



ANNUAL CORPORATE GOVERNANCE REPORT

INTRODUCTION

In 2016, the Company continued to implement standards from the New Code of Best Corporate Practices -New Código País-, as part of the OECD's recommendations. We also adopted other international best practices as well.

Of particular note was the composition of our Board of Directors, with four of the nine members being independent, exceeding the suggested standard. Additionally, in line with the best international standards, our Audit and Risk Committee is made up exclusively of independent members. This is a testament to the strategic role and leadership that independent Board Members assume as they oversee the management of the Company on behalf of its shareholders and stakeholders. Each member enriches the vision of the Board of Directors in a variety of relevant areas and acts with complete independence and autonomy.

For the first time, we invited a renowned external advisor to evaluate the Board of Directors. The results were positive, and various strengths were highlighted, such as: the size of the board, the high quality and the diversity of high experienced directors, the smooth operation of its Committees, which add value and effectiveness to the Board, the dedication of the Directors, an excellent dynamic and the outstanding efforts of the Chairman whose constructive leadership stood out.

Over the course of the year, the Board of Directors approved the implementation and modification of the following policies: Transactions with Related Parties, Conflicts of Interest and Insider Trading, Disclosure of Financial and Non-Financial Information, Employee, Manager and Shareholder Duties, Control Architecture and the Senior Management Remuneration and Evaluation. All of these policies are now in place and are being rigorously enforced.

Finally, we would like to highlight the implementation of a new risk management methodology at the strategic level, the goal of which is to identify the trends that have the strongest influence on the fulfillment of our strategic pillars and the relationship that these trends have with strategic risks. This methodology allows us to have a positive vision of risks. This methodology includes a vision of Group enhanced by the risk monitoring and awareness of international subsidiaries and, at a tactical level, where focus is placed on the risk that affects the Company's ability to achieve the objectives of its various business operations in Colombia.

COMPANY OWNERSHIP STRUCTURE

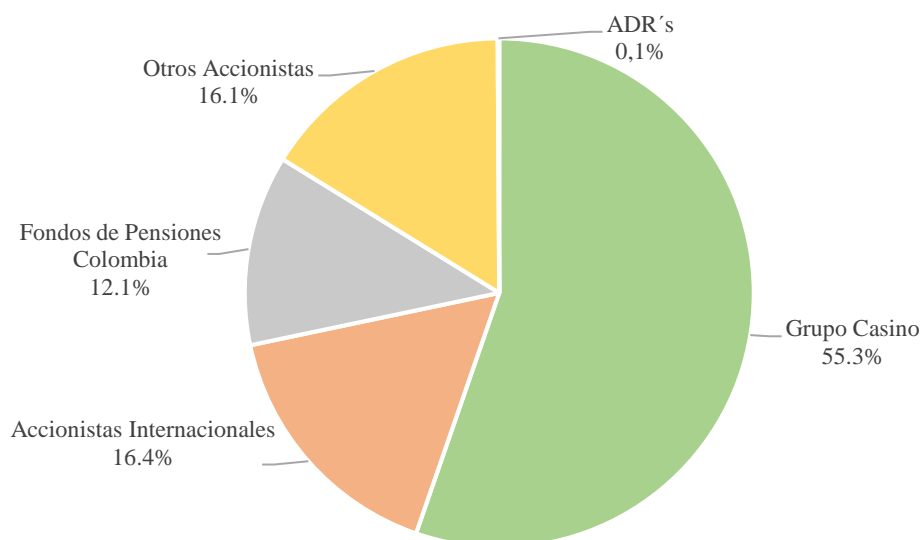
Company capital and ownership structure

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. Of the issued shares, 447,604,316 are outstanding and 635,835 have been reacquired.

As at December 31, 2016, the Company had 9,778 shareholders, of which 88.92% are natural persons holding 8.77% of the share capital, and 11.08% are legal entities holding 91.23% of the share capital.

Major direct and indirect shareholders

Éxito is controlled by Casino Guichard-Perrachon S.A., which, as at December 31, 2016, indirectly held 55.30% of the share capital through the companies Géant International B.V., Géant Fonciere B.V. and Bersaar B.V.



Major shareholders as at December 31, 2016

Name	Number of shares	Ownership
Géant International B.V.	187,689,792	41.93%
Géant Fonciere B.V.	47,725,428	10.66%
Fondo De Pensiones Obligatorias Porvenir Moderado	20,296,575	4.53%
Fondo De Pensiones Obligatorias Protección	18,145,251	4.05%
Bergsaar B.V.	12,130,244	2.71%
Jara Albarracín Manuel	11,734,213	2.62%
Alianza Fiduciaria S.A Fideicomiso Adm. Sonnenblume	7,558,552	1.69%
Moreno Barbosa Jaime	6,883,235	1.54%
Fondo De Pensiones Obligatorias Colfondos Moderado	6,572,492	1.47%
Fondo Bursátil Ishares Colcap	5,714,672	1.28%
Total	324,450,454	72.49%

Shares and securities that are held directly or indirectly by Board members, members of Senior Management, other Administrators and related transactions

Luis Fernando Alarcón Mantilla and Daniel Cortés McAllister, Board Members, acquired common shares of the Company. These transactions were authorized by the Board of Directors in advance and notice was made to the market during the Board meeting held on August 16, 2016. As at December 31, 2016, Luis Fernando Alarcón Mantilla held 10,000 common shares and Daniel Cortés McAllister held 5,500 common shares.

As at December 31, 2016, eight members of the Senior Management (levels 1, 2 and 3) held a total of 3,257 shares.

At this time, the Company does not have any securities other than its outstanding shares.

Family, commercial, contractual or partnership relationships that exist between major shareholders and the Company, or among major shareholders

Géant International B.V., Géant Fonciere B.V. and Bergsaar B.V. belong to Groupe Casino of France, whose 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

On March 4, 2016, the Company's management was informed of a shareholder agreement between Colfondos S.A., Porvenir S.A. and Protección S.A., by means of which Daniel Cortés McAllister was appointed as an independent candidate to the Company's Board of Directors.

On April 7, 2016, Groupe Casino informed the Company's management that Inversiones Pinamar S.A., Alianza Fiduciaria Fideicomiso ADM Sunneblume, Colombiana de Comercio S.A., Alianza Fiduciaria Fideicomiso Birne and several individuals, as party of the first part, and Casino, Guichard-Perrachon S.A., (Géant International B.V., Géant Fonciere B.V., Bergsaar B.V. and Latic - Latam Investment Company LLC), as party of the second part, had mutually agreed to terminate the agreement that existed between them.

The signing and termination of the aforementioned agreements was duly disclosed by the Company through the Relevant Information mechanism. The Company Management is not aware of any other shareholder agreements in effect.

COMPANY MANAGEMENT STRUCTURE

Composition of the Board of Directors and Supporting committees

The Company's Board of Directors is made up of nine members elected by the General Meeting of Shareholders held on March 30, 2016, for the 2016-2018 period.

Of the nine elected members, four are independent and five are equity members.

