

Suppliers Manual

Almacenes Éxito S.A.



GRUPO ÉXITO SUPPLIERS MANUAL

Dear Supplier:

71 years ago, Almacenes Éxito S.A was born, becoming the largest hypermarket chain in Colombia. This history could not have been possible without our suppliers.

Thanks to all of you, we have overcome the significant challenges that have come our way, which have undoubtedly consolidated our position in the market and continue

to drive us to be increasingly competitive and value-generating for all our customers and stakeholders.

Getting to know our suppliers, and having you know us, is undoubtedly a winning formula that constantly reminds us to uphold and respect the best commercial practices, facing together the challenges of the globalized and competitive world we live in today.

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CHAPTER I. GENERAL INFORMATION OF GRUPO ÉXITO

1. Introduction

The Supplier Manual of Grupo Éxito (from now on referred to as "the Manual") is inspired by the philosophy, principles, and general conduct established in the ANDI - FENALCO - ACOPI Agreement signed in 2003, as well as the corporate philosophy of the Company. This Manual is mandatory for the Company and its employees to administer and manage the relationship with its Suppliers properly.

This Manual allows Suppliers or potential Suppliers who offer their products to the Company for resale in the retail business to clearly understand the objective parameters designed by the Company. It aims to establish and develop a smooth commercial relationship between the parties, covering the entire process from the coding of Suppliers and products to the payment of goods. This Manual contains all the rules, procedures, and practices for decision-making in the relationship with Suppliers, in line with the guidelines established in the Unified Agreement on Good Commercial Practices and Consumer Protection.

Additionally, everything outlined in this Manual extends to the companies belonging to the Company.

2. Unified Agreement on Good Industrial, Commercial Practices, and Consumer Protection

The cooperative agreement signed between ANDI, ACOPI, and FENALCO constitutes the self-regulatory framework for all commercial relationships between Suppliers and retail chains.

This Unified Agreement contains specific rules of conduct for Suppliers and

store chains in their commercial relationships, which include relevant topics such as prices, charges, promotional campaigns, returns, coding and decoding processes, and rules, among others. It also establishes a procedure and mechanisms for dispute resolution between Suppliers and chains, aiming to create harmonious relationships that promote competitiveness and fair competition.

This Manual is integral to the negotiation sheets or similar documents that regulate the commercial relationship between the Company and its commercial Suppliers.

3. Company Presentation

Almacenes Éxito S.A is a regional multilatin company, a retail leader in South America, which develops an omnichannel and omnicient strategy with more than 2,600 stores. It has a presence in Colombia through Grupo Éxito; in Brazil through Grupo Pão de Açúcar; in Uruguay through Grupo Disco and Grupo Devoto; and in Argentina through Libertad. Its multi-format and multi-brand strategy makes it a leader in hypermarkets with the Éxito, Extra, Geant, and Libertad brands; in premium supermarkets such as Carulla, Pão de Açúcar, Disco, and Devoto; in proximity with the Carulla and Éxito Express, Devoto and Libertad Express brands, as well as Minuto Pão de Açúcar; in discount with Surtimax and Súper Inter, and Cash and Carry with Assaí.

The Company's purpose is to place the customer at the center, from which it decides what, how, when, and where to buy. This strategy is multi-brand, multi-format, multi-industry, and multi-business and is developed through the Éxito, Carulla, Surtimax, Superinter, Surtimayorista, and Viva brands, as well as different businesses and industries.

We are a company with clear competitive advantages derived from our strength in physical and electronic commerce, complementary businesses, brand value, and, especially, the quality of our human talent.

The Company offers services and business lines that complement its

offering, such as consumer credit (Éxito Card), Éxito Travel, Éxito Insurance, textile and food industry, e-commerce, fuel distribution (service stations), and real estate business through the development of galleries and shopping centers under the VIVA brand.

The history of Almacenes Éxito S.A. (from now on "Éxito") is the culmination of many business stories that have come together to build the Company that generates the most employment in the country and is one of the most dynamic in terms of sales and profits.

Since 1994, Éxito has embarked on a process of equity opening and developed a growth and consolidation strategy to tackle the challenges of incoming international competition. In 1998, it began operating the online store www.exito.com, opening up markets for online sales.

In 2011, Éxito initiated its internationalization process by acquiring a majority stake in the Disco, Devoto, and Géant chains, leading retail brands in Uruguay.

In 2015, as part of its internationalization plan, Éxito acquired controlling voting rights in Companhia Brasileira de Distribuição, the largest retailer in Brazil in the food, furniture, and appliances categories and the second largest in e-commerce. This acquisition included the brands Assaí, Extra, Pão de Açúcar, Ponto Frio, Casa Bahia, and the complete ownership (100%) of the Argentine Company Libertad S.A., the leading food retailer in the Córdoba region. With this, Éxito became a multinational company and a retail leader in South America.

Éxito's mission is focused on "Working for the customer's return" and is supported by five corporate values: service, teamwork, simplicity, innovation, and passion for results.



4. Glossary

For the purposes of this Manual, the following terms shall have the meanings indicated below. Each defined term shall include both the singular and plural forms, as well as both genders. These terms will appear throughout the Manual, with their respective initial letters capitalized:

CEDI: Distribution Center

Codification Committee: a committee composed of negotiators and administrators from each business unit that evaluates the codification of a supplier and/or product.

