



Corporate Governance Report 2019



Corporate Governance Report

Introduction

As a result of Grupo Éxito's ongoing commitment to adopt the best practices in corporate governance, management implemented some strategies in 2019 to strengthen its focus on building valuable relationships between the company and its stakeholders. These include:

- ✓ Constantly reviewing, modifying and updating corporate governance codes, policies and procedures in accordance with the highest market standards.
- ✓ Rigorously communicating the company's relevant information, in strict compliance with the principle of transparency and the obligation to disclose information governing company actions.
- ✓ Publishing the company's corporate governance information on the company's website in order to provide the market with enough accurate and clear information in a timely fashion.
- ✓ Adopting some of the practices suggested by the Dow Jones Sustainability Index in order to align our actions with the highest international standards in risk management, materiality analysis and fiscal strategy.
- ✓ Developing a plan for the transparent disclosure of corporate governance information, whose ultimate goal is to train employees and fortify the culture of ethics and good governance within the company.
- ✓ Strengthening corporate governance throughout Grupo Éxito through the implementation of better corporate practices in the national subsidiaries and an individual Corporate Governance Code in each of them approved by their respective boards of directors.

In order to identify behaviors that contribute to valuable relationships with stakeholders, management has studied national and international guidelines as well as analyzing the practices adopted by comparable international companies and fellow members of the Colombian stock exchange. The most important of these guidelines were:

- ✓ The UN Global Compact
- ✓ The directives of the Organization for Economic Co-operation and Development (OECD)
- ✓ The evaluated standards of the Dow Jones Sustainability Index
- ✓ The International Financial Reporting Standard (IFRS)
- ✓ The French anti-corruption law (SAPIN II)
- ✓ The Colombian bribery law (Law 1778 of 2016)
- ✓ External Circular 028 released by the Financial Superintendence of Colombia in 2014 (known as the Country Code Measures)
- ✓ The analysis prepared by the CESA Business School in Partnership with the Colombian Securities Exchange

Grupo Éxito achieved great results from the implementation of the aforementioned strategies, including:

- ✓ Earning a top-10 ranking in the food category globally and recognition as the only retail company in Latin America with high sustainability standards, according to the Emerging Markets Dow Jones Sustainability Index.
- ✓ Achieving a significant increase in the overall Dow Jones Sustainability Index score. In 2019, the company saw a 23-point increase in its total score compared to 2017, and a 3-point increase compared to 2018. In the corporate governance dimension, Grupo Éxito recorded a 12-point increase over the previous year, ranking above the 48-point average. This serves as proof of the company's successful implementation of good corporate governance practices. Likewise, the company earned 93 points in the Risk and Crisis Management dimension, positioning itself as the best in the industry in that respect.
- ✓ Grupo Éxito received the *Emisores-IR* recognition from the Colombian Stock Exchange for the seventh consecutive year. The honor is bestowed for the voluntary adoption of best practices in terms of information disclosure and investor relations.

The Audit and Risks Committee evaluated the tender made by Casino, Guichard-Perrachon S.A. for the acquisition of the indirect participation of the company in Companhia Brasileira de Distribuição (GPA) through the French company Segisor S.A.S. This was a material and non-recurring transaction between related parties in accordance with the Transactions between related parties Policy contained in chapter seven of the Corporate Governance Code. Although this evaluation process is further described in this report's chapter seven on related party transactions, it's noteworthy that it met the highest corporate governance standards by ensuring strict compliance at all stages of the process with the company's related party transaction regulations and for the disclosure of enough accurate and clear information in a

timely fashion. The overall purpose was to guarantee the protection of the company's interests, its shareholders and other stakeholders.

In accordance with the mechanisms for evaluating the performance of the Board of Directors provided for in article 14 of the rules and regulations of that corporate body, the Board and its committees conducted an internal evaluation during the last quarter of 2019. That evaluation confirmed that the Board is mature and advanced, with a diverse, balanced and complementary composition that allows it to contribute to the growth of the company in a comprehensive manner. Even though the Board demonstrated a high level of excellence, the evaluation did reveal opportunities for improvement in time management so as to keep the organization moving forward in a positive manner.

As part of the compliance risk management, Grupo Éxito continued advancing its programs for the prevention and control of money laundering and financing of terrorism, fraud prevention, bribery and corruption and the implementation of the accountability principle in matters of personal data protection. **The company advanced on the maturity of said programs, the effort has the backing of management at the highest levels of the organization and has strengthened the risk-based approach and made progress in the formalization of policies and procedures aimed at defining guidelines and controls in relation to specific risk areas.** As a result, the company has fortified its culture of transparency transversally in each of its activities.

Finally, it's worth emphasizing that the company strove for the continuous improvement and expansion of its Comprehensive Risk Management System in 2019, fully supporting the risk managers who impacted the company's processes throughout the organization. The notable commitment of senior management allowed progress to be made in the fulfillment of the different strategies defined for risk management. The company also incorporated an environment analysis on the threats and opportunities of the sector into the company's strategic definition, broadening the risk categories at a strategic level.

Company Ownership Structure

Capital and ownership structure

Grupo Éxito recognizes and guarantees the same rights and privileges to all shareholders: That the owner of each share listed in the share ledger shall have the right to vote at the General Shareholders Meeting. The shareholder or his her proxy will have no restriction in terms of the number of votes that can make, but must still comply with the restrictions established by law to vote on certain decisions, such as the case when the law or the Use of Privileged Information Policy of the Corporate Governance Code prohibits company administrators and employees from voting.

Grupo Éxito 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.

As revealed to shareholders and the market since mid-2019, the simplification of the corporate structure of Casino, Guichard-Perrachon S.A. in Latin America, included the following:

- a. A tender offer of shares in cash presented by Companhia Brasileira de Distribuição (GPA), for up to 100% of the company's shares, in which Casino would contribute the totality of its participation in Éxito (55.3% of the total share capital).
- b. The acquisition by Casino, Guichard-Perrachon S.A. of the company's indirect stake in Companhia Brasileira de Distribuição (GPA) through the French company Segisor S.A.S. This was an essential step in triggering the presentation of the tender offer of shares by Companhia Brasileira de Distribuição (GPA).
- c. The migration of Companhia Brasileira de Distribuição (GPA) shares to the Novo Mercado segment, with the conversion of preferred shares (PN) to ordinary shares (ON) at a conversion ratio of 1:1.

According to the information provided to the shareholders and the market, the subsidiary of Companhia Brasileira de Distribuição (GPA), Sendas Distribuidora S.A. (Sendas), presented a request for authorization to file a tender offer for up to all the shares of the company to the Financial Superintendence of Colombia on Sept. 13, 2019. After obtaining the aforementioned authorization, Sendas published three notices of tender offer in the *La República* newspaper on Oct. 19, 22 and 24 of last year in compliance with applicable Colombian regulations in force. That notice was also communicated through the relevant information channels provided by the

Financial Superintendence of Colombia. Then in November, the market was informed of the results of that tender offer, a process leading to changes in the stockholder composition of the company and posted as relevant information on the corporate website.

As a result of the tender offer for the company's shares, the number of shareholders was 4,827 as of Dec. 31 2019, of which 93.99% corresponded to individuals with a shareholding of 0.43% and 6.01% to legal entities with a shareholding equivalent to 99.57% of the share capital.

Major direct and indirect shareholders

The company is controlled by Sendas Distribuidora S.A. (Sendas), which on Dec. 31, 2019 directly held 432,256,668 shares, which were equivalent to 96.57% of the share capital.

Sendas Distribuidora S.A. (Sendas) is a corporation established in the city of Rio de Janeiro, Brazil, on Dec. 18, 2003 under the name of Companhia de Distribucao Alves Furtado. The purpose of the corporation is to market manufactured, semi-manufactured or natural products, whether domestic or foreign, of any kind, species, nature or quality as permitted by applicable law in Brazil. In 2010, Companhia Brasileira de Distribuicao (GPA) became the sole shareholder of Sendas, with a total of common shares equivalent to 100%.

In addition, Casino, Guichard-Perrachon S.A. owns 41.25% of the shares of Companhia Brasileira de Distribuicao (GPA).

Of the remaining shareholders, which are equivalent to 3.43% of the share capital, none holds a stake equal to or greater than 2% thereof.

Shares and securities and the right to negotiate and vote on the same held directly or indirectly by board members, senior management and other administrators

As of Dec. 31, 2019, Luis Fernando Alarcón Mantilla held 10,000 common shares and Daniel Cortés McAllister held 5,500 common shares. The acquisition of these shares was duly authorized and disclosed in 2016, and they have not performed any transactions requiring disclosure.

During the period of the tender offer for the company's shares, a member of senior management negotiated shares. Therefore, as of Dec. 31, 2019, four members of

senior management (levels 1, 2 and 3 of the company's organizational structure) held 1,791 shares.

Currently, Grupo Éxito 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

The Brazilian company Sendas Distribuidora S.A. is a wholly-owned subsidiary of Companhia Brasileira de Distribuição (GPA), which acquired 96.57% of the company's shares for a value of COP18,000 per share by virtue of the tender offer registered and authorized by the Financial Superintendence of Colombia.

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 2019, 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 Board of Directors of Grupo Éxito is composed of nine members elected by the General Shareholders Meeting.

Below is the Board of Directors elected by the General Shareholders Meeting on Jan. 23, 2020 for the period 2020 - 2022.



From left to right: Philippe Alarcón, Ana María Ibáñez Londoño, Peter Paul Estermann, Ronaldo Iabrudi dos Santos Pereira, Felipe Ayerbe Muñoz, Rafael Russowsky, Luis Fernando Alarcón Mantilla, Christophe Hidalgo and Bernard Petit.



To find out the profile of each of its members, we invite you to scan the following QR code:

The Board of Directors elected by the General Shareholders Meeting on March 27, 2019 for the period 2019 to Jan. 23, 2020, is listed below:



From left to right: Hervé Daudin, Daniel Cortés, Jean Paul Mochet, Ana María Ibáñez, Luis Fernando Alarcón, Josseline de Clausade, Philippe Alarcon, Felipe Ayerbe and Bernard Petit.

Independent members

1. Luis Fernando Alarcón Mantilla



Born in Bucaramanga, Colombia, he has been a member and chairman of the Board of Directors since June 11, 2015 and was re-elected on Jan. 23, 2020.

To view his resume, please scan the following QR code:

2. Felipe Ayerbe Muñoz



Born in Popayán, Colombia, he has been a member of the Board of Directors since Oct. 11, 2010 and was re-elected on Jan. 23, 2020.

To view his resume, please scan the following QR code:

3. Ana María Ibáñez Londoño



Born in Bogotá, Colombia, she has been a member of the Board of Directors since March 20, 2014 and was re-elected on Jan. 23, 2020.

To view her resume, please scan the following QR code:

4. Daniel Cortés McAllister



Born in Bogotá, Colombia, he was a member of the Board of Directors from March 30, 2016 to Jan. 23, 2020.

To view his resume, please scan the following QR code:

Updated resume as of 2019

Non-Independent members

1. Hervé Daudin



Born in Rueil-Malmaison, France, he was a member of the Board of Directors from March 30, 2016 to Jan. 23, 2020.

Updated resume as of 2019

To view his resume,
please scan the following

QR code:

2. Jean Paul Mochet



Born in Paris, France, he was a member of the Board of Directors from March 23, 2018 to Jan. 23, 2020.

Updated resume as of 2019

To view his resume, please scan the following
QR code:

3. Philippe Alarcon



Born in Saint-Etienne, France, he has been a member of the Board of Directors since March 16, 2012 and was re-elected on Jan. 23, 2020.

