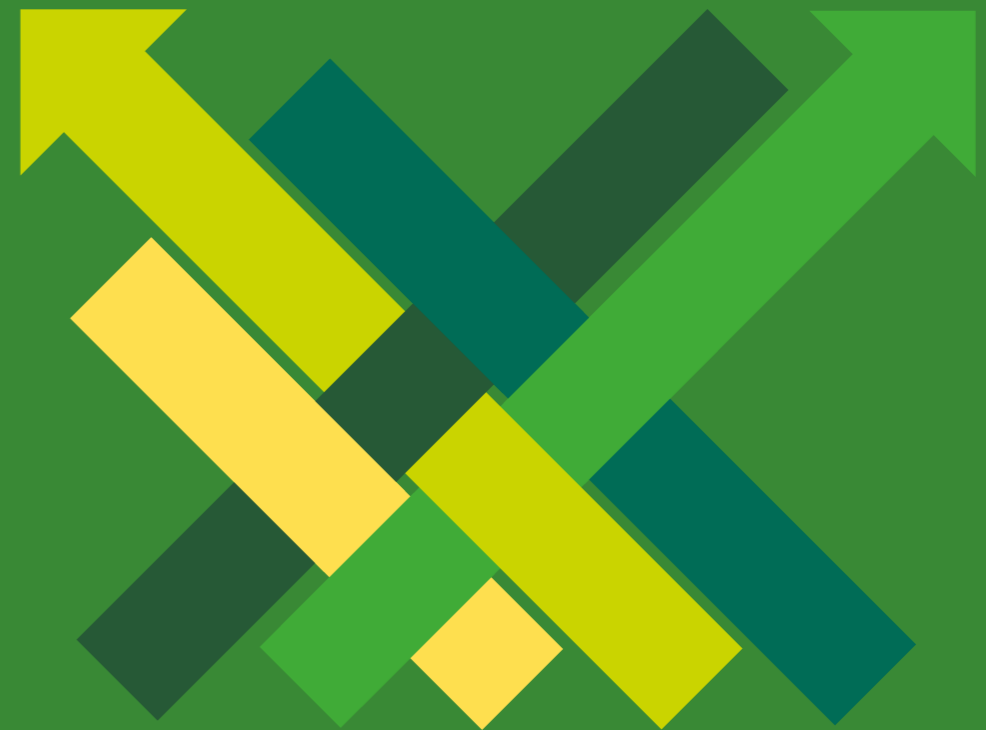


Our Transversal Activities: Commercial and Administrative





Comercial Nutresa reaches more than 207.000 points of sales with a broad portfolio of products.

Comercial Nutresa

As we mentioned in our previous Annual Report, in March 2010, *Cordials Colombia S.A.*, the largest sales and distribution company in Colombia, was created. With the Grupo Nutresa name change, we are now called *Comercial Nutresa S.A.S.*

The *Comercial Nutresa* model is based on client segmentation according to their characteristics, needs, business environment and their buyers, in order to offer the correct portfolio. This model allows providing clients with the best commercial activations and proposals, thus serving them with specialized structures by segment.

After implementing the new business model in the *Eje Cafetero* and Tolima regions and the large chain store channel in 2010, during 2011 we implemented this model in the rest of Colombia, thus reaching 207.523 clients with all the products in the Biscuit, Chocolate, Coffee and Pasta Businesses and the long life Cold Cuts Business.

It was a challenging year, as we simultaneously had regions of Colombia operating with the new business

model and, at the same time, we had areas of Colombia operating with the previous business models (the heritage of the *Nacional de Chocolates*, *Noel*, *Doria* and *Comarrico* distributions schemes). This activity required a great team effort of our organization to preserve the business dynamics and achieve results.

Our operational structure is currently based on three specialized sales channels: traditional sales, which account for 56% of total sales; supermarkets, 24% and large chains, 20%. The supermarket and traditional channels serve the country through seven regional trade structures and large chains serve the country with a specialized structure by account. We are found in 967 municipalities, of which 203 (81% of sales) have weekly attention with specialized sales forces according to the portfolio and brands.

Commercial Nutresa generated total net sales during the year for the *Grupo Nutresa* business for COP 1.754.201 million, an increase of 6,7%. The numerical distribution of our

consolidated businesses rose from 61,0% to 65,2%, according to Nielsen figures by category, weighted by the market share.

The rate of customer satisfaction was partially measured in 2011 among the regional offices with more than six months of having implemented the marketing model (Pereira, Cali, Ibagué and the totality of the large chain channel). The result was 4,5, placing us in a high level, preserving the high marks we brought from the previous model.

We wish to highlight the recognitions we received from our large chain customers, with whom we had a year long relationship under the new business model, in “Éxito’s 2011 Best Supplier” in the category of mass consumption products and the “Carrefour 2011 Best Commercial Partner” award in the rancho category.

For the first time, our 2.100 employees rated the organizational climate with a rating of 88,3%, considered a “High Level,” which is significant, given the recently creation of this company.



Comercial Nutresa has commercial developers to enhance the growth of its clients.



In 2011, there were 66.008 women entrepreneurs in Novaventa, our direct – sales channel, 15% more than in 2010.

Novaventa

Through the direct catalogue sales and retail sales channels in Colombia, *Novaventa* achieved revenues for COP 177.725 million, a growth of 9,7%.

In the direct catalogue sales channel, the number of entrepreneurs rose from 57.414 in 2010 to 66.008 in 2011, an increase of 15,0%. Channel revenues reached COP 145.530 million, a growth of 4,6%. The following projects were completed for this sales channel: a technological solution with an investment of COP 7.650 million to

increase process productivity. The second phase of the *El Carmen de Viboral* Operations Center was implemented, installing the third picking line, worth COP 790 million. The motivation and incentive program for women entrepreneurs was consolidated through a strategy of points.

In the vending machine channel, we continue to be the first vending operator in Colombia, with 2.651 snack machines and 2.886 coffee machines, for a total of 5.537 vending machines,

which represent an increase of 27,5% over 2010. Revenue increased 40,1% to reach COP 32.200 million. This channel executed the following projects: adjusting the picking and storage infrastructure to improve the operation in the Medellín and Bogotá regional offices, with an investment of COP 944 million, which will improve productivity by 20% in units/ hour dispatched. In addition, we acquired our own fleet of vehicles, which will reduce transportation costs.

La Recetta

La Recetta business model in Colombia, whose focus is specialized and geographical customer attention, is reflected in the results. In the third year of operations, sales reached COP 147.161 million, an increase of 19,4%. The specialized channel represents 46% of sales; the geographic channel, 25%; the government channel, 17%; and the distributor channel, 12%.

In line with the business plan and responding to customer needs, the Company coded other product lines. This new portfolio of third parties – added to those already existing – generated revenues in excess of COP 4.200 million.

La Recetta ended the year with 420 employees. In the measurement of organizational climate, the company obtained a grade of 3,64 (in the very good range).