Crossdocking: centralized delivery of products by suppliers for redistribution, without storing merchandise.

EAN (European Article Number): an internationally adopted standard barcode used for product, service, location, etc., identification.

EDI (*Electronic Data Interchange*): an electronic system for exchanging commercial and financial data with suppliers.

Negotiation Sheet: a document that incorporates the commercial agreement.

Format: a type of warehouse in the modern retail market defined based on its area, assortment, and service level. Formats include hypermarkets, supermarkets, convenience stores, and proximity stores, for example.

Logistics Flow: the mode of arrival of goods to the warehouses. It can refer to direct delivery from the Supplier, cross-docking, or storage in a distribution center.

Supplier Investment: charges made to suppliers for negotiations carried out on a permanent or exceptional basis, as agreed between the parties.

Brands: signs used to distinguish products, services, industrial and commercial establishments in the market.

Waste/Loss/ Shrinkage: the difference between theoretical inventory and physical inventory of merchandise. This can be caused by damages, theft, among other factors.

Profitability Level: the contribution margin of the product and its market share compared to its category.

Parking: the target number of references that the allocated space for displaying a subcategory should have, considering the average dimensions of the products and the developed linear meters of each subcategory.

CAP (Commercial Action Plan): the sum of planned and executed

commercial activities in the stores, according to the strategies of brands, formats, and sales channels.

PLU (*Price Look Up Unit*): an internal numerical code that identifies each product sold in formats.

POS (*Point Of Sale*): terminals (cash registers) at the checkout counters in stores, where products and/or services purchased by customers are registered and paid for.

PQR: petition, complaints, or claims.

Supplier: a natural person or legal entity that produces or distributes products that are displayed and sold in different formats.

Logistics Network: a set of distribution centers, regional platforms, and transportation routes used by the Company to achieve the supply of products and/or services from the point of origin to the stores.

Inventory Turnover: the number of times a product is sold within a given period of time.

Accounts Payable System: an automated accounting information system that contains data of invoices such as date, number, amount, terms, payment date, amount paid, balance (if applicable), Supplier's name, and address.

5. Transparency Program

It comprises a set of rules, policies, manuals, procedures, practices, and mechanisms to promote transparency and prevent, control, and respond to the risks of fraud, bribery, and corruption.

In this regard, the Company's Transparency Program includes policies and procedures to establish guidelines to be adopted for the prevention, detection, investigation, and response to the mentioned risks to mitigate their occurrence. These policies include the Code of Ethics and Conduct, Conflict of Interest Policy, Gifts and Hospitality Policy, Prevention and Control of Money Laundering and Financing of Terrorism Policy, and other policies, manuals, procedures, and documents issued by the Company in this regard.

- **Code of Ethics and Conduct:** Seeks to define a framework of action consistent with the Company's corporate values and principles to promote exemplary ethical behavior. It also promotes healthy and sustainable relationships between the Company and its stakeholders, including suppliers, customers, shareholders, employees, the government, society, and the environment, while complying with applicable laws and internal policies and procedures established by the Company.
- **Gifts and Hospitality Policy:** aims to regulate the receipt and provision of gifts and hospitality. Employees are not allowed to accept supplier gifts that could compromise their objectivity or create a commitment with the giver. Gifts that exceed the limits established in this policy must be returned to the Supplier or donated to the Éxito Foundation for social entities or programs.
- **Conflict of Interest Policy:** Suppliers must ensure that their employees, representatives, and/or contractors do not prioritize their personal interests over the interests of the Company or the Supplier itself. This includes the duty to report to the Company, at the beginning and during the execution of the contract, any situation or condition that may give rise to a potential conflict of interest and may compromise the ability to act independently and objectively.
- **Prevention and Control of Money Laundering and Financing of Terrorism Policy:** The Company is committed to preventing and

controlling the risks of money laundering, financing of terrorism, and other associated risks following applicable legal framework and best practices. This policy defines guidelines, and a system is established to mitigate the risk of using the Company to give the appearance of legality to goods acquired through illicit activities or financing terrorism.

In line with the Company's culture, which is focused on compliance with corporate values, ethical principles, and a zero-tolerance stance against corruption, suppliers commit to fighting fraud, bribery, and corruption. They refrain from offering incentives, courtesies, or gifts to employees and/or officials that may compromise their independence in decision-making. Therefore, all suppliers of the Company are required to report any behaviors they consider to be detrimental to transparency involving the Company, its subsidiaries, or its suppliers through reporting channels such as the email address etica@grupo-exito.com, the online ethics form available on the corporate website, or the Transparency Hotline at 01 8000-52 25 26.

6. Sustainability in Grupo Éxito:

The Company frames its corporate strategy around seven strategic pillars, including "Generating Shared Social Value." This pillar ensures the consideration of environmental, social, economic, and corporate governance issues and promotes the Company's sustainable development in harmony with stakeholders. Sustainability is incorporated into every business action, aiming for the Company's growth to be achieved harmoniously with the environment and leveraging the country's growth.

The sustainability policy is aligned with the goals of sustainable development and the global compact, and it is also aligned with the guidelines of the parent company. This policy defines six challenges managed and monitored comprehensively to ensure the Company's contribution to sustainable development. Specifically, the challenge of sustainable commerce aims to

build valuable and trusted relationships with allies and suppliers by promoting sustainable practices and support programs that contribute to their growth, local and direct procurement, and support for productive sectors and vulnerable populations. This challenge strategically focuses on promoting sustainable supply chains. In this regard, the Supplier commits to complying with applicable regulations, respecting the human rights of all individuals in its supply chain, creating dignified and safe working conditions, implementing clean production processes, generating productive processes that respect ecosystems, and implementing the best environmental standards. The sustainability policy is an integral part of this document and can be consulted by all suppliers on the website.