Luis Fernando Alarcón Mantilla, an independent member, is the Chairman of the Board. He is also the Chair of the Audit and Risk Committee and the Expansion Committee.

Board of Directors

Board Members	Quality	Date of Initial Appointment	Date of Last Reelection
Luis Fernando Alarcón Mantilla	Independent	6/11/2015	3/30/2016
Ana María Ibáñez Londoño	Independent	3/20/2014	3/30/2016
Daniel Cortés McAllister	Independent	3/30/2016	N/A
Felipe Ayerbe Muñoz	Independent	10/11/2010	3/30/2016
Yves Desjacques	Equity	3/19/2010	3/30/2016
Phillipe Alarcon	Equity	3/16/2012	3/30/2016
Bernard Petit	Equity	3/20/2014	3/30/2016
Hervé Daudin	Equity	3/30/2016	N/A
Matthieu Santon	Equity	3/30/2016	N/A

Board of Directors Committees

The Board of Directors has five Supporting committees with specific responsibilities. Each has at least three members and is chaired by an independent director. The most recent appointment of Committee members took place at the Board meeting held on March 30, 2016.

Committees	Members
Appointment, Remuneration and Corporate Governance Committee	Felipe Ayerbe Muñoz (Chair)
	Luis Fernando Alarcón Mantilla
	Ana María Ibáñez Londoño
	Daniel Cortés McAllister
	Yves Desjacques
	Hervé Daudin
Audit and Risk Committee	Luis Fernando Alarcón Mantilla (Chair)
	Ana María Ibáñez Londoño
	Felipe Ayerbe Muñoz
	Daniel Cortés McAllister
	Matthieu Santon (permanent non-voting member)
Expansion Committee	Luis Fernando Alarcón Mantilla (Chair)
	Hervé Daudin
	Philippe Alarcon
	Bernard Petit
	Matthieu Santon
Finance Committee	Tatiana Aristizábal Londoño (external advisor)
	Daniel Cortés McAllister (Chair)

	Felipe Ayerbe Muñoz
	Philippe Alarcon
	Bernard Petit
	Matthieu Santon
Sustainability Committee	Ana María Ibáñez Londoño (Chair)
	Yves Desjacques
	Josseline De Clausade (external advisor)

Luis Fernando Alarcón Mantilla

Civil Engineer and Postgraduate Degree in Economics at the Universidad de Los Andes. Master's of Science in Civil Engineering (Hydraulic Systems) at the Massachusetts Institute of Technology. He also took part in the Advanced Management Program at Oxford University.

Former CEO of Interconexión Eléctrica S.A. (ISA), President of Asofondos and of Flota Mercante Grancolombiana, Ministry of Finance and Executive Director of the Inter-American Development Bank. Prior member of various Boards of Directors including: Avianca, Banco de Bogotá, Bolsa de Valores de Colombia, Bavaria, Caracol S. A., Cafesalud, Valores Bavaria and Caracol Televisión. Current Chairman of the Board of Grupo de Inversiones Suramericana S.A. (SURA), Almacenes Éxito S.A. and the Board of Governors at the Universidad de Los Andes.

Ana María Ibáñez Londoño

Economist at the Universidad de Los Andes. Master's and Doctoral degrees in Agricultural Economics and Natural Resources at the University of Maryland, College Park.

From 2012 to 2016, Dean of the School of Economics at the Universidad de Los Andes. Current professor at Universidad de Los Andes.

She is member of the United Nations Peacebuilding Fund Advisory Group, as well as member of the Almacenes Éxito S.A. Board of Directors. Former researcher and consultant at: Fedesarrollo, the World Bank, the Universidad de Los Andes, the University of Maryland, College Park, the Inter-American Development Bank, the 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 the 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 lead forums and researches on sustainability, diversity, inclusion and female leadership. Board Member since March 2014.

Daniel Cortés McAllister

Accountant, Master's in Business Administration at the Wharton School of the University of Pennsylvania.

Former Treasury Vice President of Banco Santander Colombia, Treasury Executive Vice President of BBVA Colombia, Vice President of Investments at Porvenir, Treasurer of Citibank Colombia, Executive Vice President of Banco Davivienda Capital Markets and President of Old Mutual Colombia.

Previous Board Member of: Fiduciaria Davivienda, Compañía de Seguros Bolívar, Pensiones y Cesantías Santander, Santander Investment Trust, Gas Natural Colombia – E.S.P., Emtelsa, Fiduciaria de Occidente and Citibank Colombia. Alternate member of the Boards of Citibank Colombia and Citivalores SA Brokerage Commission. Economics columnist for Dinero.com journal and the "La República" newspaper.

Felipe Ayerbe Muñoz

Lawyer and Ph.D. In Business Law at the Universidad de Los Andes. Studies in Arbitration, International Law and Common Law at New York University. Former primary advisor on acquisition transactions for large companies such as Carulla Vivero y Almacenes Vivero S.A; Carulla Vivero S.A and Surtimax; Productos Yupi S.A – McCain and Yupi Ecuador, among others.

Former legal advisor on issues related to acquisitions, shareholder contracts and shareholder representation. Through this position, he generated value given his expertise in Financial, Business and Corporate Law. Former Chairman of the Carulla Vivero S.A. and Banco Andino Boards of Directors. Former member of the Aseguradora del Valle and Compañía de Financiamiento Comercial International Boards of Directors. Current member of the Banco de Occidente Board of Directors and member of the Almacenes Éxito S.A. Board of Directors since October 2010.

Yves Desjacques

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

Current Human Resources Corporate Director at Groupe Casino and Member of its Executive Committee. Former advisor to and member of the Mercialis (France) and Companhia Brasileira de Distribuição (Brazil) Boards of Directors.

Member of the Almacenes Éxito S.A. Board of Directors since March 2010.

Philippe Alarcon

Degree in Finance and Accounting at the Institute of Technology of the Saint-Etienne University.

International career with Groupe Casino since 1984 with roles that have included: Chief Financial Officer of Supermarkets, member of the Rally Steering Committee, Chief Financial Officer of "Cafetería Casino," Chief Financial Officer for Groupe Casino in Poland and subsequently CEO of Immobilière Group Casino. Current Vice President of International Business and Chief Executive Officer of Real Estate for Groupe Casino internationally.

Member of the Almacenes Éxito S.A. Board of Directors since March 2012.

Bernard Petit

Public Accountant with Master's in Accounting.

Various responsibilities within Groupe Casino since 1983, including Director of Accounting, Management Control and Audit. Chair of the Casino Services organization. Member of various Boards of Directors of Groupe Casino companies such as Disco in Uruguay, Libertad in Argentina, and Cdiscount, Banque Casino and Codim in France. Current Associate Chief Financial Officer of Groupe Casino, Latin America.

Member of the Almacenes Éxito S.A. Board of Directors since March 2014.