To view his resume, please scan the following QR code:

4. Bernard Petit



Born in Craponne-Sur-Arzon, France, he has been a member of the Board of Directors since March 20, 2014 and was re-elected on Jan. 23, 2020.

To view his resume, please scan the following QR code:

5. Josseline de Clausade



Born in Suresnes, France, she was a member of the Board of Directors from March 27, 2019 to Jan. 23, 2020.

Updated resume as of 2019

To view her resume, please scan the following QR code:

Board members who belong to the boards of directors of subsidiary companies or hold executive positions in the same

Bernard Petit is a board member of the subsidiaries Grupo Disco de Uruguay S.A. and Libertad S.A.

Policies approved by the Board of Directors during the 2019 reporting period

The Board of Directors approved the following changes to existing policies in 2019:

(i) Transactions between related parties Policy¹:

- ✓ An addition within the regulations that govern the policy on transparency principles and the use of synergies, in accordance with the recommendations contained in the national and international references for the process of structuring the policy and internal procedures.
- ✓ The determination that capitalization or dividend transactions should not comply with the provisions of the policy or internal procedure as they are transactions that are part of the dynamics of any company.
- ✓ Prohibiting the use of internal market prices involving a transaction between related parties and a majority shareholder or its subsidiaries.
- ✓ Establishing a follow-up monitoring activity in which those responsible for the respective transaction must deliver a periodic report on the evolution thereof to the Legal Department; this ensures that the company will periodically monitor compliance with the Transactions between related parties Policy.

¹ Approved by the Board of Directors at its meeting on Jan. 19, 2016 and amended on Jan. 23, 2019.

(ii) Senior Management Remuneration Policy:

The funds for long-term variable remuneration will be invested in an institutional fund composed of company shares.

Procedure for the election of candidates to the Board of Directors

The procedure for the election of candidates to the Board of Directors regulates, among other issues:

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

This procedure, along with examples of a resume and acceptance letter, can be found on the corporate website at www.grupoexitocom.co

The procedure was improved in May of 2018 regarding diversity, terms for the nomination of candidates lists and terms for posting the result evaluations.

Board of Directors Remuneration Policy

The Board of Directors Remuneration Policy, approved by the General Shareholders Meeting 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 established by the General Shareholders Meeting at the session for election of its members. Said remuneration must meet certain principles and criteria.

For more information on this policy, please refer to the Corporate Governance Code available on the corporate website at www.grupoexitocom.co

Remuneration of the Board of Directors and senior management

On March 27, 2019, the General Shareholders Meeting approved maintaining the Board of Directors' fee allocation approved by the General Shareholders Meeting on March 23, 2018, as long as such allocation complies with the principles set forth in the Board of Directors' Remuneration Policy and maintains competitiveness. Therefore, the remuneration for the period 2019 - 2021 was approved as follows:

- ✓ For the Chairman of the Board of Directors, an allocation of eleven million five hundred and fifty thousand Colombian pesos (COP11,550,000) will be paid for the preparation and attendance of each meeting of the Board of Directors.
- ✓ For Board members other than the chairman, a fee of COP7,700,000 was approved for preparing for and attending each Board meeting.
- ✓ For the committee chairmen, a fee of COP7,700,000 was approved for preparing for and attending each meeting of the respective committees.
- ✓ For committee members other than the chair of each committee, a fee of COP3,850,000 for preparing and attending each meeting of the respective committees.

Based on the above, the company paid the members of the Board of Directors for their attendance to the meetings of said body and its committees, the sum of one thousand four hundred and sixty-five million pesos (COP1,465,000,000) during 2019.

The Senior Management Remuneration and Assessment Policy, approved by the Board of Directors in Sept. 2016, establishes the mandatory criteria and guidelines for setting the remuneration and other economic benefits granted to members of senior management, such as the CEO, the chief operating officer, vice-presidents, the general secretary and director of internal auditing.

The value of senior management remuneration is disclosed in Note 37.2 of the company's financial statements and can be reviewed on the corporate website at www.grupoexito.com.co

Support committees to the Board of Directors

The Board of Directors has five support committees, which are made up of at least three members of the Board of Directors, who may be independent or non-independent members. These committees support the Board of Directors in its management and provide consultative or decision-making functions.

Board and committee meetings attendance

Board of Directors Meetings²

² Includes in-person and remote attendance.

Member	Sessions attended	(%)
Luis Fernando Alarcón Mantilla (chairman)	14/15	93%
Felipe Ayerbe Muñoz	15/15	100%
Ana María Ibáñez Londoño	14/15	93%
Daniel Cortés McAllister	15/15	100%
Hervé Daudin	14/15	93%
Jean Paul Mochet	9/15	60%
Philippe Alarcon	15/15	100%
Bernard Petit	15/15	100%
Josseline de Clausade ³	12/12	100%

³ Mrs. Josseline de Clausade was appointed to the Board of Directors on March 27, 2019.

Meetings of the supporting committees of the Board of Directors⁴

Committee	Members	Sessions attended	(%)
Audit and Risks Committee	Luis Fernando Alarcón Mantilla (chairman)	17/18	94%
	Felipe Ayerbe Muñoz	18/18	100%
	Ana María Ibáñez Londoño	17/18	94%
	Daniel Cortés McAllister	18/18	100%
Financial Committee	Daniel Cortés McAllister (Chairman)	8/8	100%
	Felipe Ayerbe Muñoz	8/8	100%
	Bernard Petit	8/8	100%
	Philippe Alarcon	6/6	75%

⁴ Includes in-person and remote attendance.

Appointments, Remuneration and Corporate Governance Committee	Felipe Ayerbe Muñoz (Chairman)	8/8	100%
	Luis Fernando Alarcón Mantilla	7/8	88%
	Ana María Ibáñez Londoño	7/8	88%
	Daniel Cortés McAllister	8/8	100%
	Philippe Alarcon	8/8	100%
Sustainability Committee	Ana María Ibáñez Londoño (Chairwoman)	6/7	86%
	Felipe Ayerbe Muñoz	7/7	100%
	Jean Paul Mochet	3/7	43%
	Hervé Daudin	4/7	57%
	Josseline de Clausade ⁵	7/7	100%

⁵ Mrs. Josseline de Clausade attended the meetings of the Expansion Committee in January and February as an external advisor. Once she was appointed to the Committee on Jan. 27, 2019, she attended the other meetings as a member.

Expansion Committee	Luis Fernando Alarcón Mantilla (chairman)	6/7	86%
	Daniel Cortés McAllister	7/7	100%
	Bernard Petit	6/7	86%
	Philippe Alarcon	7/7	100%
	Tatyana Aristizábal Londoño (External Consultant)	6/7	86%

Quorum for Board and committee meetings

Board of Directors Meetings

#	Type of meeting	Date	Quorum	(%)
1	Ordinary	January 23	8/9	89%
2	Ordinary	February 28	7/9	78%
3	Extraordinary	March 15	9/9	100%
4	Ordinary	March 27	9/9	100%
5	Ordinary	May 22	8/9	89%
6	Ordinary	July 17	8/9	89%
7	Extraordinary	August 26	9/9	100%

8	Extraordinary	September 10	9/9	100%
9	Extraordinary	September 12	9/9	100%
10	Ordinary	September 18	9/9	100%
11	Extraordinary	October 11	9/9	100%
12	Extraordinary	October 24	9/9	100%
13	Ordinary	October 30	7/9	78%
14	Extraordinary	November 29	9/9	100%
15	Ordinary	December 18	8/9	89%
				Average 94%

Committees of the Board of Directors Meetings

a. Audit and Risks Committee

#	Type of meeting	Date	Quorum	(%)
1	Ordinary	January 22	4/4	100%
2	Ordinary	February 28	3/4	75%
3	Extraordinary	March 27	4/4	100%
4	Ordinary	May 14	4/4	100%
5	Extraordinary	July 8	4/4	100%
6	Ordinary	July 16	3/4	75%
7	Extraordinary	July 17	4/4	100%
8	Extraordinary	July 22	4/4	100%
9	Extraordinary	July 30	4/4	100%
10	Extraordinary	August 5	4/4	100%

11	Extraordinary	August 8	4/4	100%
12	Extraordinary	August 12	4/4	100%
13	Ordinary	August 13	4/4	100%
14	Extraordinary	August 26	4/4	100%
15	Ordinary	September 17	4/4	100%
16	Ordinary	October 29	4/4	100%
17	Ordinary	November 12	4/4	100%
18	Ordinary	December 17	4/4	100%
				Average 97%

b. Financial Committee

#	Type of meeting	Date	Quorum	(%)
1	Ordinary	January 23	3/4	75%
2	Ordinary	February 28	4/4	100%
3	Ordinary	May 22	4/4	100%
4	Ordinary	July 17	4/4	100%
5	Ordinary	September 18	4/4	100%
6	Extraordinary	October 9	4/4	100%
7	Ordinary	October 30	4/4	100%
8	Ordinary	December 18	4/4	100%
				Average 97%

**Philippe Alarcon was appointed as a member of the Financial Committee on March 23, 2019, replacing Guillaume Humbert.*

c. Appointments, Remuneration and Corporate Governance Committee

#	Type of meeting	Date	Quorum	(%)
1	Ordinary	January 23	5/6	83%
2	Ordinary	February 28	4/6	67%
3	Extraordinary	March 15	5/6	83%
4	Ordinary	May 22	6/6	100%
5	Ordinary	July 17	5/6	83%
6	Ordinary	September 18	5/6	83%
7	Ordinary	October 30	5/6	83%
8	Ordinary	December 18	5/6	83%
				Average 83%

d. Sustainability Committee

#	Type of meeting	Date	Quorum	(%)
1	Ordinary	January 23	4/5	80%
2	Ordinary	February 28	4/5	80%
3	Ordinary	May 22	4/5	80%
4	Ordinary	July 17	4/5	80%
5	Ordinary	September 18	5/5	100%
6	Ordinary	October 30	3/5	60%
7	Ordinary	December 18	3/5	60%
				Average 77%

**Josseline de Clausade attended the January and February meeting as an external advisor and was appointed as a member of the Committee, effective March 27, 2019.*

e. Expansion Committee

#	Type of meeting	Date	Quorum	(%)
1	Ordinary	January 23	4/4	100%
2	Ordinary	February 28	2/4	50%
3	Ordinary	May 22	4/4	100%
4	Ordinary	July 17	4/4	100%
5	Ordinary	September 18	4/4	100%
6	Ordinary	October 30	4/4	100%
7	Ordinary	December 18	4/4	100%
				Average 93%

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 the Board meetings and ensuring they are conducted in an orderly fashion, comply with the agenda and address all the issues proposed, the Board chairman also performs the functions stipulated for said position in Article 31 of the company bylaws, all of which can be reviewed by scanning the following QR code:

Board of Directors secretary

Claudia Echavarría Uribe has served as the secretary of the Company's Board of Directors since March 30, 2015, as well as simultaneously serving as secretary of the General Shareholders Meeting and manager of Corporate Affairs for the company. Then, on July 17, 2019, the Corporate Affairs Management division became the Vice Presidency of Corporate Affairs, and Mrs. Echavarría was appointed as VP from that moment on. While serving in this capacity, she has concentrated on the consolidation of good corporate governance practices and the adoption, implementation and compliance with corporate governance standards

contained in the new Code of Best Corporate Practices of the Superintendence of Finance of Colombia, among other issues.



She held the position of VP of Corporate Affairs and General Secretary until Dec. 8, 2019, when she resigned to assume new professional challenges as the legal VP and General Secretary of Grupo Bancolombia.