7. Supplier Ethics Charter

All suppliers of the Company commit to accept by and comply with the guidelines established in the Supplier Ethics Letter, which defines the standards applied in all cases within the Company's supply chain and its subsidiaries to ensure that:

- Employees of the suppliers are treated with respect and dignity in a work environment that guarantees their health and safety.
- Purchasing, production, and services are carried out with the utmost respect for the environment.
- Sustained business relationships are free from any manipulation, active or passive corruption, extortion, misappropriation of funds, and generally illegal practices of any kind.

To ensure strict compliance with the principles and criteria of this ethics letter, the Supplier commits to ensuring that its own suppliers and subcontractors comply with this commitment and authorizes the Company to conduct audits through independent companies, assuming the costs associated with their execution. The Ethics Letter is an integral part of this document and can be consulted by all suppliers on the website.

CHAPTER II. GENERAL GUIDELINES FOR COMMERCIAL SUPPLIERS

1. Rights and responsibilities of suppliers

a. Supplier's rights

Suppliers who sell their products to the Company have the following rights:

- To have the criteria and provisions in this Manual applied to them.
- To have their agreements with the Company respected, considering the duration of the commercial relationship.
- To be aware of the Company's current supplier and product selection policies.
- Those objective parameters, such as sales, merchandise profitability, inventory turnover, purchase volumes, sales outlets, and commercial and/or financial conditions, are considered in the negotiation or commercial agreement between the parties.
- To voluntarily submit offers to participate in the PAC and to have their proposals evaluated under objective parameters by the Codification Committee following the alignment of their commercial proposal with the Company's category strategy and the availability of space in the sales point.
- To communicate their concerns, requests, complaints, and claims, and for these to be addressed following the Procedure established in this Manual.
- That the coded products be displayed at the agreed sales points, during the agreed periods, and generally according to the conditions established in each negotiation.
- To know the reasons for the Supplier's decodification based on reasonable and objective parameters that support the Company's decision.
- To reject charges or fees they have not accepted. Any errors that may arise in this regard will be addressed through the Procedure for requests, complaints, and claims established in this Manual to provide

a timely solution.

- To have the duty of safeguarding information that, due to its nature, is considered confidential and to which the Company has access as a result of the commercial relationship.
- Personal and commercial information to which the Company has access due to its relationship with suppliers will be treated following the legal regulations that protect the right to *Habeas Data*.

b. Supplier's responsibilities

- To timely deliver the coded products, respecting the quantities, prices, conditions, times, and delivery locations defined in the commercial agreement.
The codification is explained further below.
- To demonstrate to the Company the logistical, financial, and commercial capacity that allows them to meet the minimum product delivery levels.
- To ensure that the products delivered to the Company comply with all legal requirements for their commercialization, such as but not limited to sanitary regulations and those related to fair competition, consumer protection, industrial property, environmental protection, metrology, and technical regulations, among others.
- To maintain the quality standards the Company requires throughout the duration of the commercial relationship.
- To jointly develop programs with the Company to control merchandise loss.
- To adequately train and empower the commercial teams handling the relationship with the Company to facilitate and dynamize decisions related to the commercial relationship.
- To fulfill with the profitability levels established in the commercial agreements.
- To guarantee the absolute confidentiality of all information to which they have access under their commercial relationship with the Company. The terms and conditions of the negotiation and commercial agreement are considered confidential information. This obligation

extends to individuals who directly or indirectly participate on behalf of the Supplier in the execution of the commercial agreement.

- To deliver orders on time to avoid increasing operational reprocessing.

To comply with the guidelines of the anti-bribery law and its complementary regulations, suppliers have the duty to:

- Refrain from engaging in any fraudulent conduct on behalf of the Company to obtain personal or Company benefits.
- Refrain from giving, offering, or promising, on behalf of themselves or the Company, gifts, sums of money, benefits, or any other object or financial benefit to national or foreign public officials to induce, omit, or delay any act related to the exercise of their functions, concerning a business or transaction, whether local or international, in which the Company or any of its affiliates or subsidiaries may be or is actually involved.
- When the Supplier participates in a business or transaction involving a public entity, whether national or foreign, and in which the Company has a link or may obtain a benefit, they must have all the supporting documentation of the negotiation, transactions, and payments available so that they can be audited by the Company or any of its affiliates or subsidiaries with which they have a relationship in the specific case.

Supplier, at any time, information about its affiliates, subsidiaries, shareholders, related parties, partners, controlling parties, and other associates with management and administration functions. The Supplier's refusal to provide this information shall be cause for the Company's unilateral termination of the existing relationship.

2. Supplier and Product Management

a. Negotiation: The process carried out between the Company and the Supplier, with the final terms documented in a commercial agreement. This process aims to achieve a mutually beneficial outcome for both parties.

The negotiated terms will be recorded in a Technical Sheet called a "Negotiation Sheet," which must be signed by the legal representatives of both parties and renewed annually.