Hervé Daudin

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

Current member of the Executive Committee and Marketing Director of Groupe Casino. Former President of Distribution at Casino France, Director of Via Varejo and Deputy Director of Euris Group. General Counsel of Economic and Social Investment for the Treasury Department. Previous roles as: Court Advisor for ASF, SANEF, ATMB, AFTRP Epamarne, SNCM and STIF. Former top-level official at the Ministry of Economy and Finance. Former Director of Strategy and Planning and the Executive Committee Secretary within Groupe Casino.

Matthieu Santon

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

Early career in investment banking, strategic project, mergers and acquisitions 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. With Groupe Casino since 2012. Current Associate Director of Corporate and Share Development.

Member of the Almacenes Éxito S.A. Board of Directors since March 2016.

Board Members who sit on the Boards of Directors of subsidiary companies or hold executive positions thereof

Yves Desjacques is a Board of Directors' member subsidiary Companhia Brasileira de Distribuição. Bernard Petit is a Board of Directors' 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

In 2016, the Company's Board of Directors approved the following policies as part of the process of implementing and adopting corporate governance standards from the New Code of Best Corporate Practices:

- The Employee, Manager and Shareholder Duties Policy;
- Transactions with Related Parties, Conflicts of Interest and Insider Trading Policy amendment;
- the Disclosure of Financial and Non-Financial Information Policy approval;
- the Control Architecture Policy redesign; and
- the Senior Management Remuneration and Evaluation Policy approval.

These aforementioned policies were incorporated into the Company's Corporate Governance Summary and can be consulted on our webpage.

Board Member appointment process

At its meeting held on February 24, 2016, the Board of Directors approved the Procedure for Appointing and Electing Board Members. Regulations were set forth regarding:

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

At the Ordinary General Meeting of Shareholders held on March 30, 2016, the provisions of the Company Bylaws, the Board of Directors Election and Succession Policy, and the Procedure for the Appointment and Evaluation of Candidates were enacted. Pursuant to these terms, the shareholders were given ten calendar days from the publication of the notice to submit their lists of candidates.

The announcement was published on Thursday, February 25, and the deadline for appointments was Friday, March 4. Once the deadline has expired, a single proposal was submitted via the relevant information mechanism together with the candidates' résumés, their letters of acceptance of the appointment and, for independent candidates, a statement that they met the requirements of independence according to Law 964 of 2005 and the Company's corporate governance regulations.

Once the proposal was received, the Appointment, Remuneration and Corporate Governance Committee proceeded to evaluate the candidates based on their knowledge, management and leadership abilities, personal traits, commitment and impartiality. The committee also verified that all of the candidates met the requirements established in the Board of Directors Election and Succession Policy, except for any directors that had been appointed for reelection.

Once the results of the evaluation were approved by the Board of Directors, they were posted on the website with the résumés of the candidates on March 14, 2016, for the shareholders' review.

Finally, during the Ordinary General Meeting of Shareholders held on March 30, 2016, the list of proposed candidates was approved with 313,063,259 affirmative votes, corresponding to 84.89% of the shares represented at the 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 organism shall have the right 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 during the election thereof.

Said amount will be determined by the General Meeting of Shareholders according to the following principles and parameters:

- Consistency: 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.
- Competitiveness: 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, 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 Committee Chairs, 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 Committee Chair, a fee of COP 3,500,000 was approved for preparing for and attending each meeting of the respective Committee.

As a result, during 2016, the Company paid Board Members a total of COP 1,261,000,000.

As for the remuneration of the Senior Management, in September 2016, the Board of Directors approved Senior Management Remuneration and Evaluation Policy, which defined the criteria and guidelines that should be considered for remuneration and other financial benefits for Senior Management, i.e., the CEO, the Chief Operative Retail Officer in Colombia, Vice-Presidents, the General Counsel and the Internal Audit Officer.

The amount of the remuneration for Senior Management members is disclosed in the notes to the Company's financial statements and can be consulted on the Company's website.

Attendance at Board and Committee Meetings.¹

Board Member	Sessions Attended
Luis Fernando Alarcón Mantilla	11/11
Ana María Ibáñez Londoño	10/11
Daniel Cortés McAllister	6/7
Felipe Ayerbe Muñoz	11/11
Yves Desjacques	8/11
Philippe Alarcon	11/11
Bernard Petit	11/11
Hervé Daudin	5/7
Matthieu Santon	7/7

Committees	Members	Attendance
Appointment, Remuneration and Corporate Governance Committee	Felipe Ayerbe (Chair)	11/11
	Luis Fernando Alarcón Mantilla	11/11
	Ana María Ibáñez Londoño	10/11
	Daniel Cortés McAllister	4/5
	Yves Desjacques	10/11
	Hervé Daudin	2/5
Audit and Risk Committee	Luis Fernando Alarcón Mantilla (Chair)	5/5
	Ana María Ibáñez Londoño	5/5
	Felipe Ayerbe Muñoz	5/5
	Daniel Cortés McAllister	4/4
Expansion Committee	Luis Fernando Alarcón Mantilla (Chair)	5/5
	Hervé Daudin	2/5
	Philippe Alarcon	5/5
	Bernard Petit	4/5
	Matthieu Santon	4/4
	Tatiana Aristizábal Londoño (external advisor)	4/5
Finance Committee	Daniel Cortés McAllister (Chair)	4/4
	Felipe Ayerbe Muñoz	4/4
	Philippe Alarcon	4/4

¹Includes in-person and remote attendance.

Bernard Petit	4/4
Matthieu Santon	4/4

Quorum for the Board Meetings

The quorums for the various Board Meetings are presented below. They averaged 92%.

Board Meeting	Quorum	%
January 19	9	100%
February 24	7	78%
March 14	9	100%
March 22	9	100%
March 30	8	89%
May 11	8	89%
July 7	8	89%
August 16	9	100%
September 14	7	78%
November 17	8	89%
November 28	9	100%

Chairman of the Board of Directors

Luis Fernando Alarcón Mantilla is the Chairman of the Board. He was first elected Chairman on June 11, 2015, before being reelected on March 30, 2016.

In addition to leading, moderating turns in speaking and making sure that the sessions of the Board of Directors are conducted in an orderly fashion, complying with the agenda and attending to 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 corporate strategy direction.
- Drive the Company's governance actions, serving as a liaison between the shareholders and the Board of Directors.
- Coordinate and plan the functioning of the Board of Directors by establishing an annual work plan based on the functions assigned.
- Call for meetings, directly or through the Board of Directors Secretary.
- Prepare the Agenda for the meetings, in coordination with the Company CEO, the Secretary of the Board of Directors and the other members.
- Supervise the delivery, in due time and proper form, of information to the Board Members or through the Board of Directors Secretary.

- 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 his or her own evaluation.

Board of Directors Secretary

Claudia Echavarría Uribe has been the Board of Directors Secretary since March 30, 2015.

