INTEGRATED REPORT 2017

Grupo nutresa

A FUTURE TOGETHER

Profitable Growth [GRI 102-7]

● Growth
● Decreased

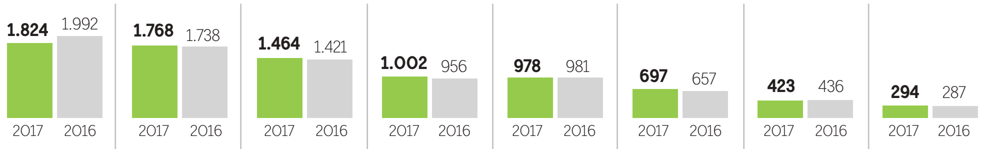
TOTAL SALES

COP billion

8.696
2016: 8.677

Growth 2,4%*

*Excluding Venezuela since October of 2016



	Cold Cuts	Biscuits	Chocolates	Coffee	Tresmontes Lucchetti	Retail Food	Ice Cream	Pasta
2017	1.824	1.768	1.464	1.002	978	697	423	294
2016	1.992	1.738	1.421	956	981	657	436	287
	1,1%*	1,8%	3,0%	4,8%	-0,3%	6,1%	-3,0%	2,4%

EBITDA

COP billion

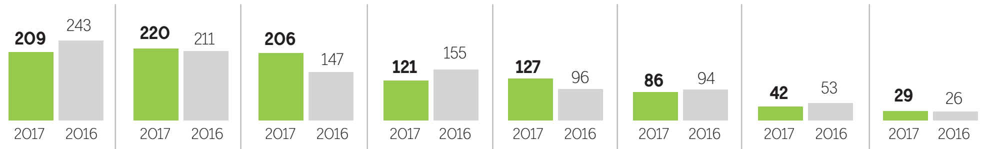
1.044
2016: 1.029

Growth 3,9%*

Margin 2017
12,0%

Margin 2016
11,9%

*Excluding Venezuela since October of 2016



	Cold Cuts	Biscuits	Chocolates	Coffee	Tresmontes Lucchetti	Retail Food	Ice Cream	Pasta
2017	209	220	206	121	127	86	42	29
2016	243	211	147	155	96	94	53	26
	-4,6%*	4,6%	40,8%	-22,1%	31,9%	-8,5%	-20,7%	11,5%
Margin	2017: 11,5% 2016: 12,2%	2017: 12,5% 2016: 12,1%	2017: 14,1% 2016: 10,3%	2017: 12,1% 2016: 16,2%	2017: 13,0% 2016: 9,8%	2017: 12,4% 2016: 14,3%	2017: 10,0% 2016: 12,2%	2017: 9,9% 2016: 9,1%

SALES IN COLOMBIA

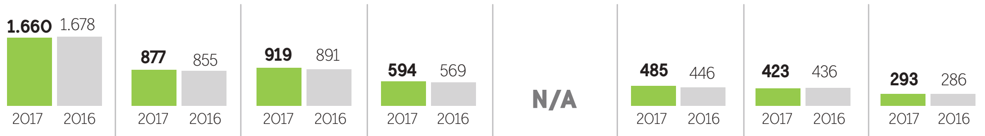
COP billion

5.495
2016: 5.363

Percentage of total sales: 63,2%

Growth
2,5%

Volume 2017: -2,6%
Volume 2016: 0,2%
Price 2017: 5,2%
Price 2016: 7,8%



	Cold Cuts	Biscuits	Chocolates	Coffee	Tresmontes Lucchetti	Retail Food	Ice Cream	Pasta
2017	1.660	877	919	594	N/A	485	423	293
2016	1.678	855	891	569		446	436	286
	-1,1%	2,6%	3,2%	4,5%		8,7%	-3,0%	2,3%
Vol. 2017	-2,8%	-3,8%	-1,3%	3,8%		N/A	-8,9%	1,5%
Vol. 2016	-1,7%	-0,7%	2,1%	2,2%			-7,7%	6,8%
Price 2017	1,8%	6,6%	4,6%	0,7%			6,6%	0,8%
Price 2016	8,6%	9,6%	9,7%	4,8%			6,5%	4,1%

INTERNATIONAL SALES

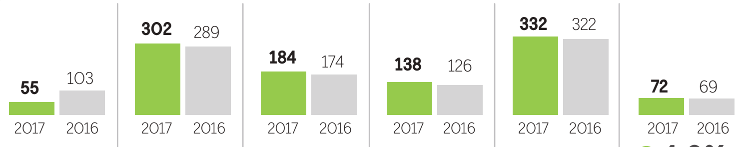
USD million

1.084
2016: 1.087

Percentage of total sales: 36,8%

Growth 5,7%*

*Excluding Venezuela since October of 2016



	Cold Cuts	Biscuits	Chocolates	Coffee	Tresmontes Lucchetti	Retail Food	Ice Cream	Pasta
2017	55	302	184	138	332	72	N/A	N/A
2016	103	289	174	126	322	69		
	34,5%*	4,3%	5,6%	9,3%	3,0%	4,0%		

INNOVATION-DRIVEN SALES

(% of total sales)

20,2%
2016: 17,9%

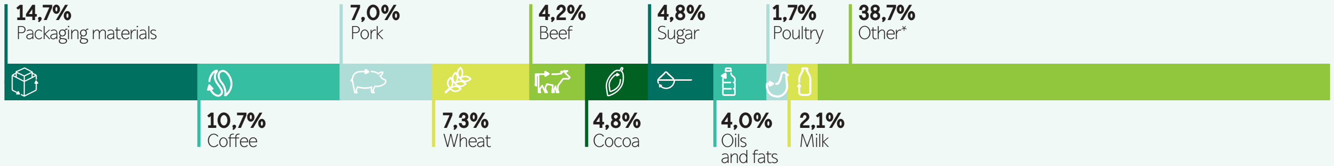
EXPORTS FROM COLOMBIA

(% of total sales)

19,4%
2016: -0,9%

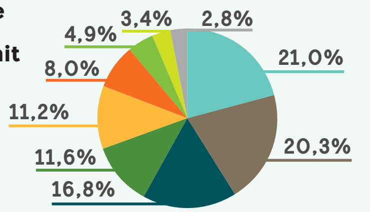
Diversification of commodities

Production cost %

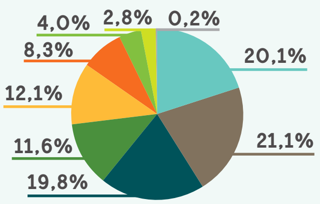


*Includes direct labor, IMC (Indirect manufacturing costs) and other minor commodities.

Percentage of sales by business unit



Percentage of EBITDA by business unit



- ● Cold Cuts
- ● Biscuits
- ● Chocolates
- ● TMLUC
- ● Coffee
- ● Retail Food
- ● Ice Cream
- ● Pasta
- ● Other

Presence in our
Strategic Region

[GRI 102-4]

[GRI 102-7]

46 production facilities

14 Total number of countries with distribution network and production facilities

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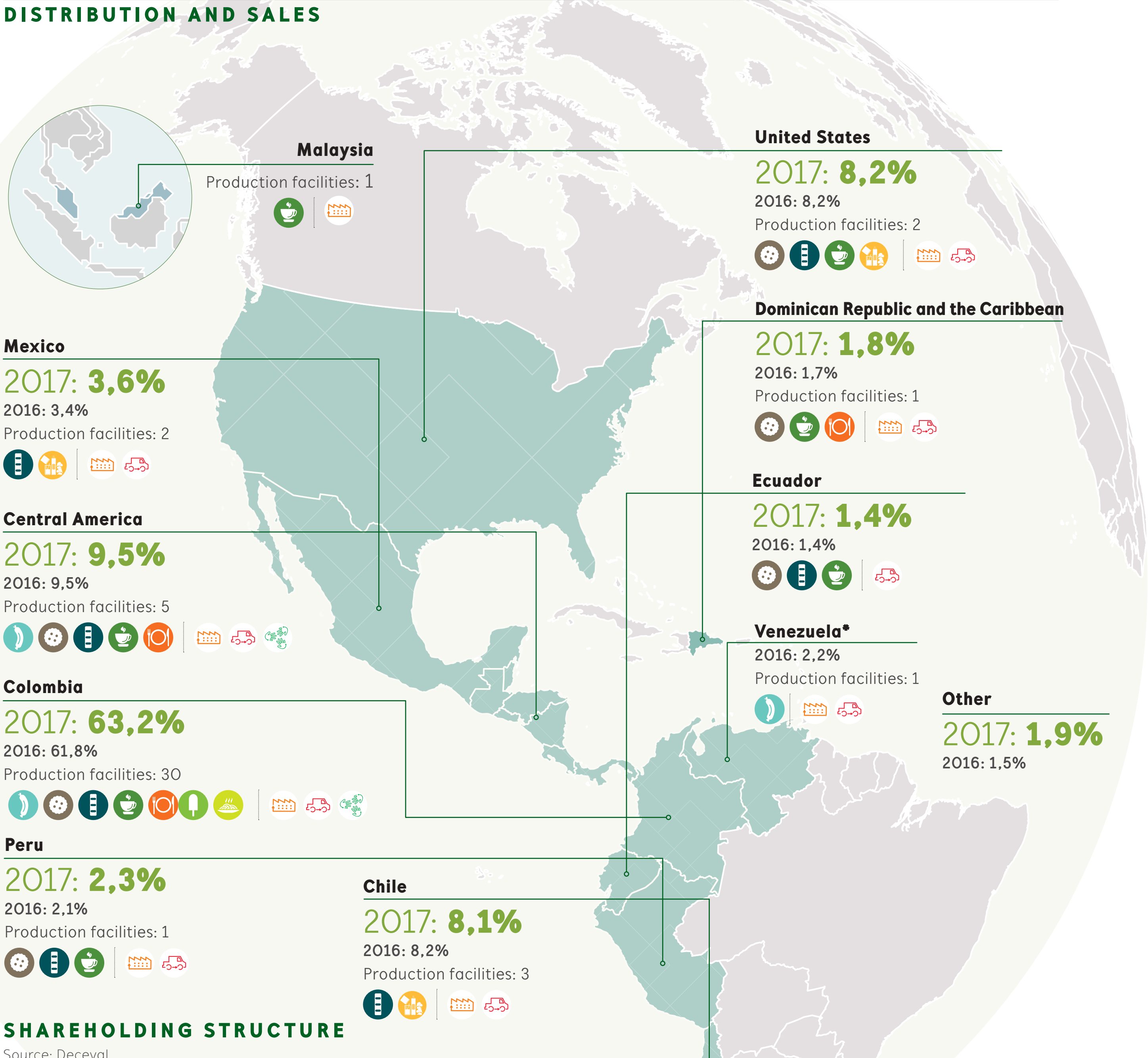
DISTRIBUTION AND SALES



Malaysia
Production facilities: 1

United States
2017: **8,2%**
2016: 8,2%
Production facilities: 2

Dominican Republic and the Caribbean
2017: **1,8%**
2016: 1,7%
Production facilities: 1

Mexico
2017: **3,6%**
2016: 3,4%
Production facilities: 2

Ecuador
2017: **1,4%**
2016: 1,4%

Central America
2017: **9,5%**
2016: 9,5%
Production facilities: 5

Venezuela*
2016: 2,2%
Production facilities: 1

Other
2017: **1,9%**
2016: 1,5%

Colombia
2017: **63,2%**
2016: 61,8%
Production facilities: 30

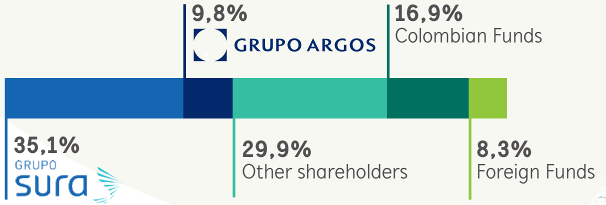
Peru
2017: **2,3%**
2016: 2,1%
Production facilities: 1

Chile
2017: **8,1%**
2016: 8,2%
Production facilities: 3

SHAREHOLDING STRUCTURE

Source: Deceval

11.900 Shareholders



LEYEND

Cold Cuts
Biscuits
Chocolates
Coffee
Tresmontes Lucchetti
Retail Food
Ice Cream
Pasta

Production
Distribution
Services

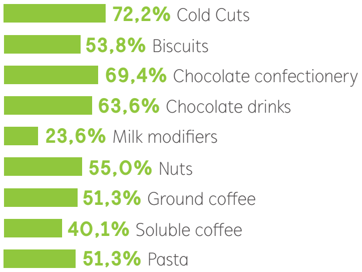
*Since October 2016, Grupo Nutresa has classified its investment in Venezuela as a financial instrument based on the currently applicable International Financial Reporting Standards (IFRS).