In compliance with the accounting and tax treatment regulations established by the DIAN regarding supplier and chain negotiations, we would like to communicate the following to all our suppliers:

1. The Company's business model involves purchasing goods from suppliers for resale, generating a margin in the commercialization process. This means that the Company manages its own business and does not act as an agent or representative for others.
2. Through the resale of products, both the Company and its suppliers benefit economically, as it is in their interest to reach the end consumer. The suppliers' benefits are not the result of services provided by the Company but rather a natural consequence of commercial intermediation.
3. The Company negotiates the following with its suppliers:
 - I. In general, discounts that allow us to give benefits to our customers, be more competitive, and achieve the expected financial results.
 - II. Occasionally, the provision of specific and concrete services.

These concepts include:

1. Discounts: The discounts are divided into two categories:

1.1. Trade discounts: The Company negotiates two types of trade discounts with its suppliers:

- a. Permanent discounts, which apply throughout the commercial relationship, regardless of any modifications agreed upon by the parties.
- b. Occasional discounts, which are determined for specific activities or a limited time. Unless otherwise specified, the base for calculating these discounts is the net invoiced value by the Supplier (obtained from the price list minus general discounts granted directly by the Supplier) minus any financial discounts negotiated between the parties.

1.1.1. Permanent Purchase Discount: consists of the discount applied on purchases made.

1.1.2. Breakage Discount: consists of the agreed discount for potential breakdowns that may occur in the normal execution of the business and in exchange for not returning them to the supplier.

1.1.3. Stock Discount: The Supplier grants this discount in case of excess inventory, or any activity related to excess inventory.

1.1.4. Strapping Discount: This discount is granted based on units sold within a specific period to optimize inventory levels.

1.1.5. Objectives Achievement Discount: This discount is subject

to predefined goals agreed upon by the parties.

- 1.1.6. Store Openings or Conversion Discount:** The Supplier grants this value to expand sales channels and product coverage.
- 1.1.7. Delivery Level Discount:** This compensation is charged to the Supplier for the value of undelivered orders.
- 1.1.8. Margin Compensation Discount:** The Supplier provides this discount to compensate for a margin below the negotiated level.
- 1.1.9. First Purchase Discount:** This value is given by the Supplier as a bonus for the first purchase made.
- 1.1.10. Point of Sale (POS) Discount:** The Supplier grants This discount for participating in commercial activities organized by the Company, where the Supplier agrees to provide a price reduction through a POS discount to the end customer.
- 1.1.11. Discount with Foreign Suppliers:** Charges for commercial activations where the foreign Supplier agrees to provide a price reduction through a POS discount to the end customer.
- 1.1.12. Advertising Support Discount:** This is a percentage discount the Supplier provides to support advertising activities defined in the Company's Advertising Plan, which may involve various media channels (print, radio, digital, etc.).
- 1.1.13. Commercial Adhesion Discount:** This is a percentage discount the Supplier provides to support activities outlined in the Commercial Action Plan (PAC).

1.1.14. Merchandise Distribution Plan Discount: The Supplier provides a fixed percentage discount to support logistical activities for distributing goods to retail locations.

1.1.15. Commercial Display Plan Discount: This is a fixed percentage discount provided by the Supplier to support the implementation of the Supply Plan activities at the point of sale.

1.2. Financial Discount: The Supplier offers discounts in exchange for reduced payment terms.

2. Services: The services historically agreed upon with our suppliers, all of which have been reported to the DIAN during their investigation, are as follows:

2.1. Advertising Services: These are activities agreed upon between the parties to promote the Supplier's products or services through any owned or third-party communication channels (print, radio, digital, etc.) of the Company.

2.2. Special Display Services: These are activities agreed upon between the parties for providing special spaces at retail locations, different from regular shelf displays, to differentiate the Supplier's brands from competitors (end-cap displays, special showcases, cash registers, etc.).

2.3. Special Events: These are services related to "Advertising" and "Displays" that occur due to special events, such as sponsoring a concert, hosting a bingo event, or launching a new record or movie. These events can be national or regional.

- 2.4 Point of Sale Impulse Operation (POSI):** These are activities carried out by Company-assigned personnel to manage the display of the Supplier's brands.
- 2.5 Information Supply Service:** This service involves providing qualified information to the Supplier regarding specific topics, such as customer buying trends related to the products purchased from them.
- 2.6 Business Alliance:** These can be established between the parties at any time, with the aim of transferring benefits to the end customers in the form of increased discounts or other types of benefits.
- 2.7 Logistics Services:** This includes the logistical handling (storage and distribution) of the Supplier's merchandise in our Distribution Centers (CEDI) and platforms.

b. Hiring and Codification of Suppliers:

This section establishes the requirements the Company demands for codification suppliers and products. According to this, no requirements other than those established in this Manual may be demanded except those necessary to implement due to commercial dynamics or legal and administrative provisions of any competent authority, which will be communicated in writing before their application.

Before being codified as a Company supplier, the Supplier must meet the following requirements and be linked to the required information technology systems of the Company.