Pursuant to article 43 of the Company Bylaws, the functions of the Board of Directors Secretary are as follows:

- To keep, in accordance with the law, 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.
- To be familiar with everything related to the issuance and authentication of share certificates and recording of minutes or documents in the corresponding Stock Ledger.
- To announce the Board meetings and the General Meeting of Shareholders.
- Lead the Company's documents and archives management, and ensure that the books, instruments, securities, receipts and other elements entrusted to it are retained and conserved.
- Keep the Agenda, fulfilling the legal requirements, trademarks, logos, names and other rights that make up intellectual or commercial property; insurance policies, public instruments and other documents related to property, ownership or holding of assets and rights of the Company.

The Board of Directors Secretary, who is also the Secretary of the General Meeting of Shareholders and the Company's Manager for Corporate Affairs, will continue to oversee the adoption, implementation and enforcement of corporate governance standards from the New Code of Best Corporate Practices as part of the Company's culture of good corporate governance.

Relationships during the year between the Board of Directors and the Statutory Auditor, financial analysts, investment banks and rating agencies, and external advisory 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 Committee in the follow-up of auditing processes to the quarterly and year-end financial statements conducted by the Statutory Auditor, as well as the action plans proposed by Management in response to the opportunities for improvement identified in the corresponding reports. During each of the Audit and Risk Committee meetings, the Statutory Auditor reported its progress on the external auditing plan, findings and recommendations related to the accounting and financial processes and systems, as well as follow-up on the action plans proposed by the Management.

In 2016, the Board of Directors received advisory services from three investment banks: Corredores Davivienda S.A. provided consulting services regarding the restructuring of Cdiscount Colombia, an electronics company developed with Cnova N.V.; Citigroup Global Markets Inc. and Credit Suisse

Securities (USA) LLC provided advisory services on the creation of a new real estate project called Viva Malls and the participation of FIC (Fondo Inmobiliario Colombia) as an investor. The Board also received legal services from Godoy & Hoyos Abogados and Gómez-Pinzón Zuleta Abogados. These services included a legal assessment, and the structuring and implementation of the Viva Malls project, which will consolidate operational shopping malls and development projects.

Management of the Board of Directors information

In 2016, the deadline set forth in the Corporate Governance Summary for the Senior Management to provide information to the Board of Directors was met. Said information consisted of presentations, summaries and supporting material related to the meeting Agenda, and was prepared either by the Senior Management directly or with the support of external advisors.

After each Board Meeting and the respective Committee meetings, the General Counsel and the secretaries of each body assumed custody of the information so that it could be used to help draft the minutes for the various meetings and, when applicable, add them to the minutes. The Company's Chief Financial Officer, as the person responsible for disclosing material information to the market, led the process of disclosing the decisions made by the Board of Directors when they were considered material and required disclosure with support from the Communications Committee.

Activities of the Committees of the Board of Directors

Audit and Risk Committee

In 2016, the Audit and Risk Committee monitored processes related to financial information and reporting, enterprise risk management, the internal control architecture and system (including monitoring Internal and Statutory Audits), regulatory compliance (with an increased focus on anti-money laundering and combating the financing of terrorism) and the transparency program. Furthermore, it monitored the transactions between related parties, as well as the management of the conflicts of interest presented by the Senior Management and Board members.

In 2016, the Committee's activities focused primarily on the following:

- Consideration of the interim and year-end Financial Statements, both individual and consolidated, and the main financial indicators, prior to their presentation to the Board of Directors and their disclosure to the market, including verification of the main changes in accounting policies, compliance with International Financial Reporting Standards and commitments made to the Financial Superintendence.
- Review of strategic risk maps across Grupo Éxito and at the individual business level. 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 Audit's performance and the opinion issued by the Statutory Audit.
- 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 recommendation about transactions between related parties that are reported by the Management, including information on their materiality, value generation, protection of the interests of parties, 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 approval.
- Knowledge of and recommendations about effective management regarding the conflicts of interest among the Board of Directors and Senior Management.
- Review of Transparency Program progress reports, with a focus on understanding and applying Law 1778 of 2016 on Transnational Bribery and its implications for the Company's Corporate Ethics Program. As a result, the Committee requested the Board of Directors the appointment of a Compliance Officer.
- Review of the Compliance Officer's reports on money laundering and financing of terrorism and statistics about suspicious operations reported to the Financial Analysis and Information Unit (UIAF, for the Spanish original) of the Ministry of Finance.

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

Appointment, Remuneration and Corporate Governance Committee

In 2016, the Committee oversaw the policies and main indicators related to the Company's human resources, including personnel costs, operational excellence to optimize labor costs, organizational culture and development practices, and variable compensation schemes for employees and management related to retention and adequate compensation at different levels of the organization.

The Committee also helped the Board of Directors to implement an organizational structure to overcome challenges associated with the Group's new structure, validate its labor relations strategy and hire a Chief Financial Officer.

It also contributed to the Board of Directors' evaluation and election process by following the procedure approved therefore during its February 2016 meeting.

Furthermore, the Committee reviewed proposals to modify and implement corporate governance rules that were subsequently submitted to the Board of Directors for approval. These included the Employee, Manager and Shareholder Duties Policy, Transactions between Related Parties Policy amendments, Conflicts of Interest and Insider Trading Policy, the Disclosure of Financial and Non-Financial Information Policy, the Control Architecture Policy redesign, and the Senior Management Compensation and Assessment as part of the application of the New Code of Best Corporate Practices.

Finally, the Committee submitted the Senior Management Compensation and Assessment Policy to the Board of Directors for approval during its September 2016 meeting.

Finance Committee

The work of the Finance Committee during 2016 focused on monitoring the main and relevant economic indicators for cash investment and cash flow position operations, monitoring the price of the dollar, interest rates and exchange rates to optimize debt costs and to minimize risk, and applying the cash investment and financial risk management policy.

It was also responsible for reviewing indebtedness alternatives to modify current debt conditions and minimize the amount of interest paid. The Committee also continued analyzing options to reprofile the Company's debt and the impact of this debt on the P&L. It monitored liabilities acquired through loan agreements or covenants related to grounding the indebtedness ratio of Net Financial Debt / adjusted EBITDA and coverages related to fluctuations in the exchange and interest rates. The Committee made decisions about using derivative instruments (forwards, interest rate swaps and cross-currency swaps) to minimize the impact of market volatility on the P&L.

Expansion Committee

In 2016, the Expansion Committee was responsible for analyzing and evaluating the opening of 23 retail projects consisting primarily of hypermarkets, supermarkets, "express" convenience stores and gas stations.

In terms of real estate, the Committee evaluated and oversaw more than 55,400 m² of new rentable area for projects that opened in 2016. These included Viva Barranquilla, with 65,000 m², of which 40,400 m² were newly created, and Viva La Ceja, with 11,000 m² and new area for lease created in warehouses to maximize the value of nearly 4,000 m².

The Committee also studied and monitored the real estate project that led to the creation of the "Viva Malls" real estate trust, the goal of which is to develop and operate shopping malls in Colombia under the "Viva" brand name. Fondo Inmobiliario Colombia holds a 49% share in this project.