MARKET SHARE Source: Nielsen

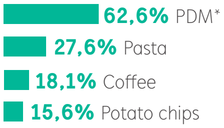
In Colombia

59,8%

Grupo Nutresa's consolidated market share in Colombia



In Chile



In Mexico

*Powdered drink mix

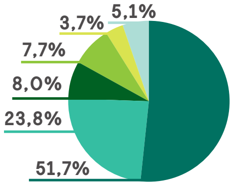
Retail Food

#1

In hamburgers and steakhouse categories in Colombia.

In ice cream shops in Costa Rica and the Dominican Republic.

GRUPO NUTRESA'S SALES BY CHANNEL



- ● Traditional (convenience stores and minimarkets)
- ● Supermarket chains
- ● Retail Food
- ● Alternative
- ● Industrial
- ● Institutional

POINTS OF SALE:

1.363.940

Sales Force: **13.574**

NOVAVENTA NETWORK:

150.170

Mom-entrepreneurs

EMPLOYEES:

46.577

Colombia: **72,4%**

Abroad: **27,6%**

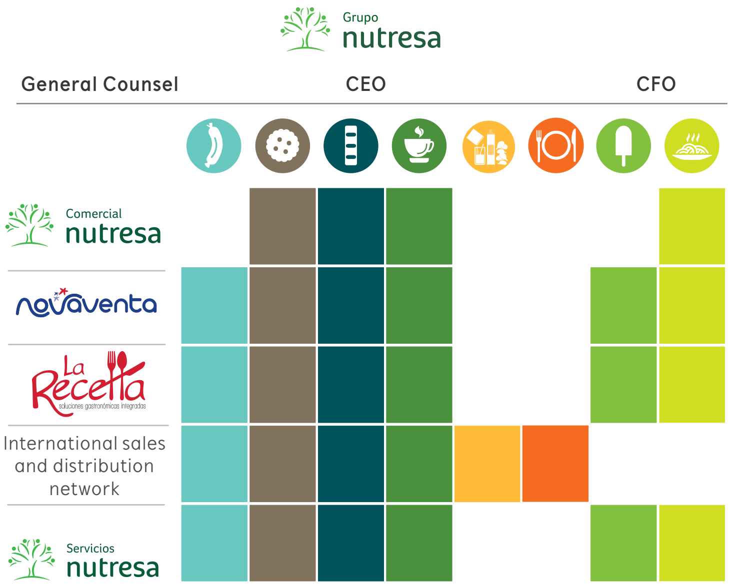
(Direct employees, indirect employees and apprentices)

Men: **63,5%**

Women: **36,5%**

(Direct employees and apprentices)

Business Structure [GRI 102-24]



Comercial nutresa		●	●	●				●
novaventa	●	●	●	●			●	●
La Receta soluciones gastronómicas integradas	●	●	●	●			●	●
International sales and distribution network	●	●	●	●	●	●		
Servicios nutresa	●	●	●	●			●	●

DIGITAL STRATEGY

For Grupo Nutresa, the digital transformation is an essential part of an assertive, proactive and innovative corporate model aimed at building a Future Together.

We strive to constantly offer better experiences to shoppers and consumers. Therefore, through our Digital Strategy transformation we are focusing on three key dimensions: digitalization of processes, channels and business units.

OUR LONG-TERM COMMITMENT

MEGA 2020 Duplicate our sales 2013

Our goal: between **12%** and **14%** of the EBITDA margin

To achieve this goal, we offer our consumers food products and experiences from highly recognized and appreciated brands. Our products nourish, generate well-being and pleasure, have the best price-value ratio, are widely available in our strategic region, and are managed by talented, innovative, committed and responsible people who contribute to a comprehensive sustainable development.

DIFFERENTIATORS OF OUR BUSINESS MODEL

Our people
We promote participative environments, the development of skills focused on both being and doing, the acknowledgment of achievements, the construction of a leading brand, and a balanced lifestyle for our people.

Our brands
Our brands are leaders in the markets where we participate as they are widely recognized and cherished; they nourish, generate well-being and have become a part of people's daily lifestyle, with an excellent price-value ratio.

Our distribution networks
Our wide distribution network, which is organized by channels and segments and includes specialized service teams, allows us to have an excellent product availability in terms of frequency, as well as a close relationship with our customers.

MAIN RISKS OF OUR BUSINESS MODEL

- Volatility of the prices of commodities and exchange rates.
- Negative impact of a highly competitive environment on the Businesses.
- Regulations related to both nutrition and health in the countries where we operate.

FIND MORE INFORMATION AT: 2017report.gruponutresa.com/

The information included in this executive summary is consistent with the information contained in the Grupo Nutresa S.A. Integrated Report, which is available at: http://2017report.gruponutresa.com/pdf/integrated_report_2017.pdf

With the purpose of forming a broader and deeper opinion on the actions carried out and the results obtained by Grupo Nutresa S.A. in relation to its economic, social and environmental performance, please read the Grupo Nutresa S.A. Integrated Report as well.

The scope and the results of our work are described in the assurance report, which can be found at this website: http://2017report.gruponutresa.com/pdf/verification_report.pdf

KPMG Advisory Services S.A.S. | March 2018

2017 Results

Of Our Strategic Goals for 2020

Acting with integrity

Training in sustainability matters to the Board of Directors

Employees from the strategic region trained in risk, crisis and business continuity management
+1.000

Awareness and training of employees in ML/TF (Money laundering and terrorist financing)
+9.600

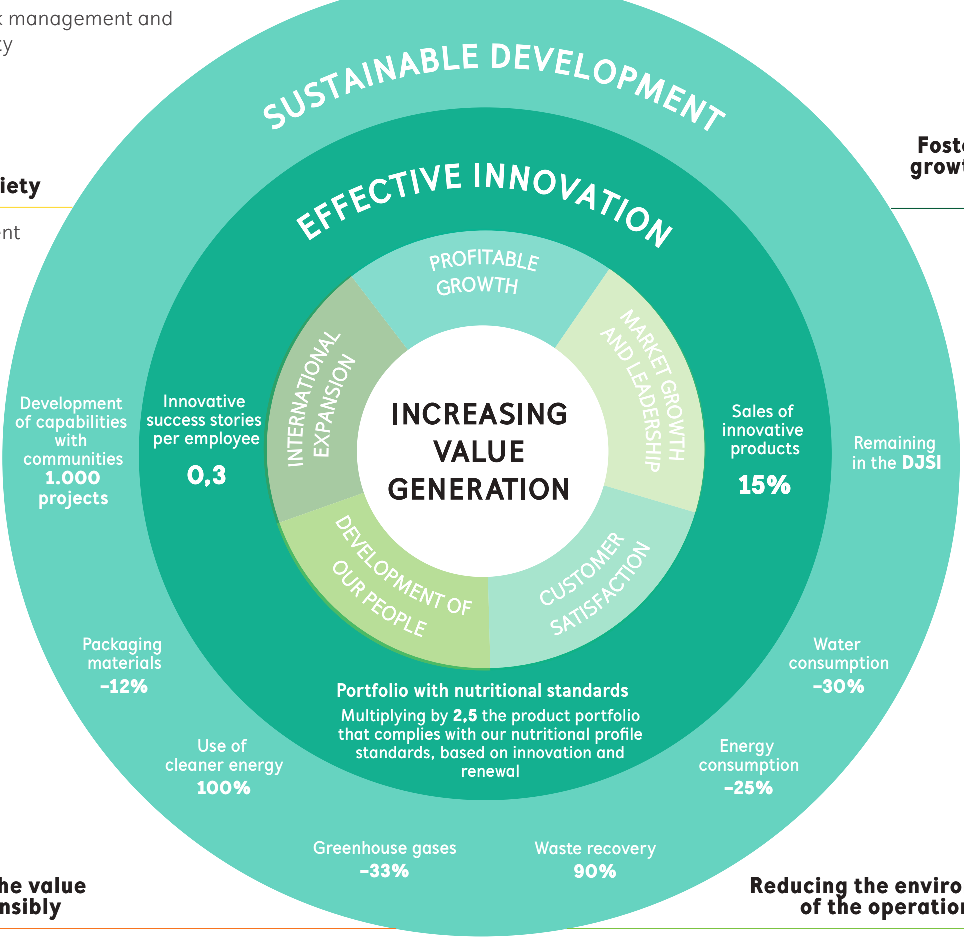
90 Workshops on risk management and business continuity

Promoting a healthy lifestyle

Products with GDA labeling
2017: **86,3%**
2016: 85,8% ▲

Products processed in certified centers
2017: **79,2%**
2016: 79,3% ▼

Volume of sales that meets Nutresa's nutritional profile
2017: **63,6%**
2016: 63,0% ▲



SUSTAINABLE DEVELOPMENT

EFFECTIVE INNOVATION

PROFITABLE GROWTH

MARKET GROWTH AND LEADERSHIP

CUSTOMER SATISFACTION

DEVELOPMENT OF OUR PEOPLE

INTERNATIONAL EXPANSION

INCREASING VALUE GENERATION

Development of capabilities with communities
1.000 projects

Innovative success stories per employee
0,3

Sales of innovative products
15%

Remaining in the **DJSI**

Packaging materials
-12%

Water consumption
-30%

Portfolio with nutritional standards
Multiplying by **2,5** the product portfolio that complies with our nutritional profile standards, based on innovation and renewal

Use of cleaner energy
100%

Energy consumption
-25%

Greenhouse gases
-33%

Waste recovery
90%

Building a better society

Capability-development projects
2017: **789**
2016: 694 ▲

Employees with any type of disability
2017: **288**
2016: 251 ▲

Volunteers
2017: **13.002**
2016: 11.862 ▲

Investment in communities
2017: **62.367**
2016: 55.272 ▲
COP million

Fostering profitable growth and effective innovation

Variation in productivity
2017: **0,7%**
2016: +2,5% ▼

Innovative success stories per employee
2017: **0,22**
2016: 0,22

Sales of innovative products
2017: **20,2%**
2016: 17,9% ▲

Brands with sales over USD 50 million
2017: **18**
2016: 18

Managing the value chain responsibly

Accident frequency rate
2017: **2,02**
2016: 2,11 ▲

Sourcing from local suppliers
2017: **80,0%**
2016: 84% ▼

Customer satisfaction indicator in Colombia
2017: 88,3%
2016: 88,8% ▼

Organizational climate
2017: **83,3%**
2016: 83,4% ▼

Investment in quality of life, training and work aids
2017: **101.814**
2016: 98.387 ▲
COP million

Reducing the environmental impact of the operations and products

Energy consumption reduction*
2017: **-17,3%**
2016: -17,1% ▲

Packaging materials reduction*
2017: **-2,4%**
2016: -5,4% ▼

Greenhouse gas emission reduction* [1]
2017: **-41,4%**
2016: -21,0% ▲

Investment in environmental management in Colombia
COP million
2017: **27.022**
2016: 20.401 ▲

Water consumption reduction*
2017: **-28,1%**
2016: -25,8% ▲

Base 2010 *Per ton of food produced in Colombia

[1] Reduction due to the procurement of certified green electricity, considered zero emissions.

*The Issuers Recognition (IR) granted by the Colombian Stock Exchange is neither a certification of the goodness of the securities inscribed nor of the solvency of the issuer.

MEMBER OF
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In Collaboration with RobecoSAM

ROBECOSAM
Sustainability Award
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Content

About this Integrated Report

Based on Grupo Nutresa's engagement model, it is a priority for the Organization to disclose its management of both risks and opportunities to its stakeholders by means of a transparent and timely information delivery, demonstrating the creation of value for the Company.

That is why Grupo Nutresa has prepared its Integrated Report 2017 [GRI 102-1], [GRI 102-50], to exhibit the Organization's progress in the most material topics for its sustainable growth.

This report includes the purposes, the main progress achievements in the implementation of the strategy and the outlook for the short, medium and long term. In this reporting exercise, it is worth highlighting the special emphasis put on how the Organization contributes to the fulfillment of the Sustainable Development Goals (SDGs) based on the six strategic priorities: Acting with integrity, Fostering profitable growth and effective innovation, Building a better society, Managing the value chain responsibly, Promoting a healthy lifestyle, and Reducing the environmental impact of the operations and products [GRI 102-12].

Furthermore, this report includes the ninth communication on progress regarding the fulfillment of the ten principles established in the United Nations Global Compact and the fourth communication on progress to the CEO Water Mandate, which account for the initiatives related to water resource management.

This report has been prepared in accordance with the GRI Standards, comprehensive option. The food sector supplement of the GRI G4 guide was also used. [GRI 102-54] and it incorporates the principles and elements of the framework established by the International Integrated Reporting Council. Therefore, it covers 21 relevant topics from all the countries where Grupo Nutresa has significant operations, except for Venezuela, for which only the financial data and the number of employees were included [GRI 103-1]. For this report, the data of two GRI indicators were restated, [GRI 201-1] because of a change in the methodology to calculate operating expenses and [GRI 302-1] was updated because it did not include refrigerant leaks. [GRI 102-48] [GRI 102-49] and it does not include information from the Retail Food Business related to reliable food, responsible sourcing, nutrition and healthy lifestyle.