Our clients have a perception of excellent service, which is evidenced in a satisfaction survey, achieving an indicator of 4,45 (high real satisfaction).



La Recetta provides integrated solutions to the institutional market in Colombia.

Servicios Nutresa



Servicio Nutresa employees; Medellín, Colombia.

Servicios Nutresa is a company that provides shared services to the *Grupo Nutresa* companies. In 2011, we celebrated our first five years, during which time we have holistically supported the competitive strategy of the Businesses.

The business services we provide in the financial, administrative, legal, human development, information technology, risk management and audit processes are supported by a competent, committed team that manages continuous improvement processes and the efficient use of technology.

In 2011, *Servicios Nutresa* focused its efforts on increasing productivity and maintaining an appropriate level of service.

In developing the technology and productivity plans, we successfully implemented the SAP operating system in Peru, Ecuador and Panama. We have concluded the implementation of this system in the different regions of Commercial Nutresa in Colombia and we are preparing for the change in Mexico in January 2012.

With a multi-disciplinary team, we initiated a review of the planning, budgeting and financial forecasting model, which will culminate in 2012. This model aims to provide better information for decision making.

Servicios Nutresa recorded costs and expenditures for COP 92.285 million in 2011.

Corporate Governance



Board of Directors



David Emilio Bojanini García, 2005

Chief Executive Officer, Grupo de Inversiones Suramericana S. A. Appointment and Retribution Committee Board of Directors' Issue Committee Strategic Planning Committee
Previous Experience
Chief Executive Officer, Protección S. A., Pension and Severance Fund Actuary Manager, Suramericana de Seguros S.A.

Education

Industrial Engineer, Universidad de los Andes
Masters in Administration with an Emphasis in Actuary, the University of Michigan

José Alberto Vélez Cadavid, 2005

Chief Executive Officer, Inversiones Argos S. A. Board of Director's Issue Committee Strategic Planning Committee
Previous Experience
Chief Executive Officer, Inversura S.A. Chief Executive Officer, Suramericana de Seguros S.A.

Education

Administrative Engineer, National University of Colombia
Masters of Science in Engineering, the University of California at Los Angeles, UCLA.



Gonzalo Alberto Pérez Rojas, 2007

Chief Executive Officer, Suramericana S.A. Corporate Government Committee
Previous Experience
Vice President, Insurance and Capitalization, Suramericana de Seguros S.A. Vice President, Corporate Business, Suramericana de Seguros S.A.

Education

Attorney at Law, University of Medellín
Specialization in Insurance, Swiss Re.

Alberto Velásquez Echeverri, 2007

General Manager, Prosantafé S.A. Appointment and Retribution Committee Independent Member
Previous Experience
Secretary General of the Presidency of the Republic of Colombia 2002-2004
President, Heritage Minerals Ltd.

Education

Business Administrator, EAFIT University
Masters in Business Administration, the University of California at Los Angeles, UCLA.



Jaime Alberto Palacio Botero, 2005

General Manager, Coldeplast S.A. and Microplast S.A. Independent Member
Previous Experience
Deputy General Manager, Microplast S.A.
Education
Business Administrator, EAFIT University.

Antonio Mario Celia Martínez-Aparicio, 2005

Chief Executive Officer, Promigas S.A. Appointment and Retribution Committee Strategic Planning Committee Independent Member
Previous Experience
Financial Vice President, Promigas S.A. Manager, Terpel del Norte.

Education

Engineer, Worcester Polytechnic Institute. Executive formation in MIT, Wharton and the Universidad de los Andes.



Mauricio Reina Echeverri, 2007

Research Associate, Fedesarrollo Financial and Auditing Committee Corporate Government Committee Strategic Planning Committee Independent Member
Previous Experience
Assistant Director, Fedesarrollo Deputy Minister of Foreign Trade of the Republic of Colombia.

Education

Economist, Universidad de los Andes
Masters in Economics, Universidad de los Andes
Masters in International Relations, Johns Hopkins University.

Steering Committee



Carlos Enrique Piedrahíta Arocha, 2000

Chief Executive Officer

Previous Experience

CEO, Corfinsura S.A.
CFO, Compañía Suramericana de Seguros S.A.
Vice President, Personal Banking, Banco Industrial Colombiano

Education

Economist, University of Keele
Masters in Finance, London School of Economics.

Ana María Giraldo Mira, 2005

Chief Financial Officer

Previous Experience

Director of Projects and Requirements, Bancolombia S.A. Vice President, Corporate Finance, Bancolombia S.A. Investment Bank • Technical Risk Engineer and Corporate Business Executive, Suramericana de Seguros S.A.

Education

Civil Engineering, Escuela de Ingeniería de Antioquia
Specialization in International Business, EAFIT University.

Diego Medina Leal, 1997

President Cold Cuts Business

Vice President Grupo Nutresa Logistics

Previous Experience

CFO Inveralimenticias Noel S.A. • Manager, Financial Engineering, Corfinsura S.A.
Manager, Cali Regional Office, Corfinsura S.A.

Education

Electrical Engineer, Universidad Tecnológica de Pereira • Specialization in Finance, EAFIT University.

Alberto Hoyos Lopera, 1993

President Biscuit Business

Vice President Grupo Nutresa North Strategic Region

Previous Experience

General Manager, Compañía de Galletas Pozuelo, Costa Rica • Manager, International Business, Galletas Noel S.A. • Manager, Purchasing, Compañía de Galletas Noel S.A.

Education

Mechanical Engineer, Universidad Pontificia Bolivariana • MBA with an Emphasis in International Business, EAFIT University.

Sol Beatriz Arango Mesa, 1992

President Chocolate Business

Vice President Grupo Nutresa South Strategic Region

Previous Experience

Vice President, Corporate Planning, Grupo Nacional de Chocolates S.A. • CFO, Industrias Alimenticias Noel S.A. • Financial Manager, Susaeta Ediciones S.A.

Education

Production Engineer, EAFIT University
Specialization in Finance, EAFIT University
Specialization in Strategic Management, Pace University, New York

Jorge Eusebio Arango López, 1991

President Coffee Business

Vice President Grupo Nutresa Sustainable Development

Previous Experience

International Vice President, Compañía Nacional de Chocolates S.A. • Financial Manager, Compañía Nacional de Chocolates S.A.

Education

Economist, Universidad de los Andes
Specialization in Finance, EAFIT University
Masters in Financial Studies, University of Strathclyde, Glasgow, Scotland

Mario Alberto Niño Torres, 2006

President Ice Cream Business

Vice President Grupo Nutresa Innovation and Nutrition

Previous Experience

General Manager, Meals de Colombia S.A.
Financial Manager, Meals de Colombia S.A.
Marketing Manager, Meals de Colombia S.A.

Education

Business Administrator, Universidad de La Sabana
Specialization in Strategic Marketing, Colegio de Estudios Superiores de Administración, CESA.

Fabián Andrés Restrepo Zambrano, 1996

President Pasta Business

Previous Experience

Manager, Special Business Projects, Servicios Nutresa
General Manager, Pastas Comarrico
Coordinator, Customer Development, Compañía Nacional de Chocolates.

