



estar SALUDABLE, consume 5 porciones de frutas y verduras al día.



INTEGRATED
REPORT

2017



1,573 stores make us the leading food platform in South America.



574 stores
867,138 m²



263 stores



100 stores



131 stores



71 stores



9 stores



29 Shopping Malls and Commercial Galleries (Includes Viva Malls)

Libertad

29 stores
109,601 m²

Libertad

15 stores

Mini Libertad

14 stores



Devoto

57 stores



88 stores
88,570 m²



29 stores



2 stores



882 stores
1,743,511 m²



305 stores



186 stores



183 stores



126 stores



82 stores

COP 56.4 billion

in operating income

📈 9.4% more than in 2016

COP 217,713 million

net income attributable to Grupo Éxito

📈 Five times more than in 2016

COP 3.6 billion

of recurring EBITDA

📈 24.4% growth with a 6.4% recurring EBITDA margin

COP 64.5 billion

in assets

📈 3.3% growth

COP 19.7 billion

in equity

📈 3.1% growth

COP 16,560

Almacenes Éxito S.A. share price

📈 11.1% increase in 2017

USD 100 million

in EBITDA

by developing synergies in the Region

Great strides in consolidating synergies in the Region

USD 100 million in recurring EBITDA by developing 28 synergies



We are sustainable when we work to contribute to Colombia's development

We implement our sustainability strategy through five challenges and encourage others to join us in contributing to the country.
Together we will make it big!



**sustainable
business**



**The Success
of Grupo Éxito
Is in Its People**

We are sustainable when we provide nutrition to children as a way of fighting inequality.

More than **51,800** children received better nutrition thanks to Fundación Éxito's activities.

We are the largest food donators in Colombia.

Close to **1,900** tons of food and non food items were delivered to 17 Food Banks in the Country.

We are sustainable when we believe in what is ours. We buy Colombian products and generate opportunities for others to grow and develop their businesses.

82% of the fruits and vegetables sold at our stores in Colombia were acquired directly from Colombian farmers.

We sold the first beef in Colombia to be certified by the Sustainable Agriculture Standard, *Rainforest Alliance*.

We are sustainable when we generate actions to mobilize our Company and the community around environmental protection initiatives.

We have Colombia's largest recycled cardboard delivery process.

More than **22,300** tons of waste were recycled.

We protected **1,300** hectares of strategic ecosystems under the BanCO2 strategy.

We reduced the use of plastic bags by **41%** thanks to internal strategies and customer commitment.

We are sustainable when we promote healthy lifestyle habits available to everyone.

More than **1,700** products with nutritional and health benefits identified with the Bueno Para Ti (Good for You) seal.

More than **250** products with nutritional and health benefits constitute the Taeq brand portfolio.

We are sustainable when we give our employees reasons to smile. We walk hand in hand with them in their professional and personal development.

More than **40,000** employees make us Colombia's largest private employer.

More than **400,000** benefits delivered to our employees and their families.

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



More than in sales
19% more than in 2016

COP 270,000 million

● **837,000** purchase orders

● **20 years** of experience in e-commerce

● We presented membership to



ARKITECT

BRONZINI

We are the leading e-commerce retailer in Colombia.

More than **51 million** hits



We are on **smart phones** to facilitate purchases

60% of traffic to exito.com comes from mobile devices

It represents **22%** of exito.com's sales



mis catálogos digitales

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

Available at **144** stores

More than **50,000** purchase orders

38% growth in sales



Virtual store with a wide selection of products

700 distributors

More than **50,000** available products

More than **2** years of experience



We became the leading home delivery retailer in Colombia with this partnership that uses the services of **3,500 Rappitenderos.**

More than **600,000** orders



We serve customers from our **contact center** so they can make purchases from the comfort of their homes.

More than **250,000** orders



Our customers can make purchases online and pick up the products at the store of their choosing.

300 stores

We lead **retail's digital transformation**



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Sustainability Department
External Communications Department

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www.tallerdeedicion.co



Scope

The following Integrated Report contains the results of Grupo Éxito's operations from January 1 to December 31, 2017 in Colombia, Brazil, Uruguay, and Argentina, the countries in which it has commercial presence.

The information is presented in four chapters: Management Report, Corporate Governance Report, Financial statements, and Sustainability Report.

To learn more about the companies in which Grupo Éxito has a stake, visit the following websites:

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

I N T E G R A T E D
REPORT
— 2017 —

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Foreword

We consolidated the Company's main results for 2017 and the actions implemented to develop its various strategic fronts in this Integrated Report's four chapters: Management Report, Corporate Governance Report, Financial Statements, and Sustainability Report.

The Management Report explains the scope and progress of the Company's strategy in Colombia, Brazil, Uruguay and Argentina, the consolidation of synergies between countries and the most relevant issues regarding sustainability and compliance with Corporate Governance standards.

The financial results were prepared following the provisions of the International Financial Reporting Standards (IFRS), and were audited by the firm, Ernst & Young. The notes to the consolidated and separate financial statements may be consulted on the Company's website: www.grupoexito.com.co, in the Financial information chapter of the Shareholders and Investors section.

The presented information is consistent with the referenced best Corporate Governance practices, such as the Code of Best Corporate Practices established by the Financial Superintendence of Colombia, the Dow Jones Index and national and international regulations.

Finally, the sustainability indicators are presented in five challenges defined by the Company for developing its strategy on this topic: "Gen Cero" (Zero Chronic Malnutrition on Children), "Comercio Sostenible" (Sustainable Business), "Mi Planeta" (My Planet), "Vida Sana" (Healthy Life) and "El Éxito del Grupo Éxito está en su gente" (Grupo Éxito's Success is in its People). These challenges are in response to the materiality analysis and are aligned with the Global Compact and best sustainability practices.

With this report, we aim to provide transparent, clear and timely information to our stakeholders to allow them to expand their knowledge of the Company.

In 110 years of history

we have consolidated our presence in Colombia with businesses and formats aimed at satisfying our customers. We expanded our operations in South America and became leaders in various sectors.

1905

Carulla was constituted in Bogotá by José Carulla Vidal.

1969

Vivero is born in Barranquilla, driven by Alberto Azout.

1999

- Casino acquires 25% of Almacenes Éxito shares.
- Almacenes Éxito acquires the majority of Cadenalco shares.

1994

Éxito registers its shares in the **Colombian Securities Exchange** of Bogotá, Medellín and Occidente (Cali).

1949

The first **Éxito** store opens in Medellín under the leadership of Gustavo Toro Quintero.

1922

The **Ley supermarket** begins operations in Barranquilla thanks to Luis Eduardo Yepes.

1982

Fundación Éxito is created.

1959

Cadenalco's history begins as the owner of the Ley supermarket.

1998

www.exito.com begins operations.

2001

Almacenes Éxito and Cadenalco merge and the company becomes national instead of regional.

2005

- The **Real Estate business** begins operations.
- The **Éxito Credit Card** is created.

2007

- **Casino** acquires the majority of Almacenes Éxito shares.
- Almacenes Éxito acquires **Carulla Vivero**.
- Almacenes Éxito **issues international shares** through the GDS.
- **Viajes Éxito** begins operations.

2008

- **Seguros Éxito** is created as a complementary business.
- The **Bodega Surtimax** format is created.
- Éxito begins direct operation of its **Service Stations**.

2009

Éxito and Cafam sign a partnership agreement.

2010

- **Almacenes Éxito and Carulla Vivero** merge.
- The **Éxito Express** format is launched.

2011

Almacenes Éxito acquires 100% of *Spice Investments* Mercosur shares, the company that owns the **Disco, Devoto and Géant chains in Uruguay**.

2012

- Cafam, Pomona and Ley complete the merging process with the **Éxito, Carulla and Surtimax brands**.
- **Viva Laureles** opens in Medellín, the first Viva brand shopping center.

2013

- **Móvil Éxito** goes to market in mobile telecommunications.
- **The International Wire Transfer** service begins.
- **Aliados Surtimax** is created.

2014

- Almacenes Éxito acquires **Super Inter**.
- **Gemex O&W S.A.S.** is created as a direct sales channel.
- The **Gen Cero (Zero Chronic Malnutrition on Children)** goal was introduced to the country as a plan to ensure that no child in Colombia suffers from chronic malnutrition by 2030.

2016

- The **Cash & Carry** format is created and the first Grupo Éxito **Surtimayorista** wholesale store is opened in Colombia.
- Grupo Éxito and Fondo Inmobiliario de Colombia sign an investment agreement for creating **Viva Malls**, a specialized mechanism for developing and operating commercial spaces in the country.

2015

- Almacenes Éxito acquires 50% of **Grupo Pão de Açúcar's** (Brazil) voting rights; and 100% of **Libertad** (Argentina).
- **Devoto**, in Uruguay, implements the *express* format.
- The company, **Logística y Transporte (LTSA)** begins operations.

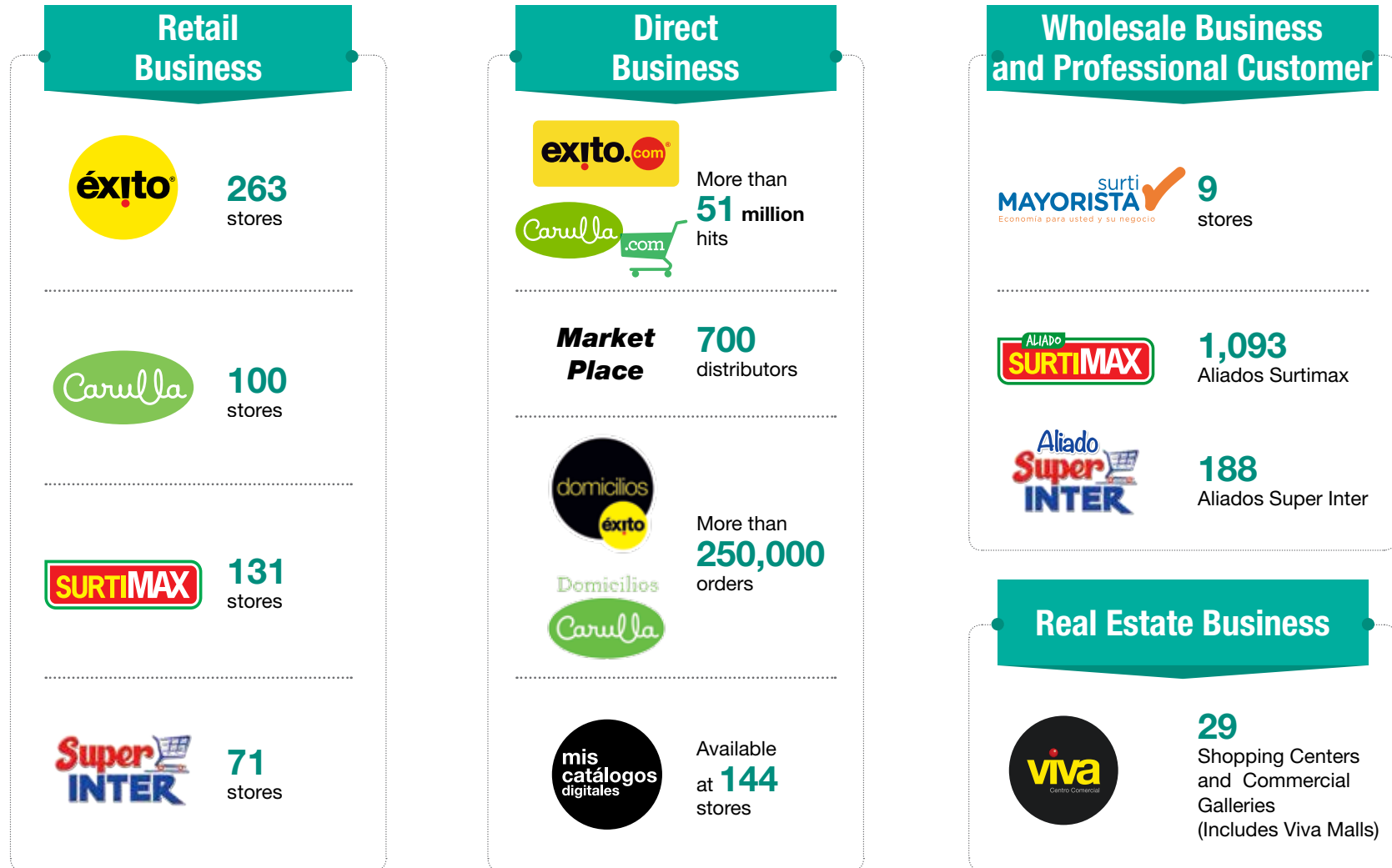
2017

- **Carulla FreshMarket** opens, a bet on differentiating the *premium* supermarket brand.
- **exitocom** presents the **éxito prime** membership.
- The Company strengthens its **synergies** process in the Region.
- The Colombian **textile model** is implemented in the region.
- **Puntos Colombia**, the partnership between Grupo Éxito and Grupo Bancolombia opens, creating Colombia's most important loyalty program.

Businesses and Brands in Colombia

Our customers are always at the core of our operations. That is why we offer unique, innovative businesses, brands and channels to surprise them every day.

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Complementary Businesses



Leader in Colombia with more than **2.6 million** cards issued



More than **250,000** customers



Over **4.4 million** national and international transactions.



Over **1 million** customers insured



More than **13,300** businesswomen. Coverage in more than **200** cities



954,000 active lines

Support for Business



Distribuidora de textiles y confecciones S. A.

More than **33 million** Own Brand clothing items made



Industria de Alimentos

1,000 product references developed



More than **40 million** kilometers traveled by the logistics and transportation company's vehicles

We develop own brands for our clients to find high-quality products at affordable prices

Mass Consumption Foods and Products



Textiles

ARKITECT

PEOPLE



myst
lingerie

Bluss®



BRONZINI

BRONZINI
BLACK



BRONZINI
AND YOU

BRONZINI
WOMAN

CUSTER



Home



finlandek^

finlandek^
select

SIMPLY
TURN ON

Small Appliances, Hardware and Stationery

SIMPLY
TURN ON

Senior Management



**Carlos Mario
Giraldo Moreno**
CEO



**Carlos Mario
Díez Gómez**
Chief Operative *Retail*
Officer for Colombia



**Manfred
Heinrich Gartz**
Vice-president of Finance
and Administration



**José Gabriel
Loaiza Herrera**
Vice-president of
International Business



**Juan Felipe
Montoya Calle**
Vice-president of
Human Resources



**Juan Lucas
Vega Palacio**
Vice-president of Real
Estate and Development



**Jacky
Yanovich Mizrach**
Vice-president of Sales
and Operations



**Carlos Ariel
Gómez Gutiérrez**
Commercial
Vice-president



**Camilo Alberto
Gallego Ferrer**
Vice-president
of Éxito Services



**Martín
Nova Estrada**
Vice-president
of Marketing



**Claudia
Echavarría Uribe**
Corporate Affairs Manager
and General Counsel



**Marcela
Quintero Vélez**
Client Manager



**Sandra
Orrego Correa**
Merchandise Planning
Manager



**Leonardo Valderrama
Martínez**
Supply Chain
Manager



**Gladys Elena
Estrada Yepes**
Auditing
Director

We establish spaces for dialog and feedback with our stakeholders

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Employees

- Quarterly presentation of results.
- Bimonthly magazine, alDetalle.
- Conectados, a weekly bulletin.
- Bi-weekly publication of the Agenda of Primary Groups with guidance and strategic instructions.
- Leadership assessment and work environment survey.
- Buzón de sentimientos (Feelings Mailbox) for employees to share opinions, recognitions or requests.
- Corporate intranet.
- Ongoing attention to requests through an Ethics Hotline.
- A study to measure corporate reputation.

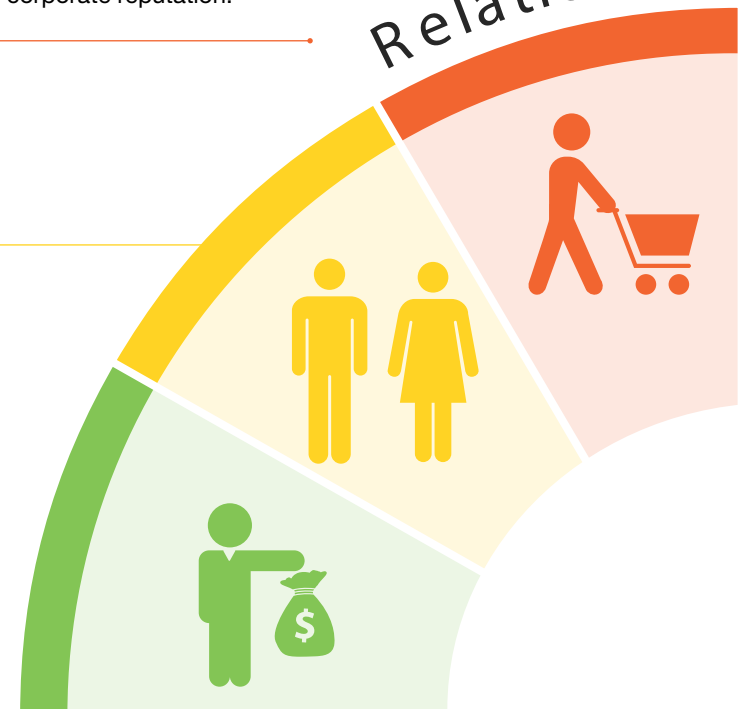
Shareholders and Investors

- Teleconferences on quarterly results.
- Meetings with local stockbrokers and analysts.
- International conferences of investment banks.
- Non-deal roadshow (NDR) with international and local analysts.
- Non-deal roadshows (NDRs) with Colombian pension funds.
- Event to present the cash & carry wholesale model to local funds and analysts.
- Receipt of visits by investment funds and analysts.
- Answering of calls from both local and international investment funds and analysts.
- Attendance of the annual conference organized by the National Investor Relation Institute.

Customers

- Service lines consolidated in a Call Center and emails to address customer Petitions, Claims and Complaints (PPC).
- Respuesta Oportuna a los Clientes (Timely Customer Response; ROC, for the Spanish original) by which customers present their PCC's to the company.
- Quality Service Audit (QSA) to measure customer satisfaction levels with the different brands.
- Meetings to disseminate brand promises and listen to the customer's concerns.
- Twitter account @exitotesirve and @almacenesexito.
- A study to measure corporate reputation.

Relationship



Suppliers

- Supplier tours to disseminate results and present the strategy.
- Nos Acerca, a quarterly magazine for suppliers.
- Specialized section at our corporate website.
- Proveedores de Éxito contest.
- Business Portal.
- Quality Service Audit (QSA) to measure supplier satisfaction levels with their business relation with the Company.
- Ongoing attention to requests through an Ethics Hotline.
- A study to measure corporate reputation.

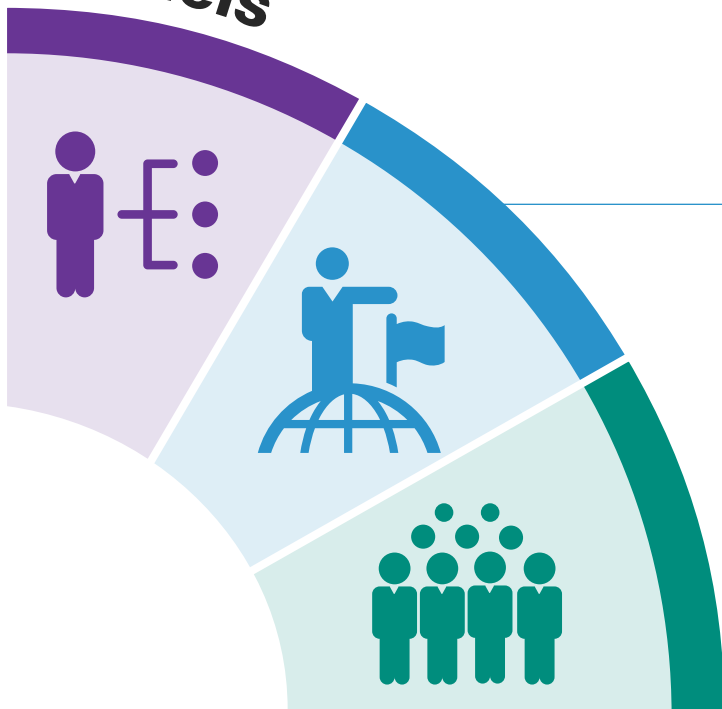
The Colombian State

- Quarterly results reports to the Financial Superintendence of Colombia and the Superintendence of Industry and Commerce.
- Reports on activities results upon request.
- Participation in trade union meetings.
- Study to measure corporate reputation.

Society and the Media

- Digital communication channels. Corporate and business accounts on Facebook, Twitter, Instagram and YouTube.
- Ongoing attention to media.
- Press releases with relevant information for the media and society.
- Publications on the media.
- Public events.
- Integrated Report.
- Specialized section at our corporate website.
- On-going attention to requests through an Ethics Hotline.
- A study to measure corporate reputation.

Channels



Our Corporate Philosophy

Mission
We work for customers to come back

Values
Service
Teamwork
Innovation
Simplicity
Passion

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

- We were included in the **Dow Jones Sustainability Emerging Markets Index**, which recognizes financial, social and environmental best practices, for the fifth year in a row. We ranked among the top three companies with the best *retailers* industry performance (*Food & Staples Retailing*) in the developing countries listed on local stock exchanges.
- We were chosen as one of the eight Colombian companies with best sustainability practices according to the **FTSE 4 Good Emerging Markets Index**, which is part of the company, FTSE Russell, that assesses companies to acknowledge their environmental, social and governance (ESG) practices in over 20 emerging countries.
- We are part of the new **Dow Jones Sustainability Mila Pacific Alliance Index** (*DJSI Mila Pacific Alliance*), the first in its category for the region, which recognizes companies with higher sustainability performances in countries that are part of the Pacific Alliance, according to RobecoSAM.
- We are the Company with the best corporate reputation, social responsibility, corporate governance and talent in the Department Stores category according to research by **Merco Empresas y Líderes**, and are in the top 10 companies in Colombia.
- The Company was awarded the prize for **Chain Logistics and Collaborative Management** in the framework of the 2017 Customer Service Study carried out by Logyca, a leading company in value network innovation.
- The Colombian Council on Sustainable Construction (CCCS, for the Spanish original) and the *U.S. Green Building Council* honored Grupo Éxito with a special award for developing sustainable real estate projects in the framework of **Construverde**, the country's most important event in sustainable construction and design.
- We received the **Promoting Company of the year** award, granted by the International Real Estate Federation (FIABCI), Colombia Chapter, for the contributions we have made in promoting and developing shopping centers and for contributing to the national economy and the growth of the construction sector.

M a n a g e m e n t

R e p o r t

CEO and Board of Directors' Management Report



CARLOS MARIO GIRALDO MORENO
CEO Grupo Éxito

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The positive results derived from Grupo Éxito's regional diversification strategy, characterized the outcome in 2017. Thanks to an international platform that positions it as the leading food retailer in South America, the Group capitalized the progressive recovery of the economies of Brazil and Argentina, and generated substantial synergies that allowed the offsetting of a challenging context for the Colombian operation. By the end of the year, the Group accounted for 140,000 employees, 1,573 stores, 2.8 million square meters of sales area, and consolidated net sales in the food business of COP 55.5 billion, a 9.2% growth compared to 2016.

During the year, the economies of Brazil and Argentina showed a gradual recovery and a political context oriented toward renewal and economic and social reforms. Uruguay continued as one of the most economically stable countries in the region. In turn, Colombia faced a difficult year as the VAT increase, high interest rates and low levels of consumer confidence, among other factors, affected consumption.

In this context, Grupo Éxito maintained its market leading position, showing the resiliency of its operation and the consistency of its strategy, which allowed it to continue competing in an effective and profitable manner in a changing environment.

Key business highlights in 2017:

- **The significant recovery of the Net Group Share Result** was driven by the regional diversification strategy and particularly the operational improvement in Brazil. The Net Group Share Result increased 400% and EPS went from COP 97.2 to COP 486.4.
- **Expansion of the recurring EBITDA margin** from 5.6%, to 6.4%, an increase of 24.4% and of 80 basis points. The outcome derived from the expansion of the gross margin by nearly 60 basis points, and strict expense control in all the countries, which resulted in cost and expenses growing below the sales growth. The largest contribution to the consolidated growth of the Group's EBITDA came from the operations of Brazil and Uruguay.
- **Moderate consumption and competitive pressures in Colombia.** In this context, the operation remained focused on profitable expansion, satisfying customers' needs by deepening the multi-channel strategy, innovating the offering of fresh products, the textile and electro-digital categories, strengthening its product portfolio and implementing new business models, such as Cash & Carry.
- **Consolidation of leadership in food retail in South America.** In Brazil, the operation showed an 8.2% growth in sales in local currency, thanks to the acceleration of the expansion of the outstanding Cash & Carry business model with the Assaí brand. In Argentina, operating income was greater than that obtained by competitors, supported by the significant contribution of the real estate

grupo **éxito**
574 almacenes

1,573 stores consolidate our position as the leading food retail platform in South America.

GPA
882 almacenes

Disco

Devoto
88 almacenes

Libertad
29 almacenes

business and the introduction of the Colombian textile model in hypermarkets. To highlight in Uruguay, good operating margins, the development of the Fresh Market model specialized in high-quality fresh produce and the development of the proximity business model.

- **Significant expansion in the region** with the opening of 46 new stores and the conversion of 23 stores. In Colombia, 8 Cash & Carry stores opened, for a total of 9 Surtimayorista stores. In Brazil, there were 29 openings and conversions: 6 Minuto Pão de Açúcar, 20 Assaí and 3 Pão de Açúcar stores. In Uruguay, 9 convenience stores opened, and finally, Argentina contributed with 4 convenience stores.
- **Strengthening of the multichannel strategy.** In Colombia, the profitability of e-commerce was possible thanks to the development of one of the country's largest marketplace. Additionally, Éxito Prime service was launched and the alliance with Rappi was strengthened, to position the Company as the leading retailer in home deliveries in the country. Brazil saw the development of Meu Desconto, the most innovative Brazilian retail app and the most important delivery networking in stores for e-commerce sales. Finally, in Uruguay the modernization of the devoto.com website strengthened the online business.
- **Development of new business models** with the launch of the innovative Fresh Market model across the region at 5 stores in Brazil, 1 Carulla store in Colombia, 1 Disco store at Punta Carretas in Uruguay and 1 store in Argentina.

We are leading the Fresh Market model in South America, an innovative model that offers high quality in fresh products.

- **Continuity of joint strategies between countries,** such as the development of profitable real estate expansion. In Colombia, the Group totalled over 580,000 square meters of leasable space, nearly 260,000 in Brazil and 170,000 in Argentina. Besides, the Company deployed joint commercial strategies, such as loyalty programs and the strengthening of the textile model, now present in 57 hypermarkets outside of Colombia. This coordination strengthens integration, and allows the Group to attract benefits at the regional level and innovate the business systematically.

Synergies implemented contributed with **USD 100 million** to consolidated recurring EBITDA. The outcome greatly exceeded the target set for 2017, showing Grupo Éxito's capacity of regional execution.