The financial information of Grupo Nutresa and its subordinated companies is prepared in accordance with the International Financial Reporting Standards (IFRS) approved in Colombia and with all other legal provisions issued by the surveillance and control bodies. The companies follow the accounting practices and policies that the Parent Company has adopted, which for the subordinate companies located outside Colombia do not substantially differ from the accounting practices used in the countries of origin or their practices and policies have been standardized in the case of those that have a significant impact on the consolidated financial statements. All this information has been audited by PriceWaterhouseCoopers (PWC).

The non-financial information is verified by KPMG Advisory, Tax & Legal S.A.S. [GRI 102-56], an independent auditing firm that abides by the guidelines of the ISAE 3000 international standard, whose report has concluded that the information is presented adequate way in accordance with the GRI Standards. Likewise, KPMG has conducted an analysis of the consistency between the information described in the chapter about the "Self-diagnosis" of the Incorporation of the Integrated Reporting Principles and Elements, which is available on the Report's website.

For the sake of clarity and an easier reading experience, a specific leyend has been defined with the purpose of enabling a clear identification of the basic GRI contents in relation to each material topic and the Sustainable Development Goals with which they are connected.

Reading guidance:
General contents GRI 101-1
Material topics **GRI 301-1**
Sector specific supplement **G4 FP1**
Sustainable Development Goals **[SDG 16]**

Further information about the the GRI Index:
http://2017report.gruponutresa.com/pdf/gri_content_index.pdf

Stakeholder engagement model

[GRI 102-21] [GRI 102-40] [GRI 102-42] [GRI 102-43]

Grupo Nutresa fosters the construction of trustworthy relations with its stakeholders by delivering clear and transparent information and using channels that allow to understand their needs and expectations in order to incorporate them into the Organization's management processes on a timely manner.

The following are the purposes and main mechanisms of this engagement:

✓ Purpose	Engagement mechanisms

Shareholders

✓ To promote an atmosphere of trust among shareholders and investment analysts with the aim of delivering relevant and reliable information for the investment decision-making process.

- Shareholders assembly
- Integrated report
- Conference with investors
- Quarterly bulletin
- Website
- Email
- Social networks

Suppliers

✓ To achieve the reinforcement and development of suppliers and contractors as partners in the sourcing chain with the aim of enabling their growth and ensuring an adequate and timely supply for the Organization.

- Exemplary Supplier acknowledgment event
- Online business portal
- Supplier service line
- Development and promotion programs
- Assessment visits
- Website
- Ethics Hotline
- Integrated report

Government

✓ To contribute to the development of collaborative proposals for public policies that favor the progress of the entire society.

- Control reports and meetings
- Industry sector participation channels
- Integrated report

Customers

To offer our customers differentiated value propositions consisting of reliable products and leading brands that enable their growth, satisfaction and loyalty.

- Commercial network
- Customer School
- Satisfaction and loyalty measurement
- Meetings with businesspeople from alternative channels
- Customers web portal
- Loyalty and engagement programs
- Service line
- Ethics Hotline
- Website
- Email
- Social networks
- Integrated report

Employees

To promote environments of adequate communication and participation that strengthen trustworthy relations and contribute to the improvement of organizational practices that favor the employees' quality of life in the workplace, as well as their development and productivity.

- Discussion sessions focused on Human Rights
- Organizational climate survey
- Intranet, bulletins, bulletin boards, email
- Occupational health peer committees
- Retirement interview
- Cohabitation committees
- Suggestion boxes
- Ethics Hotline
- Psychosocial risk measurement survey
- Leadership measurement
- Collective bargaining processes

Consumers and shoppers

To contribute to the improvement of their quality of life by means of memorable brand experiences and differentiated value propositions that meet their nutrition, well-being and enjoyment needs, creating thus a connection with their motivations and purposes in a sustainable way.

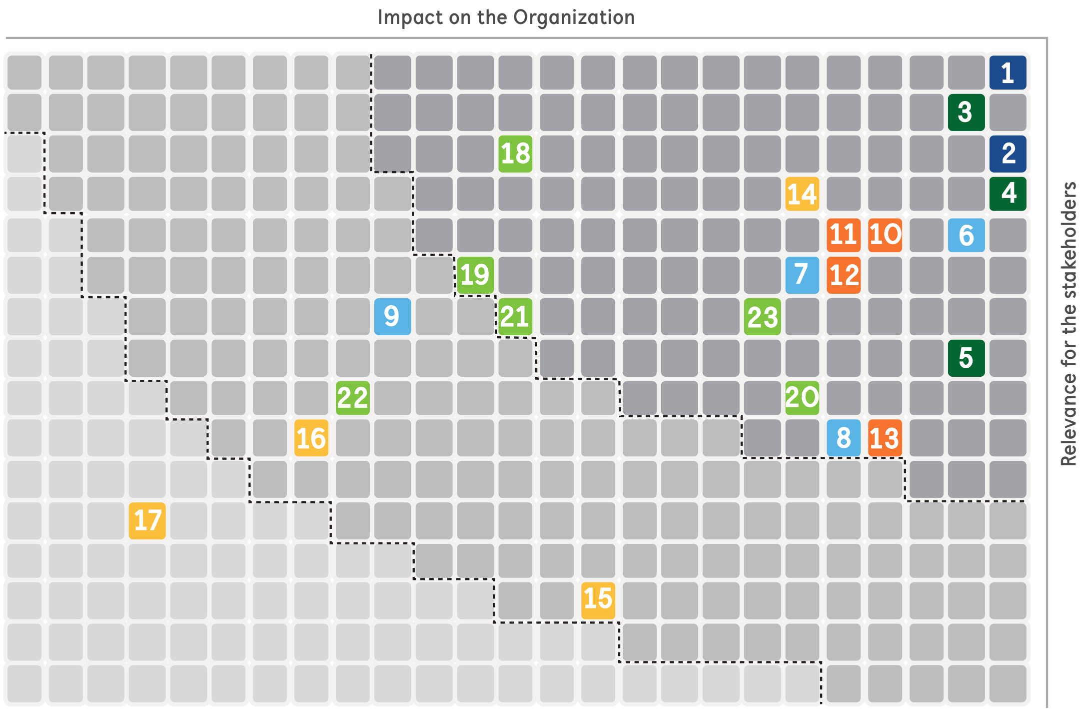
- Consumer service line
- Social networks
- Ethics Hotline
- Websites of our brands and companies
- Email
- Communication through mass media
- Points of sale
- Integrated report

Communities

To ensure the development of capabilities as a tool for achieving their sustainability, and to support their well-being by means of the allocation of tangible and intangible resources.

- Training groups
- Large-scale meeting with farmers
- National Education Congress
- Meetings with Education Secretaries
- Public-private committees and networks
- Integrated report
- Email
- Ethics Hotline
- Website

Materiality **analysis** [GRI 102-46] [GRI 102-47]



Relevant topics

Acting with integrity

- 1 Corporate governance
- 2 Risk and compliance

Fostering profitable growth and effective innovation

- 3 Profitable growth in the markets
- 4 Reliable brands with an excellent price-value ratio
- 5 Effective innovation

Promoting a healthy lifestyle

- 6 Nutrition and healthy lifestyle
- 7 Responsible marketing
- 8 Reliable food
- 9 Food security

Managing the value chain responsibly

- 10 Development of our people
- 11 Quality of life
- 12 Responsible sourcing
- 13 Responsible sales

Building a better society

- 14 Human Rights
- 15 Development of collaborative proposals for public policies
- 16 Quality of education
- 17 Externalities

Reducing the environmental impact of the operations and products

- 18 Water resource management
- 19 Energy
- 20 Climate change
- 21 Air quality
- 22 Waste management
- 23 Packaging and post-consumption

Grupo Nutresa carries out its materiality analysis with the purpose of identifying the topics that contribute the most to its ability to create value in the short, medium and long term.

This analysis considers the opinions of its most relevant stakeholders, as well as the global risks and the emerging trends from trends from the food and restaurants sectors, and companies with omnichannel model, Additionally, a benchmark was conducted based on international industry peers and on the assessment criteria established by multiple sustainability monitoring and ranking agents.

In 2017, Grupo Nutresa supplemented its understanding of the relevant topics in the strategic region by making a more detailed analysis in Panama, the Dominican Republic and Peru. Additionally, the Organization reviewed the work previously done in Colombia, the United States, Mexico, Costa Rica and Chile.

Grupo Nutresa **supplemented its materiality exercise** by broadening the scope to Panama, Peru and the Dominican Republic in 2017.

As a result of this process, the following changes were made:

“Air quality” emerges as a material topic due to the increase in the operational and reputational risks, as well as the interest of the stakeholders in this issue. Said risks and interests are related to the changes of the atmospheric conditions in the locations where Grupo Nutresa operates.

The topic titled “Food security and nutrition” was moved to the strategic priority titled “Promoting a healthy lifestyle”, with the purpose of addressing, based on this priority, the challenges related to nutrition and food security, focusing not only on consumers but also on the communities of influence.

The topic titled "Development of capabilities and education” was restructured into a new topic titled “Quality of education” with the objective of promoting a more inclusive high-quality education with a greater emphasis. The aspect called “Development of capabilities” becomes an managemenet approach adressed through multiple material topics.

“Food safety” was renamed “Reliable food” in order to provide more clarity and an easier understanding for stakeholders.

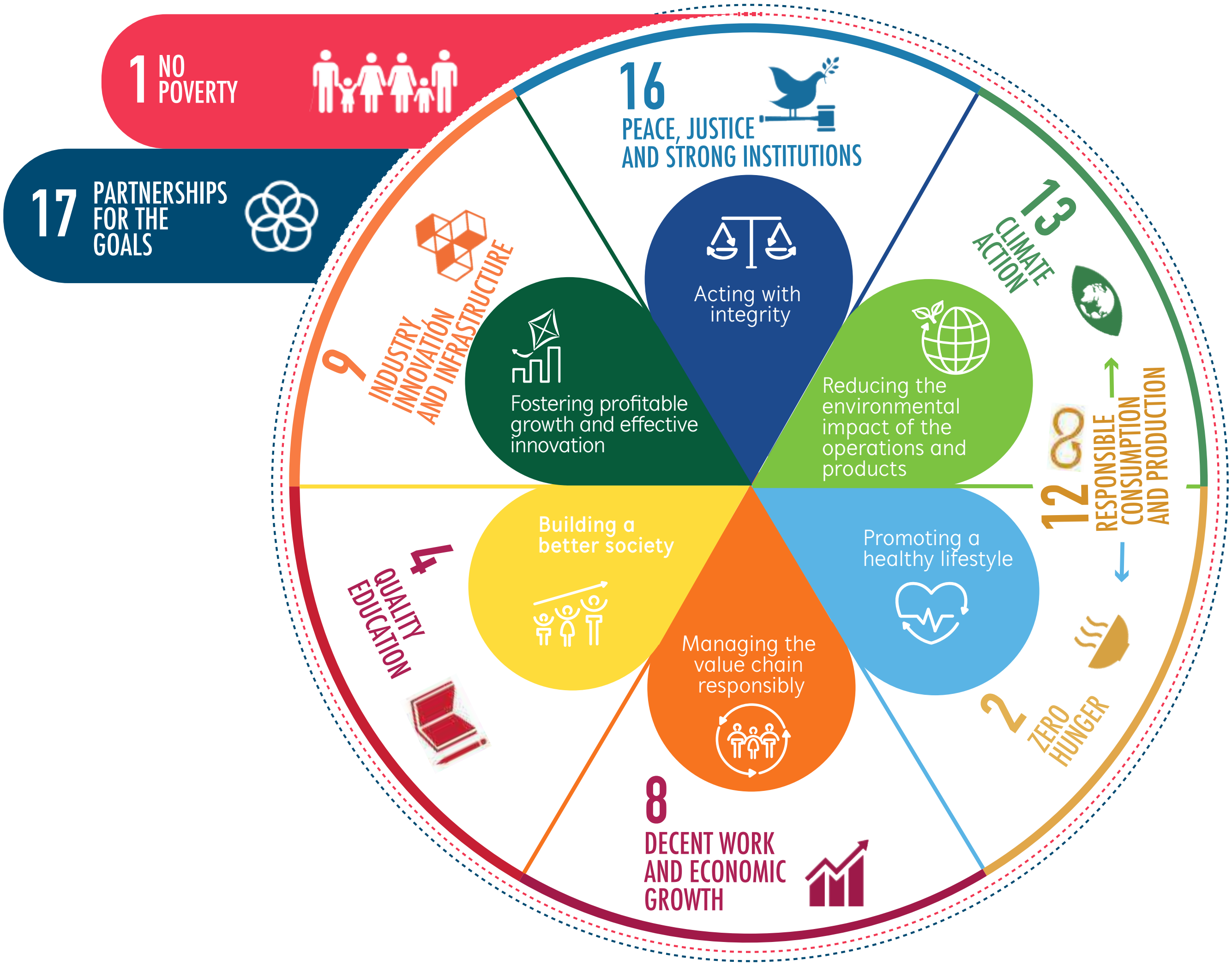
The topic titled “Externalities” was moved to the strategic priority called “Building a better society”, because this perspective allows to address the measurement and reduction of the dependence and of the impacts on the society in a broader manner.