Education

Systems Engineer, EAFIT University
Specialization in Systems and Database Management, University of Antioquia
Studies in Artificial Vision and Industrial Robotics, Universidad de Cartagena, Murcia, Spain.
MBA in eCommerce, Tecnológico de Monterrey.

Álvaro Arango Restrepo, 2001

President Comercial Nutresa

Vice President Grupo Nutresa Sales and Marketing

Previous Experience

President, Pasta Business, Grupo Nutresa
President, Meals de Colombia S.A.
Vice President, Marketing, Postobón S.A.

Education

Business Administrator, EAFIT University.

Carlos Ignacio Gallego Palacio, 1991

President Servicios Nutresa

Managing Director Fundación Nutresa

Previous Experience

Industrial Vice President, Compañía Nacional de Chocolates S.A.
Director, Production Division, Compañía Nacional de Chocolates S.A.
Factory Manager, Compañía Nacional de Chocolates S.A.

Education

Civil Engineer, EAFIT University
Masters in Business Administration, EAFIT University.

Jairo González Gómez, 2007

Vice President Legal Counsel Grupo Nutresa
Manager, Legal Assistance, Servicios Nutresa

Previous Experience

Founder and Director, González Gómez Abogados
External Legal Advisor, Grupo Nutresa
Member of the Ignacio Sanín Bernal & Cía. Law Firm.

Education

Law and Political Science, Universidad Pontificia Bolivariana
Specialization in Commercial Law, Universidad Pontificia Bolivariana

The year indicated after the name of the directors corresponds to the date on which they became part of the Organization

Corporate Governance

Grupo Nutresa S.A.'s good corporate – governance practices are supported by tools, such as the Code of Good Governance, the Code of Ethics, the Assets Laundering Prevention Manual, the Internal – Control Systems, the Ethics Hotline and the Board of Directors' Support Committees, which establish a set of actions to strengthen the transparency and responsibility of the Organization, achieving the trust and credibility of the various stakeholders.

The main objective of the Code of Good Governance is to ensure the conditions of administration and government that create confidence for shareholders, clients, suppliers and employees of the companies that form part of *Grupo Empresarial Nutresa*. It serves as a guideline of behavior for daily activities with the national and international companies that make up *Grupo Empresarial Nutresa* and clearly define the commitment to respect ethical principles with their related groups.

The *Grupo Nutresa S.A.* Board of Directors is composed of seven (7) principal members and seven (7) alternates, all of whom have extensive professional careers, education and experience. The Board of Directors has a majority of independent members; that is, four principal members and their alternates, representing twice the number of independent members required by law.

During 2011, the Board of Directors satisfactorily complied with the functions established by law, the statutes and the Code of Corporate Governance. With the support of its committees, it approved quarterly financial statements, overseeing the internal – audit programs; it proposed ideas aimed at improving its functioning, accompanied and approved administration management related to the acquisitions made during the year, and oversaw the compliance with timely, complete and truthful disclosure of information to the market.

The Financial and Auditing Committee is composed of four (4) members of the Board of Directors, all of whom are independent members. It supports the Board in making decisions related to the financial situation, risks and internal control and its effectiveness.

The Appointment and Retributions Committee is composed of three (3) Board members, two (2) of whom are independent members. Its purpose is to establish the policies and systems related to human resource remuneration and management.

The Board of Director's Issues Committee is composed of two (2) members of the Board of Directors and the Company's Legal Representative. It is in charge of overseeing the Board processes and making suggestions for the Board's best performance, as well as recommending the scheme of communications with the market in general.

The Corporate Governance Committee is made up of three (3)

members, two (2) of whom are independent. It is in charge of ensuring compliance with the dispositions of the Code of Good Governance, as well as reviewing and assessing the manner in which the Board of Directors complied with its duties during the period.

In 2011, the Board of Directors created the Strategic Planning Committee, added new functions to the Financial and Auditing Committee, reformed the Board's Internal Regulations and updated the functions of this body, which strengthened the good – governance practices of the Company.

REFERENCE TO ASSESSMENT MATRICES FOR CORRUPTION RISKS AND ASSOCIATED MAJOR INITIATIVES

As part of *Grupo Nutresa's* Integral Risk Management, 18 risk matrices were updated for the Companies in Colombia and the operations in Costa Rica, Panama, Venezuela, Ecuador and Peru. These included the identification and assessment of risks associated with corruption, as well as defining the prevention and control measures, to avoid this type of occurrences.

To support this effort, we integrated the functions of Employee Compliance to Risk Management, articulating the activities aimed at the Prevention of Risk for Assets Laundering and Financing of Terrorism (*Prevención del*

Riesgo de Lavados de Activos y Financiación de Terrorismo, LA/FT for its initials in Spanish) with *Grupo Nutresa's* integrated risk management. Likewise, the Responsible, Safe Business (Negocios Responsables y Seguros, NRS for its initials in Spanish) initiative was begun; this is supported by the United Nations Office on Drugs and Crime (UNODC). Its purpose is to analyze inter institutional actions, legislative proposals and self regulation measures to strengthen the supervision, control and regulation of LA/FT risks in the real sector, which will take place in the first half of 2012.

ANTI CORRUPTION MANAGEMENT

Grupo Nutresa has a Code of Good Governance, which includes the rules of conduct in which there is an obligation for employees to comply with the laws, dispositions and regulations issued by the authorities, as well as the policies established by the Company. Within these policies is the Anti – Corruption Policy, according to which the actions of employees must occur within a framework of transparency and ethics. It prohibits all kinds of corrupt practices in the operations carried out with customers, suppliers, government authorities and other persons.

THE ETHICS HOTLINE: FOR THE TRANSPARENCY OF OUR ACTIVITIES

Grupo Nutresa strengthens the policies and practices that enable the



Pasta Business employees; Mosquera, Colombia.

transparent management of its operations through its Ethics Hotline, an additional mechanism that ensures timely reporting of actions contrary to law and the Code of Good Governance. It is a confidential channel available to employees, shareholders, clients, suppliers and third parties in general – operated by an independent body – which allows them to report irregular situations that go against the interests of the Organization.





Statement GRI Application Level Check

GRI hereby states that Grupo Nutresa has presented its report "INFORME ANUAL Y DE SOSTENIBILIDAD 2011" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level A+.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines.

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, March 2nd 2012

Nelmaria Arbex
Deputy Chief Executive
Global Reporting Initiative



The "+" has been added to this Application Level because Grupo Nutresa has submitted (part of) this report for external assurance. GRI accepts the reporter's own criteria for choosing the relevant assurance provider.

The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

Disclaimer: Where the relevant sustainability reporting includes external links (including to social media systems), this statement only concerns material submitted to GRI at the time of the Check on February 27th 2012. GRI explicitly excludes the statement being applied to any later changes to such material.