The general requirements are as follows:

REQUIREMENTS	Legal Entity	Natural Person
1. Certificate of Existence and Legal Representation issued within the last 30 days.	X	
2. Business Registration and/or Commercial Registry.		X
3. Tax Identification Number (RUT), issued within the last 30 days.	X	X
4. Integration with the EDI system.	X	X
5. Self-withholding Agent Resolution.	X	
6. Document certifying whether or not the Supplier is a taxpayer of industry and commerce. If so, indicate the cities where it is declared and the tax rate. Note: If the Supplier is a natural person and at the time of registration is not a withholding agent and this condition changes in the future, they will be obliged to notify this change.	X	X
7. EAN Code.	X	X
8. Resolution from the DIAN authorizing invoicing.	X	X
9. INVIMA resolution granting sanitary registration.	X	X
10. Suppliers Circular Resolution 34904 SIC, signed.	X	X
11. Favorable or conditionally favorable sanitary concept of the plant. Minimum validity of one (1) year.	X	X
12. Technical specifications of the product(s).	X	X
13. Letter from the External Auditor or Accountant certifying whether or not the Company is an SME.	X	X

REQUIREMENTS	Legal Entity	Natural Person
<p>14. Letter of introduction containing: contact information, legal representative, sales representative, financial data, logistics data, marketing data, and proposed commercial conditions for the business, as well as sales budget for the respective products for six (6) months.</p>	<p>X</p>	<p>X</p>
<p>15. Requirement for Electronic Funds Transfer (EFT) payment: letter from the Supplier authorizing the Company to make payment through EFT and attaching the certificate from the Bank where the account is held. Any changes to this instruction must be reported along with the same documents eight (8) business days before the next payment.</p>		
<p>16. For suppliers outside the country, the above documents are replaced by the "Certificate of Incorporation" or its equivalent, which certifies the legality of the economic activities conducted by the Supplier in their country of origin and their suitability. Additionally, they must provide the document with the Fiscal Code. They must also complete the Wire Transfer Instructions Form.</p>		

c. Product requirements:

The products must meet the following requirements, which will be generally enforced:

Legal and quality requirements: the products must comply with the current legal obligations for their commercialization in Colombian territory. The Company will verify, at a minimum, the following:

- Compliance with quality standards for the product type, offering customers at least the guarantees established by law.
- Hygienic-sanitary conditions, including Sanitary Registration (when required for the merchandise), which must remain valid throughout the supply relationship.
- Compliance with International System of Units standards and measures, and establishing, within negotiations, the necessary actions to comply with obligations regarding Price per Unit of Measure (PUM), the logistical profile of the products (width, height, length), and respective photo, as required in the product's commercialization.
- Compliance with legal requirements regarding net content and labeling; the labeling must include at least the following information: product name, ingredients, net content, and drained weight according to the International System of Units, manufacturer's name and address, country of origin, batch identification, date marking, instructions for storage, instructions for use, sanitary registration number, mandatory mentions for health-hazardous products, and expiration date if applicable. In any case, strict compliance with the information labeling regulations and mandatory standards or rules is required.

- Compliance with legal requirements regarding product safety, personal health, quality, and suitability, including specific provisions established by competent authorities in these matters. In any case, suppliers must be responsible for the presumed minimum warranty established by law, as well as the requirements for product quality and suitability, warranty terms according to the Consumer Statute, and its modifying, additional, or replacement regulations.
 - Compliance with legal requirements regarding product packaging. In addition to legal requirements, the Company's packaging guidelines must be followed.
 - Possession of a conformity certificate, technical regulation, and/or mandatory official technical standard, if applicable.
 - Submission of a copy of the import declaration for imported goods. Additionally, submission of the list of serial numbers and other requirements requested by the authorities.
 - Compliance with special regulations regarding warnings and consumer information, such as tobacco, alcoholic beverages, toys, milk serum, and any other product subject to specific provisions.
 - Availability of all necessary stamps and seals for commercialization, such as products subject to local tax.
- **Regarding their commercialization:**
 - Offering the minimum level of profitability determined for the respective category and having competitive marketing conditions in the market compared to products of the same category with similar quality characteristics.
 - Belonging to the product portfolio defined by the Company, or alternatively, the Company seeks to expand its category portfolio, and the

product offered by the Supplier falls within such expectations.

- In cases where required, attach a microbiological and physicochemical analysis of the product intended for codification.
- Identification of the merchandise with barcodes, both on the sales or consumption unit and the packaging unit.

- **Regarding internal requirements:**

- Identification of the merchandise with a single barcode per EAN, both on the sales or consumption unit and the packaging unit.
- If required, provide a security TAG based on the type of product.
- Compliance with packaging and sub-packaging conditions agreed upon with the Company to ensure handling according to defined logistics parameters.
- Providing product's logistical profile information (width, height, length) and photos according to the specified requirements.

d. Procedure for product codification:

- The natural or legal person who wishes to market their products through the Company must contact the business administrator and/or respective negotiator and request an appointment to present their commercial proposal.
- Each month, the Incorporation Committee for each business, composed of the director, business administrator, and/or respective negotiator, meets to evaluate the proposals submitted. This committee is responsible for approving the product coding.
- It is the responsibility of the respective business administrator and/or

negotiator to communicate in writing with the proposing Supplier to inform them of the Incorporation Committee's decision and the reasons behind it.

- If the product is not accepted and the proposer is not satisfied with the reasons for this decision, they may address the respective business director and propose new alternatives in writing, which will also be subject to the Incorporation Committee's approval.
- The business administrator and/or negotiator, following the definitions provided by the Company, will define with the Supplier the packaging, sub-packaging, frequencies, purchasing methods, delivery times, and locations for the products in a way that facilitates inventory management, restocking activities and promotes merchandise rotation at the point of sale.

e. Supplier decodification

I. Termination and decoding:

The Company is committed to establishing objective parameters for the decoding or discontinuation of suppliers, brands, or product lines, which will be communicated to the suppliers without prejudice to those provided in this Manual.

