great acceptance among professional clients, especially neighborhood stores, restaurants, cafeterias and food processors, and also in final costumers.



Corporate Governance Report
*Committed to good corporate
governance*



Corporate Governance Report

Introduction

During 2018, Grupo Éxito in Colombia put forth a series of activities for the purpose of advancing in the continuous improvement of its standards regarding Corporate Governance and Transparency and to continue thus building value relationships with its interest groups.

In tune to this development, the Company updated codes, policies and procedures considering local and international references:

- › The “Circular Externa 028” of 2007 issued by Financial Superintendence of Colombia, Best Corporate Practices Code of Colombia - Código País
- › The directives of the Organization for the Cooperation and Economic Development (OCDE)
- › The analysis prepared by the CESA Business School in Partnership with the Colombian Securities Exchange
- › The International Financial Reporting Standard (IFRS)
- › The UN Global Compact
- › Colombian law against bribery (Law 1778 of 2016)
- › French anti-corruption law (SAPIN II)
- › Assessed Results of the Down Jones Sustainability Index

As part of the Company's commitment with continuous improvement of its corporate governance standards, during 2018, it carried out a series of revisions to the adopted practices, which resulted in updates of codes, policies and procedures, considering local and international references

As a consequence of the implementation of improvements with regard to corporate governance and transparency, Grupo Éxito Colombia (i) maintained 97% of the implementation of Best Corporate Practices Code of Colombia - Código País, (ii) was included in the list of "Empresas Activas Anticorrupción (EAA)," under the initiative of promoting the fight against corruption in the private sector led by the Secretary of Transparency of the Republic of Colombia, (iii) received a score of 90.9% in the assessment of best corporate governance practices by the Colombian Securities Exchange, (iv) earned, for the sixth consecutive year, the "Reconocimiento Emisores IR," granted by the Colombian Securities Exchange for the voluntary adoption of best practices with regard to disclosure of information and relationship with investors.

It is also noted that during 2018, the Company carried out a rigorous process of disclosure and training in topics of Corporate Governance and Transparency, with the purpose of assuring good knowledge and adequate management of said information, as well as the strengthening of a culture of ethics and good governance. Likewise, it is important to note that the optimization process was disclosed to its shareholders and investors.

During the last quarter of the year, the Company carried out an assessment process with A.T. Kearney, which covered not only the Board of Directors as a collegiate body, but also each one of its individual members, analyzing their contribution to the dynamics of the Board based on peer evaluation and reflection, taking into account best corporate governance practices as international references. The results of this evaluation show a mature and advanced Board categorized at a high level of excellence. We note the participation of all the members in discussions, risk management, the combination of competences, essential aspect in value generation for the Company, the

management of conflicts of interest and the good performance of its committees, to name a few. Furthermore, the Company, in Colombia, identifies a greater involvement of its directors in the definition of its strategic plan as one of its improvement opportunities.

The Company is convinced of the importance bribery and corruption risk management has not only locally, but also in international companies in which it participates. Thus it has established the International Transparency Council for the purpose of building synergies and sharing good practices that will promote the continuous improvement of compliance standards under applicable regulations and the management of said risks. For this same purpose, it has advanced in the elaboration of bribery and corruption risk matrices, not only locally but also internationally.

Moreover, with regard to risk management and in compliance of the policy and management model, during 2018, the Company strengthened the maturity of identification and assessment processes in Colombia, as well as its decision making, communications and monitoring, promoting thus a risk management culture on all levels, as well as a recognized and integral vision of said processes.

Company Ownership Structure

Capital and Ownership Structure

Company shareholders shall be recognized and guaranteed the same rights and privileges. Each share listed in the Share Ledger shall entitle the holder to one vote at the General Meeting of Shareholders, without restriction in terms of the number of votes that the holder or its proxy can make, but maintaining the prohibitions or ineligibilities established by law to vote on certain decisions, such as the case of Company Administrators and employees in the events indicated by law, as well of those contained in the use of privileged information policy that is on the Corporate Governance Code.

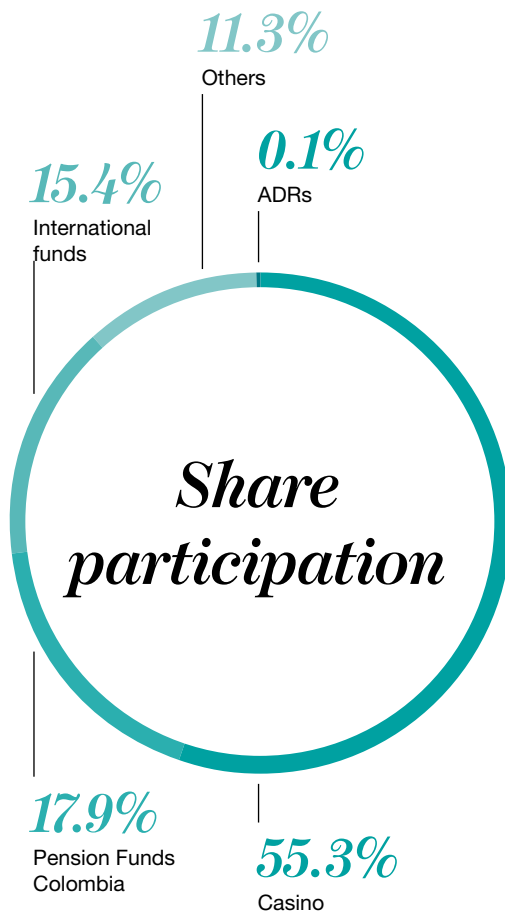
The Company has an authorized capital of 530 million common shares, of which 448,240,151 have been issued and 81,759,849 are in reserve. Out of the issued shares, 447,604,316 are outstanding and 635,835 have been reacquired.

The number of shareholders as at December 31, 2018, is 9,547. Out of which, 88.6% is comprised of individuals with a 7.28% share of the share capital. 11.4% is comprised of legal entities with a 92.72% share of the share capital.

Major Direct and Indirect Shareholders

The Company is controlled by Casino Guichard-Perrachon S.A., which, as at December 31, 2018, indirectly held 55.30% of the share capital through the companies Géant International B.V., Géant International B.V., Géant Foncière B.V. and Bergsaar B.V.

The Company's share structure as of December 31, 2018 is as follows:



Principal Shareholders at December 31, 2018

Name	Number of shares	Shareholding
Casino		
Géant International B.V.	187,689,792	41.93%
Géant Foncière B.V.	47,725,428	10.66%
Bergsaar B.V.	12,130,244	2.71%
Pension Funds Colombia		
Fondo de Pensiones Obligatorias Protección	26,675,225	5.96%
Fondo de Pensiones Obligatorias Porvenir Moderate	23,018,409	5.14%
Fondo de Pensiones Obligatorias Porvenir Moderado	9,020,147	2.02%
International funds		
Fondo Bursátil Ishares COLCAP	9,372,093	2.09%
Norges Bank	8,244,625	1.84%
Others		
Moreno Barbosa Jaime	7,084,808	1.58%
Jara Albarracín Manuel	6,190,679	1.38%
Total	337,151,450	75.32%

Shares and Securities held Directly or Indirectly by Board Members, Senior Management and other Administrators, Trading and the Rights to Vote they Grant

At December 31, 2018, Luis Fernando Alarcón Mantilla is shareholder of 10,000 common shares and Daniel Cortés McAllister is shareholder of 5,500 common shares of the Company. These transactions were previously authorized by the Board of Directors in 2016.

As at December 31, 2018, seven members of Senior Management (levels 1, 2 and 3 of the Company's organizational structure) held 2,947 shares. During 2018, members of Senior Management did not make any transactions with said shares.

Currently, the Company does not have any securities other than its outstanding shares.

Family, Commercial, Contractual or Business Relationships that Exist between Major Shareholders and the Company, or between Major Shareholders

Géant International B.V., Géant Foncière B.V. and Bergsaar B.V. belong to the Casino Group of France, of which the parent Company is Casino, Guichard-Perrachon S.A.

The Company does not have any other major shareholders, which are defined as parties holding 10% or more of the outstanding shares.

Shareholder Agreements

In 2018, the Company did not receive information about the signing, amendment or termination of Shareholder Agreements.

Company Management Structure

Composition of the Board of Directors and Committees

The Company's Board of Directors is comprised of nine members elected by the Ordinary General Meeting of Shareholders held on March 23, 2018, for the 2016-2018 period.

Out of the nine directors elected, four are independent members and five are non-independent members, exceeding the legal standard.



Board of Directors

Independent Members

- 1. Luís Fernando Alarcón Mantilla**
 11/06/2015* / 23/03/2018**
 Bucaramanga, Colombia***
 Independent director
 Chairman of the Board of Directors
 Chairman of the Audit and Risk Committee
 and the Expansion Committee.
- 2. Felipe Ayerbe Muñoz**
 11/10/2010* / 23/03/2018**
 Popayán, Colombia***
 Chairman of the Appointments, Remuneration,
 and Corporate Governance Committee.
- 3. Ana María Ibáñez Londoño**
 20/03/2014* / 23/03/2018**
 Bogotá, Colombia***
 Chairman of the Sustainability Committee.
- 4. Daniel Cortés McAllister**
 30/03/2016* / 23/03/2018**
 Bogotá, Colombia***
 Chairman of the Financial Committee.

Non-Independent Members

- 5. Jean Paul Mochet**
 23/03/2018*
 Paris, France***
- 6. Phillipe Alarcon**
 16/03/2012* / 23/03/2018**
 Saint-Étienne, France***
- 7. Bernard Petit**
 20/03/2014* / 23/03/2018**
 Craponne-Sur-Arzon, France***
- 8. Hervé Daudin**
 30/03/2016* / 23/03/2018**
 Rueil-Malmaison, France**
- 9. Guillaume Humbert**
 23/03/2018*
 Kortrijk, Belgium***



Independent Members

1. Luis Fernando Alarcón Mantilla
2. Felipe Ayerbe Muñoz
3. Ana María Ibáñez Londoño
4. Daniel Cortés McAllister

Non-Independent members

5. Jean Paul Mochet
6. Phillipe Alarcon
7. Bernard Petit
8. Hervé Daudin
9. Guillaume Humbert

Board of Directors Committees

The Board of Directors has five Committees, which are comprised of at least three members and are chaired by an independent member.

1 | 2 | 3 | 4 | 7*
Audit and Risks Committee

4 | 2 | 7 | 9
Finance Committee

2 | 1 | 3 | 4 | 6 | 8
Appointments, Remuneration
and Corporate Governance
Committee

3 | 2 | 5 | 10 | 8
Sustainability Committee

1 | 4 | 9 | 7 | 6 | 11
Expansion Committee

External members

10. Josseline De Clausade
11. Tatyana Aristizábal Londoño

* Guest without voting rights

Independent Members

Luis Fernando Alarcón Mantilla

Degree in Civil Engineering from Universidad de los Andes, with a postgraduate degree in Economics from the same university, and a Master of Science in Civil Engineering from the Massachusetts Institute of Technology (MIT). He was part of the Advanced Management Program at the Oxford University.

Former CEO of Interconexión Eléctrica S.A. (ISA), CEO of Asofondos and of Flota Mercante Grancolombiana, Minister of Finance, and Executive Director of the Inter-American Development Bank.

He has been a member of several boards of directors, including Avianca, Banco de Bogotá, Bolsa de Valores de Colombia, Bavaria, Caracol S.A., Cafesalud, Valores Bavaria and Caracol Televisión.

Currently, he is 67 and is the Chairman of the Board of Directors of Almacenes Éxito S.A. and Grupo de Inversiones Suramericana S.A. (SURA), and of the Board of Governors at Universidad de los Andes.

Felipe Ayerbe Muñoz

Law degree and Ph.D. in Business Law from Universidad de los Andes, and studies in Arbitration, International Law and Common Law at New York University.

Former principal advisor on acquisition transactions for companies such as: Carulla Vivero and Almacenes Vivero S.A.; Carulla Vivero S.A. and Surtimax; Productos Yupi S.A. McCain and Yupi Ecuador. Former legal advisor on issues related to acquisitions, shareholder agreements and shareholder representation, using his expertise in financial, business and corporate law. Former Chairman of the Carulla Vivero S.A. and Banco Andino Boards of Directors, and former member of the Aseguradora del Valle and Compañía de Financiamiento Comercial Internacional Boards of Directors.

He is 67 and member of the Banco de Occidente and Almacenes Éxito S.A. Boards of Directors.

Ana María Ibáñez Londoño

Economics degree from Universidad de Los Andes. Master's in Agricultural Economics and Natural Resources from the University of Maryland, College Park, and Ph.D. in Agricultural Economics and Natural Resources from the same university. From 2012 to 2016, Dean of the School of Economics at Universidad de Los Andes. Currently a professor at Universidad de los Andes.

Member of the Advisory Group of the United Nations Peace Building Fund for the consolidation of peace. Experience as a researcher and consultant for: Fedesarrollo; the World Bank; Universidad de los Andes; University of Maryland, College Park; Inter-American Development Bank; Ministry of the Environment; the Central Bank of Colombia; the Colombian Coffee Growers Federation; and the Estrategia Económica y Financiera journal.

Former member of the Academic Council of Universidad de los Andes, the World Bank Commission on Global Poverty Advisory Group and the Ministry of Finance's Advisory Committee in Fiscal Rule. She has participated in and has led forums and research on sustainability, diversity, inclusion and female leadership.

She is 49 years of age and a current member of the Banco Bilbao Vizcaya Argentaria (BBVA) Colombia, the Fundación Éxito and Almacenes Éxito S.A. Boards of Directors.

Daniel Cortés McAllister

Accounting and Business Administration degrees from the University of Pennsylvania, with studies focused on finance with emphasis on investments and portfolios. Experience as an executive of: Bank of America, Banco Santander Colombia,

Best corporate governance practices highlighted:

- ▶ The Board of Directors has four independent members, surpassing the legal standard
- ▶ The Audit and Risks Committee is made up of independent members only
- ▶ The Chairman of the Board is an independent member
- ▶ Each Chairman of the Board Committees is an independent member

Santander Central Hispano (Madrid), BBVA, Davivienda, Citibank Colombia and Old Mutual Skandia, where he was CEO of this banking group in Colombia.

His experience and knowledge of the financial sector, as well as investment funds are fundamental contributions for strategic direction and the expansion of the organization.

He has participated in the boards of directors of Fiduciaria Davivienda, Compañía de Seguros Bolívar, Pensiones y Cesantías Santander, Santander Investment Trust, Gas Natural Colombia E.S.P., Emtelsa, Fiduciaria de Occidente, Citibank Colombia and Citivalores S.A. Comisionista de Bolsa.

He is 51 years old and a current member of the Almacenes Éxito S.A., BNP Paribas Corporación Financiera, Seguros Comerciales Bolívar, Capitalizadora Bolívar and Infovalmer S.A.S. Boards of Directors.

Non-Independent Members

Jean Paul Mochet

Independent Entrepreneur of the Restaurant Sector, former director of restaurants and regional director of Paris, a subsidiary of Quick restaurant chain.

Joined the Casino Group in 2000, as, among others, supermarket director, Paris West regional director, operations director of Casino supermarkets and general director of Franprix.

Member of the Casino Group Executive Committee and General Director of Franprix and similar stores (Petit Casino, Casino Shop, Spar, Vival, Leader Price Express, Sherpa).

He is 54 years of age and is a member of the Almacenes Éxito S.A. Board of Directors.

Philippe Alarcon

Degree in Finance and Accounting at the Institut Universitaire de Technologie de Saint-Étienne.

International career at the Casino Group since 1984 with roles that have included; Financial Manager of Supermarkets, member of the Rally Steering Committee, Chief Financial Officer of Cafetería Casino, Chief Financial Officer of Casino Group in Poland and, subsequently, CEO of Real Estate in the same country. Currently Vice President of International Operations and CEO of Casino Realty International.

He is 61 years of age and a member of the GreenYellow Energía de Colombia S.A.S. and Almacenes Éxito S.A. Boards of Directors.

Bernard Petit

Public Accountant with Master's in Accounting. Different responsibilities at the Casino Group since 1983, including manager of the Accounting, Management Control and Audit Departments. Chairman of the Casino Services organization. Member of various boards of directors of the Casino Group's companies such as Disco in Uruguay, Libertad in Argentina, and Cdiscount, Banque Casino

and Codim in France. Current Deputy Chief Financial Officer for Latin America at the Casino Group.

Member of various boards of directors such as Cdiscount S.A. and Banque Casino. He is 58 years old and a member of the Grupo Disco Uruguay S.A., Libertad S.A., GreenYellow Energía de Colombia S.A.S., Codim, Mercados Devoto S.A., Casino Finance and Services and Almacenes Éxito S.A. Boards of Directors.

Hervé Daudin

Degree in Physics at École Normale Supérieure de Paris with a Ph.D. in Economics at École des Ponts ParisTech.

Former Head of Distribution for Casino France, Director of Via Varejo, Deputy Director of the Euris Group, and General Secretary for Economic and Corporate Investments at the Department of the Treasury. Formerly, Court Advisor for ASF, SANEF, ATMB, AFTRP Epamarne, SNCM and STIF at the state courts. Former top-level official at the Ministry of Economy and Finance. Former Director of Strategy and Planning and Executive Committee Secretary at the Casino Group. Current member of the Executive Committee and Marketing Director of the Casino Group.

He is 51 years of age and a member of the Boards of Directors of Via Varejo S.A., Cdiscount S.A., Distribution Casino France, European Marketing Distribution, Achats Marchandise Casino and Almacenes Éxito S.A.

Guillaume Humbert

Master's in Administration of the Toulouse Business School. From 2010 until 2018 he was Former Corporate Finance Director of the Casino Group.

Former Vice President of Corporate Development at Gencor (BHP Billiton) South Africa, Vice President of Project Finance and Acquisition Finance at Gricole, Corporate Investment Bank (Milan, New York, Paris) Finance Director of Foncière des Régions (France).

He is 47 years old and a member of the Almacenes Éxito S.A. Board of Directors, resigned on January 23, 2019 due to resignation from the Casino Group.

Board Members who belong to the Boards of Directors of Subsidiary Companies or Hold executive Positions thereof

Bernard Petit is a Board member of the subsidiaries Grupo Disco Uruguay S.A., Libertad S.A., and Mercados Devoto S.A.; Hervé Daudin is a Board member of Via Varejo.

Policies Approved by the Board of Directors in the Reporting Period

In 2018, the Board of Directors approved the Tax Policy, which defines the guidelines the organization must adhere to in order to develop its tax strategy within the applicable legal framework, through the appropriate and transparent recording of transactions in the best interest of shareholders and investors.

The Tax Policy⁵ establishes the principles for a correct tax strategy, namely: transparency, compliance, relationship with authorities, business rationales, transference prices and planning.

In addition, during 2018, the Board of Directors approved the following changes to existing policies:

- i. Policy on giving and receiving gifts and favors⁶:
 - Inclusion of document that stipulates issues concerning gifts and favors
 - Stipulation of principles of actions regarding gifts and favors
 - Restructuring of duties, prohibitions and procedures
- ii. Donations Policy⁷:
 - Inclusion of donations with the Company's sustainability principles
 - Inclusion of the donation regulation framework in favor of democracy
 - Stipulation of legal requirements and outside the law requirements
 - Determination of due diligence procedures for beneficiaries of donations
 - Include rules for the disclosure of donations made

iii. Investment Policy:

- Increase in the amount limits for investments in collective assets and with adjustable earnings assets
- Increase in amount limits for deposits or transactions that include counterpart risks of with SCBE
- Ensuring security transport companies have insurance policies for cash transport and securities accurate chain of custody, operating licenses issued by the Superintendence of Surveillance and all legal requirements for their operation
- The Company included new banks in the list of lenders, according to updated credit operations

Procedure for the Election of Candidates to the Board of Directors

The Procedure for the Election of Candidates to the Board of Directors, published on the corporate web site www.grupoexito.com.co, regulates, among others, the following items:

- › The deadline for appointing candidates
- › The process for appointing candidates
- › The method for evaluating candidates
- › The desired profile of candidates (experience and personal profiles)

The procedure establishes a term of 10 business days following publication of the call for ordinary meetings and a term of five business days following publication of the announcement of extraordinary meetings, along with additional required documentation.

Said procedure establishes requirements including that in all cases, the proposals must include at least three candidates for independent members and attach the supporting documents that accredit said independence in accordance with Law 964/2005 and the Company's regulatory framework for independent member Criteria.

The procedure also establishes the need for diversity of candidates on the list in professional and academic aspects as well as personal aspects, namely: gender, nationality, age, race, among others, for the purpose of ensuring complementarity of the proposed candidates.

Once it has received said proposal, the Appointments, Remuneration and Corporate Governance Committee proceeds to assess the proposed candidates based on their level of knowledge, managerial and leadership skills, personal skills, commitment and impartiality. This is done with the aim of verifying that all the candidates meet the requirements established in the Board of Directors Election and Succession Policy, in all cases with the proposed Board members abstaining from being reelected.

5 The Tax Policy can be consulted on the corporate web site under Shareholders and Investors, Corporate Governance, Corporate Governance Documents, Tax Policy.

6 The Policy on giving and receiving gifts and favors can be consulted on the corporate web site under Shareholders and Investors, Corporate Governance, Corporate Government Documents, Transparency Program, Policy for the Receipt and Concession of gifts and favors.

7 The Donations Policy can be consulted on the corporate web site: Shareholders and Investors, Corporate Governance, Corporate Governance Documents, Transparency Program, Donations Policy.

Once approved by the Board of Directors, the results of said evaluation must be posted on the Company's website: www.grupoexitocom.co, together with the résumés of the candidates at least 5 business days before the Ordinary Meetings and 5 calendar days for Extraordinary Meetings. Strict compliment was made of the procedure in force in the election of the Board of Directors in 2018. The procedure was improved in May of 2018 with regard to diversity, appointment processes of candidates and terms for the posting of evaluations.

Board of Directors Remuneration Policy

The Board of Directors Remuneration Policy, approved by the General Shareholders Meeting held on June 11, 2015, states that the members of said body shall be entitled to the same remuneration for attending sessions whether in person or remotely. The amount for the corresponding period will be approved by the General Shareholders Meeting at the meeting for the election of its members and the value must meet the following principles and criteria:

- › Remuneration shall be consistent with stringent risk management, without fostering an inappropriate assumption thereof, and be aligned with the shareholders' interests, promoting the creation of long-term value
- › Remuneration shall be competitive in order to attract and retain talent of the highest professional, academic and personal quality, but at the same time be appropriate and fair
- › The structure, obligations, and responsibilities of the Board of Directors, as well as the methods for evaluating the performance thereof
- › The personal and professional qualities of its members, as well as their professional experience
- › Time spent
- › The remuneration for this kind of position in comparable national and international companies
- › Any other criteria that the General Meeting of Shareholders deems appropriate when making the decision
- › The General Meeting of Shareholders may establish additional fees for the Board Chairman and respective Committee Chairs for specific duties and a greater time spent

Board of Directors and Senior Management Remuneration

According to the Board of Directors Remuneration Policy, the following remuneration for the period 2018-2020 was approved by the General Shareholders Meeting held on March 23, 2018:

- › For the Chairman of the Board, a fee of COP 11,550,000 was approved for preparing for and attending each Board meeting
- › For Board members other than the Chairman, a fee of COP 7,700,000 was approved for preparing for and attending each Board Meeting
- › For the Chairmen of the Committees, a fee of COP 7,700,000 was approved for preparing for and attending each meeting of the respective Committee
- › For Committee members other than the Chairman of each Committee, a fee of COP 3,850,000 for preparing for and attending each meeting of the respective Committee










As a result, in 2018, the Company paid its Board members a total of (COP1,464,000,000) for Board and committee meetings.

