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**Corporate Governance Report**  
*Committed to good corporate  
governance*



# *Corporate Governance Report*

## *Introduction*

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

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

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

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

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

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

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

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

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

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

## Company Ownership Structure

### Capital and Ownership Structure

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

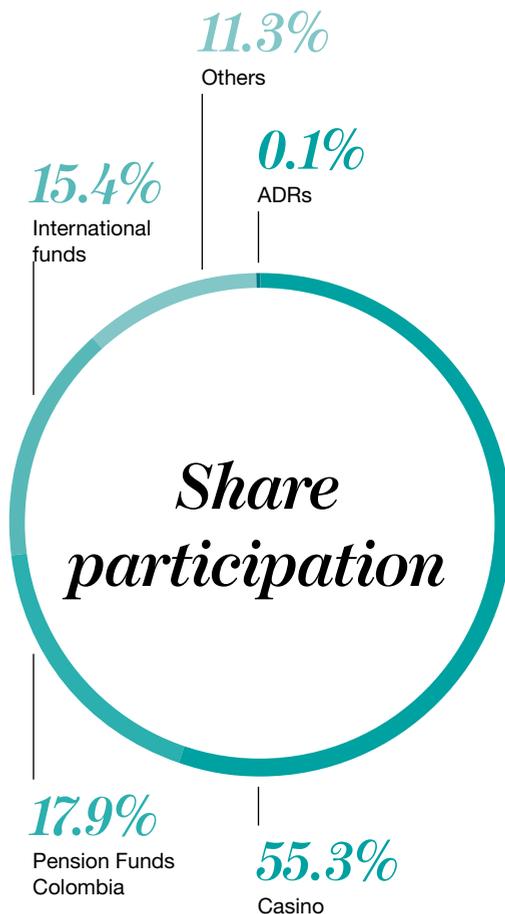
The Company has an authorized capital of 530 million common shares, of which 448,240,151 have been issued and 81,759,849 are in reserve. Out of the issued shares, 447,604,316 are outstanding and 635,835 have been reacquired.

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

### Major Direct and Indirect Shareholders

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

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



## Principal Shareholders at December 31, 2018

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

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

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

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

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

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

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

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

### Shareholder Agreements

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

## Company Management Structure

### Composition of the Board of Directors and Committees

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

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



## Board of Directors

### Independent Members

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

### Non-Independent Members

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



#### Independent Members

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

#### Non-Independent members

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

## *Board of Directors Committees*

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

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

4 | 2 | 7 | 9  
Finance Committee

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

3 | 2 | 5 | 10 | 8  
Sustainability Committee

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

#### External members

10. Josseline De Clausade
11. Tatyana Aristizábal Londoño

\* Guest without voting rights

## Independent Members

### Luis Fernando Alarcón Mantilla

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

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

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

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

### Felipe Ayerbe Muñoz

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

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

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

### Ana María Ibáñez Londoño

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

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

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

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

### Daniel Cortés McAllister

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

## Best corporate governance practices highlighted:

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

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

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

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

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

## Non-Independent Members

### Jean Paul Mochet

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

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

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

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

### Philippe Alarcon

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

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

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

### Bernard Petit

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

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

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

### Hervé Daudin

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

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

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

### Guillaume Humbert

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

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

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

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

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

## Policies Approved by the Board of Directors in the Reporting Period

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

The Tax Policy<sup>5</sup> establishes the principles for a correct tax strategy, namely: transparency, compliance, relationship with authorities, business rationales, transference prices and planning.

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

- i. Policy on giving and receiving gifts and favors<sup>6</sup>:
  - Inclusion of document that stipulates issues concerning gifts and favors
  - Stipulation of principles of actions regarding gifts and favors
  - Restructuring of duties, prohibitions and procedures
- ii. Donations Policy<sup>7</sup>:
  - Inclusion of donations with the Company's sustainability principles
  - Inclusion of the donation regulation framework in favor of democracy
  - Stipulation of legal requirements and outside the law requirements
  - Determination of due diligence procedures for beneficiaries of donations
  - Include rules for the disclosure of donations made

### iii. Investment Policy:

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

## Procedure for the Election of Candidates to the Board of Directors

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

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

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

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

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

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

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

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

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

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

### Board of Directors Remuneration Policy

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

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

### Board of Directors and Senior Management Remuneration

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

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

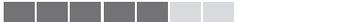
As a result, in 2018, the Company paid its Board members a total of (COP1,464,000,000) for Board and committee meetings.