Medellín, March 2012

MR. BAN KI-MOON
Secretary General
THE UNITED NATIONS

Our commitment with the Global Compact is reflected in the economic, social and environmental strategy that we have implemented, in which we have made advances in executing actions in line with the ten principles promulgated by the United Nations. This Annual and Sustainability Report corresponds to the third communication of progress and refers to the main practices and achievements of our organization in this area.

Human rights, the environment, labor practices and fighting corruption are a fundamental part of our philosophy and corporate performance. It is for this reason that we reaffirm our commitment to adhere to the Global Compact, providing scenarios with all of our related groups to meet the commitment we have to make our society sustainable.

We continue to make advances in the challenges imposed on us by sustainability, where we have achieved relevant facts:

- Given the importance of the concept of sustainability, in 2011 we moved from having it as a specific objective of Grupo Nutresa to being a transversal objective that frames all our management.
- We have perfected our analysis of materiality as an important step to identify, reaffirm and prioritize the most relevant topics for our organization and our stakeholders.
- Our information and actions in terms of sustainability are aligned with Guideline G3.1 and Global Reporting Initiative's (GRI) food supplement.
- To achieve a broader scope of our sustainability management and support, we are affiliated with and support the local Global Compact network in Colombia.

We reiterate our active participation in the adoption of the Global Compact principles in all the countries in which our companies are present..

Sincerely,

Carlos Enrique Piedrahíta Arocha
Chief Executive Officer



This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact**.

We welcome feedback on its contents.



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Independent Auditor Limited Assurance Report to Management of Grupo Nutresa S.A.

We were engaged by Management of Grupo Nutresa S.A. to provide limited assurance on the Sustainability Report for the year ended December 31, 2011 of Grupo Nutresa S.A. ("the Report").

Management is responsible for the preparation and presentation of the Report in accordance with the Sustainability Reporting Guidelines version 3.1 (G3) of the Global Reporting Initiative and food processing sector supplement as described in the sub-chapter "Information regarding this Annual and Sustainability Report" of the Report. In the mentioned sub-chapter, there is a detailed description of the level of application self-declared, which has received confirmation by the Global Reporting Initiative. Management is also responsible for the information and assertions contained within it; for determining Grupo Nutresa S.A. objectives in respect of sustainable development performance and reporting, including the identification of stakeholders and material issues; and for establishing and maintaining appropriate performance management and internal control systems from which the reported performance information is derived.

Our responsibility is to carry out a limited assurance engagement and to express a conclusion based on the work performed. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements other than Audits or Reviews of Historical Financial Information*, issued by the International Auditing and Assurance Standards Board (IAASB). That Standard requires that we comply with applicable ethical requirements, including independence requirements, and that we plan and perform the engagement to obtain limited assurance about whether the Report is free from material misstatement.

A limited assurance engagement on a sustainability report consists of making inquiries, primarily of persons responsible for the preparation of information presented in the sustainability report, and applying analytical and other evidence gathering procedures, as appropriate. These procedures included:

- Inquiries of management to gain an understanding of Grupo Nutresa S.A. processes for determining the material issues for Grupo Nutresa S.A. key stakeholder groups.
- Interviews with senior management and relevant staff at group level and selected business unit level concerning sustainability strategy and policies for material issues, and the implementation of these across the business.
- Interviews with relevant staff of Grupo Nutresa S.A. at corporate and business unit level responsible for providing the information in the Report.
- Visits to sites of Alimentos Cárnicos, Noel and Meals, selected on the basis of a risk analysis including the consideration of both quantitative and qualitative criteria.
- Comparing the information presented in the Report to corresponding information in the relevant underlying sources to determine whether all the relevant information contained in such underlying sources has been included in the Report.



- Analysis of the collection processes and internal control of quantitative data reflected in the report, regarding to reliability of the information, using analytical procedures and testing based in samples.
- Reading the information presented in the Report to determine whether it is in line with our overall knowledge of, and experience with, the sustainability performance of Grupo Nutresa S.A.
- Verification that the financial information reflected in the report has been extracted from the annual accounts of Grupo Nutresa S.A., audited by independent third parties.
- Verification that emission data reflected in the report corresponds with the data of Greenhouse Gas Emissions verified by an independent third party.

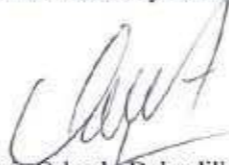
The extent of evidence gathering procedures performed in a limited assurance engagement is less than for a reasonable assurance engagement, and therefore a lower level of assurance is provided.

Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that the Sustainability Report of Grupo Nutresa S.A. for the year ended December 31, 2011 is not presented fairly, in all material respects, in accordance with the Sustainability Reporting Guidelines version 3.1 (G3) of the Global Reporting Initiative and food processing sector supplement as described in the paragraph "Information regarding this Annual and Sustainability Report" of the Report.

Our limited assurance report is made solely to Grupo Nutresa S.A. in accordance with the terms of our engagement. Our work has been undertaken so that we might state to Grupo Nutresa S.A. those matters we have been engaged to state in this limited assurance report and for no other purpose. We do not accept or assume responsibility to anyone other than Grupo Nutresa S.A. for our work, for this limited assurance report, or for the conclusions we have reached.

In a separated document, we will provide to Grupo Nutresa S.A. Management an internal report that contains our findings and areas of improvement.

KPMG Advisory Services Ltda.


Luis Orlando Delgadillo A.
Partner

March 12, 2012

Increasing Value Generation



Financial Synthesis

Strategy in Emerging Markets

For *Grupo Nutresa*, growing value generation is a dimension that does not focus exclusively on creating economic value for our shareholders, but in managing a sustainable model, which gives environmental and social balance. Only then is it possible to contribute to a better future for future societies.