The Board of Directors approved the Senior Management Remuneration and Assessment Policy in September 2016, which establishes the criteria and guidelines that need to be considered for the remuneration and other financial benefits for Senior Management, i.e., the CEO, Chief Operative Retail Colombia, Chief Officers, the General Counsel and the Internal Audit Officer.



















































The remuneration for Senior Management members is disclosed in note 34.2 to the Company's financial statements and can be consulted on the corporate website: www.grupoexitocom.co

Attendance of Board and Committee Meetings

Board of Directors Meetings⁸

Board of Directors Member	Sessions attended	(%)
Luis Fernando Alarcón Mantilla		91
Felipe Ayerbe Muñoz		100
Ana María Ibáñez Londoño		100
Daniel Cortés McAllister		100
Jean Paul Mochet		100
Philippe Alarcon		100
Bernard Petit		100
Hervé Daudin		64
Guillaume Humbert		71

Committees of the Board of Directors Meetings

Committee	Members	Sessions attended	(%)
Audit and Risks Committee	 Luis Fernando Alarcón Mantilla (Chairman) Independent member		100
	 Ana María Ibáñez Londoño ¹¹		75
	 Felipe Ayerbe Muñoz		100
	 Daniel Cortés McAllister		100
Finance Committee	 Daniel Cortés McAllister (Chairman) Independent member		100
	 Felipe Ayerbe Muñoz		100
	 Bernard Petit		100
	 Guillaume Humbert ¹²		67
Appointments, Remuneration and Corporate Governance Committee	 Felipe Ayerbe Muñoz (Chairman) Independent member		100
	 Luis Fernando Alarcón Mantilla		100
	 Ana María Ibáñez Londoño		86
	 Daniel Cortés McAllister		100
	 Philippe Alarcon ¹³		100
	 Hervé Daudin		43
Sustainability Committee	 Ana María Ibáñez Londoño (Chairman) Independent member		100
	 Felipe Ayerbe Muñoz		100
	 Jean Paul Mochet ¹⁴		100
	 Hervé Daudin ¹⁵		50
	 Josseline De Clausade (External Consultant)		100
Expansion Committee	 Luis Fernando Alarcón Mantilla (Chairman) Independent member		100
	 Daniel Cortés McAllister		100
	 Guillaume Humbert ¹⁶		50
	 Bernard Petit		80
	 Philippe Alarcon ¹⁷		100
	 Tatyana Aristizábal Londoño (External Consultant)		80

 Independent Member  Non- Independent Member  External Consultant

8 Includes in-person and remote attendance

9 Mr. Jean Paul Mochet was appointed Board member on March 23, 2018

10 Mr. Guillaume Humbert was appointed Board member on March 23, 2018

11 Ms. Ana María Ibáñez Londoño did not attend Audit and Risks Committee Meetings of October 2 and December 11, due to her attendance at Princeton University during said time period

12 Mr. Guillaume Humbert was appointed member of the Financial Committee on March 23, 2018

13 Mr. Philippe Alarcon was appointed member of the Appointments, Remuneration and Corporate Governance Committee on March 23, 2018

14 Mr. Jean Paul Mochet was appointed member of the Sustainability Committee on March 23, 2018

15 Mr. Hervé Daudin was appointed as a member of the Sustainability Committee on March 23, 2018

16 Mr. Guillaume Humber was appointed as a member of the Expansion Committee on March 23, 2018

17 Mr. Philippe Alarcon was appointed as a member of the Expansion Committee on March 23, 2018

Quorum for Board of Directors and Committees Meetings¹⁸

Board of Directors Meetings

Type of meeting:	Date	Quorum	(%)
1. Ordinary	January 24		78
2. Ordinary	February 19		67
3. Extraordinary	March 08		100
4. Ordinary	March 23		67
5. Extraordinary	May 03		100
6. Ordinary	May 23		100
7. Ordinary	July 11		100
8. Ordinary	September 12		100
9. Ordinary	October 03		89
10. Extraordinary	November 13		100
11. Ordinary	December 12		78
Average			89

Committees of the Board of Directors Meetings

a. Audit and Risks Committee

Date	Quorum	(%)
1. January 23, 2018		100
2. February 19, 2018		100
3. May 10, 2018		100
4. July 10, 2018		100
5. August 8, 2018		100
6. October 2, 2018		75
7. November 13, 2018		100
8. December 11, 2018		75
Average		94

b. Finance Committee







Date	Quorum	(%)
1. January 23, 2018 19.		80
2. April 26, 2018		100
3. May 23, 2018		100
4. July 11, 2018		100
5. October 3, 2018		75
6. November 13, 2018		100
7. December 12, 2018		75
Average		90

c. Appointments, Remuneration and Corporate Governance Committee






Date	Quorum	(%)
4. January 24, 2018		67
5. February 19, 2018		67
6. March 8, 2018		83
7. May 23, 2018		100
8. July 11, 2018		100
9. October 3, 2018		67
10. December 12, 2018		83
Average		81

18 This information considers in-person and remote attendance
19. On this date, the Finance Committee was comprised of Daniel Cortés McAllister, Felipe Ayerbe Muñoz, Philippe Alarcon, Bernard Petit and Matthieu Santon

d. Sustainability Committee

Date	Quorum	(%)
5. January 24, 2018		100
6. February 22, 2018		67
7. March 23, 2018		100
8. July 11, 2018		100
9. October 3, 2018		75
10. December 12, 2018		75
Average		86

e. Expansion Committee

Date	Quorum	(%)
6. January 24, 2018 ²⁰		50
7. May 23, 2018		100
8. July 11, 2018		80
9. October 3, 2018		80
10. December 12, 2018		80
Average		78

Chairman of the Board of Directors

Luis Fernando Alarcón Mantilla is the Chairman of the Company's Board of Directors. He was elected as Chairman on June 11, 2015.

As well as leading and ensuring that the Board meetings are conducted in an orderly fashion, complying with the agenda and addressing all the issues proposed, the Chairman of the Board also performs the functions stipulated for said position in Article 31 of the Company Bylaws:

- ▶ Ensure that the Board of Directors efficiently establishes and implements the Company's corporate strategy
- ▶ Drive the Company's governance actions, serving as a liaison between the shareholders and the Board of Directors
- ▶ Coordinate and plan the operation of the Board of Directors by establishing an annual work plan based on the functions assigned.
- ▶ Announce the meetings, directly or through the Secretary of the Board of Directors
- ▶ Prepare the agenda for the meetings, in coordination with the Company CEO, the Secretary of the Board of Directors and other members
- ▶ Ensure the delivery of information, in due time and proper form, to the Board Members, directly or through the Secretary of the Board of Directors
- ▶ Chair meetings and moderate debates
- ▶ Supervise the execution of agreements of the Board of Directors and follow up on its decisions and mandates
- ▶ Monitor the active participation of the Board Members
- ▶ Lead the annual process of assessing the Board of Directors and its Committees, except for the Chairman's own evaluation

Board of Directors Secretary

Claudia Echavarría Uribe has been the Secretary of the Company's Board of Directors since March 30, 2015, and she is also Secretary of the General Meeting of Shareholders and Corporate Affairs Manager at the Company. In exercise of her roles, she has been working on the consolidation of good corporate governance practices, encouraging the adoption, implementation and observance of the corporate governance standards provided in the New Best Corporate Practices Code of the Financial Superintendence of Colombia.

Pursuant to Article 43 of the Company Bylaws, her functions are as follows:

- ▶ In accordance with the law, keep the books of minutes of the General Meeting of Shareholders and the Board of Directors, draft the minutes and authorize with her signature any copies issued thereof
- ▶ Understand everything related to the issuance and authentication of share certificates and registration of minutes or documents in the corresponding Share Ledger
- ▶ Communicate announcements of meetings of the Board of Directors and the General Meeting of Shareholders
- ▶ Lead the Company's document and archive management, and ensure the custody and preservation of the books, deeds, securities certificates, receipts and other elements entrusted to it
- ▶ Keep to the agenda, fulfilling the legal requirements and registration of the

20. On this date, the Expansion Committee was comprised of Luis Fernando Alarcón, Daniel Cortés McAllister, Philippe Alarcon, Bernard Petit, Matthieu Santon and Hervé Daudin.

trademarks, logos, names and other rights of industrial or commercial property, insurance policies, public deeds and other documents related to property, ownership or possession of the Company's assets and rights.

Relationships of the Board of Directors with the Statutory Auditor, Financial Analysts, Investment Banks and Rating Agencies, and External Consulting Services Received by the Board of Directors

The relationship between the Board of Directors and the Statutory Auditor was characterized by the active participation of the members of the Audit and Risks Committee in the follow-up of auditing processes on the quarterly and year-end financial statements conducted by the Statutory Auditor, as well as the action plans proposed by the Administration in response to the opportunities for improvement identified in the respective reports. In the Audit and Risks Committee meetings, the Statutory Auditor reported its progress regarding the external auditing plan; the findings and recommendations related to the accounting and financial processes and systems; as well as the follow-up of compliance with the action plans proposed by the Administration.

Management of Board of Directors Information

In 2018, we complied with the term provided in the Company's Corporate Governance Code for sending information to the Board members regarding the items on the agenda for the respective meeting. This information was prepared by the Secretary of the Board of Directors and Senior Management under the leadership of the Chairman of the Board.

After each meeting of the Board of Directors and its respective Committees, the General Counsel and the secretaries of each body take responsibility for the custody of the information and for ensuring that it serves as support to draft the minutes for the respective meetings.

Additionally, as the person responsible for disclosing relevant information to the market, the Company's Chief Financial Officer led the process of disclosing the decisions made by the Board of Directors when they were deemed relevant, in coordination with the Information Disclosure Committee.

Activities of the Board Committees

Audit and Risks Committee

The Audit and Risks Committee, made up of four independent members, monitored processes related to financial information and reporting, enterprise risk management, and Internal and Statutory Audits, as well as any additional regulatory compliance thereof. Furthermore, it monitored the

transactions between related parties, as well as management of conflicts of interest as part of its competence.

In 2018, the Committee's activities focused primarily on the following:

- › Analysis of the individual and consolidated, interim and year-end financial statements, and the main financial indicators prior to the submission to the Board of Directors, and disclosure of information to the market
- › Follow-ups of the Release of Information Policy, including consolidated analysis of publications to the relevant market information and the revision of the implementation of the procedure for information release, in alignment with the recommendations by the Colombian Financial Superintendence, the Corporate Governance Code and Country Code
- › Assessment of risk management process, focused on the cycle of its performance; the evolution of strategic risks, including its scenarios; compliance of actions recommended for its mitigation; the revision of assessment with regard to the appetite defined to guide the management strategy and the consolidated vision of the Group in the different countries
- › Review and approval of the scope, resources and annual plan of the Internal and Statutory Audits. The Committee ensured observance of said plan, emphasizing its indicators, performance, independence and results of evaluations, along with advances in the main action plans agreed upon with Senior Management, for the improvement of the Internal Control System. In addition, within the framework of the Group's operation, at the national and international levels, the Committee learned and made recommendations on the most relevant aspects of the audit results of each entity
- › Approval and recommendation of external auditors' proposal, including the subject, scope, candidate evaluation process and hiring conditions. The Committee recommended that this proposal shall be validated and presented by the Board of Directors to the General Meeting of Shareholders. Furthermore, the Committee did follow-up on the scope, plan, results and independence of the provision of services and review of the opinion of the external auditors regarding financial statements
- › Conservation of and recommendations regarding transactions between related parties that are reported by the Administration, including individual and consolidated reports, their materiality, value generation, protection of the parties' interests, fair treatment of shareholders, and market conditions. It also approved the update of the Policy and the related internal procedures
- › Knowledge of and recommendations about effective management regarding conflicts interests in the Board of Directors and Senior Management (levels 1 and 2)

- › Review of the Transparency Program presented by Senior Management, focused on statistics of the complaint channels, the transaction bribery and corruption risk matrix, conflicts of interest of employees and implementation of the regulations of the Company's Ethics Program
- › Reviewed of the Compliance Officer's management report of money laundering and terrorist, prior to its approval by the Board of Directors. Reviewed the statistics of internal reports of suspicious operations as well as external reports by the Financial Analysis and Information Unit (UIAF, in Spanish) of the Ministry of Finance, trainings and third-party knowledge, including relevant situations of third parties with possible risk of money laundering, where the Committee made the pertinent recommendations. In addition, the committee approved the proposal to update the internal manual for the prevention of the risk of money laundering and the financing of terrorism
- › The Committee reviewed the progress of the implementation of the Personal Data Protection Program (Law 1581 of 2012), as well as the statistics of the management of our channel of reception of queries and claims of holders of personal data and the status of the inventory and the national database registry

Finally, the Committee regularly reported on its activities and management to the Board of Directors, including recommendations and/or approvals on matters of under its responsibility. It also validated the Corporate Governance Report prepared by the Company and recommended its approval for the Board of Directors.

Appointments, Remuneration and Corporate Governance Committee

The Committee reported to the Board the job focuses of the office of Vice President of Human Resources for the 2018 year, framed within the strategic foundations. It carried out the follow-up of policies and main indicators with reference to human resources issues. Among these, we highlight personnel costs, short- and long-term compensation schemes, personnel turnover, talent planning and the balance among work relations and employment law bills currently under review in congress.

Likewise, the Committee submitted to the Board of Directors a proposal for the modification of its Remuneration Policy and, to face financial challenges and leverage Grupo Éxito's strategy, shared processes of intervention of the operations model of the Company, including distribution centers and stores. It also submitted a proposal for the modification of the retail, short-term scheme for distribution centers and shopping centers.

Likewise, the Committee presented to the Board the results of the salary increase negotiated with the unions for core staff and the proposed increase for the rest of the personnel, as well as the results of the climate and leadership assessment, and supported the Board in the appointment of the Vice-President of Marketing and Digital Transformation.

The Committee followed up on all corporate governance issues under its responsibility.

Finance Committee

During the year 2018, the Financial Committee carried out a rigorous follow-up to the macroeconomic and market indicators, specifically, to the interest rate, inflation, growth, interest rates, among others. It also monitored in detail the cash levels of the organization, in order to ensure proper management of the resources there in and compliance with investment policies.

At the same time, the Finance Committee worked to review and monitor the Company's debt position, supporting the Board of Directors in structuring strategies and proposals for

The Audit and Risk Committee was focused on the following:

- › Carrying out follow-up to the Financial and Non-financial Information Disclosure Policy compliance
- › Verifying the Company's Risk Management process compliance
- › Carrying out the follow-up of performance and results of Internal and Statutory Auditing
- › Carrying out and adequate follow-up on the compliance of the Transparency Program and the implementation of the Company Ethics Program regulations

The Finance Committee worked to:

- › Monitoring the Company's cash levels
- › Reviewing and monitoring of the Company's debt position

contracts, reprofiling and/or extensions of credit lines, which enabled optimization of financial expenses and improvement of the Company's financial indicators. We highlight the rebalancing of debt among the different business units and countries where Grupo Éxito is present, in 2018.

This Committee also provided regular guidance for obligations derived from credit contracts and/or covenants, especially the debt ratio landing (net financial debt / adjusted EBITDA).

The risk coverage strategy for differences in exchange rates and interest rates was another one of the focuses of this body. For said purpose, hedging portfolios with derivatives (forwards, interest rate swaps and cross currency swaps), were structured in order to minimize the impact of market volatility on the Company's Profit and Loss (P&L) Statement.

Finally, the Financial Committee carried out a detailed revision of the financial and operations performance of Tuya S.A. Compañía de Financiamiento. In addition, it monitored and followed-up on initiatives to facilitate factoring to providers.

Expansion Committee

The Expansion Committee analyzed and assessed 19 retail projects for opening, extension and conversion, mostly of supermarkets and Cash & Carry, points of sale. These projects generated 14,332 new square meters of sales.

With regard to real estate, the Committee assessed and followed-up on the development of more than 113,000 square meters of GLA (Gross Leasable Area) in the building of the Viva Envigado and Viva Tunja shopping centers. It also followed-up on the creation of the leasable space in stores to maximize value with the opening of Smartfit Bosa, Smartfit Flora and Dollar City Del Este, projects with 4,141 square meters of GLA.

Finally, it is worth highlighting that the Committee studied, analyzed and monitored the first year of operation of the Company's real estate trust, Viva Malls, which consists of developing and operating shopping centers in Colombia under the Viva brand name. Fondo Inmobiliario de Colombia holds a 49% share in this project. The Viva Malls portfolio ended 2018 with a GLA of 435,918 square meters, not including its incremental portfolio.

Sustainability Committee

In 2018, the Sustainability Committee worked on monitoring progress regarding the challenges and areas of focus of the Company's Sustainability Strategy.

It is worth highlighting the following work carried out by the Committee during said period:

- ▶ Approval of the new Company Sustainability Management Model
- ▶ Approval of two policies within the corporate realm: Climate change and packaging and containers
- ▶ Creation and monitoring of the sustainability indicators board
- ▶ Approval of variable compensation indicators of the Company, including a sustainability component in the pole position
- ▶ Approval and publication of the Company's carbon footprint measurement for the current year, as well as the approval of its recalculation for 2015 and 2016. The Committee also created the Company's environmental mega to reduce the carbon footprint 20% by 2021
- ▶ Strengthening the Company's strategy to communicate and assess the focuses of action and data that support each sustainability project, such as: The Professional Equality Policy, direct local purchasing and the comprehensive waste program
- ▶ The presentation of the primary conclusions from the Consumer Goods Forum, with the ultimate goal of adapting the ruling resolutions and complementary themes that have proven to be effective

The Expansion Committee focused on:

- ▶ Analysis and evaluation of diverse projects for the opening, extension and conversion of retail projects
- ▶ Regarding real estate, evaluation and follow-up of the development of more than 113,000 m² of the building of the Viva Envigado and Viva Tunja shopping centers
- ▶ Study, analysis and follow-up of the second year of operation of the Company real estate trust, Viva Malls

- ▶ Follow-up with each challenge of the sustainability strategy, inviting all the different leaders of the Company to ensure that the Board of Directors receives this information first-hand
- ▶ For the sixth consecutive year, we were included in the Dow Jones Sustainability Index, cementing our place in the Emerging Markets Index and also appearing in the MILA Pacific Alliance Index. With a score of 64 over 100, we improved our score by 20 points compared to 2017, earning the 12th spot and consolidating ourselves as the only Latin American company in the Food & Staples Retailing sector of the Index

Board of Directors and Senior Management Assessment

Pursuant to the Corporate Governance Code, the Company conducts an annual evaluation process to assess:

- ▶ The quality of the members of the Board of Directors and its committees
- ▶ The individual performance of each one of the members
- ▶ The overall performance of each respective governmental body. A mixed contribution and performance evaluation system has been established for this assessment, which involves alternating the type of evaluation between internal and external each year

In 2018, the A.T. Kearney global management consulting firm conducted an external evaluation, which included not only the Board of Directors as a collegiate body, but also each one of the board members individually, analyzing their contributions to the dynamic of the Board of Directors, based on individual evaluations and reflective exercises and utilizing the best practices of global corporate governance as a reference.

The results of this evaluation revealed a mature and advanced Board of Directors with some aspects still in development, ranked between the third and fourth levels of excellence (the fourth being the most advanced).

The members of the Board of Directors had an outstanding participation in the deliberations. This included the risk management at the Board of Directors level; a combination of essential competencies that add value to the organization; a focus on sustainability and the management of conflicts of interest; its periodicity, duration and structure; and the good performance of its committees, among others.

Nonetheless, there are opportunities for improvement: a closer participation of the Directors in the development of the Group's strategic plan, including short, medium and long-term goals; a better synthesis between the annual work plan of the Board and its strategic goals; and better adaptation of the macro themes discussed among Board Members at the executive level of the Organization, including a succession plan for upper management.

As far as the consolidation of the individual results, the most commonly noted competency is the independence and integrity of the Directors.

The report also identified the most important issues the Board of Directors needs to address. According to the Directors and top management staff, there are five basic themes: context, strategy, organization, operations and finances. These areas constitute the base for the Board's corporate preparation of the annual work plan under the direction of the Chairman's leadership.

Finally, regarding assessment of Senior Management, the Company has strictly applied the Remuneration and Assessment Policy for Senior Management adopted by the Board of Directors at its meeting on September 14, 2016.

The Sustainability Committee concentrated its efforts on:

- ▶ Ensuring follow-up of goal fulfillment and the concentrated focus on the sustainability strategy of the Company
- ▶ Creating and approving a new management model of sustainability for the Company
- ▶ Creating and approving two corporate level policies: a Climate Change Policy and a Packaging and Container Policy
- ▶ Creating the environmental mega of the Company, which would strive to reduce its carbon footprint 20 percent by the year 2021

Transactions between related parties

Decisions by the Board of Directors about transactions between related parties and conflict of interest situations.

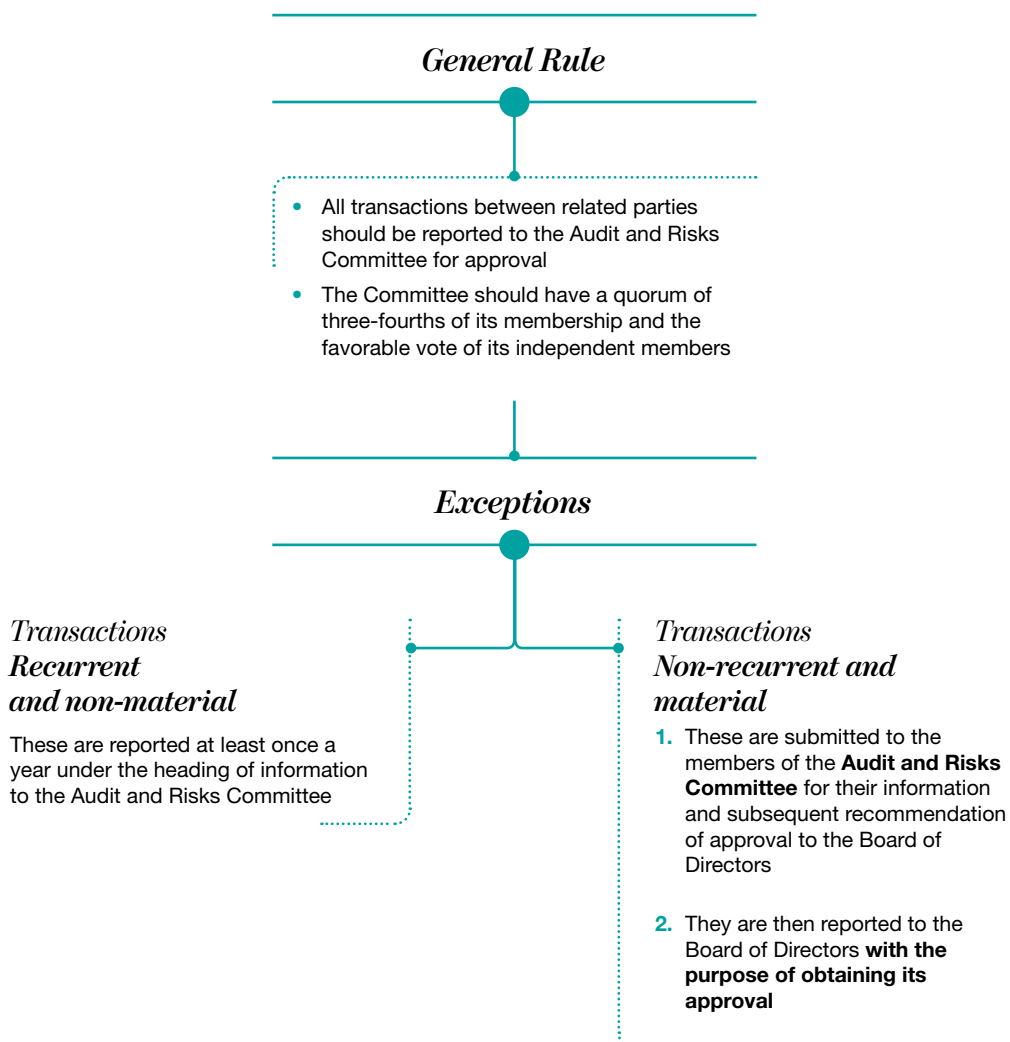
In accordance with Article 34.4 of the Company Bylaws, it's the responsibility of the Board of Directors to define the regulations governing the evaluation and authorization of transactions between related parties.