COP 270,000 million in e-commerce sales.

- **Progress in the integration process** in the region with the achievement of USD 100 million in recurring EBITDA gains, thanks to the implementation of 28 initiatives. These results significantly exceeded the goal initially set and ratified the commitment to continue capturing benefits in the years to come.
- **Launch of the “Puntos Colombia” loyalty program** in an alliance with Bancolombia, to allow the monetization of the customer traffic and create the largest point redemption and issuance ecosystem in Colombia.
- **Successful closing of the debt-refinancing plan** in Colombia of nearly USD 600 million. Debt duration went from 2.2 to 2.9 years.

Colombia

2017 was a challenging year for the Colombian economy and for consumption, affected by the tax burden increase and the political context, among other aspects. During the year, inflation continued on its downward trend and went from 5.75% in 2016 to 4.09% by the end of 2017. Food inflation in 2017 was 1.92%, substantially lower than the 7.22% posted in 2016. This trend translated into a direct negative impact on the Group's net sales in Colombia.

The operation in the country ended the year with 574 stores and COP 11.1 billion in net revenues, a 2.8% decrease compared to 2016, caused by a contraction in volumes in Colombia according to the Nielsen Basket, and a deceleration in food inflation. Nevertheless, significant efforts in operational efficiency allowed Grupo Éxito to achieve a 24.6% gross margin in 2017, similar to the 25% recorded in 2016. The action plans also reflected expense control with expenditure growing at a slower

rate than the inflation reported in 2016, based on which usually costs, such as salaries and commercial leases are indexed. Recurring EBITDA reached a margin of 5.7%.

During the year, Colombian consumers changed their habits; they purchased from more channels available, reduced visiting frequency and became more rational.

By identifying these new opportunities, Grupo Éxito led the development of the omnichannel strategy with a growth in e-commerce sales of nearly 19% to COP 270,000 million.

Our wide range of channels for customers comprised: home deliveries enhanced with an exclusive alliance with Rappi that made us the main retail chain offering this service in the country with 72,000 deliveries done per year.

Besides, websites exito.com and carulla.com had 51 million visits, reached 837,000 orders per year and the marketplace offered 50,000 products from more than 700 vendors. Moreover, digital catalogues accessibility was possible at 144 stores and the Click & Collect service at 300 stores. Finally, the mobile app focused on food sales represented 60% of the traffic and 22% of the sales of exito.com.

The Company also accelerated the expansion of the Cash & Carry business model with the Surtimayorista brand, which ended the year with nine stores. As for the Éxito brand, the portfolio of Unbeatable Price products increased to more than 200 categories of food, cleaning and personal care products, ensuring the lowest prices in the Colombian market. Furthermore, the offering of healthy and organic products expanded, enhancing the experience of fresh products and service in the Carulla brand with the innovative

Fresh Market concept. Taeq consolidated as one of the country's main healthy brand with more than COP 38,000 million in sales. Grupo Éxito is seeking dynamic and profitable expansion by favouring an adequate return on investment and strengthening its proximity with customers.

Faithful to our mission of working for the customer to come back, we have focused on getting to know their needs better and improving our service levels. In 2017, we exceeded the service ratings in most of our brands, with an improvement in our customers' perception of stores, e-commerce and customer service, according to the survey conducted by Invamer Gallup. We are pleased with this result and it challenges us to continue working day after day to maintain our customers' preference.

The Group's revenue in Colombia continued benefiting from the positive contribution of complementary businesses. The real estate business and the consolidation of Viva Malls stand out, along with the continuous development of other businesses, such as the Financial (Éxito Credit Card, Transfers and Remittances), Insurance, Travel, Mobile Telephony and Direct Sales. These businesses are essential for the diversification of the operation's ecosystem in Colombia and the formation of the sales margin.

The real estate business continued its significant contribution to the Company's results. In 2017, Viva Malls, the real estate vehicle developed in alliance with Fondo Inmobiliario Colombia, is consolidated by Grupo Éxito and will have 14 assets and over 434,000 square meters of leasable space by the end of 2018. The occupancy rate of the malls was 97% and the business unit saw the arrival in Colombia of international brands such as Decathlon along with other well-known national brands such as the home



Surtimayorista grew sales by 52.5% and opened eight new stores,

for a total of nine in the country. Its results ratified the importance of this new proposal for the market, as a business model that is widely accepted by storeowners and other professional customers, as well as by end customers.

Viva Malls, the real estate vehicle in an alliance with Fondo Inmobiliario Colombia, is consolidated by Grupo Éxito and has 14 assets and 434,000 square meters of leasable space in 2018.

improvement store Home Sentry. Viva Barranquilla and Viva La Ceja ended their first year of operation as top shopping malls in their respective areas. In turn, the resources obtained during the capitalization of Viva Malls have allowed the progress of the Viva Envigado and Viva Tunja projects. Both malls will open by the second half of 2018 and contribute with more than 130,000 and 35,000 square meters of gross leasable areas, respectively.

Puntos Colombia, the loyalty program in association with Bancolombia, aims to monetize the customer traffic and to create the largest point redemption and issuance ecosystem in the country, thanks to a potential of more than 10 million customers in the base. The emerging business will begin to operate during the first half of 2018 with a network of allies in different segments of goods and services, to increase its appeal.

In the financial retail segment, Éxito Credit Card totalled 2.6 million cards issued as of 2017, thus consolidated as one of the most important credit cards in the country. The insurance business also continued growing and covered more than one million customers through micro-insurance alternatives.

Viajes Éxito posted a 46.2% sales growth and more than 250,000 customers, consolidating itself as the second largest company in the sector selling tourism packages in Colombia. The mobile telephony business ended the year with more than 954,000 users through the Móvil Éxito brand.

Finally, the debt-refinancing plan of the syndicated loans in US dollars and local currency was successfully completed. The Group extended the debt duration from 2018 to 2020, thus optimizing its payment flow. The negotiated loans amount to USD 450 million and COP 500,000 million.



In 2017, GPA closed with **882 stores** and reached **COP 41 billion in net revenues**, an 8.2% growth in local currency.

Assaí, with 126 stores, was Brazil's most attractive and dynamic business model accounting for nearly **41% of GPA's total food sales**.

Brazil

Brazil's economy showed a gradual recovery and a decrease in inflation, which favoured Brazilians' disposable income. Even so, the food deflation posed short-term challenges for the operation, since expenses grew at higher levels than the price evolution of products.

By the end of 2017, Grupo Pão de Açúcar had 882 stores and COP 41 billion in net revenues, an 8.2% growth in local currency. The recurring operating income amounted to COP 2 billion, the recurring EBITDA margin was 6.6% with a contribution to the Group of COP 2.7 billion, and a significant growth of 48.6% compared to the previous period.

Assaí, the Cash & Carry format was ratified as the most attractive and dynamic model of our businesses in Brazil. The brand represented approximately 41% of GPA's total food sales and grew 27.8% in local currency in 2017. Assaí ended the year with 20 openings and conversions, for a total of 126 stores. Conversions of Extra supermarkets to Assaí Cash & Carry, improved the store performance and sales increased 2.5 times, improving margins and optimizing the Company's store portfolio.

In turn, Multivarejo, which brings together the Extra and Pão de Açúcar brands and includes a diversity of formats such as the hyper, super and proximity, ended the year with 756 stores. In 2017, Multivarejo focused on strengthening its business model through innovative proposals that allowed it to offer its customers solutions in accordance with their changing needs. The launch of the My Discount app was the greatest technological innovation of the Brazilian retail market; it

set us apart from the competition and allowed us to support the constant growth in sales volumes of the Pão de Açúcar brand and maintain growth levels in the Extra brand. Additionally, the Company implemented the new Fresh Market model at five stores, which allowed us to reinforce the current positioning of our Pão de Açúcar brand as a distinctive, qualitative and healthy destination. Multivarejo ended the year with a same store sales growth of 0.7%.

The launch of the Meu Desconto (My Discount) app showed the digital transformation of our business in Brazil, which serves the largest customer base in Latin America with 14 million loyal users. Meu Desconto reached more than 4 million downloads, more than 1.5 million of which are new customers.

The Minuto Pão de Açúcar and Extra Mini Market brands championed the proximity strategy, totalling 265 stores and gained market share. This business model has focused on simplifying its product offering to an Every Day Low Price strategy to customers, consolidating itself as the best solution in proximity.

During the year, the Company implemented new productivity initiatives and continued to others showing excellent results. The development of multi-task employees at stores, the optimization of the logistical network and savings on energy consumption, allowed the 70 basis-point reduction of expenses as percentage of net sales, for an increase of 4.4% in local currency.

As the food business will require significant investment resources to maintain the lead and dynamism on the most important market in South

America, the Company carried on with the divestment process of the Via Varejo non-food business, recorded as a discontinued operation. In the meantime, the EBITDA margins of this business improved by more than 350 basis points in 2017, with a 10.6% growth in sales, increases in market share and a share recovery of 128% in 2017.

We believe that our portfolio of business models and advances in innovation fit the consumption trends in Brazil.

Uruguay

GDP growth in Uruguay derived from the economic recovery of its main trade and tourism partners: Brazil and Argentina.

Grupo Disco's net sales in Uruguay grew 7.7%, exceeding the 5.1% food inflation level. The recurring EBITDA margin reached a solid 7.8%.

The Company ended the year with 88 stores, including 9 openings under the proximity format, for a total of 33 stores in the country, thus consolidating market leadership in this format. Additionally, the new Disco Punta Carretas supermarket opened with the innovative Fresh Market model, with a sales area of 3,800 square meters and 1,800 square meters dedicated to the healthy and qualitative proposal of the brand. The most advanced retail concepts from Europe and the United States inspired the model.

Market share in Uruguay continued stable as nearly 45% of modern retail and the extensive recognition of the Disco, Devoto and Géant brands, enabled us to continue obtaining very positive results.



Grupo Disco's sales in Uruguay grew 7.7% in local currency.

The consolidation of its leadership in the proximity business model stands out, with the opening of nine Devoto Express stores, now totaling 33.

In 2017, Libertad posted **net revenues of COP 1.47 billion**. Libertad was one of the retail companies with the best financial performance in Argentina, thanks to the combination of retail and the real estate business.

Argentina

Argentina's economy showed a gradual recovery driven by the implementation of pro-market reforms. Inflation reduced significantly, ending 2017 at 24.6%, below the 40.1% recorded in 2016. Risk rating agencies have improved the credit rating of the country, which has returned to international capital markets with the issuance of sovereign debt. Our operation under the Libertad brand ended the year with net revenues of COP 1.47 billion and 29 stores in operation, including 15 hypermarkets and 14 stores under the proximity business model with the Mini Libertad and Petit Libertad brands.

Libertad increased its market share and posted a same store sales growth of 21% in local currency. The recurring EBITDA margin reached 4.3% in Colombian pesos, with a significant contribution from the real estate business. Libertad is undoubtedly one of the retail companies in Argentina that best offset the pressure of inflation in costs, thanks to its mix of sales and the real estate business.

The dual retail and real estate model, an essential part of the Group's business plan in Argentina, made significant progress in 2017. The expansion and remodelling of Paseo San Juan and Rivera Indarte shopping malls contributed another 10,000 square meters to the real estate portfolio, which now amounts to nearly 170,000 square meters. The malls' improved levels of occupancy, consolidated Libertad's position as the top shopping mall and commercial gallery operator outside Buenos Aires.

Synergies

The synergies between the operations of Colombia, Brazil, Uruguay and Argentina continued to provide positive results, with a portfolio of 28 initiatives, continuous assistance by the integration office and the participation of executives from all the countries. By the end of the year, the synergies reached USD 100 million as a contribution to the consolidated recurring EBITDA, thus surpassing the initial Company's expectations; these results are in line with the plan of progressively obtain nearly USD 160 million of recurring impact on EBITDA.

The materialization of the benefits in the region was based on three pillars:

- New business models that concentrate 44% of the results with 13 initiatives in operation.
- Cost efficiencies and CAPEX with a 29% share of the benefits and eight ongoing initiatives.
- Trade synergies and economies of scale with a contribution of 27% of the earnings and seven initiatives underway.

In the first pillar, **development of new business models**, Grupo Éxito moved forward in the exchange of key models and formats across countries.

With regard to the textile model, 57 stores implemented it in the region, from the purchase of the product to the displays in stores, and increased the share of the segment in the sales mix. GPA implemented the model in 32 Extra stores, Grupo Disco in 10 stores, and Libertad in 15 supermarkets.

The democratization of fashion was possible in the region with the offering of private labels Arkitect and Bronzini. Nearly 1.3 million garments exported accounted for a total of USD 6 million and posted a 102% growth in units and 154% growth in US dollars, compared to the previous year. The total amount of garments exported were manufactured in Colombia by 8,000 employees, mainly women head of household, in 84 workshops of our Didetexco branch.

It is important to highlight the expansion of the Surti-mayorista Cash & Carry business model in Colombia, the Assaí brand in Brazil, the innovative Fresh Market Uruguayan outstanding model implemented at seven stores in the region, as well as the strengthening of the proximity business model. Finally, the contribution of Colombia's expertise in the real estate business stands out, applied in the expansion of the Paseo Libertad shopping malls in Argentina.

In the second pillar, **regarding initiatives for cost efficiencies and CAPEX**, the consolidation of a regional negotiation model served to the interests of the four countries at the same time, with joint purchases of indirect goods, services and technology for more than USD 67 million, with savings at the cost level from 20% to 45%. In addition, advances in the exchange of best practices, led to achieve efficiencies in waste, the supply chain and operational excellence when adapted locally.

Finally, in the pillar of **trade and economies of scale**, the successful management of joint commodity purchasing stands out, with the acquisition of more than 1,100 containers of commodities on domestic and foreign markets, with savings between 5% and 15% at cost level, with a purchase value of nearly USD 45 million. In addition, renegotiation of agreements with main multinational food and non-food suppliers, improved the terms of negotiation for the entire region. Moving forward, the sales integration process allowed the import and export of food and non-food products because of the multi-sector business encounters carried out in 2016. In 2017, purchasing orders were placed for coffee, meat products, juices, cookies and textiles, among others, for 15 vendors in Colombia, Brazil, Uruguay and Argentina.

In 2018, the Company will continue consolidating these initiatives in an effort to create value for its shareholders.

57 stores in the region implemented the Colombian textile model; increasing the share of the segment in the sales mix.

Great strides in the consolidation of synergies in the region

Fresh Market Model
Regional leadership in the *Premium* food stores model.



Disco and Devoto, Uruguay



Pão de Açúcar, Brazil



Libertad, Argentina



Carulla, Colombia

Textile model
Implementation of the Colombian textile model the region.



Éxito, Colombia



Pão de Açúcar, Brazil



Disco, Devoto and Gèant, Uruguay



Libertad, Argentina

Cash & Carry Format
Novel proposal in response to market needs.



Assaí, Brazil



Surtimayorista, Colombia

USD 100 million gains in recurring EBITDA achieved through the development of **28 synergies.**



By the end of 2017, the Company's net revenues amounted to COP 56.4 billion, a 9.4% increase derived from the performance of the operation in Brazil and the growth of its *Cash & Carry* business model.



The consolidated Net Group Share Result was COP 217,000 million, five times more than that obtained in 2016, driven mainly by Brazil's solid operating income, the plans for productivity throughout the region and an improvement in the net financial income due to the lower interest rates in Colombia and Brazil. The earnings per share increased five times.

Financial Results

By the end of 2017, the Company's net revenues amounted to COP 56.4 billion, a 9.4% increase derived from the performance of the operation in Brazil and the growth of its *Cash & Carry* business model.

The increase in expenses stood at 8.8% and below the growth in net revenues, thanks to important efficiency initiatives implemented in all the countries, focused on optimizing energy usage and greater productivity in stores. The outcome allowed the Group to increase the recurring EBITDA by 24.4%.

The net financial expense decreased by 11.2%, reflecting the refinancing of the debt in Colombia and the downward trend of interest rates in Brazil and Colombia. These allowed the Net Group Share Result to reach COP 217,713 million, a growth of 400% versus the outcome in 2016. Earnings per share stood at COP 486.4, which generates greater value for our shareholders.

Sustainability

In 2017, the Company continued moving forward in the materialization of its sustainability strategy through five challenges: Zero Chronic Malnutrition on Children, Reducing Environmental Impact, Sustainable Trade, Encouraging a Healthy Lifestyle and The Success of Grupo Éxito is in its People. This is how the Company aims to create shared value and contribute to economic growth, social development and environmental protection. The Company is pleased to have been included for the fifth consecutive year in the Dow Jones Sustainability Index for Emerging Markets, and included for the first time in the Latin American Integrated Market Index (MILA, for the Spanish original), which recognizes the best sustainable practices of organizations that belong to the Pacific Alliance region.

Gen Cero

Important achievements in each of the Company's challenges were as follows Zero Chronic Malnutrition in Children.

Through Fundación Éxito in Colombia, the Company advanced in the purpose of ensuring that no child under the age of five suffers from chronic malnutrition by 2030.

- More than 51,800 children benefited from COP 23,000 million invested by Fundación Éxito, thanks to donations from customers, suppliers, employees, partners and the Company.
- The indicators published by the National Survey of the Nutritional Situation in Colombia (ENSIN) 2015, identified that chronic malnutrition decreased from 13.2% to 10.8% in a five-year period; such improvement encourages us to continue working towards achieving our goal.
- Fundación Éxito has become the first institution to sponsor the Sustainable Development Goal of Zero Hunger in Colombia, as part of its effort to eradicate childhood malnutrition.
- The Company moves forward and manages a system that allows the maximum use of food and helps it to produce a minimum waste. In 2017, the Company delivered 1,864 tons of food in good condition to 17 food banks and 20 institutions in the country through Fundación Éxito.
- Fundación Éxito promoted the "Lactatón" event, to encourage breast-feeding, in which 10,200 women participated. This event aims to raise awareness regarding the importance of breast-feeding for babies.

Sustainable Trade

The Company generated relations of shared value with its partners and suppliers.

- The Company acquired 82% of the fruits and vegetables sold at its stores in Colombia directly from Colombian farmers.
- 92% of the fruits and vegetables sold were purchased in the country.
- 1,281 partners are part of the Surtimax and Super Inter Allies program; with these partners, we establish win-win relationships to grow and develop their businesses.
- Grupo Éxito sold the first beef in Colombia certified with the Rainforest Alliance Sustainable Agriculture Standard. We are proud to have led the certification process, hand in hand with our public and private allies, and are committed to the dissemination of this ambitious project.
- As part of our commitment to human rights, the Company conduct social audits on 174 vendors of private labels and own brands in Colombia to ensure respect for human and labour rights in our supply chain. In the meantime, in Brazil, GPA accelerated the implementation of the responsible beef policy among its vendors, with the objective to raise awareness in the prevention of deforestation in the supply chain.
- Grupo Éxito has the largest recycled cardboard delivery process in Colombia. The Company recycled more than 22,300 tons of cardboard, scrap metal, plastic and hangers, among others. The Company donated more than COP 11,000 million to Fundación Éxito by selling those items.
- Grupo Éxito's real estate projects were recognized with the "Construverde" award due to the LEED Gold and Silver certifications given to Viva Wajjiira and Éxito Mosquera, respectively.
- Éxito La Felicidad became the first store in Bogotá to obtain the LEED Gold certification as well as the project scored the highest among those certified in 2017.
- Grupo Éxito took part in the BanCO2 scheme by sponsoring families in 16 departments in the country protecting 1,300 hectares of strategic ecosystems. In Brazil, the Company installed 8,000 square meters of photovoltaic cells, continued with the renewal of vehicle fleets and the modernized lighting systems with more sustainable technologies. In Argentina, the program to collect plastic bags began to encourage its responsible use.

Mi Planeta (My Planet)

The Company aims to mitigate the impact of its operation on the environment and raises awareness to its protection among customers and employees.

- In Colombia, the operation reduced the use of plastic bags by 41% and more than 900,000 customers chose reusable packages for their purchases, thanks to our customers' commitment and internal strategies.
- The Company saved nearly 28.3 million kilowatts of energy with the energy efficiency programs implemented in 240 stores.

Healthy Lifestyle

Grupo Éxito encourages healthy living habits among customers and employees.

- In Colombia, the Company strengthened its healthy product portfolio, and identified more than 1,700 products with nutritional and health benefits with the Bueno Para Ti (Good for you) seal.
- Grupo Éxito trained 103 suppliers in reformulation processes of 48 products with ingredients that pose a risk to health.
- In turn, in the sixth version of the DERES Awards to the best Corporate Social Responsibility

More than
51,800 children
benefited by Fundación Éxito.

82% of the fruits
and vegetables sold
at our stores in Colombia
came directly from
Colombian farmers.

Plastic bags use reduced
by **41%** thanks
to internal strategies
and customer commitment.

Practices in Uruguay, Grupo Disco got a recognition for its Health Lifestyle program, whose objective is to improve the quality of life of customers, employees and society as a whole.

The Success of Grupo Éxito is in its People

The Company believes in the talent of its nearly 140,000 employees in the region. It helps to fulfil their professional and personal goals and promote an attractive, diverse and inclusive work environment, where they can work with commitment and pride.

- In Colombia, the Company has more than 40,000 employees benefitted from COP 87,000 million (growing 2.4% compared to 2016), given in more than 100 benefits. Besides, the Company promoted the development of skills and abilities of more than 39,000 employees by providing more than 1.5 million hours of training.
- More than 400 employees are part of the Labour Inclusion Program in Colombia, through which the Company employs people with physical or cognitive disabilities, at-risk youth, victims of violence, demobilized individuals and relatives of veterans. The Company works hand-in-hand with 18 institutions to improve the enrolment process of participants in the program.

For further details on the actions carried out and the achievements regarding sustainability in Colombia and at the region in 2017, you can read the fourth chapter of the Sustainability Report section in this Integrated Report.

More than **1,700** products identified with the **Bueno Para Ti (Good for You)** seal highlighting nutritional and health benefits.

We believe in the talent of our nearly 140,000 employees in the region.

Corporate Governance and Internal Control

In 2017, the Company worked on the consolidation of good Corporate Governance practices. Along with the Best Corporate Practices Code of Colombia, it used the following as references: the results of the Dow Jones Sustainability Index, the analysis prepared by the CESA Business School in partnership with the Colombian Securities Exchange, and recent local and international standards on transparency and anti-corruption practices. Additionally, the Company continued consolidating its system to counter fight money laundry and terrorism financing, and based on the policy established, it refrained from negotiating with persons linked to these activities and reported the suspicious transactions that it became aware of.

One of management's main challenges in 2017 was the comprehensive review of the Corporate Governance Summary and other internal policies, procedures and standards that govern the matter, in order to ensure that they are updated, and easy to consult and understand by all stakeholders. These documents are available on www.grupoexito.com.co website, in the Shareholders and Investors section, in the Corporate Governance Documents section.

To highlight, the assessment of the annual performance of the Board of Directors that showed a high level of professionalism and complementarity. Members showed a balance of knowledge and experience that facilitates ample and comprehensive coverage of the topics considered at meetings. The result of the assessment also showed the members' interest in continuing to strengthen

their knowledge of the businesses and in the countries in which the Group is operating.

The performance of the Company's internal control and financial information disclosure systems is adequate. In this regard, the Audit and Risk Committee and the Board of Directors received the financial statements, indicators and relevant events on a periodic basis certified by its Statutory Auditor. Through the Audit and Risk Committee, the Board of Directors supervised several processes such as financial reporting, risk management and the performance of the internal control architecture and system, including the monitoring of Internal Audit and Statutory Audit management and results. Besides, transactions between related parties and the process of managing conflicts of interest, compliance with the regulations applicable to the Company and the Transparency Program.

As managers, we certify that the internal control system showed no failures that would have prevented it from recording, processing, summarizing and adequately presenting the financial information, nor was there any significant fraud that would have affected the quality and integrity thereof. The disclosure of financial information was verified and complies with the current regulations, ensuring that the information at December 31, 2017 is appropriate and contains no defects, inaccuracies or errors preventing the knowledge of the Company's true asset situation.

For further information on Corporate Governance and the Company's internal control system in 2017, you can review the second chapter of the Corporate Governance Report within this Integrated Report.

Comprehensive review of the Corporate Governance Summary and other internal policies, procedures and standards.

The performance of the internal control and financial information disclosure systems is adequate.

Transactions with Related Parties

The Company has a policy for Transaction between Related Parties, which was fully implemented in 2017. The Audit Committee or the Board of Directors considered transactions with related parties, depending on their classification as recurring or non-recurring and material or non-material. The information related to the transactions carried out with related parties are available in detail in the Corporate Governance Report and Note 34.2 of the separate financial statements.

It is important to mention that, there was a procedure created to learn the importance of the topic and its implementation in a simple manner to strengthen the knowledge of the policy at the internal level. In turn, the Company declared that did not make or fail to make important decisions of interest to its subordinates in 2017, as provided in Article 29 of Law 222 / 1995. Additionally, the Company did not carry out any significant transactions with third parties in the interest of its subordinates. Nor did its subordinates make or fail to make decisions of importance or interest to the Company, nor did they carry out transactions with third parties of interest to their parent company that should be included in this report.

The Company did not carry out transactions with its managers other than those arising from the relationship of employment or fees from consultancy services and attendance of the meetings of the Board of Directors and its Committees.

Regulatory Compliance and Intellectual Property

Grupo Éxito has a portfolio of more than 1,100 distinctive symbols, duly registered with the competent authorities in Colombia and the other countries where it operates, produces, distributes or sells its products or services. The Company also has the corresponding licenses to use the distinctive symbols and other copyrights regarding those of which it is not the owner. It is important to mention that, in relation to intellectual property, the Company has strictly complied with the standards governing the matter.

All the software used by the Company also complies with the copyright regulation and is duly obtained through licenses; in addition, the Company has access control policies to prevent employees from downloading or installing software on their computers without the respective license.

It is also reported that the privacy standards have been strictly complied with.

Finally, the Company has not restricted in any way, the free circulation of invoices issued by its vendors of goods or services.

Closing Message

Grupo Éxito history of regional expansion began in Uruguay, and continued in Brazil and Argentina two and a half years ago. This strategic decision of internationalization and diversification has begun to show its results with the incremental capturing of synergies, the gradual recovery of these markets, the positive and material impact of the Brazilian operation on our consolidated results and the significant valuation of GPA and Via Varejo shares on Brazil's securities market. This strategy also provides continuity to a tradition of integration and value capture on historical transactions in the country, such as those of Cadenalco, Carulla-Vivero, Cafam, Surtimax and Super Inter. The growth potential in the region is significant since inflation and interest rates are decreasing and the economic dynamics are expected to improve in our four markets.

The competitive environment in Colombia is dynamic and the Company is facing it with modern and profitable options, such as the consolidation of the omni-channel strategy, the Cash & Carry business model under the Surtimayorista brand, the innovation in the fresh segment, and the generation of new revenue through complementary services, such as consumer credit, insurance, travel and telephony. This is a time of great focus, which is also leading us to maintain strict control on the Organization's costs and spending. It will also be very important to increase the monetization of our assets through the real estate business and the recently announced Puntos Colombia loyalty coalition.