On Dec. 9, 2019, the Board of Directors appointed Claudia Campillo Velásquez to replace Claudia Echavarría, who had been leading the company's Legal Department since January 2017.



The functions of the general secretary are set out in Article 43 of the company bylaws, which can be reviewed by scanning the following QR code:

Relationships of the Board of Directors with the External 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 External Auditor was characterized by the active participation of the members of the Audit and Risks Committee following-up auditing processes on the quarterly and year-end financial statements conducted by the External Auditor. In the Audit and Risks Committee meetings, the External Auditor reported 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 company management.

The sale transaction to Casino, Guichard-Perrachon S.A. of the company's indirect stake in Companhia Brasileira de Distribuição (GPA) through the French company Segisor S.A.S, as it constitutes a material and non-recurring transaction between related parties in accordance with the provisions of the Transactions between related parties Policy contained in Chapter Seven of the Corporate Governance Code, it was subject to evaluation by the Audit and Risks Committee, and to validation in two instances, being authorized by the Board of Directors and approved by the General Shareholders Meeting.

For this purpose, the Committee hired the following independent advisors:

- ✓ As financial advisor INVERLINK, a leading firm with more than 30 years in investment banking in Colombia and the region and extensive experience in the

retail sector, having executed more than 160 transactions worth over USD 20 billion.

- ✓ As legal advisor Jorge Gabino Pinzón Sánchez, advisor and arbitrator in national and international courts, with extensive experience in the areas of corporate, financial and stock market law. Additionally, he has served as Superintendent of Corporations, Banking Superintendent, University Professor and Director of the Private Law Department of the Pontificia Universidad Javeriana.

In the selection process of the independent advisors, the Audit and Risks Committee considered as independence criteria, among others:

- ✓ The absence of alliances or joint ventures, directly or through national and international affiliates with Grupo Éxito, Casino or GPA.
- ✓ The absence of permanent mandates or services in relation to the company, Casino or GPA.
- ✓ The absence of any business or service relationship, either sporadic or permanent, between the advisor (directly or through international affiliates) and Casino or GPA.

In addition to the aforementioned independence criteria, the following were considered to be suitable criteria: relevant experience and technical capability, as well as the personal and professional reputation of the advisors.

The company hired independent financial and legal advisors in addition to the independent advisors appointed by the Audit and Risks Committee, from the following firms:

- ✓ As financial advisor Corredores Davivienda S.A., a prestigious brokerage and investment banking firm with extensive experience in mergers and corporate acquisitions and special stock market operations. In 2012, the firm received the 2011 *LatinFinance* Award for Best Specialized Investment Banker in Colombia.
- ✓ As legal advisor DLA Piper Martínez Beltrán, ranked as one of the leading firms in Colombia and part of the prestigious international network DLA Piper, with extensive experience representing domestic and foreign clients in corporate, financial and capital markets law, among others.

During the entire process of analysis, negotiation and development of the corporate procedure required for the sale of the participation Grupo Éxito indirectly held in Companhia Brasileira de Distribuição (GPA) through the French company Segisor S.A.S to Casino, Guichard-Perrachon S.A., authorized by the Board of Directors and approved by the General Shareholders Meeting, the company received

communications from some shareholders regarding the transaction and aforementioned corporate procedure. These communications were resolved in a clear, sufficient and timely manner by the company's Board of Directors and disclosed with their corresponding responses by the company CEO at the extraordinary meeting of the General Shareholders Meeting held on Sept. 12, 2019.

Management of Board of Directors Information

During 2019, the company complied with the terms 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 Board chairman.

After each meeting of the Board of Directors and its respective committees, the General Secretary and the secretaries of each body recorded the details discussed and ensured that they serve as the basis for the minutes of the respective meetings, or when applicable, as the minutes themselves.

Additionally, as the person responsible for disclosing relevant information to the market, the company's Chief Financial Officer was also in charge of disclosing the relevant decisions made by the Board of Directors in coordination with the Information Disclosure Committee.

Activities of the Board Committees

Audit and Risks Committee

The Audit and Risks Committee, composed of the four independent directors of the Board of Directors, carried out its support role in the surveillance and supervision of the accounting, information and financial reporting processes; risk management; the internal control system and its architecture; internal audit and tax review processes; and compliance with laws and internal regulations. It was also responsible for transactions between related parties and conflicts of interest within its core competences.

From the management carried out in 2019 by committee, focused primarily on:

- ✓ Analysis of the individual and consolidated financial statements, for the interim and year-end periods, prior to the transmission and disclosure of information to the markets.

- ✓ Follow-up on the Information Disclosure Policy, (financial, non-financial and relevant information), complying with the regulations established in the Corporate Governance Code and by the Financial Superintendence of Colombia and the Country Code.
- ✓ Review of strategic risks, as well as the 2019 strategic risk map that included the identification of a new risk related to personal data protection and compliance, which addressed aspects such as risk, scenario, impact, control measures and projects or strategies. It also covered the specific brand management project. Thus, the committee supervised and reported periodically to the Board of Directors on the effective application of the Risk Policy, in relation to the identification, management and communication of both financial and non-financial primary risks in order to guide corporate strategy and provide an overview of the group by business, subsidiaries and/or areas of activity.
- ✓ Review of the draft of the Lobbying Policy presented by senior management, which includes the recommendations and considerations of the Sapin II Act (France), OCED, AFA – the French Anti-Corruption Agency and Dow Jones - Sustainability Indexes.
- ✓ Reviewed and approved the scope, resources and annual plan of the internal auditor; followed up on its performance, independence, indicators and results of the evaluations of the areas reviewed; and analyzed the level of implementation of the main action plans in coordination with senior management to improve the Group's Internal Control System. The follow-up included the relevant recommendations and/or the results of the audits carried out in the domestic and foreign subsidiaries. In addition, it detailed the new internal audit transformation strategy, focused on providing a superior service and adding value to stakeholders by strengthening governance, risk and control processes in accordance with international standards and the company's strategy.
- ✓ Monitored the scope, plan, results, and independence of service provided by the External Auditor and reviewed the opinion issued on the individual and consolidated financial statements.
- ✓ Knowledge and approval of transactions between related parties presented by senior management; in addition, it issued recommendations on the transactions, including analysis of their materiality, protection of the interests of the parties, generation of value, equal treatment among shareholders and support of market conditions.
- ✓ Knowledge of and recommendations about effective management regarding conflicts of interest in the Board of Directors and senior management (levels 1 and 2) and issued recommendations on how to deal with them.

- ✓ Ensured the implementation of internal control recommendations issued by various internal and external supervisory and control bodies regarding the disclosure of financial, non-financial and relevant information.
- ✓ Supervised the efficiency and proper functioning of regulatory compliance, including Transparency and Personal Data Protection programs and the System for the Prevention of Money Laundering and Terrorist financing. Prior to approval by the Board of Directors, a review was conducted of both the management reports of the compliance officer and the statistics of internal reports on unusual operations, along with the external reports to the Financial Information and Analysis Unit (UIAF, for its acronym in Spanish).

The Committee, made up exclusively of independent directors, evaluated the offers presented by Casino, Guichard-Perrachon S.A. (“Casino”) for the purchase of the company’s stock in Companhia Brasileira de Distribuição (GPA) through Segisor S.A.S. (“The Transaction”). The Committee analyzed the aforementioned evaluation as it was considered a materially and non-recurring transaction between related parties, according to the terms of the company’s Transaction between related parties Policy embedded in Chapter Seven of the Corporate Governance Code.

During the evaluation process, the Committee had the support of its independent advisors, Inverlink S.A. as the financial advisor and Jorge Pinzón as legal advisor. Grupo Éxito’s senior management and its transaction advisors Davivienda Corredores S.A. and DLA Piper Martínez Beltrán aided the Committee in its analysis and helped examine the following:

- ✓ The classification of the transaction.
- ✓ The price and its coincidence with market conditions.
- ✓ The advisability of the transaction as it complied with the following principles:
 - Satisfying the company's interest and not causing it any harm.
 - Seeking to offer a better service, price or conditions for the company's customers.
 - The generation of value for the organization.
 - 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.
 - Transparency.
 - Promoting the use of synergies.
 - Disclosure of transaction information.

The Committee's rigorous analysis was characterized by meeting high standards of corporate governance, ensuring the protection of the interests of the company and its stakeholders in all instances of the process by ensuring the transaction complied with the guiding principles and criteria of the Transactions Between Related Parties Policy, the current regulations and the company's corporate governance regulations. The detailed information on the Committee's evaluation can be found in the relevant information statement published by the company on Aug. 26 and presented during the extraordinary meeting of the General Shareholders Meeting held on Sept. 12. Both documents are available on the corporate website.



You can scan the following QR code to review the Transactions Between related parties Policy:

The Committee also promoted the disclosure of sufficient and accurate information on the transaction to the market on a timely basis through the relevant information channels provided by the Colombian Superintendence of Finance and other mechanisms available to the company. Its members also urged management to implement the necessary measures to ensure equal treatment of all shareholders.

Finally, the Committee issued a positive evaluation of the transaction on Aug. 26, affirming that it complied with the standards established in the Company's Transactions Between related parties Policy, along with corporate documents and the laws then in effect.

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

The Audit and Risks Committee composed exclusively of independent members focused on:

- Carrying out an adequate review of the transactions between related parties, guaranteeing compliance with the policy and procedures defined, primarily through the evaluation of the company's sale to Casino, Guichard-Perrachon S.A. of its participation in Companhia Brasileira de Distribuição through Segisor S.A.S. (The "Transaction").
- The review and follow up on potential conflicts of interest of the Board of Directors and senior management (levels 1 and 2).

- Ensuring compliance with the company's risk management process and the implementation of the internal control recommendations issued by different internal and external supervision and control bodies.
- Following up on the performance, results and transformation strategies of Internal Auditing and the information reported by the External Auditor.

Appointments, Remuneration and Corporate Governance Committee

The Committee monitored the policies and main indicators related to the company's human resources issues, including labor expenses, employee turnover and short-term and long-term compensation formulas. As far as the short-term compensation formula, the committee worked in tandem with upper management to create and disseminate the new regulations applicable to stores and distribution centers and also monitored the results.

In addition, the Committee presented the salary increase for 2019 applicable to the rank-and-file employees to the Board of Directors, which was the result of negotiations between Grupo Éxito and the trade unions. The results of these discussions produced the proposed salary increase for the rest of the personnel and the collective bargaining agreements, which included the elimination of the bonus payment of the old-age pension and the regulation of inter-administrative loans and credits.

The Committee also carried out a talent planning exercise for senior management during 2019 and was responsible for analyzing the result of labor relations, draft labor laws and the evaluation of the labor climate and organizational leadership.

Among other actions, the Committee assisted the Board of Directors in the senior management succession process, which stood out for its recognition of the company's internal talent and the integrity and knowledge of its employees. The most outstanding appointments the Board made in 2019 were those corresponding to the VPs of both Retail Operations and Corporate Affairs and the General Secretary.

Finally, the Committee evaluated and approved the implementation of new practices in corporate governance last year in order to give continuity to the ongoing plan for improvement of standards in this area and to contribute to the company's mission of building valuable relationships with its stakeholders.

The company made several important advances through the implementation and consolidation of good practices in corporate governance promoted by the Committee, including:

- ✓ Earning the honor of being the only retail company in Latin America recognized for its sustainability standards, according to the Dow Jones Sustainability Index for Emerging Markets.
- ✓ Increasing the overall Dow Jones Sustainability Index score 23 points compared to 2017 and 3 points compared to 2018.
- ✓ Receiving the *Emisores-IR* recognition granted by the Colombian Stock Exchange for the seventh year in a row for the company's voluntary adoption of best practices in terms of information disclosure and investor relations.