Sustainability Committee

The work of the Sustainability Committee in 2016 focused on restructuring the sustainability strategy, implementing the Sustainability Policy and validating, defining and monitoring various initiatives: "*Gen Cero*" (Zero Chronic Malnutrition on Children), "*Comercio Sostenible*" (Sustainable Business), "*Reducir nuestro impacto en el ambiente*" (Reducing our environmental impact), "*Vida Sana*" (Healthy Life) and "*El Éxito del Grupo Éxito está en su gente*" (The Success of Grupo Éxito Is in Its People).

The Committee also achieved the following:

- It approved sustainability indicators for the variable compensation system and the Company's sustainability indicator system.
- It defined priority actions for the sustainability strategy.
- It requested the Company to generate information about sustainability: A study of its partners, an analysis of materiality and the measurement of its local carbon footprint.
- It monitored and made recommendations for various areas, strategic projects and action plans related to sustainability challenges.

Board of Directors and Senior Management Evaluation

The process for evaluating the Board of Directors began in September 2016 and it was carried out by a renowned independent third party with wide experience in searching, selecting and evaluating

Board Members from high-profile companies in Colombia. The results of said evaluation were presented to the Board of Directors at the meeting held on February 27, 2017. The results indicated that the Board of Directors was performing quite well. The following strengths were highlighted:

- The Board of Directors is of the right size for the current business: It allows for agility, it offers enough opportunities for diversity and the formation of permanent committees, and it encourages dialog between members.
- The combination of directors with extensive experience in retail and directors with wide experience in both business-related and unrelated areas adds a lot of value.
- The Board of Directors permanent committees work properly and add value. They make the Board of Directors operate effectively. They carry out their work with great attention and submit good reports.
- The financial compensation is adequate according to the demands and responsibilities of the role and the country's environment.
- The members appear to be free of long-term personal or institutional conflicts of interest.
- The Board of Directors has an ongoing approach to achieving synergies in terms of regional integration.
- The Chairman of the Board does his job efficiently and with dedication. He is recognized for his clear and constructive leadership.
- The independent directors enrich the vision of the Board of Directors on various aspects within the relevant markets. They perform their roles with complete independence and autonomy.

Operations 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, each Manager and Board Member must provide the Company's General Counsel information about the people or entities with which they have relationships and that could be considered related entities. They must also provide 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 ordinary transfers for the Company's 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 has responsibility 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 organisms.
- In the event of non-compliance with the Policy on Transactions between Related Parties, the Audit and Risk Committee or the Board of Directors, as the case may be, must evaluate the transaction and make a decision on whether it should be approved, modified or terminated. The circumstances that led to the non-compliance with the policy must also be analyzed, and actions deemed necessary to ensure 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 shareholders, Board Members and Senior Management.
- Approve policies to manage conflicts of interest and the insider trading 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 the conflicts of interest. When the Board of Directors acts as the Committee on Corporate Governance, Conflict of Interest and Insider Trading or, in other words, when the Board is responsible for analyzing the circumstances that led to a situation of conflict for a Board Member, the other, non-conflicted directors will fulfill additional functions, such as:

- Enforce, define and resolve all matters related to the Policy on Transactions between Related Parties, Conflict of Interest and Insider Trading; propose solutions and sanctions 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 an extent that it makes the involved party unable to perform his or her role or, on the contrary, is a situation that can be addressed by following the rules set forth in the Conflict of Interest Policy.

The Board of Directors' Audit and Risk Committee is responsible for fulfilling the following roles related to conflict of interest:

- Evaluate and inform the Board of Directors of conflicts of interest in which a major shareholder, Board Member or Senior Management members could be involved directly or indirectly or through a related party by making the necessary proposals to manage the situation.
- Evaluate and inform the Board of Directors of possible conflicts of interest that can arise between the Board and affiliate or/or subsidiary companies, or conflicts between these entities, or between Managers and related parties, and make the necessary suggestions to address the situation.
- Following prior authorization from the Board of Directors, examine and inform about direct or indirect operations of the Company with Board Members, Controlling or Major Shareholders (as defined in the ownership structure of the Company) or members of Senior Management at levels 1 through 3, and of operations between companies in the Group or entities related thereto (operations with related parties) that, because of their value, nature or terms, create risk for the Company or Group. Verify that operations are carried out according to fair market conditions and do not compromise equal treatment between shareholders.

Breakdown of the most relevant transactions with related parties in the opinion of the Company, including operations between companies of the Conglomerate

The most relevant transactions between parties in 2016 were the following:

- For the controlling entity, income was received in the amount of COP 7,238 million for a service agreement for strategic planning in Latin America with Casino Guichard-Perrachon S.A. Expenses were incurred in the amount of COP 26,101 million for consulting and technical assistance services provided by Casino Guichard-Perrachon S.A. and Géant International B.V.
- As for other companies controlled by the parent company, transactions were valued at COP 26,916 million, generating costs and expenses for services related to energy efficiency and merchandise import.
- The main transactions with subsidiaries in 2016 corresponded to: income related to the sale of merchandise to Cdiscount Colombia S.A.S., administrative services provided to Almacenes Éxito Inversiones S.A.S., Gemex O.&W S.A.S., Logística, Transporte y Servicios Asociados S.A.S. and Patrimonios Autónomos, property rental for Patrimonios Autónomos, Éxito Viajes and Turismo S.A.S. and the transfer of a put option involving the owners of a non-controlling share of the subsidiary Grupo Disco del Uruguay to Spice Investments Mercosur S.A. These transactions totaled COP 22,180 million.
- Costs and expenses generated from subsidiaries amounted to COP 375,681 million and consisted of the purchase of merchandise from Distribuidora de Textiles y Confecciones S.A., transportation services from Logística y Transporte y Servicios Asociados S.A.S., the rental and management of property with Patrimonios Autónomos, corporate plans with Almacenes Éxito Inversiones S.A.S., the purchase of commercial goods from Cdiscount Colombia S.A.S., and services rendered, the purchase of goods and reimbursements from other subsidiaries.
- In terms of joint business operations, Compañía de Financiamiento Tuya S.A. received income for royalties and property rentals in the amount of COP 17,697 million; expenses were generated for commissions on payment methods in the amount of COP 341 million.
- Finally, with other related parties that are companies of which the shareholders control 10% or more of all outstanding shares, Board Members, Registered Agents and/or Managers that directly or indirectly hold 10% or more of the outstanding shares, expenses were recorded for lease, the purchase of good and services in the amount of COP 15,899 million.

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

Conflicts of Interests presented and Board Members' actions

The Company has mechanisms to report, analyze and manage conflicts of interest raised by the organization's Board of Directors, Senior Management and employees to comply with the Policy on Transactions with Related Parties, Conflicts of Interest and Insider Trading.

Below are the main activities related to this area from 2016:

Reporting mechanisms for the Board of Directors and employees:

- To report and identify conflicts of interest, the Board of Directors and Senior Management are requested on a quarterly basis to update information about companies of which they

control 10% of more of the share capital, over which they hold significant influence, or any other situation that could result in a conflict of interest.

- An annual declaration of conflicts of interest was also requested, with a focus on employees at levels 1 through 4 in the organizational structure and in positions related to critical processes. These declarations were made by employees in the human resources information system available for this purpose.