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

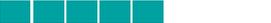
The remuneration for Senior Management members is disclosed in note 34.2 to the Company's financial statements and can be consulted on the corporate website: [www.grupoexitocom.co](http://www.grupoexitocom.co)

## Attendance of Board and Committee Meetings

### Board of Directors Meetings<sup>8</sup>

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

### Committees of the Board of Directors Meetings

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

 Independent Member    Non- Independent Member    External Consultant

8 Includes in-person and remote attendance

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

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

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

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

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

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

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

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

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

## Quorum for Board of Directors and Committees Meetings<sup>18</sup>

### Board of Directors Meetings

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

### Committees of the Board of Directors Meetings

#### a. Audit and Risks Committee

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

#### b. Finance Committee

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

#### c. Appointments, Remuneration and Corporate Governance Committee

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

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

**d. Sustainability Committee**

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

**e. Expansion Committee**

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

**Chairman of the Board of Directors**

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

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

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

**Board of Directors Secretary**

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

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

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

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

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

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

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

### **Management of Board of Directors Information**

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

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

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

### **Activities of the Board Committees**

#### **Audit and Risks Committee**

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

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

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

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

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

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

#### **Appointments, Remuneration and Corporate Governance Committee**

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

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

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

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

#### **Finance Committee**

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

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

#### **The Audit and Risk Committee was focused on the following:**

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

#### **The Finance Committee worked to:**

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

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

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

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

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

### Expansion Committee

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

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

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

### Sustainability Committee

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

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

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

### The Expansion Committee focused on:

- ▶ Analysis and evaluation of diverse projects for the opening, extension and conversion of retail projects
- ▶ Regarding real estate, evaluation and follow-up of the development of more than 113,000 m<sup>2</sup> of the building of the Viva Envigado and Viva Tunja shopping centers
- ▶ Study, analysis and follow-up of the second year of operation of the Company real estate trust, Viva Malls

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

### Board of Directors and Senior Management Assessment

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

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

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

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

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

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

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

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

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

### The Sustainability Committee concentrated its efforts on:

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

## *Transactions between related parties*

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

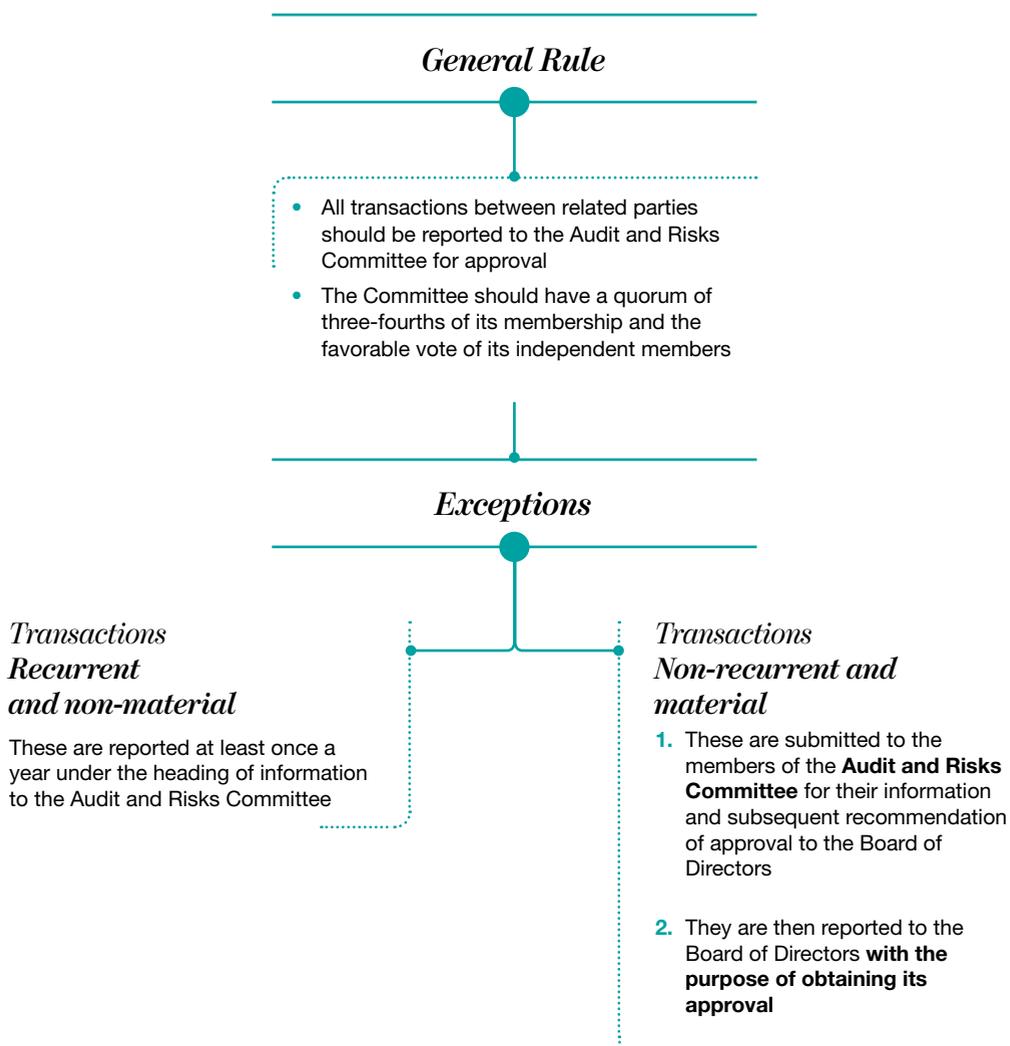
In accordance with Article 34.4 of the Company Bylaws, it's the responsibility of the Board of Directors to define the regulations governing the evaluation and authorization of transactions between related parties.