Financial Committee

During 2019 the Financial Committee rigorously monitored the macroeconomic and market indicators and the cash levels of the organization in order to ensure proper management of the company's resources and thereby comply with investment policies.

At the same time, the Financial Committee worked to review and monitor the company's debt position and supported the Board of Directors in structuring strategies and proposals for contracts, debt reprofiling and/or extensions of credit lines, which enabled the optimization of financial expenses and improvement of the company's financial indicators.

This Committee also provided regular guidance for obligations derived from loan contracts and/or covenants, especially the debt ratio (net financial debt / adjusted EBITDA). Additionally, the Committee monitored the financial and operational performance of Tuya S.A. and followed up on the company's proposed initiatives to facilitate factoring for suppliers.

Finally, the Committee worked collaboratively with the Board of Directors on the financial matters related to the sale of the company's indirect stake in Companhia Brasileira de Distribuição (GPA) through the French company Segisor S.A.S. to Casino, Guichard-Perrachon S.A. The committee actively participated in the process of FX coverage and monetization of resources.

Expansion Committee

During 2019, the Expansion Committee actively participated in the definition and follow-up of the strategy outlined for the expansion of the company's real estate and retail businesses. This involved the close monitoring of the Capex (capital investments) execution in order to ensure solid and profitable growth of the Viva

brand and the retail platform in the region. In line with the group's pillars of differentiation and innovation, the committee proposed key initiatives for the expansion strategy on the following major areas:

- ✓ Rethinking the retail expansion strategy as a result of the successful positioning of the Éxito wow and Carulla FreshMarket formats.
- ✓ Strengthening the differential expansion strategy of the retail platform through 30 new projects generating 4,194 square meters of new retail space under innovative standards adapted to each format.
- ✓ Verifying the success of the first year of operation of the Viva Envigado and Viva Tunja shopping centers, whose joint generation of COP53,791 million in EBITDA and COP10,887 million to-date and traffic figures of 28.4 and 3.5 million visitors, respectively, has exceeded the projected results for those assets.
- ✓ Maximizing the value of retail assets through the reconfiguration of spaces that will enable the diversification of services through projects such as Smartfit Sincelejo and Decathlon La Flora, which represent 4,272 square meters of leasable area.
- ✓ Implementing a project to transform and sell the Montevideo Industrial Park for a value of COP160,000 million as a divestment operation and leverage action for Capex to ensure continuity in the Group's expansion.
- ✓ Closely monitoring the management of the Group's shopping malls. The company was recognized by the International Council of Shopping Centers (ICSC), a conglomeration of the largest operators, developers and managers of shopping plazas in the Latin American chapter. The ICSC honored the Viva brand with five awards during its last annual meeting held in Lima.
- ✓ Consolidating Viva Malls as the most trustworthy and dependable developer and operator of commercial real estate assets under the Viva brand. Viva Malls ended 2019 with 567,067 square meters of gross leasable area and a market value of nearly COP2.5 billion, including the assets that are part of the Sincelejo, Villavicencio, San Pedro and Fontibón incremental portfolio.

Sustainability Committee

During 2019, the Sustainability Committee focused on monitoring the company's sustainability strategy, as well as the projects that support the strategy and the results of the indicators.

The Committee took the following outstanding steps during this period:

- ✓ Overseeing the corporate policy on packaging and monitoring the actions and projects based on circular economy and eco-efficiency principles.
- ✓ Following up on the corporate Mega strategy on sustainability, whose ultimate goal is to eradicate chronic malnutrition in Colombia by 2030.
- ✓ Monitoring the local and direct sourcing programs and encouraging collaboration with marginal populations through joint efforts with government agencies and civil society organizations that promote new inclusive business models.
- ✓ Creating the new sustainability strategy challenge: *Somos Íntegros* (We are Integral), which promotes integrated management in the areas of corporate governance, ethics and transparency, human rights, communication and reputation, whose goal is to promote the adoption of best practices in corporate governance and guarantee their internal appropriation. The challenge also encourages the highest ethical standards in decision-making and process execution based on a risk management foundation of never-ending analysis of the business and its environment.
- ✓ Approving the Human Rights Policy, which made it possible to establish, promote and communicate the company's commitment to respecting and guaranteeing human rights in every area.
- ✓ Following up on the new audit model, which incorporates quality and safety audits with social audits in a single visit, promoting both cost and labor savings for the auditor.
- ✓ Approving the results of the annual carbon footprint analysis, conducting the follow-up and then updating the information to the corporate environmental MEGA on emissions reduction.

Board of Directors and senior management assessment

Pursuant to the Corporate Governance Code, Grupo Éxito conducts an annual assessment to evaluate:

- ✓ 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

The company established a mixed contribution and performance evaluation system for this assessment, which involves alternating internal and external evaluations each year.

This year an internal evaluation process was carried out under the 360° system consisting of:

- ✓ A self-evaluation for managers
- ✓ An individual management evaluation and an overall evaluation by the Board Chairman
- ✓ A peer review

This assessment system covered four categories: role and responsibilities, participation, strategic support and open questions.

The end result of this assessment strengthened and provided more improvement opportunities for both the Board of Directors as a collegial body and the support committees, as well as confirming applicable action plans for the next period. The company's Board of Directors denotes great solidarity as a collective whole of equals, drawing its main strength from its individual member's diversity of experience and expertise, along with the technical and multidisciplinary knowledge they bring to the table. These varied talents enable them to address the issues submitted for their consideration with a high level of depth in a respectful environment of deliberation. The opportunities for improvement of the Board and its committees can be grouped into three categories: better time management, effectiveness in the meetings and greater participation of some of its members.

The Board of Directors draws its primary strength from:

- ✓ Its balanced and diverse composition in terms of professions, nationalities, experience and member gender
- ✓ A respectful environment of deliberation among its members
- ✓ A good relationship between the Board and management

- ✓ Trust in senior management
- ✓ Good interpersonal relationships

In turn, the committees have demonstrated the following strengths:

- ✓ Ability to address issues in greater depth and detail
- ✓ Good dialogue with those responsible for the areas
- ✓ Adequate formation in terms of the competitive advantage of the individual members in each topic and his or her interests
- ✓ Detailed coverage of the topics, which allows for in-depth deliberation and discussion
- ✓ Complete reports that reflect the committee's recommendations when presented to the Board of Directors
- ✓ Well-focused and informative discussions
- ✓ Ability of directors to present their opinions openly and listen to others

In order to address identified opportunities for improvement as a result, the company implemented action plans to continue the reinforcement of good practices already adopted as a result of previous evaluations.

Finally, in regards to senior management assessment, Grupo Éxito has strictly applied the Remuneration and Assessment Policy for such employees that the Board of Directors adopted at Sept. 14, 2016 meeting.

Related party transactions

Determinations 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 the seventh chapter of the Corporate Governance Code and regulates the identification, classification, evaluation, approval, revelation and follow-up on such transactions. This Board further updated this policy in January 2019, which can be reviewed by scanning the following QR code:

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

- ✓ Satisfying the interest of the organization and not causing it any harm
- ✓ Offering better service, better prices or better conditions to the company's customers
- ✓ Generation of value for the organization
- ✓ Not undermining or putting the capacity of the Group at risk in order to fulfill its obligations to third parties
- ✓ Respecting the rights of minority shareholders
- ✓ Transparency
- ✓ Promoting the exploitation of synergies, in accordance to the limitations and restrictions established by law

Conflicts of interest:

The company bylaws define the responsibilities of the Board of Directors with respect to conflicts of interest as follows:

- ✓ To know about 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.

This list is not an exhaustive description of the responsibilities of the Board of Directors regarding conflicts of interest. When the Board of Directors acts as the Corporate Governance, Conflict of Interest and Use of Privileged Information Committee, or in other words, when the Board is responsible for analyzing the circumstances that led to a conflict of interest for a Board member, the other non-conflicted Board members shall fulfill additional functions, such as:

- ✓ Ensuring compliance, defining and ultimately resolving all matters related to policies on transactions between related parties, conflicts of interest and insider trading; and defining the solutions and sanctions to be imposed in each case when a breach of the duties and/or prohibitions defined therein occurs.
- ✓ Determining whether the conflict situation corresponds to those affecting the operations of the company as a whole and are of such magnitude that they make it impossible for the person involved to exercise his or her position; or on the contrary, whether the said conflict corresponds to those who can be managed following the rules set out in the Conflict of Interest Policy.

Likewise, the Audit and Risks Committee of the Board of Directors is responsible for fulfilling the following functions related to conflicts of interest:

- ✓ Evaluating and informing the Board of Directors of any situations of conflicts of interest in which a significant shareholder, Board of Directors member or senior management official may be directly or indirectly involved and then making the necessary proposals for resolving the situation.
- ✓ Evaluating and informing the Board of Directors of any possible conflicts of interest that may arise between the Board of Directors and its subsidiaries and/or subordinate companies or between these companies and their directors and related parties, making the necessary proposals to resolve the situation.
- ✓ Examining and informing the Board of Directors of any direct or indirect operations the company may conduct with members of the Board, controlling and significant shareholders (defined in accordance with the ownership structure of the organization) or senior management members at levels one to three, without prior authorization by the Board of Directors. This also includes examining the operations between Group companies or individuals related thereof (operations with related parties), which due to their amount, nature or conditions pose a risk to the organization.
- ✓ Verifying that operations are conducted according to fair market conditions and do not compromise the equal treatment of shareholders.

The Audit and Risks Committee conducted an evaluation of the sale of the company's indirect stake in Companhia Brasileira de Distribuição (GPA) through the French company Segisor S.A.S., to Casino, Guichard-Perrachon S.A. in compliance with corporate procedure because it was a non-recurring and material-related party transaction. That transaction will be discussed in greater detail in the chapter on Related Party Transactions contained in this report.

The Committee issued a positive evaluation of the sale transaction on Aug. 26, 2019, information that was divulged through the relevant information channels. The Audit and Risks Committee simultaneously warned of a potential conflict of interest on the part of the members of the Board of Directors and management in the approval and execution process of the aforementioned transaction based on the provisions of the Corporate Governance Code, the company's bylaws and the Code of Ethics. The Committee subsequently recommended the Board of Directors take the following actions:

- ✓ Temporarily refrain from deliberating and deciding on the approval of the transaction

- ✓ Call, together with the CEO, an extraordinary meeting of the General Shareholders Meeting of the company in order to obtain all the necessary authorizations under numeral 7 of Article 23 of Law 222 of 1995 and other legal and statutory regulations regarding conflicts of interest
- ✓ Obtain the following approvals from the General Shareholders Assembly, as the highest corporate body of the company:
 - a) Authorization to the Board of Directors to deliberate and decide on the approval of the transaction
 - b) Approval of the transaction by the General Shareholders Meeting
 - c) Authorization for the CEO and, if necessary, the other legal representatives of the company, to enter and perform all acts required to carry out the transaction without amount limitations

Details of the most relevant transactions conducted between related parties as determined by the organization:

The sale transaction to Casino, Guichard-Perrachon S.A. of the company's indirect stake in Companhia Brasileira de Distribuição (GPA) through the French company Segisor S.A.S., was the most significant related party transaction of 2019.

As previously mentioned, the transaction was subject to evaluation by the Audit and Risks Committee as it was a material and non-recurring related party transaction in accordance with the company's Transaction between related parties Policy, contained in Chapter Seven of the Corporate Governance Code.

