

Almacenes Exito

ISIN CODE: COG31PA00010

Overall score 36/100

Sector: Supermarkets Emerging Market

Information rate: 57% (Sector average: 39%)
Company cooperation level: Responsive *

General information

Almacenes Éxito S.A. (Grupo Éxito) owns and operates a chain of retail stores. The Company's store formats include hyper, vecino, super, techno, and express store formats, as well as drugstores. It also engages in the consumer credit, travel agency, textile and food, e-commerce, fuel distribution, and shopping center development businesses. They operate approximately 1,576 stores in Colombia, Uruguay, Brazil and Argentina. In 2015 they invested more than 796,000 USD in the installation of its first solar panel plant for a store, reducing 230 tons of CO2 emissions of per year. The Company is headquartered in Colombia and was founded in 1905.

Main Economic Segment**	Turnover 2016
Food	71.0 %
Success	15.0 %
Product Retail	7.3 %

CORPORATE GOVERNANCE				
	2013	2013	2015	2017
Score				36
Allegations				No
Rating				+
Risk management				Limited

Key issues

Sound corporate governance is required to oversee a company's strategic direction, including the CSR strategy. Vigeo's framework has been adapted to capture the level of integration of CSR topics at Board-level, supplementing traditional signals on efficient governance practices. Directors are notably evaluated on their level of diversity and experience with operational, financial, and CSR topics (CGV1.1). The audit and internal controls system is examined regarding the efficiency and reach of its risk management (CGV2.1). Shareholders are expected to have fair voting rights and access to all relevant information on material CSR issues (CGV3.1). Executive remuneration is assessed for transparency and alignment with the interests of company's shareholders and other stakeholders (CGV4.1).

Company performance

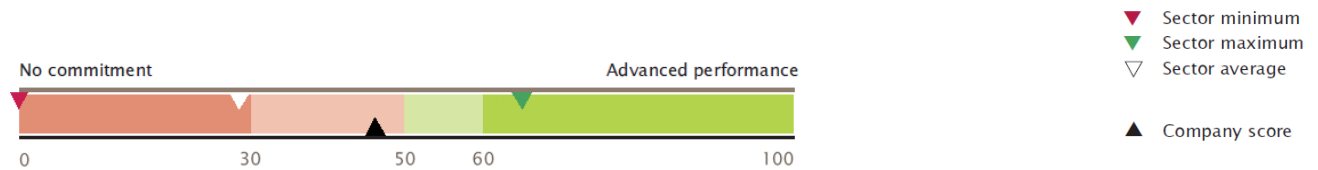
- Grupo Éxito's absolute performance in the Corporate Governance domain remains limited, but it has slightly improved compared to the previous review.
- The Company reports comprehensively on rules guiding the functioning of the Board. However, no specific committee is in charge of director nomination and the independence of the Board is less than the recommended level. An Audit Committee is in place, but it appears to have only a limited role. In addition, although the one share-one vote principle is respected, major restrictions on shareholders' ability to vote were identified. Finally, little information is being disclosed on the rules guiding executive remuneration, although CSR indicators appear to be taken into account.

Corporate Governance

Score : 36

CGV1.1 Board of Directors

(score: 46, weight: 3)



[LISTED COMPANIES] Existence and independence of Nomination Committee

A specific committee is in charge of nominating executives, but no specific committee is in charge of nominating Supervisory Board members. *Grupo Exito's "Appointments, Remuneration and Corporate Governance Committee" is in charge of nominating the CEO.*

Independence of the Board Chairman

The roles of Chairman and CEO are separated, but the chairman is not considered independent.

Responsibility allocated over CSR issues

There is a CSR committee that is part of the Board. *The Sustainability Committee is composed by three Board members.*

Share of independent shareholder-elected Board members

The Board is between 21 and 33% independent, which is less than the recommended level. Two members of the nine-member Board are considered independent.