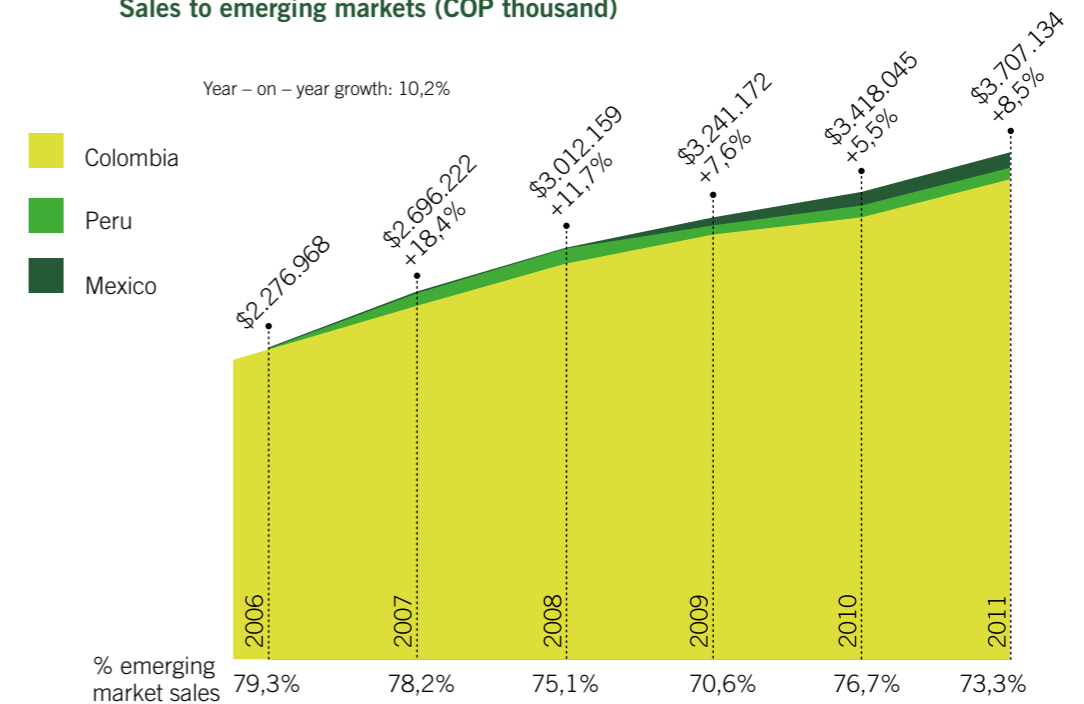


Compañía Nacional de Chocolates employees; Rionegro, Colombia.

Grupo Nutresa is a multi Latin organization whose principal market – in terms of sales – is Colombia. We have continued our process of international expansion with a focus on our strategic region, including Peru, Central America, the Caribbean, Mexico and the United States mainly.

Of total sales, 73,3% are to emerging markets, which represents COP 3.707.134 million. In 2011, we grew 8,5% in these markets, led by healthy increases in Colombia, Peru, Ecuador and Mexico, which compensates for the reduced sales in Venezuela, due to foreign – exchange restrictions.

Sales to emerging markets (COP thousand)



*According to Dow Jones definition.

Direct Economic Value Generated (COP Millions)	2011	2010
Revenue from net sales	5.057.383	4.458.858
Revenue from financial investments	52.246	39.936
Revenue from sales of property, plant and equipment	9.088	3.766
Total	5.118.716	4.502.560

Direct Economic Value Distributed (COP Millions)	2011	2010*
Payments to suppliers	2.843.637	2.496.292
Employee salaries and benefits		
Salaries and Benefits	677.390	608.164
Social Benefits (subsidies, contributions to mutual investment funds, support for higher education, training and entertainment, wellness and quality of life)	61.897	54.982
Gross taxes and fees	171.205	139.773
Investments in the community	13.660	15.146
Payments to fund providers		
Dividends paid to shareholders	150.292	139.534
Interest paid on loans	64.191	62.608
Total	3.982.272	3.516.499

*Some 2010 figures were reexpressed, in order to achieve comparability.



Emerging markets accounted for
73,3% of our sales.

PRODUCT STRATEGY

Grupo Nutresa is a business group composed of mass consumption food companies. As such, we focus our products on a large portion of the population. To do this, we have a portfolio of brands with a variety of prices and solutions with respect to quality and nutrition. This has allowed us to have great closeness to consumers and brand leadership in countries such as Colombia, Peru, Mexico, the Dominican Republic and Central America.

In relation to the nutrition, health and wellness strategy, in Colombia we stand out with *Doria* with *Nutrivit*, which responds to the principal nutritional deficiencies of the population; *Tosh* Yogurt and Strawberries (*Tosh Yogurt y Fresas*) with the addition of anti-oxidants; *Pietrán* with a reduction in sodium; and *Heladino*, with the addition of calcium.

Each business adjusts its value proposal for the consumers in the markets in which it is present, considering a preferably differentiated portfolio of products, in accordance with the needs for quality, nutrition, fractional money and purchasing power, taking into account the recognition of brands used. In the cases of Peru, Mexico and Central America, market entry is strengthened through the acquisition of local companies with brands recognized by consumers.

DISTRIBUTION STRATEGY

In the different countries where we operate, we distribute our products through commercial networks that reach consumers in different channels, from large-chain supermarkets to convenience stores. Outstanding

% sales breakdown in Latin America



Country	% share
Colombia	69,1%
Other Latam	8,3%
Central America	6,6%
Mexico	2,2%
Peru	1,9%
Caribbean	1,5%
Ecuador	1,0%

are our alternative methods of sales, such as *Novaventa* catalogue sales in Colombia, where housewives get additional income for their families or street sales of ice cream.

For the regional expansion process, we consistently follow a strategy focused on areas where we have competitive advantages, and among these, emerging markets such as Mexico and Peru occupy an important position.

Similarly, we developed this strategy in Central America, the Caribbean and Ecuador and in the United, for the Hispanic consumer. In each case, we have penetration strategies based on the opportunities identified in each one of the target markets and we have developed distribution networks and business partners, which allows us access to consumers with products and prices in accordance with the type of population to which we aim.

The 2011 strategy had significant deepening in countries like Guatemala and El Salvador, where we strengthened the route to reach clients and consumers with portfolio proposals and service fully adapted to their needs and purchasing abilities. Similarly, the Caribbean market had a positive performance, seeking to enhance sales growth and developing relationships with the brands of the group companies in these markets.

KNOWLEDGE – TRANSFER STRATEGY

In *Grupo Nutresa*, we transfer knowledge and best practices to the operations of our strategic region through a Multi-Latin Agenda, which details the plans and programs that are migrated from the organization in Colombia to all our own industrial and commercial operations. This agenda focuses on improving processes, incorporating best sustainability practices, migrate the knowledge generated through our *Vidarium Nutrition*, Health and Wellness Research Center, and promote *Grupo Nutresa's* international expansion.

Innovation and Research



Our companies create spaces to develop a culture of innovation in their employees, *Pastas Doria* Plant; Mosquera, Colombia.

Grupo Nutresa has considered Effective Innovation as a strategic corporate priority; being an objective of all our actions, it supports the implementation of the other objectives and becomes an important leverage of our results. Our *Imagix* innovation model, designed and implemented by *Grupo Nutresa* professionals, has allowed us to manage innovation holistically, by incorporating important elements into the culture of each one of the businesses, with processes that permit the systemic promotion of innovation.

Effective innovation in the last year yielded outstanding results in new-product sales, optimization of productive and administrative processes, knowledge management generated within the organization, and inclusion of science and technology in the system, among others.



We facilitate the generation, conservation, protection, transfer and application of knowledge throughout the organization and during the year, we made investments in innovation that totaled

0,5%
of sales in innovation.



Team of long – life line collaborators, the Zenú Plant; Medellín, Colombia.

INNOVATION WITH OUR PEOPLE

THE TPM MODEL: IMPROVEMENT AND PRODUCTIVITY IN MANUFACTURING PROCESSES

Innovation projects related to process optimization made it possible to increase the capacity of some of the production lines, improve production processes, reduce energy and water consumption and improve management of external entities.

Grupo Nutresa has 33 production plants in the strategic region, 21 of which have incorporated the Total Productive Management (TPM) model, which focuses on continuous improvement of processes. For this, we have an implementation model

unified by a consultant and we take advantage of synergies to share experiences and good practices.