The Committee worked collaboratively with its financial advisor Inverlink S.A. and legal advisor Jorge Pinzón during the evaluation process, accompanied by the company's management and advisors Davivienda Corredores S.A. and DLA Piper Martínez Beltrán on the transaction. The Audit and Risk Committee also ensured compliance with each of the principles and criteria that govern the company's Transactions between related parties Policy, as detailed above at the time of presenting its 2019 report.

As a result of the conversations between Casino's management and after the preliminary analysis of the Committee, Grupo Éxito administrators and the chairman of its Board of Directors, Grupo Éxito received a modified offer from Casino. The modified offer proposed a higher value than that initially proposed (from 109 to 113 Brazilian Real per share) and represented a premium of 29.7% compared to the market value at the time. It also included a price equalization clause.

That clause stipulates that if Casino directly or indirectly sells or disposes of any number of GPA shares acquired indirectly from the company to a third party within 15 months of the closing of the transaction, Casino will pay the company a monetary amount equivalent to 80% of any potential price difference over BR113, after deduction of the proportional tax amount paid directly or withheld during the transaction. This clause shall not be applicable in the case of internal transactions or reorganizations within Grupo Casino.

The Committee conducted its rigorous analysis in accordance with strict corporate governance standards. The details of the Committee’s evaluation can be found in the relevant information release published by the company on Aug. 26 and also presented during the extraordinary meeting of the General Shareholders Meeting on Sept. 12. You can access this information at <https://www.grupoexitocom.co/es/asamblea-accionistas>

In accordance with the law and in compliance with the highest standards of corporate governance regarding disclosure, Grupo Éxito ensured the timely publication of ample and accurate information in all phases of the aforementioned transaction. As part of that transparency effort, the company provided information to its shareholders and the market in 26 separate releases related to the aforementioned transaction and the tender offer of the company's shares. The information was provided to stakeholders on the following dates through the relevant communication channels provided by the Colombian Superintendence of Finance:

Number of releases	Relevant information publications
13	In connection with the Transaction ⁶
13	In connection with the tender offer ⁸
Total releases: 26 (13 of the transaction and 13 of the tender offer)	

On the other hand, the remaining relevant transactions between related parties corresponded to income from the sale of goods and other services, as well as costs and expenses related to risk management advice and technical assistance,

⁶ The releases in relation to the Transaction were published on the following dates: Aug. 1 (1 release), 19 (1 release), 26 (3 releases) and 27 (1 release); Sept. 12 (3 releases) and 16 (3 releases); Nov. 27 (1 release).

⁸ Releases in connection with the takeover bid were published on the following dates: June 26 (1 release) and 27 (1 release); July 24 (1 release); Sept. 13 (3 releases); Oct. 19 (2 releases), 22 (1 release) and 24 (2 releases); Nov. 22 (1 release) and 27 (1 release).

purchase of goods and services received. The most relevant transactions between related parties in 2019 were:

- ✓ With respect to Casino Guichard Perrachon S.A., the company earned revenues of COP60 million derived from the contractual provision of strategic guidance services in Latin America.
- ✓ There were transactions with the companies of Casino Guichard Perrachon S.A. that generated (i) income of COP14,042 million, primarily from the provision of services. There were also costs and expenses of COP61,902 million resulting from the receipt of energy efficiency services, intermediation in the import of merchandise and the purchase of merchandise.
- ✓ As far as the subsidiaries, primary transactions completed during the year 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 44,743 million.
- ✓ The costs and expenditures generated with subsidiary companies for COP 363,631 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. - 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.
- ✓ With respect to joint ventures, the company reported revenues of around COP111,192 million, primarily from (i) bond and coupon returns and energy from Compañía de Financiamiento Tuya S.A.; (ii) participation in the company collaboration agreement with Compañía de Financiamiento Tuya S.A.; (iii) leases of real estate to the Compañía de Financiamiento Tuya S.A.; (iv) other services to Compañía de Financiamiento Tuya S.A.; and (v) the provision of services to Puntos Colombia S.A.S. The costs and expenses generated with joint ventures of COP363,631 million were mainly due to loyalty program expenses and liability management for Puntos Colombia S.A.S. and the payment of commissions generated by the Compañía de Financiamiento Tuya S.A.
- ✓ Finally, with other related parties, such as the members of the Board of Directors, expenses were generated from the provision of services (fees) amounting to COP1,465 million.

It should be noted that the Grupo Éxito did not enter into any transactions with the members of the Board of Directors other than the payment of their fees described above.

Details of transactions with related parties can be reviewed in Note 37.2 of the separated Financial Statements.

Procedure for Related Parties transactions

In the year 2018, the Audit & Risks Committee approved the procedure for the appropriate treatment of transactions between related parties of the company. That report can be accessed by scanning the following QR code:



Throughout this process, the company strove to ensure that transactions between related parties occurred at market rates, with the goal of fulfilling the principles mentioned previously in this report in the Related Party Transaction Policy.

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

Grupo Éxito 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 and thereby complies with the policy regulating the issue.

The primary activities conducted in 2019 that demonstrate compliance are:

- a. Reports defined for the Board of Directors and senior management**
Quarterly report of conflicts of interest: In order to identify the conflicts of interest of the members of the Board of Directors, the company requested the Board of Directors and senior management update information every quarter on the companies in which they had an interest greater than or equal to 10% of the share capital, significant influence, or any other situation that could lead to a conflict of interest.
- b. Analysis of reported situations**
In order to analyze the reported situations, the company formed the Conflict of Interest Committee based on the organizational structure of reporting conflicts of interest under analysis, following the guidelines established in the policy that regulates this matter. In the specific case of members of the Board of Directors and members of senior management, the Conflict of Interest Committee was

composed of the remaining members of the Board of Directors and the Audit and Risk Committee of the Board of Directors, respectively, as provided for in the Conflict of Interest Policy contained in the Code of Ethics and Conduct.

c. Management and resolution mechanisms for conflicts of interest

Within the framework of a culture of transparency, the Board of Directors and senior management have actively focused on the timely and adequate management of those situations in which their objectivity and independence could be affected. They self-reported conflicts of interest, which consisted mainly in their participation or that of their relatives on the boards of directors of other companies or entities, as well as their shareholding in other companies with possible links to the company.

In response to these reports, recommendations were made, depending on the details of each individual case, to either the Board of Directors or the Audit and Risks Committee, along with the corresponding actions and measures for their resolution. These also included measures to ensure objectivity and impartiality in all their actions and to protect the confidentiality of the company's confidential and privileged information. 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.

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, therefore it was not necessary a forced resignation of any of the persons who reported a conflict of interest.

Risk Management System

Internal Control System and its modifications during the year

Grupo Éxito maintained its process of continuous improvement and strengthening of the internal control system in accordance with the Corporate Governance Summary throughout 2019, which includes the best corporate governance standards to ensure the achievement of strategic objectives, support the sustainability and continuity of the business and meet the expectations of the different stakeholders.

Several of the system's components were highlighted last year:

Control Environment

The Control Environment operates within the established guidelines of the bylaws, the Corporate Governance Summary and its policies and procedures. Senior

management has thrown its weight behind this initiative, accompanied by the supervision of the Board of Directors and its support committees.

- ✓ The Board of Directors approved changes in the organizational structure reviewed by senior management, considering employee rotation, internal promotion and execution of succession and career plans. This new structure continues to leverage regional synergies and primarily strengthens corporate activities and services, operational and project processes and digital transformation.
- ✓ The company reviewed the strategy, its challenges and the initiatives that guarantee its alignment with the strategic pillars, objectives, mission and corporate values.
- ✓ The company applied the best standards of corporate governance, consolidating good practices and building valuable relationships with stakeholders.
- ✓ The company maintained its internal control environment based on the principle of self-control, in which the owners of the processes are responsible for identifying the risks of their processes and for applying the corresponding controls. Their effort is coupled with the support of risk managers, the integrated risk management area and the internal audit on those processes with potential risks that could make the company and its businesses fail to meet their objectives.
- ✓ The company continued to make progress in the ongoing adoption of best practices and standards for the prevention of fraud, bribery, corruption, money laundering and financing of terrorism. It complies with local standards and international regulatory requirements that are applied indirectly by the parent company.
- ✓ The company strengthened the personal data protection system, which was raised to the level of a strategic risk, demonstrating the commitment by management at the highest levels of the organization.
- ✓ The adoption of a personal data protection system is aimed at closing the gaps that existed prior to the implementation of the applicable regulations. Once it's fully incorporated into the new initiatives aimed primarily at the expansion of e-commerce and digital transformation, everything will be under a risk-based prioritization.
- ✓ The company obtained the Equipares Silver Seal award for exceeding the certification requirements by 84.8%, thus affirming its commitment to diversity, inclusion and labor equality through initiatives that promote a culture of respect for legitimate differences in age, gender, abilities and ethnicity.
- ✓ Likewise, the company will continue advancing its initiatives to reach the third level of the *Cierre de Brechas* (Closing the Gaps) Gold Seal award. As part of this effort, it approved and implemented the Group's Diversity and Inclusion Policy.
- ✓ Grupo Éxito redesigned its management model for selection processes, with the implementation of a digital platform and portal – ELI virtual assistant – in order to

improve the traceability, agility and experience of people who want to join the company, and thus find an appropriate position according to their profile and interests.

Risk Management

- ✓ Grupo Éxito made progress in strengthening risk management. Strategic risks were managed with the commitment of senior management, which facilitated progress in the fulfillment of the different strategies defined for their administration. This risk matrix was updated in accordance with the company's new strategy.
- ✓ Likewise, the company continued focusing on risk management at a tactical level, with the Department of Risk Management supporting the businesses with the identification of their risks and the definition of the strategies to manage these risks.
- ✓ In order to have a greater coverage of risk management companywide, integral support is provided to the risk managers that intervene transversally in the company's processes. These initiatives in 2019 focused on the transparency, personal data protection, tax management and quality systems. In addition, the company formalized a methodological guide for risk self-management by the different risk managers.
- ✓ The company made progress in the identification of emerging risks by incorporating environment and trend analyses in the risk management methodology, which was implemented in the company's strategic planning sessions.
- ✓ The Project Management Office (PMO) process included risk alignment and strategic definitions in order to segment and prioritize key projects based on their impact on the company.
- ✓ The company continued with the process of integrating support and transversal processes through the vice-presidency of shared services, which has an independent structure apart from operations and business. This guarantees the independence of interests in management and the standardization of processes and controls, as well as efficiency in the operating model.

Control activities

The main 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.

- ✓ The governing structure for the digital transformation was created last year by the VP of International Business and Digital Strategy and with support from the different areas of the organization.
- ✓ In order to ensure the continuous improvement of processes, internal areas and their controls, the company implemented mechanisms to optimize work practices, with methods like Six Sigma, Lean and agile methodologies, among others. In addition, changes were made to the internal process management platform, which improved the definition of the value chain and the management of the life cycle of policies and procedures.
- ✓ The company improved the corporate intranet, as part of its commitment to innovation and technology, to improve the experience of internal stakeholders, providing access from mobile devices and facilitating communications between employees.
- ✓ The company made advancement in the tools that contribute to secure collaborative spaces to support monitoring activities, digital connectivity, records and interaction between users, identification and classification of information and specific controls according to the type of information.
- ✓ E-commerce updated its platform to improve the customer experience and optimize internal processes to facilitate and strengthen the control framework for online purchases.
- ✓ The company made adaptations to Éxito and Carulla's mobile applications, which allow them to comply with new customer consumption habits, enable direct and effective communication and provide greater control over sales transaction security, discounts and payment methods, among others.
- ✓ Within the framework of omnichannel strategies, the company advanced in the synchronization of projects to harmonize the different channels and processes related to product management, order management, customer knowledge, discount management and customer experience, among others.
- ✓ Grupo Éxito increased its store formats possessing technologies focused on improving service, processes and controls in the shopping experience.
- ✓ The company obtained the ISO 9001 certification: Risk Management Model, OEA: Authorized Economic Operator and BASC: Business Coalition anti-smuggling for its logistic and transport operational model, strengthening its framework of operation and control to better support commercial activities.
- ✓ Within the DIAN (Colombia's Internal Revenue Service) standards framework, the company implemented the new electronic invoicing in advance model to ensure the receipt of invoices by the established times in order to comply with applicable regulations.