To accomplish that goal, the Board approved the Transactions Between Related Parties Policy in January 2016, which is also on the seventh chapter of the Corporate Governance Code and regulates the identification, classification, evaluation, approval, revelation and follow-up on such transactions.

The objective of this policy is to ensure that transactions between related parties always occur at market prices in order to guarantee the fulfillment of the following principles:

- › Satisfaction of the Company's interests without negative incidents
- › The offer of better service, better price or better conditions for the customers of the organization, or the exploitation of synergies in accordance to the limitations and restrictions established by current law
- › The generation of value for the organization
- › To not undermine or put at risk the capacity of the Group to fulfill its obligations to third parties
- › To respect the rights of minority stockholders
- › Transparency
- › Unlocking synergies

This policy encompasses the following rules for the approval of transactions between related parties:



In addition, the policy establishes that a transaction between related parties, that because its nature it must be approved by the General Meeting of Shareholders, it:

- a. Must be presented first to the Audit and Risks Committee, whose members will subsequently present it to the Board of Directors
 - b. Must be presented to the Board of Directors to inform its members who will then make a recommendation of approval to the General Meeting of Shareholders
 - c. Finally, it will be reported to the General Meeting of Shareholders for approval
- › The Company will reveal its transactions between related parties to the market through various methods:
- On a quarterly basis through financial reports
 - Once a year as part of the management report to the organization
 - Once a year through the Corporate Governance Report
- › In the event of breach of the Policy on Transactions between Related Parties, the Audit and Risks Committee or the Board of Directors, as applicable, must evaluate the transaction and decide on whether it should be approved, modified or terminated. The circumstances that led to the breach of said policy must also be analyzed, and the actions deemed necessary to ensure said compliance and effectiveness must be taken.

A procedure for the treatment of transactions between related parties was established and approved by the Company's Audit and Risks Committee. It established the actions that must take place when dealing with transactions between related parties in order to ensure their proper treatment

- › The Company Bylaws define the responsibilities of the Board of Directors with respect to conflicts of interest as follows:
- Investigate and manage conflicts of interest that arise between the Company and its Shareholders, Board members and Senior Management
 - Approve policies to manage conflicts of interest and use of privileged information by any employee
 - Regulate the creation and operation of the Conflict of Interest Committee

Nevertheless, the powers of the Board of Directors related to conflicts of interest are not limited to the aforementioned responsibilities. When the Board acts as the Conflict of Interest Committee, or in other words when the Board is charged with analyzing the circumstances that gave rise to the conflictive situation of one of its own members, the remaining members not involved in the conflict will fulfill other functions such as:

- › Enforce, define and resolve all matters related to the Policy on Transactions between Related Parties, Conflicts of Interest and Use of Privileged Information; and establish solutions and penalties whenever there is an infraction of the duties and/or prohibitions of the policy
- › Determine whether the conflict of interest affects the operation of the Company as a whole and is of such a scale that it makes the involved party unable to perform his or her role or, on the contrary, whether it is a situation that can be addressed by following the rules set forth in the Conflict of Interest Policy

Additionally, the Board's Audit and Risks Committee is responsible for fulfilling the following roles related to conflicts of interest:

- › Assess and inform the Board of Directors of conflicts of interest in which a Major Shareholder or member of the Board of Directors or Senior Management could be involved directly or indirectly or through a related party, making the necessary suggestions to manage the situation
- › Assess and inform the Board of Directors of possible conflicts of interest that could arise between the Board and branches and/or subsidiaries, or between these entities, or between Administrators and related parties, making the necessary suggestions to manage the situation
- › Following prior authorization from the Board of Directors, examine and inform the Board about direct or indirect operations of the Company with Board Members, Controlling or Major Shareholders (as defined in the Company's ownership structure) or members of Senior Management at levels 1 through 3. The Audit and Risks Committee should also examine the operations between Group companies or people linked to them (operations with linked parties) that for their amount, nature or conditions, could represent a risk to the organization; and finally, verify that said operations are conducted according to market conditions and don't violate the equal treatment among the shareholders

Detail of the most relevant transactions conducted between related parties as determined by the Organization:

Transactions between related parties correspond to revenue from the sale of goods and services, as well as to costs and expenses related to risk management and technical assistance support, and to the purchase of goods and services received. The most relevant transactions between related parties in 2018 were the following:

- ▶ With respect to Casino Guichard Perrachon S.A., the Company received income of COP 7,389 million, which correspond to the Latin American strategic management service agreement; expenses of COP 29,041 million were generated by the technical assistance and consulting services provided by Casino Guichard Perrachon S.A. and Géant International B.V.
- ▶ There were transactions that generated income from the Casino Guichard Perrachon S.A. companies, primarily from the provision of services valued at COP 4,660 million, and expenses primarily for the provision of energy-efficient services and intermediation in the import and purchase of merchandise for COP 28,672 million
- ▶ As far as the subsidiaries, primary transactions completed during 2018 corresponded to income produced by (I) the sale of merchandise to Éxito Industrias S.A.S. (previously known as Distribuidora de Textiles de Colombia S.A.S. – Didetexco); (ii) the provision of administrative services to Almacenes Éxito Inversiones S.A.S., Gemex O & W S.A.S., Logística, Transporte y Servicios Asociados S.A.S. and Patrimonios Autónomos; and (iii) leasing of property to Patrimonios Autónomos and Éxito Viajes y Turismo S.A.S. The income from these transactions surpassed COP 23,979 million
- ▶ The costs and expenditures generated with subsidiary companies for COP 431,534 million resulted primarily from (i) the purchase of goods for resale to Éxito Industrias S.A.S. (previously known as Distribuidora de Textiles de Colombia S.A.S. (previously known as Distribuidora de Textiles de Colombia S.A.S. - Didetexco); (ii) transportation services received from Logística y Transporte y Servicios Asociados S.A.S.; (iii) leasing and management of property with Patrimonios Autónomos; (iv) the purchase of corporate plans from Almacenes Éxito Inversiones S.A.S.; and (v) services received, the purchase of goods and reimbursements from other subsidiaries
- ▶ In respect to joint ventures, it's worth mentioning (I) income, primarily from the leasing of office space to Compañía de Financiamiento Tuya S.A. and Puntos Colombia for COP 22,942 million, and for participation in the business collaboration agreement with the Compañía de Financiamiento Tuya S.A., for COP 67,465

million; and (II) expenditures, primarily from paid commissions, of COP 2,094 million, and from the purchase of points from Puntos Colombia S.A.S. customer loyalty program for the sum of COP 37,739 million

- ▶ Finally, with other related parties, such as the case of the Board members, expenses were generated from the provision of services amounting to COP 1,464 million

The breakdown of transactions with related parties can be consulted in note 34.2 of the Financial Statements.

Transaction procedure between related parties

In the year 2018, the Audit and Risks Committee approved the procedure for the proper treatment of transactions between related parties of the Company.

The procedure for the proper treatment of transactions between related divisions is based on:

- ▶ The alignment and principles proposed by the Organization for Cooperation and Economic Development (OCDE)
- ▶ The External Circular 028 released by the Financial Superintendence of Colombia in 2007 (known as Country Code Measures)
- ▶ Article 34 of the organization's Bylaws, in accordance with the Board of Directors' definitions of the rules determining which entities must submit to the evaluation and authorization of transactions between related parties
- ▶ The Transactions Between Related Parties Policy, formally implemented in the seventh of the Company's Corporate Governance Codes
- ▶ The international accounting norms (NIC)
- ▶ Regulations in respect to the cost of transfers
- ▶ The other norms and regulations issued on the subject

Throughout this process, the Company strives to ensure that the transactions between related parties occur at market rates, with the goal of fulfilling the following principles:

- ▶ Satisfying the interests of the organization and preventing any potential negative consequences
- ▶ Offering better service, better prices or better conditions to the customers
- ▶ Promoting the exploitation of synergies, in accordance to the limitations and restrictions established by law
- ▶ Generating value for the Group
- ▶ Ensuring that nothing impairs or puts at risk the organization's capacity to fulfill its obligations to third parties
- ▶ Respecting the rights of minority shareholders
- ▶ Acting transparently

Conflicts of Interest that Arose, Action of Board Members, and Mechanisms to Resolve Conflicts of Interest between Companies of the Same Conglomerate and their Application during the Fiscal Year

The Company has adequate mechanisms for the report, analysis and management of conflicts of interest disclosed by the Company's Board of Directors, Senior Management and employees, complying with the policy that regulates this issue.

The main activities carried out in 2018 that demonstrate this compliance are described below:

a. Reporting Mechanisms for the Board of Directors and Employees

- **Identification and quarterly report of conflicts of interest:** To report and identify conflicts of interest, the Board of Directors and Senior Management were requested on a quarterly basis to update information on companies in which they hold 10% or more of the share capital or over which they hold significant influence, or any other situation that could result in a conflict of interest
- **Annual declaration of conflicts of interest:** In accordance to the guidelines of the Conflict of Interest Committee, the Company requested an annual declaration of the conflicts of interest of employees whose responsibilities are linked to the critical processes of the organization through the information system of the Vice President of Human Resources designed for this very purpose

b. Analysis mechanisms for reported situations

To analyze the reported situations, the Corporate Governance, Conflicts of Interest and Use of Privileged Information Committee operated taking into consideration their appropriate formation according to the organizational position of the person implicated in the respective conflict of interest and responding to the criteria established in the policy that regulates the issue

c. Management and resolution mechanisms for conflicts of interest

- The culture of transparency and the environment of control in relationship to the management of conflicts of interest is influenced by the tone of senior management. That's the reason the members of the Board of Directors and senior management employees (levels one to two of the organizational structure) are required to report any situations that could potentially affect their objectivity and impartiality to the Audit and Risks Committee

Thanks to the transparency culture campaign, the Company created awareness at every level on the importance of a periodic declaration of potential conflicts of interest. As a result, the Organization reported a 52 % increase in 2018 in the number of such declarations over the same period in 2017, for a total of 793 declarations. These situations were reviewed by the Conflict of Interest Committee or the Audit and Risks Committee of the Board of Directors in accordance to the level of responsibility of the employee who reported the situation

Upon reviewing the reports, their recommendations were submitted either to the Board of Directors or the Appointments, Remuneration and Corporate Governance Committee, depending on each individual case, together with their corresponding suggestions for pertinent actions and measures for their solution and management. Furthermore, the members of the Board of Directors who were personally involved in a conflict of interest situation abstained from participating in the evaluation, discussion and vote on the corresponding determinations.

- As far as the conflicts of interest of Company employees belonging to level three and beyond of the corporate organizational structure, the Conflict of Interest Committee – composed of the Chief Human Resources Officer, the Corporate Affairs Manager and Internal Auditing director – met three times during the year to determine the solutions and sanctions required in each case

None of the situations they reviewed affected the overall operations of the Company, nor were they of such a magnitude that they made it impossible for the employees involved to fulfill their work obligations. None of the employees reporting the cases were forced to resign.

Risk management system

Internal Control System and its modifications during the year

The Internal Control System of Grupo Éxito Colombia has the ultimate goal of maintaining adequate risk management to facilitate the accomplishment of its strategic goals, support sustainability and continuity of the different business units and fulfill the expectations of the various stakeholders.

The following aspects of this panorama stand out within the varied components that make up the system:

Control Environment

The Control Environment operates within the established guidelines of the Bylaws, the Corporate Governance Summary and the policies and procedures. It's also backed up with a strong commitment, led by senior management and supervised by the Board of Directors and its supporting committees

- › The strategy of Grupo Éxito Colombia has been proposed by senior management and approved by the Board of Directors to support the mission and corporate values and the Company's strategic pillars. It's also been deployed in the different teams to connect the "to do" with the strategic objectives
- › The governance and operational model implemented has fortified the Group's integration and coordination in the region, with the application of responsibility schemes and delegation and information that facilitate the management of the business, communications and decision-making. The Company has implemented action plans to coordinate leadership style, work environment and performance management, which helps to develop potential and improve performance and communication between teams to motivate collaborators to achieve their best results. The organization has also taken measures to encourage feedback and the refinement of action plans to ensure continual improvement
- › The International Council of Transparency was formally implemented with the participation of our headquarters and the Latam subsidiaries, with the aim of sharing our anticorruption practices, understanding the unique risks of each jurisdiction and identifying synergies aimed at standardizing the implementation of the Company's Ethics Program within those companies where we have participation



We held our inaugural meeting of The International Council of Transparency led by Grupo Éxito Colombia in Medellín in September of 2018, with representatives from Grupo Casino, Grupo GPA, Grupo Disco Devoto and Libertad

- › The Company has proven itself attractive, diverse and inclusive through the implementation of various actions such as the promotion of professional equity through initiatives that help break down gender barriers and those of people with greater risk of vulnerability. These actions have also fortified training programs among the collaborators and enabled the creation and incorporation of new connectivity and learning tools, both in person and online

Risk Management

- › The Company continued advancing in the implementation of risk management according to the defined management model. This model segmented management into different levels of risk, allowing to obtain a comprehensive vision of the risks and prioritizing the most critical, to concentrate mitigation efforts, thus complying to its risk management policy
- › Thanks to the maturity level of risk management in the Company, we highlight the incorporation into the methodology of industry analysis and trends, as an input for the identification of emerging risks.
- › In relation to risk management in each line of business and as part of the strategy, management measures were defined, which are monitored and supervised, as follows: by the Audit and Risks Committee and senior management for strategic level risks, and by the Internal Risk Committee for business-related risks
- › Project level risk management was formalized and implemented according to the methodology of the Project Management Office
- › Regarding risks in the processes, the Company has a wide coverage through the self-control program
- › The risk prevention system for money laundering and financial terrorism, as well as that for bribes and corruption, is coordinated by a management focus based on risk. For that reason, the matrices of the corresponding risks were formalized in 2018, both in the Ethics Committee and the Audit and Risks Committee of the Board of Directors. This enables a constant and continual improvement in risk management, prioritizing efforts and resources for the mitigation of the primary risks.

Control Activities

- › The principal control activities are outlined in policies and procedures, with an ongoing effort to optimize and excel in all the operational processes through the application of constantly improving methodologies
- › Throughout the year, strategic project management office fortified its structure, methodologies and governance plan
- › The management of goods and services contracts was redefined in order to improve traceability, agility and guarantee management. This process was accompanied by a technological tool that integrates the distinct divisions of the Company
- › The areas along the second line of defense have worked constantly on the coordination and leadership of initiatives that facilitate the management of key risks such as: integral risk management, compliance, information and technology security, resource protection (both physical and human), food quality,

comprehensive health, operational excellence and financial planning, among others

Some of the most relevant activities of the compliance program revolved around the following three themes:

Transparency Program

- › The Company advanced in the promotion of its transparency culture, guided by a principle of zero tolerance towards corruption descending from the tone of upper management and its irrevocable compromise with ethics and integrity that permeates throughout all employee levels of the Company's organizational structure
- › The focus on transparency is relentless within the Transparency Program, which utilizes various channels to provide confidential and anonymous access to the varied stakeholders

Transparency Channels

-  Toll-free telephone: 018000 52 25 26
-  Email: etica@grupo-exito.com
-  Web form: www.grupoexito.com.co/es/nosotros/transparencia
-  Corporate Intranet

- › The transparency channels have continued to operate through a specialized third party responsible for registering the reports and assigning them to the responsible internal management teams for investigation, according to the guidelines and follow-up of the Operations Committee dedicated to the fight against fraud and corruption. The aforementioned Committee is composed of upper management leaders of the related critical processes
- › All this has enabled a guarantee of anonymity and a high level of confidence in the transparency management, which has demonstrated a constant growth of usage, achieving a 104 percent increase in the number of reports received (for a total of 1,050 cases) during the year 2018
- › Of the cases received in the Transparency Telephone Line as potential ethics violations, only 17 percent were confirmed. It's worth mentioning that none of these cases involved an act of bribery or corruption with public workers. As a result of these cases, the Company adopted corrective and disciplinary measures, as well as those corresponding to the administrative and legal sectors
- › In addition, both the potential cases and

those previously managed provide valuable input for the identification of opportunities to improve the impacted processes. None of the previous cases have represented a loss or material effect for the Company

- › In an effort to improve transparency, the Company revamped its communications strategy on the issue, focused on encouraging transparent relationships with our interest groups. These include suppliers, customers, competitors, employees and the Government, through the use of a short film portraying ethics dilemmas that can occur on a daily basis
- › Over the last year, Grupo Éxito in Colombia trained 9,711 new employees on its virtual induction program, which shares the most important aspects of the Transparency Program. The Company also introduced, in a very special way, a new complete training program aimed at fulfilling the promotion of free and loyal competition to 2,912 employees working in critical or sensitive areas responsible for compliance on related regulations

Personal Data Protection

- › The Personal Data Protection Program protects the use of personal data. In order to fulfil that purpose, the Company created the Personal Data Protection Committee composed of members of upper management, the Data Protection Director and leaders of related processes. The Committee is responsible for ensuring fulfillment of the norms of personal data protection. The Company also developed policies and procedures, strengthened data protection for application information, trained employees in critical areas and complied in a timely manner with the National Data Base Registry (RNBD, in Spanish)

The prevention of money laundering and terrorism financing

- › The Company exhausted due diligence procedures to ensure it had adequate information from all its counterparts. It also refrained from conducting business with people linked to money laundering risks and those of financing terrorism, in accordance to policy guidelines. It also provided oversight for 100 percent of the unusual operations reported to fulfillment officials and reported any suspicious operations noticed by employees
- › In 2018, 9,293 employees were trained on the Anti-Money Laundering and Counter Terrorist Financing System (SARLAFT in Spanish)

Information and Communication

It's important to emphasize in this aspect the mechanisms that guarantee proper communication – both vertical and horizontal – of the elements of Risk and Internal Control management, which brings the Company in line with this topic, as well as the people who facilitate information reporting to upper Management for eventual decision-making.

- › Senior management has established communication mechanisms with the different work groups and internal management committees for the administration of processes, business or key risks for the Company
- › The Information Disclosure Committee created the policy on disclosure of both financial and non-financial information as well as that of other areas. It also updated information on disclosure procedures, aligning the Company with the recommendations of the Colombian Finance Superintendence, Code of Governance, Corporate Governance Code and Country Code
- › The financial and accounting processes and systems are designed to ensure the flow, consolidation and communication of financial information, coupled with management control mechanisms to obtain greater information, reasonability and integrity
- › The Company instituted a new monthly report from the compliance officer of the Board of Directors, which includes three primary themes of the Compliance Program and contains statistics of its management and the most relevant issues from the administration of these risks. Said report allowed for a more active, constant and timely interaction of this corporate management body with the most relevant issues
- › The operation of the Company is supported by platforms and information and communication systems beneath a framework and centralized government of the Group, which also manages the risk of information security
- › There are communication processes and channels, both internally and externally, for the assisting all stakeholders. The improvements in connectivity and collaborative tools stand out in the internal environment. Likewise, in the external environment, the Company has redesigned and updated the content of the corporate website, as well as established contact methods with investors, customers, suppliers, employees and other stakeholders.

Monitoring and Supervision

- › The support committees of the Board of Directors constitute a fundamental element in the control environment, thanks to its monitoring function of the key governing aspects of the Company. These committees are: Audit and Risks Committee, Finance Committee, Sustainability Committee,

Expansion Committee, and Appointments, Remuneration and Corporate Governance Committee

- › In particular, the Audit and Risks Committee fulfills its supporting role to the Board of Directors through the supervision of information and finance reporting and the management of risk, internal auditing, tax inspection, the relevant internal control system matters and regulatory compliance. It was also responsible for transactions between related parties and conflicts of interest within its core competences
- › Within the framework of the auditing plan, the Internal Audit performs the function of a risk-based independent analysis of governmental processes, management of risk and control and the principal strategic projects in order to facilitate the attainment of business goals, in both the national and international sectors of the Group. It also supports the Company in the investigation of possible fraud cases submitted via reporting channels. Recommendations were made from the assessments, and action plans were established with senior management and process leaders to improve the design and operation of the Internal Control System
- › The Statutory Audit Firm, Ernst & Young Audit S.A.S., conducted assessments, which covered the accounting and financial processes and systems; the preparation and disclosure of financial information; the risks and internal control that have an impact on financial information; and compliance with the legal regulations, the Company Bylaws, and the decisions made by the Board of Directors
- › Created 18 years ago, the Self Control Program enables a periodic self-evaluation of risks and the relevant controls on both the corporate and operational levels, utilizing control as a key element in the management of the processes and generating ongoing feedback for the continual improvement of the same

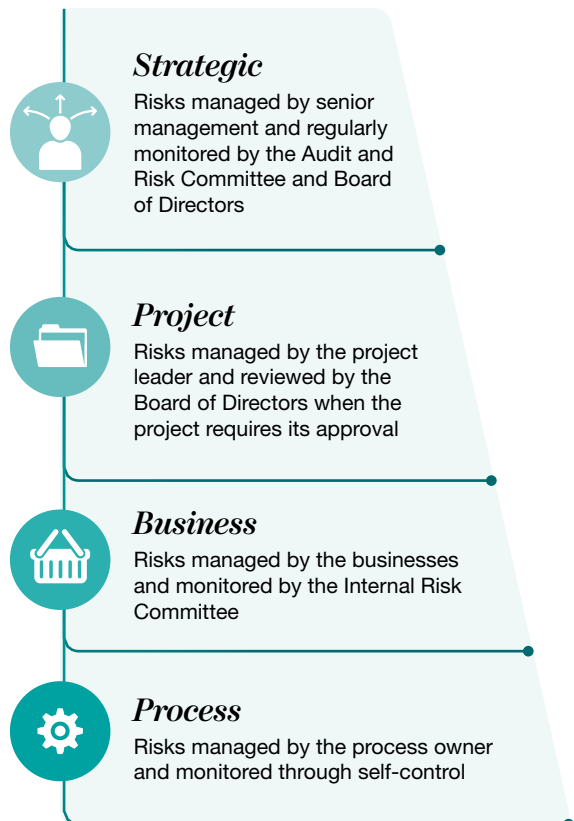
Enterprise Risk Management Policy

During 2018, the Company fulfilled its Integral Risk Management Policy by its implementation by levels in accordance to the defined model.