Contribution to the **Sustainable Development Goals**

Grupo Nutresa firmly believes that in order to contribute to the fulfillment of the Sustainable Development Goals, the Organization must work in a collaborative way with its stakeholders. Therefore, the Company is fully committed through each one of its strategic priorities to design and implement actions that enable said contribution.

This is the alignment of Grupo Nutresa's priorities with the SDGs, as well as the main indicators that show the progress achieved in 2017 for the fulfillment of the 2030 goals.

Grupo Nutresa focuses its management activities on nine SDGs, **contributing to their achievement by means of the Organization's strategic priorities in terms** of sustainability and by working jointly with its stakeholders.



In order to steer its management and ensure the significance of its contribution, Grupo Nutresa has prioritized several SDGs and its goals by focusing on them in terms of its actions and measurement. The numbers accompanying the indicators included in this document indicate said goals as follows: **[1.1]**

1 NO POVERTY

[1.1] **812,8 COP Million**
Average annual income of producer associations from sales to Grupo Nutresa

[1.6] **62.367 COP Million**
In social investments for the communities

13.002
Volunteers

32.128
Hours invested in volunteer work

2 ZERO HUNGER

[2.1] **301**
Families in food assistance programs

5.000 m²
Area of productive community crops built:

COP 646.405 million
Sales of products enriched with macro and micro-nutrients lacking in the strategic region

4 QUALITY EDUCATION

[4.1] **468**
Schools where Grupo Nutresa's programs have been implemented

205
Intervened schools that obtained a satisfactory performance in national tests

[4.10] **73,5**
Average institutional quality performance

281
Trained teachers who reached the desired technological capabilities level

8 DECENT WORK AND ECONOMIC GROWTH

[8.3] **35**
Community organizations developing socio-entrepreneurial capabilities

Employment generation

29.155	**17.422**
Direct employees and apprentices	Indirect employees

[8.5] **32,3**
Average training hours per employee

COP 101.814 million
Invested in quality of life, education /training and aids

[8.7] **22,0%**
Risk situations in suppliers assessed in sustainability

Safe work environment

9,2	**0,7**
LTIFR[1]	OIFR[2]

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

[9.4] **17**
Patents and industrial designs

0,5%
Of sales invested in R&D+i

204
People exclusively assigned to R&D+i

20,2%
Innovation-driven sales

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

[12.2] **-28,1%**
Reduction in water consumption*

-17,3%
Reduction in energy consumption*

COP 27.002 million
Environmental management investment in Colombia

[12.3] **943,2 ton**
Of products delivered to food banks

[12.5] **80,8%**
Closed-cycle packaging materials used

-2,4%
Reduction in the consumption of packaging materials*

90,3%
Waste recovery*

13 CLIMATE ACTION

[13.1] **-41,4%**
Reduction in GHG emissions*

99,3%
Use of cleaner energy

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

[16.5] **+9.600**
Training of employees in prevention of ML/TF (Money laundering and terrorist financing)

123,0
Incidents against the Code of Corporate Governance

27,0
Incidents of discrimination

[16.6] **5.565 COP million**
Social investment for post-conflict matters

17 PARTNERSHIPS FOR THE GOALS

[17.16] **Indicator under construction**
Resources pooled through alliances / resources invested by Grupo Nutresa

* Baseline: 2010. Per ton of food produced

[1] Lost Time Injury Frequency Rate

[2] Occupational Illness Frequency Rate

Management **Report**

[GRI 102-10] [GRI 102-14] [GRI 102-54]

In Grupo Nutresa, every day we seize the opportunity of improving the quality of life of millions of consumers, of building capabilities for the development of the communities we interact with, and of generating a positive change for the environment by means of the responsible management of our Company. This opportunity is also a major commitment we take on with a people-centered, sustainable, competitive, and transparent business model.

For Grupo Nutresa, 2017 was a year of both significant challenges and great satisfactions. We confronted a challenging consumption environment in Colombia and other countries of our strategic region, a situation that drove us to make prompt decisions in order to retain the preference of consumers, shoppers, and customers for the products and experiences we offer. We also implemented important innovation and productivity programs that consolidated new capabilities which have become deep-rooted in the Organization and will strengthen it from now on.

We are glad to report that Grupo Nutresa continues to be part of the global group of companies leading in terms of corporate sustainability. For the seventh consecutive year, we have been included in the Dow Jones Sustainability Index as the second most sustainable company in the food sector in the world and the only one from an emerging market to be part of such index. In addition, the Organization was awarded, for the fourth consecutive year, RobecoSAM's Silver Class honor in its latest Sustainability Yearbook. Along the same line, the Company was included in a new sustainability index in the region: the Dow Jones Sustainability MILA Pacific Alliance Index. This Index focuses on assessing and measuring the performance of the companies in the Latin American Integrated Market (MILA for its name in Spanish) in terms of corporate sustainability.

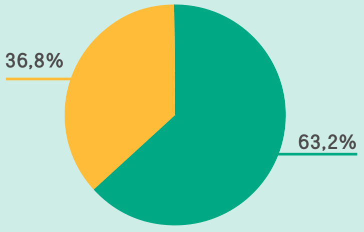
These acknowledgments reflect once again our progress in the achievement of our strategic goals, which require a sustainable-management approach of our businesses, and enable us to create value in the long term with the collaboration of a team of employees who are committed to our vision.

The results presented in this integrated report have been prepared in accordance with the framework of the International Integrated Reporting Council (IIRC), and with the new GRI standard (comprehensive option). Consequently, this report has been prepared according to the global reporting guidelines and it was also developed based on Grupo Nutresa's materiality matrix, considering the most relevant matters for the Organization and its stakeholders.

We invite you to review in full detail the printed document and the supplementary information available on our website.

Sales

Grupo Nutresa



↑ 2,4%* **Total Sales**
COP 8,7 trillion

↑ 2,5% **Sales in Colombia**
COP 5,5 trillion

↑ 5,7%* **International Sales**
USD 1.084 million

*Excluding Venezuela since October of 2016.

We offer products that make a positive contribution to the health, nutrition and well-being of the consumers. **Bénet, the nutritional beverage, and the Tosh snacks** were some of the new products we launched into the market.

Increasing Value Generation

Grupo Nutresa's consolidated sales in 2017 amounted to COP 8,7 trillion in sales, a 2,4% growth compared to 2016 after excluding, for comparison purposes, the sales in Venezuela for the same period. It should be noted that as of October 1, 2016, the investment in Venezuela is treated as a financial instrument in our consolidated results.

Sales in Colombia totaled COP 5,5 trillion, growing 2,5%, and representing 63,2% of Grupo Nutresa's consolidated sales.

Sales abroad, after the aforementioned exclusion, grew 5,7% in dollars with respect to the previous year, totaling USD 1.084 million, which represents 36,8% of total sales. When expressed in Colombian pesos, these revenues are equivalent to COP 3,2 trillion, representing a growth of 2,4%. We would also like to report the outstanding performance of exports from Colombia, which increased by 19,4% in dollars during the period.

These results, in both our local and international markets, are supported by an improvement of our product mix, sound innovation management, and a strong sales network that allowed us to bring our brands to more than 1,3 million points of sale throughout our strategic region.

As a reflection of a responsible commodities purchasing strategy, favorable prices for some of these commodities, and the execution of productivity programs, the gross profit improved by 3,5% during the year and amounted to COP 3,8 trillion.

The lower administrative and production expenses, in alignment with the increase in gross profit, allowed us to partially counteract the impact of the greater effort required during the year in terms of sales expenses, which led to an operating margin of 8,9%.

In terms of profitability, the Organization reports a consolidated EBITDA of COP 1,04 trillion, a margin of 12,0% of sales, representing an increase of 1,5% when compared to 2016. This result is interpreted, to a large extent, by moderate sales dynamics in our local market, the positive effect of both the efficiency and productivity programs executed, and a price management strategy focused on protecting sales volumes.

The net post-operative expenses totaled COP 251.338 million, 6,9% less than those in 2016, which are mainly explained by a reduction in financial expenses and the treatment given to the investment in Venezuela.

Consequently, the consolidated net profit amounted to COP 420.207 million, 6,2% greater than the net profit recorded in 2016, and it represented 4,8% of the sales.

In the Statement of Financial Position, it is worth highlighting the 4,5% growth in total assets, which closed the year at COP 14,3 trillion. This increase is largely explained by a notable cash generation during the period, and the higher valuation of our investments in Grupo Sura and Grupo Argos.

Total liabilities exhibited a growth of 0,8%, closing the year at COP 5,4 trillion, mainly due to the increase in working capital liabilities.

The equity closed at COP 8,9 trillion, representing an increase of 6,7%.

In a demanding macroeconomic context, that continually proposes changes and challenges, it becomes essential for Grupo Nutresa to be even more consistent with its value generation strategy, adequately balancing its financial commitments with its stakeholders and the long-term investment required to ensure the sustainability of the business. With this in mind, we implemented multiple initiatives focused on improving the return on invested capital while continuing to boost effective innovation in order to keep growing profitably.

In 2017, our brands reached more than **1,3 million points of sale** across our strategic region.

Grupo Nutresa S.A. Individual Results

In compliance with Colombian regulations, we report Grupo Nutresa´s S.A. separate results for the period: we recorded a net operating income of COP 434.312 million, from which COP 380.108 million correspond to the profit from the equity method of our investments in food companies and COP 54.204 million correspond to dividends from the investment portfolio. The net profit totaled COP 430.279 million.

Nutrition, Health and Well-Being

In 2017, we confirmed our commitment to make a positive contribution to the improvement of the quality of life of our consumers by means of products and experiences that meet their nutrition, health and well-being aspirations. With this purpose in mind, in 2017 we consolidated strategies for the promotion of healthy lifestyles and informed decision-making processes for our consumers.

We are happy to report that we have made significant progress in product reformulation, with 119 items adjusted over the past year, in addition to the products reformulated in previous years, which makes a substantial contribution to our goal of multiplying by 2,5 the products adjusted to our nutritional profile by 2020. We also advanced in the strategy of providing detailed front-label nutritional information, with 86,3% of our portfolio covered with this strategy. We continued to foster an active promotion of healthy lifestyles by means of multiple alliances with both public and private sectors involving organizations such as UNICEF (United Nations International Children's Emergency Fund) and the WFP (United Nations World Food Programme). Along the same line, we continued to support the school and academic communities with healthy kiosks and various educational programs.

Supported on our innovation programs, we continued the expansion of our product portfolio by offering new nutritionally-dense alternatives such as a nutritional beverage under the brand Bénet, and the baked snacks category under our good-for-you brand, Tosh.

Furthermore, we voluntarily adhered to the advertising self-regulation standard for the food industry established by the Andi (National Association of Colombian Companies) and implemented it in all the countries of our strategic region. This standard considers the application of universal conducts and principles aimed at the transparency and honesty in the communication with the consumers.

The constant changes in our consumers´ health and nutritional habits, along with new regulations for the food sector, give rise to risks and opportunities that we are managing thoroughly, and continue to be of high priority for our Company.

Innovation and Other Relevant Projects

With the challenge of constantly surprising consumers who are increasingly informed and demand high value in their products and experiences, effective innovation continues to be a primary pillar of growth for Grupo Nutresa and a compelling and engaging alternative to drive changes in our society. In our Organization, we foster innovation through the expansion and incorporation of new categories, with dynamic and resilient business models, with the introduction and implementation of new technologies, the transformation of processes, and the development of alternative channels that represent an agile and differentiated growth platform.

As of the closing of 2017, Grupo Nutresa's innovation sales represented 20,2% of total sales.

Special Report Of The Business Group

By the end of 2017, the Grupo Nutresa was formed by 73 companies, grouped as follows, for administrative purposes: i) eight food divisions and their production platforms in Colombia and abroad; ii) an international distribution network; iii) three distribution companies in Colombia; and (iv) three companies that render administrative, logistical, and transport services, providing the corresponding support to the Group's companies.