Diversity of the skills and backgrounds of the Board

The Board of Directors diversity appears to be partial:

- *Board members with demonstrated professional experience in the company's sector of activities: the majority of the Board members work for Casino Group, which is a French food retailer.*
- *Board members with demonstrated expertise on CSR issues: Ana María Ibáñez participated on issues related to sustainability, diversity, inclusion, and women's leadership. Also, she worked with some institutions as the World Bank, the Inter-American Development Bank, the Colombian Ministry of the Environment, World Bank's Global Commission on Poverty, among others. On the other side, Yves Desjacques has a wide experience and knowledge on human resources and social relations.*

Training and expertise provided to board members

Training is provided upon joining the Board.

Regular election of Board members

Board members are elected at least every three years and these elections are not staggered. Board members are eligible for re-election following two-year terms.

Evaluation of Board's functioning and performance

The Board conducts self-evaluation every year. In addition, in 2016, an external advisor evaluated the performance of the Board.

Review of CSR issues at Board meeting

Some of the relevant CSR issues are discussed at Board level.
- Social dialogue
- Environmental issues

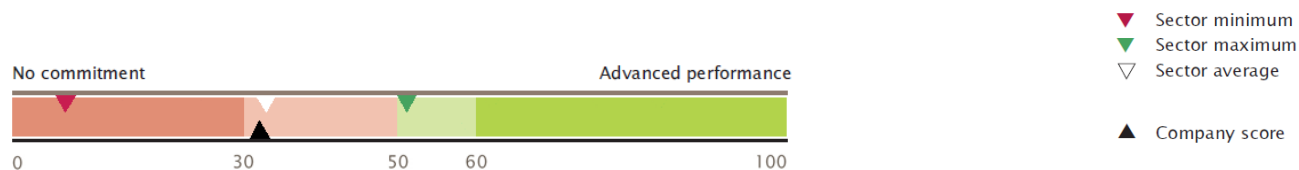
Regularity of and attendance at Board meetings

Regular meetings are held, and attendance rates are above 90%
Eleven Board meetings were held during 2016 and the attendance rate was 90%.

Name of Board member	Role	Executive	Non executive	Employee representative	Nomination	Audit	Remuneration	Former executive	>9 years on Board	Stock options	Paid > 1/2 executive salary	Represent >3% company's shares	Other	Independence
Luis Alarcón	Chairman		X		X	X	X					X	Represents AFP Prot	
Daniel Cortés			X		X	X	X							X
Ana María Ibáñez			X		X	X	X							X
Felipe Ayerbe Muñoz			X		X	X	X					X	Legal Advisor of Grupo Exito's companies	
Yves Desjacques			X		X		X					X		
Philippe Alarcón			X									X		
Bernard Petit			X									X		
Hervé Daudin			X		X		X					X		
Matthieu Santon			X									X		

CGV2.1 Audit & Internal Controls

(score: 32, weight: 2)



[LISTED COMPANIES] Existence and independence of Audit Committee

No executive is a member of the committee, but half or fewer are independent. Two members of the four-member Audit Committee are considered independent.

Skills and backgrounds of Audit Committee members

Members appear to have financial experience and relevant operational experience. In addition, at least a member has CSR skills and experience. Ana María Ibáñez presents knowledge on issues related to environment, sustainability, diversity, inclusion and poverty. Also, other Board member, Yves Desjacques, has a wide experience on human resources.

Operational and CSR risks covered by the company's internal controls system

The system covers the standard issues related to financial, operational, and legal risks.

Role of the Audit Committee in overseeing internal and external controls

The Audit Committee has a limited role that includes:
 - *Oversee internal audit and internal controls*
 - *Review accounting policies and be responsible for updates*
 - *Nominate the statutory auditor*
 - *Oversee the work of the external auditor*

Management of the CSR risks

Although the company has set up some measures, such as risk mapping and materiality assessment, it has not gone beyond that to integrate CSR risks in its overall strategy.

Independence of the firm's external auditors

Information obtained from company and public sources regarding the independence of the firm's external auditors is insufficient.