It's important to highlight the rise in the maturity level of the Risk Management System, based primarily on the following aspects:





- › A strong commitment from senior management, thanks to their direct participation in the definition and evaluation of strategic level risks
- › Periodic monitoring of the Group's strategic risks by the Audit and Risks Committee and the Board of Directors
- › Follow-up with the defined administrative measures for strategic level risks, which were also revised and monitored by the Audit and Risks Committee
- › Governmental strengthening against business risks (tactical level), with the aid of the Internal Risk Committee, which revised and made recommendations for competition risks
- › An advance in quantification models for strategic level risks susceptible to quantification
- › Incorporation of strategic risks and their levels of impact on the Project Management Office process, which segments projects and identifies those of a strategic nature
- › Identification of emerging risks, ranging from environmental analysis to strategic risks, such as business risks
- › Improvements in contract risk management.
- › Implementation of risk methodology in some of the primary management systems: LAFT, bribery and corruption, information security and environmental management

Risk Management Model



Strategic Risks

According to the Combination of their Probability and Impact

Ranking level	Risks	Qualification evolution 2017/ 2018
Risks monitored by the Audit and Risks Committee and informed to the Board of Directors	 Macroeconomic Uncertainty prior to the 2022 elections and the general reduction in consumption due to a deterioration of confidence	→
	 Information Security An information gap in critical data bases including that related to customers	→
	 Political and Legal, and Country Situation Colombia Deterioration of public order and safety, salary increase and tax reform. Legal uncertainty facing strategic issues Other countries: Political instability in the countries of the region	→
	 Financial Compliance in credit contracts	→
Risks monitored by the Senior Management and informed at the Audit and Risks Committee	 Information Technology Obsolescence in equipment and systems at the cash registers	↓
	 Market Share	↓
Risks monitored by the Senior Management and informed to the Audit and Risks Committee when they are outside the risk appetite versus valuation annual risk	 Human Talent Development of new capabilities for the digital transformation	↓
	 Retail Operation External fraud due to the use of new channels and alliances	↓
	 Natural and Weather Phenomena Climatic phenomena aggravated by climate change that affects assets, supplies, logistics and consumer behavior	→

Initiatives we have joined

- Grupo Éxito in Colombia was included in the list of Active Anticorruption Companies (EAA, in Spanish) in 2018. This initiative is led by the Transparency Secretary of the Presidency of the Republic of Colombia
- Company representatives served as speakers in the 18th Congress on Risk of Money Laundering and Terrorism Financing organized by Asobancaria
- Company representatives served as speakers in the First Virtual Forum of Compliance Officials Network: "Towards Integrity: A bridge between public and private sectors in the fight against corruption in Colombia." This initiative is coordinated by the United Nations Office on Drugs and Crime (UNODC)

Administrative Measures for Priority Risks



Macroeconomic

Reduction strategies for operating costs and expenditures:

- Renegotiation of contracts of occupancy
- Energy efficiency (Phase II)
- Optimization of energy tariffs

Fiscal optimization strategies:

- Energy commercialization business
- Transfer of assets from Industria to Didetexco

Pricing strategies and margin protection



Financial

- Changes in debt structure and plans for the reduction of debt levels
- Sale and leaseback of assets
- Sale of non-strategic assets



Political and Legal, and Country Situation

- Strengthen the communication and sustainability strategy with a focus on the community, prioritizing zones of complexity in the public order and highlighting local purchasing patterns, crop substitution and Gen Cero program, among others
- Advocacy policy development
- The construction of a regulatory management process
- A human rights policy



Information Security

- Operation of outsourced security services
- Programming of ethical hacking tests
- Implementation of the Identity and Access Management Project
- Correlation of Technical Events Project

Emerging Risks

In 2018, the Company strengthened its environmental analysis, considering the strategic and primary trends that could affect its operations.

After recognizing the trends, emerging risks in both the tactical and strategic environment were identified, which are risks that represent threats or opportunities to refine strategies over the long term.

- › Global commercial war
- › Inadequate management of human resources in the face of the challenge of artificial intelligence and robotics
- › Deterioration of air quality that hinders mobility

Emerging risks are monitored periodically to ensure best practices are used in their management while simultaneously delving deeper into the knowledge of their characteristics, impacts and even benefits that must be handled through the innovation process strengthened by the Company.

Management of contract risks

During 2018, the Company strengthened its management of contract risks by hiring suppliers of goods and services as follows:

- › It developed and implemented a critical matrix of contractual typologies that allow their segmentation into four risk levels through the categorization of contract types according to their nature and amount
- › It defined transfer of risk policies according to contract type and implemented the supply process, supported by the ARIBA Information System
- › It renegotiated insurance coverages, making technical and economic conditions available for providers

Continuity Plan and Crisis Management Plan

The Company, aware of the operational risks, recognizes its exposure to the risk of retail business interruption, and therefore, based on standards and good practices, it has been developing the Business Continuity Plan.

The scope of application of this Plan includes the critical subprocesses of the retail business. The general objective of the Business Continuity Plan is to facilitate the restoration of critical processes at predetermined acceptable levels in order to address the identified priorities with the required minimum amount of personnel, technology and operations – both in assets and related divisions – in an timely and organized manner.

In 2018, the Company identified various alternatives as strategies for recuperating critical processes and developing the different continuity plans for each one of them. These plans enable the identification, preparation activities, responses, recovery, resumption and restoration of critical operations when facing a catastrophic event, as well as an adequate return to the normal state of operations.

Materialization of Risks during the Fiscal Year

The risks the Company faced in 2018 corresponded to risks inherent to the Company's operations. These were:

- › Content loss (assets and merchandise) for landslides at the Portal Libertador de Santa Marta Éxito store, whose building is the property of a third party. The recovery expenses have been estimated at approximately COP 1,000 million
- › Losses for falsification of securities by third parties, with a value estimated at COP 400 million
- › Volatility in Net Group Share Result due to currency exchange rates resulting from international operations
- › The Company received sanctions for its store operations from various oversight bodies (Superintendence of Industry and Commerce, INVIMA, the Secretary of Health, Departmental Tax Revenue Office) for an aggregate amount of COP 1,300 million
- › This has caused negative impacts on reputation as a consequence of dissemination on social media and traditional media of false, inexact or out of context information and the publication of other non-material facts, primarily associated with the vulnerability of our operations

None of these events, individually or as a group, had a significant impact on the financial position, on the reputation or on the adequate processing and disclosure of the Company's financial information.

General Meeting of Shareholders

Differences in the Operation of the General Meeting of Shareholders between the Minimum System of Current Regulation and that Defined by the Company Bylaws and Rules of Procedure for the General Meeting of Shareholders

The activities required for adequate running of the General Meeting of Shareholders in 2018 were different to the minimum legal requirements established in the following aspects:

- › The Company has surpassed the legally provided timeframe for the call to the General Meeting of Shareholders in order for these to have a greater time period for the members to familiarize themselves with the matters to be discussed
- › The Company Bylaws and the General Meeting of Shareholders rules and regulations establish a 30-day call period for ordinary meetings and 15 calendar days for extraordinary meetings²¹
- › The Ordinary General Meeting of Shareholders held on March 23, 2018, was called on February 20, 2018
- › The Company granted the shareholders a term of five calendar days following the call to the ordinary meeting of the General Meeting of Shareholders, which began on February 21, 2018, and ended on February 25, 2018, to: (i) propose the inclusion of one or more points on the meeting's agenda, (ii) submit new proposals for decisions on matters included in the agenda, and (iii) request additional information or raise questions about said matters
- › On February 20, 2018, the Company published a proxy template form on its corporate website that included the vote on each of the items on the agenda to be discussed and/or approved at the Ordinary General Meeting of Shareholders held in 2018, so that the shareholders could indicate to their proxies how they would vote

21. The Colombian Legislature established that the announcement for regular meetings of the General Meeting of Shareholders must be made at least 15 days in advance. In the case of extraordinary shareholders meetings, the call must be made at least five calendar days in advance. (Colombian Commercial Code, Article 424).

- ▶ The Company published the call of the regular General Meeting of Shareholders in various forms of media: (i) in a widely distributed local and national newspaper; (ii) through the relevant information mechanism provided by the Financial Superintendence of Colombia; (iii) in the offices of Fiduciaria Bancolombia, which manages the Company’s Shareholder Department; (iv) on the corporate website; and (v) in the newsletter (News to Investors) sent by the Investor Relations Department

Actions Taken during the Year to Encourage Shareholder Participation

In 2018, the Company fully complied with the Best Corporate Governance Practices Code – Nuevo Código País, and the provisions of the Company Bylaws and Corporate Governance Summary in terms of timely sending of clear and complete information to shareholders and with adequate notice regarding the General Meeting of Shareholders. In this way, the Company encourages the shareholders’ participation and guarantees respect of their rights.

The following activities were carried out to promote the participation of shareholders in 2018:

- ▶ Four teleconferences on quarterly results
- ▶ Four meetings with local analysts
- ▶ One General Meeting of Shareholders
- ▶ Eight international conferences of investment banks in Cancun, Santiago (Chile), London, New York, Paris, Lima and Sao Paulo
- ▶ An International Non-Deal Road Show (NDR) in New York
- ▶ An international analyst meeting in New York
- ▶ An international investors meeting in Medellín
- ▶ Three meetings with local investors in Bogotá and Medellín
- ▶ Four meetings with Colombian pension funds
- ▶ Three special presentations joining financial analysts to local investors
- ▶ A Capital Markets Mission conference and a conference on responsible and sustainable investments
- ▶ Attention of 122 calls and visits from both local and international investment funds and analysts

Information and Communication to Stockholders

In January of 2016, the Company Board of Directors crafted the Information Disclosure Policy, which is in the fifth chapter of the Corporate Governance Code.

The purpose of this policy is to provide the Company’s interest groups with information of the status, evolution and progress of its business units so that their members will have enough knowledge to make wise decisions.

The implementation and compliance of this policy is the responsibility of the Information Revelation Committee, which is composed of the following members:



And they meet:

- › Weekly: with the goal of guaranteeing the application of the provisions established in the policy and follow-up on the distinct events that can occur with the release of the information
- › Quarterly: In order to prepare the information reporting schedule of financial information

In February of 2018, the Audit and Risks Committee approved the procedure for the release of information, which can be found published on the corporative website and regulates the administration, control, preparation and release of both financial and non-financial information to the market

Also, on the corporate website, in the Shareholders and Investors section was published on the General Meeting of Shareholders and on the relevant information all proposals presented by the Board of Directors for approval by the General Meeting of Shareholders.

For the Ordinary General Meeting of Shareholders held on March 23, 2018, the following documents were published:

- › Call
- › Proxy template forms for legal entities and individuals
- › Press release inviting shareholders to submit their lists of candidates for Board of Directors
- › Management Report
- › Corporate Governance Report
- › Sustainability Report
- › Financial Statements as of December 31, 2017, together with their attachments and other legally required documents
- › Profit distribution proposal
- › Donations proposal
- › Proposal to amend the Company Bylaws
- › Reform proposal for the regulation of the General Meeting of Shareholders
- › Proposal for Board of Directors' remuneration
- › Presentation of the Grupo Casino proposal for the election of the Board of Directors for the 2018-2020 cycle
- › Re-election proposal for the Statutory Auditor
- › Statutory Auditor fees proposal

Over the last year, the Company published 32 releases through the relevant information mechanism of the Financial Superintendence. By way of these the Company informed the markets on important decisions made by the Board of Directors and the General Meeting of Shareholders, the signing or modification of relevant contracts and the quarterly and annual performance of the Company, among other matters.

Number of Requests and Matters on which Shareholders Have Requested Information from the Company During 2018

The Company addressed the requests of approximately 202 shareholders in a timely manner during 2018. Out of these, 33 were in-person visits and 169 were telephone calls through Fiduciaria Bancolombia, which manages the Company's Shareholder Department.

In addition, around 801 shareholder requests were handled, including rights of petition, related to the following matters:

- › Tax certificates
- › Replacement of securities certificates
- › New dividend payments
- › External stock market transfers
- › General certificates
- › Globalizations
- › Change of title due to updating
- › Deceval Income Certificates
- › Exchanges
- › Historical certificates
- › Data updates
- › Payments of withholding refunds
- › Right of petition for financial and tax matters of the Company

Attendance of the General Meeting of Shareholders

The Ordinary General Meeting of Shareholders held on March 23, 2018, at the Company's administrative offices had the participation of 272 shareholders (present and by proxy) and a quorum of 85.22% (381,449,647 shares).

Main Decisions of the General Meeting of Shareholders

On March 23, 2018, the Ordinary General Meeting of Shareholders made the following decisions:

- › Approve the Management Report of the Board of Directors and CEO
- › Approve the Annual Corporate Governance Report
- › Approve the individual and consolidated financial statements as at December 31, 2017, together with their attachments and other legally required documents
- › Approve the following profit distribution proposal:
 - Of the net business profits corresponding to the period between Jan. 1 and Dec. 31, 2017, whose amount topped two hundred seventeen billion, seven hundred and twelve million, five hundred and eighty-two thousand and seventy-three pesos M.L. (COP 217,712,582,073), destined for:
 - › In order to increase the reserves known as “Future Expansions and Improvements,” the sum of one hundred eighty million, eight hundred fifty-five million, two hundred and twelve thousand four hundred twenty-two pesos M.L. (\$108,855,212,422) and
 - › In order to distribute dividend, the sum of one hundred and eight million, eight hundred fifty-seven million, three hundred and sixty-nine thousand and six hundred and fifty-one pesos M.L. (COP 108,857,369,651)
 - Decree a dividend in the annual cash amount of two hundred and forty-three pesos and twenty cents (COP 243.20) per share for the four hundred forty-seven million, six hundred and four thousand, three hundred and sixteen (447,604,316) shares in circulation
- › Approve the following proposal in terms of donations:
 - Appropriating, from the “Future Expansions and Improvements” reserve, the sum of one thousand four hundred and ninety-four million pesos M.L. (COP 1,494,000,000) to make donations to entities for common benefit, foundations, corporations or individuals or legal entities
- › Approved the following remuneration proposal for the Board of Directors for the period 2018-2020:
 - For the Chairman of the Board, a fee of COP 11,550,000 was approved for preparing for and attending each Board meeting
 - For the members of the Board, a fee of COP 7,700,000 was approved for preparing for and attending each Board meeting
 - For the Chairmen of the Committees, a fee of COP 7,700,000 was approved for preparing for and attending each meeting of the respective Committee
 - For the remaining members of the distinct committees of the Board of Directors, an allocation of three million eight hundred and fifty thousand pesos (COPO 3,850,000) for the preparation and attendance of each meeting of their respective committees
- › Approved the proposed election of the members of the Board of Directors for the 2018-2020 period, presented by Grupo Casino
- › Approved the contractual hiring of the Ernst & Young Audit S.A.S. firm and, as a result, its re-election as the organization’s auditor for 2018-2020
- › Approved the fee for the Statutory Auditor of four thousand million, seven hundred and fifty-five million, five hundred and fifty thousand pesos (COP 4,755,550,000) for the two contractual years (2018-2020)
- › Approve the following proposal to amend the Company Bylaws:
 - Facilitated the possibility that the Board of Directors can decide to meet in different places of that of the main headquarters (Article 32)
 - Determined the election period for the Company CEO and excluded the Statutory Auditor from the Company’s list of employees due to the fact that he or she is not really an employee (Article 36)
 - Determined the election period for the Chief Operative Retail Officer and included the possibility that, in the case of that election, the CEO present his or her recommendations (Article 36 A)
 - Excluded the Chief Information Officer from the list of “Other Legal Representatives” since he or she is not really a legal representative (Article 37)

*We will continue
improving
the corporate
governance
standards through
strengthening
best practices*

- › Approved the following reform proposal for the Company's General Meeting of Shareholders:
 - Made clarifications on the CEO and Secretariat Article (Article 2), so that the Board composition during the General Meeting of Shareholders is clearer. This adjustment was recommended by an analysis performed by the College of Superior Studies and Administration (CESA) through an alliance with the Stock Market
 - Added an article (Article 3) at the request of the Chairman of the General Meeting of Shareholders that enables the presidents of the Board of Directors' committees to present reports on the work performed throughout the year by each respective committee. This article was included in order to fulfill the measures of the Best Corporate Practices Code (18.17, 18.21 and 18.24) of the Financial Superintendence (Country Code)
 - Added to the article (Article 4) of the General Meeting of Shareholders call that (i) the proposals that the Board of Directors will discuss at the Assembly will be at the disposition of shareholders at the moment of the call or at least 15 calendar days before the meeting, and (ii) the agenda will clearly include the topics to be addressed in order for shareholders to be fully informed on the details of each issue at stake. These additions were made in order to more clearly fulfill the measures (10.3 and 10.5) of the Corporate Best Practices Code of the Financial Superintendence (Country Code)
 - Adjusted the right of inspection period (Article 6 that, with the inclusion of the new article, is 7) forms part of Article 447 of the Commercial Code. As a result, the Company confirmed that it will put the information at the disposal of shareholders as required by law regarding the right of inspection within the 15-day notice period of the General Meeting of Shareholders
 - Complemented the article on decisive majorities for dividend distributions (Article 10, with the inclusion of the new article, is 11) in accordance with the regulations established by Article 452 of the Commercial Code



Viva Envigado, new generation of shopping centers in the country, a blend of commerce-entertainment, offering gastronomy, sports and culture spaces. Colombia's largest business and commercial complex.



Financial Statements
*Consolidation of the benefits
of the diversification strategy
in the region*

4

Consolidated

Financial Statements



Informe del Revisor Fiscal

A los accionistas de:
Almacenes Éxito S.A. y sus Subsidiarias

Informe Sobre los Estados Financieros

He auditado los estados financieros consolidados adjuntos de Almacenes Éxito S.A. y sus Subsidiarias, que comprenden el estado consolidado de situación financiera al 31 de diciembre de 2018 y los correspondientes estados consolidados de resultados, de resultados integrales, de cambios en el patrimonio y de flujos de efectivo por el año terminado en esa fecha, y el resumen de las políticas contables significativas y otras notas explicativas.

Responsabilidades de la Administración en Relación con los Estados Financieros

La Administración es responsable por la preparación y correcta presentación de los estados financieros consolidados de acuerdo con las Normas de Contabilidad y de Información Financiera aceptadas en Colombia (NCIF); de diseñar, implementar y mantener el control interno relevante para la preparación y correcta presentación de los estados financieros consolidados libres de errores materiales, bien sea por fraude o error; de seleccionar y de aplicar las políticas contables apropiadas; y, de establecer estimaciones contables razonables en las circunstancias.

Responsabilidad del Auditor

Mi responsabilidad es la de expresar una opinión sobre los mencionados estados financieros consolidados fundamentada en mi auditoría. He llevado a cabo mi auditoría de acuerdo con normas internacionales de auditoría aceptadas en Colombia. Dichas normas exigen que cumpla con requisitos éticos, planifique y lleve a cabo mi auditoría para obtener seguridad razonable en cuanto a si los estados financieros consolidados están libres de errores materiales.

Una auditoría incluye desarrollar procedimientos para obtener la evidencia de auditoría que respalda las cifras y las revelaciones en los estados financieros consolidados. Los procedimientos seleccionados dependen del juicio profesional del auditor, incluyendo la evaluación del riesgo de errores materiales en los estados financieros consolidados. En el proceso de evaluar estos riesgos, el auditor considera los controles internos relevantes para la preparación y presentación de los estados financieros consolidados, con el fin de diseñar procedimientos de auditoría que sean apropiados en las circunstancias. Así mismo, incluye una evaluación de las políticas contables adoptadas y de las estimaciones de importancia efectuadas por la Administración, así como de la presentación en su conjunto de los estados financieros consolidados.

Considero que la evidencia de auditoría obtenida proporciona una base razonable para emitir mi opinión.

Ernst & Young Audit S.A.S
Bogotá D.C.
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Opinión

En mi opinión, los estados financieros consolidados adjuntos, tomados de los libros de contabilidad, presentan razonablemente, en todos sus aspectos de importancia, la situación financiera de Almacenes Éxito S.A. y sus Subsidiarias al 31 de diciembre de 2018, los resultados de sus operaciones y los flujos de efectivo por el año terminado en esa fecha, de conformidad con las Normas de Contabilidad y de Información Financiera aceptadas en Colombia.

Otros Asuntos

Los estados financieros consolidados bajo normas de contabilidad y de información financiera aceptadas en Colombia de Almacenes Éxito S.A. y sus Subsidiarias al 31 de diciembre de 2017, que hacen parte de la información comparativa de los estados financieros consolidados adjuntos, fueron auditados por otro revisor fiscal designado por Ernst & Young Audit S.A.S., sobre los cuales expresó su opinión sin salvedades el 19 de febrero de 2018.


Ángela James Belgado
Revisor Fiscal
Tarjeta Profesional 62183-T
Designada por Ernst & Young Audit S.A.S. TR-530

Envigado, Colombia
28 de febrero de 2019

Almacenes Éxito S.A.
***Certification by the Parent's
 Legal Representative and Head
 Accountant***

Envigado, February 28, 2019

To the Shareholders of Almacenes Éxito S.A.

We, the undersigned Legal Representative and Head Accountant of Almacenes Éxito S.A., Parent company, each of us duly empowered and under whose responsibility the accompanying financial statements have been prepared, do hereby certify that regarding the consolidated financial statements of the Parent and its subsidiaries, at December 31, 2018 and at December 31, 2017, the following assertions therein contained have been verified prior to making them available to you and to third parties:

- a. All assets and liabilities included in the consolidated financial statements do exist, and all transactions included in such consolidated financial statements have been achieved during the years ended on those dates.
- b. All economic events achieved by the Parent and its subsidiaries during the years ended December 31, 2018 and December 3, 2017, have been recognized in the financial statements.
- c. Assets represent likely future economic benefits (rights) and liabilities represent likely future economic sacrifice (obligations) obtained by or in charge of the Parent and its subsidiaries at December 31, 2018 and December 31, 2017.
- d. All items have been recognized at proper values.
- e. All economic events affecting the Parent and its subsidiaries have been properly classified, described and disclosed in the consolidated financial statements.

We do certify the above assertions pursuant to section 37 of Law 222 of 1995.

Further, the undersigned legal representative of Almacenes Éxito S.A., Parent company, does hereby certify that the consolidated financial statements and the operations of the Parent and its subsidiaries at December 31, 2018 and December 31, 2017, are free from fault, inaccuracy or misstatement that prevent users from having a true view of its financial position.