In compliance with the Article 29 of Act 222 of 1995, we inform that Grupo Nutresa S.A., as the parent company of the Group, received from its subordinates the sum of COP 2.575 million for the sale of goods and services, and the sum of COP 203.237 million in the form of dividends. In 2017, Grupo Nutresa S.A. endorsed financial obligations of its subordinate companies totaling USD 42 million in their own interest. The subordinates, for their part, did not carry out operations for third parties by influence or in the interest of the parent company.

Moreover, in 2017, Grupo Nutresa S.A. did not make or stopped making decisions to address the interest or by influence of any of its subordinate companies, and none of them made or stopped making decisions to address the interest or by influence of Grupo Nutresa S.A.

Legal Provisions

Grupo Nutresa and its subordinates strictly complied with all intellectual property and copyright regulations, having their trademarks duly registered, owning the respective licenses of the software installed at all facilities and keeping the corresponding evidence that allows to verify such compliance.

In 2017, the Organization did not receive any notices of lawsuits and there were no judicial rulings that could affect the Company's financial condition. No fines or significant penalties were imposed on Grupo Nutresa's companies or their executives.

The Note 17 of Grupo Nutresa's Separate Financial Statements, which are published on our website, contains all the details of the operations with shareholders and persons addressed in the Article 47 of Act 222 of 1995 and other concordant regulations. All such operations were carried out under market conditions.

The Company declares that it did not hinder the free circulation of invoices issued by the Business Group's vendors or suppliers. Additionally, the Company certifies that the financial statements and other relevant reports do not contain any flaws, inaccuracies or errors that would impede finding out the true equity situation of the Company, pursuant to the provisions of the Article 46 of Act 964 of 2005.

Consolidated market share

Grupo Nutresa
in Colombia

59,8%

Assessment of te Performance of the Financial Information Disclosure and Control Systems

The Company's internal control system includes, among other components, the necessary resources to guarantee the accuracy and reliability of the information required to plan, direct, control and measure the performance of its businesses, and to ensure an adequate disclosure of information to its shareholders, other investors, the market, and the general public. These resources include comprehensive risk management processes, accountability systems, control plans and programs,

Innovation-driven Sales

In Grupo Nutresa

20,2%

of Total Sales

tools for budgets and costs, accounts charts, standardized policies and procedures, integrated information systems and templates for documenting and recording operations, as well as dashboards that allow the Administration to continuously monitor these processes. The Internal Audit Department, through an independent and comprehensive management, based on the international framework for the professional practice established by The Institute of Internal Auditors - IIA Global, verifies the achievement of the Company's goals and objectives in all processes and watches over the adequate protection, use, and conservation of the assets. The Tax Auditor, for its part, is responsible for verifying and certifying relevant aspects such as the Company's compliance with legal, statutory and administrative standards, the reasonableness of its financial statements and the information disclosed therein.

The results of the Administration's continuous monitoring and those of the independent assessments carried out by the Internal Audit Department and by the Tax Auditor were communicated in each case in a timely manner to the corresponding bodies, including the Finance, Audit and Risks Committee. This communication allowed to confirm that the performance of the financial information disclosure and control systems of the Company and its Businesses are adequate. These systems ensure the adequate and timely delivery of such information, which must be verifiable through accounting methods, as it refers to operations that, due to their nature, must be reflected and disclosed in the financial statements, or in accordance with the expectations, projections, cash flows or budgets in the case of business initiatives or projects. All of this must be done within the restrictions imposed by the law, confidentiality contracts or agreements related to the disclosure of this type of operations. Based on the aforementioned activities, it is further reported that there were no significant deficiencies in the design and operation of the internal control measures that could have kept the company from adequately recording, processing, summarizing and presenting the financial information of the corresponding term. No cases of fraud were identified with an effect on the quality of such information, nor were there changes in its assessment methodology.

Sustainability in Grupo Nutresa

Sustainable development is an installed capacity in our Organization and it has been, for many years now, fully embraced by its leaders. This allows us to address the material topics from a holistic and proactive perspective. Listening to, understanding, and reporting back to our stakeholders contributes to acknowledging them in the formulation of our strategy, and it focuses our management on the matters that are a priority for them and for the achievement of our corporate objectives.

The Sustainable Development Goals defined by the United Nations for 2030 have established a road map that invites to incorporate, in a global agenda, the most pressing needs of our society for it to become fairer and more inclusive, as well as equitable and more harmonious with the environment. Being aware of the private sector's role in the fulfillment of these purposes, Grupo Nutresa maintains its focus and prioritization of initiatives, and aligns them with the Company's goals and capabilities in order to ensure a positive impact on these global objectives.

As a result of the consistent work of the entire Organization, our management continued to be globally acknowledged by the Dow Jones Sustainability Index in 2017 as the second best company from the food sector in the world. Additionally, the Company was included in the "Change the World" List published by Fortune Magazine, which recognizes the best efforts in the global business sector in terms of corporate sustainability.

EBITDA

COP
1,04
trillion

Our Planet

We find ourselves dealing with the challenge of preserving the climate as a global public asset, essential for the development of countries, institutions and the society as a whole. Grupo Nutresa, as all the industry players, is experiencing constant pressure derived from global agreements that are generating a higher level of awareness, while also observing changes in the preferences of consumers resulting from their own interpretation of consumption behaviors and practices.

These challenges drive us to innovate on a continuous basis in order to find alternative methods for carrying out our operations in an increasingly eco-efficient manner. They also drive us to integrate our allies from the value chain as an extended part of our management, and to understand our impact with the aim of mitigating the risks of our products throughout their entire life cycle. As result of this, we must highlight the strengthening of our clean energy strategy with the implementation of photovoltaic and biomass-use projects, as well as the purchase of certified green energy for 100% of our production plants' energy requirements. These actions allowed us to achieve our 2020 greenhouse gas reduction goal in advance, with an indicator of -41,4% per ton produced in relation to 2010.

In 2017, the initiatives we implemented contributed to a reduction of 17,3% of the energy consumption in Colombia, 28,1% in water consumption, and 2,4% in the use of packaging materials per ton produced (in all three cases) in relation to 2010. In Chile, Peru, Costa Rica, Mexico and the Dominican Republic, we made major progress in the environmental field, achieving reductions of 3,1% in energy consumption and 11,2% in the emissions of greenhouse gases compared to 2016. However, we know the challenge is even greater, which is why we will continue working fiercely on achieving the goals we set for year 2020.


NUEVO
STA de TOMATE
italiana con
CON TOMATES NATURALES

> « The end of armed conflicts, the economic recovery, and the constant progress toward the reduction of poverty in our strategic region are **part of the context that inspires us to look into the future with great strands of hope** ».

In 2017, the Organization actively participated in the strategic committee of the Green Growth Mission in Colombia, as representative from the private sector. The purpose of our involvement in this endeavor is to support the Government in the development of public policies that allow to build an economic growth path with an increasingly smaller carbon footprint in a more inclusive context, and to simultaneously generate economic, social and environmental development. Moreover, we worked jointly with worldwide-recognized environmental organizations with the purpose of achieving a better understanding of our global value chains, which allows us to establish new practices and action measures that enable us to have a greater positive environmental impact.

Building a Better society

In 2017, we continued to strengthen and to incorporate talent management practices, which increased the consistency between the actions of the leaders and their work teams along with our corporate philosophy.

The balance in the family, professional, and personal life of our employees, the development opportunities, the inclusion and an engaging and challenging work environment have been the pillars of our talent strategy. That is why we were acknowledged by Merco Talento as the second best company (and the best overall from the food sector) at attracting human capital and building its loyalty in Colombia. It is also why we were awarded Portafolio's Award for the Best Company in Human Talent Management in Colombia. Additionally, according to the results of the last measurement performed in the companies located in the countries where we operate, we maintained our level of excellence in terms of organizational climate and high commitment in 2017.

The purpose for 2020 is to incorporate the Familiarly Responsible Company standards in all our Colombian companies. In 2017, ten of our companies were certified on these standards, and Servicios Nutresa achieved the level of excellence, which is the highest acknowledgment in this field and it is currently held by only five companies around the world.

Furthermore, we keep on expanding the best labor practices in our value chain by developing diverse capabilities among suppliers and specialized service providers. It is also worth highlighting that we have achieved a high level of maturity in the Human Rights management system by means of training, risk identification, and the management of the situations reported through the multiple channels available for such purpose.

Also over the year, we developed capabilities for the improvement of the quality of education, the increase of income, and the solidification of entrepreneurship among customers and suppliers, and we implemented strategies focused on improving food security and mitigating malnutrition issues in our strategic region. Our programs benefited more than 4.234.413 people with an investment of COP 62.367 million. Along the same line, we combined efforts and created alliances with the objective of developing capabilities and expanding the solidarity with a network of more than 13.000 internal volunteers, who invested approximately 32.128 hours and contributed COP 872,8 million for the benefit of the communities.

We are truly convinced that the talent and commitment of our employees, as well as their comprehensive approach based on a framework of principles and values, are the main strengths of the Organization. Therefore, we always look to establish respectful and constructive work relations based on a culture that fosters human development and growth, in which we collectively face the necessary transformations for being more productive and sustainable every day.

Outlook

Grupo Nutresa recognizes the need to constantly know and understand the ever-changing needs of customers, shoppers and consumers. Our MEGA 2020 continues to be the guidepost that marks the path for greater and better expansion along with sustainable development initiatives that increasingly generate value for our stakeholders.

The end of armed conflicts, the economic recovery, and the constant progress toward the reduction of poverty in our strategic region are part of the context that inspires us to look into the future with great strands of hope.

The execution of our capabilities in these conditions, the permanent effort to constantly be more efficient and productive, accompanied with greater and more effective innovation, will allow us to keep confronting the transformations of our context and environment in a positive way. It is only through this strategy that we will be able to continue delivering results, based on a framework of responsibility, integrity and respect for the future generations.

- **Antonio Mario Celia Martínez-Aparicio**
  Chairman
- **David Emilio Bojanini García**
- **Gonzalo Alberto Pérez Rojas**
- **María Clara Aristizábal Restrepo**
- **Jaime Alberto Palacio Botero**
- **Mauricio Reina Echeverri**
- **Cipriano López González**
- **Carlos Ignacio Gallego Palacio**
  CEO of Grupo Nutresa

Acknowledgments

We would like to sincerely thank our employees for their determined and unwavering commitment to Grupo Nutresa. Their effort and dedication allows us to fulfill the objectives we have set for ourselves as an Organization. We would also like to express our profound gratitude to our customers, consumers, suppliers and shareholders for their constant support and preference, but most of all, for their conviction about our Company´s ability to continue to build A Future Together.

Corporate Model

Grupo
nutresa

A FUTURE
TOGETHER

Board of **Directors** [GRI 102-18] [GRI 102-22]

MAURICIO REINA ECHEVERRI

2007*

Finance, Audit and Risks Committee.
Appointment and Remuneration Committee.
Corporate Governance and Board Matters Committee.
Strategic Planning and Sustainability Committee.

Associate Researcher, Fedesarrollo

PRIOR EXPERIENCE

Associate Director, Fedesarrollo.
Colombian Vice-Minister of Foreign Trade.

ACADEMIC BACKGROUND

Degree in Economics, Universidad de los Andes.
Master's degree in Economics, Universidad de los Andes.
Master's degree in International Relations, Johns Hopkins University.

OTHER BOARDS

OCENSA – Oleoducto Central S.A.

JAIME ALBERTO PALACIO BOTERO

2005*

Finance, Audit and Risks Committee.
Corporate Governance and Board Matters Committee.

CEO, Coldeplast S.A.S. and Microplast S.A.S.

PRIOR EXPERIENCE

Associate Executive Director, Microplast S.A.

ACADEMIC BACKGROUND

Degree in Business Administration, Universidad Eafit.
Management studies focused on marketing at Wharton, University of Pennsylvania.
Advanced training in packaging at the JICA, Japan.

OTHER BOARDS

Acoplásticos – Colombian Association of Plastic Industries.

CIPRIANO LÓPEZ GONZÁLEZ

2016*

Finance, Audit and Risks Committee.

CEO, Industrias Haceb

PRIOR EXPERIENCE

Chief Commercial Operations Manager, Industrias Haceb.
Sales and Negotiation Executive Director, Bavaria S.A.
Negotiation Director, Danone.
Chief Planning and Control Director, IMUSA.

ACADEMIC BACKGROUND

Master's degree in Business Administration, Bordeaux Business School.
Degree in Mechanical Engineering, Universidad Pontificia Bolivariana.
Senior Management and Strategic Leadership, Universidad de los Andes.
Advanced studies at Dartmouth College, Stanford University, Harvard University, Notre Dame University, Wharton, University of Pennsylvania, Johns Hopkins University and Singularity University.

OTHER BOARDS

Tuya S.A., National Business Association of Colombia's Chamber of Electrical Appliances, National Business Association of Colombia's Antioquia Branch, Proantioquia, Eafit's High Council.