Analysis mechanisms for reported situations:

The Corporate Governance, Conflict of Interest and Insider Trading Committee exists to analyze reported situations. It was formed according to criteria established in the policy and based on the organizational position of those involved in a conflict.

Management and resolution mechanisms for conflicts of interest:

- For conflicts of interest involving Board Members and members of Senior Management (levels 1 and 2 in the organizational structure), the Audit and Risk Committee evaluated reports from 19 Managers and made recommendations to the Board of Directors or the Appointment, Remuneration and Corporate Governance Committee, as appropriate, about actions and measures related to their solution and management. The members of the Board of Directors involved in situations of conflict of interest abstained from participating in the assessment, discussion and voting thereof to make the corresponding decision. In 2016, 520 declarations about possible conflicts of interest were received to be addressed by the Corporate Governance, Conflict of Interest and Insider Trading Committee.
- For other employees in the organization at levels 3 and above of the organizational structure, the Corporate Governance, Conflict of Interest and Insider Trading Committee, comprising representatives from Human Resources, Corporate Affairs Management and Internal Audit, met three times over the year and defined solutions and/or sanctions as required.

None of these situations required that the person reporting the situation resign as they did not have an overall impact on operations nor did they make it impossible for the parties involved to perform their responsibilities.

Mechanisms to resolve conflicts of interests among Grupo Éxito companies and their application during the fiscal year

Situations of conflicts of interest arising between Grupo Éxito companies were handled by applying the Policy on Transactions with Related Parties, Conflicts of Interest and Insider Trading.

In this sense, in 2016, the Management presented to the Audit and Risk Committee 20 transactions to be carried out between companies with information about the type, materiality, recurrence, analysis and compliance with market conditions, and the main justifications. All of this information was verified by an independent third party. Of these transactions, one was elevated to the Board of Directors for its approval, six required approval from the Committee and 13 were presented for informational purposes.

RISK MANAGEMENT SYSTEM.

Internal Control System and its modifications during the fiscal year.

As defined in Chapter 4 of the Corporate Governance Summary on Control Architecture, the Company has a risk management and internal control system, along with specific roles and responsibilities to support it.

Below are the main mechanisms available to achieve control objectives and maintain adequate risk management:

Control Environment:

- The control environment is outlined in definitions set forth by the General Meeting of Shareholders in the Company Bylaws and by the Board of Directors in the Corporate Governance Summary.
- As an enterprise operating across the Latin American region, the Company's operational and organizational structure includes various capabilities to support the business model. This operating model defines roles at a corporate level by business or country and for shared services.
- Value chains are defined for the main industries and businesses in which the Company operates. These are available to employees in the Process Management System, where documents and procedures are documented and updated to support the operating model.
- Senior Management, through its steering committees, annually defines a strategy and business plans, and directs, oversees and monitors the fulfillment of the strategies, operations, results and, in general, the proper function of organizational processes.
- The Company's Transparency Program is led by the Ethics Committee, which was expanded in 2016 when the President of Retail Operations and the Vice President of Services joined representatives from the Human Resources, Corporate Affairs and Internal Audit departments.
- The Ethics Committee met three times during the year to monitor compliance with the Policy on Transparency, the Code of Ethics and Conduct, conflicts of interest and other internal regulations that support and promote ethical behavior. In 2016, the Ethics Committee and the Fraud and Corruption Committee investigated 278 reports.

Risk Management:

- The Enterprise Risk Management Policy, which defines and shapes the general framework for managing inherent business risks, supports the organizational strategy and objectives. Senior Management and the leaders of each process are responsible for applying and complying with it.
- Risk maps at a strategic and business level to identify areas for action to mitigate and respond to risk.
- Internal Risk Committee.
- The Enterprise Risk Management area, which coordinates the process across all areas of the organization.
- The business continuity plan, which is in operation.

Control Activities:

- Control activities are specified in each policy and procedure defined for the organization's processes, which outline activities and responsibilities.
- Enabling and monitoring areas for certain key risks for the organization that operate as the second line of defense, including enterprise risk management, insurance and compliance, information security, resource protection (physical and human), compliance with money laundering and financing of terrorism regulation, compliance with the business ethics program and compliance with habeas data, food quality and others.
- In 2016, the Company established a Compliance Process aimed basically to centralize its programs related to prevention of money laundering and financing of terrorism, protection of personal data and transparency. A Compliance Officer was appointed to manage these three programs. Through this new process, a work plan was developed to align the Company with Law 1778 of 2016 on Transnational Bribery and its implications through implementation of the Business Ethics Program. The program will also be aligned and reinforced through the Transparency Program and compliance with Law 1581 of 2015.
- The Company is committed to preventing risks related to money laundering and financing of terrorism. It has information on its counterparties. It refrains from engaging in business with persons related to this risk, and it reports suspicious operations. In 2016, training on the Anti-Money Laundering and Anti-Terrorist Financing System was delivered to 7,719 employees.
- Subsidiary monitoring system, including participation in Boards of Directors, validation of business models, monitoring of indicators and synergies, and participation in the approval of major investments.
- In 2016, 156 new employees underwent training in the Self-Control Program.

Information and Communication:

- The information and telecommunication systems and technological platforms managed under the Company's Information Technology department.
- Internal and external communication plans for different stakeholders, including the website and corporate intranet.
- Periodic dissemination of new policies, procedures and updates.
- Monitoring management and indicators in the different internal Committees which are created according to the level and competencies of each position.
- Accounting Consolidation and Report and Financial Management departments at the Latin American and Colombia levels to manage and validate financial and operating information.
- Investor relations and Shareholder's Services Office department and process.
- The Market Communications Committee which operates under the compliance of financial and non-financial disclosure procedures.
- In keeping with the willingness to act in the prevention, detection, investigation and response to possible acts that may impact the risk of Fraud and Corruption, there are permanent confidential reporting channels made available by the Company: a transparency hotline 018000 52 25 26, email etica@grupo-exito.com and intranet to report related events. In addition, the Operating Anti-Fraud and Anti-Corruption Committee has monitored statistics, addressed queries and made available mechanisms for an 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 2016, those responsible for processes or internal audit made 911 reviews to monitor risks related to fraud and corruption.

- During the year, we carried out communication campaigns that emphasized employee understanding of how to handle their conflicts of interest and the Company's Gift Policy. Furthermore, virtual training that disseminated the key elements of the Transparency Program was provided to 12,540 new employees.

Supervision and Monitoring:

- Through the Audit and Risk Committee, the Board of Directors supervises the processes of financial reporting and information, enterprise risk management, the internal control architecture and system, including the monitoring of Internal Audit and Statutory Audit management, compliance with the regulations applicable to the Company and the transparency program. The Committee also monitored transactions between related parties and the management of the conflicts of interest of the Senior Management and the Board of Directors members.
- The Internal Audit carries out an independent and objective assessment, based on risks, of the risk management, control and governance processes, with a focus on complying with business objectives and on the organization's main projects. The year's assessments included assurance, consulting and support processes in the Transparency and Investigation Program, for which recommendations were made and action plans defined along with Management and the process leaders, to improve the design and fill the gaps of the Internal Control System.
- The Statutory Audit, performed by the auditing firm Ernst & Young Audit S.A.S., performed an external audit, 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, bylaws, and the decisions made by the Board of Directors.
- 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," consists of a self-evaluation conducted every six months by process leaders of their most critical risks and key controls, and a definition of corrective action plans, also conducted every six months, when deviations are detected.