I do certify the above assertion pursuant to section 46 of Law 964 of 2005.



Carlos Mario Giraldo Moreno
 Parent's Legal Representative



Jorge Nelson Ortiz Chica
 Parent's Head Accountant
 Professional Card 67018-T

Almacenes Éxito S.A.
Consolidated statements
of financial position

At December 31, 2018 and December 31, 2017
(Amounts expressed in millions of Colombian pesos)

	December 31, 2018	December 31, 2017 (1)
Current assets		
Cash and cash equivalents	5,973,764	5,281,618
Trade receivables and other accounts receivable	1,000,298	1,172,380
Prepaid expenses	156,829	145,761
Accounts receivable from related parties	131,720	230,689
Inventories	6,720,396	5,912,514
Other financial assets	141,214	11,588
Other non-financial assets	-	30,000
Tax assets	724,290	722,658
Non-current assets held for trading	20,289,112	20,452,803
Total current assets	35,137,623	33,960,011
Non-current assets		
Property, plant and equipment, net	12,334,581	12,505,418
Investment property, net	1,633,625	1,496,873
Goodwill	5,436,868	5,559,953
Intangible assets other than goodwill, net	5,767,176	5,544,022
Investments accounted for using the equity method	814,039	817,299
Trade receivables and other accounts receivable	135,284	667,920
Prepaid expenses	59,912	43,940
Accounts receivable from related parties	28,316	22,483
Tax assets	2,302,451	1,575,743
Other financial assets	754,065	767,772
Deferred tax assets	703,763	471,490
Other non-financial assets	398	398
Total non-current assets	29,970,478	29,473,311
Total assets	65,108,101	63,433,322
Current liabilities		
Financial liabilities	2,320,284	1,906,774
Employee benefits	3,657	3,464
Other provisions	36,997	29,329
Trade payables and other accounts payable	13,226,708	12,665,438
Accounts payable to related parties	236,698	202,533
Tax liabilities	298,699	289,376
Other financial liabilities	1,037,191	645,363
Other non-financial liabilities	338,735	275,210
Non-current liabilities held for trading	16,458,772	16,271,760
Total current liabilities	33,957,741	32,289,247
Non-current liabilities		
Financial liabilities	4,732,106	4,070,129
Employee benefits	27,680	28,538
Other provisions	2,330,648	2,457,220
Trade payables and other accounts payable	40,720	47,831
Accounts payable to related parties	-	10,122
Deferred tax liabilities	2,069,442	1,922,242
Tax liabilities	397,014	521,870
Other financial liabilities	2,583,089	2,302,008
Other non-financial liabilities	11,963	51,761
Total non-current liabilities	12,192,662	11,411,721
Total liabilities	46,150,403	43,700,968
Shareholders' equity, see accompanying statement	18,957,698	19,732,354
Total liabilities and shareholders' equity	65,108,101	63,433,322

(1) For comparison to 2018, these financial statements include certain minor reclassifications to trade receivables and other accounts receivable, accounts receivable from related parties, intangible assets other than goodwill, other financial assets, trade payables and other accounts payable, accounts payable to related parties and other financial liabilities.

The accompanying notes are an integral part of the consolidated financial statements.



Carlos Mario Giraldo Moreno
Parent's Legal Representative
(See accompanying certificate)



Jorge Nelson Ortiz Chica
Parent's Head Accountant
Professional Card 67018-T
(See accompanying certificate)



Ángela Jaimes Delgado
Parent's Statutory Auditor
Professional Card 62183-T
Appointed by Ernst and Young
Audit S.A.S. TR-530
(See accompanying report dated
February 28, 2019)

*Almacenes Éxito S.A.**Consolidated statements of income*

For the years ended December 31, 2018 and December 31, 2017
(Amounts expressed in millions of Colombian pesos)

	December 31, 2018	December 31, 2017 (1)
Continuing operations		
Revenue from ordinary activities under contracts with customers	55,036,170	56,442,803
Cost of sales	(41,591,610)	(42,148,122)
Gross profit	13,444,560	14,294,681
Distribution expenses	(5,540,140)	(5,875,864)
Administration and sales expenses	(758,317)	(759,764)
Employee benefit expenses	(4,731,687)	(5,074,812)
Other operating revenue	123,714	111,606
Other operating expenses	(287,618)	(284,459)
Other net gains (losses)	86,715	(279,825)
Profit from operating activities	2,337,227	2,131,563
Financial revenue	619,533	420,035
Financial expenses	(1,453,455)	(1,540,773)
Share of profits in associates and joint ventures accounted for using the equity method	67,168	(36,037)
Profit from continuing operations before income tax	1,570,473	974,788
Tax expense	(338,441)	(259,918)
Net period profit from continuing operations	1,232,032	714,870
Net period profit (loss) from discontinued operations	(59,088)	356,196
Net period profit	1,172,944	1,071,066
Profit is attributable to:		
Profit attributable to the shareholders of the controlling entity	279,403	217,713
Profit attributable to non-controlling interests	893,541	853,353
Earnings per share (*)		
Earnings per basic share (*):		
Earnings per basic share attributable to the shareholders of the controlling entity	624.22	486.40
Earnings per basic share from continuing operations attributable to the shareholders of the controlling entity	644.63	433.10
Earnings (loss) per basic share from discontinued operations attributable to the shareholders of the controlling entity	(20.41)	53.30
Earnings per diluted share (*):		
Earnings per diluted share attributable to the shareholders of the controlling entity	624.22	486.40
Earnings per diluted share from continuing operations attributable to the shareholders of the controlling entity	644.63	433.10
Loss per diluted share from discontinued operations attributable to the shareholders of the controlling entity	(20.41)	53.30

(*) Amounts expressed in Colombian pesos.

(1) For comparison to 2018, these financial statements include certain reclassifications in cost of sales, distribution expenses, administration and sales expenses, other operating expenses and other net gains and losses.

The accompanying notes are an integral part of the consolidated financial statements.



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Almacenes Éxito S.A.
**Consolidated statements
of comprehensive income**

For the years ended December 31, 2018 and December 31, 2017
(Amounts expressed in millions of Colombian pesos)

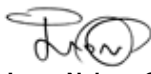
	December 31, 2018	December 31, 2017
Net period profit	1,172,944	1,071,066
Other comprehensive income for the period		
Components of other comprehensive income that will not be reclassified to period results, net of taxes		
(Loss) from new measurements of defined benefit plans	(351)	(1,570)
(Loss) from investments in equity instruments	(104,756)	-
Total other comprehensive income that will not be reclassified to period results, net of taxes	(105,107)	(1,570)
Components of other comprehensive income that will be reclassified to period results, net of taxes		
(Loss) from translation exchange differences	(1,412,473)	(442,140)
Gain (loss) from the hedging of cash flows	9,052	(13,076)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method that will be reclassified to period results	(52,521)	12,578
Total other comprehensive income that will be reclassified to period results, net of taxes	(1,455,942)	(442,638)
Total other comprehensive income	(1,561,049)	(444,208)
Total comprehensive income	(388,105)	626,858
Profit is attributable to:		
(Loss) profit attributable to the shareholders of the controlling entity	(379,595)	29,716
(Loss) profit attributable to non-controlling interests	(8,510)	597,142
Earnings per share (*)		
Earnings per basic share (*):		
(Loss) earnings per basic share from continuing operations	(848.06)	66.39
Earnings per diluted share (*):		
(Loss) earnings per diluted share from continuing operations	(848.06)	66.39

(*) Amounts expressed in Colombian pesos.

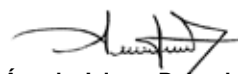
The accompanying notes are an integral part of the consolidated financial statements.



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Almacenes Éxito S.A.

*Consolidated statements of cash flows*For the years ended December 31, 2018 and December 31, 2017
(Amounts expressed in millions of Colombian pesos)


	December 31, 2018	December 31, 2017
Cash flows provided by operating activities:		
Net income for the period	1,172,944	1,071,066
Adjustments to reconcile profit (loss) for the period		
Current income tax	381,438	264,615
Deferred income tax	(42,997)	(4,697)
Financial costs	962,560	1,151,323
Impairment of receivables	528,195	684,318
Reversal of receivable impairment	(17,784)	(8,424)
Inventory impairment	1,552	-
Reversal of inventory impairment	(4,668)	(14,990)
(Reversal) increase in impairment	(2,386)	2,335
Employee benefit provisions	2,452	1,888
Other provisions	1,554,487	1,408,116
Reversal of other provisions	(851,269)	(734,151)
Depreciation of property, plant and equipment expense	891,766	927,414
Amortization of intangible assets expense	136,362	162,700
Share-based payments	44,505	-
(Gain) loss from the application of the equity method	(67,168)	36,037
Loss (gain) from the disposal of non-current assets	(96,327)	276,009
Other adjustments for which the effects on cash are cash flows provided by investment or financing activities	(279,115)	(249,176)
Operating income before changes in working capital	4,314,547	4,974,383
(Increase) in trade receivables and other accounts receivable	(782,943)	(682,885)
(Increase) in prepaid expenses	(35,023)	(9,480)
Decrease (increase) in receivables from related parties	106,211	(179,644)
(Increase) in inventories	(1,056,576)	(119,351)
(Increase) in tax assets	(1,207,119)	(1,105,884)
Employee benefits paid	(3,420)	-
(Decrease) in other provisions	(887,287)	(449,811)
Increase in trade payables and other accounts payable	1,219,285	1,136,784
Increase (decrease) in accounts payable to related parties	9,140	(30,640)
(Decrease) in tax liabilities	(94,531)	(162,402)
Increase (decrease) in other non-financial liabilities	35,869	(124,813)
Decrease (increase) in non-current assets held for trading	57,401	(1,959,215)
Increase in non-current liabilities held for trading	1,529,302	1,370,715
Net cash flows of discontinued operations provided by operating activities	683,537	64,727
Net cash flows provided by operating activities	3,888,393	2,722,484
Cash flows provided by investment activities		
Cash flows (used) to gain control over subsidiaries or other businesses	(2,480)	-
Cash flows from the loss of control over subsidiaries or other businesses	13,825	-
Cash flows (used) to maintain joint control in joint ventures	(5,106)	(36,000)
Acquisition of property, plant and equipment	(2,437,741)	(1,558,308)
Acquisition of investment property	(150,801)	(224,216)
Acquisition of intangible assets	(464,436)	(280,422)
Proceeds of the sale of property, plant and equipment	383,302	297,390
Proceeds of the sale of intangible assets	35	7,415
Dividends received	-	286,093
Net cash flows provided by discontinued operations (used in) investment activities	(479,533)	(307,914)
Net cash flows (used in) investment activities	(3,142,935)	(1,815,962)
Cash flows provided by financing activities		
Cash flows provided by changes in the share of interest in subsidiaries that do not result in loss of control	279,225	-
(Increase) decrease in other financial assets	(164,857)	24,633
Increase in other financial liabilities	854,348	287,231
Increase (decrease) in financial liabilities	1,124,124	(1,251,395)
(Decrease) in financial liabilities under lease agreements	(36,249)	(89,692)
Dividends paid	(310,726)	(234,991)
Financial yields	307,215	249,176
Interest paid	(981,726)	(1,177,326)
Transactions with non-controlling interests	(690,981)	116,753
Other cash inflows	156	109,936
Net cash flows provided by discontinued operations (used in) financing activities	(80,464)	(192,331)
Net cash flows provided by (used in) financing activities	300,065	(2,158,006)
Net increase (decrease) in cash and cash equivalents	1,045,523	(1,251,484)
Effects of variation in exchange rates	(451,471)	(84,867)
Cash and cash equivalents at the beginning of period of the discontinued operation	3,210,708	3,710,833
Cash and cash equivalents at the beginning of period	5,281,618	6,117,844
Less cash and cash equivalents at the end of period of the discontinued operation	(3,112,614)	(3,210,708)
Cash and cash equivalents at the end of period	5,973,764	5,281,618



Carlos Mario Giraldo Moreno
Parent's Legal Representative
(See accompanying certificate)



Jorge Nelson Ortiz Chica
Parent's Head Accountant
Professional Card 67018-T
(See accompanying certificate)



Ángela Jaimes Delgado
Parent's Statutory Auditor
Professional Card 62183-T
Appointed by Ernst and Young
Audit S.A.S. TR-530
(See accompanying report dated
February 28, 2019)

*Almacenes Éxito S.A.**Consolidated statements
of changes in shareholders' equity*

For the years ended December 31, 2018 and December 31, 2017
(Amounts expressed in millions of Colombian pesos)

	Issued share capital	Premium on the issue of shares	Treasury shares repurchased	Legal reserve	Occasional reserve	Reacquisition of shares
	Note 26	Note 26	Note 26	Note 27	Note 27	Note 27
Balance at December 31, 2016	4,482	4,843,466	(2,734)	7,857	1,644,887	22,000
Cash dividend declared	-	-	-	-	-	-
Net income for the period	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	-
Appropriation for reserves	-	-	-	-	21,757	-
Increase from changes in the ownership interest in subsidiaries that do not result in loss of control	-	-	-	-	-	-
(Decrease) from other distributions to non-controlling interests	-	-	-	-	-	-
Increase from other contributions of non-controlling interests	-	-	-	-	-	-
Measurement of the put option at fair value	-	-	-	-	-	-
Other developments in shareholders' equity	-	-	-	-	(1,435)	-
Balance at December 31, 2017	4,482	4,843,466	(2,734)	7,857	1,665,209	22,000
Balance at December 31, 2017	4,482	4,843,466	(2,734)	7,857	1,665,209	22,000
Cash dividend declared	-	-	-	-	-	-
Net income for the period	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	-
Appropriation for reserves	-	-	-	-	108,856	-
Increase from changes in the ownership interest in subsidiaries that do not result in loss of control	-	-	-	-	-	-
(Decrease) from other distributions to non-controlling interests	-	-	-	-	-	-
Increase from other contributions of non-controlling interests	-	-	-	-	-	-
Measurement of the put option at fair value	-	-	-	-	-	-
Other developments in shareholders' equity	-	-	-	-	(1,494)	-
Balance at December 31, 2018	4,482	4,843,466	(2,734)	7,857	1,772,571	22,000

Future dividends	Other reserves	Total reserves	Other accumulated comprehensive income	Retained earnings	Other equity components	Total equity of the controlling entity	Changes in non-controlling interests	Total in net equity
Note 27	Note 27	Note 27	Note 27					
15,710	5,672	1,696,126	138,303	1,144,736	(102,692)	7,721,687	11,389,522	19,111,209
-	-	-	-	(21,771)	-	(21,771)	(210,631)	(232,402)
-	-	-	-	217,713	-	217,713	853,353	1,071,066
-	-	-	(187,997)	-	-	(187,997)	(256,211)	(444,208)
-	-	21,757	-	(21,757)	-	-	-	-
-	-	-	-	-	-	-	27,395	27,395
-	-	-	-	-	-	-	(11,561)	(11,561)
-	-	-	-	-	-	-	138,133	138,133
-	-	-	-	-	-	-	(56,185)	(56,185)
-	3,990	2,555	-	(6,184)	113,565	109,936	18,971	128,907
15,710	9,662	1,720,438	(49,694)	1,312,737	10,873	7,839,568	11,892,786	19,732,354
15,710	9,662	1,720,438	(49,694)	1,312,737	10,873	7,839,568	11,892,786	19,732,354
-	-	-	-	(108,857)	-	(108,857)	(203,152)	(312,009)
-	-	-	-	279,403	-	279,403	893,541	1,172,944
-	-	-	(658,998)	-	-	(658,998)	(902,051)	(1,561,049)
-	-	108,856	-	(108,856)	-	-	-	-
-	-	-	-	-	(74,822)	(74,822)	351,568	276,746
-	-	-	-	-	-	-	(692,464)	(692,464)
-	-	-	-	-	-	-	1,483	1,483
-	-	-	-	-	-	-	22,791	22,791
-	17,579	16,085	-	(130,927)	488,288	373,446	(56,544)	316,902
15,710	27,241	1,845,379	(708,692)	1,243,500	424,339	7,649,740	11,307,958	18,957,698



Carlos Mario Giraldo Moreno
Parent's Legal Representative
(See accompanying certificate)



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Audit S.A.S. TR-530
(See accompanying report dated
February 28, 2019)

Separated
financial statements



Informe del Revisor Fiscal

A los accionistas de:
Almacenes Éxito S.A.

Informe Sobre los Estados Financieros

He auditado los estados financieros separados adjuntos de Almacenes Éxito S.A., que comprenden el estado de situación financiera al 31 de diciembre de 2018 y los correspondientes estados de resultados, de resultados integrales, de cambios en el patrimonio y de flujos de efectivo por el año terminado en esa fecha, y el resumen de las políticas contables significativas y otras notas explicativas.

Responsabilidades de la Administración en Relación con los Estados Financieros

La Administración es responsable por la preparación y correcta presentación de los estados financieros separados de acuerdo con las Normas de Contabilidad y de Información Financiera aceptadas en Colombia (NCIF); de diseñar, implementar y mantener el control interno relevante para la preparación y correcta presentación de los estados financieros separados libres de errores materiales, bien sea por fraude o error; de seleccionar y de aplicar las políticas contables apropiadas; y, de establecer estimaciones contables razonables en las circunstancias.

Responsabilidad del Auditor

Mi responsabilidad es la de expresar una opinión sobre los mencionados estados financieros separados fundamentada en mi auditoría. He llevado a cabo mi auditoría de acuerdo con normas internacionales de auditoría aceptadas en Colombia. Dichas normas exigen que cumpla con requisitos éticos, planifique y lleve a cabo mi auditoría para obtener seguridad razonable en cuanto a si los estados financieros separados están libres de errores materiales.

Una auditoría incluye desarrollar procedimientos para obtener la evidencia de auditoría que respalda las cifras y las revelaciones en los estados financieros separados. Los procedimientos seleccionados dependen del juicio profesional del auditor, incluyendo la evaluación del riesgo de errores materiales en los estados financieros separados. En el proceso de evaluar estos riesgos, el auditor considera los controles internos relevantes para la preparación y presentación de los estados financieros separados, con el fin de diseñar procedimientos de auditoría que sean apropiados en las circunstancias. Así mismo, incluye una evaluación de las políticas contables adoptadas y de las estimaciones de importancia efectuadas por la Administración, así como de la presentación en su conjunto de los estados financieros separados.

Considero que la evidencia de auditoría obtenida proporciona una base razonable para emitir mi opinión.

Opinión

En mi opinión, los estados financieros separados adjuntos, tomados de los libros de contabilidad, presentan razonablemente, en todos sus aspectos de importancia, la situación financiera de la Compañía al 31 de diciembre de 2018, los resultados de sus operaciones y los flujos de efectivo por el año terminado en esa fecha, de conformidad con las Normas de Contabilidad y de Información Financiera aceptadas en Colombia.

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Otros Asuntos

Los estados financieros separados bajo normas de contabilidad y de información financiera aceptadas en Colombia de Almacenes Éxito S.A. al 31 de diciembre de 2017, que hacen parte de la información comparativa de los estados financieros separados adjuntos, fueron auditados por otro revisor fiscal designado por Ernst & Young Audit S.A.S., sobre los cuales expresó su opinión sin salvedades el 19 de febrero de 2018.

Otros Requerimientos Legales y Reglamentarios

Fundamentada en el alcance de mi auditoría, no estoy enterada de situaciones indicativas de inobservancia en el cumplimiento de las siguientes obligaciones de la Compañía: 1) Llevar los libros de actas, registro de accionistas y de contabilidad, según las normas legales y la técnica contable; 2) Desarrollar las operaciones conforme a los estatutos y decisiones de la Asamblea de Accionistas y de la Junta Directiva, y a las normas relativas a la seguridad social integral; y 3) Conservar la correspondencia y los comprobantes de las cuentas. Adicionalmente, existe concordancia entre los estados financieros separados adjuntos y la información contable incluida en el informe de gestión preparado por la administración de la Compañía, el cual incluye la constancia por parte de la Administración sobre la libre circulación de las facturas con endoso emitidas por los vendedores o proveedores. El informe correspondiente a lo requerido por el artículo 1.2.1.2 del Decreto 2420 de 2015 lo emití por separado el 28 de febrero de 2019.

Ángela Jamies Delgado
Revisor Fiscal
Tarjeta Profesional 62183-T
Designada por Ernst & Young Audit S.A.S. TR-530

Envigado, Colombia
28 de febrero de 2019

Almacenes Éxito S.A.
***Certification by the Company's
 Legal Representative and Head
 Accountant***

Envigado, February 28, 2019

To the Shareholders of Almacenes Éxito S.A.

We, the undersigned Legal Representative and Head Accountant of Almacenes Éxito S.A., each of us duly empowered and under whose responsibility the attached financial statements have been prepared, do hereby certify that the separate financial statements of the Company at December 31, 2018 and at December 31, 2017 have been fairly taken from the books of accounts, and that the following assertions therein contained have been verified prior to making them available to you and to third parties:

- a. All assets and liabilities included in the Company's separate financial statements do exist and all transactions included in such separate financial statements have been carried out during the years ended on such dates.
- b. All economic events achieved by the Company during the years ended December 31, 2018 and December 31, 2017, have been recognized in the financial statements.
- c. Assets represent likely future economic benefits (rights) and liabilities represent likely future economic sacrifice (obligations) obtained by or in charge of the Company at December 31, 2018 and December 31, 2017.
- d. All items have been recognized at proper values.
- e. All economic events having an impact on the Company have been properly classified, described and disclosed in the separate financial statements.

We do certify the above assertions pursuant to section 37 of Law 222 of 1995.

Further, the undersigned Legal Representative of Almacenes Éxito S.A., does hereby certify that the separate financial statements and the operations of the Company at December 31, 2018 and December 31, 2017, are free from fault, inaccuracy or misstatement that prevent users from having a true view of its financial position.

I do certify the above assertion pursuant to section 46 of Law 964 of 2005.



Carlos Mario Giraldo Moreno
 Legal Representative



Jorge Nelson Ortiz Chica
 Head Accountant
 Professional Card 67018-T

Almacenes Éxito S.A.
Separate statements
of financial position

At December 31, 2018 and December 31, 2017
(Amounts expressed in millions of Colombian pesos)

	December 31, 2018	December 31, 2017 (1)
Current assets		
Cash and cash equivalents	1,885,868	1,619,695
Trade receivables and other accounts receivable	218,109	189,750
Prepaid expenses	18,539	22,837
Accounts receivable from related parties	108,951	114,969
Inventories, net	1,398,724	1,111,981
Tax assets	168,907	173,580
Other non-financial assets	-	30,000
Other financial assets	89,022	10,462
Non-current assets held for trading	26,608	-
Total current assets	3,914,728	3,273,274
Non-current assets		
Property, plant and equipment, net	2,055,879	2,382,495
Investment property, net	97,680	339,704
Goodwill	1,453,077	1,453,077
Intangible assets other than goodwill, net	144,245	156,209
Investments accounted for using the equity method, net	7,851,746	8,287,426
Trade receivables and other accounts receivable	23,177	15,203
Prepaid expenses	10,231	5,432
Accounts receivable from related parties	3,807	7,587
Deferred tax assets, net	41,652	-
Other financial assets	66,729	41,897
Other non-financial assets	398	398
Total non-current assets	11,748,621	12,689,428
Total assets	15,663,349	15,962,702
Current liabilities		
Financial liabilities	1,042,781	799,920
Employee benefits	3,648	3,457
Other provisions	12,292	8,349
Trade payables and other accounts payable	3,567,527	3,301,661
Accounts payable to related parties	120,972	116,490
Tax liabilities	50,458	41,816
Other financial liabilities	111,269	128,239
Other non-financial liabilities	197,708	258,078
Total current liabilities	5,106,655	4,658,010
Non-current liabilities		
Financial liabilities	2,838,433	3,292,824
Employee benefits	27,560	28,430
Other provisions	38,783	28,908
Deferred tax liabilities	-	68,841
Other financial liabilities	1,451	13,915
Other non-financial liabilities	727	32,206
Total non-current liabilities	2,906,954	3,465,124
Total liabilities	8,013,609	8,123,134
Shareholders' equity, see accompanying statement	7,649,740	7,839,568
Total liabilities and shareholders' equity	15,663,349	15,962,702

(1) For comparison to 2018, certain minor reclassifications have been introduced to intangible assets other than goodwill, other financial assets and other provisions in these financial statements.