Average years on the Board: 8,7 years.

1. Antonio Mario Celia Martínez-Aparicio
2. Jaime Alberto Palacio Botero
3. Mauricio Reina Echeverri
4. Cipriano López González
5. David Emilio Bojanini García
6. Gonzalo Alberto Pérez Rojas
7. María Clara Aristizábal Restrepo

1 | 2 | 3 | 4 | 6
Finance, Audit and Risks Committee

1 | 3 | 5
Appointment and Remuneration Committee

1 | 2 | 3 | 5
Corporate Governance and Board Matters Committee

1 | 3 | 5 | 7
Strategic Planning and Sustainability Committee

● Independent Members
● Non-Independent Members

ANTONIO MARIO CELIA MARTÍNEZ-APARICIO

2005*

Finance, Audit and Risks Committee.
Appointment and Remuneration Committee.
Corporate Governance and Board Matters Committee.
Strategic Planning and Sustainability Committee.

CEO, Promigas S.A.

PRIOR EXPERIENCE

Executive Manager, Terpel del Norte.

ACADEMIC BACKGROUND

Degree in Engineering, Worcester Polytechnic Institute.
Executive studies at the MIT, Wharton, University of Pennsylvania, Universidad de Los Andes and London School of Economics.

OTHER BOARDS

Gases del Caribe S.A. E.S.P., Sociedad Administradora de Fondos de Pensiones y Cesantías Porvenir S.A., Pies Descalzos Foundation, Universidad del Norte Foundation, Entrepreneurs for the Education ExE Foundation, Colombian Natural Gas Association Naturgas, Foundation for the Development of the Caribbean Region, Fundesarrollo, La Cueva Foundation, Foundation for the Higher Education and Development, Fedesarrollo, Private Council of Competitiveness.

MARÍA CLARA ARISTIZÁBAL RESTREPO

2013*

Strategic Planning and Sustainability Committee.

Head Real Estate Business, Grupo Argos S.A.

PRIOR EXPERIENCE

Assistant to the CEO and Investor Relations Executive Director, Grupo Argos S.A.
Corporate Strategy Executive Manager, Grupo Argos S.A.
Economic Research Executive Director, Bolsa y Renta S.A.

ACADEMIC BACKGROUND

Master's degree in Business Administration, New York University.
Specialized studies in Finance and Law, New York University.
Specialized studies in Finance, Universidad Eafit.
Degree in Economics focused on Mathematical Economics, Universidad Eafit.

OTHER BOARDS

EPSA – Empresa de Energía del Pacífico
Pactia S.A.S., Eafit's High Council.

DAVID EMILIO BOJANINI GARCÍA

2005*

Appointment and Remuneration Committee.
Corporate Governance and Board Matters Committee.
Strategic Planning and Sustainability Committee.

CEO, Grupo de Inversiones Suramericana S.A.

PRIOR EXPERIENCE

CEO, Fondo de Pensiones y Cesantías Protección S.A.
Actuarial Manager, Suramericana de Seguros S.A.

ACADEMIC BACKGROUND

Degree in Industrial Engineering, Universidad de los Andes.
Master's degree in Management focused on Actuarial Studies, University of Michigan.

OTHER BOARDS

Bancolombia S.A., Sura Asset Management S.A., Suramericana S.A., Grupo Argos S.A.

ADVISORY BOARDS

Proantioquia, CPC (Private Competitiveness Council), CCI (International Colombia Corporation), ExE (Entrepreneurs for the Education), El Cinco Foundation.

GONZALO ALBERTO PÉREZ ROJAS

2007*

Finance, Audit and Risks Committee.

CEO, Suramericana S.A.

PRIOR EXPERIENCE

Insurance and Capitalization Executive Director, Suramericana de Seguros S.A.
Corporate Business Executive Director, Suramericana de Seguros S.A.

ACADEMIC BACKGROUND

Law Degree, Universidad de Medellín.
Specialized insurance studies, Swiss Re.

OTHER BOARDS

Bancolombia S.A., Sura Asset Management S.A., Celsia S.A., Seguros de Vida Suramericana S.A.

* Year in which the Member joined the Board of Directors.

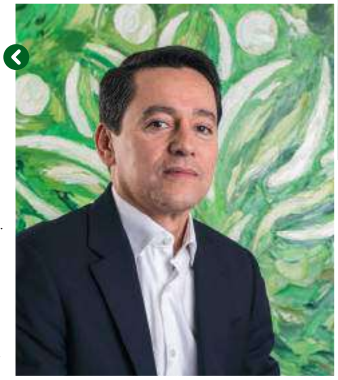
Management Team [GRI 102-18] [GRI 102-19] [GRI 102-20]

CARLOS IGNACIO GALLEGO PALACIO
Chief Executive Officer

Prior Experience
- » President, Chocolates Business.
- » Vice President, South Strategic Region.
- » President, Servicios Nutresa
- » General Director, Fundación Nutresa
- » Industrial Vice President, Compañia Nacional de Chocolates S.A.

Academic Background
- » Degree in Civil Engineering, Universidad Eafit.
- » Master's degree in Business Administration, Universidad Eafit.

JAIRO GONZÁLEZ GÓMEZ
Vice President
Corporate Secretary
General Counsel



Prior Experience
- » Founder and Chairman, González Gómez Abogados.
- » External Legal Adviser, Grupo Nutresa.
- » Law firm member, Ignacio Sanín Bernal & Cia.

Academic Background
- » Degree in Law and Political Sciences, Universidad Pontificia Bolivariana.
- » Specialized studies in Commercial Law, Universidad Pontificia Bolivariana.

CORPORATE TEAM

JOSÉ DOMINGO PENAGOS VÁSQUEZ
Chief Financial Officer

Prior Experience
- » Chief Financial Officer, Banca de Inversión Bancolombia.
- »Chief Planning Director, Confecciones Colombia (Everfit).

Academic Background
- » Degree in Administrative Engineering, Escuela de Ingeniería de Antioquia.
- » Specialized studies in Corporate Finance and Capital Market, Universidad Pontificia Bolivariana.

The transverse units support the operations of **Grupo Nutresa's eight business units.**

BUSINESS UNITS TEAM

DIEGO MEDINA LEAL
President, Cold Cuts Business
Vice President, Logistics

Prior Experience
- » Vice President Finance, Inveralimenticias Noel S.A.
- » Financial Engineering Manager, Corfinsura S.A.
- » Cali Region Manager, Corfinsura S.A.

Academic Background
- » Degree in Electrical Engineering, Universidad Tecnológica de Pereira.
- » Specialized studies in Finance, Universidad Eafit.

ALBERTO HOYOS LOPERA
President, Biscuits Business
International Vice President

Prior Experience
- » Chief Executive Officer, Compañía de Galletas Pozuelo DCR S.A.
- » International Business Manager, Compañía de Galletas Noel S.A.
- » Procurement Manager, Compañía de Galletas Noel S.A.

Academic Background
- » Degree in Mechanical Engineering, Universidad Pontificia Bolivariana.
- » Master's degree in Business Administration focused on International Business, Universidad Eafit.

JUAN FERNANDO CASTAÑEDA
President, Chocolates Business
Vice President, Marketing and Sales - Commercial Networks

Prior Experience
- » Marketing Manager, Compañía de Galletas Noel S.A.
- » Marketing Director, Procter & Gamble, Latin America.
- » Manufacturing and Operations Manager, Procter & Gamble, Brazil.

Estudios:
- » Degree in Production Engineering, Universidad Eafit.
- » CEO Management Program, Kellogg School of Management.

MIGUEL MORENO MÚNERA
President, Coffee Business

Prior Experience
- » Chief Executive Officer, Fehr Foods.
- » Chief Business Development Director, Fehr Foods.
- » Financial Manager, Compañía de Galletas Noel.
- » Corporate Finance Director, Grupo Nutresa.

Academic Background
- » Degree in Business Administration, Universidad Eafit.
- » Master's degree in Finance, EADA (Spain).

The Management Team ensures the Organization's capabilities **to achieve the Mega 2020** and to guarantee a sustainable and profitable growth.

TRANSVERSE UNITS TEAM

SOL BEATRIZ ARANGO MESA
President, Servicios Nutresa
Vice President, Sustainable Development; General Director, Fundación Nutresa

Prior Experience
» President, Chocolates Business.
» Vice President, South Strategic Region.
» Vice President Corporate Planning, Grupo Nacional de Chocolates S.A.
» Vice President Finance and Systems, Industrias Alimenticias Noel S.A.
» Industrial and Financial Manager, Susaeta Ediciones S.A.

Academic Background
» Degree in Production Engineering, Universidad Eafit.
» Specialized studies in Finance, Universidad Eafit.
» Specialized studies in Strategic Management, Pace University (New York).

JUSTO GARCÍA GAMBOA
President, Tresmontes Lucchetti
Vice President, Chile and Mexico Strategic Region

Prior Experience
» Chief Executive Officer, Tresmontes Lucchetti.
» Commercial Department Leader, Tresmontes Lucchetti.
» Mass food consumption companies in Chile.

Academic Background
» Degree in Commercial Engineering, School of Economics, Universidad Adolfo Ibáñez.
» Degree in Administration, Universidad Federico Santa María.

JUAN CHUSÁN ANDRADE
President, Retail Food Business

Prior Experience
» Chief Executive Officer, Negocios Internacionales Gastronomia y Negocios (GyN).
» New Business Director and CEO, Brazil YUM Brands.
» Consultant, McKinsey & Co.

Academic Background
» Degree in Mechanical Engineering, University of California, Los Angeles (UCLA).
» Master's degree in Business Administration focused on Strategy and International Business, Anderson School, UCLA.

MARIO ALBERTO NIÑO TORRES
President, Ice Cream Business
Vice President, Innovation and Nutrition

Prior Experience
» President, Meals de Colombia S.A.
» Financial Manager, Meals de Colombia S.A.
» Marketing Manager, Meals de Colombia S.A.

Academic Background
» Degree in Business Administration, Universidad de La Sabana.
» Specialized studies in Strategic Marketing, Colegio de Estudios Superiores de Administración, CESA.

FABIÁN ANDRÉS RESTREPO
President, Pasta Business

Prior Experience
» Special Commercial Project Manager, Servicios Nutresa.
» General Manager, Pastas Comarrico.
» Customer Development Coordinator, Compañía Nacional de Chocolates S.A.

Academic Background
» Degree in Systems Engineering, Universidad Eafit.
» Specialized studies in Systems and Database Management, Universidad de Antioquia.
» Master's degree in Business Administration focused on E-Commerce, Tecnológico de Monterrey.

Strategy for our First Century 1920-2020

"Our centenarian strategy is aimed at **doubling our 2013 sales by 2020**, with a profitability maintained between 12% and 14% of the EBITDA margin.

2 x $5,9 trillion = **$11,8 trillion**

To achieve this goal, we offer our consumers **food products and experiences from highly recognized and beloved brands.** Our products **nourish, generate well-being and pleasure, have the best price-value ratio,** are widely available in our strategic region, and are **managed by talented, innovative, committed and responsible people who contribute to a comprehensive sustainable development."**

Grupo nutresa
100 YEARS

MEGA 2020
Duplicate our **sales** 2013

Mission

The mission of our Company is the increasing generation of value, achieving a return on investments greater than the cost of the capital used.

In our food businesses, we always seek to **improve the quality of life of the consumers and the progress of our people.**

We look for **profitable growth with leading brands, a superior service, and excellent distribution networks.**

We manage our activities based on our commitment to sustainable development, with the best human talent, outstanding innovation and an exemplary corporate behavior.

Corporate philosophy and performance [GRI 102-16]

- Autonomy with strategic coherence
- Good corporate governance
- Responsible corporate citizenship
- Productivity and competitiveness
- Innovation
- Development of our people
- Ethics
- Participation and collaborative management
- Respect
- Reliable food and a healthy life

Differentiators of our business model

Our people
We promote participative environments, the development of skills focused on both being and doing, the acknowledgement of achievements, the construction of a leading brand, and a balanced lifestyle for our people.

Organizational climate at a level of excellence:

83,3%

Our brands
Our brands are leaders in the markets where we participate as they are widely recognized and cherished; they nourish, generate well-being and have become a part of people's daily lifestyle, with an excellent price-value ratio.