- ✓ The Shared Services Center fortified its support tools for the supply of goods and services, request management, purchase orders, approvals and receipt of corporate goods and services and operational support.
- ✓ The company developed its risk matrix disclosure procedure and the associated controls in order to ensure compliance with the different processes aimed at fulfilling the standards and good practices of the disclosure of both financial and non-financial information.
- ✓ It also strengthened its disclosure procedures for transactions between related parties in 2019 in order to ensure compliance with this corporate governance standard.
- ✓ Compliance with the trademark framework was the focus of a strong intervention led by the VP of Corporate Affairs, which strengthened existing controls, trained employees in critical processes and implemented a specific communications campaign for the use of trademarks.
- ✓ In 2019, the company trained 28,242 employees under a new virtual program known as *Soy Gestor de Cumplimiento, Soy Transparente* (I am a compliance promoter, I am transparent), which integrates the three compliance programs: the Transparency Program, the System for the Prevention of Money Laundering and Financing of Terrorism and the Personal Data Protection Program.

Transparency Program

The company has a Transparency Program inspired by the highest international standards and Colombian anti-corruption regulations. The program is built on the foundation of an unequivocal commitment by the Board of Directors and senior management to strengthen a culture of transparency and integrity in the organization's DNA, focusing on the principle of zero tolerance for corruption. That principle serves as a guide for the Code of Ethics and Conduct that sets the standard for the desired behavior of employees and stakeholders.

The company's Transparency Program has a general scope as a minimal framework of action for the foreign and domestic subsidiaries, which is why its implementation was monitored in 2019 by the company through the boards of directors of the subsidiaries and its compliance officers that have been designated in accordance with the applicable regulations, in order to play its role in promoting compliance with the anti-corruption regulations applicable in each jurisdiction within the Group.

The guidelines established in the Transparency Program have fulfilled their purpose of governing the procedures in force for the prevention, detection, investigation and response to risks of fraud, bribery and corruption. Thus, the whistleblowing channels operated uninterruptedly throughout the year, consisting of various channels that

facilitate access to employees and third parties. By virtue of their administration through a specialized third party, these channels guarantee the confidentiality and anonymity of the whistleblower if that is his or her wish.

As a result of the implementation of the communications plan, which initially focused on the disclosure and promotion of the responsible use of the whistleblowing channels, the company received 899 reports in 2019, of which 75% came from employees and 25% from customers, suppliers and contractors. The respective internal leaders in charge of the investigations evaluated and investigated the reports without exception, aided by the support of the compliance area under the guidelines and supervision of the Anti-Fraud and Anti-Corruption Operating Committee, which is composed of senior management and leaders of related critical processes.

The 25 percent of the concluded cases were confirmed. Of these, the main typologies presented were: the 47% resulted from a failure to comply with internal controls; acts against the good treatment of employees resulted in 26%; theft, 16%; private bribery, 6%; conflict of interest, 3%; and 1% of the cases were related by environmental pollution. It is important to note that none of the events resulted from bribery or corruption involving a public servant, nor did it represent a loss or material impairment to the company.

The company took the appropriate actions on the confirmed cases in accordance with the consequences provided for violations of transparency contained in the Code of Ethics and Conduct. As a result, the company terminated 13 employment contracts; terminated or adjusted the terms of three provider contracts; and ordered 14 disciplinary actions, ranging from warnings to suspensions and legal actions. In addition, the information gleaned from the investigation of the cases contributed to identifying areas of special need of auditing for the continuous improvement of processes and their controls.

The results of the whistleblowing channels regarding the types of complaints and the corrective measures applied were communicated to employees through internal means, such as the *alDetalle* magazine, the internal public address system and the weekly *Conectados* bulletin.

Understanding the level of participation by the owners of the organization's critical processes in the prevention and control of fraud, bribery and corruption through the Self- Control Program, the company integrated follow-up procedures for work teams on compliance with the relevant guidelines of the Code of Ethics and Conduct, the Conflict of Interest Policy and the Policy Regulating the Receipt of Gifts and Other Favors.

The company conducted its annual internal communications campaign on transparency under the *Soy Transparente* (I am Transparent) concept with a constant presence in the different internal communications media: monthly magazine, weekly bulletin and corporate audio system; corporate mail and intranet; information boards in offices and agendas of primary groups in stores; events at the corporate headquarters; and graphic materials such as bookmarks, plastic bracelets, 3D signage and corporate advertisement. This campaign served as a vehicle to deliver direct messages from the CEOs and senior management about the seal of transparency that should impact every action of the company.



The Transparency Program was reinforced through the development and approval of new guidelines and mechanisms in specific risk areas such as sponsorships, travel paid by third parties, interest and relationship management with public servants and the possibility of asset declarations for critical events and positions.

Grupo Éxito in Colombia raised awareness of the relevant aspects of the Code of Ethics and Conduct and the Policy Regulating the Receipt of Gifts and Other Favors in 2019, which focused on the president’s primary groups and the areas of supply and marketing, so that the organization’s leaders are the main standard-bearers for these guidelines in their work teams. The company also continued its virtual training program on the promotion of free and loyal competition for the 6,650 employees working in critical or sensitive areas responsible for compliance on related regulations.

As a result of the *Soy Transparente* (I am Transparent) communications campaign, which promoted healthy and sustainable relationships with the different stakeholders among employees and the importance of their application in the roles and activities where objectivity in decision-making could be affected, a record of 841 declarations of conflict of interest were submitted in 2019. This was an increase of 6% in respect to 2018. The greatest number, 60 percent of the situations, were in the category of “working with a relative or fellow worker in the company.”

As far as the declarations submitted, the Conflicts of Interests Committee for levels 3 to 7 of the organizational structure – composed of the vice president of Human Resources, the vice president of Corporate Affairs and the Internal Auditor, made recommendations from senior management to better manage the possible risks to which employees may be exposed and in this way guarantee the company’s interest over the particular interest. In the development of the activities for the management of the company’s interests and in particular its relationship with public servants, the company promoted the respect of conduct guidelines and principles established in the set of policies that make up the Transparency Program, such as the Code of Ethics and Conduct and other related policies and procedures.

During 2019, the company did not make any donations to campaigns, candidates or political movements. Contributions made to non-profit entities for the support of social and sustainable initiatives in line with the company’s Sustainability Policy, amounted to COP1,523,456,000. These were made in compliance with the guidelines and procedures established in the Donations Policy and its associated procedures to ensure management within the framework of ethics and transparency.

Personal data protection

The Personal Data Protection Committee, made up of members of senior management, the data protection officer and leaders of associated processes, increased the frequency of its sessions to more closely monitor the progress of the Personal Data Protection Program to ensure compliance with current regulations. Likewise, the company inaugurated the Security Event Management Committee, also made up of members of senior management. The Committee is in charge of defining strategies for the attention, correction and continuous improvement of the processes impacted by possible security events in view of the regulatory obligations.

The company made progress in the development, formalization and dissemination of guidelines, policies and procedures aimed at implementing the accountability principle and recommendations from the competent authority with a focus based on risk-based prioritization in 2019. These include the data processors relations

management, video surveillance and adaptation of new platforms and marketing strategies to comply with applicable regulations, among others.

Under the concept of continuous improvement, the process of managing queries and claims from the personal data subjects was refined through the implementation of customer relationship management. In this order of ideas, the requests made by the personal data subjects through the channels for the exercise of their rights were managed in accordance with the established procedures. In 2019, the company received 2,324 requests. The most common of these were for communication preferences at 59.6%; 17.94% were requests for updating data; 10.89% for suppression of information; and 1.16% for requests for a copy of the authorization for data processing.

The company managed and updated the National Registry of Databases in accordance with the regulations and manuals in force of the Superintendence of Industry and Commerce, along with focusing on the procedures outlined by this authority with the purpose of identifying improvement opportunities that will ensure compliance with the will of the personal data subject and the general protocol of personal data protection.

Grupo Éxito trained 162 employees with critical roles in personal data management in 2019 through *The Value of Protecting Personal Data* lecture. With the support of an expert consultant the company trained 20 suppliers in their role as personal data processors and 50 employees on how to establish secure supplier networks for personal data.

Prevention of Money Laundering and Terrorism Financing

Grupo Éxito refrained from conducting business with people linked to money laundering and the financing of terrorism in accordance to policy guidelines.

Within the system for the prevention and control of money laundering and financing of terrorism, the company launched a modernization of the mechanisms for the exercise of due diligence of knowledge and monitoring of counterparts within the context of the digital transformation and achieved greater assertiveness, efficiency and opportunity.

Grupo Éxito monitored 100 percent of the unusual operations reported to the compliance officer and reported any suspicious operations noticed by employees, along with filing all the legal reports as required by applicable regulations.

Policies, procedures and guidelines were updated to coincide with the methodology used for the identification, evaluation, rating and monitoring of associated risk events, as suggested by best practices for risk management. Likewise, the company strengthened controls aimed at mitigating the risk of money laundering and financing of terrorism in cash transactions and in operations with some relevant stakeholders.

In 2019, Grupo Éxito trained 3,302 new employees on the Anti-Money Laundering and Counter Terrorist Financing System. It also provided classroom training in areas of greater exposure to this risk, specifically training 38 employees of the real estate business in the *in rem forfeiture* and 27 employees of the credit area in the identification of warning signals and reporting of unusual operations to the compliance officer.

Initiatives in which we participate

No eXcuses! The company participated in the adaptation of the pocket guide for business professionals known as “No eXcuses!” to the Colombian context spearheaded by the Alliance for Integrity in conjunction with the Secretariat of Transparency of the Republic of Colombia. The goal of this collaboration was to dispel the 10 most frequent excuses for corrupt conduct and thus promote transparency and integrity in the economic system.



⁷ Launching the No eXcuses! pocket guide for business professionals to refute the 10 most frequent excuses for corrupt behavior



Grupo Éxito continues to be a member of the Committee of Compliance Officers of Antioquia and its executive subcommittee, an initiative created by important companies of the real sector whose purpose is to share experiences and best practices for the prevention of compliance risks of money laundering and financing of terrorism, corruption, fraud and personal data protection.

The company participated in the Investor's Hall 2019 at the Universidad de Medellín, where officials shared with the academic community the company's perspective as a private sector economic actor in financial risk management and its relationship with compliance risks in the areas of money laundering and financing of terrorism, fraud, bribery and corruption.

Information and communications

- ✓ The operation of the company is supported by information platforms and communication systems supervised and centralized by the Group, which follows the internal information security policies.
- ✓ Last year, the company conducted internal communication and training campaigns to promote and strengthen the elements of the corporate governance structure and processes, compliance with the main regulatory regimes and the best information security practices.
- ✓ The organizational development and learning process improved its internal platform, with the design of more than 2,200 learning paths according to employee roles, which impacted more than 54,300 users who took part in virtual training programs.
- ✓ The Company renewed the "Portal Pro" website platform and implemented the supplier registration webtool to provide suppliers with fast, complete, secure and real-time information.
- ✓ The company conducted its annual communication campaign on transparency, which focused on promoting transparent relations between the various stakeholders including suppliers, customers, competitors, employees and the government.