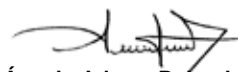
The accompanying notes are an integral part of the separate financial statements.



Carlos Mario Giraldo Moreno
Legal Representative
(See accompanying certificate)



Jorge Nelson Ortiz Chica
Head Accountant
Professional Card 67018-T
(See accompanying certificate)



Ángela Jaimes Delgado
Statutory Auditor
Professional Card 62183-T
Appointed by Ernst and Young
Audit S.A.S. TR-530
(See accompanying report dated
February 28, 2019)

Almacenes Éxito S.A.

Separate statements of income

For the years ended December 31, 2018 and December 31, 2017
(Amounts expressed in millions of Colombian pesos)

	December 31, 2018	December 31, 2017 (1)
Continuing operations		
Revenue from ordinary activities under contracts with customers	11,021,135	10,904,958
Cost of sales	(8,423,947)	(8,336,713)
Gross profit	2,597,188	2,568,245
Distribution expenses	(1,392,148)	(1,369,693)
Administration and sales expenses	(174,140)	(152,420)
Employee benefit expenses	(783,170)	(786,619)
Other operating revenue	26,602	16,720
Other operating expenses	(49,862)	(48,836)
Other gains, net	(23,549)	(668)
Profit from operating activities	200,921	226,729
Financial revenue	268,480	228,502
Financial expenses	(628,288)	(644,152)
Share of profits in subsidiaries, associates and joint ventures that are accounted for using the equity method.	396,749	329,244
Profit from continuing operations before income tax	237,862	140,323
Tax revenue	41,541	77,390
Net period profit from continuing operations	279,403	217,713
Earnings per share (*)		
Earnings per basic share (*)		
Earnings per basic share from continuing operations	624.22	486.40
Earnings per diluted share (*)		
Earnings per diluted share from continuing operations	624.22	486.40

(1) For comparison to 2018, certain minor reclassifications were introduced to operating expenses and other net gains in these financial statements.

(*) Amounts expressed in Colombian pesos.

The accompanying notes are an integral part of the separate financial statements.



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*Almacenes Éxito S.A.**Separate statements
of comprehensive income*For the years ended December 31, 2018 and December 31, 2017
(Amounts expressed in millions of Colombian pesos)

	December 31, 2018	December 31, 2017
Net period profit	279,403	217,713
Other comprehensive income for the period		
Components of other comprehensive income that will not be reclassified to period results, net of taxes		
(Loss) from new measurements of defined benefit plans	(351)	(1,570)
(Loss) from investments in equity instruments	(4,224)	-
Total other comprehensive income that will not be reclassified to period results, net of taxes	(4,575)	(1,570)
Components of other comprehensive income that will be reclassified to period results, net of taxes		
(Loss) from translation exchange differences	(633,751)	(169,428)
Gain (loss) from the hedging of cash flows	9,052	(13,076)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method that will be reclassified to period results	(29,724)	(3,923)
Total other comprehensive income that will be reclassified to period results, net of taxes	(654,423)	(186,427)
Total other comprehensive income	(658,998)	(187,997)
Total comprehensive income	(379,595)	29,716
Earnings per share (*)		
Earnings per basic share (*)		
(Loss) earnings per basic share from continuing operations	(848.06)	66.39
Earnings per diluted share (*):		
(Loss) earnings per diluted share from continuing operations	(848.06)	66.39

(*) Amounts expressed in Colombian pesos.



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*Almacenes Éxito S.A.**Separate statements of cash flows*

For the years ended December 31, 2018 and December 31, 2017
(Amounts expressed in millions of Colombian pesos)

	December 31, 2018	December 31, 2017
Cash flows provided by operating activities		
Net period profit	279,403	217,713
Period profit reconciliation adjustments		
Current income tax	55,933	47,581
Deferred income tax	(97,474)	(124,971)
Financial costs	542,552	581,673
Impairment of receivables	14,518	8,461
Reversal of receivable impairment	(11,815)	(3,753)
Reversal of inventory impairment	(3,218)	(11,804)
Impairment	3,307	1,481
Employee benefit provisions	2,426	2,438
Other provisions	67,847	44,161
Reversal of other provisions	(11,555)	(22,825)
Expense from depreciation of property, plant and equipment, and investment property	196,384	203,923
Amortization of intangible assets expense	17,681	33,018
(Gain) from the application of the equity method	(396,749)	(329,244)
Loss (gain) from the disposal of non-current assets	19,951	(3,430)
Other cash (outflows)	(10,882)	-
Other adjustments for which the effects on cash are cash flows provided by investment or financing activities	(212,885)	(199,103)
Operating income before changes in working capital	455,424	445,319
(Increase) in trade receivables and other accounts receivable	(39,036)	(4,786)
(Increase) decrease in prepaid expenses	(2,391)	1,098
Decrease (increase) in receivables from related parties	16,740	(29,971)
(Increase) in inventories	(178,898)	(22,518)
(Increase) in tax assets	(51,260)	(29,869)
Employee benefits paid	(3,420)	(3,064)
(Decrease) in other provisions	(42,474)	(30,973)
(Increase) in trade payables and other accounts payable	254,625	377,578
(Decrease) in accounts payable to related parties	(7,579)	(40,053)
Increase (decrease) in tax liabilities	8,642	(1,985)
(Decrease) increase in other non-financial liabilities	(91,849)	91,620
Net cash flows provided by operating activities	318,524	752,396
Cash flows provided by investment activities		
Cash flows provided by reimbursement of contributions in subsidiaries or other businesses	695,853	51,051
Cash flows (used) to maintain joint control in joint ventures	(5,000)	(20,126)
(Increase) in other non-financial assets	-	(30,000)
Proceeds of the sale of property, plant and equipment	1,448	66,925
Acquisition of property, plant and equipment	(171,043)	(146,355)
Acquisition of investment property	(10,551)	(28,965)
Acquisition of intangible assets	(8,950)	(15,161)
Dividends received	39,665	179,124
Other cash inflows	-	165
Net cash flows provided by investment activities	541,422	56,658
Cash flows provided by financing activities		
Cash flows provided by changes in the share of interest in subsidiaries that do not result in loss of control	153,333	-
(Increase) decrease in other financial assets	(102,463)	33,734
(Decrease) increase in other financial liabilities	(16,374)	35,180
(Decrease) increase in financial liabilities	(209,556)	127,236
(Decrease) in financial liabilities under lease agreements	(1,974)	(3,307)
Dividends paid	(87,072)	(91,920)
Financial yields	212,885	199,102
Interest paid	(542,552)	(588,209)
Net cash flows provided by (used in) financing activities	(593,773)	(288,184)
Net increase in cash and cash equivalents	266,173	520,870
Cash and cash equivalents at the beginning of period	1,619,695	1,098,825
Cash and cash equivalents at the end of period	1,885,868	1,619,695



Carlos Mario Giraldo Moreno
Legal Representative
(See accompanying certificate)



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Angela Jaimes Delgado
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*Almacenes Éxito S.A.**Separate statements of changes
in shareholders' equity*

At December 31, 2018 and December 31, 2017
(Amounts expressed in millions of Colombian pesos)

	Issued share capital	Premium on the issue of shares	Treasury shares repurchased	Legal reserve	Occasional reserve
	(Note 25)	(Note 25)	(Note 25)	(Note 26)	(Note 26)
Balance at December 31, 2016	4,482	4,843,466	(2,734)	7,857	1,644,887
Cash dividend declared (Note 38)	-	-	-	-	-
Net period results	-	-	-	-	-
Other comprehensive income	-	-	-	-	-
Appropriation for reserves	-	-	-	-	21,757
Gain from changes in the ownership of subsidiaries that do not result in loss of control	-	-	-	-	-
Other increase (decrease) in shareholders' equity, net	-	-	-	-	(1,435)
Balance at December 31, 2017	4,482	4,843,466	(2,734)	7,857	1,665,209
Balance at December 31, 2017	4,482	4,843,466	(2,734)	7,857	1,665,209
Cash dividend declared (Note 38)	-	-	-	-	-
Net period results	-	-	-	-	-
Other comprehensive income	-	-	-	-	-
Appropriation for reserves	-	-	-	-	108,856
(Decrease) from changes in the ownership of subsidiaries that do not result in loss of control	-	-	-	-	-
Other increase (decrease) in shareholders' equity, net	-	-	-	-	(1,494)
Balance at December 31, 2018	4,482	4,843,466	(2,734)	7,857	1,772,571

Reserve for the reacquisition of shares (Note 26)	Reserve for future dividends (Note 26)	Other reserves (Note 26)	Total reserves (Note 26)	Other accumulated comprehensive income (Note 26)	Retained earnings (Note 25)	Other equity components	Total equity
22,000	15,710	5,672	1,696,126	138,303	1,144,736	(102,692)	7,721,687
-	-	-	-	-	(21,771)	-	(21,771)
-	-	-	-	-	217,713	-	217,713
-	-	-	-	(187,997)	-	-	(187,997)
-	-	-	21,757	-	(21,757)	-	-
-	-	-	-	-	-	118,069	118,069
-	-	3,990	2,555	-	(6,184)	(4,504)	(8,133)
22,000	15,710	9,662	1,720,438	(49,694)	1,312,737	10,873	7,839,568
22,000	15,710	9,662	1,720,438	(49,694)	1,312,737	10,873	7,839,568
-	-	-	-	-	(108,857)	-	(108,857)
-	-	-	-	-	279,403	-	279,403
-	-	-	-	(658,998)	-	-	(658,998)
-	-	-	108,856	-	(108,856)	-	-
-	-	-	-	-	-	(74,822)	(74,822)
-	-	17,579	16,085	-	(130,927)	488,288	373,446
22,000	15,710	27,241	1,845,379	(708,692)	1,243,500	424,339	7,649,740



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Sustainable initiatives that contribute to social development, growth of suppliers, protection of the environment, promotion of healthy habits and well-being of our employees



Sustainability Report

*Grupo Éxito, the only
Latin American retailer
to be included in the Dow Jones
Sustainability Index of the
Emerging Markets category*



Sustainability Report

In 2018, we continued to contribute to the country's development



Together with Fundación Éxito, we work to mobilize public and private actors to achieve the first generation in Colombia with zero chronic malnutrition by 2030, as a way to fight social inequality.



We are committed to Colombia's development. Our bet is that our small, medium and large suppliers, find in us an ally that allows them to grow and strengthen.



We hold ourselves responsible for our impact on the environment by measuring, mitigating it and compensate for it. Together with our customers, employees, suppliers and allies, we develop strategies to generate awareness and protect the environment.



We care about our customers' and employees' health and welfare. We provide information that helps our customers and employees make better decisions, by offering them a product portfolio with a healthy profile and by promoting physical activity.



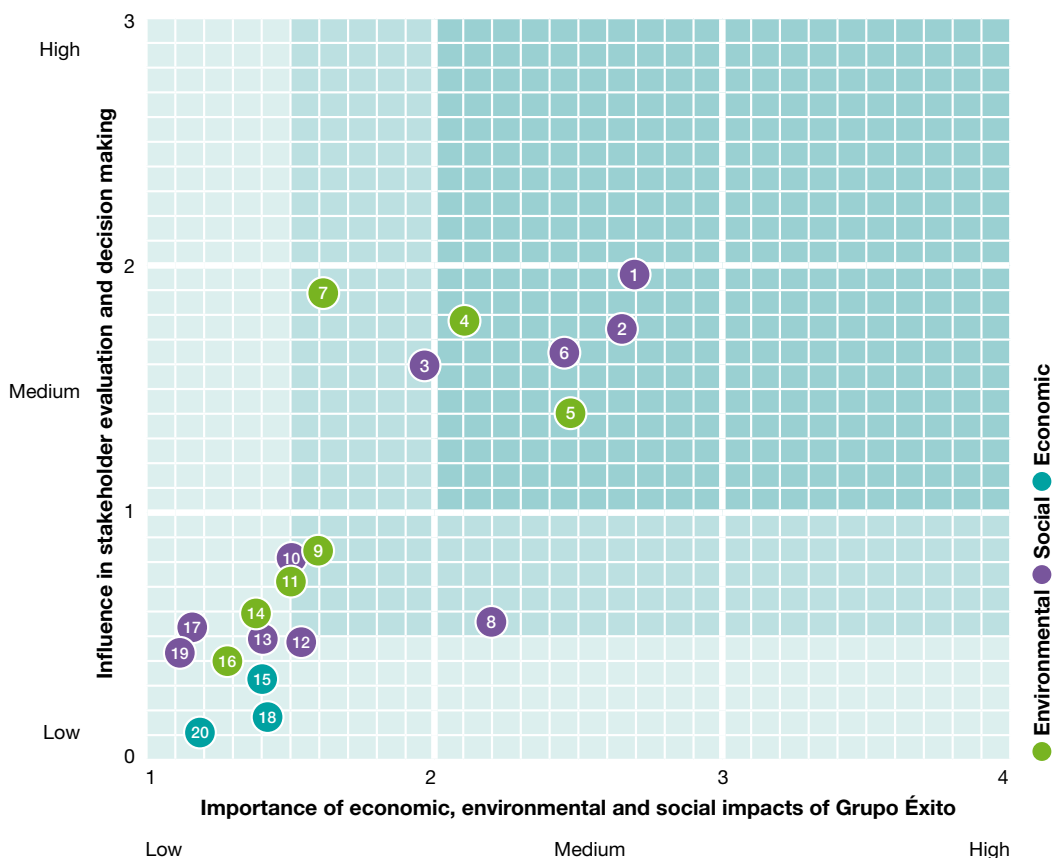
We are proud of our employees. We leverage our employees' talent, by assisting them in fulfilling their professional and family goals as well by promoting an attractive, diverse and inclusive work environment, where they can work with commitment and pride.

Our sustainability strategy is framed within good governance practices, ethics, transparency and due diligence

Materiality Analysis

We updated the Company’s materiality analysis and identified relevant issues related to environmental, social and economic topics for our different stakeholders. All of our Stakeholders included customers, suppliers, opinion leaders, media, employees, Board of Directors

and Senior Management, along with technical analysis of the sector and references with worldwide leaders in retail, allow us to have results that confirm the Company’s sustainability strategy is aligned with the material issues identified.



Description of material issues

Strategic Topics

- 1 Democratization of healthy life-styles**
We offer to our customers a healthy portfolio with products for special needs, organic and healthy food. Likewise, we give information to ease customers’ decision making.
- 2 Attraction, Retention and Development of Human Talent**
Technical and human training for our employees to facilitate their professional and personal growth. We also make sure that they receive appropriate compensation, a complete benefit portfolio and remote-work options.
- 3 Social Responsibility in the Supply Chain**
We help in the development of our small, medium and large suppliers and our Surtimax and Super Inter partners, promoting associativity and cooperatives. We also generate strategies that strengthen local and direct purchasing.
- 4 Prevention and Proactive Action in the Mitigation and Adaptation of Climate Change**
We develop initiatives to measure, mitigate and compensate environmental emissions from our operations.
- 5 Circular Economy**
Generate a process of disposal of used packages and containers for our private labels, exclusive brands and national suppliers. Also, generating initiatives to achieve eco-efficiencies in packaging.
- 6 Strategic Social and Philanthropic Investment**
We develop, generate and invest resources to reach our Gen Cero Mega Goal: To achieve the first generation with zero chronic malnutrition by 2030.

Relevant Issues

- 7** Responsible and Sustainable Production and Consumption Practices
- 8** Diversity and Inclusion
- 9** Protection of Natural Resources (inside Grupo Éxito)
- 10** Workplace Health & Safety

Emerging Issues

- 11** Environment Responsibility in the Supply Chain
- 12** Geopolitical Environment in the Region
- 13** Human Rights
- 14** Sustainable Construction
- 15** Economic Development where we have Operations
- 16** Food Waste
- 17** Rural Migration
- 18** Economic Performance
- 19** Real Estate Management
- 20** Tax Contributions



Together with Fundación Éxito, we work to mobilize public and private sectors to achieve the first generation in Colombia with zero chronic malnutrition by 2030; a way to fight social inequality

We work on these fronts to achieve this:



Generation and Divuligation of knowledge



Generation of alliances and resources



Communication and awareness



Influence in public policy



Diosebeth Cerén is one of the 26,000 mothers who receive nutrition and education assistance from Fundación Éxito to help eradicate chronic malnutrition by 2030

Our commitment to Gen Cero contributes to the Sustainable Development Goals



More children with better nutrition in Colombia

More than **63,400** children in **27** departments received better nourishment thanks to Fundación Éxito's programs.

➔ **22% more children than in 2017**



Families who participate in Fundación Éxito programs receive food packages or gift certificates for food they can use in Company stores

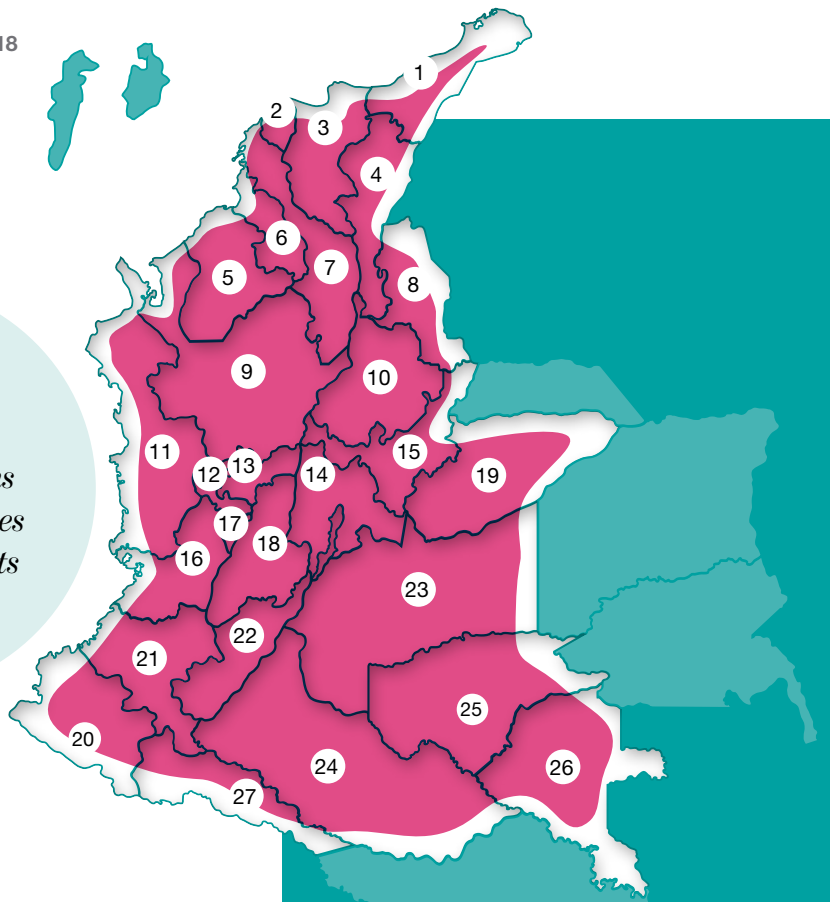


“Fundación Éxito aid has been very valuable for us, because with the educational programs and food we receive, they are helping us carry our children forward”

Diosebeth Cerén, mother who benefits from Fundación Éxito, attended by Fundación Arka in Tierra Bomba, Bolívar.



Click here
for complete
testimony



More than **110** partner institutions in **123** municipalities and **27** departments

Nutrition and comprehensive care for children below the age of five

More than **26,100** children in their first 1,000 days of life received better nourishment through Fundación Éxito.

➔ **47% more than in 2017**

More than **6,900** children ages 2 to 5 received nutritional care.

Around **30,400** children in other programs (reading, music, educators' training).

- | | |
|-----------------------|---------------------|
| 1. La Guajira | 14. Cundinamarca |
| 2. Atlántico | 15. Boyacá |
| 3. Magdalena | 16. Valle del Cauca |
| 4. Cesar | 17. Quindío |
| 5. Córdoba | 18. Tolima |
| 6. Sucre | 19. Casanare |
| 7. Bolívar | 20. Nariño |
| 8. Norte de Santander | 21. Cauca |
| 9. Antioquia | 22. Huila |
| 10. Santander | 23. Meta |
| 11. Chocó | 24. Caquetá |
| 12. Risaralda | 25. Guaviare |
| 13. Caldas | 26. Vaupés |
| | 27. Putumayo |



Intentions that reinforce our goal to reach the first zero chronic malnutrition generation in Colombia

More than **COP 19,700** million invested in nutrition and complementary care of children

4,6%

COP 1,394 million

Donations made by Grupo Éxito employees

3%

COP 959 million

Donations from suppliers and partners, 39 companies joined Gen Cero, 31 of them are our own suppliers

16%

COP 4,740 million

Own resources

0,4%

COP 125 million

Other contributions

51%

COP 15,583 million

Donations from Grupo Éxito



COP 12,238 million

Sale of recycled material donated by Grupo Éxito



COP 2,045 million

In-kind donations from Grupo Éxito and commercial campaigns



COP 1,100 million

Grupo Éxito donations approved by shareholders

Fundación Éxito had a total revenue of
COP 30,300
million thanks to the support of multiple partners

25%

COP 7,506 million

Donations from customers (Goticas, change and piggy banks)



Tax benefits for donors

More than **193,000**

donation certificates were delivered to customers who contributed Goticas and with change at cash registers in order to reduce chronic malnutrition



Click here to learn how Goticas are changed into food for children



The first 1,000 days of life are the most important for the physical, neurological and emotional development of a child, which makes an appropriate nutrition in this period a matter of vital importance

Fundación Éxito strengthens ties to reach Gen Cero

Fundación Éxito generated new partnerships and strengthened existing ties to motivate inter-sectorial articulation as a way to achieve Gen cero:



- › We are still **ambassadors for Colombia to the Zero Hunger Sustainable Development Goal**. This strategy seeks enough healthy nourishment to help end hunger and malnutrition by 2030.
- › We generated an **international cooperation alliance with the European Union** to execute the Integral Rural Development Project for peace in Guaviare through the delivery of nutritional supplements and the promotion of healthy lifestyle habits in **200** families.
- › In partnership with **17** business foundations in Antioquia, we established an alliance for the improvement of life conditions in communities suffering from poverty and armed conflict in San Luis y San José de Urabá.
- › We led the **creation of the NiñezYa movement**, alliance of more than **100** organizations in civil society to include children and teenagers rights in Colombia's National Development Plan 2018-2022.