Inclusion of CSR issues in the company's reporting

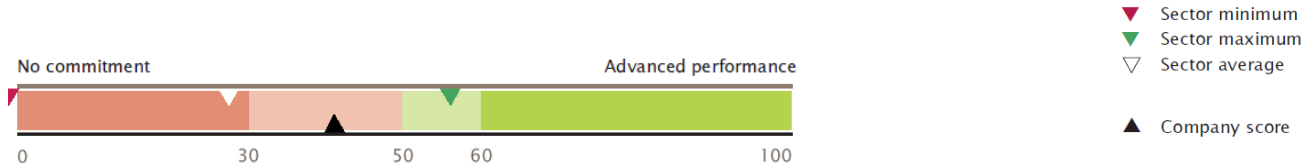
The company publishes significant CSR reporting on key material issues.

Stakeholders' feedback

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral

CGV3.1 Shareholders

(score: 41, weight: 2)



Nonexistence of voting rights restrictions

The company respects the "one share - one vote" principle.

Safeguards on transactions with major shareholder(s)

No safeguards appear to be in place, which might raise concerns with regard to the fairness of any such transaction.

Ability to add items to the agenda of the AGM and to convene an EGM

Major restrictions have been identified to convene an EGM.
Exceptional General Meetings may be called by shareholders representing at least 25% of the issued voting shares.

Access to voting at General Meetings

There are no major restrictions on shareholders' ability to vote, however there is no possibility of voting through online services.

Ability to vote on relevant issues in separate resolutions at AGM

All major items are put to a shareholder vote, but shareholders are not given an opportunity to express their opinion on all elements of executive remuneration.

Presentation of CSR strategy to shareholders and investors

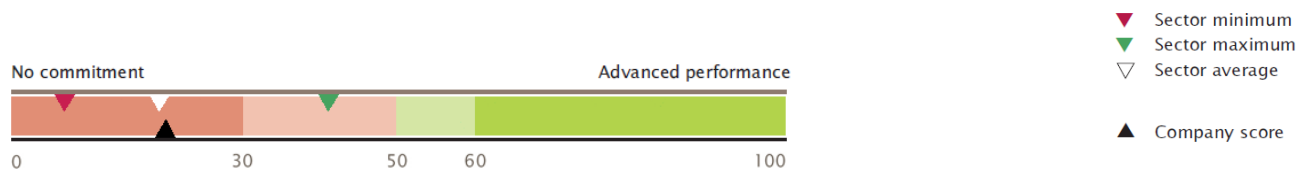
Information disclosed from the entity and public sources regarding the presentation of CSR strategy to shareholders and investors is insufficient.

Stakeholders' feedback

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral

CGV4.1 Executive Remuneration

(score: 20, weight: 2)



[LISTED COMPANIES] Existence and independence of Remuneration Committee

No executive is a member of the committee, but half or fewer are independent.
Two members of the six-member Remuneration Committee are considered independent.

Disclosure of senior executives' individual remuneration

Disclosure of individual executive remuneration data for senior executives is insufficient.
The company does not disclose base salary, short term cash incentives or long-term incentive grants.

Link between Short Term Incentive Plans and the performance of the company

Bonuses are linked to predetermined and disclosed economic and/or operational performance indicators. However the actual quantified targets are not disclosed.
In its answer to Vigeo, the Company listed earnings per share, EBIT, Net Profit, etc. as operational performance indicators, to which variable executive remuneration is linked.

Link between the main Long Term Incentive Plan and the performance of the company

Long-term incentives are linked to performance conditions, but quantified targets are not disclosed.
In its answer to Vigeo, the Company listed earnings per share, EBIT, market share, etc. as operational performance indicators, to which variable executive remuneration is linked.

Link between variable remuneration and CSR performance of the company

CSR performance objectives are considered in the determination of variable remuneration of senior executives, but information on performance targets are not disclosed.
- Environmental performance: use of plastic bags, the level of energy consumption and the carbon footprint.

Severance pay for senior executives

Information obtained from company and public sources regarding severance pay for senior executives is insufficient.

Evolution of CEO-to-employee compensation ratio

Information obtained from company and public sources regarding the compensation of CEO and the average employee salary is insufficient.

Stakeholders' feedback

A review of stakeholder sources did not reveal any allegations against the company during the period under review: stakeholders' feedback is neutral

Contacts

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