Enterprise Risk Management Policy

The Enterprise Risk Management Policy, approved by the Board of Directors and contained in chapter three of the Corporate Governance Summary, includes a commitment by Senior Management and Administrators to implement the risk management model in the company through the methodology proposed by the Enterprise Risk Management department, in order to anticipate any events that may constitute a threat or an opportunity to comply with the Company's strategic pillars.

This is how, at this time, the Enterprise Risk Management at Grupo Éxito has been developed, primarily in two levels, one at the strategic level, and the other at the tactical, which complement each other and are managed simultaneously.

The strategic level focuses on risks that affect compliance of the Company's strategic pillars, with a corporate vision and a Group scope (including the international subsidiaries).

In 2016, a new methodology was implemented which is complementary to the methodology proposed by the ISO 31000 standard, the goal of which is to identify the trends that have the strongest influence on the fulfillment of our strategic pillars and the relationship that these trends have with strategic risks. This methodology allows us to have a positive vision of risk.

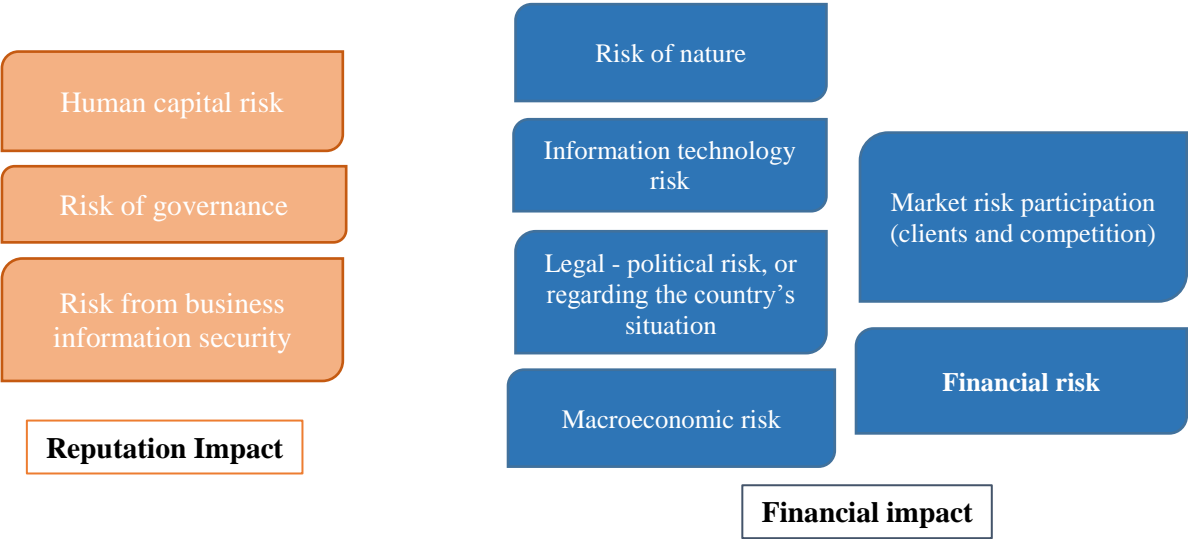
Furthermore, as a new component of this methodology, the qualitative assessment includes an exercise of interrelation between the identified risks, classifying them by their level of influence or interdependency. Depending on that, risks are prioritized according to which ones generate a bigger influence than the rest, thereby achieving a more efficient management.

The Senior Management participated directly in workshops to identify, define and evaluate risks and trends at this level. This generated a direct commitment to manage each one of these risks, and facilitated a context of appropriation of risk management within the organization's culture.

This Group vision is complemented with risk monitoring and awareness at the international subsidiaries GPA and Libertad, which have their own risk management systems which conduct identification and assessment according to their scales of probability and impact.

At the same time, there is the tactical level which focuses on risk that affects the Company's ability to achieve the objectives of its various business operations in Colombia.

As a result of applying this policy, 15 risk maps at the business levels were updated during the fiscal year, and in addition, the risk map at the strategic level was formalized. This map has 10 categories of risks which were evaluated in their financial or reputational impacts, as the case may be:



Materialization of risks during the fiscal year

In the context of the main risks arising in 2016, which are inherent to the operations and ordinary course of business, the following are noted:

- As a result of the truck strike in Colombia, the Company incurred in a logistic overrun of COP 1,360,000,000. Additionally, specific increases were seen in the level of out-of-stock items. The cities most affected by shortages were Pasto, Pereira, Popayán, Buenaventura and Buga.
- The risk of depletion at the end of 2016 had an effect on the P&L in the amount of COP 54,812 million, meaning 0.41% less than in 2015.
- There were no events associated to the risk of employee disloyalty. In addition, acts that were identified and related to the risk of fraud and corruption did not materialize.

In turn, the results of our operation at the consolidated level were impacted by the materialization of risks of a macroeconomic and political nature in the four countries where we have a presence, as illustrated in the CEO and Board of Directors' Management Report.

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 follow-up plans for main risks

In 2016, action plans were executed for risks identified during 2015. Monitoring was conducted as a result of this execution at the end of the fiscal year.

Some of these action plans have effects both at the tactical and strategic level, as shown below:

Strategic risk	Business risk	Action plan	At the Close of 2016
Retail operation	Reduction	“ <i>Campaña de Juaco</i> ” (Juaco Campaign) to build awareness and prevention of the risk of operation reduction	Conducted permanently
		Weekly monitoring of the numbers of the known reduction (damages) by the Margin and Inventory Committee	Conducted permanently
		Creation of the Reduction Executive Committee	Executed
Information technologies	Critical information systems downtime	BIA update to identify new systems, criticality level and need to implement DRP	BIA update with the participation of each process owner in the development of the Business Continuity Plan (BCP)

Information security	Theft / loss / handling sensitive / confidential information: espionage, data destruction, piracy, virus attacks, identify theft.	Communication campaign on how to handle sensitive data (subject to budget)	General and focus workshops to implement the personal data protection system
Information security	Theft / loss / handling sensitive / confidential information: espionage, data destruction, piracy, virus attacks, identify theft.	Implementation of the database security project for the protection of customer data.	The DAM IBM Guardium (Data Activity Monitor) solution for databases that contain personal information was implemented. This solution prevents unauthorized access to data, monitors and alerts changes and protects data from internal and external threats. Monitoring and control in real time
Nature	Natural disaster: earthquake, flood, hurricane, fire	Update the fire protection manual per changes to current regulations	Roundtables are being conducted with the Fire Marshal provider and the several Company departments for technical revisions and to arrive at common meeting points among the departments involved in the manual

GENERAL MEETING OF SHAREHOLDERS

Differences in the General Meeting of Shareholders' performance between the minimum quorum regime of the current laws and that defined by the Company Bylaws and Rules of Procedure of the General Meeting of Shareholders of the Company

The General Meeting of Shareholders performance in 2016 was different from the minimum quorum regime stipulated in current regulations in the following aspects:

- The term for announcing the Ordinary General Meeting of Shareholders conducted on March 30 was 33 calendar days, published on February 25. This in compliance of the provisions of the Company Bylaws and Rules of Procedure of the General Meeting of Shareholders, which provide for a term of thirty (30) calendar days to call ordinary meetings, and fifteen (15) calendar days for extraordinary meetings.