We hope to continue working consistently for a better country with initiatives, such as childhood nutrition and sustainable trade via the local purchasing of fresh produce and the alliance with neighbourhood storeowners. We also hope to continue increasing the confidence and sense of belonging of our customers with better service and experience in attitude and quality, and finally, to continue increasing the value of your investment as our shareholders.

Corporate

G o v e r n a n c e

R e p o r t

Introduction

In 2017, the Company kept progressing in its consolidation of good practices. As well as the Best Corporate Practices Code of Colombia – Código País, it used the following as references: the results of the Dow Jones Sustainability Index, the analysis prepared by the CESA Business School in partnership with the Colombian Securities Exchange, and new Colombian and foreign regulation on transparency and anti-corruption, as well as other local and international references.

We highlight the comprehensive review of the Corporate Governance Summary and the Code of Ethics, as well as other policies and procedures carried out during the year. Said verification had two purposes: to remain at the cutting-edge of the best standards and to make this regulatory framework easier to understand and consult for all stakeholders. The comprehensive amendment was adopted by the Board of Directors at the meeting on February 19, 2018, after prior analysis by the respective committees, and it is currently being subject to the consideration of the General Meeting of Shareholders on the matters of its responsibility.

After an evaluation process of the Board of Directors in 2016 conducted by an independent third party with an excellent track record and renowned in the area, an internal assessment was due to be conducted in 2017. This is how we carried out a 360-degree feedback process, which consists of: (i) self-assessment by the Board members, (ii) individual and global assessment by the Chairman of the Board, and (iii) evaluation between peers. This assessment system covered three categories: role and responsibilities, participation, and strategic contribution. There were notable results of said internal assessment process, which included, the level of professionalism and complementarity among Board members, as well as their good relationship with the Company's Administration. Additionally, the existence of an ideal environment for deliberation and the diversity of the

members' profiles and experience, which enriches the deliberations, stood out.

Finally, the Enterprise Risk Management Model was consolidated in 2017, through which management broken down into levels has been implemented, enabling the integration of risks of the process, business and strategic levels that threaten the achievement of the Company's objectives into an authorized methodology and language.

The maturity process is shown in management of the strategic-level risks, as a result of the participation and inclusion of Senior Management and the Board of Directors in the assessment and prioritization of these risks, as well as in the definition of management and scenario analysis measures. This is done with the aim to ensure, to a reasonable degree, the effectiveness of said measures in the evolution of these risks.

Additionally, for the risks identified as at the strategic level, the risk appetite and Delegation Policy were defined in order to conduct regular monitoring and follow-up of Senior Management and the Board of Directors.

Comprehensive

review of the Compendium of Corporate governance and other policies, procedures and internal rules that govern the matter.

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Positive aspects:

- Professionalism and complementarity of the members of the Board of Directors.
- Good relationship with the management.
- Propitious environment for deliberation.

Company Ownership Structure

Company Capital and Ownership Structure

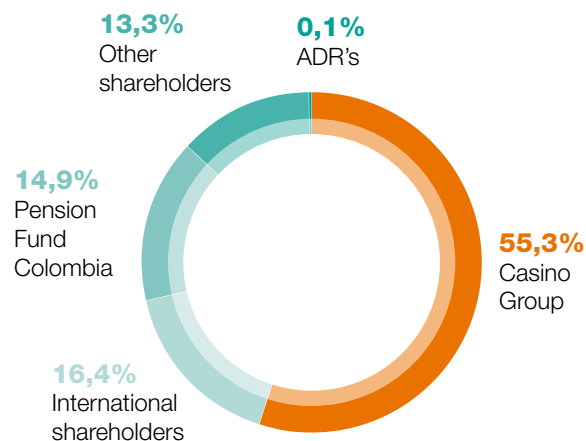
The Company has an authorized capital of 530 million common shares, of which 448,240,151 have been issued and 81,759,849 are in reserve. Out of the issued shares, 447,604,316 are outstanding and 635,835 have been reacquired.

The number of shareholders as at December 31, 2017, is 9,655. Out of which, 88.75% is comprised of individuals with a 9.37% shareholding, and 11.25% is comprised of legal entities with a 90.63% 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, 2017, indirectly held 55.30% of the share capital through the companies Géant International B.V., Géant Fonciere B.V. and Bergsaar B.V.

The Company's share structure is as follows:



Main Shareholders as at December 31, 2017

Name	Number of Shares	Shareholding
Géant International B.V.	187,689,792	41.93%
Géant Fonciere B.V.	47,725,428	10.66%
Fondo de Pensiones Obligatorias Porvenir Moderado	24,368,315	5.44%
Fondo de Pensiones Obligatorias Protección	19,561,704	4.37%
Bergsaar B.V.	12,130,244	2.71%
Fondo Bursátil Ishares Colcap	6,894,095	1.54%
Norges Bank	6,780,069	1.51%
Fondo de Pensiones Obligatorias Colfondos Moderado	6,572,492	1.47%
Vanguard Emerging Markets Stock Index Fund	4,144,808	0.93%
Lombard Odier Darier Hentsch Invest	3,355,000	0.75%
Total	319,221,947	71.31%

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

Luis Fernando Alarcón Mantilla and Daniel Cortés McAllister, Board members, acquired common shares in the Company. These transactions were previously authorized by the Board of Directors at its meeting on August 16, 2016, and the market was informed on the same date through the relevant information mechanism. As at December 31, 2017, Luis Fernando Alarcón Mantilla held 10,000 common shares and Daniel Cortés McAllister held 5,500 common shares.

As at December 31, 2017, eight members of Senior Management (levels 1, 2 and 3 of the Company's organizational structure) held 3,257 shares, and in 2017, they did not make any transactions with them.

At this time, the Company does not have any securities other than its outstanding shares, nor does it hold shares in the Company.

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.

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

Géant International B.V., Géant Fonciere 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 2017, 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 30, 2016, for the 2016-2018 period.

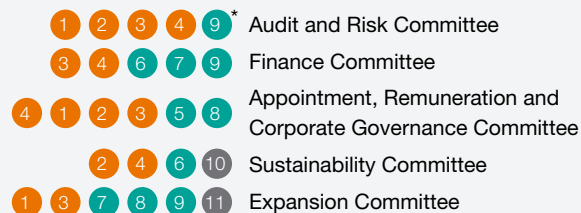
Out of the nine directors elected, four are independent members and five are equity members, exceeding the legal standard.

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

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.

- Independent
- Equity
- External Consultant
- 1. Luis Fernando Alarcón Mantilla
- 2. Ana María Ibáñez Londoño
- 3. Daniel Cortés McAllister
- 4. Felipe Ayerbe Muñoz
- 5. Yves Desjacques
- 6. Phillipe Alarcón
- 7. Bernard Petit
- 8. Hervé Daudin
- 9. Matthieu Santon
- 10. Josseline De Clausade
- 11. Tatyana Aristizábal Londoño



* Guest

Board of Directors

1 Luis Fernando Alarcón Mantilla
11/06/2015** / 30/03/2016***
Bucaramanga, Colombia****

Independent director
Chairman of the Board
of Directors
Chairman of the Audit
and Risk Committee and the
Expansion Committee.

2 Ana María Ibáñez Londoño
20/03/2014** / 30/03/2016***
Bogotá, Colombia****

Chairman of the
Sustainability Comitee.

3 Daniel Cortés McAllister
30/03/2016**
Bogotá, Colombia****

Chairman of the
Financial Comitee.

4 Felipe Ayerbe Muñoz
11/10/2010** / 30/03/2016***
Popayán, Colombia****

Chairman of the Nomination,
Remuneration, and
Corporate Governance.

5 Yves Desjacques
19/03/2010** / 30/03/2016***
Ugine, Francia****

6 Phillippe Alarcon
16/03/2012** / 30/03/2016***
Saint Etienne, Francia****

7 Bernard Petit
20/03/2014** / 30/03/2016***
Craponne-Sur-Arzon, Francia****

8 Hervé Daudin
30/03/2016**
Rueil-Malmaison, Francia****

9 Matthieu Santon
30/03/2016**
Marsella, Francia****



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), as well as other studies. Former CEO of Interconexión Eléctrica S.A. (ISA), CEO of Asofondos and of Flota Mercante Gran Colombiana, 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 the Chairman of the Board 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 different 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. Current 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 Peacebuilding 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 on Fiscal Rule. She has participated in and has led forums and research on sustainability, diversity, inclusion and female leadership.

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

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.

Yves Desjacques

Master's in Public Law with specialization in Labor Law from the International Human Resources Management Interdisciplinary Center (CIFFOP, for the French Original) at Université Panthéon-Assas.

Corporate Human Resources Director of the Casino Group, being a member of its Executive Committee until October of 2017. Former advisor to and member of the Mercalys (France) and Companhia Brasileira de Distribuição (Brazil) Boards 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 the Casino Group in Poland and, subsequently, CEO of Immobilière in the same country. Currently, the Deputy General Manager of Human Resources and Corporate Relations of the La Poste Group.

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.

Hervé Daudin

Degree in Physics at École Normale Supérieure de Paris with a Ph.D. in Economics at École des Ponts ParisTech. Current member of the Executive Committee and Marketing Director of the Casino Group. 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.

Matthieu Santon

Master's in Finance at École Supérieure de Commerce de Paris, ESCP Europe.

Notable career in investment banking, and strategic project, merger and acquisition consulting for HSBC, Natixis and Rothschild. Experience working in the Paris and London offices of Bank of America Merrill Lynch and the London office of Perella Weinberg Partners. He joined the Casino Group in 2012, where he held positions including Deputy Director of Development and Shares.

Board Members who sit on the Boards of Directors of Subsidiary Companies or Hold Executive Positions thereof

Yves Desjacques is a Board member of the subsidiary Companhia Brasileira de Distribuição. Bernard Petit is a Board member of the subsidiaries Grupo Disco de Uruguay S.A. and Devoto Hermanos S.A.

Policies Approved by the Board of Directors in the Reporting Period

The Board of Directors approved the implementation of the Hedging Policy for loans indexed to the IBR to achieve significant hedging of the total debt with interest rate swaps.

Board Member Appointment Process

The Procedure for the Appointment and Election of Board Members, approved in February 2016 and amended in February of the current year, regulates items including:

- 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 ten calendar days following publication of the announcement of ordinary meetings to propose the lists of candidates together with the additional documentation required.

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.

Once it has received said proposal, the Appointment, 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 to verify 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.

Once approved by the Board of Directors, the results of said evaluation must be posted on the Company's website: www.grupoexito.com, together with the résumés of the candidates at least 15 days before the Ordinary General Meeting.

Board of Directors Remuneration Policy

The Board of Directors Remuneration Policy, approved by the General Meeting of Shareholders on June 11, 2015, states that the members of said body shall be entitled to the same remuneration for attending sessions whether in person or remotely. The amount for the corresponding period will be established by the General Meeting of Shareholders at the session for 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.

Board of Directors and Senior Management Remuneration

When the Board of Directors Remuneration Policy was drafted during the Ordinary General Meeting of Shareholders on March 30, 2016, the following remuneration for the 2016-2018 period was approved:

- For the Chairman of the Board, a fee of COP 10,500,000 was approved for preparing for and attending each Board meeting.
- For Board members other than the Chairman, a fee of COP 7,000,000 was approved for preparing for and attending each Board Meeting.
- For the Chairmen of the Committees, a fee of COP 7,000,000 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 3,500,000 was approved for preparing for and attending each meeting of the respective Committee.

As a result, in 2017, the Company paid Board members a total of COP 1,067,511,940.

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

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

Attendance of Board and Committee Meetings¹

Board Meetings

Board Member	Sessions Attended
Luis Fernando Alarcón Mantilla	
Ana María Ibáñez Londoño	
Daniel Cortés McAllister	
Felipe Ayerbe Muñoz	
Yves Desjacques	
Philippe Alarcon	
Bernard Petit	
Hervé Daudin	
Matthieu Santon	

Quorum for Board Meetings

Type of Meeting	Date	Quorum
1. Ordinary	January 25	
2. Ordinary	February 27	
3. Ordinary	March 31	
4. Extraordinary	April 18	
5. Ordinary	May 10	
6. Ordinary	July 12	
7. Extraordinary	August 17	
8. Ordinary	September 20	
9. Ordinary	November 21	
10. Ordinary	December 20	
11. Extraordinary	December 21	

1. Includes in-person and remote attendance
2. Average board meeting attendance: 85%.

- Audit and Risk Committee
- Finance Committee
- Appointment, Remuneration and Corporate Governance Committee
- Sustainability Committee
- Expansion Committee

Board Committee Meetings

Members Attendance

Luis Fernando Alarcón Mantilla (Chair)	
Ana María Ibáñez Londoño	
Felipe Ayerbe Muñoz	
Daniel Cortés McAllister	
Daniel Cortés McAllister (Chair)	
Felipe Ayerbe Muñoz	
Philippe Alarcon	
Bernard Petit	
Matthieu Santon	
Felipe Ayerbe Muñoz (Chair)	
Luis Fernando Alarcón Mantilla	
Ana María Ibáñez Londoño	
Daniel Cortés McAllister	
Yves Desjacques	
Hervé Daudin	
Ana María Ibáñez Londoño (Chair)	
Felipe Ayerbe Muñoz ²	
Philippe Alarcon ³	
Luis Fernando Alarcón Mantilla (Chair)	
Daniel Cortés McAllister ⁴	
Philippe Alarcon ⁵	
Bernard Petit	
Matthieu Santon	
Hervé Daudin	

2. Appointed as a member of the Sustainability Committee on March 31, 2017.
3. Joined the Sustainability Committee on July 12, 2017.
4. Appointed as a member of the Expansion Committee on March 31, 2017.
5. Served as a member of the Expansion Committee until July 12, 2017.

Chairman of the Board of Directors

Luis Fernando Alarcón Mantilla is the Chairman of the Company's Board of Directors. He was first 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.

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 his or 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 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 Risk 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 Risk 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.

Mr. Ricardo Sala, an independent consultant, provided advice to the Board of Directors during its evaluation process and made recommendations for the consolidation of the Board's best performance with a long-term vision, aiming to generate value for the Company's stakeholders and foster the development of long-lasting relations.

Management of Board of Directors Information

In 2017, 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 and, when applicable, adding this information to the minutes.

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.

In 2017, the Committee's activities focused primarily on the following:

- Review of Grupo Éxito strategic and business risks.
- Knowledge of and recommendations about effective management regarding conflicts of interest in the Board of Directors and Senior Management.
- Review of the proposal to update the corporate governance and transparency standards, the standards of the Code of Ethics and Conduct, and the Policies on Giving and Receiving Gifts and Favors.
- The Committee supported the Board of Directors in the process of evaluating its performance.

Activities of the Board Committees

Audit and Risk Committee

The Audit and Risk Committee monitored processes related to financial information and reporting, enterprise risk management, the internal control architecture and system (including monitoring of Internal and Statutory Audits), regulatory compliance (with an increased focus on preventing money laundering and terrorist financing), and the Transparency Program.

Furthermore, it monitored the transactions between related parties, as well as management of the conflicts of interest presented by members of Senior Management and the Board of Directors.

In 2017, 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 their submission to the Board of Directors; and disclosure of information to the market, including verification of the main regulatory changes in terms of accounting and compliance with the International Financial Reporting Standards (IFRS).
- Review of Grupo Éxito strategic and business risks, as well as approval of the levels of delegating functions for the strategic risks and risk appetite. The Committee provided insight so that actions could be taken as an appropriate response to mitigate risks.
- Review and approval of the scope, methodology and annual plan of the Internal and Statutory Audits, their results and the action plans agreed with Senior Management, as well as follow-up thereof. The Committee also monitored and evaluated the Internal Auditing Department's performance and the opinion issued by the Statutory Auditor.
- Knowledge of the most relevant aspects of the audit of Éxito in Colombia and its national subsidiaries, as well as the management of the audit teams of subsidiaries in

Brazil, Uruguay and Argentina.

- Consideration of and recommendations about transactions between related parties that are reported by the Administration, including information on their materiality, value generation, protection of the parties' interests, fair treatment of shareholders, and market conditions validated by independent third parties. It also made recommendations to the Board of Directors about transactions that required its approval.
- Knowledge of and recommendations about effective management regarding conflicts of interest in the Board of Directors and Senior Management.
- Review of the reports on the progress of the Transparency Program, focused on the implementation of Law 1778/2016 on Transnational Bribery and its implications for the Corporate Ethics Program.
- Review of the proposal to update the corporate governance and transparency standards, the standards of the Code of Ethics and Conduct, and the Policies on Giving and Receiving Gifts and Favors.
- Review of the Compliance Officer's management reports on money laundering and terrorist financing and the statistics of suspicious operations reported to the Financial Analysis and Information Unit (UIAF, for the Spanish original) of the Ministry of Finance.
- Review of the most relevant cases involving third parties with the possible risk of money laundering, regarding which the Committee made the relevant recommendations.

- Preparation of a report on the state of implementation of the Personal Data Protection System (Law 1581/2012).

Finally, the Committee reported on its activities and management to the Board of Directors, including the recommendations it made on matters of its responsibility. It also validated the Corporate Governance Report prepared by the Company.

Appointment, Remuneration and Corporate Governance Committee

The Committee monitored the main indicators and policies regarding the Company's human resources affairs, including: personnel costs; operational excellence regarding optimization of labor costs; the results of the leadership assessment; talent planning; the desired organizational culture and development practices; and the balance between work relationships and the draft labor laws.

Additionally, the Committee supported the Board of Directors in the process of evaluating its performance. It did this through an internal assessment using the 360-degree feedback process, working on the execution of the procedure established for that purpose, and the analysis and consolidation of the respective results.

Additionally, the Committee notified the Board of Directors about the process of intervention in the corporate operating model, the amendment of benefits not required by law, and variable remuneration systems for employees and Board members regarding optimization of the Company's labor costs.

Finally, it is worth noting that the Committee submitted to the Board of Directors: (i) a proposal for performance management of the CEO and Internal Audit Director; (ii) an analysis of the responsibility systems of the Board members, and the policy's scope and main aspects to be considered by the Board members and administrators; (iii) the results of the internal evaluation of the Board members, together with a brief explanation of the methodology used, the strengths and opportunities for improvement identified, and the action plans to follow; and (iv) the proposals to amend the Corporate Governance Code.

Finance Committee

The Finance Committee carried out a rigorous follow-up of the local and international macroeconomic indicators, focusing particularly on the U.S. dollar, oil, interest rates and exchange rates, as well as monitoring the Company's cash positions. This intends to ensure due management of the Organization's resources and compliance with the investment policies as part of its regular risk assessment.

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

the Finance Committee worked to :

- Review and monitor the Company's local and international debt position
- Supporting the Board of Directors in structuring strategies and proposals for contracts, reprofiling and/or extensions of credit lines, which enabled optimization of financial expenses and improvement of the Company's financial indicators.

Additionally, we highlight the Committee's significant efforts on the risk hedging strategy, regarding the exchange difference as well as the interest rate. 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.

The Expansion Committee worked on:

- the analysis and assessment of 27 projects to open retail projects.
- Regarding real estate, the Committee was in charge of assessing and monitoring the development of more than 115,000 m2

In 2017, the Sustainability Committee worked on monitoring progress regarding the challenges and areas of focus of the Company's Sustainability Strategy.

Finally, it is worth noting that the Finance Committee was also responsible for the support and regular monitoring of the obligations resulting from credit agreements and covenants regarding grounding of the Net Financial Debt to adjusted EBITDA ratio.

Expansion Committee

The Expansion Committee worked on the analysis and assessment of 27 projects to open retail projects, mostly consisting of hypermarkets, supermarkets and cash and carry stores.

Regarding real estate, the Committee was in charge of assessing and monitoring the development of more than 115,000 m² of construction of the Viva Envigado and Viva Tunja Shopping Centers; and it made a performance and operation assessment visit to the Viva Barranquilla Shopping Center. It was also in charge of creating leasable areas in stores for maximizing value with the opening of the first Decathlon brand store in the country as part of the Max Éxito Colina Project with a gross leasing area (GLA) of 3,956 m².

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 2017 with a GLA of 310,624 m².

Sustainability Committee

In 2017, 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:

- An analysis of the priority strategic matters for the Company, identifying the following: (i) people, quality and product safety; (ii) packaging and waste; (iii) reduction of food waste; (iv) energy and climate change; and (v) ethics and transparency.
- Approval of 50 strategic projects of greater priority for 2017 as part of the five challenges defined in the Company's Sustainability Strategy.
- In-depth monitoring of said projects.
- Approval and monitoring of the sustainability indicators considered in the Company's variable remuneration.
- Approval of the Company's carbon footprint measurement for 2016.
- Request for the Company to strengthen the 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.

Board of Directors and Senior Management Evaluation

Pursuant to the Corporate Governance Code, the Company conducts an annual evaluation process to assess: (i) the qualities of the members of the Board of Directors and its Committees; (ii) the individual performance of each member; and (iii) the overall performance of the respective governing 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.

Having conducted an assessment by an independent third party in 2016, an internal evaluation was due for 2017. This is how we carried out said 360-degree feedback process, which consists of: (i) self-assessment, (ii) evaluation of the Chairman of the Board, and (iii) evaluation among Board members and peers, using validation in three categories: (i) role and responsibilities, (ii) participation, and (iii) strategic contribution.

As a result of the evaluation, regarding the performance of the Board of Directors as a whole, the elevated level of professionalism and complementarity among its members stands out, as well as a balance of knowledge and experience that facilitates ample and comprehensive coverage of the topics to be considered by the Board of Directors.

Additionally, the assessment identified strengths and opportunities for improvement.

The following strengths stand out:

- Experience, complementarity and diversity of its members.
- Good relations with the Company's Administration.
- High-quality composition of the Board of Directors.
- An environment conducive to discussion and exchange of ideas with the utmost respect.
- Good interpersonal relations of the Board members.

Strengths of the Committees:

- The Committee members have knowledge and experience that complement each other and enrich discussion.
- The Administration prepares each committee well and this makes the discussion at the meetings productive and relevant.
- The Committees make decisions and they are not merely for the purposes of information.

Regarding opportunities for improvement, the Board members expressed an interest in consolidating further the knowledge of the sector and the Company's businesses, as well as of the countries and markets in which it operates.

Regarding operation of the Board and Committees, suggestions for improvement and optimization were made, for which the Administration proposed action plans. The following of these stand out:

- Reduce the number of topics discussed at each meeting in order to optimize time management in the meetings.
- At the Board meetings, not repeat in detail the topics discussed at the Board Committee meetings.
- Keep making visits to stores and operations in order to increase knowledge of the business.

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

Transactions with related parties

Board of Directors Responsibilities regarding Related Parties and Conflicts of Interest

The Policy on Transactions between Related Parties defines the following duties and responsibilities of the Board of Directors:

- Annually, and whenever such situations arise, every Administrator and Board member must inform the Company's General Counsel about the people or entities with which they have relationships and that could be considered related parties. They must also provide the necessary information about the relationship in order to comply with the policy.
- The Board of Directors authorizes any material transactions (i.e., transactions with a value equal to or greater than 46,000 times the value of the minimum monthly salary at the time of the transaction) and non-recurrent transactions (i.e., those transactions that are not part of the Company's ordinary course of business) in advance, except for those that, according to the law or the Company Bylaws, are the responsibility of the General Meeting of Shareholders.
- When the General Meeting of Shareholders is responsible for approving transactions between related parties, both the Audit and Risk Committee and the Board of Directors must investigate and evaluate the transaction in order to make a proposal to the General Meeting of Shareholders based on the analysis, assessment and conclusions of both bodies.

- In the event of breach of the Policy on Transactions between Related Parties, the Audit and Risk Committee or the Board of Directors, as applicable, must evaluate the transaction and make a decision 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.

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

This list is not an exhaustive description of the responsibilities of the Board of Directors regarding conflicts of interest. When the Board of Directors acts as the Corporate Governance, Conflict of Interest and Use of Privileged Information Committee or, in other words, when the Board is responsible for analyzing the circumstances that led to a conflict of interest for a Board member, the other, non-conflicted Board members will fulfill additional 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 Risk 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, and of operations between companies of the Corporate Group or entities related thereto (operations with related parties) that, because of their value, nature or terms, pose a risk for the Company. Verify that operations are carried out according to fair market conditions and do not compromise equal treatment of shareholders.

Breakdown of the Most Relevant Transactions between Related Parties in the Opinion of the Company, Including Operations between Companies of the Conglomerate

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 2017 were the following:

- Respecto a la controladora, la Compañía percibió unos ingresos. Regarding the majority shareholder, the Company received a revenue of COP 7,003 million, which corresponds to the strategic management service agreement for Latin America signed with Casino Guichard Perrachon S.A., and it generated costs and expenses amounting to COP 26,424 million for the consulting and technical support services provided by the majority shareholder and Geant International B.V.
- With the companies of the majority shareholder, transactions were made that generated: (i) revenue of COP 993 million; and (ii) costs and expenses mainly for services received related to energy efficiency and merchandise imports amounting to COP 8,991 million.
- Regarding the subsidiaries, the main transactions made in 2017 were in revenue from (i) the sale of merchandise to Distribuidora de Textiles y Confecciones S.A.S. – Didetexco (formerly Cdiscount Colombia S.A.S.); (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. These transactions amounted to COP 27,139 million.
- Costs and expenses generated from subsidiaries amounted to COP 477,607 million and were mainly from: (i) the purchase of merchandise and goods to sell to Distribuidora de Textiles y Confecciones S.A. (now, Distribuidora de Textiles y Confecciones S.A.S.); (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.

- Regarding joint ventures, in this case Compañía de Financiamiento Tuya S.A., a revenue of COP 28,159 million was made, primarily from property leasing; and expenses of COP 2,376 million were generated, mainly from commission on payment methods.
- Finally, with other related parties, such as the case of the Board members, expenses were generated from the provision of services amounting to COP 1,057 million.

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

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 2017 that demonstrate this compliance are described below:

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.

The Audit and Risk Committee evaluated reports from 11 Board members and made recommendations

In 2017, 507 declarations about possible conflicts of interest were received to be resolved by the Corporate Governance, Conflict of Interest and Use of Privileged Information Committee.

- **Annual conflicts of interest declaration:** Employees from levels 1 to 4 of the organizational structure and those whose positions are related to the Company's critical processes were requested to make an annual declaration on conflicts of interest through the Human Resources Department's computer system provided for this purpose.

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.

Management and resolution mechanisms for conflicts of interest

- For conflicts of interest involving members of the Board of Directors and Senior Management (levels 1 and 2 in the organizational structure), the Audit and Risk Committee evaluated reports from 11 Board members and made recommendations to the Board of Directors or the Appointment, Remuneration and Corporate Governance Committee, as applicable, with suggestions about actions and measures for their solution and management. Additionally, Board members involved in conflicts of interest abstained from participating in the assessment, discussion and voting thereof to make the corresponding decision.