Any decision to decode or discontinue suppliers, brands, or product lines will be based on prior analysis and must be justified by the Company based on objective parameters established for this purpose in both this Manual and the Unified Agreement on Good Commercial Practices and Consumer Protection.

II. Decoding parameters:

The decoding parameters are objective parameters implemented by the Company, which are as follows:

- (I)** Failure to reach an agreement between the parties regarding the level of profitability generated by the product. For this purpose, the product's contribution margin and market share within that category will be primarily considered.
- (II)** When the payment term is shorter than the average term for the respective category and at the beginning of the next annual negotiation round, where the parties cannot reach an agreement.
- (III)** Level of product rotation, analyzed within the context of the category to which it belongs and evaluated within the previous quarter.
- (IV)** Level of product quality established for coding.
- (V)** Quantity and/or severity of customer complaints received by the Company under the predetermined dissatisfaction measurement parameters previously informed to the Supplier. These parameters must be reflected in the commercial agreement, and any modifications must be communicated to the Supplier before their implementation. This is without prejudice to cases of manifest severity, non-compliance with legal standards, or orders from competent authorities, in which immediate product withdrawal and decoding may occur if necessary.
- (VI)** The individual decision by the Supplier to withdraw the product and/or products from the market.
- (VII)** Repeated non-compliance by the Supplier with agreed-upon product deliveries, except in cases of force majeure and/or attributable fault by the Company or situations of delayed payment of invoices by the Company.
- (VIII)** Non-compliance with agreed-upon commercial conditions, and in general, non-observance of any requirements that were demanded for the respective coding.
- (IX)** Provision of erroneous information that is used as the basis for advertising by the Company, which therefore qualifies as deceptive advertising.
- (X)** Unilateral and constant or disproportionate price increases that

are not justified concerning market conditions

III. Decoding Procedure:

When the Company finds a reason to decode a supplier, it must communicate with them in writing to explain the reasons and reach conclusions that promote the continuation of the business relationship. In any case, the Supplier can present their arguments in writing, which the Company must consider before deciding to decode a supplier. The deliberations will be documented in writing according to the terms determined by the parties.

In cases where the Company decides to proceed with the decoding, it must notify the Supplier in writing, indicating the reasons that led to the decision. Once decoded, the Supplier may request reconsideration of the decoding by presenting arguments that support their request. The Company will then resolve the matter at a different level within the organization, using the institutional mechanism for complaints and requests (PQR) provided in the initial phase of the conflict resolution procedure.

This Procedure does not apply in cases where public health is immediately jeopardized; there is manifest severity, non-compliance with legal standards, or orders from competent authorities.

As a general rule, if a supplier is decoded, the Company will continue to sell the existing inventory of the product. However, if returns are agreed upon, according to the type of negotiation or commercial agreement, the merchandise may be returned.

3. Business Activity

a. Commercial Action Plan -CAP

The Company's CAP is disclosed to our suppliers at the beginning of each year, and its main objective is to define the promotional events that will be carried out for different brands. However, despite the existence of this commercial CAP, the Company may organize promotional events not included in it.

b. Promotions

The participation of suppliers in promotional campaigns carried out by the Company is voluntary and must be agreed upon with them. Refusal to participate in these campaigns cannot lead to any form of retaliation or sanctions.

When excess inventory occurs, the parties may agree on commercial strategies to resolve such situations.

The practice of predatory pricing is considered illegitimate. As a general rule, the selling price should be higher than the respective cost, except in specific and temporary cases such as discontinuation, end of season, imminent expiration, or damaged products. In these cases, prompt action will be taken.

c. Mechanisms for efficient inventory management

The current model used by the Company for product replenishment is based on the IABC classification of products and a reorder point method, aiming to generate an optimal order that ensures sales, minimizes stockouts and excesses and takes into account different commercial negotiations and temporary or permanent strategies of the various warehouses. This continuous replenishment model applies to PLUs (Product Look-

Up), considered line products with tracking within the Company's database, and essential and indispensable products (applies to textiles).

The IABC classification ranks products based on the Company's sales as follows: I-class PLUs account for 40% of sales within their subline, A-class PLUs account for 30% of sales, B-class PLUs account for 20% of sales (including new PLUs with less than three months of sales), and C-class PLUs account for 10% of sales.

4. Replenishment Model

The model operates based on inventory variables that trigger inventory replenishment or new orders when the product's stock at the Company or the Distribution Center (CEDI) reaches a reorder point or optimal order point. This model utilizes software that allows for continuous updates, facilitates inventory availability for simultaneous store openings, optimizes inventory levels, and implements defined commercial strategies.

a. Sourcing and sales staffing mode:

The Company directly hires the warehousing, operations, and sales staff under Colombian labor laws. The hiring dynamics align with the business's pace and activities.

External Staff from Suppliers:

External personnel, such as promoters and merchandisers, are directly hired by suppliers and sent to our stores to support commercial activities for a specific period. The following aspects should be considered:

- The contractual responsibility lies directly between the Supplier and the employee (promoter/merchandiser).