18 brands

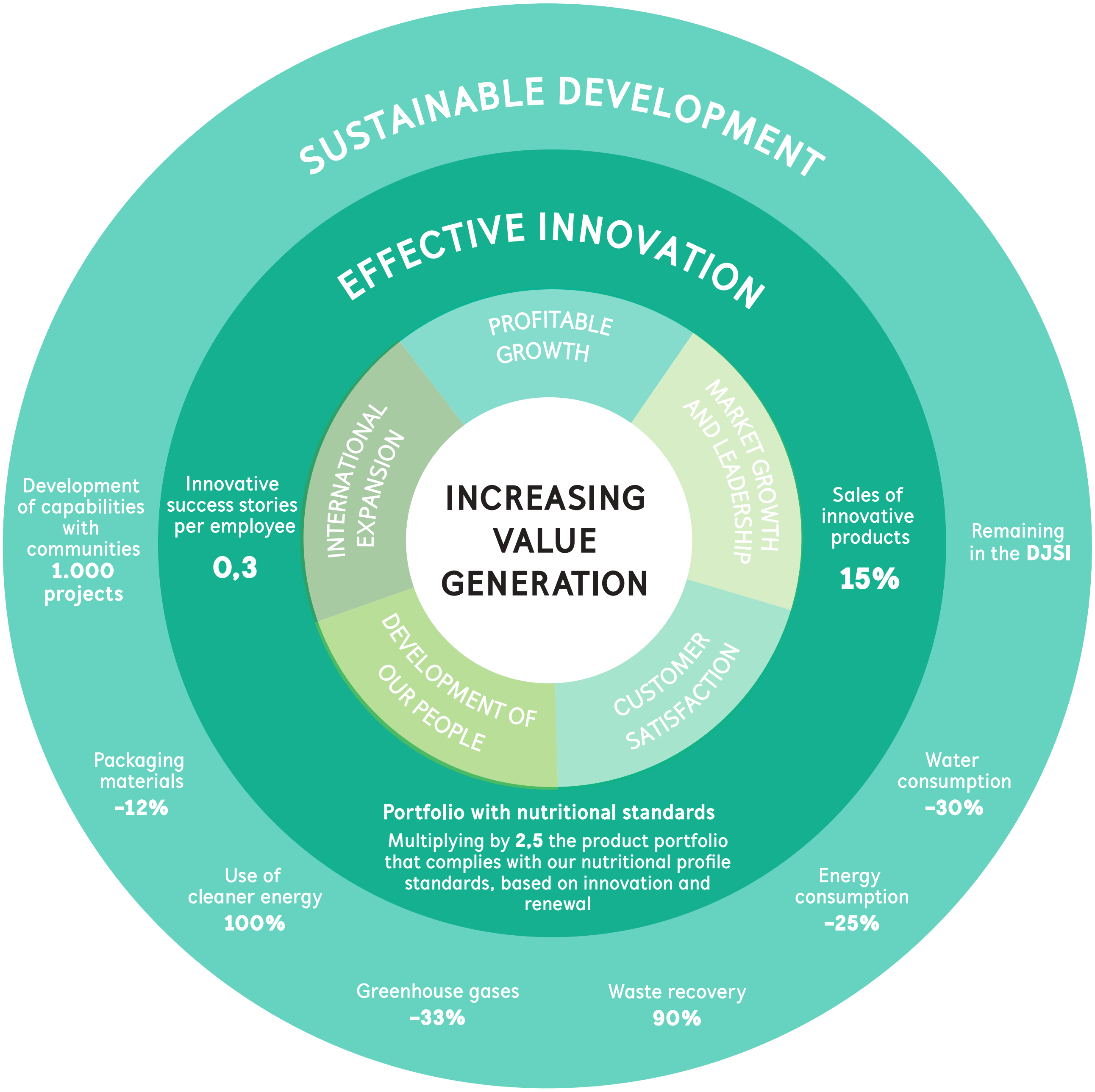
with sales over USD 50 million.

Our distribution networks
Our wide distribution network, which is organized by channels and segments and includes specialized service teams, allows us to have an excellent product availability in terms of frequency, as well as a close relationship with our customers.

1.363.940

points of sale.

Strategic Goals **for 2020**



The following are the results for 2017, the goals for 2018, and the objectives for 2020:

Economic dimension

Doubling the 2013 sales by 2020 (COP trillion)

2020: 11,8 • 2017: 8,7

Sales abroad (USD million)

2020: 2.000 • 2017: 1.084

EBITDA margin

2020: between 12% and 14%
2017: 12,0%

Sales of innovative products:

2020: 15% • 2017: 20,2%

Innovative success stories per employee:

2020: 0,3 • 2017: 0,22

Productivity (kg/Hdl)

2020: +5% per year
2017: 0,7%

Multiplying by 2,5 the product portfolio that complies with Grupo Nutresa's nutritional profile.

2020: 3.140 SKUs
2017: 2.984 SKUs

Level of customer satisfaction

2020: Maintaining the level of excellence
2017: Colombia 88,3
Strategic region 87,0

Social dimension

Accident frequency rate

2020: 1,7 • 2017: 2,02 • 2018: 1,90

Organizational climate

2020: 83,3% • 2017: 83,3% • 2018: Maintaining the level of excellence

Capability-development projects

2020: 1.000 • 2017: 789 • 2018: 879

Environmental dimension

Water consumption (m^3/t.p.)

2020: -30% • 2017: -28,1% • 2018: -28,7%

Use of cleaner energy

2020: 100% • 2017: 99,3% • 2018: 99%

Waste generation

2020: -20% • 2017: -9,6% • 2018: -4,7%

Energy consumption (kWh/t.p.)

2020: -25% • 2017: -17,3% • 2018: -16,7%

Packaging materials (kg of P.M./t.p.)

2020: -12% • 2017: -2,4% • 2018: 0,8%

Waste recovery

2020: 90% • 2017: 90,3% • 2018: 90%

Greenhouse gases (CO_2e/t.p.)

2020: -33% • 2017: -41,4%* • 2018: -33%

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* Reduction due to the procurement of certified green electricity, considered zero emissions.

Find more information about the indicators at: http://2017report.gruponutresa.com/pdf/goals_for_2020.pdf

Digital Strategy

For Grupo Nutresa, the digital transformation is an essential part of an assertive, proactive and innovative corporate model aimed at building a Future Together.

We strive to constantly offer better experiences to shoppers and consumers. Therefore, through our Digital Strategy transformation we are focusing on three key dimensions: digitalization of processes, channels and business units.

For this purpose we have established accelerating measures that strengthen our market-focused culture:

- Disruption of traditional models
- Active collaboration with consumers, shoppers and customers
- Agility

This is how we generate radical and customized innovations, ensuring a better and closer experience.


enlaVía
Café
SELLO ROJO
Kikko Max
NECTA
Retira tu producto
Retira tu cambio

Integrated risk management and **main business risks** [GRI 102-11] [GRI 102-27]

Risk Assessment

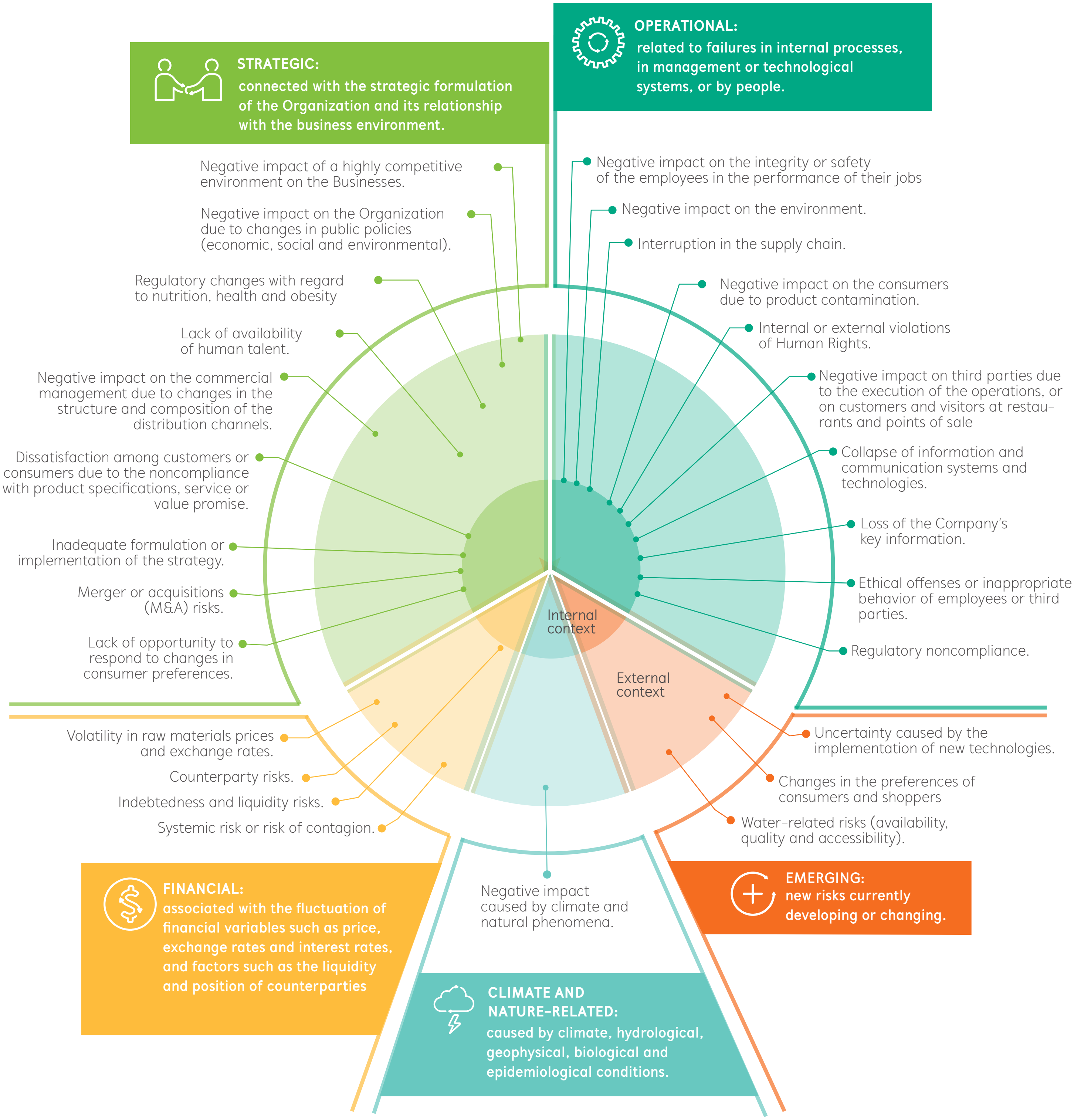
In 2017, Grupo Nutresa strengthened its comprehensive risk management model focusing on the tactical and operative levels. This effort allowed to consolidate the assessments at the strategic level under a standardized methodology that promotes the self-management by the process leaders in the businesses.

The assessments included the analysis of the strategic, operational, financial, climate-related and nature-related risks, as well as the studies on emerging risks. Additionally, they covered the eight business units, the commercial networks, the cross-sectional companies, the international operations and the main operating centers in Colombia, considering the current 24 corporate risks and the catalog of emerging risksgo de riesgos asociados.

Workshops on risk management and business continuity	90
Employees trained	+1.000
Assessments of risks at the strategic, tactical and operative levels	17.500

MAIN RISKS	MITIGATING ACTIONS
Volatility of the prices of raw materials and exchange rates.	> Coverage policies with clearly defined risk levels and aligned with market changes and managed by a specialized committee. > A highly trained team dedicated to monitoring and negotiating supplies. > Permanent search for new opportunities and models for an efficient and competitive raw materials sourcing at a worldwide scale. > Diversification of raw materials. > Risk analytics applied to the quantification of impacts in complex scenarios.
Negative impact of a highly competitive environment on the Businesses.	> Brands and Networks Management Model based on the deep and integrated understanding of the market: consumers, shoppers and customers. > Leading brands that are highly recognized and appreciated. > Broad distribution network with value propositions differentiated by customer segment. > Attractive propositions with an excellent price-value ratio > High-value innovation and portfolio differentiation. > Profitable market development based on consumer segmentation. > Identification of opportunities and threats caused by cultural changes.
Regulations regarding nutrition and health in the countries where the Organization operates.	> Monitoring the Organization's business environment to study the situation of both nutrition and health in the strategic region. Anticipating the needs of the communities to offer improvement alternatives for malnutrition situations. Learning about the regulatory processes and participating in their definition. > Compliance with applicable standards and preparation for those that are being developed. > Adoption of the nutrition policy defined by Grupo Nutresa. > Development of health and nutrition research that allows to improve the quality of life of the population through innovative food propositions. > Support to and participation in programs that promote healthy lifestyles. > Vidarium: center for research on nutrition.

Corporate Risks



STRATEGIC: connected with the strategic formulation of the Organization and its relationship with the business environment.

- Negative impact of a highly competitive environment on the Businesses.
- Negative impact on the Organization due to changes in public policies (economic, social and environmental).
- Regulatory changes with regard to nutrition, health and obesity
- Lack of availability of human talent.
- Negative impact on the commercial management due to changes in the structure and composition of the distribution channels.
- Dissatisfaction among customers or consumers due to the noncompliance with product specifications, service or value promise.
- Inadequate formulation or implementation of the strategy.
- Merger or acquisitions (M&A) risks.
- Lack of opportunity to respond to changes in consumer preferences.