- Regarding conflicts of interest with the Company's employees from level 3 and above of the organizational structure, the Corporate Governance, Conflict of Interest and Use of Privileged Information Committee, comprised of representatives from Human Resources, Corporate Affairs Management and the Internal Auditing Department, met three times over the year and established the solutions and/or penalties as required. In 2017, 507 declarations about possible conflicts of interest were received to be resolved by the Corporate Governance, Conflict of Interest and Use of Privileged Information Committee. None of these situations required the mandatory resignation of the person reporting the conflict of interest, as they did not affect operations as a whole, nor were they of a scale that would make it impossible for said person to exercise his or her position.

Mechanisms to Resolve Conflicts of Interest between Grupo Éxito Companies and their Application during the Fiscal Year

Conflicts of interest between Grupo Éxito companies were handled in accordance with the Policy on Transactions with Related Parties, Conflicts of Interest and Use of Privileged Information.

The Administration submitted 20 transactions to be made between the companies for the consideration of the Audit and Risk Committee, indicating their nature, materiality, recurrence, analysis and basis of the market conditions and main justifications. Out of these transactions, five were submitted for the approval of the Board of Directors, eight required approval from the same Committee and seven were submitted for the purposes of information.

Risk management system

Internal Control System and its Modifications during the Fiscal Year

According to the Corporate Governance Code regarding the Company's Control Architecture, this must have an internal control risk management system and establish the roles and responsibilities required to achieve the control objectives and ensure adequate risk management.

The main mechanisms for achieving these objectives are described below:

Control Environment

- The guidelines provided by the General Meeting of Shareholders in the Company Bylaws and by the Board of Directors in the Corporate Governance Summary must be followed in order to have an adequate risk management and internal control culture and environment, where the Administrators are responsible for managing the implementation and maintenance thereof, supported by the owners of the different processes.
- The Company kept consolidating its organizational structure and operating model, which operate under the system of governance, control and reporting lines established between the different countries, businesses and models, as well as coordinated work to leverage synergies between them.
- Senior Management annually reviews the strategy, business plans and their indicators, which are validated by the Board of Directors and, in turn, the Company's effective management and results are managed, monitored and followed up.
- The Company sets objectives for the different areas, processes and employees, which it incorporates into a performance management model with regular monitoring and measurement of its compliance.
- Through Human Resources, the Company leads programs to attract, develop, strengthen and retain human talent with strong skills to support the achievement of objectives, innovate and optimize organizational performance.
- The Company's Transparency Program is led by the Ethics Committee, which is comprised of the Chief Operative Retail Officer, Chief Services Officer, Chief Human Resources Officer, Corporate Affairs Manager and Internal Audit Manager.

- The Ethics Committee met five times during the year to monitor compliance with the Transparency Policy, the Code of Ethics and Conduct, and other internal regulations that support and promote the most ethical behavior. In 2017, 654 reports were received, which were handled using the system established in the Company for managing cases according to the guidelines of the Ethics Committee and Anti-Fraud and Anti-Corruption Committee.

Risk Management

- The Enterprise Risk Management Policy, which defines and guides the general framework for managing the Company's business risks, is based on its connection to the Company's strategic pillars and the objectives of each business.
- Senior Management, the process owners as responsible for risk management, and the risk managers, who across all the processes support risk management in different areas, are included in the application of and compliance with risk management.
- According to the established delegation scale, the Audit and Risk Committee and Board of Directors regularly monitor the Company's main risks.
- Strategic and business risk maps that facilitate identification of areas for action to mitigate and respond to the risks.
- Through the Internal Risk Committee, which carries out a regular review of the main risks of the businesses, the established management measures and the materialization of risks, which provides information for defining strategies in each one of its processes, achieve comprehensive and cross-cutting support for enterprise risk management.
- The Enterprise Risk Management Department leads the implementation of the policy in the Company.

Control Activities

- The policies and procedures define the main activities that support the operation of the businesses. In 2017, the Company strengthened initiatives to achieve the strategic objective of operational excellence with the aim to improve process efficiency and generate greater value, mainly in the sales, operations and shared services departments.
- Some key and cross-cutting risks for the Company are managed with the leadership of specialized departments, which operate as a second line of defense. The main ones include: Enterprise Risk Management, Compliance, Information and Technology Security, (physical and human) Resource Protection, Food Quality, Comprehensive Health and Financial Planning.
- The Compliance Department was consolidated in 2017 to unify and mature the processes under the responsibility of the Compliance Officer, aimed at the management of the Prevention and Control of Money Laundering and Terrorist Financing, Personal Data Protection and Transparency Programs. Through this management, the Company has developed work plans to align its Transparency Program with the guidelines of the Corporate Ethics Program set forth in Law 1778/2016, and other regulations that add to it, aimed at the prevention of transnational bribery and other corrupt practices, as well as to adjust its personal data protection processes with the provisions of Law 1581/2012 and its regulatory standards.
- The Company is committed to preventing risks related to money laundering and terrorist financing, for which it develops due diligence procedures, aiming to know its counterparties. It refrains from engaging in business with persons related to this risk, and it reports suspicious operations. In 2017, 9,060 employees were trained on the Anti-Money Laundering and Counter Terrorist Financing System.

Information and Communication

- Computer and Technology Management has centralized governance for managing the computer and telecommunications systems and the technology platforms. Additionally, it manages information security risks.
- The Company has different internal and external communication channels, through which it communicates with the different stakeholders. The main channels include the corporate website, the customer service lines, the Investor Relations Department and internal media for employees.

- There is a system for process management, in which the new policies and procedures and their updates are disclosed.
- Internal management committees operate regularly at different organizational levels, where the Company's relevant information is communicated.
- Financial information is validated and consolidated under the guidelines and computer systems of the Finance Department and Services Department, which incorporate management control processes to achieve greater reasonability and integrity of information.
- The Information Disclosure Committee for the market operates in compliance with the established Financial and Non-financial Information Disclosure Procedure.
- Based on the Company's commitment to act in order to prevent, detect, investigate and respond to possible acts that could have an impact on the risk of fraud and corruption, the confidential reporting channels provided by the Company and managed by an independent third party for recording related events have always been available: transparency hotline 018000522526, email etica@grupo-exito.com, ethics form available at www.grupoexito.com.co/es/nosotros/transparencia and the corporate intranet. In addition, the Operating Anti-Fraud and Anti-Corruption Committee has monitored statistics, addressed queries and made mechanisms available for effective response, management and solution of the reports received, promoting administrative measures and action plans with the departments and processes necessary to improve the Internal Control System and avoid the materialization of new risks. In 2017, the Internal Auditing Department or people responsible for the processes in the Self-Control Program conducted 565 assessments of departments or processes to monitor risks related to fraud and corruption.
- The Transparent Communications Campaign was held during the year, which addressed the main topics to raise employees' awareness on the prevention of fraud, bribery and corruption, as well as for the proper management of conflicts of interest and compliance with the Company's Gift Policy. Furthermore, 10,116 employees carried out online induction training, which disseminated the key elements of the Transparency Program.

Supervision and Monitoring

- The Board of Directors is supported by the following Committees to monitor key elements of the Organization's governance: Audit and Risk Committee, Finance Committee, Sustainability Committee, Expansion Committee, and Appointment, Remuneration and Corporate Governance Committee. In particular, the Audit and Risk Committee supervises the financial information and reporting processes; enterprise risk management; the Internal Control Architecture and System; monitoring of the management and results of the Internal Audit and Statutory Audit; as well as relevant matters of regulatory compliance for the Company. Additionally, it considers transactions between related parties and management of conflicts of interest.
- The Internal Auditing Department carries out risk-based planning and assessment of the risk management, control and governance processes, with a focus on complying with business objectives and on the Organization's main projects. In 2017, it assessed assurance and provided consultancy to the relevant business processes, both nationally and internationally; it supported the Compliance Department with the Transparency Program; and conducted investigations of possible cases of fraud reported through the 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.
- The process leaders carry out regular self-assessment of their key controls and risks through the Self-Control Program, which recognizes the "capacity of people to consider control as an inherent part of their responsibilities, fields of action, and decision-making". This program facilitates the process owners' establishment of corrective action plans when deviations are detected that could have an impact on the achievement of their objectives.

Enterprise Risk Management Policy

The Enterprise Risk Management Policy approved by the Board of Directors and included in the Corporate Governance Code was updated, taking into account the new risk management model proposed in 2017.

The roles and responsibilities were defined in this model according to the different risk management levels, where the predominant role of Senior Management, the Audit and Risk Committee and the Board of Directors stands out at the strategic level

Risk Management Model



Using this model, a delegation scale was structured for strategic risk management, which is given according to the rating of each of these and the established appetite.

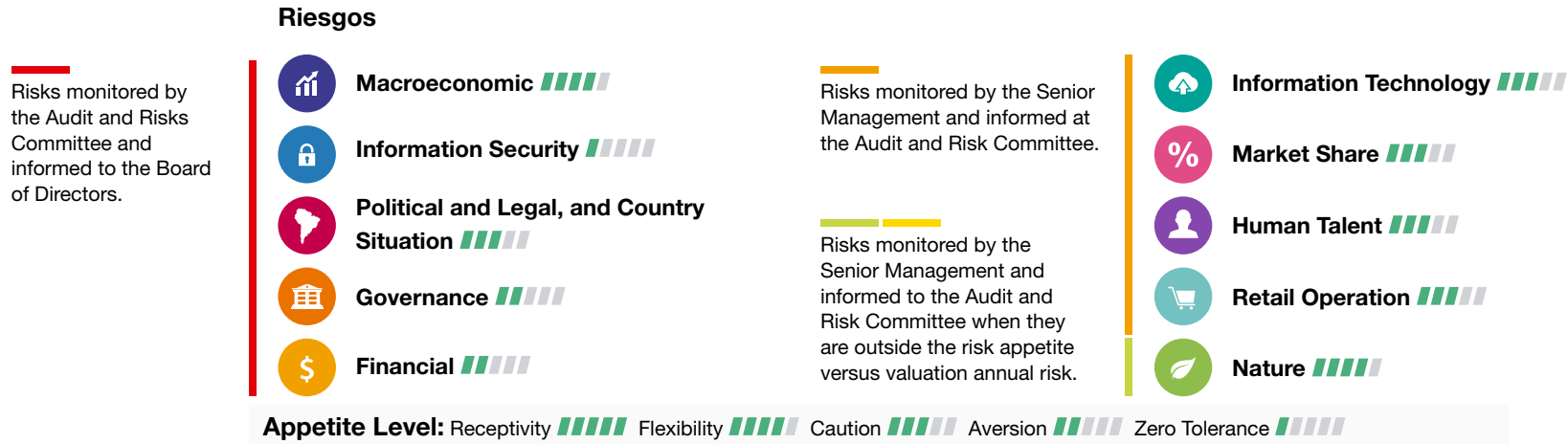
The strategic-level risks, which are those that could affect compliance with the Company’s strategic pillars, were reviewed by the Audit and Risk Committee at two meetings, and by the Board of Directors at one meeting, thus facilitating their visibility in an authorized language, and at the same time, including the governing bodies in the monitoring of these risks.

Said risks have a conglomerate vision, notwithstanding the risks that are identified and managed by each company, and they have the following categories:

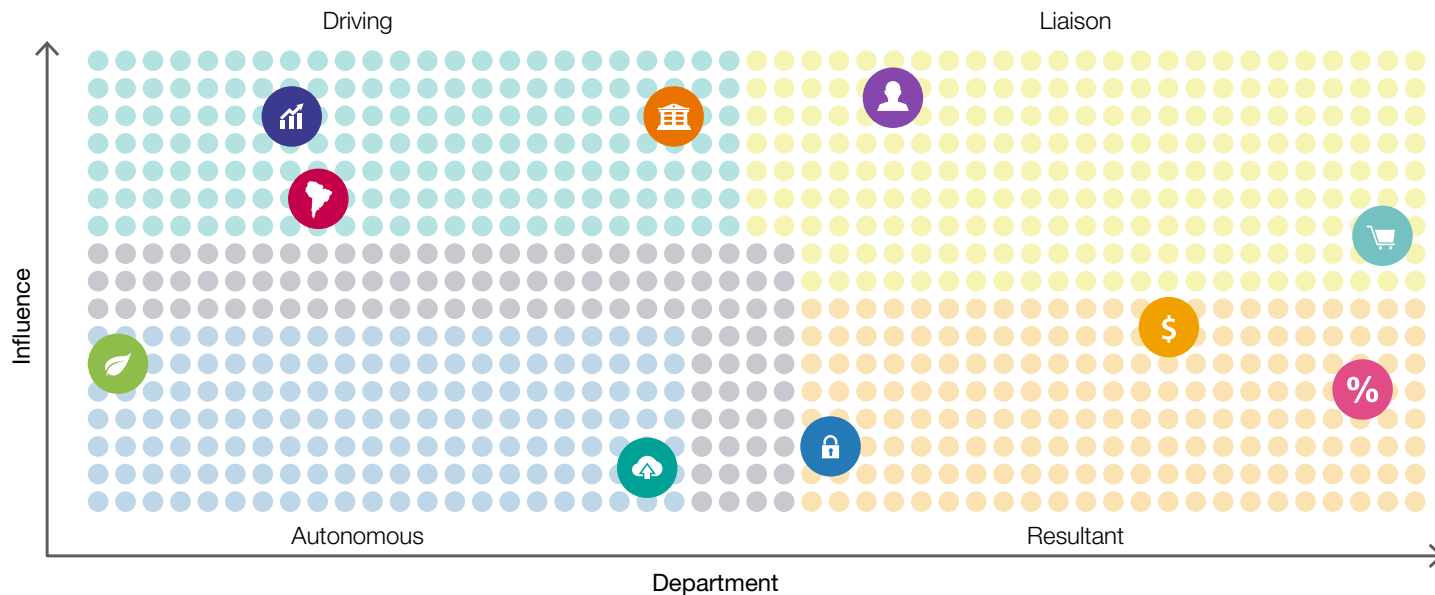
The strategic risks were assessed by Senior Management according to their impact (financial or reputational) and probability of occurrence. This assessment was added to with an analysis of the interaction of the ten categories of risk, according to the level of influence and dependence of each risk on the others. Consequently, the following prioritization was obtained:

Strategic Risks

According to the Combination of their Probability and Impact



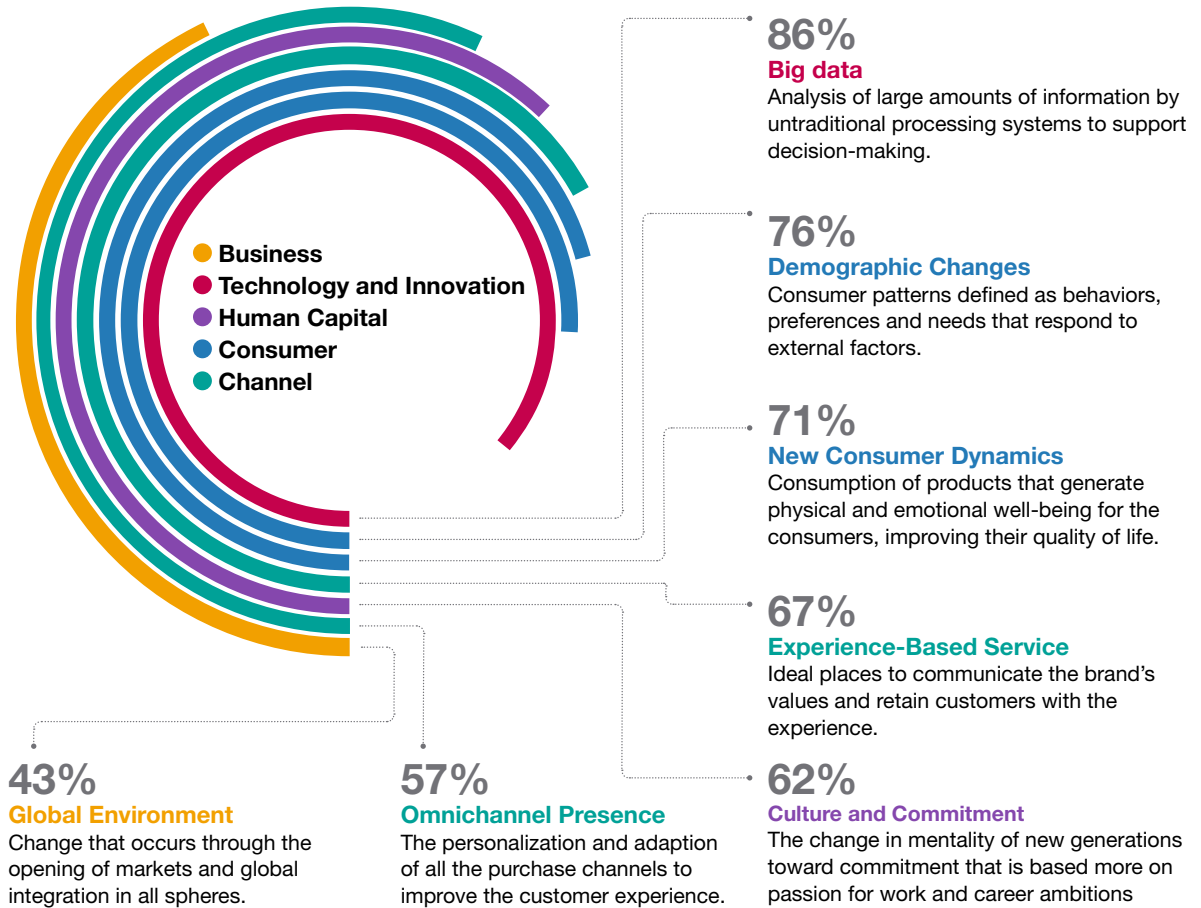
According to their Interaction (Level of Influence and Dependence)



As a result of the above, the management of the risks in the Macroeconomic; Governance; and Political and Legal, and Country Situation categories is prioritized, because as they are driving risks, they have a greater degree of influence on the other risks.

Analysis of the environment

Taking into account the strategic pillars, the trends that have the most impact on compliance with said pillars were prioritized by the Company's Senior Management, as follows:



Continuity Plan and Crisis Management Plan

In development of the Business Continuity Plan, a Business Impact Analysis (BIA) was conducted of the retail business process, with which 25 sub-processes were prioritized that are considered to be critical for the business, and on which the continuity strategies were defined.

To complement the continuity management, the Crisis Management Plan was updated with the following aims:

- Increase the scope to the events that are caused by matters other than those of operation and that could occur in any of the Company's businesses;
- Coordinate it with the Social Network Crisis Management Plan;
- Coordinate it with the protocol for disaster response.

Materialization of Risks during the Fiscal Year

In the context of the main risks that arose in the year, which are inherent to the operations and ordinary course of business, the following are noted:

- As a result of the social demonstrations in the city of Buenaventura, Almacén Éxito Buenaventura and the Viva Buenaventura Shopping Center suffered effects on their property and assets, and looting of merchandise, generating losses of:
 - » Almacén Éxito Buenaventura: COP 5,683,228,042
 - » Viva Buenaventura: COP 252,239,365.

These losses less their deductible were covered by the insurance company during the fiscal year.

- There were no events associated with the risk of employee disloyalty. In addition, acts that were identified and related to the risk of fraud and corruption did not materialize.

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.

Response and Supervision Plans for the Main Risks

The management measures for strategic risks are established in light of the scenarios defined in each risk, which permits establishment of the scope of the measures and assurance of the efficacy of these for risk management to a reasonable degree.

These measures may be ongoing and systematic, or new and specific, and we call them actions plans. Those defined for the most significant risks are highlighted:

Management Measures



Macroeconomic

- Hedging with derivatives
- Diversification of businesses
- Diversification of countries by exchange rate exposure



Governance

- Legal, bylaw and regulatory framework of corporate governance
- Ongoing disclosure to the market
- Financial and Non-financial Information Disclosure Policy and Information Disclosure Committee
- Regulation on transactions with related parties
- Audit and Risk Committee comprised exclusively of independent members



Financial

- Action plans to control the EBITDA
- Ongoing control of expenses and revenue regarding the budget and reviews
- Debt control through factoring
- Ongoing monitoring of the working capital variables
- Monitoring of profit
- Streamlining of the CAPEX
- Monetization of taxes to charge in tax reimbursement securities (TIDIS, for the Spanish original)
- Cdiscount - Didetexco merger
- Review of the Company's tax strategy



Political and Legal, and Country Situation

- Keep cost and expense structures low
- Moderate the pace of investments without exceeding the cash limit
- Keep a low debt level



Information Security

- *Firewalls, intruder prevention systems, network access control systems, vulnerability identification tests, security services with suppliers, etc.*
- *Operation of outsourced security services*
- *Programming of ethical hacking tests*
- *Implementation of the Identity and Access Management Project*

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 2017 were different to the minimum legal requirements established in the following aspects:

- The term for announcement of the Ordinary General Meeting of Shareholders held on March 31, 2017, was 30 calendar days, as it was published on February 28, 2017. This practice was conducted in compliance with the Company Bylaws and Rules of Procedure for the General Meeting of Shareholders, which establish a term of thirty (30) calendar days for the announcement of ordinary meetings, and fifteen (15) calendar days for extraordinary meetings.
- Taking into account the holding of the Ordinary General Meeting of Shareholders in accordance with the Company Bylaws and the Rules of Procedure for the General Meeting of Shareholders, a term of five calendar days was given, which began on March 1, 2017, and ended on March 7, 2017, for the shareholders 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 28, 2017, 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 2017, so that the shareholders could indicate to their proxies how they would vote.
- The Company published the announcement for the Ordinary General Meeting (i) in a widely distributed local and national newspaper; (ii) through the relevant information mechanism provided by the Financial Superintendence of Colombia; (iii) in the offices of Fiduciaria Bancolombia, which manages the Company's Shareholder Department; (iv) on the corporate website; and (v) in the newsletter (News to Investors) sent by the Investor Relations Department.
- The announcement of the Ordinary General Meeting of Shareholders for 2017 was accompanied by a communication with the proposals that the Board of Directors or Administration had to submit for the approval of the General Meeting of Shareholders.

Actions Taken during the Year to Encourage Shareholder Participation

In 2017, 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 2017:

- Four teleconferences on quarterly results.
- Two meetings with local stockbrokers and analysts.
- Seven international conferences of investment banks in Cancun, Santiago (Chile), London, New York, Paris and Lima.
- A non-deal roadshow (NDR) with international analysts.
- Four non-deal roadshows (NDRs) with local analysts in Bogotá, Medellín and Cali.
- Two non-deal roadshows (NDRs) with Colombian pension funds.
- An event to present the cash & carry wholesale model to local funds and analysts in Bogotá.
- Receipt of 57 visits by investment funds and analysts.
- Answering of 77 calls from both local and international investment funds and analysts.
- Attendance of the annual conference organized by the National Investor Relation Institute (NIRI).

Information and Communication with Shareholders

Through the corporate website, specifically the Investors and Relevant Information website, we posted the main information about the decisions of the Board of Directors, the proposals for the General Meeting of Shareholders and their supporting information, and the corresponding relevant information.

For the Ordinary General Meeting of Shareholders held on March 31, 2017, the following documents were published:

- Announcement
- Proxy template forms for legal entities and individuals
- Management report
- Corporate Governance Report
- Sustainability Report
- Financial Statements as at December 31, 2016, together with their attachments and other legally required documents
- Profit distribution proposal
- Donations proposal
- Proposal to amend the Company Bylaws

Regarding relevant information, 22 press releases were published, informing the market about items including the relevant decisions made by the Board of Directors and the General Meeting of Shareholders, the signing or amendment of relevant agreements, and the quarterly and annual results of the Company.

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

During 2017, the Company addressed the requests of approximately 114 shareholders in a timely manner. Out of these, 17 were in-person visits and 97 were telephone calls through Fiduciaria Bancolombia, which manages the Company's Shareholder Department.

In addition, around 393 shareholder requests were handled, including rights of petition, related to the following matters:

- Issuance of tax certificates

- Authorization for replacement of securities certificates
- Information on the value of dividends for shareholders and the process for their payment
- Transfers
- Replacement of securities certificate to update information
- Exchange of shares in Cadenalco or Carulla for shares in the Company
- Provision of certificate of entry into the Colombian Central Securities Depository (DECEVAL, for the Spanish original)
- Provision of historical certificates

Consequently, in 2017, there was a decrease of approximately 60% from 2016 in the number of requests submitted by the Company's shareholders.

Attendance of the General Meeting of Shareholders

The Ordinary General Meeting of Shareholders held on March 31, 2017, at the Company's administrative offices had the participation of 596 shareholders and a quorum of 81.63%.

Main Decisions of the General Meeting of Shareholders

On March 31, 2017, the Ordinary General Meeting adopted 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:
 - » Allocate the net profit of the period from 1 January to 31 December 2016, which amounts to COP 43,528,075,827, as follows:
 - i. Increase the "Future Expansions and Improvements" Reserve by COP 21,756,601,897.
 - ii. Distribute COP 21,771,473,930 as dividends.

- » Pay annual cash dividends of COP 48.64 per share for the 447,604,316 outstanding shares.
- Approve the following proposal in terms of donations:
 - » Appropriate COP 1,435,000,000 from the reserve called Future Expansions and Improvements to make donations to institutions working for the common good, foundations, corporations, and individuals or legal entities.
- Approve the following proposal to amend the Company Bylaws:
 - » Amend the corporate purpose article:
 - » Adding information related to the business of transfers and remittances.
 - » Specifying that the power of the Company to form, finance, promote and agree with individuals or legal entities on the formation of companies or businesses is applicable with those whose purpose is to provide services related to the corporate purpose as a whole, not only referring to some parts of the corporate purpose.
 - » Updating the purpose of the real estate business according to its current size.
 - » Expressly indicating that the Company may participate in any form of association.
 - » Combine Articles 58 and 58 bis so that matters related to the supporting Board Committees are covered in a single article.
 - » Update the functions of the Internal Auditor in accordance with the International Standards on Auditing, and the international policies established in the Internal Audit Charter.
 - » Incorporate into Article 61 references to transparency as well as to the prevention of fraud and corruption, emphasizing the Company's commitment in this matter. Additionally, the Company's express commitment to these topics is added to the Company Bylaws in response to the recommendation made by the Colombian Presidency's Secretary for Transparency.

F i n a n c i a l
Statements

C o n s o l i d a t e d
F i n a n c i a l
Statements



Informe del Revisor Fiscal

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

Informe Sobre los Estados Financieros

He auditado los estados financieros consolidados adjuntos de Almacenes Éxito S.A. y sus Subsidiarias, que comprenden el estado consolidado de situación financiera al 31 de diciembre de 2017 y los correspondientes estados consolidados de resultados, de resultados integrales, de cambios en el patrimonio y de flujos de efectivo por el año terminado en esa fecha, y el resumen de las políticas contables significativas y otras notas explicativas.