A total of 4.672 small improvements were made and 19.300 at – point lessons were learned, which strengthen and support the management systems and help to connect the strategy with the day-to-day operations, made by 217 Small TPM Teams. We provided external training to 116 persons and internal training for 15.107 assistants, which facilitated the transfer of knowledge through replication processes.



PROMOTERS OF INNOVATION

The promoter team, made up of 174 employees, continued to support all the Imagix initiatives. We began by compiling the Corporate Memory, which has allowed us to document important events in the development of the businesses, such as the creation of the company, acquisitions and organizational transformation.

INNOVATION MANAGEMENT IN THE CORPORATE CULTURE

Innovation management in the corporate culture focuses on three pillars: innovative people, education and applied training and participation in the Innovation Success Stories (*Éxitos Innovadores*). A total of 1.706 innovative success stories presented by the work teams in the different businesses were recognized.

Exemplary Practices (*Prácticas Ejemplares*) recognizes superior management experiences that have shown effective results and impacted the business strategy. Since 2007, we have shared 16 Exemplary Practices with all the businesses, fulfilling the goal of knowledge migration and shortening the learning curve. The fifth version of the Exemplary Practices program in 2011 recognized the teams

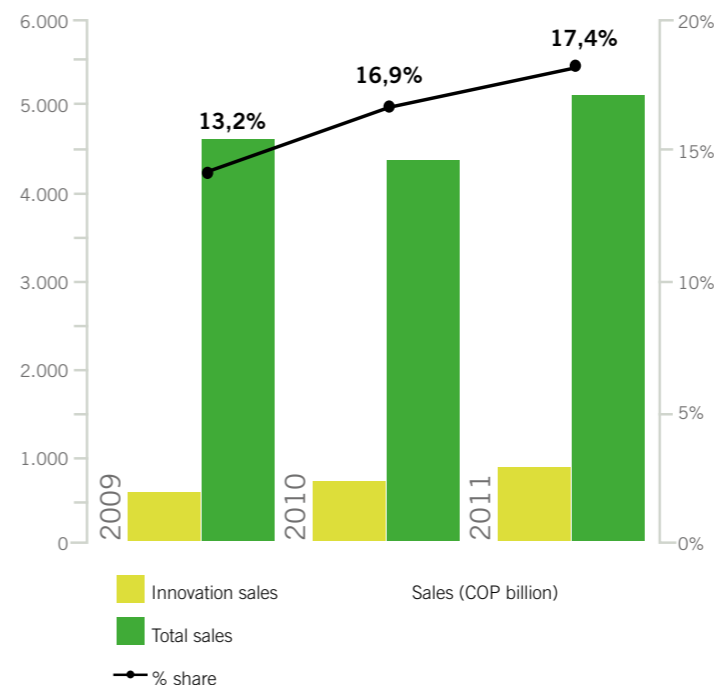
from the Cold Cuts Business with “Quality of Life Agreements”; we also recognized the “Learning from the Experts” presentation in the Biscuit Business. Both experiences have direct input in the development of human talent, by proposing a participatory scheme that streamlines labor relations and is a model of knowledge management.

INNOVATION SALES

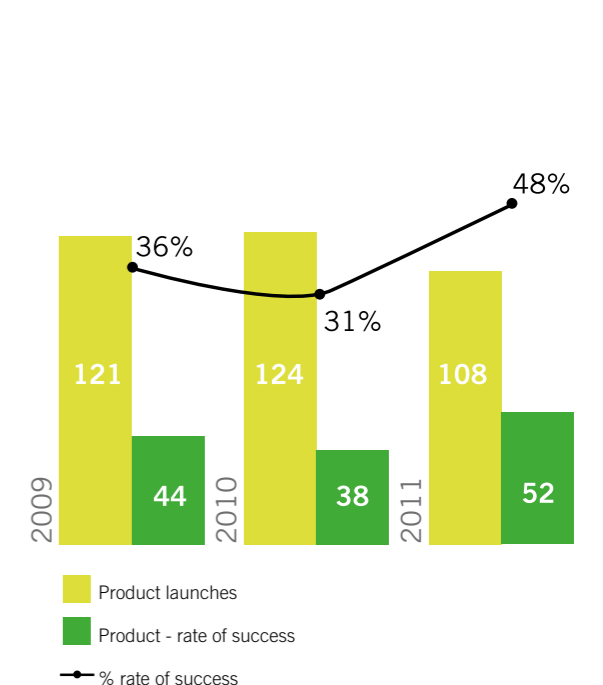
In the previous period, new – product sales reached 17,4% of Grupo Nutresa’s total sales in Colombia, maintaining a growing trend since 2009, the year in which the implementation of our innovation system began. Innovation related to the launch of new products in Colombia had a success rate of 48%.

This indicator establishes the relationship between the total number of products launched on the market and those that surpassed the net margin and projected total sales.

% INNOVATION SALES / TOTAL SALES



% SUCCESS (sales accomplishment and gross margin)



PRODUCT INNOVATIONS



Zenú Frankfurter Bi – Pac

The Zenú brand strengthened its offer for convenience – store buyers with the new bi – pack, a presentation of two units of traditional frankfurters, which will allow consumers to have great taste and a good source of protein for less cost.



Zenú Premium Products

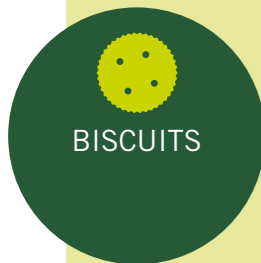
Zenú's European Frankfurter is a delicious combination of pork, spices, smoky flavor, thick cut and crispy bite for those who prefer gourmet products. This product is developed by Zenú for Delicatessens, in the Premium segment.



Seasonal Products

At Christmas, the Cold Cuts Business offered the following products:

- Zenú Roasted Combo (sausage, smoked bacon and ribs), an alternative for the different Christmas celebrations; the 500 gram pork loin, ideal for Christmas baskets; and stuffed chicken, a product that complements Zenú's delicatessen portfolio.
- Rica offered three meats, pork, chicken and turkey – a combination to share with the family – for its Christmas Dinner. The 500 gram turkey breast was an ideal option for the Christmas basket.



Noel Semillas y Cereales Crackers

Noel Seeds and Grain Crackers have five grains: wheat, oats, rye, corn and rice, and two seeds: sesame and linseed, which provide fiber to help proper digestion, along with being delicious. They come in two forms: taco that includes three packages and the bag with nine individually wrapped portions. Saltín Noel Semillas y Cereales is part of the wheat crackers, a sub – segment that is led in Colombia by Saltín Noel Integral.



Festival WOW

Festival, the preferred brand in children's cookies, added Festival WOW, a creamy, dark – chocolate – flavored cookie, vanilla cream, pieces of cookie and a new square shape, to its portfolio. It comes in a multi – pack presentation of 10 individual portions, each one with four cookies.