- ✓ 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 Disclosure Committee monitored the correct application of the Financial and Non-Financial Disclosure Policy and coordinated the communication of information related to the organizational simplification project of the Casino Group in South America, based on the Disclosure Policy and good corporate governance practices.

Monitoring and Supervision

- ✓ The Board of Directors' support committees, Audit and Risk, Financial, Sustainability, Expansion, Nominating, Compensation and Corporate Governance, all carried out their functions of managing and monitoring important elements of the governance of the company.
- ✓ The Audit and Risk Committee supported the Board of Directors in the supervision of financial information and reporting, risk management, internal auditing and tax review management, relevant internal control and regulatory compliance issues, as well as related party transactions and conflicts of interest within its competencies.
- ✓ Internal Auditing performed the function of an independent consultant, ensuring compliance with corporate governance rules and standards, risk management and control, and the main strategic projects. Likewise, it audited the company's processes within the framework of a risk-based plan previously submitted to management and the Audit and Risk Committee in order to support the achievement of business objectives, including coverage in the Group's national and international entities.
- ✓ It also supports the company in the investigation of possible fraud cases submitted via reporting channels. The evaluations have led to the creation of action plans for senior management and process leaders to improve the design and operation of the Internal Control System.
- ✓ The Statutory Auditing 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 controls impacting financial information; and compliance with 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.

Integrated Risk Management Policy

The purpose of the Integrated Risk Management is to contribute to the sustainability of the company, its continuity and the fulfilment of its strategic objectives through a systematic and standardized risk and opportunity management process.

The Department of Risk Management is part of the VP of Corporate Affairs and General Secretariat and is responsible for maintaining the Comprehensive Risk Management System, which among other things include: to guarantee the risk culture in the organization; to ensure that risk and opportunity information is permeated at all levels; to guarantee the standardization of the risk management methodology; and to support the development of risk management in all the Group's business units.

Strategic Risks

During 2019, the company managed its strategic risks and monitored the management measures identified for each of them. The Audit and Risk Committee and the Board of Directors subsequently reviewed these strategic risks.

As part of its strategic risk management last year, the company formalized its sustainability risk matrix. Unlike corporate strategic risks, these risks were identified and evaluated according to financial internal indicators and the impact they have on the company's reputation, in accordance with the interests and priorities of the different stakeholders defined by Grupo Éxito. **Review the Sustainability Report part of this Integrated Report**

According to the combination of their probability and impact

Ranking Level	Risks	Qualification Evolution 2018/ 2019
Risks monitored by the Audit and Risks ●	Information Security An information gap in critical data bases including that related to customers.	(No change)

Committee and divulged to the Board of Directors.	●	Political and Legal, and Country Situation	(No change)
		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.	
	●	Habeas Data Compliance	(NA new risk)
		Termination of the activities used as the database of the Master Data Management	
	●	Market Share	(Increases)
		Material losses of market share in the food business	
Risks monitored by senior management and informed to the Audit and Risk Committee.	●	Macroeconomic	(Decreases)
		Uncertainty for investors prior to the 2022 elections and the general reduction in consumption due to a deterioration of trust.	
	●	Retail Operation	(Increases)
		Possible massive impact on customers due to quality and food safety incidents	
	●	Information Technology	(No change)
		Obsolescence in equipment and systems that support the operation.	
Monitored risks by senior management and informed to the Audit and Risk Committee when they are outside the risk appetite versus annual risk assessment.	●	Human Talent	(Decreases)
		Possibility of not having a complete substitution table in the short term, for key positions or critical posts	
	●	Nature	(No change)
		Environmental phenomena aggravated by climate change that affects assets, supplies, logistics and consumer behavior.	
	●	Financial	(Decreases)
		Control flexibility in capital investments (CAPEX) and expenses affecting cash flow	

Administrative measures for strategic priority risks



Information Security

- Information security training
- Data governance
- Access protection and leakage monitoring
- Continuous audit with data security scope
- Strengthening operational risk management for information security



Political and Legal, and Country Situation

- Strengthening management control Argentina
- Granting of credit to Libertad S.A.
- Advocacy of policy development
- The construction of a regulatory management process
- Strengthening the crisis management plan and training



Habeas Data Compliance

- Comprehensive strategy for database purification
- PQR management procedure of habeas data
- Self-management of the data holder
- IT developments that incorporate the minimum guidelines for evidence of authorization
- Formalization of roles and responsibilities in personal data governance



Market Share

- Renegotiation of the contract with Rappi (longer-term contract)
- Project 1 to 1: Personalized advertising with analytic models
- Reputational strategy
- Predictive Model Market Share

Business and Process Risks

The Department of Risk Management, together with each of the brand managers, monitored the risks of the Group's businesses in 2019, analyzing the events or situations that threaten the sustainability of each of them. These included risks that are transversal to the organization, whose management is the responsibility of the owners of the processes in coordination with the risk managers. Among the main transversal risks are:

Risks	Risk manager
Money laundering and terrorism financing	Compliance Coordination
Quality and food safety	Quality and Food Safety Management
Impairment and/or obsolescence of assets	Maintenance Services
Environmental management	Sustainability Department
Inefficiency in tax management	Direction of Strategy and Tax Planning

On the other hand, the Department of Risk Management and the Tax Strategy and Planning Department began managing tax risks by seeking clarity and reliability in the tax administration process, while ensuring that it is aligned with the company's values and principles. As a result of the effort, those departments gave priority to the risks with the highest probability of occurrence and economic or reputational impact.

In 2019, the company made progress in the management of food quality and safety risks through the SISCA project, which aims to generate a food safety standard and improve the culture at all levels of the organization.

The Department of Risk Management prepared the risk management guidebook for process leaders and risk managers, in order to have a unified methodology and language.

Emerging Risks

Emerging risks are based on a trend analysis carried out with the company's senior management and are managed as opportunities from the innovation process. Among the main emerging risks are:

Global Trade Warfare

- ✓ Significant exchange rate changes caused by a trade war with possible implications for consolidated results.

- ✓ Possible negative impacts on imported products due to the effects on suppliers.

Inadequate management of human resources in the face of the challenge of artificial intelligence and robotics

Possible loss of competitiveness due to inadequate or inopportune adaptation in the organizational culture towards the tendencies of artificial intelligence and robotics.

Deterioration of air quality that hinders mobility

Effects on sales due to possible decrease in visitor traffic to shopping centers and retail stores, due to possible systematic mobility restrictions in the country's main cities.

Risk Transfer and Retention Initiatives

The company's risk management includes the transfer of those risks considered viable for coverage under traditional mechanisms or insurance policies, with which it seeks to primarily insure risks of severity and not frequency, such as:

- ✓ Effects to the company's assets
- ✓ Directors and officers liability
- ✓ Internal and external frauds
- ✓ Coverage of liability for damages to third parties
- ✓ Cyber risk
- ✓ Risks derived from the contracting of goods and services

In addition, the Department of Integral Risk Management made progress last year in the development of initiatives to retain some frequency risks through non-traditional mechanisms, particularly those for which the transfer to traditional insurance policies would be insufficient or not produce a benefit.

Procurement Risk Management

During 2019, the company strengthened its risk management program for its contracted suppliers of goods and services through the following activities:

- ✓ Updating of coverage in the criticality matrix of contracting typologies according to new policies defined by the company, as well as the implementation and execution of the criticality matrix in the contracts that were signed by the company

- ✓ Improving and updating of the risk management process in contracting, supported by ARIBA's information system (the platform through which all the company's contracts are managed and based)
- ✓ Renegotiating insurance coverages, with technical and economic conditions for providers
- ✓ Developing a training program for the Goods and Services Supply Department and other departments involved in negotiations and contracts within the company

Business Continuity Plan and Crisis Management Plan

Grupo Éxito continued with the maturation of the business continuity plan, which seeks to manage the risk of interruption of the retail operation.

Throughout the year, tests were carried out in the alternate operational site, which corresponds to the physical adaptation necessary in the event of a business interruption at the corporate offices. These tests made it possible to verify the minimum operating resources of critical sub-processes in the event of an unexpected high-impact event, such as

- ✓ Availability and functionality of the information systems enabled by the IT Disaster Recovery Plan or DRP
- ✓ Site conditions, computer equipment and connectivity of the alternate work site
- ✓ Verification of the availability and update of the documentation of the BCP procedures of the recovery teams

Grupo Éxito is committed to maintaining the crisis management plan and made progress in updating the plan to include the following purposes:

- ✓ Updating the general crisis management plan guidebook, seeking greater clarity in roles and responsibilities and escalation criteria
- ✓ Deepening crisis management for specific issues such as cyber security, humanitarian assistance and effects on physical assets, among others

Information Technology and Cybersecurity

Technology was one of the most important tools for connecting the value of Grupo Éxito with the markets and opportunities of today's digital world. During 2019, the company advanced in the implementation of innovative technologies, optimizing processes and generating sustainable impacts, providing security and added value

to the customer experience. The following are the key factors in Grupo Éxito's technology and cyber security strategy:

Technological Tools

In 2019, Grupo Éxito boosted its security technological capabilities that allowed it to face the cyber security threats of today's connected world and offer its customers greater value through technological and information channels. Corporate systems are equipped with specialized programs for defense, identification, alert and response to cybersecurity attacks, thus maintaining adequate control for the organization and its customers.

Expert Professionals and Partners

Grupo Éxito restructured its technological processes in 2019, supported by a structure of IT professionals and strategic allies that adopted the best practices in the market in terms of governance, development and IT security solutions.

Audit and Compliance

As an ongoing practice, the company evaluated information systems in 2019 to maintain a suitable internal control environment. Activities were developed to verify the design and effectiveness of controls in the areas of internal auditing, fiscal auditing, legal issues and compliance in order to maintain an adequate organizational control environment around IT technologies.

Materialization of Risks During the Fiscal Year

The social mobilizations and riots that took place during the months of October and November of 2019 were among the greatest risks of that year that hindered the operation of the businesses. The Group suffered damages to property, assets and looting of merchandise, which generated losses of approximately COP 400 million in material damages.

General Shareholders Meeting

Ordinary Meeting of the General Shareholders Meeting

On March 27, 2019, the company held the ordinary meeting of the General Shareholders Meeting, which saw the participation of 214 attendees (among shareholders present and represented). Those attendees held 371,755,656 shares and a quorum of 83.05%.

Main decisions

On March 27, 2019, the Ordinary General Shareholders Meeting made the following decisions:

- ✓ Approved the Management Report of the Board of Directors and the CEO.
- ✓ Approved the Annual Corporate Governance Report.
- ✓ Approved the individual and consolidated financial statements as at Dec. 31, 2018, together with their attachments and other legally required documents.
- ✓ Approve the following profit-sharing proposal:

Of the net profits for the period ended Dec. 31, 2018, which amounted to two hundred seventy-nine thousand four hundred two million six hundred sixty-seven thousand four hundred four Colombian pesos m/l (COP279,402,667,404):

- (i) To allocate one hundred thirty-nine thousand seven hundred and one million three hundred and thirty-three thousand seven hundred and two Colombian pesos m/l (COP139,701,333,702) to increase the reserve for future dividends.
- (ii) Allocate one hundred thirty-nine thousand seven hundred and one million three hundred and thirty-three thousand seven hundred and two Colombian pesos m/l (COP139,701,333,702) to increase the reserve for future expansions and improvements.
- (iii) To release one hundred thirty-nine thousand seven hundred and six million two hundred and fifty-nine thousand one hundred and nine Colombian pesos m/l (COP139,706,259,109) from the reserve for future expansions and improvements and declare them as a dividend. This disaffection corresponds to reserves from profits generated as of Dec. 31, 2016.
- (iv) The dividend declared corresponds to an annual dividend of three hundred and twelve pesos and twelve cents (COP312.12) per share, for the four hundred and forty-seven million six hundred and four

thousand three hundred and sixteen (447,604,316) shares in circulation.