Responsabilidades de la Administración en Relación con los Estados Financieros

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

Responsabilidad del Auditor

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

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

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

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Opinión

En mi opinión, los estados financieros consolidados adjuntos, tomados de los libros de contabilidad, presentan razonablemente, en todos sus aspectos de importancia, la situación financiera del Grupo al 31 de diciembre de 2017, los resultados de sus operaciones y los flujos de efectivo por el año terminado en esa fecha, de conformidad con las Normas de Contabilidad y de Información Financiera aceptadas en Colombia.

Otros Asuntos

Los estados financieros consolidados bajo normas de contabilidad y de información financiera aceptadas en Colombia de Almacenes Éxito S.A. y sus Subsidiarias al 31 de diciembre de 2016, que hacen parte de la información comparativa de los estados financieros consolidados adjuntos, fueron auditados por mí, de acuerdo con normas internacionales de auditoría aceptadas en Colombia, sobre los cuales expresé mi opinión sin salvedades el 27 de febrero de 2017.

Sandra Mileha Buitrago E.
Revisor Fiscal
Tarjeta Profesional 67229-T
Designada por Ernst & Young Audit S.A.S. TR-530

Envigado, Colombia
19 de febrero de 2018

Almacenes Éxito S.A.

Certification by the Parent's Legal Representative and Head Accountant

Envigado, February 19, 2018

To the Shareholders of Almacenes Éxito S.A.

We, the undersigned Legal Representative and Head Accountant of Almacenes Éxito S.A., Parent company, each of us duly empowered and under whose responsibility the attached financial statements have been prepared, do hereby certify that the consolidated financial statements of the Parent and its subsidiaries, at December 31, 2017 and at December 31, 2016, have been fairly taken from the books of accounts, and that the following assertions therein contained have been verified prior to making them available to you and to third parties:

1. All assets and liabilities included in the consolidated financial statements do exist, and all transactions included in such consolidated financial statements have been achieved during the years ended on those dates.
2. All economic events achieved by the Parent and its subsidiaries during the years ended December 31, 2017 and December 3, 2016, have been recognized in the financial statements.
3. Assets represent likely future economic benefits (rights) and liabilities represent likely future economic sacrifice (obligations) obtained by or in charge of the Parent and its subsidiaries at December 31, 2017 and December 31, 2016.

4. All items have been recognized at proper values.
5. All economic events having an impact on the Parent and its subsidiaries have been properly classified, described and disclosed in the consolidated financial statements.

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

Further, the undersigned Legal Representative of Almacenes Éxito S.A. does hereby certify that the consolidated financial statements and the operations of the Parent and its subsidiaries at December 31, 2017 and December 31, 2016, are free from fault, inaccuracy or misstatement that prevent users from having a true view of its financial position.

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



Carlos Mario Giraldo Moreno
Parent's Legal Representative



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

Almacenes Éxito S.A.

Consolidated statements of financial position

At December 31, 2017 and December 31, 2016 (Amounts expressed in millions of Colombian pesos)

	December 31, 2017	December 31, 2016 (1)
Current assets		
Cash and cash equivalents	5,281,618	6,117,844
Trade receivables and other accounts receivable	1,172,458	1,130,394
Prepaid expenses	145,761	119,733
Accounts receivable from related parties	230,611	57,766
Inventories	5,912,514	5,778,173
Tax assets	722,658	875,185
Other financial assets	11,588	113,142
Other non-financial assets	30,000	15,977
Non-current assets held for trading	20,452,803	18,429,787
Total current assets	33,960,011	32,638,001
Non-current assets		
Property, plant and equipment, net	12,505,418	12,256,656
Investment property, net	1,496,873	1,843,593
Goodwill, net	5,559,953	5,618,492
Intangible assets other than goodwill, net	5,544,031	5,663,422
Investments accounted for using the equity method	817,299	1,068,087
Trade receivables and other accounts receivable	667,920	586,485
Prepaid expenses	43,940	60,488
Accounts receivable from related parties	22,483	15,684
Deferred tax assets	1,553,715	1,456,866
Tax assets	1,575,743	581,947
Other financial assets	767,763	690,842
Other non-financial assets	398	398
Total non-current assets	30,555,536	29,842,960
Total assets	64,515,547	62,480,961

	December 31, 2017	December 31, 2016 (1)
Current liabilities		
Financial liabilities	1,906,774	2,963,111
Employee benefit provisions	3,464	3,276
Other provisions	29,329	36,545
Trade payables and other accounts payable	12,665,749	11,537,028
Accounts payable to related parties	202,274	230,303
Tax liabilities	289,376	303,418
Other financial liabilities	645,311	805,413
Other non-financial liabilities	275,210	382,297
Non-current liabilities held for trading	16,271,760	14,592,207
Total current liabilities	32,289,247	30,853,598
Non-current liabilities		
Financial liabilities	4,070,129	4,354,879
Employee benefit provisions	28,538	26,872
Other provisions	2,457,220	2,706,629
Trade payables and other accounts payable	47,831	42,357
Accounts payable to related parties	10,122	12,733
Deferred tax liabilities	3,004,467	2,965,586
Tax liabilities	521,870	502,452
Other financial liabilities	2,302,008	1,835,159
Other non-financial liabilities	51,761	69,487
Total non-current liabilities	12,493,946	12,516,154
Total liabilities	44,783,193	43,369,752
Shareholders' equity, see attached statement	19,732,354	19,111,209
Total liabilities and shareholders' equity	64,515,547	62,480,961

(1) For comparison to 2017, these financial statements include certain minor reclassifications in trade receivables and other accounts receivable, accounts receivable from related parties, tax assets, other financial assets, property, plant and equipment, investment property, trade payables and other accounts payable, accounts payable to related parties, tax liabilities, other financial liabilities, other non-financial liabilities and deferred tax liabilities. They also include the effect on goodwill of the adjustments from the completion of the Purchase Price Allocation process, arising from the acquisition of control of 5 Hermanos Ltda. by subsidiary Mercados Devoto S.A., as set out in IFRS 3 - Business Combinations, as described in Note 15.



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



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



Sandra Milena Buitrago E.
Parent's Statutory Auditor
Professional Card 67229-T
Appointed by Ernst and Young Audit S.A.S. TR-530
(See report attached, dated February 19, 2018)

Almacenes Éxito S.A.

Consolidated statements of income

For the years ended December 31, 2017 and December 31, 2016
(Amounts expressed in millions of Colombian pesos)

	December 31, 2017	December 31, 2016 (1)
Continuing operations		
Revenue from ordinary activities	56,442,803	51,606,955
Cost of sales	(42,412,180)	(39,077,440)
Gross profit	14,030,623	12,529,515
Distribution expenses	(5,675,867)	(5,254,835)
Administration and sales expenses	(695,703)	(615,088)
Employee benefit expenses	(5,074,812)	(4,659,672)
Other operating revenue	111,606	28,847
Other operating expenses	(288,275)	(396,438)
Other (losses), net	(276,009)	(54,058)
Profit from operating activities	2,131,563	1,578,271
Financial revenue	420,035	482,357
Financial expenses	(1,540,773)	(1,744,110)
Share of profits in associates and joint ventures that are accounted for using the equity method	(36,037)	63,752
Profit before income tax from continuing operations	974,788	380,270
Tax expense	(259,918)	(167,814)
Net period profit from continuing operations	714,870	212,456
Net period profit (loss) from discontinued operations	356,196	(834,851)
Net profit (loss) for the period	1,071,066	(622,395)
Profit is attributable to:		
Profit attributable to the owners of the controlling entity	217,713	43,528
Net profit (loss) attributable to non-controlling interests	853,353	(665,923)
Earnings per share (*):		
Basic earnings per share (*):		
Basic earnings per share attributable to the shareholders of the controlling entity	486.40	97.25
Basic earnings per share from continuing operations attributable to the shareholders of the controlling entity	432.68	235.45
Basic earnings (loss) per share from discontinued operations attributable to the shareholders of the controlling entity	53.72	(138.20)
Diluted earnings per share (*):		
Diluted earnings per share attributable to the shareholders of the controlling entity	486.40	97.25
Basic earnings per share from continuing operations attributable to the shareholders of the controlling entity	432.68	235.45
Diluted earnings (loss) per share from discontinued operations attributable to the shareholders of the controlling entity	53.72	(138.20)

(*) Amounts expressed in Colombian pesos.

(1) For comparison to 2017, these financial statements include certain reclassifications in revenue from ordinary activities, cost of sales, distribution expenses, administration and sales expenses, employee benefit expenses and other operating revenue.



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



Jorge Nelson Ortiz Chica
Parent's Head Accountant
Professional Card 67018-T
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Almacenes Éxito S.A.

Consolidated statements of comprehensive income

For the years ended December 31, 2017 and December 31, 2016
(Amounts expressed in millions of Colombian pesos)

	December 31, 2017	December 31, 2016 (1)
Net profit (loss) for the period	1,071,066	(662,395)
Other comprehensive income for the period		
Components of other comprehensive income that will not be reclassified to period results, net of taxes		
(Loss) from new measurements of defined benefit plans	(1,570)	(3,111)
Total other comprehensive income that will not be reclassified to period results, net of taxes	(1,570)	(3,111)
Components of other comprehensive income that will be reclassified to period results, net of taxes		
(Loss) gain from translation exchange differences	(442,140)	2,351,267
(Loss) from investment hedges in foreign businesses	-	(902)
Cash flow hedges	(13,076)	-
Share of other comprehensive income of associates and joint ventures accounted for using the equity method, which will be reclassified to period results	12,578	27,404
Total other comprehensive income that will be reclassified to period results, net of taxes	(442,638)	2,377,769
Total other comprehensive income	(444,208)	2,374,658
Total comprehensive income	626,858	1,752,283
Profit attributable to:		
Profit attributable to the shareholders of the controlling entity	29,716	567,134
Profit attributable to non-controlling interests	597,142	1,185,129
Earnings per share (*)		
Basic earnings per share attributable to the shareholders of the controlling entity (*):		
Basic earnings per share in total comprehensive income	66.39	1,267.04
Diluted earnings per share attributable to the shareholders of the controlling entity (*):		
Diluted earnings per share in total comprehensive income	66.39	1,267.04

(*) Amounts expressed in Colombian pesos.

(1) Certain minor reclassifications were included in these financial statements for comparison to 2017.



Carlos Mario Giraldo Moreno
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(See report attached, dated February 19, 2018)

Almacenes Éxito S.A.

Consolidated statements of cash flows

For the years ended December 31, 2017 and December 31, 2016
(Amounts expressed in millions of Colombian pesos)

	December 31, 2017	December 31, 2016
Cash flows provided by operating activities		
Net profit (loss) for the period	1,071,066	(622,395)
Period profit reconciliation adjustment		
Income tax	404,231	213,460
Financing costs	1,214,796	1,482,056
Financial revenue	(1,815)	(15,252)
(Increase) decrease in inventories	(1,473,992)	129,368
(Increase) in trade receivables	(2,132,340)	(1,120,166)
(Increase) in other accounts receivable from operating activities	(144,577)	(1,111,646)
(Increase) decrease in prepaid expenses	(14,523)	44,415
Increase (decrease) in trade payables	2,806,394	(1,645,360)
(Decrease) increase in other accounts payable arising from operating activities	(551,896)	696,259
Depreciation and amortization of fixed assets and intangible assets	1,090,462	1,244,492
Provisions	1,154,165	1,344,160
Net unrealized gain (loss) from foreign currency transactions	163,540	(7,603)
Share-based payments	25,056	25,458
(Gain) loss from reappraisal at fair value	5,535	(1,410)
Undistributed gain (loss) from the application of the equity method	11,996	(81,309)
Other adjustment from items other than cash	372,819	11,735
(Increase) decrease in other assets	(55,480)	103,590
Loss from the disposal of non-current assets	206,380	78,282
(Loss) from the sale of subsidiaries	-	(75,400)
(Increase) in deposits under legal proceedings	(338,428)	(191,377)
(Increase) in taxes recoverable	(668,534)	-
Other profit reconciliation adjustments	(1,776)	2,701
Total period profit reconciliation adjustments	2,072,013	1,126,453
Net cash flows provided by operating activities	3,143,079	504,058
Dividends received	285,722	-
Income tax paid	(285,619)	(390,913)
Net cash flows provided by operating activities	3,143,182	113,145

	December 31, 2017	December 31, 2016
Cash flows provided by investment activities		
Cash flows (used in) provided by the loss of control over subsidiaries or other businesses	(249)	120,721
Cash flows (used) to gain control over subsidiaries or other businesses	(6,000)	(41,709)
Proceeds from the sale of property, plant and equipment	220,577	134,924
Acquisition of property, plant and equipment	(1,841,553)	(1,754,217)
Acquisition of intangible assets	(353,894)	(293,772)
Proceeds from the sale of other long-term assets	71	-
Acquisition of other long-term assets	-	(16,003)
Interest received	26,765	28,640
Payments from a share-based transaction between Cnova N.V. and Cnova Comércio Eletrônico S.A.	-	(44,383)
Cash and cash equivalents in company reorganization	-	(578,667)
Dividends received	371	-
Other proceeds from the sale of other entities' equity or debt instruments	658	-
Net cash flows (used in) investment activities	(1,953,254)	(2,444,466)
Cash flows provided by financing activities		
Resources from changes in the share of interest in subsidiaries that do not result in loss of control	-	388,595
(Payments) from changes in the share of interest in subsidiaries that do not result in loss of control	-	(69,471)
Borrowings	9,426,273	8,692,143
(Repayment) of financial liabilities	(10,078,968)	(6,817,063)
(Repayment) of finance lease liabilities	(89,692)	(63,701)
Dividends (paid)	(234,991)	(384,965)
Interest (paid)	(1,418,386)	(935,927)
(Payments) to acquire companies	(7,377)	-
Transactions with non-controlling entities	10,344	(4,165)
Other cash inflows	-	3,770
Net cash flows (used in) provided by financing activities	(2,392,797)	809,216
Net (decrease) in cash and cash equivalents, before the effects of changes in exchange rates	(1,202,869)	(1,522,105)
Effects of the variation in the exchange rates on cash and cash equivalents	(133,482)	1,282,065
Net (decrease) in cash and cash equivalents	(1,336,351)	(240,040)
Cash and cash equivalents at the beginning of period provided by non-current assets held for trading	3,710,833	-
Cash and cash equivalents at the beginning of period	6,117,844	10,068,717
Less cash at the end of period provided by non-current assets held for trading	3,210,708	3,710,833
Cash and cash equivalents at the end of period	5,281,618	6,117,844

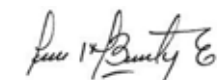


Carlos Mario Giraldo Moreno
Parent's Legal Representative
(See attached certificate)

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



Sandra Milena Buitrago E.
Parent's Statutory Auditor
Professional Card 67229-T
Appointed by Ernst and Young Audit S.A.S. TR-530
(See report attached, dated February 19, 2018)

Almacenes Éxito S.A.

Consolidated statements of changes in shareholders' equity

At December 31, 2017 and December 31, 2016 (Amounts expressed in millions of Colombian pesos)

	Issued share capital	Premium on the issue of shares	Treasury shares repurchased	Legal reserve	Occasional reserve	Reacquisition of shares	Future dividends	Other reserves	Total reserves	Other accumulated comprehensive income	Retained earnings	Other equity components	Total equity of the controlling entity	Changes in non-controlling interests	Total in net equity
Balance at December 31, 2015	4,482	4,843,466	(2,734)	7,857	1,358,140	22,000	31,419	895	1,420,311	(379,247)	1,672,715	(41,026)	7,517,967	10,658,057	18,176,024
Cash dividend declared	-	-	-	-	-	-	(15,709)	-	(15,709)	-	(286,748)	-	(302,457)	Total in	(386,189)
Net period profit	-	-	-	-	-	-	-	-	-	-	43,528	-	43,528	(665,923)	(622,395)
Other comprehensive income	-	-	-	-	-	-	-	-	-	523,606	-	-	523,606	1,851,052	2,374,658
Appropriation for reserves	-	-	-	-	286,747	-	-	-	286,747	-	(286,747)	-	-	-	-
(Decrease) from changes in the ownership interest in subsidiaries that do not result in loss of control	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,844)	(3,844)
(Decrease) from other distributions to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	(32,030)	(32,030)
Increase from other contributions of non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	400,360	400,360
Adjustments from reclassification of subsidiaries to associates (Cnova N.V.)	-	-	-	-	-	-	-	-	-	-	-	-	-	(727,402)	(727,402)
Adjustments from the restatement of business combinations	-	-	-	-	-	-	-	-	-	(6,056)	1,820	203	(4,033)	-	(4,033)
Measurement of the Put option at fair value	-	-	-	-	-	-	-	-	-	-	-	-	-	(31,003)	(31,003)
Other developments in shareholders' equity	-	-	-	-	-	-	-	4,777	4,777	-	168	(61,869)	(56,924)	23,987	(32,937)
Balance at December 31, 2016	4,482	4,843,466	(2,734)	7,857	1,644,887	22,000	15,710	5,672	1,696,126	138,303	1,144,736	(102,692)	7,721,687	11,389,522	19,111,209

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

Jorge Nelson Ortiz Chica
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Sandra Milena Buitrago E.
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(See report attached, dated February 19, 2018)

	Issued share capital	Premium on the issue of shares	Treasury shares repurchased	Legal reserve	Occasional reserve	Reacquisition of shares	Future dividends	Other reserves	Total reserves	Other accumulated comprehensive income	Retained earnings	Other equity components	Total equity of the controlling entity	Changes in non-controlling interests	Total in net equity
Balance at December 31, 2016	4,482	4,843,466	(2,734)	7,857	1,644,887	22,000	15,710	5,672	1,696,126	138,303	1,144,736	(102,692)	7,721,687	11,389,522	19,111,209
Cash dividend declared	-	-	-	-	-	-	-	-	-	-	(21,771)	-	(21,771)	(210,631)	(232,402)
Net period profit	-	-	-	-	-	-	-	-	-	-	217,713	-	217,713	853,353	1,071,066
Other comprehensive income	-	-	-	-	-	-	-	-	-	(187,997)	-	-	(187,997)	(256,211)	(444,208)
Appropriation for reserves	-	-	-	-	21,757	-	-	-	21,757	-	(21,757)	-	-	-	-
Increases from changes in the ownership of interest in subsidiaries that do not result in loss of control	-	-	-	-	-	-	-	-	-	-	-	-	-	27,395	27,395
Decrease from other distributions to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	(11,561)	(11,561)
Increase from other contributions of non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	138,133	138,133
Measurement of the Put option at fair value	-	-	-	-	-	-	-	-	-	-	-	-	-	(56,185)	(56,185)
Other developments in shareholders' equity	-	-	-	-	(1,435)	-	-	3,990	2,555	-	(6,184)	113,565	109,936	18,971	128,907
Balance at December 31, 2017	4,482	4,843,466	(2,734)	7,857	1,665,209	22,000	15,710	9,662	1,720,438	(49,694)	1,312,737	10,873	7,839,568	11,892,786	19,732,354



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



Jorge Nelson Ortiz Chica
Parent's Head Accountant
Professional Card 67018-T
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Sandra Milena Buitrago E.
Parent's Statutory Auditor
Professional Card 67229-T
Appointed by Ernst and Young Audit S.A.S. TR-530
(See report attached, dated February 19, 2018)

S e p a r a t e d
F i n a n c i a l
Statements



Informe del Revisor Fiscal

A los accionistas de:
Almacenes Éxito S.A.

Informe Sobre los Estados Financieros

He auditado los estados financieros adjuntos de Almacenes Éxito S.A., que comprenden el estado de situación financiera al 31 de diciembre de 2017 y los correspondientes estados de resultados, de resultados integrales, de cambios en el patrimonio y de flujos de efectivo por el año terminado en esa fecha, y el resumen de las políticas contables significativas y otras notas explicativas.

Responsabilidades de la Administración en Relación con los Estados Financieros

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

Responsabilidad del Auditor

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

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

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



Opinión

En mi opinión, los estados financieros adjuntos, tomados de los libros de contabilidad, presentan razonablemente, en todos sus aspectos de importancia, la situación financiera de la Compañía al 31 de diciembre de 2017, los resultados de sus operaciones y los flujos de efectivo por el año terminado en esa fecha, de conformidad con las Normas de Contabilidad y de Información Financiera aceptadas en Colombia.

Otros Asuntos

Los estados financieros bajo normas de contabilidad y de información financiera aceptadas en Colombia de Almacenes Éxito S.A. al 31 de diciembre de 2016, que hacen parte de la información comparativa de los estados financieros adjuntos, fueron auditados por mí, de acuerdo con normas internacionales de auditoría aceptadas en Colombia, sobre los cuales expresé mi opinión sin salvedades el 27 de febrero de 2017.

Otros Requerimientos Legales y Reglamentarios

Fundamentada en el alcance de mi auditoría, no estoy enterada de situaciones indicativas de inobservancia en el cumplimiento de las siguientes obligaciones de la Compañía: 1) Llevar los libros de actas, registro de accionistas y de contabilidad, según las normas legales y la técnica contable; 2) Desarrollar las operaciones conforme a los estatutos y decisiones de la Asamblea de Accionistas y de la Junta Directiva, y a las normas relativas a la seguridad social integral; y 3) Conservar la correspondencia y los comprobantes de las cuentas. Adicionalmente, existe concordancia entre los estados financieros que se acompañan y la información contable incluida en el informe de gestión preparado por la Administración de la Compañía, el cual incluye la constancia por parte de la Administración sobre la libre circulación de las facturas con endoso emitidas por los vendedores o proveedores. El informe correspondiente a lo requerido por el artículo 1.2.1.2 del Decreto 2420 de 2015 lo emití por separado el 19 de febrero de 2018.

Cordialmente,

Sandra Mileka Buitrago Estrada
Revisor Fiscal
Tarjeta Profesional 67229-T
Designada por Ernst & Young Audit S.A.S. TR-530

Envigado, Colombia
19 de febrero de 2018

Almacenes Éxito S.A.

Certification by the Company's Legal Representative and Head Accountant

Envigado, February 19, 2018

To the Shareholders of Almacenes Éxito S.A.

We, the undersigned Legal Representative and Head Accountant of Almacenes Éxito S.A., each of us duly empowered and under whose responsibility the attached financial statements have been prepared, do hereby certify that the separate financial statements of the Company at December 31, 2017 and at December 31, 2016 have been fairly taken from the books of accounts, and that the following assertions therein contained have been verified prior to making them available to you and to third parties:

1. All assets and liabilities included in the Company's separate financial statements do exist and all transactions included in such separate financial statements have been carried out during the years ended on such dates.
2. All economic events achieved by the Company during the years ended December 31, 2017 and December 31, 2016, have been recognized in the financial statements.
3. Assets represent likely future economic benefits (rights) and liabilities represent likely future economic sacrifice (obligations) obtained by or in charge of the Company at December 31, 2017 and December 31, 2016.

4. All items have been recognized at proper values.
5. All economic events having an impact on the Company have been properly classified, described and disclosed in the separate financial statements.

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

Further, the undersigned Legal Representative of Almacenes Éxito S.A., does hereby certify that the separate financial statements and the operations of the Company at December 31, 2017 and December 31, 2016, are free from fault, inaccuracy or misstatement that prevent users from having a true view of its financial position.

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



Carlos Mario Giraldo Moreno
Legal Representative



Jorge Nelson Ortiz Chica
Head Accountant
Professional Card 67018-T

Almacenes Éxito S.A.

Separate statements of financial position

At December 31, 2017 and December 31, 2016 (Amounts expressed in millions of Colombian pesos)

	December 31, 2017	December 31, 2016 (1)
Current assets		
Cash and cash equivalents	1,619,695	1,098,825
Trade receivables and other accounts receivable	189,750	183,330
Prepaid expenses	22,837	16,728
Accounts receivable from related parties	114,969	95,621
Inventories, net	1,111,981	1,077,659
Tax assets	173,580	191,292
Other non-financial assets	30,000	15,973
Other financial assets	10,462	12,252
Total current assets	3,273,274	2,691,680
Non-current assets		
Property, plant and equipment, net	2,382,495	2,497,016
Investment property, net	339,704	312,047
Goodwill	1,453,077	1,453,077
Intangible assets other than goodwill, net	156,218	174,413
Investments accounted for using the equity method, net	8,287,426	8,207,810
Trade receivables and other accounts receivable	15,203	21,546
Prepaid expenses	5,432	12,638
Accounts receivable from related parties	7,587	5,641
Other financial assets	41,888	73,842
Other non-financial assets	398	398
Total non-current assets	12,689,428	12,758,428
Total assets	15,962,702	15,450,108

	December 31, 2017	December 31, 2016 (1)
Current liabilities		
Financial liabilities	799,920	469,362
Employee benefit provisions	3,457	3,267
Other provisions	17,558	23,801
Trade payables and other accounts payable	3,301,661	2,968,282
Accounts payable to related parties	116,490	183,309
Tax liabilities	41,816	43,920
Other financial liabilities	128,239	87,457
Other non-financial liabilities	258,078	151,277
Total current liabilities	4,667,219	3,930,675
Non-current liabilities		
Financial liabilities	3,292,824	3,499,454
Employee benefit provisions	28,430	26,762
Other provisions	19,699	23,093
Deferred tax liabilities	68,841	201,049
Other financial liabilities	13,915	-
Other non-financial liabilities	32,206	47,388
Total non-current liabilities	3,455,915	3,797,746
Total liabilities	8,123,134	7,728,421
Shareholders' equity, see attached statement	7,839,568	7,721,687
Total liabilities and shareholders' equity	15,962,702	15,450,108

(1) Some minor reclassifications to property, plant and equipment, investment properties, trade payables, other accounts payable, trade receivables and other accounts receivable, other non-financial assets, accounts receivable from related parties, accounts payable to related parties and tax liabilities were included in these financial statements for comparison to 2017.



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(See report attached, dated February 19, 2018)

Almacenes Éxito S.A.

Separate statements of income

For the years ended December 31, 2017 and December 31, 2016
(Amounts expressed in millions of Colombian pesos)

	December 31, 2017	December 31, 2016 (1)
Continuing operations		
Revenue from ordinary activities	10,904,958	11,266,801
Cost of sales	(8,336,713)	(8,535,678)
Gross profit	2,568,245	2,731,123
Distribution expenses	(1,369,693)	(1,294,549)
Administration and sales expenses	(152,420)	(155,035)
Employee benefit expenses	(786,619)	(785,336)
Other operating revenue	16,720	33,021
Other operating expenses	(50,317)	(67,549)
Other gains, net	813	7,791
Profit from operating activities	226,729	469,466
Financial revenue	228,502	243,993
Financial expenses	(644,152)	(703,703)
Share of profits in subsidiaries, associates and joint ventures that are accounted for using the equity method.	329,244	106,441
Profit before income tax from continuing operations	140,323	116,197
Tax revenue (expense)	77,390	(72,669)
Net period profit from continuing operations	217,713	43,528
Earnings per share (*)		
Basic earnings per share (*):		
Basic earnings per share from continuing operations	486,40	97,25
Diluted earnings per share (*):		
Diluted earnings per share from continuing operations	486,40	97,25

(1) For comparison to 2017, these financial statements include certain reclassifications in cost of sales, distribution expenses, administration and sales expenses, employee benefit expenses and other operating revenue.