Festival WOW Pozuelo is Pozuelo's innovation for the Costa Rican and Central American market. This cookie comes in a multi – pack presentation of 12 individual portions, each one with four cookies.



Tosh Yogurt y Fresas (Tosh Yogurt and Strawberries)

Tosh Yogurt y Fresas has yogurt cream and chunks of strawberries; it is a multi – grain cookie with anti – oxidants, no artificial flavors or preservatives. It is available in multi – pack presentations of six individual, two – cookie portions. Tosh is aimed at all people who have a healthy life style and are looking for delicious options that allow them to do something good for themselves.



Christmas Noel (Navidad Noel)

Navidad Noel is the seasonal line that annually renews its portfolio – in products, packaging and designs. In 2011, it offered the "Square Red Chest" (Cofre Cuadrado Rojo) and the "Piggybank Chest" (Cofre Alcantía), as well as the "Folding Gift" (Plegadiza Regalo).



Christmas Pozuelo (Navidad Pozuelo)

Navidad Pozuelo is the marketing migration of this concept from Colombia to Central America under Pozuelo brand, which is the market leader. Important to highlight the circular and octagonal chests and the Noche Buena bag.



PRODUCT INNOVATIONS



Jet Album: The World of Prehistoric and Endangered Animals

Thinking about children's fun, we developed the new *Jet* Album: The World of Prehistoric and Endangered Animals, an evolution of the *Jet* Album, which has 250 depictions of the journey through the history of dinosaurs

Jet Saurios

Jet Saurios is a *Jet* product. It has five milk – chocolate figures in the shape of prehistoric animals, each one filled with strawberry and *tutti – frutti*.

Chocolate Candy Seasons The Love and Friendship Season

In order to relive the magic of love and friendship, all the brands of the Chocolate Business united under a single concept: Discover your Secret Friend. There were a total of 15 references, full of color, hearts and best wishes. We offered new flavors in the *Montblanc* truffles: cherry liqueur, coconut – lemon, vanilla – macadamia, caramel; the new *Roletto* fillings: tangerine and green apple; as well as the new *Jumbo Carotas* with caramelized almonds and faces with different emotions.

The Christmas Season

The Chocolate Business was present at Christmas with the *Jet*, *Montblanc* and *Roletto* brands and, for the first time, *NOEL* brand boxes of chocolate.

Special Packagings for Different Formats

The market received new presentations: *Jet Piñata*, an option stocked with five *Jet* brand references, very practical for any occasion; and *La Especial Rumba Pack* for supermarkets, a product for the snack section containing six units of 2 packages of Salted Peanuts, 1 package of Peanuts and Raisins, 1 package of Mixed Nuts, 1 package of Roasted Corn and 1 package of Candied Peanuts.

The Line of TOSH Cereal Bars

Tosh Cereal Bars are a healthy option to enjoy anytime, anywhere. These cereal bars come in six different flavors: Lyne (Diet), Strawberries, Chocolate Chip, Nuts, Peanuts – Raisins and Oats – Almonds in boxes of six units.

La Especial Candied Peanuts

La Especial Candied Peanuts is a sweet flavor that complements the *La Especial* portfolio. Its highest – quality candied peanuts, make sure the product is always crisp. It comes in the *On the Go* presentation.



Colcafé Iced Cappuccino

Colcafé Iced Cappuccino, the first instant – coffee beverage to prepare and drink in cold milk or water in Colombia. The two alternatives are vanilla and caramel flavor. This product was developed especially for adults and young people who want to consume refreshing, easy – to – prepare beverages. “Iced Cappuccino invites you to discover a new way to cool off.”



Sello Rojo Espresso

Sello Rojo Espresso Bean is a product in the Roasted Coffee Bean Line, ideal for institutional market businesses that have an espresso machine. The quality of the bean and its formula generate an excellent cup profile.



PRODUCT INNOVATIONS



Crem Helado's Barbie Popsicle
The Barbie Popsicle meets girls' taste and evokes the fantasy offered by the Barbie brand, joined to the indulgence of *Crem Helado*, creating a "Magical Moment." This star – shaped product is made from a smooth strawberry ice cream, covered with chocolate and the color and flavor of strawberry, becoming the favorite popsicle of girls in 2011. *Crem Helado's* Barbie has collectible stickers inside.



Crem Helado's Hot Wheels Ice Cream Bar
The Hot Wheels Ice Cream Bar meets boys' taste and highlights the fun that Hot Wheels and Crem Helado offer in one product. This car – shaped ice cream bar is made from strawberry and chocolate ice cream, covered with chocolate and has collectible stickers that invite boys to live a special moment where they revel and indulge their childhood fantasies.

Fruti Popsicle
Very popular among youth and adults, products containing fruit are the origin of the new *Crem Helado Fruti* Popsicle. Its shape evokes nature and its high fruit content makes it highly pleasurable. *Fruti* has become the ideal treat for those who want pleasant, refreshing, natural fruits. Low in calories, it comes in pineapple and strawberry flavors.



Crem Helado Handcrafted Ice Cream (Helado Artesanal)
The new *Crem Helado* Handcrafted Ice Cream mixes an abundance of rich ingredients such as creams, sauces and fruits. In combinations inspired by typical Colombian deserts and sweets, Handcrafted Ice Cream was launched on the market in new flavors including coconut with *arequipe*, three milks, strawberries and cream and passion fruit with sweetened condensed milks.



Crem Helado Sinfonía Ice Cream Cakes (Tortas de Helado Sinfonía)
The *Sinfonía* ice cream cakes, with the flavors of three milks and red fruits, are the perfect product to share at home or take as gifts for those special moments. They are also an alternative to the ready – made dessert, highly enjoyable and finely presented. "With the new *Sinfonía* cakes, you always look good."



Doria Egg Pasta with Omega 3, 6 and 9
Doria launched the only product in the category of pastas with additions of Omega 3, 6 and 9, essential acids for the body that – within a proper diet – can help reduce cholesterol and triglycerides.



Doria Butter Pasta with Omega 3, 6 and 9
The benefits of Omega 3, 6 and 9 are now in the *Doria* Butter Pasta. These nutritional additions are part of a balanced diet and provide nutrition and wellness that contribute to a balanced life.



Doria Vegetable Pasta with Vivo Plus
Doria Vegetable Pasta with *Vivo Plus* contains Vitamin A and C, selenium and zinc. The nutrients provided by *Vivo Plus*, included in a balanced diet, contribute to strengthening the immune system, maintaining and repairing body tissues and protecting our bodies against the effects of oxidative substances.



Doria Ravioli
Pasta filled with meat, it is a product that is easy to prepare and enjoy, ideal to make any occasion special.



Doria 200 Grams
Consumers can enjoy the quality and fortification of the *Doria* brand, at a price appropriate to their purchasing capacity with the presentation of *Doria* 200 grams, that offer spaghetti, noodles, shell pasta, angel – hair pasta and short macaroni.