- The objective and duration of support are negotiated directly between the Supplier and the Commercial Vice Presidency.
- Entry into the stores, working hours, and documentation are governed by the Company's policies.
- Except for commercial negotiations, access to the store's warehouse area is prohibited since these personnel's role is promotion and customer assistance.

b. Supplier Service Model at Points of Sale:

Type of Inquiry	Supplier's Concern	Responsible Area	Assigned Team
Out of Stock at the Point of Sale	The product is out of stock in the store	Store	Replenishment Management
Planogram Application	The planogram is not applied correctly, or the label lacks the CN (number of facings and levels))	Store	Sales Management Team: Leader/Sales Coordinator at the store
Pricing Prices	Pricing Prices are missing or incorrect	Store	Replenishment Management Team
Rotación en puntode venta	Inadequate product rotation	Store	Replenishment Management Team
Expiration Dates	Expired or near-expiration products	Store	Replenishment Management Team

Type of Inquiry	Supplier's Concern	Responsible Area	Assigned Team
Cleanliness	Shelves, labels, or products are dirty	Store	Replenishment Management Team
New Products on the Shelf	New product not properly stocked	Store	Replenishment Management Team
Last Dispatch from the Distribution Center		Store	Replenishment Management Team
Implementation of Supplementary Lists and PAC Events	Application of negotiated events	Store	Sales Management Team
<i>Presentation Stock</i>	Knowledge of presentation <i>stock</i>	Corporate (database)	Inventory Management Team (Sell-through)
Sales Inquiry	Sales performance of a PLU or the portfolio	Corporate	Commercial Vice Presidency

Type of Inquiry	Supplier's Concern	Responsible Area	Assigned Team
Status of PLUs in the SINCO system	Status of PLUs in dependencies (Active, discontinued, deleted, or suspended))	Corporate	Commercial Vice Presidency
Inventory Availability in Stores or Distribution Centers for the Entire Portfolio	Inventory levels for each PLU in the portfolio	Corporate	Inventory Management Team (Rotates)
Coordinate Transfers to Other Dependencies for Excesses or Shortages of Merchandise	Request for transfer to another dependency based on supplier criteria	Corporate	Inventory Management Team (Rotates)
Status of Orders in the SINCO system	Validate if an order has been placed	Corporate	Inventory Management Team (Rotates)
Commercial Activation	Additional displays outside of the supplementary lists negotiation	Corporate	Additional displays should be coordinated with the Commercial Vice Presidency and the "Acerquémonos" tool

I. Merchandise Returns

The Company generates a return notice to the Supplier via EDI (Electronic Data Interchange). Detailed information about electronic return shipments can be found on the website www.cen.biz.

General conditions for returns:

- a.** During registration or negotiation processes, the Supplier and the Company define their position regarding returns.
- b.** Every return made by the Company is supported by a return order, which will be delivered to the Supplier in written or electronic form as proof of the transaction.
- c.** Each return will be notified to the Supplier through an EDI messaging email, indicating the reason, the department generating the return, PLU (Product Look-Up), quantity, recording date, and merchandise collection date. The delivery of the merchandise should be defined during negotiation based on the product's conditions. It should be collected at the nearest CEDI (Distribution Center) through the network if it is not a direct pickup.
- d.** The store performing the return to the Supplier will provide written confirmation of this notification via EDI, recording the notified person's name and date and time of each contact.
- e.** The merchandise will be returned in complete original packaging, except for damages or leftovers at the end of a season, as agreed upon by the Company's commercial team and the Supplier.
- f.** For merchandise with variable weight, the return will be based on the quantity registered on the label and not on the product's weight at the time of return.
- g.** If the Supplier does not collect the merchandise within the specified time in the negotiation document, the return will be sent through a carrier, and the Supplier will be fully responsible for the freight costs. This does not apply to perishable, refrigerated, and frozen goods, as the Supplier must collect them immediately or authorize their destruction or donation since the Company does not have the facilities to preserve them and cannot be held responsible for the condition of the merchandise.

- h.** When preparing the return document to the Supplier, both the inventory and the accounts payable to the Supplier are automatically affected to activate replenishment programs. This does not apply to returns due to damages, quality issues, or expiration dates, as these will be deducted at the time of physical delivery to the Supplier.
- i.** Upon receiving the returned merchandise, the Supplier's representative or the transporter must endorse the delivery with their name, signature, and identification number and demand that the supporting document bears the seal of the department, along with the name, signature, and identification number of the Company's representative making the delivery. For this purpose, the authorized representatives of the suppliers must provide a letterhead from the Supplier allowing the delivery.
- j.** If the Supplier realizes that they have not physically received the deducted returns or a copy of the "Return Order" and reports different values than agreed or discrepancies in quantities, they can initiate the claim process through the "PQR" (Petition, Complaint, and Claim) system on the Company's corporate website, www.grupoexito.com.co.
- k.** The return of furniture and merchandise from special events, such as tastings, demonstrations, gifts, prizes, etc., will be done according to the information recorded in the delivery note provided by the Supplier and will be supported by a delivery certificate.
- l.** If the Supplier has not collected their equipment five (5) days after the event ends, the warehouse manager will notify them in writing about the equipment's destination.
- m.** Regarding merchandise under VMI (Vendor Managed Inventory) negotiation, returns will always be made to the Supplier's NIT (Tax Identification Number) to update the inventory, but they will not be liquidated for billing purposes.