(*) Amounts expressed in Colombian pesos.



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Almacenes Éxito S.A.

Separate statements of comprehensive income

For the years ended December 31, 2017 and December 31, 2016
(Amounts expressed in millions of Colombian pesos)

	December 31, 2017	December 31, 2016
Net period profit	217,713	43,528
Other comprehensive income for the period		
Components of other comprehensive income that will not be reclassified to period results, net of taxes		
(Loss) from new measurements of defined benefit plans	(1,570)	(2,107)
Total other comprehensive income that will not be reclassified to period results, net of taxes	(1,570)	(2,107)
Components of other comprehensive income that will be reclassified to period results, net of taxes		
(Loss) gain from translation exchange differences	(169,428)	529,748
(Loss) from investment hedges in foreign businesses	-	(169)
(Loss) from the hedging of cash flows	(13,076)	-
Share of other comprehensive income of associates and joint ventures accounted for using the equity method that will be reclassified to period results.	(3,923)	(3,866)
Total other comprehensive income that will be reclassified to period results, net of taxes	(186,427)	525,713
Total other comprehensive income	(187,997)	523,606
Total comprehensive income	29,716	567,134
Earnings per share (*)		
Basic earnings per share (*):		
Basic earnings per share from continuing operations	66.39	1,267.04
Diluted earnings per share (*):		
Diluted earnings per share from continuing operations	66.39	1,267.04

(*) Amounts expressed in Colombian pesos.



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Almacenes Éxito S.A.

Separate statements of cash flows

For the years ended December 31, 2017 and December 31, 2016
(Amounts expressed in millions of Colombian pesos)

	December 31, 2017	December 31, 2016
Cash flows provided by operating activities		
Net income for the year	217,713	43,528
Period profit reconciliation adjustment		
Income tax	(77,390)	72,669
Financial costs	338,990	361,784
Financial revenue	(20,669)	(13,221)
(Increase) decrease in inventories	(34,322)	64,147
(Increase) in trade receivables	(73,722)	(9,490)
Decrease (increase) in other accounts receivable provided by operating activities	27,955	(8,578)
(Increase) decrease in prepaid expenses	(5,739)	1,354
(Decrease) in trade payables	(187,172)	(362,802)
Increase in other accounts payable provided by operating activities	708,041	995,417
Depreciation and amortization of fixed assets and intangible assets	237,039	230,677
Decrease in provisions	(7,297)	(32,522)
Loss (gain) from net unrealized exchange difference	163,851	(7,709)
Loss from reappraisal at fair value	6,982	-
Undistributed (profit) from the application of the equity method	(329,244)	(106,441)
Other adjustment from items other than cash	(178,562)	2,132
(Gain) from the disposal of non-current assets	(4,870)	(30,088)
Total adjustments to reconcile net profit for the year	563,873	1,157,329
Net cash flows provided by operating activities	781,586	1,200,857
Income tax paid	(152,461)	(196,066)
Other cash inflows	126,741	-
Net cash flows provided by operating activities	755,866	1,004,791

	December 31, 2017	December 31, 2016
Cash flows provided by investment activities		
Cash flows used to gain control of subsidiaries or other joint ventures	(17,126)	(47,282)
Revenue from the reimbursement of contributions in investments with equity method	51,051	145,000
Proceeds from the sale of other long-term assets	9,777	184,589
Proceeds from the sale of property, plant and equipment	81,388	93,267
Acquisition of property, plant and equipment	(181,646)	(508,501)
Acquisition of intangible assets	(63,676)	(46,883)
Acquisition of other long-term assets	-	(9,500)
Dividends received	179,124	213,400
Interest received	11,912	13,428
Net cash flows provided by investment activities	70,804	37,518
Cash flows provided by financing activities		
Borrowings	2,284,947	555,000
Loan repayments	(2,152,224)	(652,495)
Settlement of finance lease liabilities	(3,174)	(3,877)
Dividends paid	(91,920)	(291,680)
Interest paid	(343,112)	(361,641)
Net cash flows provided by (used in) financing activities	(305,483)	(754,693)
Net increase in cash and cash equivalents, before the effects of changes in exchange rates	521,187	287,616
Effects of the variation in the exchange rates on cash and cash equivalents	(317)	562
Net increase in cash and cash equivalents	520,870	288,178
Cash and cash equivalents at the beginning of period	1,098,825	810,647
Cash and cash equivalents at the end of period	1,619,695	1,098,825



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Almacenes Éxito S.A.

Separate statements of changes in shareholders' equity

At December 31, 2017 and December 31, 2016 (Amounts expressed in millions of Colombian pesos)

	Issued share capital	Premium on the issue of shares	Treasury shares repurchased	Legal reserve	Occasional reserve	Reserve for the reacquisition of shares	Reserve for future dividends	Donations reserve	Other reserves	Total reserves	Other cumulative comprehensive income	Retained earnings	Other equity components	Total shareholders' equity
Balance at December 31, 2015	4,482	4,843,466	(2,734)	7,857	1,358,140	22,000	31,419	-	-	1,419,416	(385,303)	1,690,171	(41,016)	7,528,482
Cash dividend declared (Note 39)	-	-	-	-	-	-	(15,709)	-	-	(15,709)	-	(286,748)	-	(302,457)
Net income for the year	-	-	-	-	-	-	-	-	-	-	-	43,528	-	43,528
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	523,606	-	-	523,606
Appropriation for reserves	-	-	-	-	279,937	-	-	6,810	-	286,747	-	(286,747)	-	-
Other increase (decrease) in shareholders' equity, net	-	-	-	-	-	-	-	-	5,672	5,672	-	(15,468)	(61,676)	(71,472)
Balance at December 31, 2016	4,482	4,843,466	(2,734)	7,857	1,638,077	22,000	15,710	6,810	5,672	1,696,126	138,303	1,144,736	(102,692)	7,721,687
Balance at December 31, 2016	4,482	4,843,466	(2,734)	7,857	1,638,077	22,000	15,710	6,810	5,672	1,696,126	138,303	1,144,736	(102,692)	7,721,687
Cash dividend declared (Note 39)	-	-	-	-	-	-	-	-	-	-	-	(21,771)	-	(21,771)
Net income for the year	-	-	-	-	-	-	-	-	-	-	-	217,713	-	217,713
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	(187,997)	-	-	(187,997)
Appropriation for reserves	-	-	-	-	21,757	-	-	-	-	21,757	-	(21,757)	-	-
Other increase (decrease) in shareholders' equity, net	-	-	-	-	5,375	-	-	(6,810)	3,990	2,555	-	(6,184)	113,565	109,936
Balance at December 31, 2017	4,482	4,843,466	(2,734)	7,857	1,665,209	22,000	15,710	-	9,662	1,720,438	(49,694)	1,312,737	10,873	7,839,568



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S u s t a i n a b i l i t y

R e p o r t

At Grupo Exito, we believe that, together, we make it possible to build a better country

In 2017, our sustainability initiatives materialized in five challenges that have 18 work focuses that are executed through projects.



We are sustainable when we provide nutrition to children as a way of fighting against inequality.

Through Fundación Éxito, we work to mobilize different public and private actors to achieve the first generation in Colombia with zero chronic malnutrition by 2030.

Focuses:

- Generation of alliances and resources.
- Generation and dissemination of knowledge.
- Communication and awareness about the importance of childhood nutrition.
- Influence in public policy.



We are sustainable when we believe in what is ours. We buy Colombian products and generate opportunities for others to grow and develop their businesses.

We believe in the importance of managing and maintaining valuable relationships with our suppliers and partners, as well as in generating opportunities for small and medium producers, entrepreneurs and mini-market owners to find growth opportunities with us, and this way contribute to the country's development.

Focuses:

- Direct local trade.
- Develop our suppliers and partners
- Sustainable audits.



We are sustainable when we generate actions to mobilize our Company and the community around environmental protection initiatives.

We hold ourselves responsible for our impact on the environment by measuring it, mitigating it and compensating for it, and we seek to raise awareness in others for them to take care of the planet.

Focuses:

- Reduction of material.
- Consumer education.
- Being efficient in resource and waste management.
- Sustainable construction.
- Measurement and mitigation of the carbon footprint.



We are sustainable when we hold ourselves responsible for our actions and also encourage others to join forces. We are sustainable when we work with passion and are proud to serve Colombia. We know that if we unite, together we will make something big!



We are sustainable when we promote healthy lifestyle habits available to everyone.

We encourage our customers and employees to have healthy lifestyles through information that helps them make better decisions, a product portfolio with a healthy profile and by promoting physical activity.

Focuses:

- Selling healthy alternatives.
- Awareness customers, suppliers and employees.
- Promote physical activity and sports.



We are sustainable when we give our employees reasons to smile. We walk hand in hand with them in their professional and personal development.

We leverage our employees' talent, we assist them in fulfilling their professional and family goals and we promote an attractive, diverse and inclusive work environment, where they can work with commitment and pride.

Focuses:

- We develop our people in being and doing.
- We are attractive, diverse and inclusive.
- Encouraging social dialogue.

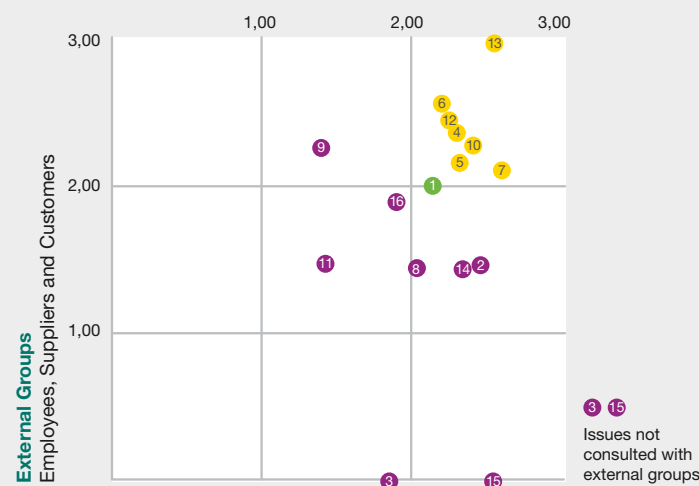


Materiality Analysis

We conducted a materiality analysis in which we identified relevant issues related to environmental, social and Corporate Governance topics for our stakeholders, acquiring more elements to manage the Company's Sustainability Strategy.

The materiality analysis' result confirms the importance of continuing to work on the challenges set in the sustainability strategy that are considered to be relevant to stakeholders.

Importance of economic, environmental and social impacts to stakeholders.



Internal Groups

Executives, Shareholders and Investors, and Members of the Board of Directors

Material Issues

1. People
2. Product quality and safety
3. Waste and packaging
4. Reducing food waste
5. Climate Change and Energy
6. Gen Cero (Zero Chronic Malnutrition in Children)
7. Ethics and transparency

Non-material

8. Information Security
9. Water
10. Environmentally friendly products
11. Environmentally and socially sustainable supply chain
12. Sustainable construction
13. Developing the local economy
14. Corporate Governance
15. Relations and communication

Limits

1. Healthy Lifestyle

“ Since I’ve been part of Fundación Éxito, I have learned about the importance of **breast milk** for my baby’s development and to complement it with the best food, which is love. ”

Yuliet Villegas, mother who benefits from Fundación Éxito, attended by Fundación Arka in Bogotá.





sustainable
business



my
planet



healthy life



The success of Grupo Éxito
is in its people



We are sustainable when we provide nutrition to children as a way of fighting inequality.

Through Fundación Éxito, we work to mobilize different public and private actors to achieve the first generation in Colombia with zero chronic malnutrition by 2030.



We are committed to children's nutrition as the gateway to a more equal country.

We work on four fronts to achieve this:



1
Generation and
Dissemination of Knowledge



2
Generation of Alliances
and Resources



3
Communication
and Awareness



4
Influence in
Public Policy

Childhood Nutrition to Reduce Inequality



With Fundación Éxito's leadership, more than **51,800** children below the age of five received better nutrition and comprehensive care in order to expand their opportunities.

33% more than in 2016



17,745 children in their first 1,000 days of life.



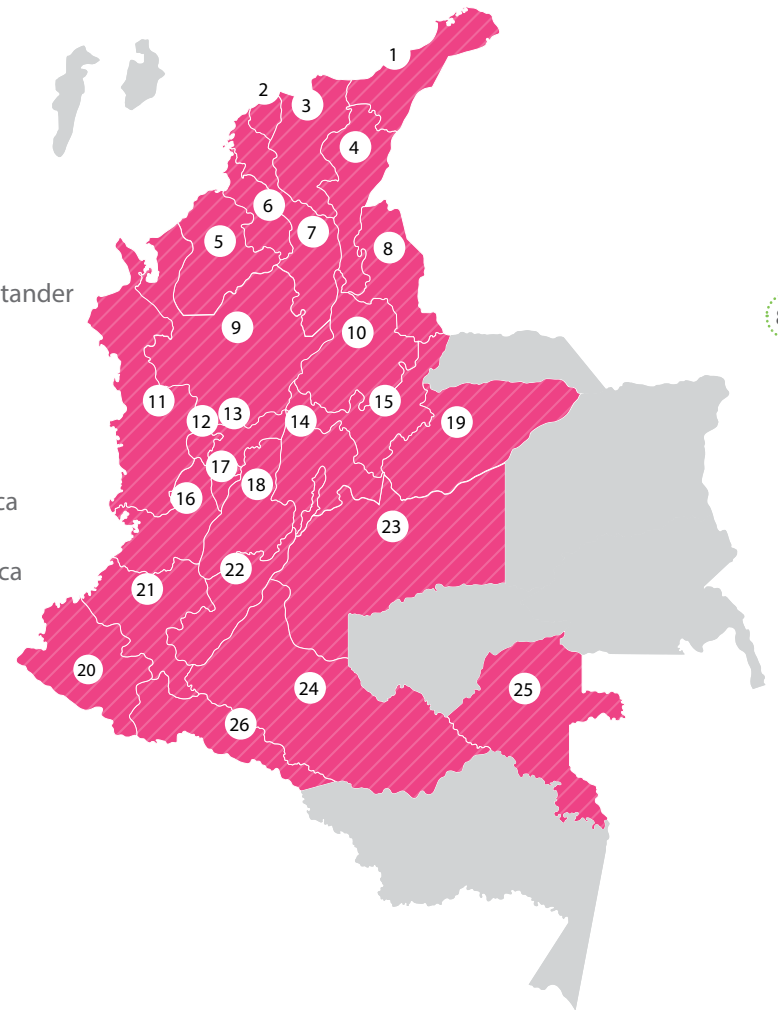
11,477 children ages 2 to 5.



22,600 children in other programs (music, reading, educator's training, and others)

134 partner institutions comprehensively attend children in **26** departments

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

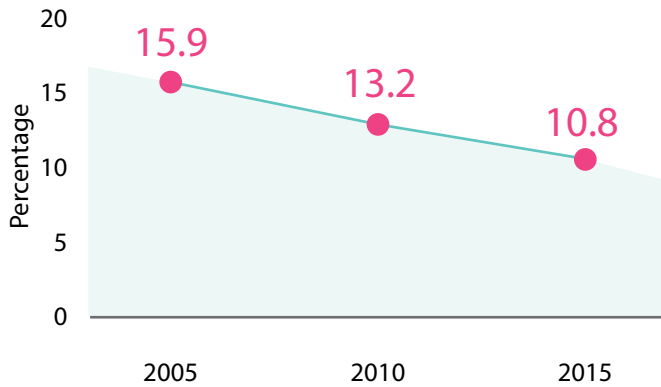




1. Generation and Dissemination of Knowledge

An encouraging result: chronic malnutrition indicators have decreased.

According to the latest National Nutrition Survey (ENSIN, for the Spanish original), chronic childhood malnutrition was reduced close to three percentage points, going from 13.2% in 2010 to 10.8% in 2015.



With Gen Cero, Fundación Éxito is set on achieving zero chronic childhood malnutrition due to hunger in Colombia.

We Confirmed the Importance of Childhood Nutrition

During six years, the Colombian Longitudinal Survey (ELCA, for the Spanish original), carried out by Universidad de los Andes and financed by Fundación Éxito, closely followed the development of **2,600** children from various of the Country's regions to understand the social, economic and household changes and how they influence childhood nutrition.

The following stand out from the survey's results:



36% of the children with chronic malnutrition when this study began in 2010 showed nutritional improvements in the 2016 assessment.



Chronic Malnutrition can be Eradicated in Early Childhood with Comprehensive Care.

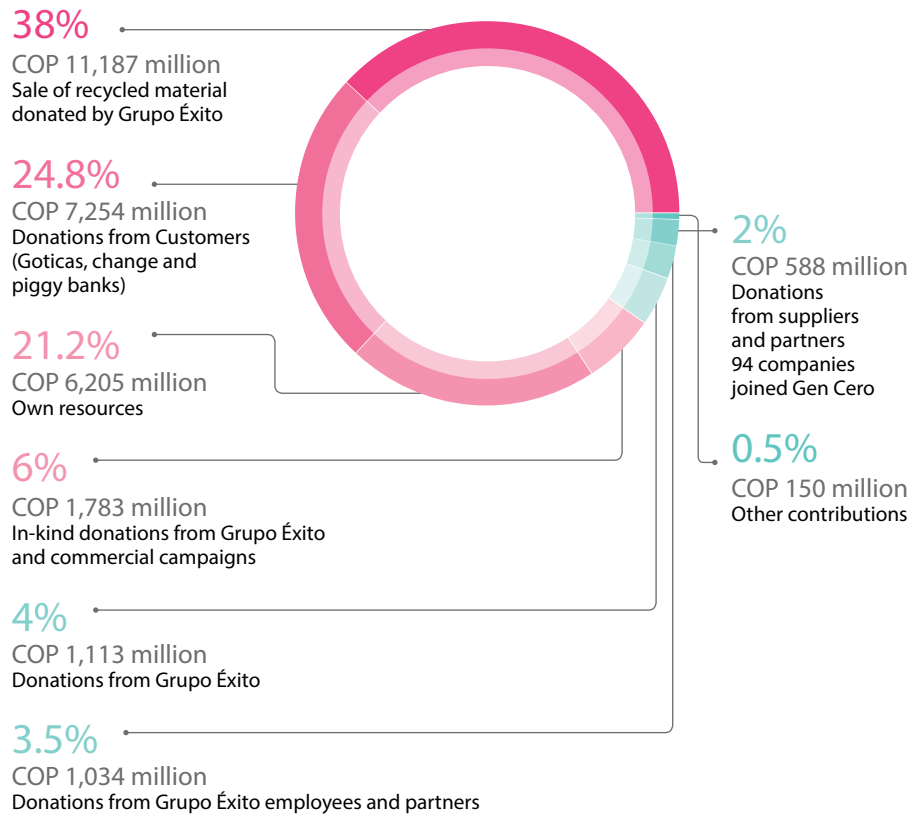
Fundación Éxito and the Colombian Institute for Family Welfare (ICBF, for the Spanish original) carried out an assessment of the family modality. The obtained results confirmed that chronic malnutrition can be eradicated. Additionally, the ICBF committed to increase its nutritional contribution to benefit the diets of children and pregnant women.



2. Generation of Alliances and Resources

More than **COP 23,000** million invested in nutrition and complementary care for children

Fundación Éxito had a total revenue of **COP 29,300** million thanks to the support of various partners.



We chose Fundación Éxito as a partner because we are sure that the resources are invested the best way possible, and that we make greater impact and benefits on children with the industry and the government's participation.

Felipe Gómez, Country Manager Colombia
Genomma Lab.

Goticas (Drops of help) are for Children, and the Tax Benefits for our Customers



430,000 donation certificates were delivered to customers who contributed Goticas (Drops of help) and change in order to reduce chronic malnutrition.



The collection and distribution of resources was audited by the firm, Ernst and Young.

We are the Largest Food Donators in Colombia.



More than **515,000** people benefited from the donation of almost 1,900 tons of food in good condition generated by our operations.



|| 17 Food Banks and 20 Fundación Éxito partner institutions are in charge of distribution.



Fundación Éxito and Grupo Éxito have been Food Bank partners for 17 years. Food and product donations from its stores have allowed feeding thousands of vulnerable people. Thanks to the donations' management, they can have suitable and healthy diets, improving their quality of life.

Ana Catalina Suárez, Manager of the Colombian Association of Food Banks (ABACO, for the Spanish original).



We Recover Surplus Food in the Country



More than **3,200** tons of food that is not sold but is suitable for human consumption were recovered in the framework of Fundación Siciar's Agricultural Surplus Recovery Program (REAGRO, for the Spanish original), which is co-financed by Fundación Éxito.

Close to **580** farming families from 31 municipalities in the department of Antioquia benefit from the program. They exchange their products to avoid losing this food.

Using Recycling for Childhood Nutrition

For **16** years we have recovered the materials generated by our operations. They are sold by Fundación Éxito to contribute to its management.



We donate more than **COP 11,000** million to Fundación Éxito, generated by selling recyclable materials.

United for Mocoa's Children

Fundación Éxito provided assistance to children affected by the natural disaster that occurred in the municipality of Mocoa, Putumayo.



Close to **1,750** children and their families received food packages and socio-emotional support from Fundación Éxito.



More than **COP 900** million were collected through the Goticas donation in April, with which we were able to:



Deliver drinking water to more than **1,100** children attended at Mocoa's Childhood Development Centers.



Endow a Childhood Development Center and a playground for **200** children to enjoy, in a partnership with the institution, SOS Children's Villages.



Offer pedagogical programs to **200** children to develop their creativity through games, in a partnership with the organization, Juego y Niñez (Games and Childhood).

Clothing to Support Nutrition

We created Dona con Estilo (Donate with Style), a special collection of our own textile brand, People, with which we invite Colombians to contribute to Gen Cero. For every shirt from the collection that is bought, one child will receive 1 liter of milk.



More than **14,000** liters of milk were donated thanks to our customers' purchases.



|| The Donate with Style campaign had 15 exclusive designs with images that alluded to food.

Dinners to Celebrate Christmas



More than **600,000** dinners were delivered by Fundación Éxito for benefiting children and their families to celebrate Christmas together around a special meal.



3. Communication and Awareness

Breast Milk is the Best Food

10,200 breastfeeding women participated in the third Lactathon, an event promoted by Fundación Éxito that aims to raise awareness about the importance of breast milk as the best food for babies.

104% more than in 2016

51 municipalities in 18 departments participated in the movement.

Barrier-free Breastfeeding



2 Breastfeeding Family-Friendly Rooms were inaugurated in two women's prisons thanks to the Ministry of Health and Social Protection, the National Penitentiary and Prison Institute (INPEC, for the Spanish original) and Fundación Éxito's initiative.



15 Breast Milk Banks received support from Fundación Éxito, which contributed with an investment of COP 750 million.



|| Breastfeeding mother and her baby during the Lactathon in Medellín.

Breast milk is the best, most complete food for babies during their first months.

It is considered to be the first vaccine, for it strengthens babies' immune systems and protects them from disease.

We Celebrate Childhood Nutrition



With Fundación Éxito's leadership, the third edition of the Childhood Nutrition Month was held in order to raise awareness regarding the importance of breastfeeding and childhood nutrition to eradicate chronic malnutrition.



3 regional forums with international experts were held in the framework of the Childhood Nutrition Month.

More than **15,300** people rallied around the programmed activities in 21 municipalities.

We Reward Efforts in Favor of Childhood Nutrition

8 initiatives by private and public organizations, institutions and the media were awarded at the 14th Childhood Nutrition Award ceremony.



|| Winners of the Childhood Nutrition Award during the ceremony held in Bogotá.



4. Influence in Public Policy

Fundación Éxito is the First Colombian Institution to Godfather the Zero Hunger Sustainable Development Goal

The United Nations information center in Colombia, the Global Compact Colombian Local Network and Fundación Éxito signed a cooperation agreement to join forces to meet the Zero Hunger goal.



Fundación Éxito committed to contribute its work to meet this objective, which aims to:

- End all forms of hunger and malnutrition by 2030.
- Fight for access to a sufficient and nutritional diet for all people, especially children.



We reinforced our work with **60** Mayors and one Governor, institutions that are committed to children.

“ As a farmer, I have benefited greatly from Grupo Éxito’s purchases. **There are no longer intermediaries** and I can sell my strawberry, potato and onion harvests at a better price and support my family with that. ”

Pedro Antonio Ochoa Jiménez, farmer from the municipality of Toca, Boyacá, affiliated to the Clinton Foundation.





Compra local



gencero
El gencero está con
cada nutricionista de 2005



**sustainable
business**



**my
planet**



healthy life



**The success of Grupo Éxito
is in its people**



sustainable business

We are sustainable when we believe in what is ours. We buy Colombian products and generate opportunities for others to grow and develop their businesses.

We believe in the importance of managing and maintaining valuable relationships with our suppliers and partners, as well as in generating opportunities for small and medium producers, entrepreneurs and mini-market owners to find growth opportunities with us and contribute to the country's development in this way.



We buy local fruits and vegetables directly in 23 of Colombia's 32 departments.



We work on three fronts to achieve this:



1 Direct Local Trade



2 Develop our Suppliers and Partners



3 Sustainable Audits



“The program with SalvaTerra, Medellín’s Mayor and Grupo Éxito is an efficient means to help us homeless people because we now have a job opportunity and more options for reincorporating into society.”

Juan Carlos Ochoa, benefiting Grower.



1. Direct Local Trade

We believe in Colombia;
we buy Colombian!