- At the Ordinary General Meeting of Shareholders, in accordance with the provisions of the Company Bylaws and the Rules of Procedure of the General Meeting of Shareholders, a term of 5 days calendar days was given, which began on February 25 and ended on March 2, for shareholders to: i) propose the introduction of one or more points on the meeting's agenda, (ii) present new proposals for decisions on the matters included in the agenda, or (iii) request additional information or raise questions about said matters.
- The Company published a power of attorney template on its corporate website that included the intent to vote on each of the items on the agenda to be discussed and/or approved at the Ordinary General Meeting of Shareholders conducted in 2016, so that the shareholder could indicate to his/her representative how he/she would vote.
- At the Ordinary General Meeting of Shareholders, the Company not only published the announcement in widely distributed local and national newspaper, and as relevant information, but it also published it in the offices of Fiduciaria Bancolombia, which manages the Company's shareholder department, on the corporate website, and in bulletins sent by the Investor Relations Department.
- Together with the announcement of the Ordinary General Meeting of Shareholders for 2016, the Company published all the proposals that the Board of Directors or the Management would submit for the approval of the General Meeting of Shareholders.

Actions taken during the year to foster shareholder participation

In 2016, the provisions contained in the Company Bylaws and in the Corporate Governance Policies aimed at ensuring a supply of complete and timely information to shareholders were fulfilled with enough notice for General Meetings of Shareholders, with the aim of fostering their participation. These actions had been adopted in compliance of the New Code of Best Corporate Practices.

Also in 2016, the following activities aimed at fostering shareholder participation were conducted:

- Four teleconferences on quarterly results.
- Two meetings with local stockbrokers and analysts.
- One Open Day with investors and international market analysts.
- One Meeting of Equity Shareholders, Cadenalco 75 years.
- One Asofondos Forum.
- Attend the annual conference organized by the National Investor Relation Institute (NIRI)
- Attention to 58 visits by investment funds and analysts.
- Attention to 70 calls by investment funds and analysts, both local and international.
- The corporate website was restructured to strengthen and improve it to the benefit of shareholders and investors. The navigation experience was improved in order to ensure the delivery of first-hand, clear and timely information, and facilitate shareholder participation and communication.

Information and communication with shareholders

The Company website, and particularly the site for investors and relevant information, continues to be the primary means of communication with shareholders. Information relating to the decisions of the Board of Directors, proposals for the General Meeting of Shareholders and supporting information, as well as other relevant information are published there.

At the Ordinary General Meeting of Shareholders conducted on March 30, 2016, the following documents were published:

- Announcement;
- Management report;
- Financial Statements as at December 31, 2015, together with their attachments and other legally required documents;
- Corporate Governance Report;
- Management proposal for the Board of Directors remuneration for the 2016 - 2018 period.
- Proposal by the Casino shareholder for the election of Board members for the 2016 - 2018 period.
- Management proposal for the election of the Statutory Auditor for the 2016 - 2018 period
- Management proposal for donations.
- Profit distribution proposal.
- Power of attorney templates for legal entity and individuals.

Regarding relevant information, 44 press releases were published, informing the market about the relevant decisions made by the Board of Directors and the General Meeting of Shareholders, the execution or amendment of relevant agreements, and the quarterly and annual results of the Company, among other issues.

Furthermore, the Non-Deal Road Show (NDR) was implemented in Toronto, which was one of the main communications strategy implemented by the Shareholder and Investor Service Office. Also a total of ten international Investment Bank conferences were held in Cancun, London, New York, Paris and Lima, as well as two NDR meetings with Pension funds Managing Companies in Colombia.

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

In 2016, the Company addressed the requests of around 196 shareholders in a timely manner. Of these, 53 were personal visits and 143 phone calls through Fiduciaria Bancolombia, which manages the Company's Shareholder Department.

In addition, around 650 shareholder requests were handled, including rights of petition, related to the following matters:

- Issuance of tax certificates, embassies, and others.
- Information on the value of dividends for shareholders and the process for its payment.
- Authorization to replace securities.
- Information updates.
- The provision of extracts from financial minutes and statements.
- Proposals to implement corporate governance measures.

Attendance to General Meeting of Shareholders

The Ordinary General Meeting of Shareholders held on March 30, 2016 at the Company's administrative offices had the participation of 825 shareholders and a quorum of 82.4%

General Meeting of Shareholders main decisions.

At said meeting, the General Meeting of Shareholders adopted the following decisions:

- Approval of the CEO and Board of Directors' Management Report, the individual and consolidated Financial Statements as at 31 December, 2016, along with its attachments and other legally required documents.
- Approved the following profit distribution proposal:
 - Allocate the net profits for the period from 1 January to 31 December 2015, which amounts to the sum of COP 573,495,362,995 as follows:
 - i. To increase the "Future Expansions and Improvements" Reserve, the sum of COP 286,747,681,498.
 - ii. To distribute dividends in the amount of COP 286,747,681,498. 681.498.
 - To appropriate the sum of COP 15,709,486,060 from the "Temporary Reserve to Maintain Dividend Stability".
 - To pay annual cash dividends for COP 675.70 per share for the 447,604,316 shares outstanding, which totaled COP 302,457,167,558.
- Election of the following Board Members for the 2016 - 2018 period:

Independent Members:

- Luis Fernando Alarcón Mantilla
- Daniel Cortés McAllister
- Felipe Ayerbe Muñoz
- Ana María Ibáñez Londoño

Equity Members:

- Yves Desjacques
 - Philippe Alarcon
 - Bernard Petit
 - Hervé Daudin
 - Matthieu Santon
-
- Approved compensation for the Board of Directors for the 2016 - 2018 period as follows:
 - 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 Committee Chairs, 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 Committee Chair, a fee of COP 3,500,000 was approved for preparing for and attending each meeting of the respective Committee.
 - Authorized the Company Management so that during fiscal year 2016 they would distribute appropriation of net income of the year allocated to the reserve for expansion, and based on the decision of the Board, proceed to donate to organizations of common benefit, foundations, corporations, individuals or legal entities, the sum of COP 6,810,000,000.
 - Approved the hiring of Ernst & Young Audit S.A.S. to conduct the statutory audit of the Company during the statutory period of 2016-2018.