Nutrition, Health and Wellness

OUR NUTRITION POLICY

In *Grupo Nutresa*, we provide our consumers with quality of life through alternatives for products that meet their expectations for nutrition, health and wellness; we endorse strategies promoting health life styles and balanced nutrition, as well as making informed decisions. During the year, we advanced in disclosing our Nutrition Policy and we began to implement strategies with defined priorities in:

Develop Options for Affordable Products

In developing our portfolios, we involve strategies in line with our policy for nutrition, health and wellness. We have a segmentation of products and prices that ensure accessibility for the low - income population.

To meet the needs of the population of the countries in the strategic region, we established innovation goals with healthy, nutritional products and we generated commitments to improve the nutritional characteristics of the

current portfolio. Last year we highlighted the launching of *Doria* with *Nutrivit*, *Tosh* Yogurt and Strawberries (*Tosh Yogurt y Fresas*) with the addition of anti-oxidants; *Pietrán* with a reduction in sodium; and *Heladino*, with the addition of calcium. These products are added to those already existing in the portfolios of the businesses.



We innovate with healthy, nutritional products.



Doria with *Nutrivit* is fortified with iron, zinc, folic acid and Vitamin A to help meet the needs of these nutrients in the Colombian population.

With these new products, we expect to offer alternative foods with a healthy profile and accept the guidelines of the World Health Organization (WHO) regarding its strategy on diet, physical activity and health, which calls for food companies to innovate health products and improve the nutritional profiles of existing products.

Provide consumers with appropriate, understandable product and nutrition information and adapt responsible labeling:

The advertising self-regulation policy for communication is applied in marketing management in all the companies and was disclosed internally to all the work teams. We are advancing in implementing the voluntary labeling system to inform and guide consumers in selecting nutritious, healthy options.

Provide employees with access to information, health education and disease prevention and support and promote physical activity:

Promoting healthy diets and physical activity as part of wellness and occupational- health programs of the companies is one of the strategies to help improve the quality of life for employees and control the major health risks identified.



Our companies promote healthy lifestyles for our employees, the *Zenú* Plant Gym; Medellín, Colombia.

COMERCIAL NUTRESA HEALTH AND WELLNESS PROGRAM

“Years ago, I saw a message that said ‘healthy mind in healthy body’ and I have always practiced this. *Comercial Nutresa* has contributed to keep this motto in my job. Medical examinations and evaluation, good nutrition through the restaurant, rumba classes in the company’s facilities or spinning, among others, help me to be physically and mentally healthy.”

Gladis de María Posada Serna
Head, ERP Solutions
Comercial Nutresa

RESEARCH MANAGEMENT

The results of the research projects are becoming increasingly more important in the development of new products, process optimization and generation of support information that build confidence in our consumers. For the research process in the businesses, we have six innovation laboratories, three research, development and innovation (RDI) centers and the *Vidarium* Nutrition, Health and Wellness Research Center.

Research teams developed projects with significant results that allowed them to participate in international

academic events in the food sector and publish in high impact journals for the international scientific community. These results allowed the research groups from the Cold Cuts Business and the Coffee Business to be included in the ranks of research groups in the Colombian system of science and technology. This permits the research groups to be visible and participate as implementers of projects financed with resources from different open summons by *Colciencias* and *Sena* in Colombia.



THE VIDARIUM NUTRITION, HEALTH AND WELLNESS RESEARCH CENTER

Vidarium advances in its process of strengthening and consolidation in Grupo Nutresa and the Colombian scientific community. Its vision for 2015 is “Be a research center recognized for the contribution to the development of the strategy of the Grupo Nutresa businesses through the creation and transfer of knowledge in nutrition

and healthy eating; highlighted as a major player in the National Science, Technology and Innovation System, with established relationships with the research and academic community, articulated with Grupo Nutresa’s Innovation Network and a promoter of its scientific culture.”

The study “Metabolic Syndrome in Overweight Youth: Identification of Risk Factors and Evaluation of an Intervention” received the Mayor of Medellín Award as one of the most significant investigations in 2011.

Nutrition Research, a Strategy to Benefit Consumers and Grupo Nutresa’s Sustainability

Vidarium defined obesity, cardiovascular disease and gastrointestinal – tract diseases as its research topics. Regarding the issue of obesity, in partnership with three research groups at the University of Antioquia, Vidarium participated as co- investigator in two studies on the prevalence of metabolic syndrome in overweight adolescents. The first study ended its research and the results have been presented at various national and international scientific events and have received the Mayor of Medellín Award as one of the most significant investigations in 2011.

VIDARIUM IN THE SCIENTIFIC AND ACADEMIC COMMUNITY



Through Resolution 00842, dated August 8, 2011, Colciencias recognized Vidarium as a scientific research center. As part of its integration process, it has signed agreements, extended to all of Grupo Nutresa’s businesses, with the following Colombian institutions: the Corporación Universitaria Lasallista, the Universidad de La Sabana, CES University, the University of Antioquia, the Plastic and Rubber Training and Research Institute (Instituto de Capacitación e Investigación del Plástico y del Caucho), and the International Physics Center (Centro Internacional de Física).

Grupo Nutresa Research Award

To promote research management in its companies, Grupo Nutresa instituted the “Grupo Nutresa Research Award”. In its first Edition, it brought together the research teams of its companies to present their research papers. A total of 10 investigations were presented; they were evaluated by experts and the top three were recognized as follows:

- **First Place:** Application of Vegetable Oils in Meat Products, carried out by Juan Camilo Ospina E. and Óscar Alberto Ochoa G., from the Cold Cuts Business.

- **Second Place:** Effect of Roasting Parameters in the Antioxidant Capacity of Roasted Coffee, carried out by Mauricio Naranjo C., of the Coffee Business.
- **Third Place:** Measurement of Antioxidant Activity and Content of the Colcafé Line of Products and Construction of Scientific Information as Support to Be Stated on Labels, carried out by Mónica María Quintero O. and Mauricio Naranjo C., of the Coffee Business.

“The challenges of research in our businesses are framed in the creation and protection of knowledge to make use of it; generating value in our processes and products allows us to meet the needs of our consumers, as well as those of our investors”.

Juan Camilo Ospina E., Cold Cuts Business
Recipient of the First – Place Award
First Edition of the Grupo Nutresa
Research Award



FOOD SAFETY

Ensuring quality and food safety is a premise of our business performance with our clients and consumers. We carry out programs and practices that are developed under the concept of integrated management systems, consistent quality work, safety risk management and occupational health, environmental management and commercial safety, which are evaluated by qualified internal and external auditors.

The companies have established high standards in their production, marketing and distribution processes.

They have certifications, which are renewed periodically, in ISO9001, ISO 14001, HACCP – Hazard Analysis and Critical – Control Points, OHSAS 18001, BASC – Business Alliance for Secure Commerce, BRC – British Retail Consortium, Kosher (food that is fit or allowed to be eaten in accordance with Jewish law), Fair Trade, IFS – International Featured Standards, Rain Forest, Halal (food that is permissible in accordance with Islamic law) and AIB (American Institute of Banking) International.