Fruits and Vegetables
from Colombian Fields

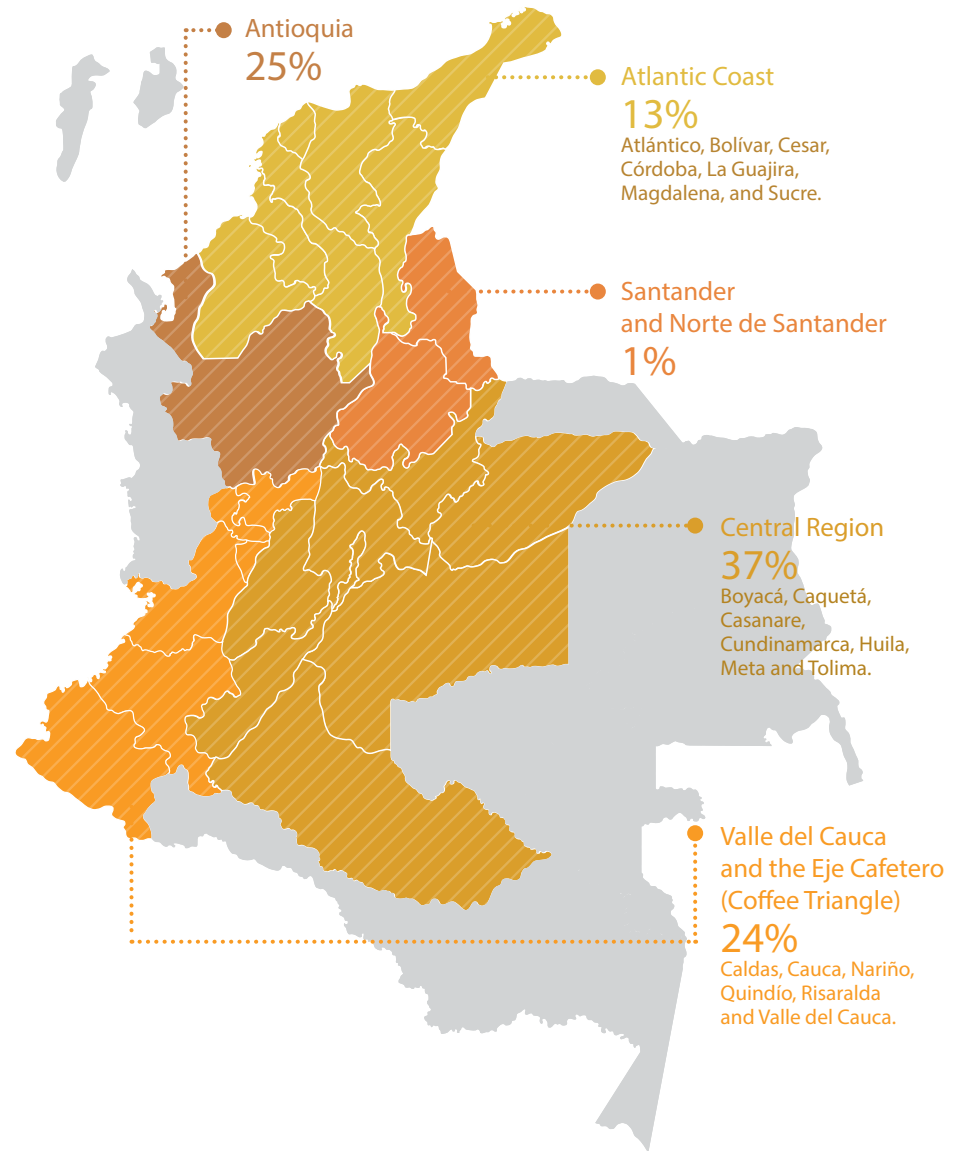


92% of the fruits and vegetables we sell at our stores are acquired in Colombia.

Of these, **82%** are acquired directly from close to 670 Colombian farmers.

We are proud to work with 3,600 commercial suppliers, 1,300 administrative goods and services suppliers and 1,000 real estate partners.

These are the Regions from which we Directly Purchase Fruits and Vegetables





Partnerships that Allow us to Strengthen Local Purchasing



The Clinton Foundation

We acquire products from small farmers and fishermen, who strengthen their production and sales processes supported by the Clinton Foundation.

- More than **2.3 million units sold**.
- **More than 1,300 producers benefited** in 7 departments: Antioquia, Atlántico, Bolívar, Cauca, Cundinamarca, Risaralda and Valle del Cauca.



Cultraco

We support communities that substitute illegal crops for fruit.

- Close to **200,000 kilograms sold**.
- **300 benefited producers** in the department of Meta.



Comproagro

Farmers have an alternative to sell their products without intermediaries.

- Close to **230,000 units sold**.
- **120 benefited producers** in 3 departments: Antioquia, Boyacá and Cundinamarca.



SalvaTerra

Former homeless people from the streets of Medellín now find a space to sell products in our stores as part of their process to reincorporate into society.

- More than **21,000 units sold**.
- More than **160 people** who lived on the streets in a reincorporation process.



La Mala Noche

Farmers who have been victims of violence harvest fruits and vegetables that are purchased by our customers.

- Close to **18,500 units sold**.
- **30 benefited producers** in 2 departments: Córdoba and Sucre.



|| We support Comproagro, a venture that helps sell or purchase agricultural products without intermediaries. Courtesy of El Colombiano newspaper.

Fish and Seafood from Artisan Processes



We purchased **80** tons of fish from rivers and the sea, fished responsibly, from 35 artisan fishing families.

We purchased more than **1,600** tons of fish from close to 1,200 benefiting families in farmed fish production.

Small and Medium-sized Colombian Companies become Stronger

We have supported the development and strengthening of SME's for over **30** years through the Promotora de Comercio Social (Fair Trade Promoter).



350 micro-entrepreneurs sell their products at Éxito, Carulla, and Surtimax stores.



24 small growers sell more than 53 origin coffee products at our stores.



50 small farmers from Antioquia received support in selling their product.



Since we've worked with the Promotora de Comercio Social and Grupo Éxito, we have increased our coffee sales, gained knowledge about entrepreneurship processes and have become known in various regions of Colombia.



Pedro Maya Restrepo, Café Los Frailes micro-entrepreneur.

Fashion Made in Colombia

We offer fashion with a social purpose, within everyone's reach, and boost job creation in the sector.

hecho en
Colombia

97%
of Private Label
textiles are produced
in the Country



8,000 jobs in 84
workshops located in 11 cities
in 5 departments are created
by Didetexco, our textile
industry, which makes Private
Label clothing.



Close to **7,000** single
mothers make our Private
Label clothing.



60% of the textile business'
sales correspond to Private
Label clothing.



80% of the fabric used
in making our Private
Label clothing is Colombian.

Didetexco is
the 9th largest
textile exporter
in Colombia.



We exported
1.3 million
clothing items
from our private
labels, Arkitect
and Bronzini, to
Argentina, Brazil,
Uruguay
and France.



We put the creativity
of Colombian designers
in our stores and give
fashion a social purpose.



176 product references, between
clothing and accessories, make
up María Luisa Ortiz and Diego
Guarnizo's SOY collection with
messages that raise awareness
for preventing breast cancer.

5 of the Country's artisan
communities participated
to create the SOY collection.



2. Develop our Suppliers and Partners

We sell the first beef in Colombia with a sustainable process to be certified by the Sustainable Agriculture Standard, Rainforest Alliance, given to the Agrolonja livestock farm.

Certification criteria:



- Conserving the biodiversity and natural resources.
- Adequately maintaining the animals, following responsible livestock practices.
- Providing better human well-being and livelihood.
- Having an efficient system for planning, managing and assessing impacts on operations.



|| Livestock production at Agrolonja's Hacienda San Antonio is carried out with animal, environmental and social protection criteria.



We Highlight our Suppliers' Best Practices

We awarded the **12** best suppliers at the ninth edition of Éxito's Suppliers Competition.

Awarded companies:

- Éxito Suppliers category: Samsung Electronics.
- Éxito SME's category: Eurocosett.
- Sustainable Development category: Promotora de Comercio Social
- Mass-consumption Product category: Diageo.
- Fresh Produce category: Santa Anita Nápoles.
- Textile category: Hermeco-Offcorss.
- Home category: Industrias Cannon de Colombia.
- Electro-digital category: Industrias Haceb.
- Private Labels category: Marchen.
- E-commerce category: Asus Global.
- Supply of Goods and Services category: Celsa.
- Real Estate Partners category: Natural Light.



|| Promotora de Comercio Social, winner in the Sustainable Development category for its support given to micro-entrepreneurs.

We walk hand in hand with our suppliers in their growth and expansion processes.



Together with Procolombia, we support **19** of our Company's suppliers in participating in the Mentor Exportador program, through which export opportunities to various countries in the Americas were opened.



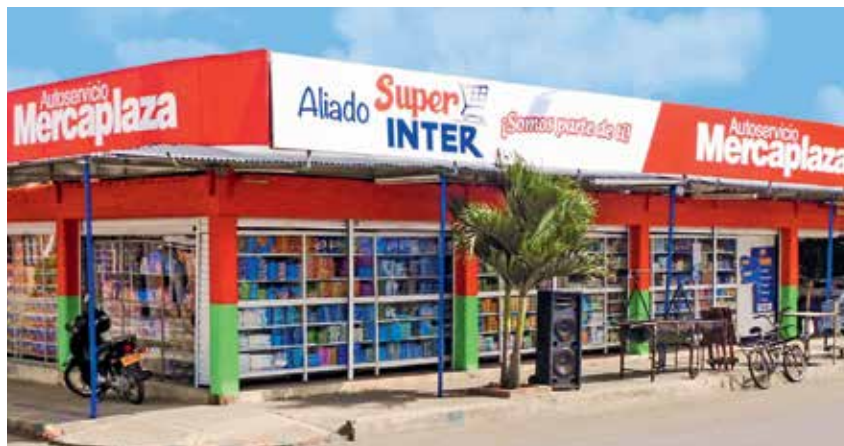
4 national suppliers exported their products continuously to our stores in South America. These are some of the companies:

- Juan Valdez and Colcafé, to Brazil.
- Formas Íntimas and Creytex, to Uruguay.



Training Alternatives

For five consecutive years, more than **500** employees from SME's that supply the Company have been certified in the "Business Management Strengthening Certification" program carried out in partnership with EAFIT Social.



“

The partnership with Surtimax has been very positive: it has allowed us to change our business vision, we have grown progressively and we have created jobs for a large number of people, contributing to improving their quality of life.”

Pedro Antonio Gaitán, Merca Max – Aliado Surtimax

Neighborhood Mini-markets and Self-service Shops get the Opportunity to Grow with us

Close to **1,300** businesses are part of the Aliados Surtimax and Super Inter channel, a business model based on a win-win company collaboration agreement to develop Colombian mini-markets.



Close to **1,100** Aliados Surtimax in 241 municipalities in 11 departments.

📈 17% more presence in departments



Close to **200** Aliados Super Inter in 42 municipalities in 5 departments.

📈 11% more than in 2016

100 Aliados Surtimax and Super Inter participated in the fourth “Descubriendo Nuestros Tesoros” (Discovering our Treasures) convention, an activity held by the Company to recognize Partners’ good results.

Business Alternatives



More than **8,300** businesswomen are a part of the loyalty and entrepreneurship program, "Red de Amigas Surtimax y Super Inter" (Network of Surtimax and Super Inter Friends), with which they find products at affordable prices and gain recognition for inviting their family members and friends to buy from the brand.



42% growth in Super Inter sales.



In association with PepsiCo, **47** women from the Red de Amigas Surtimax got trained in the Mujeres con Propósito (Women with a Purpose) program, in which they received training on entrepreneurship, jobs and life plans.



13,300 people from strata (social position) 1, 2, and 3 get the opportunity to generate income and become entrepreneurs with the direct sales business, Todo Hogar.



200 of our suppliers attended the fifth Private Label convention held by the Company to keep up to date on the trends and challenges faced by these types of products.



1,200 suppliers were present at the Suppliers Tour held in the Country's major cities, in which we informed them of the main results of 2016.

More than **90,000** attendees enjoyed unique flavors at the 10 fairs and events in which our suppliers and their products were protagonists.



More than **27,000** glasses of wine were served at Expovinos, the sector's most important wine fair in Colombia, and the one with the highest number of attendees in Latin America.



More than **57,000** people participated in the Cheese Fair in Bogotá and Medellín, a unique event in Latin America with a huge offer of national and imported cheese.



More than **10,000** people attended Expocerveza, the Country's largest fair specialized in beer.



Close to **25,000** visitors enjoyed Carulla es Café in Bogotá and Medellín, a space for learning about and enjoying Colombia's flagship beverage.



850 people participated in the Pasta Summit in Barranquilla, Bogotá and Medellín, a space in which Carulla customers prepare their best recipes for hundreds of guests.



3. Sustainable Audits

We carried out more than **170** social audits on more than 160 suppliers in the Fresh Produce, Textile, Home, Electro-digital, and Mass-consumption products businesses.

↑ 157 more audits than in 2016.

With these social audits, we confirmed that our Private Label and Own Brand suppliers have practices that provide a socially responsible supply chain.

Close to **770** suppliers signed the Ethical Charter, with which we encourage suppliers to:

- Provide decent work spaces.
- Produce while respecting the environment.
- Maintain transparent commercial relationships guided by good governance.



449 Private Label suppliers

174 suppliers of goods and services

145 Didetexco suppliers

“ We are very happy with Grupo Éxito’s support. Before, we had no help conserving our territory, but now we can **protect the forest**, the water and the animals. Additionally, we have benefited as a community. ”

Misael Yuvade, captain of the Guamal Community, department of Guianía, partner of the BanCO2 cooperative.





The success of Grupo Éxito is in its people

my planet

We are sustainable when we generate actions that mobilize our Company and the community around environmental protection initiatives.

We hold ourselves responsible for our impact on the environment by measuring it, mitigating it and compensating for it, and we seek to raise awareness in others for them to take care of the planet.



Through the BanCO₂ cooperative, we compensate for our impact on the environment and contribute to the well-being of families and protective communities.

We work on five fronts to achieve this:



1
Reduction
of Material



2
Consumer
Education



3
Solid Waste
Management and
Recycling



4
Sustainable
Construction



5
Measurement and
Mitigation of the
Carbon Footprint



1. Reduction of Material

Using Less Plastic Bags,
More Reusable Options

We were able to reduce the use of plastic bags by **41%** thanks to our customers' commitment and the strategies led by our work team.

Our customers purchased more than **2.4 million** reusable bags and shopping trolleys.



900,000 customers made a commitment to the planet and used reusable packages for carrying their purchases.



We awarded customers more than **45** million Éxito and Carulla brand Points for committing to using reusable packages.



We launched the **#YoTrajeMiBolsa** (#IBroughtMyBag) campaign to raise our customers' awareness about the importance of reducing the use of plastic bags.

We delivered more than **45,000** reusable bags to Éxito brand customers and invited them to use them to carry their purchases.

Products that Take Care of the Earth



11 product references sold in direct sales catalogs, Todo Hogar, are made with biodegradable materials.



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We reduced the materials used in producing 70% of the trays used in the cafeteria and meat sections at our stores by **19%**.



More than **105,000** boxes used by the textile industry, Didetexco, have the FSC seal granted by the Forest Management Council.



2. Consumer Education

We Bet on Sustainable Mobility

We have spaces for people who use electric vehicles to find alternatives to continue using sustainable transportation.



In Bogotá, customers can request an electric vehicle through a mobile application and share it with other users.

We help our customers charge their vehicles in association with expert institutions.

codensa



- **8** charging stations for electric vehicles.
- **10** electric cars for shared use.

epm[®]

- **4** eco-charging stations for electric vehicles.

energía[®]
DE PEREIRA

- **2** charging stations for electric motorcycles.

Employees' Commitment



We launched the sustainable mobility program, Movámonos (Let's Move), in which employees shared their vehicles with their co-workers, contributing to taking care of the environment. Furthermore, we encouraged our employees to use public transportation and electric bikes.



Employees shared more than **16,700** rides.



Employees used **100%** of the electric bicycles provided for the program.



We avoided emitting close to **15** tons of CO₂, which is equivalent to planting trees in an area the size of 10 soccer fields.

We Facilitated the Disposal of Post-Consumer Waste

Customers deposited more than **26,600** kilograms of post-consumer waste in more than 210 collection points, gathered by expert institutions:



Expired medication
More than **12,600** kilograms.



Batteries
Close to **11,200** kilograms.



Light bulbs
More than **1,700** kilograms.



Pesticides
Close to **160** kilograms.



Computers and unused equipment
840 kilograms.



The Magic of Colombia Continues to Travel the World

Colombia Magia Salvaje, the highest-grossing cinematic production in the Country's history, was launched on Netflix in more than 190 countries. This film was co-produced by Grupo Éxito and the EcoPlanet Foundation, and was carried out with support from the British company, Off The Fence.



3. Solid Waste Management and Recycling

We have Colombia's largest recycled cardboard delivery process.



We collected more than **22,300** tons of recyclable waste.

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Recycled Material in 2017

Cardboard

More than **18,100** tons

Scrap Metal

More than **1,600** tons

Plastic

More than **1,300** tons

Others*

Close to **900** tons

Hangers

More than **400** tons



*PET, kraft paper, newspapers, magazines, glass, and others.



Recycling with a Social Purpose

Collecting and selling recyclable materials produced at our stores is the main source of financing for Fundación Éxito, which is working to eradicate chronic malnutrition in Colombia.



Grupo Éxito has donated more than **COP 11,000** million to Fundación Éxito from selling recyclable materials.

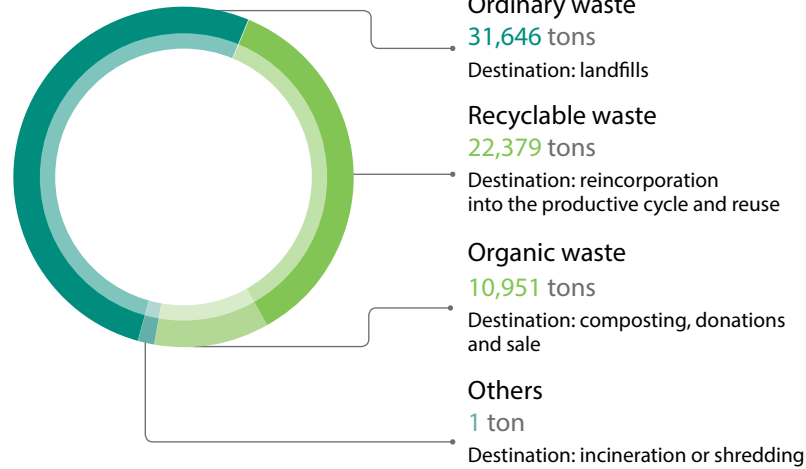
We Properly Dispose of Waste



We have worked with Fundación Éxito for over 20 years recycling used cardboard boxes from the Group's stores. With this process, we create jobs, save energy and drinking water and reduce the amount of waste destined to landfills."

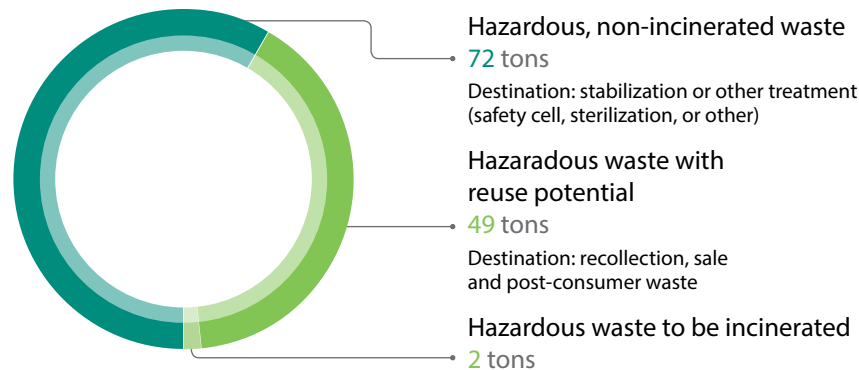
Juan Carlos López,
Smurfit Kappa
Sourcing Manager

64,977 tons of Non-hazardous waste



We kept **34,000** tons of waste from being sent to landfills.

123 tons of Hazardous waste



We gave more than **2,300** tons of plastic surpluses generated in our operations to manufacture new bags without having to use new raw materials.

We Used Energy Better



94 stores and **2** Viva Shopping Centers, **2** distribution centers and **1** Presente Employee Fund Vacation Center. In these places we have energy efficiency and solar power generation programs.



We generated more than **435** MWh of clean and renewable energy with more than 3,700 photovoltaic cells that capture solar energy in Éxito Panorama in Barranquilla and the Viva Wajjira Shopping Center in La Guajira. This is equal to the energy 238 families consume in a year.

108



We saved **28,300** MWh of energy at various stores. This is equal to the energy 15,500 families consume in a year.

6% less consumption than in 2016.



|| Éxito Panorama's photovoltaic power plant in Barranquilla has 2,070 solar panels.

We saved more than **COP 11,400** million with energy efficiencies.

We consume more than **426,000** kWh, of which about 366,000 kWh are from renewable sources

We reduced CO₂ by 10,300 tons with energy efficiency programs and solar energy, which is equal to what 3,000 trees capture.



|| Éxito La Felicidad, in Bogotá, is one of the stores that operates with natural refrigerants.

New Refrigeration Systems

2 Éxito brand stores have natural refrigerant gases, addressing the recommendations from the Montreal and Kyoto Protocols.

Éxito La Felicidad has the first system installed with natural transcritical refrigeration in the Country, and Éxito Plaza 77 has the Water Loops refrigeration system, with which it contributes to reducing CO₂ emissions.

Refrigerant Use by Type Figures in Tons

Freon R22	57.9
R404A	9.2
R507	3.4
R134A	2.6
R410A	1.2

Total **74.3**

⬇️ 4% less than in 2016

We Take Advantage of Food and Reduce Waste



We donated close to **1,900** tons of products to feed more than **515,000** people through 17 food banks and 20 institutions.



We delivered more than **300** tons of meat, chicken and fish not suitable for human consumption to animal breeding farms.



Through Fundación Éxito, we collected more than **3,200** tons of food harvested by close to 580 farm families in the framework of the Agricultural Surplus Recovery Program (REAGRO).

We spend **2.09** million cubic meters of water to satisfy our operation



4. Sustainable Construction



Premises with LEED Certifications

Our real estate projects, from the moment they are planned, seek to comply with international standards established by the LEED (Leadership in Energy & Environmental Design), the world's most important sustainable certification system.

We are certified by the U.S. Green Building Council for the characteristics of two of our buildings:



Viva Wajiira, with a **LEED Gold** certification, is one of the four shopping centers in Colombia with this certification, which is granted for having high performance sustainable design, construction and operation standards.



Éxito Mosquera was the first Company store to receive the **LEED Silver** certification for the retail sector in the commercial interiors category.



5. Measurement and Mitigation of the Carbon Footprint

We Protect Strategic Ecosystems



We joined BanCO₂, which works to protect the environment by financially compensating affiliated families.

With BanCO₂, we compensated for close to **41,000** tons of CO₂, equal to more than two million trees.



We godfathered **14** families and **2** communities that protect forests, wetlands, mangroves and páramos (Andean alpine ecosystems).



|| Family that protects the Guamal Community's ecosystem in the department of Guainía.

1,300 hectares of strategic ecosystems in 16 departments of Colombia are being protected to preserve species, such as parrots, birds, armadillos, monkeys, foxes, and others.

We Assess our Impacts on the Environment and Work to Mitigate Them

We issued close to **268,000** tons of CO₂ in our various businesses.



Scope 1*
183,263 tons

Scope 2**
84,396 tons

*The Company's direct emissions from fuel, natural gas and refrigerants.

**Emissions coming from generating the acquired electricity used in operations or by our own controlled equipment.

“ We promote healthy lifestyles and have specialized formats with which we offer our customers **tasty, healthy and sustainable** experiences, such as the FreshMarket. ”

Guillaume Seneclauze, National Manager of the Carulla brand.





healthy life

We are sustainable when we promote healthy lifestyle habits available to everyone.

We encourage our customers and employees to lead healthy lifestyles through information that helps them make better decisions, a product portfolio with a healthy profile and by promoting physical activity.

We work on three fronts to achieve this:

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1
Marketing of Healthy Alternatives



2
Customer, Supplier and Employee Awareness



3
Promote Physical Activity and Sports



We offer the food our customers need for them to lead healthy lives.



1. Marketing of healthy alternatives

A Product That Does A Lot for You, is Good for You



We launched the Bueno para Ti (Good for You) portfolio, with more than **1,700** products with nutritional or health benefits.

The portfolio is segmented into three categories:



Close to 500 foods for special needs that may be gluten or lactose-free or free of added sugar.



Close to 200 organic products farmed with environmentally friendly methods, without using agro-chemical elements.



More than 1,000 foods with a healthy profile and nutritional and health benefits.

Taeq Combines Pleasure and Nutrition

More than **250** products with nutritional and health benefits constitute the Taeq brand portfolio, which is shaping to be Colombia's health brand.

11% more than in 2016



We launched close to **50** new Taeq brand products to provide more healthy options to our customers.



We visited **1,000** nutritionists in Bogotá and Medellín to present the nutritional benefits of the Taeq brand.

233% more than in 2016



We Opened Carulla FreshMarket: A Store that Offers Tasty, Healthy and Sustainable Products



Carulla FreshMarket offers healthy lifestyle alternatives through:



Taeq's, the most complete multi-category brand on the health product market.



Mundo Saludable (Healthy World), which includes fresh produce and organic, functional and artisan products.



A portfolio for vegans and vegetarians with products that adjust to their dietary needs.



2. Customer, Supplier and Employee Awareness

Suppliers Committed to Consumers' Health



More than **100** Private Label suppliers participated in training that the Company offered in order to reformulate their products to reduce the sodium and sugar content and some risky nutrients in our Private Label foods.

81 more suppliers than in 2016.



We reformulated the content of about **50** products to reduce their sodium content and contribute to customers' health and nutrition.

Nutrition and Health, Even at Work



With our Healthy Foods program, our employees consumed more than **56,000** servings of fruit at administrative headquarters.

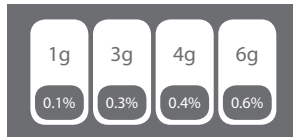
Information to Choose and Take Care of Yourself Better



We have been a part of the Consumer Goods Forum since 2007, an organization that gathers retailers and food producers to help consumers make informed decisions and adopt healthy lifestyle habits.



More than **12,300** people participated in the Dale un Giro Saludable a tu Vida (Give your Life a Healthy Twist) campaign led by the Consumer Goods Forum that was held at 4 Éxito and Carulla stores to raise awareness about balanced diets, active lifestyles and reading labels.



More than **1,000** Private Label products use the Voluntary Labeling System, Guideline Daily Amount, to indicate the amount of energy and nutrients necessary for daily needs.

56% more than in 2016



More than **22,000** customers took nutritional assessments focused on preventing cardiovascular risks.



24,100 employees had medical, eye care and nutritional consultations, and received guidance for promoting health and preventing disease.



3. Promote Physical Activity and Sports



Our customers' health and well-being is very important to us, reason why we promote healthy lifestyle habits by sponsoring sports and recreational activities.



We sponsored 4 athletes:

- Miguel Ángel Rodríguez, Squash player.
- Andrea Mesa, triathlon athlete.
- Julián Pérez, triathlon athlete,
- Isabella Arcila, Olympic swimmer

We supported sports events:

- 3 cycling competitions in La Ruta Colombia, with more than 20,000 attendees.



We supported races:

- Corre mi Tierra in Barranquilla, Cali and Medellín, with more than 10,000 attendees.
- Carrera de las Rosas in Medellín to raise awareness about breast cancer, with 4,000 runners.
- Womens Weekend for doing yoga.



We sponsored Club América de Cali.



We promoted cycling:

- 12 competitors on the Team Medellín cycling team.
- XXVIII Edition of Clásico del Ciclismo Infantil, in which more than 30,000 children participated.



The XII Club El Nopal Golf Tournament, in which close to 10,000 people participated.



We sponsored Deportivo Independiente Medellín.

“

Working for Grupo Éxito is one of the best things that has happened in my life. I am proud of and grateful to this company that has supported me and allowed me to get my family ahead.”

Julio César Jaramillo Villegas, Vegas Distribution Center Resources Assistant, Envigado, Antioquia, with 45 years at the Company.