II. Merchandise Damages

To minimize the handling of damages, the Company promotes their negotiation as a percentage of the invoiced value and simplifies the process for returning non-negotiated damages as follows:

- At the point of sale, employees will identify damaged goods and separate them by subline and Supplier in sealed packaging, certifying the content and marking the documents supporting the return with their name, ID, and signature. On the other hand, for returns delivered by the Distribution Center (CEDI), there is no marking of boxes or document delivery. The entire process is carried out by associating the merchandise with a barcode.
- When the Distribution Centers or platforms receive damaged merchandise for return to the Supplier, that merchandise is added to their inventory, stored, and delivered within a maximum of thirty (30) days; otherwise, it is designated for donation or destruction. Warehouses located in cities or metropolitan areas different from the one that received the merchandise will directly hand over the damages to the Supplier's representative in the warehouse. If they are not collected, they will be sent with freight collected at the Supplier's expense.
- If the Supplier does not collect the merchandise within the two (2) subsequent deliveries after the announcement date, the return will be sent via a carrier, and the Supplier will be fully responsible for the freight costs. This does not apply to perishable, refrigerated, and frozen goods, as the Supplier must collect them immediately or authorize their destruction or donation since the Company does not have the facilities to preserve them and cannot be held responsible for the condition of the merchandise.

III. Goods Receipt and Invoicing

- Merchandise is received with the prices and other conditions agreed upon with the business administrator or negotiator and recorded in the Company's system.
- Supplier invoices are entered into the system for their original value, while debit or credit notes are issued for any differences, coded according to their cause.
- To avoid inconsistencies, the order conditions (quantity, cost, and VAT

percentage) must be reviewed.

- When there is a discrepancy between the units invoiced and received, a discrepancy report is always generated at the time of receipt, resulting in an inventory adjustment document or credit note.
- Transport documents must include the numbers of all orders covered by the delivered merchandise. Likewise, the corresponding invoices must arrive visibly so the copies can be immediately returned to the Supplier, duly stamped. The guide and the copy of the invoice indicate that verification will be carried out based on the quantities received and/or any discrepancies that may arise.

IV. Terms Settlement

The invoice's due date is calculated based on the negotiated terms or as the law determines. If problems attributable to the Supplier are detected, such as incorrect prices, improperly estimated taxes or lack of legal requirements on the invoices, the invoice will only be paid once the inconsistency is corrected.

5. Payment Policy

a. Invoice Compensation Policy

The Company is authorized to offset accounts in payments to its suppliers following Article 1715 of the Colombian Civil Code. Therefore, any outstanding amounts the Supplier owes for negotiations, returns, trade discounts, or any other circumstance will be deducted from the amounts owed to the Supplier or to third parties to whom the Supplier has assigned their invoices.

Collections that the Company needs to make from suppliers for negotiations or commercial agreements with them are formalized in invoices or investment documents issued by the Company, under legal provisions, and specifically in tax matters as required.

The Company may initiate debt collection for any concepts of negotiation, returns, trade discounts, or any other circumstance if there are no accounts payable to perform such offsets at the time of compensation. The collection process is carried out under the established collection policy.

b. Debit Notes for Negotiation

Per the Company's policy, invoices are not issued when negotiations with the Supplier do not constitute income from the sale of goods or the provision of services and do not incur VAT as in the case of conditional discounts. Generally, an investment document is issued in a particular format with detailed information for these cases, which constitutes physical support.

c. Contacts for Financial Inquiries

Regarding financial inquiries, the Supplier can submit a PQR (Petition, Complaint, and Claim) through the available Portal Pro on the Company's website, where reconciliation will be carried out regarding any differences or the reason for submitting the PQR. The following matters are resolved through this channel:

- Account statements
- Movements
- Compensated documents
- Query of invoiced documents
- Purchase orders
- Payment receipts
- Certificate download

d. Attention in the Department of Analysis and Accounts Payable Registration

Suppliers and creditors must channel their inquiries through the sole attention channel on the Portal Pro. The concepts handled by the Accounting Department include:

- Difference in prices and/or conditions.
- Difference in costs and conditions for goods under VMI (Vendor Managed Inventory) mode.
- Difference in quantity delivered vs. quantity received.
- Difference in quantity delivered vs. quantity settled for goods under VMI mode.
- Difference in merchandise returns.
- Unpaid invoices from merchandise suppliers.
- Unpaid invoices from creditors.
- Difference in financial discounts.
- Tax matters.
- Difference in collections.
- Delivery level.
- Claims for VMI merchandise shrinkage
- Copy of transaction support documents.
- Other reasons.

6. Petitions, Complaints, and Claims

The Company provides its suppliers a mechanism to channel their concerns, suggestions, doubts, requirements, and complaints. Using the mentioned system will not result in the Company applying retaliation, discrimination, or undue pressure against the Supplier.

a. Generalities

The Company has the PQR procedure, which establishes the service

mechanism for all claims related to the relationship between the Company and the suppliers.

Complaints arising from service and attention issues are addressed through the Company's website by visiting the Suppliers section and clicking on the Portal Pro link, where suppliers can access by entering their user information and password.

The information provided in the complaint is binding and sent under the absolute responsibility of the Supplier.

b. Opportunity to Submit PQR

All information regarding generalities and/or opportunities to submit PQRs is explained in the Suppliers section on our website. You will find videos on generalizations, registration, PQR request, and factoring there.

7. Communication Channels

Communications between suppliers and the Company are carried out through the website. The Supplier will find publications, circulars, and news of interest on this page.

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