Since 2015, more than 28,000 mothers have participated in Fundación Éxito's Lactatón, a public event that aims to promote breastfeeding as the most effective way to eradicate chronic malnutrition in Colombia

Breastfeeding, the most nutritional act of love

In 2018, more than **12,000** breastfeeding women attended the fourth Lactatón in more than **30** municipalities.

➤ **18% more than in 2017**

More than **9,300** hospitalized premature babies benefited from the "Alimentados Donando Leche" campaign that promoted the donation of breast milk to **15** specialized breast milk banks with the support of Fundación Santa Fe de Bogotá and the Colombian Ministry of Health.

An Award for those who work in favor of childhood nutrition

During Childhood Nutrition Month, the **15th Childhood Nutrition Award ceremony** was held to award the actions from private and public organizations, health institutions and the media which promote childhood nutrition.

15 awards were granted to **9** companies and media and **6** of our stores, recognized in the "Almacenes Amigos de la Nutrición Infantil" category.

Food surplus recovery thanks to the contributions of Grupo Éxito

More than **1,900** tons of food and non-alimentary products donated to **18** food banks and **34** institutions

More than **519,000** people benefited
↗ **3,900** more people than in 2017

Grupo Éxito is the retailer company that donates more food in good condition to be used by food banks



Fundación Saciar is one of the food banks that receive food and products in good condition to donate them to organizations in the country that assist vulnerable populations

Recycling with a social purpose

We donated **COP 12,200** million to finance investment programs led by Fundación Éxito, generated from selling more than **22,600** tons of recyclable materials

Fundación Éxito financed the REAGRO Program to recover agricultural surpluses

More than **3,400** tons of food that is not sold but suitable for human consumption were recovered in Antioquia aided by Fundación Saciar, within the framework of REAGRO Program, which is financed by Fundación Éxito to prevent food loss.

Thanks to the positive results, the REAGRO school made the food surplus recovery program massive in another **16** food banks in the country.



“We thank Grupo Éxito and Fundación Éxito because they have helped to impulse the REAGRO Program by rescuing thousands of tons of fruits and vegetables directly from harvests and crops in the field, contributing to zero food loss”

Pedronel Giraldo Araque, Fundación Saciar
Director

Articulation with local governments to achieve Gen Cero

Fundación Éxito provided assistance to **7** municipalities and **1** department to strengthen their business capabilities and prioritize actions to contribute to the health and nutrition situation in early childhood

Donar Te Queda Bien

We delivered more than **830** clothing items donated by customers to food banks and institutions that benefit vulnerable populations. This is an initiative of our textile business

In 2018, we achieved:

- › Fundación Éxito coverage in 27 departments in the country
- › More than 63,400 children assisted with nutrition and complementary programs
- › Leveraged 91% food delivered to food banks, thanks to good management

In 2019, our challenges are:

- › Maintaining assistance coverage to children in nutrition programs
- › Effectively influence in the National Development Plan in favor of establishing programs to prevent and assist chronic malnutrition
- › In partnership with Bogotá Mayor's Office, define an assistance plan for children in the country's capital with chronic malnutrition



We are committed to Colombia's development.
We bet that our small, medium and large suppliers find in us a partner that will enable them to grow and strengthen

We work on these fronts to achieve this:



Direct local trade



Develop our suppliers and partners



Lidia Díaz, farmer associated to ALSur, one of the organizations from which Grupo Éxito purchases directly in Nariño, by letting producers gain greater benefits in price and productivity

Our commitment to sustainable trade contributes to the fulfillment of the Sustainable Development Goals



We build value relationships with our suppliers; more than:
4,300 Real Estate
3,100 Commercial
1,300 of goods and services
100 textile industry

We buy local fruits and vegetables

92% of the fruits and vegetables sold in our stores are acquired in the country

82% are acquired directly from more than **670** Colombian farmers

→ We keep our commitment to direct local trade



Pedro Antonio Ochoa, farmer from Toca, Boyacá



“The direct sale to Grupo Éxito has enabled farmers to gain percentages that were previously kept by intermediaries. Producers have constant sales, fair payments and plan to have a permanent production to improve their quality of lives and their families”

Adriana Martínez, AISur manager, Association of Producers in Nariño from which Grupo Éxito direct trade.



Scan to see
the AISur
experience

Partnerships with organizations to strengthen buying without intermediaries



Comproagro

Eliminates the middleman between farmer and buyer thanks to digital entrepreneurship.

We buy directly from **120** producers in Antioquia, Boyacá and Cundinamarca. More than **640,000** units sold.

↗ **177% growth from 2017**



Salvaterra

Develops farming projects with communities to generate their production capabilities.

90 former homeless people in Medellín grow lettuce they sell at our stores. More than **25,000** units sold.

↗ **47% growth from 2017**



Clinton Foundation

Creates direct market opportunities for small farmers and offers training to develop and strengthen their production processes.

More than **210** producers benefited in Antioquia, Atlántico, Bolívar, Cauca, Cundinamarca, Risaralda and Valle del Cauca. More than **2.1** million units sold.

↗ **1.4% growth from 2017**



San José del Guacal's agricultural producers association

Unionizes agricultural producers and guides them in the process of growing and selling their products.

35 potato growers in Boyacá.

More than **34,900** product units acquired under the National Government framework: "Coseche y venda a la fija" that supports sustainable agriculture.

We offer Colombian meat and fish

We buy **87%** of our meat in Colombia, from more than **100** producers.

We acquire **78%** of our fish and seafood from Colombian fishermen.

↗ **5% more than in 2017**





The Company history started as a fabric retailer in Medellín, 70 years later, the textile business is committed on the development of conscious fashion made in Colombia.

hecho en Colombia

We sew fashion with local talent

93% of private label textiles are purchased in Colombia.

We create **8,000** jobs mostly for women in **100** workshops located in **5** departments across the country.

80% of the fabric used to make our private label clothing is Colombian.

We exported more than **760.000** clothing items from our private labels, Arkitect and Bronzini to Argentina, France, Dominican Republic and Uruguay, fostering national industry growth.



“We didn’t know the textile and ready-to-wear industry in Colombia. We had the chance to visit one of the 20 workshops where we design the collection for Éxito and we realized that everything was so organized, as well manufacturing a high quality and professional work. This is a chance to democratize Colombian fashion”

Custo Dalmau, Spanish Designer of the Arkitect by Custo Collection

We believe in Colombia; we buy Colombian!



Fruits and
Vegetables



Fish



Meat



Textiles

These are the regions from which
we directly purchase:

Atlántico, Bolívar, Cesar,
Córdoba, La Guajira,
Magdalena, Norte de Santander,
Santander and Sucre



12%



6%



48%

Antioquia



21%



17%



8%



66%

Caldas, Cauca,
Nariño, Quindío,
Risaralda and Valle
del Cauca



22%



19%



28%



13%

Boyacá, Caquetá,
Casanare, Cundinamarca,
Huila, Meta and Tolima



37%



48%



3%



21%

We paired up with our Private Label suppliers to build and maintain supply chains that dignify labor and respect the environment

We carried out **98%** of the social audits of our private label suppliers.
↗ 300% more than in 2016

More than **57,800** jobs are generated by our private label producers, **85%** of which are in Colombia.



We follow the universal principles of human rights, the agreements of the ILO and the employment guidelines of Colombian legislation which enable us to verify that our suppliers have:

- › A system of management, transparency and traceability
- › A mechanism of freedom to unionize and claims
- › A healthy and safety program
- › Policies that ban child and forced labor
- › Inclusion and zero discrimination practices
- › Fair work hours
- › Mechanisms of equal pay

Agrícola Luna Roja supplies fresh private label products and participated in our social audits

We Have Socially Responsible Supply Chains

More than **650** commercial suppliers; around **240** goods and services suppliers, more than **100** from the textile industry and around **110** real estate suppliers signed the Supplier's Ethical Charter, which defines regulations to make our supply chain sustainable. The suppliers agree to:

- › Treat their employees with respect, dignity and generate a safe and healthy work environment
- › Buy, produce and offer services that respect the environment
- › Keep commercial relationships free of any manipulation, active or passive corruption, extortion, malfeasance funds and, in general, any type of illegal practices

We Train our Suppliers to Offer Quality Products

More than **410** suppliers attended **32** training sessions about good farming practices, safety, quality and processes, among others.

We bet on our new and small suppliers for finding a partner in us to grow and strengthen



Lök Foods is a small business that sells fine aroma chocolates, made with cacao grown in territories that previously grew illegal crops. In 2017, year in which the relationship with the company began, Lök Foods has developed a portfolio of products made with Colombian raw goods since then



“For us, is very satisfying to know that, by having a commercial partner like Grupo Éxito to distribute our products, we can help many families to find in cacao a way for peace and development”

Alberto Henao, Lök Foods Manager



See an example of the sustainable product chain

We support the strengthening of SMEs through Promotora de Comercio Social

260 SMEs sell their products to Éxito, Carulla, Surtimax, Super Inter and Surtimayorista.

We accompany **30** small farmers in the sale of their products.

30 businesses participated in the product portfolio of Carulla FreshMarket.

10 Years acknowledging the stories of our suppliers who build the Country



During the “Proveedores de Éxito” contest, we recognized 13 companies for the innovation, continuous work, good practices, improvements in service and differential proposals to customers

Creytex, Café Quindío, Harinera del Valle, Frutinal, Leonisa, Continente, Huawei, Industrias de Galletas Greco, HP Colombia, Dar Ayuda Temporal, Cine Colombia and Nutreo were the winners suppliers



Susanita was the recipient of the “Toda Una Vida” award, in the Tenth Edition of the “Proveedores de Éxito” contest, an event which praises the commitment of our suppliers and recognizes stories of joint growth

“At this time, I only have to say thanks to Grupo Éxito for helping me grow; 36 years ago, it purchased my first ‘tostaditas’ and they were my first large supermarket chain. I couldn’t be happier. Grupo Éxito, I love you!”

Susana Posada, founder of Susanita



See Susanita’s story of growth here

We generate win-win relationships with convenience and local mini-markets

Around **1,400** businesses are part of Aliados Surtimax and Super Inter channel, a business model based on a win-win relationship that allows not only the growth of local mini-markets convenience stores and the company.



Close to **1,00** Aliados Surtimax in **17** departments



More than **200** Aliados Super Inter in **4** departments



We opened Aliados Surtimax in 2014 and Aliados Super Inter in 2015 as an option for sustainable commerce which gathers formal and traditional market practices, that allows mini-markets and convenience stores to grow and develop their businesses.

More than **760** partners were trained in self-service management, marketing and sales, and service and motivation through diploma courses and seminars, in order to strengthen their businesses.



“I’ve been an ‘Aliado Super Inter’ for three years and thanks to the growth of my business by 300%, I was able to build my own store, generate employment, strengthen my commercial presence in my neighborhood area, increase my product portfolio and the security of having a prosperous business for my family’s well-being”

Jhon Alejandro Carmona Rodríguez, Aliado Super Inter Surti-más, Bugalagrande, Valle del Cauca



“Being a Sinerproveedor has many advantages: we have strengthened our relationship with Grupo Éxito, jointly developed products and worked toward reaching goals that will give us all a win-win revenue”

Marco Mejía, Manger of Base Cook Products, iSinerproveedor

We made progress in the consolidation of Sinerproveedores, a chance for strengthening our commercial partners

10 Private Label suppliers signed business cooperation agreements that enable:

- › Building a win-win close and collaborative relationship
- › Finding efficiencies in production and sales processes
- › Developing differential products with the best quality-price relationship

We support business entrepreneurs

More than **1,100** sellers find in our digital platform, “shop-window” to grow and strengthen their business.

More than **14,600** people from 1, 2 and 3 social stratum get the chance to generate income and become entrepreneurs throughout our direct sales business: Todohogar.

In 2018, we achieved:

- › Consolidation of national and direct purchasing strategy of agricultural products through partnerships with social organizations
- › Keeping the production of our Private Label in Colombia and sponsoring more than 8,000 clothing manufacturing employees
- › Applying 98% of the social audits to suppliers of our Private Label and guide them toward improvement plans

In 2019, our challenges are:

- › Strengthening of the direct purchase process in regions to expand the supply chain and keep up the stake for the purchase of Colombian products
- › Structuring a new supplier evaluation model of our Private Label products to identify their capabilities in sustainability and creation of improvement plans
- › Creating a new platform that enables traceability in agricultural products acquired in Colombia



We measure, mitigate and compensate our impact on the environment. In a joint work with our customers, employees, suppliers and allies, we develop strategies that seek to generate awareness and protect the environment

We work on these fronts to achieve this:



Measurement and mitigation of the carbon footprint



Solid waste management and recycling



Reduction of material



Sustainable construction



Consumer education



The Guamal community that belongs to the Atabapo and Inírida indigenous reservation in Guanía, protects strategic ecosystems thanks to the payments the Company makes for environmental services

Our commitment to the protection the planet aims to accomplish the following Sustainable Development Goals



We measured our carbon footprint, mitigated it and compensated it

More than **240,000** tons of CO₂ due to direct emissions of fuel, natural gas and refrigerants (Scope 1)



More than **43,000** tons of CO₂ due to emissions from the consumed electricity in our operation of own controlled equipment (Scope 2)

We replaced polluted refrigerant gases for natural options or with ultra-low emissions gases

We used **103** tons of refrigerants in our premises

Type of Refrigerant	2017	2018
R404A	9.2	11.08
R134A	2.6	3.26
R507	3.4	4.36
Freon R22 57.9	57.9	83.14
R410A	1.2	1.97

Figures in Tons

Éxito Viva Tunja and Éxito La Central use more than **70%** natural refrigerants, reducing the negative impact of global warming



“For MásBosques is great to have Grupo Éxito’s trust, which compensates its environmental impacts with rural communities through BanCO₂ scheme, aimed to strengthen the protection of the environment. Thanks to the joint work, we contributed to the Sustainable Development Goals”

Jaime Andrés García, Director MásBosques, allied company of the BanCO₂ scheme



Viva Envigado has the fifth photovoltaic plant in the Company. It generates more than 451 kw/h with 2,700 m² of solar panels and supplies up to 20% of consumption in the common areas of the commercial complex during maximum sun radiation hours

We optimize the use of our resources and generate clean energy

Around **120** stores have efficient energy programs and solar energy generation, implemented by Green Yellow.

➤ **19 facilities more than in 2017**

More than **1,300** MWh of clean and renewable energy were generated with more than **5** photovoltaic plants located in **4** Viva shopping Centers and one Éxito store.

➤ **25% more than in 2017**

We saved more than **9,500** of energy with the installation of LED lighting.

We saved more than **COP 5,400** MWh million with energy efficiencies.

We reduced drinking water consumption by **40%**, thanks to installation of low-flow faucets and toilets.

We reduced **46.1** tons of CO₂ emissions by using **12** double decker buses which reduced more than **300,000** kilometers.





We compensated our operations' impact by protecting strategic ecosystems

With BanCO₂ we protected more than **860** acres of strategic ecosystems and compensated for the emission of more than **7,400** tons of CO₂.

We sponsored **12** families and **1** community that protect forests, wetlands, mangroves and paramos.



Family partner of BanCO₂ who protects ecosystems in Guainía thanks to the Company's compensation

First supermarket chain committed to zero deforestation

We signed the **“Agreement of will for zero deforestation on palm oil,”** within the Tropical Forest Alliance Colombia 2020 (TFA). This aims to protect forests in Colombia and to reduce tropical deforestation.

Sustainable supply chain

We sell the first meat produced in Colombia under sustainable processes, according to the Rainforest Alliance Sustainable Agriculture Standard, which certifies production accomplish the following conditions:

- › Conservation of biodiversity and natural resources
- › Following responsible livestock practices
- › Has an efficient system of planning, managing and evaluating the impact in the operations.

We use supplies that respect the environment

More than **54,300** boxes used by Didetexco textile industry and **100%** of paper used in administrative processes are certified with the Forest Stewardship Council (FSC), seal granted by the Forest Administration Council.

Carulla FreshMarket offers its customers the choice of packing its products in a paper bag certified with the FSC seal.

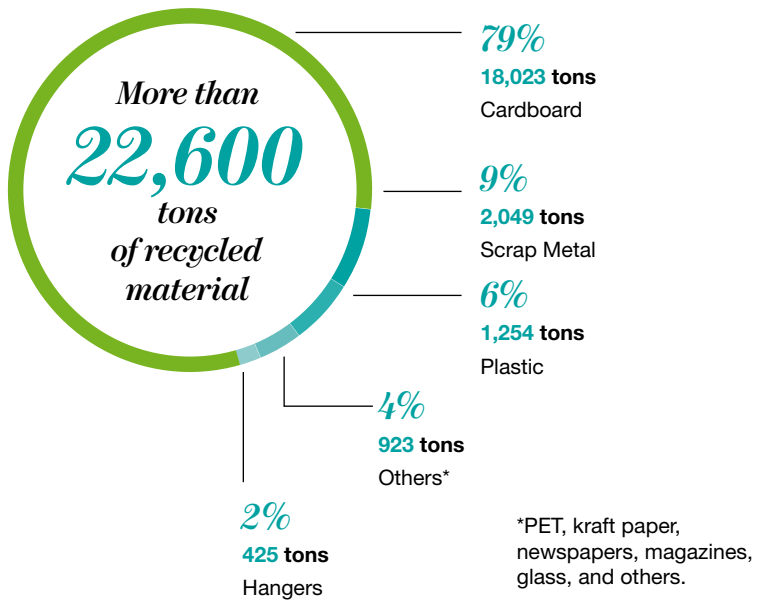


We have Colombia's largest recycled cardboard delivery process

We take advantage of waste and avoid the generation of garbage

More than **22,600** tons of recyclable waste collected and sold delivered **COP 12,200** million in favor to the nutrition of more than **63,400** children. This is a contribution to achieving Gen Cero

With the recycling process we avoid that thousand of tons of material end in landfills. The money from their recovery contributes to child nutrition in Colombia through Gen Cero



We properly dispose waste

We kept **25,500** tons of waste from being sent to landfills

More than **100** tons of hazardous, non-incinerated waste, with potential use and incinerated for stabilization or other treatment or for recovery, commercialization and post-consumption.

We reduced single-use plastics consumption

We stop supplying, commercializing and delivering straws and plastic mixers in our stores

We reduced by **34%** the use of plastic bags in the points of sale and **61%** accumulated since 2015, thanks to the commitment of our customers and our internal strategies.

More than **2.3** million reusable bags and privately-owned shopping carts were purchased by our customers.

↑ 15% more than in 2017

We delivered more than **38** million “Puntos Colombia” to reward the commitment of customers who brought reusable packaging to carry their purchases.

↑ 11% more than in 2017

4% of the bags used for internal consumption came from the transformation of excess plastic recovered from our operation.

70% of the trays used in the section of fresh products and prepared meals was produced with **19%** less material.



We advance in optimization and digitization of receipts and promotional strips

We reduced by **40%** the amount of paper used for receipts and promotional strips.

We designed a pilot project to massively deliver the receipt and the promotional strip via digital channels.

We facilitated the disposal of post-consumer waste

More than **28** tons of post-consumer waste were delivered by customers in the approximately **210** points of hazardous waste collection.

We promote access and use of sustainable mobility



We strengthened Movámonos a sustainable mobility collaborative program that encourages employees in Medellín and Bogotá to use sustainable means of transport.

More than **1,000** active employees in Medellín and Bogotá
 ↗ **24% more than in 2017**

More than **62,700** connections between drivers and passengers to share a vehicle
 ↗ **73% more than in 2017**



We launched BiciCo, a system of shared electric bicycles, as an efficient, fast and economical alternative to transport in Bogotá. This system operates in partnership with CODENSA, Bicycle Capital and Scotiabank Colpatría.

More than **3,900** trips made

Employees shared more than **1,100** rides

We avoided emitting more than **3,800** tons of CO₂



We provided shared-ride electric vehicles and charging stations with the CarB program in Carulla stores in Bogotá

More than **620** trips made

We avoided emitting more than **1.2** tons of CO₂

We made simple the use of alternative means of transport

We helped our customers charge their electric vehicles with **14** charging stations located in **3** Viva Malls and **11** stores.

These stations are managed by Empresas Públicas de Medellín (EPM), Codensa in Bogotá and Empresa de Energía de Pereira.

Initiatives to protect air quality

We signed the “Pacto por la Calidad del Aire,” promoted by the Alcaldía de Medellín and Área Metropolitana del Valle de Aburrá, in which we committed to develop sustainable mobility initiatives to favor the environment and the quality of life.

Around **80** employees are active in our teleworking strategy in Medellín and Bogotá, by which we have decreased the number of trips, and therefore pollutants in the atmosphere and congestion.



In partnership with different organizations, we invited our clients and employees to use alternative means of transport



Viva Wajjira, in La Guajira, is one of the five Malls with LEED certification

Our real estate projects are developed with high international standards in sustainable construction

3 stores and **2** Viva Malls have the LEED (Leadership in Energy & Environmental Design), certification, awarded by the Green Building Council of the United States, which recognizes works with superior performance design, construction and sustainable operation.



Éxito La Felicidad Bogotá

First retail store in Bogotá recognized with this certificate.

Viva Wajjira La Guajira

One of the four shopping centers in Colombia certified and the first of the Company.

Viva La Ceja Antioquia

The only shopping mall in eastern Antioquia with gold certification for the retail sector.



Éxito La Central Medellín

First store of the company that receives this certification in Medellín.

Éxito Mosquera Bogotá

First store of the company to receive this certificate for the "commercial interiors" category.

In 2018, we achieved:

- › Create an environmental corporate mega that defines the reduction of 20% of the carbon footprint for year 2021
- › Recycle more than 22,600 tons of material to close its cycle
- › Be the first supermarket chain to sign the "Zero Deforestation Agreement on Palm Oil" with Tropical Forest Alliance
- › Implement initiatives to reduce and rationalize the use of plastic and paper in our in-store purchase receipt
- › Consolidate the "Movámonos" sustainable mobility program, aimed to employees of the corporate headquarters in Envigado and Bogotá
- › Define the Environmental, Climate Change and Packaging Policy that provide guidelines on the company's actions in these matters.