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

### Transaction procedure between related parties

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

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

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

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

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

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

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

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

### a. Reporting Mechanisms for the Board of Directors and Employees

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

### b. Analysis mechanisms for reported situations

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

### c. Management and resolution mechanisms for conflicts of interest

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

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

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

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

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

## *Risk management system*

### **Internal Control System and its modifications during the year**

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

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

### **Control Environment**

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

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



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

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

## Risk Management

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

## Control Activities

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

comprehensive health, operational excellence and financial planning, among others

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

### Transparency Program

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

#### Transparency Channels

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

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

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

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

#### **Personal Data Protection**

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

#### **The prevention of money laundering and terrorism financing**

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

#### **Information and Communication**

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

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

#### **Monitoring and Supervision**

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

Expansion Committee, and Appointments, Remuneration and Corporate Governance Committee

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

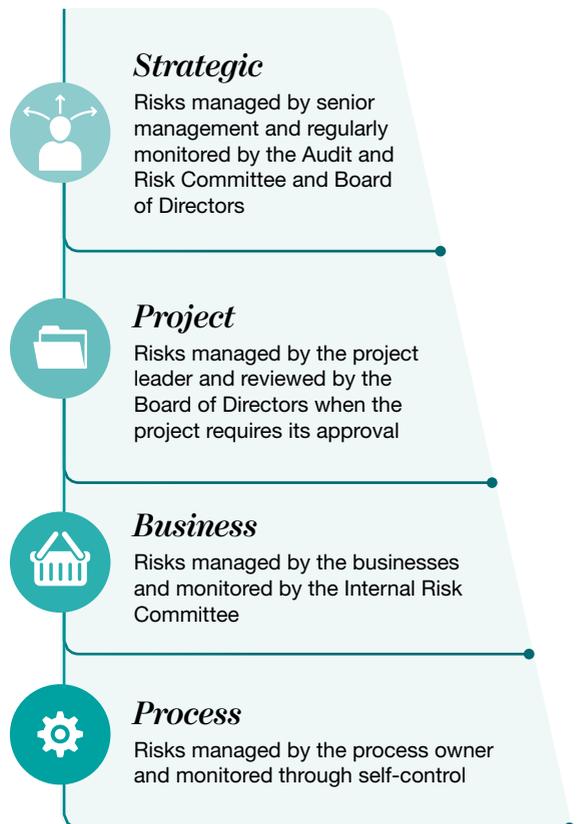
**Enterprise Risk Management Policy**

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

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

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

*Risk Management Model*



## Strategic Risks

### According to the Combination of their Probability and Impact

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

### Initiatives we have joined

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

## Administrative Measures for Priority Risks



### Macroeconomic

#### Reduction strategies for operating costs and expenditures:

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

#### Fiscal optimization strategies:

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

#### Pricing strategies and margin protection



### Financial

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



### Political and Legal, and Country Situation

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



### Information Security

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

## Emerging Risks

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

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

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

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

## Management of contract risks

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

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

### Continuity Plan and Crisis Management Plan

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

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

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

### Materialization of Risks during the Fiscal Year

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

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

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

## General Meeting of Shareholders

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

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

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

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

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

**Actions Taken during the Year to Encourage Shareholder Participation**

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

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

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

**Information and Communication to Stockholders**

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

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

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

*Information Disclosure Committee*

*Chief Financial Office*

- Chief Financial Officer
- Manager of Latin American Finances
- Manager of Colombian Finances
- Investor Relations Director
- Bookkeeping and Consolidation Director

*Corporate Affairs Office*

- Corporate Affairs Manager and General Counsel
- Legal Director
- External Communications and Reputation Director

And they meet:

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

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

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

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

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

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

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

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

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

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

### **Attendance of the General Meeting of Shareholders**

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

## Main Decisions of the General Meeting of Shareholders

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

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

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

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