Approved 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 Colombian pesos (COP1,541,808,000) so that the CEO could make donations during 2019 within the framework of the donation policy and procedures.

Approved to maintain the allocation of fees for the Board of Directors approved by the General Shareholders Meeting on March 23, 2018, for the period 2019-2021, as follows:

- ✓ For the Chairman of the Board, a fee of eleven million five hundred and fifty thousand pesos (COP11,550,000) was approved for preparing for and attending each Board meeting.
- ✓ For the members of the Board, a fee of seven million seven hundred thousand pesos (COP7,700,000) was approved for preparing for and attending each Board meeting.
- ✓ For the chairmen of the committees, a fee of seven million seven hundred thousand pesos (COP 7,700,000) was approved for preparing for and attending each meeting of their respective committees.
- ✓ For the remaining members of the distinct committees of the Board of Directors, an allocation of three million eight hundred and fifty thousand pesos (COP3,850,000) for the preparation for and attendance of each meeting of their respective committees.
- ✓ Approved the proposed election of the members of the Board of Directors for the 2019 - 2021 period, presented by Grupo Casino.
- ✓ Approved the following proposal to amend the company bylaws:
- ✓ It enshrined as a statutory principle the principle of equal treatment of shareholders (Article 8).
- ✓ It expressly established the mechanism to be used by the General Shareholders Meeting for the election of the members of the Board of Directors in accordance with Decree 3923 of 2006 (article 30).
- ✓ It included the obligation that the chairman of the Board of Directors must have the status of independent member in order to adopt the standard recommended by the Dow Jones Sustainability Index (article 31).
- ✓ It expressly indicated that the general secretary shall additionally hold an executive position in the company and that his/her appointment and removal corresponds to the Board of Directors as recommended by the CEO of the

company (article 43) in compliance with measure 18.3 of the External Circular Letter 028 of 2014 of the Superintendence of Finance of Colombia (Country Code).

- ✓ It strengthened the responsibilities of the general secretary with respect to the legality and adequate operation of the Board of Directors (article 43), in compliance with Measure 18.4 of External Circular Letter 028 of 2014 of the Superintendence of Finance of Colombia (Country Code).
- ✓ It expressly included that (i) committees shall be composed of at least three (3) members of the Board of Directors that may be independent or non-independent members; (ii) the Audit and Risks Committee shall be exclusively composed of all external members and (iii) the Appointments, Remuneration and Corporate Governance Committee shall have a majority of independent members (article 58), in order to exceed the standard recommended by External Circular Letter 028 of 2014 of the Superintendence of Finance of Colombia (Country Code).
- ✓ Approved the following reform proposal for the company's General Shareholders Meeting:
- ✓ It established the detail of the reports to be presented to the General Shareholders Meeting as well as those responsible for their presentation, in line with the recommendation issued by the Colombian Stock Exchange. Among these reports are the Management Report of the company CEO and the Board of Directors; the Annual Corporate Governance Report; the financial statements; and the opinion of the External Auditor (article 3).

Differences in the operation of the General Shareholders Meeting between the minimum system of current regulation and that defined by the company bylaws and rules of procedure for the General Shareholders Meeting

The activities required for adequate development of the General Shareholders Meeting in 2019 were different than the minimum legal requirements established in the following aspects:

- ✓ The company has surpassed the legally provided timeframe for the call to the General Shareholders Meeting 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 Shareholders Meeting rules of procedure establish a 30-day call period for ordinary meetings and 15 calendar days for extraordinary meetings.⁸

⁸ Colombian legislation establishes that the call for the ordinary meeting of the General Shareholders Meeting must be made at least fifteen (15) working days in advance, and in the case of extraordinary meetings, at least five (5) calendar days (Code of Commerce, Article 424).

- ✓ The ordinary General Shareholders Meeting held on March 27, 2019, was called on February 22, 2019.
- ✓ The company granted the shareholders a term of five calendar days following the call to the ordinary meeting of the General Shareholders Meeting, which began on Feb. 23, 2019, and ended on Feb. 27, 2019, to: (i) propose the inclusion of one or more topics 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 Feb. 22, 2019, 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 Shareholders Meeting held in 2019, so that the shareholders could indicate to their proxies how they would vote.
- ✓ The company published the announcement for the Ordinary General Meeting (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 *News to Investors* newsletter sent by the Investor Relations Department.

Extraordinary meeting of the General Shareholders Meeting

On Sept. 12, 2019, an extraordinary meeting of the General Shareholders Meeting was held, with the participation of 42 attendees (including shareholders present and represented), holders of 392,007,587 shares and a quorum of 87.57%.

Main decisions

On Sept. 12, 2019, the General Shareholders Meeting during its extraordinary meeting approved the following decisions:

- ✓ It granted the necessary authorization under Numeral 7 of Article 23 of Law 222 of 1995 and other legal and statutory rules regarding conflicts of interest, in relation to the transaction, consisting of the acquisition by Casino, Guichard-Perrachon S.A. of the indirect participation of the company in Companhia Brasileira de Distribuição (GPA) through the French company Segisor S.A.S., and authorized the Board of Directors, in the exercise of its legal and statutory functions, to deliberate and decide on the authorization of said transaction.
- ✓ Taking into consideration the analyses, evaluations and conclusions of the Audit and Risks Committee and the Board of Directors, it granted the necessary authorizations under numeral 7 of article 23 of Law 222 of 1995 and other legal

and statutory regulations on conflicts of interest, in relation to the referred transaction, as follows:

- ✓ Approved, in compliance with Article 33 of the company's bylaws, the aforementioned transaction which was authorized by the Board of Directors in the exercise of its legal and statutory functions, and
- ✓ Authorized the CEO and, if necessary, the other legal representatives of the company, to enter into and execute, without any limit of amount, all acts required to carry out such transaction.

Actions taken during the year to encourage shareholder participation

In 2019, the Company fully complied with the Best Corporate Governance Code – “Nuevo Código País,” and the provisions of the company's bylaws and Corporate Governance Code in terms of the timely release of accurate and complete information to shareholders and with adequate notice regarding the General Shareholders Meeting. In this sense, 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 2019:

- ✓ Four teleconferences on quarterly results.
- ✓ Four meetings with local analysts.
- ✓ Two meetings of the General Shareholders Meeting: one ordinary meeting and one extraordinary meeting
- ✓ Eight international conferences of investment banks in Cancun, Santiago de Chile, Buenos Aires, Paris, London, New York and Lima.
- ✓ Three meetings with each of the four Colombian pension funds.
- ✓ A special presentation to local market analysts.
- ✓ Two capital market mission conferences, and one corporate governance conference.
- ✓ A conference on best practices in relation to investors.
- ✓ Attention given to 116 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 Financial and Non-financial Information Disclosure Policy, which is in the fifth chapter of the Corporate Governance Summary.

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:

The corporate website contains the information disclosure procedure approved by the Audit and Risks Committee, which is based on the financial and non-financial information disclosure policy contained in the company's Corporate Governance Code and in Colombia's Code of Best Corporate Practices (Country Code Survey).

The disclosure procedure regulates the management and control of the preparation and disclosure of information to the market, in addition to that considered relevant to stakeholders, ensuring that stakeholders have appropriate knowledge of the situation, evolution and progress of the company.

The following documents were published on the corporate website in the General Shareholders Meeting section corresponding to the meeting held on March 27, 2019:

- ✓ Call to the meeting
- ✓ 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 Monday, Dec. 31, 2018, together with their attachments and other legally required documents
- ✓ Profit sharing proposal
- ✓ Donations proposal
- ✓ Proposal to amend the company bylaws
- ✓ Reform proposal for the regulation of the General Shareholders Meeting
- ✓ Proposal for Board of Directors' remuneration
- ✓ Presentation of the Grupo Casino proposal for the election of the Board of Directors for the 2019-2021 cycle

Similarly, the following documents were published in the Shareholders Meeting section of the corporate website, corresponding to the meeting held on Sept. 12, 2019:

- ✓ Call to the meeting.
- ✓ Proxy template forms for legal entities and individuals.
- ✓ The assessment report, conclusion and recommendations issued by the Audit and Risk Committee in relation to the above-mentioned transaction, on Aug. 26, 2019.
- ✓ The press release issued on Aug. 26, 2019.
- ✓ The proposals that the Board of Directors approved to be submitted to the General Shareholders Assembly.
- ✓ The legal opinion of the Audit and Risk Committee's independent legal advisor, Mr. Jorge Gabino Pinzón Sánchez.
- ✓ The extract of the legal opinion of the legal advisor of the company's management: DLA Piper Martínez Beltrán.
- ✓ The reasonability opinion issued by the independent financial advisor to the Audit and Risks Committee: Inverlink S.A.
- ✓ The summary of the reasonability opinion issued by the independent financial advisor to the Audit and Risks Committee: Inverlink S.A.
- ✓ The financial considerations of the financial advisor to the company's management: Corredores Davivienda S.A.
- ✓ The summary of the terms and conditions of the transaction contracts, prepared by DLA Piper Martínez Beltrán, as legal advisor to the company's management.
- ✓ The communications of relevant information through which it was informed: (i) the decision of the Board of Directors to call an extraordinary meeting of the General Shareholders Meeting (dated Aug. 26, 2019); (ii) the measures adopted to ensure the equitable treatment of shareholders in accordance with Resolution 0116 of 2002 (dated Aug. 26, 2019); (iii) the contracts signed by the company once the corresponding authorizations and approvals of the Board of Directors and the General Shareholders Assembly are obtained (dated Sept. 12, 2019).
- ✓ The communication on the decisions adopted by the Board of Directors and the General Shareholders Meeting.
- ✓ The presentation delivered during the extraordinary meeting of the General Shareholders Meeting.

During 2019, the company published 63 releases through the relevant information mechanism provided by the Financial Superintendence of Colombia, through which it informed the market, among other matters, of the relevant decisions of the Board of Directors and the General Shareholders Meeting. These included the execution or modification of relevant contracts; the quarterly and annual results of the

company; and matters related to the sale of the participation the company indirectly held in Companhia Brasileira de Distribuição (GPA) through the French company Segisor S.A.S to Casino, Guichard-Perrachon S.A.

Number of requests and matters on which shareholders have requested information from the company

The company addressed the requests of approximately 276 shareholders in a timely manner during 2019. Out of these, 83 were in-person visits and 193 were telephone calls through Fiduciaria Bancolumbia, which manages the Company's Shareholder Department.

In addition, a total of 713 shareholder requests were handled, including rights of petition, related to the following matters:

- ✓ Update of secondary data
- ✓ Locking or unlocking
- ✓ Change of title due to updating
- ✓ Historical certificates
- ✓ Certificate to embassy
- ✓ General certificates
- ✓ Deceval income certificates
- ✓ Tax certificates
- ✓ Rights of petition
- ✓ Globalizations
- ✓ New dividend payments
- ✓ Data updates
- ✓ Replacement of securities certificates
- ✓ Title termination
- ✓ Transfers