In 2019, our challenges are:

- › Generate new working tasks with suppliers to optimize packaging and bottles of own and exclusive brand products
- › Define and implement a sustainable livestock model



We care about health and well-being of our customers and employees, that's why we offer a portfolio of healthy products, we provide information that allows them to make better decisions in the grocery shopping and we promote physical activity and sports

We work on these fronts to achieve this:



Marketing of healthy alternatives



Customer, suppliers and employee awareness

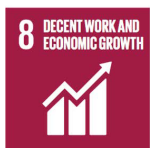


Promote sports and physical activity



Since 2010 Taeq, our own healthy brand, offers a complete line of foods with nutritional and health benefits to contribute to well-being and balance

Our commitment to a healthy life contributes to the achieving the Sustainable Development Goals



We offer foods that allow better healthy lives

With more than **4,400** healthy food references, we expanded the “Bueno para ti” (Good for you) portfolio

The Bueno para ti portfolio has an **8%** share in the Fast-moving consumer good



“Grupo Éxito is a member of the Consumer Goods Forum and is one of the most committed and active retail companies in the education and promotion of healthy lifestyles among its consumers. This is achieved thanks to its broad product portfolio, its permanent stakeholder sensibilization and joint work with its supplier”

Erika Rodríguez, director of the Consumer Goods Forum in Latin America

We strengthened the food categories

- › More than **3,000** natural and healthy foods that include fresh fruits and vegetables
- › More than **1,300** foods with a healthy profile, for special needs, with nutritional and health benefits
- › About **100** organic products are harvested with ecological standards

We promote health balance and well-being

More than **330** foods with nutritional and health benefits integrate Taeq’s portfolio of healthy private label products, the most complete brand in the market with a multi-category healthy offer

➤ **43% more than in 2017**



Carulla FreshMarket and Éxito now have a differential proposal of healthy foods and products for special nutritional needs

We inform our customers so they can make healthy purchases

Grupo Éxito continued working with the **Consumer Goods Forum**, an organization that gathers retailers and food producers to help consumers make informed decisions and adopt healthy lifestyle habits

More than **23,000** people participated in “Dale un Giro Saludable a tu Vida”, campaign led by the Consumer Goods Forum, to raise awareness among customers about balanced diets, active lifestyles and reading labels

We work with our suppliers for the health of customers

17 products were reformulated by our suppliers to improve their nutritional properties and eliminate risk ingredients such as sodium

A total of **8** private label suppliers were trained to reformulate some of their products with the purpose of reducing risky nutrients such as fats and sodium

More than **1,300** private label products use the Voluntary Labeling System, Guideline Daily Amount for consumers to know the risky nutrients in food
↗ 29% more than in 2017



About 16,000 people participated in the second version of “Carulla es Saludable,” a fair that promotes health and well-being

More than **280** employees participated in the “Vida sana” congress and accessed information on nutrition, physical activity, visual screening, positive attitude, family planning methods and gynecological care.

More than **64,200** servings of fruit were consumed by employees at administrative headquarters with our Nutritious Foods program.
↗ 14% more than in 2017

We invite our customers to have healthy lifestyle habits

We sponsor sports activities and professional teams as a way to encourage physical activity



The Central American and Caribbean Games

Event that recognizes the performance of athletes in various disciplines. More than **5,000** athletes.

Ruta Colombia

The biggest event for recreational cycling lovers in Colombia. **4,000** cyclists.

Corre mi tierra

Athletic race that invites to practice sports and have a healthy life. More than **5,000** competitors.

Carrera de las rosas

Athletic race that raise awareness about breast cancer. More than **6,000** runners.

Expofitness

International sport and well-being fair. More than **20,000** attendees.

Country Squash

Competition for amateur and professional squash players. **180** athletes.

Team Medellín

Program that supports athletes who have a high-performance opportunity. **150** competitors.

We sponsored Deportivo Independiente Medellín

Soccer team of the Colombian Professional League.

We sponsored Club América de Cali

Soccer team of the Colombian Professional League.

In 2018, we achieved:

- › We offered more than 4,400 foods with a healthy profile
- › Implemented strategies to raise awareness of healthy lifestyle habits joined by the Consumer Goods Forum
- › Increased the consumption of fruits by 14% in administrative offices

In 2019, our challenges are:

- › Create a platform that suggests the consumption of healthy foods according to purchasing habits
- › Build a strategy to reduce the waste of fruits and vegetables that are not acquired by their appearance
- › Expand the portfolio of sustainable products that includes healthy foods, personal care and eco-friendly products



El éxito del Grupo Éxito está en su gente

We are proud of our employees. We leverage our employees' talent, by assisting them in fulfilling their professional and family goals, as well we promote an attractive, diverse and inclusive work environment, where they can work with commitment and pride

We work on these fronts to achieve this:



We develop our people in being and doing



We are attractive, diverse and inclusive.



We encourage social dialogue



We are proud of our human talent because with commitment, joy, effectiveness and shared vision of the Organization our employees work for customers to come back

Our commitment to the well-being of our employees contributes to the achievement of the Sustainable Development Goals



We are Colombia's largest private employer

We generate more than **40,000** jobs in **23** departments in Colombia

More than **33,300** employees are hired under an undefined term

Employee distribution by gender



5,690

employees in Atlántico, Bolívar, Cesar, Córdoba, La Guajira, Magdalena, and Sucre



9,993

employees in Antioquia



4,492 5,501

6,815

employees in Caldas, Cauca, Nariño, Quindío, Risaralda and Valle del Cauca



3,743 3,072

16,206

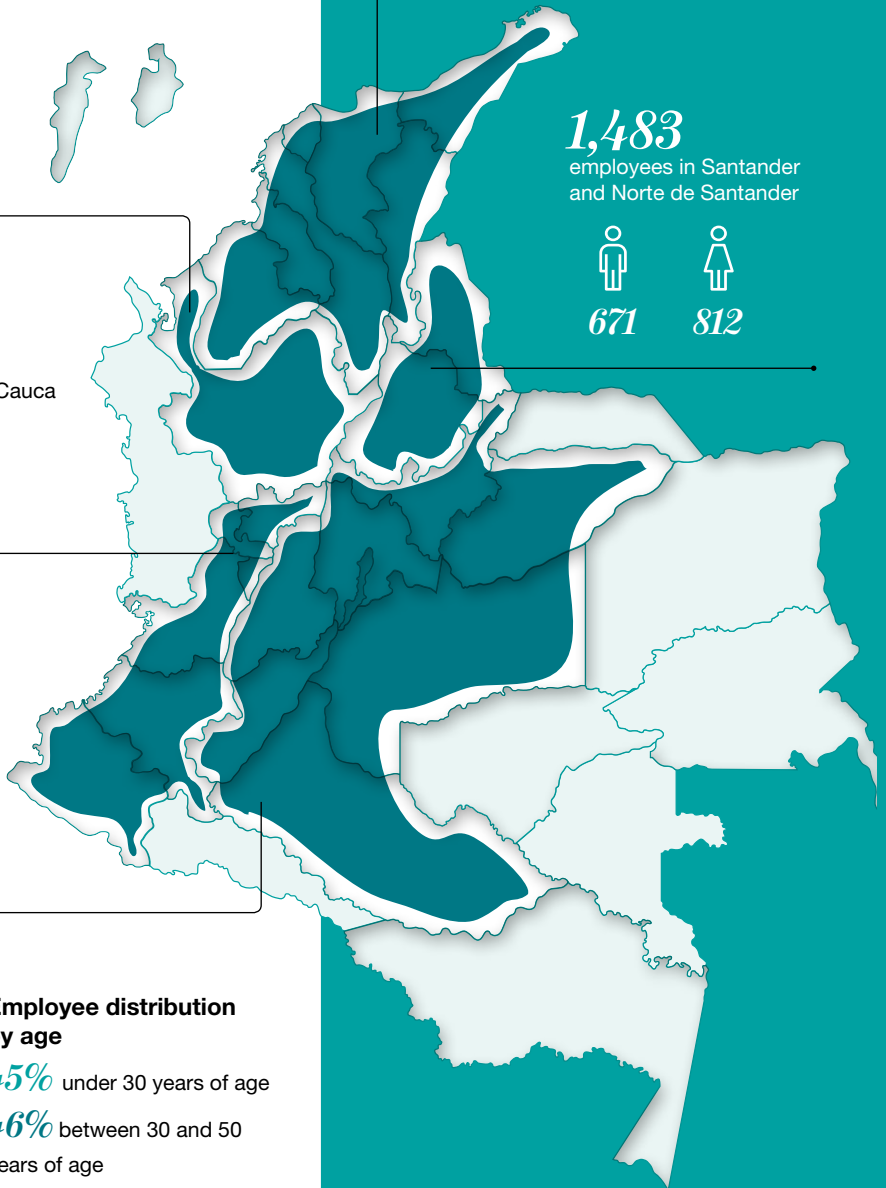
employees in Boyacá, Caquetá, Casanare, Cundinamarca, Huila, Meta and Tolima



7,722 8,484

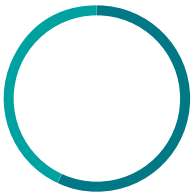
1,483

employees in Santander and Norte de Santander



Employee distribution by age

- 45% under 30 years of age
- 46% between 30 and 50 years of age
- 8% over 50 years of age



Over **2,800** employees promoted

1,560 men
1,241 women

**Our employees are
our best reason to smile**

We invested more than **COP 86,000** million in more than **520,000** benefits for our employees and their families



Juan Jeykol Jurado, risk coordinator at the administrative headquarters of Barranquilla, and his family enjoy their house, acquired thanks to the "Plan mi casa"



Housing

More than **COP 6,000** million invested in loans for buying, building and improving housing. More than **3,900** benefits granted.

➤ **11% more than in 2017**



Education

More than **COP 10,500** million were invested to contribute our employees and their children's personal and academic growth. More than **21,500** benefits granted.

➤ **9% more than in 2017**



Health

More than **COP 1,500** million invested in programs for promoting health and preventing diseases. More than **5,700** employees and their families benefited.

➤ **95% more than in 2017**



Cambia tu ciclo

We made it possible for nearly **1,700** employees to buy or change their appliances and thus improve their quality of life and well-being at home.

More **COP 275** million delivered.

↗ **246% more than in 2017**



“The benefit ‘Los mejores de la clase’ has been wonderful for me. I always wanted to study Business Administration and with the educational scholarships that the company gives me, I’m making it happen. I feel proud to be able to share with my dad this recognition the company gives me”

Gladys Mariela Carrión, assistant cashier
Carulla Centro Chía, Cundinamarca



“Tiempo para ti”

We make it possible for our employees to enjoy more than **118,000** free hours for personal or family activities.

↗ **6% more than in 2017**



“Mi Pensión”

We created “Mi Pensión,” a benefit to support **500** employees when carrying out the procedures for the retirement process. Nearly **COP 250** million invested in advisory.



School for personal and family finances

We trained more than **4,600** employees in personal and family financial planning.



Culture and entrepreneurship

We allocated more than **COP 523** million in entrepreneurship programs, use of free time and creative expressions.

↗ **95% more than in 2017**



Vínculos de amor

We accompanied about **1,300** employees in their role as parents.

We provide professional support, economic assistance during birth and additional time for breastfeeding.

↗ **900 more benefits delivered than in 2017**



Breastfeeding rooms

We opened **5** rooms so that employees in the lactation stage have a suitable space to extract and preserve breast milk.



Sustainable Mobility

We strengthened the sustainable mobility program “Movámonos”. More than **1,000** employees shared rides between their workplaces and homes in Medellín and Bogotá.

↗ **24% more than in 2017**



Celebrations

We awarded more than **190,000** benefits so employees could celebrate special days with their co-workers and families.

➔ **91% more than in 2017**



Por ti es posible

We rewarded more than **5,300** employees for their years of service at the Company.



Volunteering

We made it possible for nearly 200 employees to participate in the "Somos Gen Cero" volunteer program, by which they allocated three working days to support the activities scheduled by Fundación Éxito.



We build a better place to work

The leaders of the company stand out for their ability to lead by example, commitment and close contact with work teams. This is the conclusion of the leadership evaluation carried out to **83%** of the employees.

The employees highlight the good work environment of the company and highlight the commitment, sense of belonging, identification with the position, contribution to the objectives of the Company and the knowledge of the business. This was rated by **91%** of the employees that responded the work environment survey.

In the engagement dimension, the Company obtained a favorable result of **88%**. The results of our employee engagement survey desegregated on gender are:
Women: **88%** favorability
Men: **87%** favorability



Unidad de Aprendizaje
Organizacional
del Grupo Éxito

We bring knowledge to our employees

We consolidate the training processes on corporate culture, knowledge of the organization and work performance through the courses offered by the Organizational Learning Unit



Employees received more than **2** million hours of virtual and in-person training.

➤ **27% more than in 2017**

More than **49,100** employees participated in training processes.

➤ **19% more than in 2017**

More than **82,000** employees attended training programs.

➤ **15% more than in 2017**



Cultura
Corporativa
Centro Formativo de UAO

More than **40,800** employees received training on strengthening and developing behaviors regarding corporate culture.

➤ **48% more than in 2017**



Conocimiento
de la Organización
Centro Formativo de UAO

More than **17,000** employees attended courses to learn about the Company's businesses and brands, strengthening their performances in their positions.

➤ **76% more than in 2017**



Desempeño
Organizacional
Centro Formativo de UAO

More than **40,500** employees attended training on basic and complementary skills for adapting to their positions.

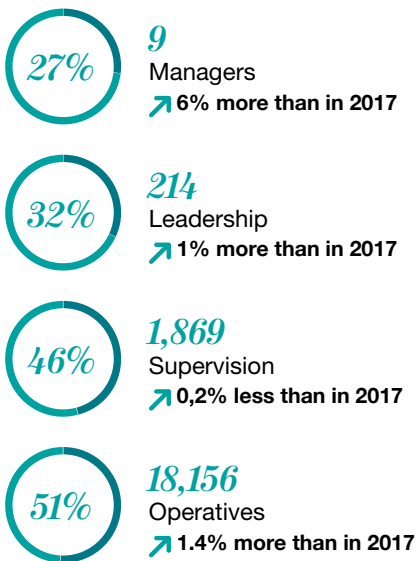
➤ **15% more than in 2017**



With our Equity and Inclusion Policy, we developed actions to encourage the consolidation of teams with diverse participation

We promote professional equity

Women's participation by position*



*Individual participation percentages over the total base employees per position

43.91% represents women that have leadership positions in the Company with all levels of hierarchy.

We are in the certification process

We started the certification process for Equal Employment Program, "Equipares" which allows us to identify and overcome gender gaps within companies.

The program is led by the Colombian Ministry of Labor, the Presidential Council for Equality of Women and the United Nations Development Program.

We launched the "Mujeres líderes de la operación" program where we trained **13** women who excel in their role, to empower their skills.



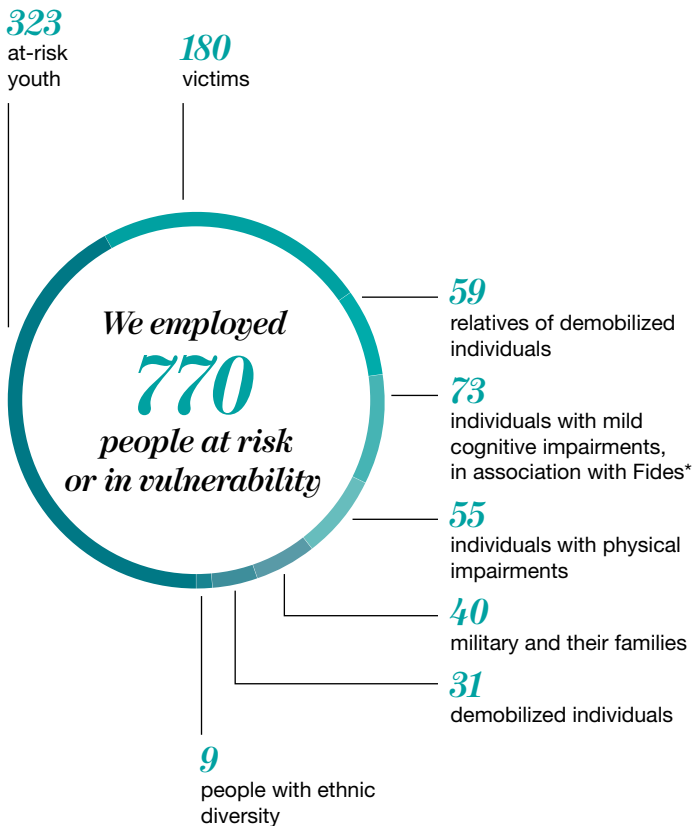
"Being part of Grupo Éxito has allowed me to advance in my professional career and grow in my personal life. I started working 17 years ago in stores as a cashier, I was promoted and now I have a managerial position. My work team recognizes me and I am happy to always find in the company open paths to grow professionally as a woman"

Sandra Orrego Correa,
Corporate planning and merchandise manager

More than **10,300** young people under 30 years of age were hired, surpassing the goal of generating **1,000** jobs for young people in the framework of the "Agreement for Youth Employability of the Pacific Alliance."

We facilitate labor inclusion

More than **2,000** people have joined the Assistance to the Vulnerable Population Program since its creation in 2006 and have enjoyed opportunities to integrate into work and social life



* Fundación para la Investigación y el Desarrollo de la Educación Especial

We encourage social dialogue

We have **4** Collective Agreements in effect until 2019 and a Collective Employment Agreement for the Food industry, which govern employees' labor conditions.

13.97% of the Company's total employees for the FY 2018 belong to a union or are involved in a collective agreement

We protect the health and integrity of our employees

11% decreased the rate of occupational accidents.

Zero fatalities

Occupational Illness Frequency Rate (OIFR) – Employees

We continue monitoring the Occupational Illness Frequency Rate (OIFR):

2016: **0.54** 2017: **0.61** 2018: **0.64**

*The number of occupational illness or diseases cases for the reporting year per million hours worked, calculated using the following equation: (Number of events in the accounting period) / (Total hours worked in accounting period) x 1'000'000.

In 2018, we achieved:

- › To continue as the largest private employer in the country, with more than 40,000 employees
- › To invest more than COP 86,000 million in benefits for employees and their families
- › To expand 6% female participation in management positions and maintain gender equity throughout the company
- › To start the process of certification in gender equity "Equipares"

In 2019, our challenges are:

- › Adapt the company's culture to the challenges of digital transformation
- › Consolidate ourselves as an inclusive and diverse employer brand
- › Obtain the "Equipares" seal in the silver category as a result of our commitment to gender equity
- › Structure and implement an ecosystem of business initiatives that generate entrepreneurship among employees

With the timely payment of taxes and obligations, we are one of the companies that contribute the most to the development of the regions

*We pay more than
COP 360,000
million in taxes and obligations*

Compliance with Tax Obligation

(Figures in millions of pesos)

Type of tax	2018
Industry and Commerce	\$92,007
Property tax	\$21,084
Income	\$55,709
On Equity	\$0
Vehicles	\$20
VAT	\$175,328
Consumption	\$20,439
Total	\$364,588

*More than **COP 1,500** million were donated to institutions to contribute to social projects, environmental protection and knowledge management*

Business name	Accounting value
Fundación Éxito	\$1,100,000,000
Fundación Proantioquia	\$226,600,000
Corporación MásBosques	\$115,000,000
Corporación Unidad del Conocimiento	\$76,520,188
Corporación Excelencia en la Justicia	\$15,780,000
Total	\$1,533,900,188

Municipal Tax Payment Details (Industry and Commerce, Real Estate)

(Figures in millions of pesos)

Municipality	2018
Apartadó	\$278
Armenia	\$577
Barrancabermeja	\$365
Barranquilla	\$5,172
Bello	\$2,293
Bogotá	\$40,829
Bucaramanga	\$2,618
Buenaventura	\$485
Cali	\$7,067
Cartagena	\$3,647
Cartago	\$229
Caucasia	\$556
Chía	\$745
Cúcuta	\$1,827
Dosquebradas	\$185
Envigado	\$7,434
Facatativá	\$256
Florencia	\$434
Floridablanca	\$474
Funza	\$1,023
Fusagasugá	\$467
Girardot	\$333
Ibagué	\$896
Ipiales	\$373
Itagüí	\$355
Jamundí	\$290
La Ceja	\$186
La Tebaida	\$163
Magangué	\$224
Manizales	\$883
Medellín	\$10,681
Montería	\$1,083
Mosquera	\$193
Neiva	\$1,034
Palmira	\$358
Pasto	\$910
Pereira	\$2,835
Piedecuesta	\$184
Popayán	\$753
Ricaurte	\$150
Riohacha	\$363
Rionegro	\$948
Sabanalarga	\$171
Sabaneta	\$709
Santa Marta	\$1,489
Sincalejo	\$1,143
Soacha	\$368
Sogamoso	\$188
Soledad	\$732
Tuluá	\$195
Tunja	\$519
Turbo	\$157
Valledupar	\$1,108
Villavicencio	\$1,275
Yopal	\$266
Yumbo	\$251
Zipaquirá	\$392
Other minor municipalities	\$3,973
Total	\$ 113,092



*Sustainability
in Brazil, Uruguay
and Argentina*

Our teams in South American countries in which we are present carry out initiatives in favor to sustainability. These are some of the results that are framed in five focuses of work:



Supportive and Responsible Player

- › Mobilization of clients, employees and suppliers to promote solidarity actions in the communities
- › Supporting more than **1,700** people who are in the process of entrepreneurship to develop their businesses



Trusted Partner

- › Evaluation of textile suppliers, private label and presence in critical countries to verify that they meet criteria of respect for human rights and protect the environment
- › Reduction of deforestation through beef traceability tracking
- › Offer of cage-free chicken eggs



Reducing our Environmental Impact

- › Environmental Protection: **11%** reduction in the use of plastic bags
- › Reduction of greenhouse gas emissions by **12%**



Responsible Retailer

- › Recovery of **5** tons of reusable material thanks to our customer's final disposal



Responsible and Inclusive Employer

- › Expansion of female participation in leadership positions with **500** women
- › Generation of opportunities for more than **3,700** employees with disabilities



- › Carrying out campaigns to contribute to the education of vulnerable children and young people served by specialized organizations and hospitals
- › Investment in the development of childhood with own donations and contributions from customers. More than **1** million Argentine pesos donated to **11** institutions
- › Generation of more than **500,000** liters of safe water thanks to the installation of five water filters in rural schools to benefit **137** children
- › Recovery of **55** tons of food equivalent to **146,154** food rations delivered to the Red Banco de Alimentos (Food Bank Network) and the different Banks where Libertad has a commercial presence
- › Contribution to organizations such as Repapel and the Cine Camina festival
- › Recovery and adequate disposal of **4,518** tons of waste and **2,910** liters of vegetable oils from internal and post-consumer operation of customers
- › Generation of **4%** of the energy used by Libertad through renewable energies
- › Promotion of the use of reusable packages and reduction of plastic bags. More than **1.2** million reusable packages purchased by customers
- › Promotion of healthy lifestyle habits through cooking workshops, talks with nutritionists and supporting campaigns to prevent heart disease and cancer
- › Citizenship Award for Excellence, granted by the Latin American Development Center (Celade), for its Healthy Living program
- › Promotion of gender equity to seek equal opportunities **52%** of the structure is made up of men and **48%** women
- › Training for **2,400** employees who participated in more than **40,000** hours of training in different thematic areas
- › Education and employment for **449** young people with disabilities
- › Training for **42** employees in the “Programa Graduarse” (Achieving Graduation), which aims for employees to complete their secondary studies
- › Creation of volunteer spaces to support women head of household and children



Innovation as a lever of differentiation



Carulla FreshMarket

Carulla FreshMarket, rich, healthy and sustainable concept



Éxito wow

The best of the physical and virtual worlds



Viva Envigado

A new generation of shopping centers



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