**The success of Grupo Éxito
is in its people**

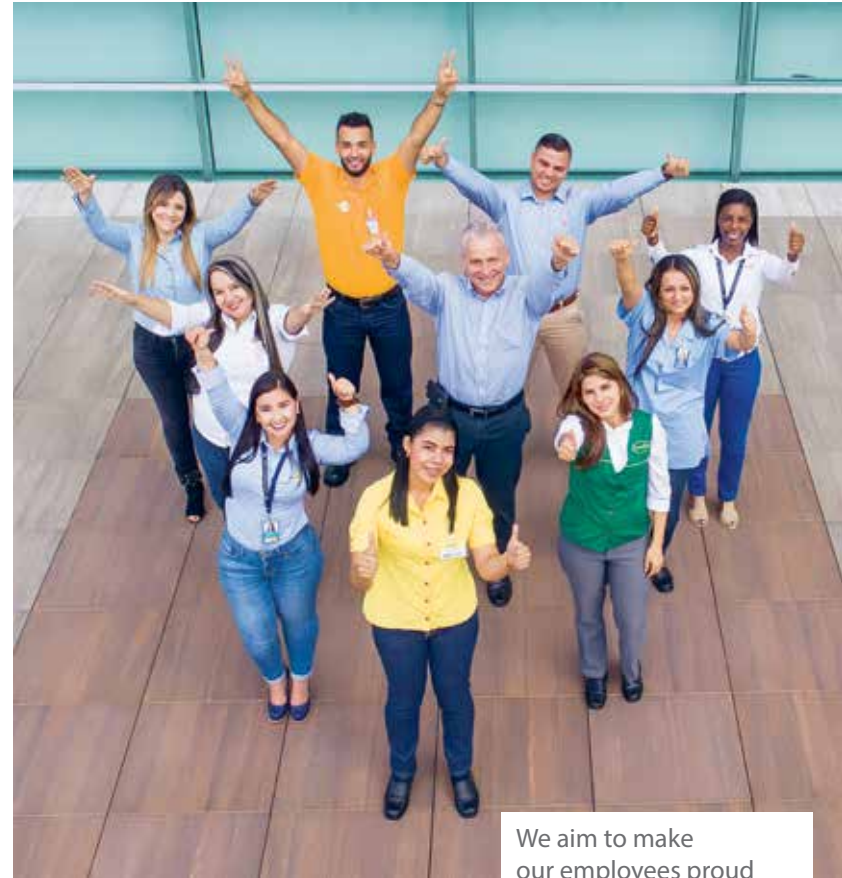


The Success of Grupo Éxito Is in Its People

We are sustainable when we give our employees reasons to smile. We walk hand in hand with them in their professional and personal development.

We leverage our employees' talent, we assist them in fulfilling their professional and family goals and we promote an attractive, diverse and inclusive work environment, where they can work with commitment and pride.

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We aim to make our employees proud of being a part of our Company and we are proud of them.

We work on three fronts to achieve this:



1

We develop our people in Being and Doing



2

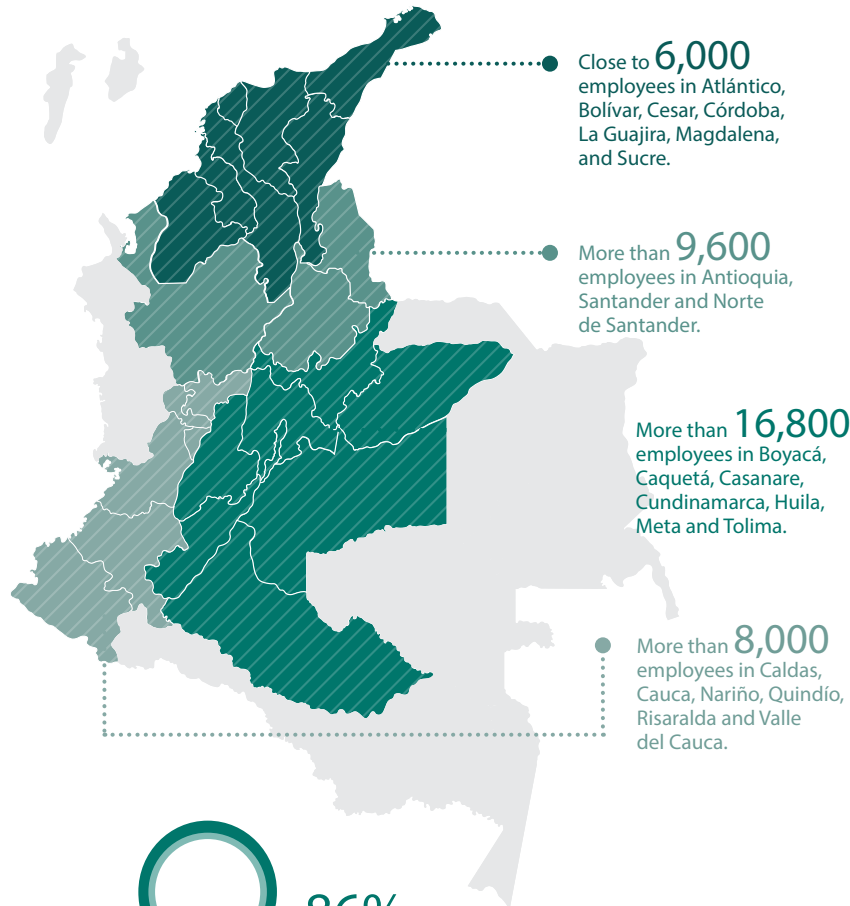
We are attractive, diverse and inclusive.



3

We encourage social dialogue

We have more than **40,400** employees all around the country.



86% of our employees are hired for an undefined term.

It fills us with pride to be the private Company that creates the most jobs in Colombia.

We Generate Work Conditions that Favor our Employees' Development



Over **5,000** employees promoted.

8% more than in 2016

2,788 men
2,298 women

Employee distribution by age*



Close to **18,000** under 30 years of age



More than **13,700** between 30 and 50 years of age

Close to **3,100** over 50 years of age

* Indefinite-term employees.

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Zero fatalities during 2017

Por ti, es **possible**

4,000 employees were rewarded for their Years of Service when they celebrated 5, 10, 15, 20, 25, 30, 35, 40 and 45 years at the Company.



1. We Develop our People in Being and Doing



We want our employees to have access to training and development processes. For that reason, we created the Unidad de Aprendizaje Organizacional (Organizational Learning Unit).



Total results of the learning programs:



Close to **40** thousand employees participated in training processes.



Employees attended more than **70** thousand in-person courses.



Employees received more than **1.5** million hours of virtual and in-person training.

We achieved this through three areas of knowledge:



More than **21,200** employees attended training on strengthening and developing behaviors regarding corporate culture.

Close to **9,000** employees attended training on knowledge about the Company.

More than **4,700** employees attended leadership training.

More than **11,800** employees attended courses on Corporate Values.



More than **4,100** employees attended courses to learn about the Company's businesses and brands, strengthening their performances in their positions.

Close to **4,000** employees attended retail training programs.

More than **220** employees attended training on knowledge about new businesses.



More than **34,500** employees attended training on basic and complementary skills for adapting to their positions.

More than **3,700** employees attended training programs on complementary skills.

More than **33,300** employees attended technical skills training.

Close to **600** employees attended training programs on developing key people.

*One employee may participate in various training programs.



Our employees and their families received more than **COP 87,000 million** in more than 400,000 delivered benefits.

2.4% more than in 2016



Our employees receive close to 100 benefits from the company, with which we support them to accomplish their dreams.



Housing

More than **COP 5,500 million** invested in loans for buying, building and improving housing. Close to 3,200 benefits given.



Education

More than **COP 10,000 million** given to contribute our employees and their children's personal and academic growth. More than 25,300 benefits granted.

13.6% more than in 2016



Family

Close to **117,000 hours** enjoyed with the Tiempo para Ti (Time for You) benefit.

17% more than in 2016



Close to **380** employees received support in their roles as parents or expecting and breastfeeding women with the Vínculos de Amor (Bonds of Love) benefit, through which they get professional support, birth support and additional time for breastfeeding.



Close to **400** employees received financial assistance with the Cambia tu Ciclo (Change your Cycle) benefit to buy a washing machine, generating time for personal and family activities.



Health

More than **COP 790** million invested in programs for promoting health and preventing diseases.

Close to **5,800** employees and family members protected with health and insurance programs.



Entrepreneurship and Culture

More than **COP 762** million granted in entrepreneurship courses, use of free time and creative expression for employees and their families.

More than 16,100 benefits granted.



Celebrations

More than **99,300** employees and their families enjoyed celebrating special days organized by the Company.



Recreation and Sports

More than **108,300** employees and their families enjoyed healthy living maintenance and entertainment programs.

↑ 12% more than in 2016



We launched Movámonos (Let's Move), the sustainable mobility program with which we invited our employees at corporate headquarters in Envigado and Bogotá to share their vehicles with co-workers who live close to them, contributing to air quality.



Employees shared more than **16,700** rides to get to their workplaces and homes.

Employees used **100%** of the bicycles provided for them.

More than **200** employees walked to their destinations with co-workers.



Employees proposed more than **1,200** ideas at the Éxito Ideas contest, with which we encourage innovation within the Company.



We support our employees' everyday lives and dreams through the "Presente" Employee Fund and the "Futuro" Mutual Investment Fund



Savings
Employees saved close to **COP 82,000** million in the "Presente" Fund.

Employees affiliated to the "Futuro" Mutual Investment Fund saved more than **COP 34,700** million as long-term investments.

 197% more than in 2016



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Agreements
Employees and their families enjoyed close to **180** partnerships and agreements through the "Presente" Fund.



Loans
COP 84,000 million loaned through the "Presente" Fund's various lines of credit.



More than **27,500** people, among employees and their families, visited the "Presente" Fund's vacation center.



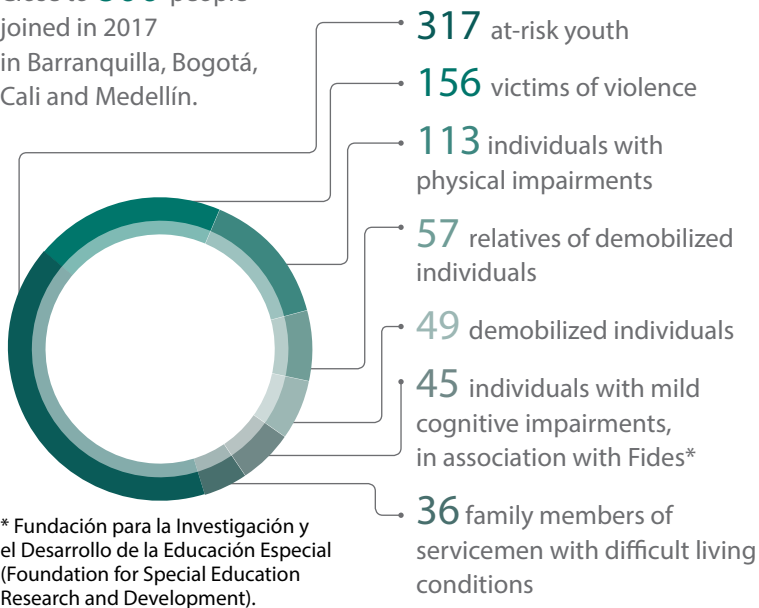
2. We are Attractive, Diverse and Inclusive

We boost our employees' professional growth, promote professional equality and facilitate labor inclusion for people with some kind of vulnerability.

We Believe in our Team's Skills

More than **1,800** people have joined the Assistance to the Vulnerable Population Program since its creation in 2006 and have enjoyed opportunities to integrate into work and social life.

Close to **800** people joined in 2017 in Barranquilla, Bogotá, Cali and Medellín.



|| Employees of the Assistance to the Vulnerable Population Program enjoy the benefits and support the Company provides.

Employing and supporting vulnerable people has allowed:

- Boosting their desires to overcome.
- Enjoying their high level of commitment to the Company.
- Facilitating their access to financial income and benefits for themselves and their families.

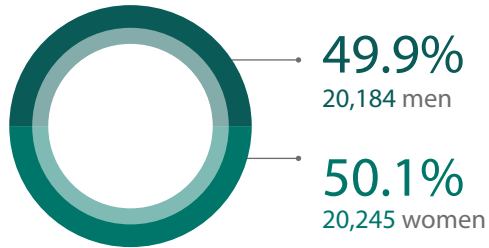


Nobody thought I would work at Éxito. They have always welcomed me here, and I work happily. My dream was always to buy my own apartment, and now, thanks to the Company, I was able to make it true and overthrow all the barriers"

Sandra Patricia Forero, packer employed through the Assistance to the Vulnerable Population Program

We Develop Diverse Teams

We promote the importance of having diverse teams with the Professional Equality Policy.



Women's participation by position*

130



20%
Managers:
6



30%
Leadership:
209



46%
Supervision:
1,910



51%
Operations:
18,120

*Individual participation percentages over the total base employees per position.



I have worked at the Company for 25 years and I believe we all have the same opportunities here. I started out in the stores and now have a management position, in which I lead a team mostly made up of women. As a leader, I promote gender equality and seek to give the same opportunities to the people who work with us."

Ana María Lopera Díaz,
Corporate Marketing
and Private Labels Manager.



|| Sol Beatriz Arango, President of Servicios Nutresa; Marcela Baena, journalist and anchorwoman; and Lina Hinestroza, CEO of Fundación Modo Rosa in one of the Inspiring Women conferences.

700 employees participated in the 2 Inspiring Women conferences organized by the Company, in which we emphasized the women's role in the professional and personal setting.



We committed to generating more job opportunities for youths by symbolically signing the Pacific Alliance Agreement for Youth Employability.



We reviewed more than 66,500 employees and former employees' work histories together with the Colombian Pension Manager, Colpensiones, to assess their state.



3. We Encourage Social Dialogue



We continue promoting a good workplace in which all employees contribute to having a good work environment.

We are a good place to work, we raised a scale in the stages of the Work Environment Index, going from Very satisfactory to Outstanding.



Employees shared more than **30,000** insights, comments and suggestions through the Buzón de Sentimientos (Feelings Mailbox) to strengthen the work environment.



More than **15,000** people answered the leadership survey of over 1,900 of the Company's leaders. 718 had an exemplary score, in accordance with our Leadership Model.



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

12% of employees are part of a Collective Employment Agreement



Close to **2,000** employees were trained in strengthening skills for managing work relationships.

We are one of the companies that contributes the most to the Country's development. We pay more than **COP 410,000 million** in taxes and tax obligations to the municipalities in which we operate.

Compliance with Tax Obligation
Figures in millions of pesos (COP)

Type of tax	2017
Industry and Commerce	\$95,119
Real Estate	\$21,793
Income	\$52,748
On Equity	\$20,419
Vehicles	\$15
VAT	\$208,220
Consumption	\$18,069
Total	\$416,384

Municipal Tax Payment Details (Industry and Commerce, Real Estate)
Figures in millions of pesos (COP)

Municipality	2017	Municipality	2017	Municipality	2017
Apartadó	\$303	Floridablanca	\$259	Puerto Berrío	\$164
Armenia	\$534	Funza	\$1,033	Puerto Colombia	\$124
Barrancabermeja	\$357	Fusagasugá	\$248	Ricaurte	\$173
Barranquilla	\$5,365	Girardot	\$336	Riohacha	\$353
Bello	\$2,428	Ibagué	\$945	Rionegro	\$666
Bogotá	\$40,638	Ipiales	\$374	Sabanalarga	\$160
Bucaramanga	\$2,554	Itagüí	\$486	Sabaneta	\$602
Buenaventura	\$566	Jamundí	\$318	Santa Marta	\$1,557
Buga	\$123	La Calera	\$201	Sincelejo	\$1,215
Caicedonia	\$151	La Ceja	\$141	Soacha	\$353
Cajicá	\$119	La Tebaida	\$184	Sogamoso	\$264
Cali	\$6,796	Magangué	\$298	Soledad	\$763
Cartagena	\$3,510	Manizales	\$931	Tolú	\$144
Cartago	\$223	Medellín	\$12,042	Tuluá	\$171
Caucasia	\$595	Montería	\$1,151	Tunja	\$424
Chía	\$798	Mosquera	\$192	Turbo	\$138
Copacabana	\$183	Neiva	\$1,092	Valledupar	\$1,332
Cúcuta	\$1,621	Palmira	\$418	Villavicencio	\$1,379
Dosquebradas	\$209	Pasto	\$925	Yopal	\$304
Duitama	\$121	Pereira	\$2,943	Yumbo	\$317
Envigado	\$9,910	Piedecuesta	\$190	Zipacquirá	\$412
Facatativá	\$252	Pitalito	\$117	Other Minor Municipalities	\$2,396
Florencia	\$475	Popayán	\$846	Total	\$116,912

Sustainability in the Region



Brazil



Uruguay



Argentina



We are also Committed to Sustainability in Brazil, Uruguay and Argentina



Supportive and Responsible Player

- Encouraging cultural and artistic activities for unschooled, vulnerable children in partnership with Movimento Arredondar.
- Forming two new youth orchestras to promote musical education.
- Moving clients to donate clothing in good conditions, which were given to 17,000 people.



- Supporting educational processes by financing the first free and private secular school in the Country.
- Campaigns to contribute to vulnerable children and youths' education, attended by Centro Educativo Los Pinos and Fundación Niños con Alas



- Procedures for collecting food fit for consumption: 98 tons collected; three times more than in 2016.
- Moving clients to contribute to the Donemos Sonrisas (Let's Donate Smiles) program: 38,400 dollars collected for children.

Trusted Partner

The teams in South American countries in which we are present carry out initiatives that favor sustainability. These are some of the results framed in five work focuses: supportive and responsible player, trusted partner, reducing environmental impact, responsible retailer and responsible and inclusive employer.

- Implementing the Responsible Beef Policy among suppliers to reduce deforestation.
- Supporting fruits and vegetables suppliers in complying with best practices guidelines in partnership with the Alianza de Terra institution.

- Supporting suppliers in making their products following safety and quality criteria.

Reducing our Environmental Impact

- Generating clean energy with three solar plants in the Assaí brand, in partnership with GreenYellow.
- Launching one new plant which generated 40% of the energy the store needed with 3,000 solar panels.
- An energy renovation program at the Extra and Pão de Açúcar supermarkets to reduce consumption by 25%.
- Training double-decker truck drivers for shipping and delivering merchandise.

- 100% cardboard separation at stores.
- Collecting and recycling paper at the corporate headquarters.

- Providing 49% less plastic bags and beginning to charge for them.
- Collecting more than 66 tons of waste at 15 locations and directing its profits from sales towards social projects.

Responsible Retailer

- First Private Label eggs from free range chickens as an activity in its commitment not to sell any eggs from caged chickens by 2025.

- DERES Award for the Vida Saludable (Healthy Lifestyle) Program in recognition of the practices to improve its customers, employees and society's quality of life as a whole.
- Healthy Lifestyle Program, which promotes habits to improve quality of life and defining a product portfolio with a healthy profile.

Responsible and Inclusive Employer

- Committing to Diversity to promote inclusion and diversity.
- Signing the commitment with UN Women to empower women.

- Satisfaction and work environment assessment.
- Promoting workplace equality with equal pay.
- Supporting disabled employees to facilitate their integration with the rest of the personnel.

- Admitting sixty-six youths to their first work experience in the frame of the Government of Córdoba's Plan Primer Paso (First Step Plan).
- Training 147 employees in middle management positions in leadership with the Leadership Development Program.
- Supporting initiatives to raise awareness about breast cancer.
- Extending its employees' maternity leave an additional month to stimulate the mother-child bond: 157 employees enjoyed this new benefit.

This is a free translation into English of the original report issued in the French language and it is provided solely for the convenience of English speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

Casino, Guichard-Perrachon

Year ended the 31st of December 2017

Independent verifier's report on consolidated social, environmental and societal information presented in the management report

Casino, Guichard-Perrachon

Year ended the 31st of December 2017

Independent verifier's report on consolidated social, environmental and societal information presented in the management report

This is a free translation into English of the original report issued in the French language and it is provided solely for the convenience of English speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the shareholders,

In our quality as an independent verifier accredited by the COFRAC¹, under the number n° 3-1050, and as a member of the network of one of the statutory auditors of the company Casino, Guichard-Perrachon, we present our report on the consolidated social, environmental and societal information established for the year ended on the 31st of December 2017, presented in chapter 8 of the registration document, hereafter referred to as the "CSR Information," pursuant to the provisions of the article L.225-102-1 of the French Commercial code (*Code de commerce*).

Responsibility of the company

It is the responsibility of the Board of Directors to establish a management report including CSR Information referred to in the article R. 225-105 of the French Commercial code (*Code de commerce*), in accordance with the protocols used by the company (hereafter referred to as the "Criteria"), and of which a summary is included in the chapter 8 of the registration document and available online.

Independence and quality control

Our independence is defined by regulatory requirements, the Code of Ethics of our profession as well as the provisions in the article L. 822-11-3 of the French Commercial code (*Code de commerce*). In addition, we have implemented a quality control system, including documented policies and procedures to ensure compliance with ethical standards, professional standards and applicable laws and regulations.

Responsibility of the independent verifier

It is our role, based on our work:

¹ Scope available at www.cofrac.fr

- to attest whether the required CSR Information is present in the management report or, in the case of its omission, that an appropriate explanation has been provided, in accordance with the third paragraph of R. 225-105 of the French Commercial code (*Code de commerce*) (Attestation of presence of CSR Information);
- to express a limited assurance conclusion, that the CSR Information, overall, is fairly presented, in all material aspects, in accordance with the Criteria;

Nonetheless, it is not our role to give an opinion on the compliance with other legal dispositions where applicable, in particular those provided for in the Article L. 225-102-4 of the French Commercial Code (vigilance plan) and in the Sapin II law n°2016-1691 of 9 December 2016 (anti-corruption).

Our verification work mobilized the skills of four people between September 2017 and March 2018 for an estimated duration of fourteen weeks.

We conducted the work described below in accordance with the professional standards applicable in France and the Order of 13 May 2013 determining the conditions under which an independent third-party verifier conducts its mission, and in relation to the opinion of fairness and the reasonable assurance report, in accordance with the international standard ISAE 3000².

1. Attestation of presence of CSR Information

Nature and scope of the work

We obtained an understanding of the company's CSR issues, based on interviews with the management of relevant departments, a presentation of the company's strategy on sustainable development based on the social and environmental consequences linked to the activities of the company and its societal commitments, as well as, where appropriate, resulting actions or programmes.

We have compared the information presented in the registration document with the list as provided for in the Article R. 225-105-1 of the French Commercial code (*Code de commerce*).

In the absence of certain consolidated information, we have verified that the explanations were provided in accordance with the provisions in Article R. 225-105-1, paragraph 3, of the French Commercial code (*Code de commerce*).

We verified that the information covers the consolidated perimeter, namely the entity and its subsidiaries, as aligned with the meaning of the Article L.233-1 and the entities which it controls, as aligned with the meaning of the Article L.233-3 of the French Commercial code (*Code de commerce*) with the limitations specified in the Methodological Note in chapter 8 of the registration document.

Conclusion

Based on this work and given the limitations mentioned above we confirm the presence in the registration document of the required CSR information.

2. Limited assurance on CSR Information

Nature and scope of the work

² ISAE 3000 – *Assurance engagements other than audits or reviews of historical information*

We undertook four interviews with the people responsible for the preparation of the CSR Information in different departments³, in charge of the data collection process and the people responsible for internal control processes and risk management, in order to:

- Assess the suitability of the Criteria for reporting, in relation to their relevance, completeness, reliability, neutrality, and understandability, taking into consideration, if relevant, industry standards;
- Verify the implementation of the process for the collection, compilation, processing and control for completeness and consistency of the CSR Information and identify the procedures for internal control and risk management related to the preparation of the CSR Information.

We determined the nature and extent of our tests and inspections based on the nature and importance of the CSR Information, in relation to the characteristics of the Company, its social and environmental issues, its strategy in relation to sustainable development and industry best practices.

For the CSR Information which we considered the most important⁴:

-At the level of the consolidated entity, we consulted documentary sources and conducted interviews to corroborate the qualitative information (organisation, policies, actions, etc.), we implemented analytical procedures on the quantitative information and verified, on a test basis, the calculations and the compilation of the information, and also verified their coherence and consistency with the other information presented in the registration document;

-At the level of the representative selection of entities that we selected⁵, based on their activity, their contribution to the consolidated indicators, their location and a risk analysis, we undertook interviews to verify the correct application of the procedures and to identify potential omissions and undertook detailed tests on the basis of samples, consisting in verifying the calculations made and linking them with supporting documentation. The sample selected therefore represented on average 20 % of the total workforce and between 18% and 19% of the quantitative environmental information that were considered as representative characteristics of the environmental and social domains.

For the other consolidated CSR information, we assessed their consistency in relation to our knowledge of the company.

Finally, we assessed the relevance of the explanations provided, if appropriate, in the partial or total absence of certain information.

³ Corporate social responsibility department, Environment department and AMC Quality department

⁴Environmental and Societal information:

- *Quantitative information:* electricity consumption, refrigerant gas leakages, greenhouse gases emissions (scope 1 and 2), share of recovered non-hazardous industrial waste, number of responsible products sold;
- *Qualitative information:* general environmental policy, mitigations actions to reduce food waste, climate change (including emissions related to the use of goods and services), importance of subcontracting and the consideration of environmental and social issues in purchasing policies and relations with suppliers and subcontractors, measures undertaken in favour of consumers' health and safety, actions undertaken to promote and guarantee Human Rights.

Social information:

- *Quantitative information:* total headcount, hiring and terminations, absenteeism rate, work accidents rates, notably their frequency and their severity, number of days of training, number of employees trained;
- *Qualitative information:* organisation of work, health and safety conditions at the work place, training policies in place, promotion and respect of the ILO core conventions (freedom of association, anti-discrimination policies and actions, elimination of forced labour and child labour)

⁵ French entity Franprix, Colombian entity Grupo Exito, Brazilian entities Multivarejo and Assai

We consider that the sample methods and sizes of the samples that we considered by exercising our professional judgment allow us to express a limited assurance conclusion; an assurance of a higher level would have required more extensive verification work. Due to the necessary use of sampling techniques and other limitations inherent in the functioning of any information and internal control system, the risk of non-detection of a significant anomaly in the CSR Information cannot be entirely eliminated.

Conclusion

Based on our work, we have not identified any significant misstatement that causes us to believe that the CSR Information, taken together, has not been fairly presented, in compliance with the Criteria.

Observations

Without qualifying our conclusion above, we draw your attention to the following points:

- As mentioned in the methodological summary presented in chapter 8 of the registration document, the indicator “Total amount of greenhouse gases emitted – Scope 1” does not include the emissions linked to the leakage of refrigerant gases of the entities Franprix and Grupo Exito.

Paris-La Défense, the 9th of March 2018

French original signed by:

Independent Verifier ERNST & YOUNG et Associés	
Partner, Sustainable Development Eric Mugnier	Partner Bruno Perrin



JUNTOS LO HACEMOS EN GRANDE