OPERATIONAL: related to failures in internal processes, in management or technological systems, or by people.

- Negative impact on the integrity or safety of the employees in the performance of their jobs
- Negative impact on the environment.
- Interruption in the supply chain.
- Negative impact on the consumers due to product contamination.
- Internal or external violations of Human Rights.
- Negative impact on third parties due to the execution of the operations, or on customers and visitors at restaurants and points of sale
- Collapse of information and communication systems and technologies.
- Loss of the Company's key information.
- Ethical offenses or inappropriate behavior of employees or third parties.
- Regulatory noncompliance.

FINANCIAL: associated with the fluctuation of financial variables such as price, exchange rates and interest rates, and factors such as the liquidity and position of counterparties

- Volatility in raw materials prices and exchange rates.
- Counterparty risks.
- Indebtedness and liquidity risks.
- Systemic risk or risk of contagion.

CLIMATE AND NATURE-RELATED: caused by climate, hydrological, geophysical, biological and epidemiological conditions.

- Negative impact caused by climate and natural phenomena.

EMERGING: new risks currently developing or changing.

- Uncertainty caused by the implementation of new technologies.
- Changes in the preferences of consumers and shoppers
- Water-related risks (availability, quality and accessibility).

Learn more about the risk management model and its connection with Grupo Nutresa's material topics.

Business **Model** [GRI 102-6] [GRI 102-9] [GRI 102-15]

Input

Financial capital

- Working capital
- Funding
- Capital from investors

Industrial capital

- Ports
- Roads
- Infrastructure for public utilities
- Points of sale

Human capital

- Competent people

Intellectual capital

- Patents
- Knowledge (associations, protocols and standards)

Natural capital

- Energy
- Water
- Commodities

Social capital

- Communities
- Customers
- Consumers
- Suppliers

Value Chain

Sourcing

175 Farms and plantations

33 Supplier development projects

80% Local purchases

COP **15.290** million Social investment in suppliers

Commodities logistics

Gestión Cargo

Operation

Cold Cuts | Biscuits | Chocolates | Coffees | Tresmontes Lucchetti | Retail Food | Ice Creams | Pastas

46 Production plants

COP **101.814** million Investment in quality of life, training and work aids

914.877 Hours invested in training

11.578 Performance assessments

19 ISO 14001-certified production plants Comercial Nutresa and Servicios Nutresa

18 Brands with sales over USD 50 million

46.577 Employees

Distribution and commercialization

Comercial Nutresa | Novaventa | La Recetta | Opperar Colombia

95 Distribution centers

13.574 Vendors

COP **25.073 million** Social investment in customers

Retail Food

388 Restaurants

488 Ice cream shops

24 Coffee shops*

* Starbucks coffee shops in Colombia, a business in which Grupo Nutresa holds a 31% share.

[GRI 302-1] [GRI 303-1] [GRI 305-1] [GRI 305-2]

Strategic sustainability priorities	Results
Promoting a healthy lifestyle by means of the production of nutritious and safe food, and an adequate communication that builds trust and allows to make conscious and informed decisions.	**2.984** Product items fulfill the Nutresa nutritional profile. **1,1%** Sales of innovative products with increased nutritional components. **18,0%** Products with reduced critical components.
Managing the value chain responsibly by means of the comprehensive development to improve the productivity and quality of life, incorporating social and environmental variables in the sourcing chain, and reinforcing the distribution network.	**83,3%** Organizational climate **41,2** kg/Hdl Productivity COP **190.432 million** Sales of socially innovative products
Building a better society by strengthening the competitiveness and education quality in the communities and promoting the respect for the Human Rights.	**1.477** Small farmers trained in socio-entrepreneurial matters. **856.286** Customers trained. **789** Capability-development projects (2013-2016).
Reducing the environmental impact of the operations and products by means of an adequate water management and the reduction in emissions, waste, energy consumption and packaging materials.	**-17,3%** Energy consumption reduction* **-28,1%** Water consumption reduction* **-41,4%** Greenhouse gas emission reduction* * Reductions based on the 2010 baseline.
Acting with integrity by promoting behaviors based on ethics and good conduct, identifying and managing the risks, and assuring the compliance with the regulations and standards that govern the operation.	**Seventh consecutive year** included in the Dow Jones Sustainability World Index. **Fifth consecutive year** being awarded the Investor Relations "IR" acknowledgment. **Third consecutive year** being awarded the ALAS20 acknowledgment.
Fostering profitable growth and effective innovation by means of the generation of a differentiated offer of products, brands and experiences in its multiple market segments, based on an innovative culture in terms of processes, products and business models.	COP **8.696 billion** Sales COP **1.044 billion** EBITDA **59,8%** Market share

Output

Food production *

994.526 Tons produced*

3,2 million m^3 Water consumption*

876,6 GWh Energy consumption*

141.011 tCO eq$_2$ GHG emissions *

* Data from Colombia, Mexico, Costa Rica, Peru, Chile, the Dominican Republic and Panama.

- ✓ Cold Cuts
- ✓ Long shelf-life products
- ✓ Sweet biscuits
- ✓ Crackers
- ✓ Self-care products
- ✓ Candies
- ✓ Bar chocolate
- ✓ Milk modifiers
- ✓ Snacks
- ✓ Ground coffee
- ✓ Pastas
- ✓ Snacks
- ✓ Ground coffee
- ✓ Soluble coffee
- ✓ Ice creams
- ✓ Refrigerated beverages

Distribution and commercialization

212,5 MWh Energy consumption in distribution operations **

51.309 tCO$_2$e GHG emissions from distribution operations **

** Includes the distribution performed by both the Organization itself and third parties.

- ✓ Storage
- ✓ Distribution
- ✓ Sales

Retail Food

- ✓ Burger bars
- ✓ Steakhouses
- ✓ Pizza shops
- ✓ Ice cream shops
- ✓ Coffee and doughnut shops

Acting with integrity

For Grupo Nutresa, acting with integrity is synonymous with building trust among stakeholders. Therefore, it founds the processes on behaviors based on ethics and good conduct, on clear procedures to identify and address risks, and on the assurance of the compliance with the regulations and standards that govern the operation.

Grupo nutresa

A FUTURE TOGETHER

Corporate Governance

To establish a framework of transparent behavior, integrity and ethics for Grupo Nutresa by developing management, information disclosure and control policies, which are aligned with the highest international standards of corporate governance, thus having a positive impact on the company's reputation for the benefit of shareholders and other stakeholders.

Strategy [GRI 103-2]	Progress [GRI 103-3]
Updating the Organization's corporate governance practices.	> The Business Ethics Program was implemented with the purpose of promoting transparency and ethics in all companies. > The Board of Directors and senior management backed this program by rejecting all types of corruption and bribery, and adopting measures to ensure its fulfillment.
Socializing the good governance practices and raising awareness among employees.	> The Code of Corporate Governance was modified to include rules against corruption and bribery. > The in-person and virtual socialization of the "Actúo Íntegramente" (I act with integrity) strategy began. This strategy promotes ethical behavior and transparency among employees and third parties, and encourages them to avoid and declare conflicts of interest. > Among the practices adopted, the following stand out: inclusion of guidelines about the acceptance and offering of hospitalities, guidelines about how to address meetings with government employees, and the prohibition to hire agents, lobbyists or intermediaries.
Watching over the compliance with the governance practices incorporated by the Company.	> The Committee of Ethics, Transparency and Conflicts of Interest analyzed and decided upon the cases of possible conflicts of interest reported by employees and third parties. > The Organization appointed the Compliance Officers, who are in charge of supervising compliance with the Business Ethics Program and the Anti-fraud, Anti-Corruption and Anti-Bribery Policy.
Strengthening the reporting mechanisms for ethics and conduct issues.	> Grupo Nutresa defined a template for declaring conflicts of interest that all employees must sign on a regular basis. In this template, employees must report the absence or existence of situations that may constitute conflicts of interest. > The implementation of phone lines for the operation of the Ethics Hotline in international operations was socialized.

Employees from the Chocolates Business, Colombia

Risks and opportunities

[GRI 103-1]

The Organization focuses on maintaining corporate governance aligned with the highest international standards. This allows it to ensure transparency and integrity in the administration and control of its operations, enabling an optimal performance from the governance bodies and the fulfillment of its strategic goals.

The Company delivers unabridged, clear and timely information to its shareholders and all other stakeholders with the purpose of ensuring transparency and promoting integrity and ethics by means of the implementation of policies, programs and behavioral guidelines that must be complied with by the governance bodies, employees, customers, suppliers and shareholders.

One of the most significant risks currently related to this matter is corruption. This risk is managed on a preventive basis by means of the establishment of policies and awareness-raising and training initiatives, and with permanent audits. Through these mechanisms, the Organization generates value and trust among its stakeholders, retaining and attracting local and foreign investors, customers and employees.

Employee from Servicios Nutresa, Colombia.

Outlook

Grupo Nutresa's commitment for 2020 is to maintain the excellence of its corporate governance management by means of the implementation of advanced world-class practices.

In search for higher levels of corporate transparency, ethical behavior and integrity, the Organization focuses its efforts on keeping its internal policies and guidelines updated according to worldwide trends in the field, and on strengthening the interaction with its diverse stakeholders through the timely delivery of unabridged information.

The short-term objective consists in continuing to monitor compliance with the Code of Corporate Governance and with the Bylaws, and following up on the policies implemented in previous years. Furthermore, it is a priority to ensure that implemented changes are being executed in practice and in the Organization's daily activities, influencing Grupo Nutresa's culture and having a positive impact on sustainable management.

The Organization will keep on socializing the Code of Corporate Governance among employees and related audiences. With focus on generating value in the long term, the Company will continue to strengthen ethical behavior and transparency by embracing and internalizing organizational values and clarity with regards to observable behaviors in the matter.

Employees from the Biscuits Business, Colombia.

The Company delivers **complete, clear and timely** information to its shareholders and all other stakeholders with the purpose of ensuring transparency and promoting integrity and ethics.

Success stories and acknowledgments

[GRI 103-3]

For the fifth year, Grupo Nutresa received the Investor Relations (IR) acknowledgment, which is awarded by the Colombian Stock Exchange to companies that have voluntarily adopted the best practices in terms of information disclosure and relations with investors. The Organization was selected as a leading company in the following categories: IR Issuer with the highest content standards, IR Issuer with the highest corporate governance standards, and most evolved IR Issuer.

ALAS20 acknowledged Carlos Ignacio Gallego as a Leading CEO in Sustainability. This category is reserved for company leaders who, according to the perception of diverse stakeholders, show leadership in integrating sustainability into the businesses they direct, and who stand out due to their ability to create teams that are focused on sustainability.

Progress in 2017 [GRI 103-3]

The Board of Directors is formed by seven members. In 2017, the Shareholders' Meeting reelected the seven members who formed the Board from April 2016 to March 2017.

All Board members have diverse profiles, knowledge and experience in finance, business, strategy, risks and sustainability, and they meet the skill set requirements defined as necessary for said governance body. The Organization has established a skills matrix with the expected abilities for the Board as a collegiate body and the current members fulfill said skills requirements. The skills matrix is published on the Company's website.

Grupo Nutresa has incorporated more rigorous criteria than the one established by law to determine the independence of the Board members, and such criteria is established in the Code of Corporate Governance. Under such criteria, four of the seven Board members are independent, including its Chairman.

In 2017, the Appointment and Remuneration Committee, based on the analysis conducted in 2016 by AtKearney, a consulting company specialized in corporate governance matters, analyzed the most convenient personal profiles for the Board of Directors, the tentative profile composition, the necessary time the members would need to adequately perform their duties, and the existing gaps between the profiles of the current members and the profiles identified as necessary for the Organization.

Said Committee submitted to the Board and the investors a report of the aforementioned analysis, which included a training plan for 2016 and 2017 with regard to the improvement opportunities identified. Based on this plan, the Board of Directors received training in the field of sustainability.

In 2017, the Organization approved several amendments to the **Code of Corporate Governance** intended to reinforce the ethical performance, the integrity and the prevention of situations representing conflicts of interest.

A report on the implementation of successful corporate governance practices and the Annual Corporate Governance Report were presented to both the shareholders and all the stakeholders via the Company's website with the purpose of communicating the most relevant facts and news related to the corporate governance of the Organization.

The Board gathered every month and all the support committees met twice in 2017, except for the Finance, Audit and Risks Committee, which held five meetings. All of them fulfilled the functions and meeting frequency provisions established in the Code of Corporate Governance.

Additionally, the Board conducted its annual self-evaluation through which it assessed the qualities, attributes and experience of the Board itself and its support committees, and identified several improvement opportunities. The Board worked on these improvement opportunities throughout the year.

In 2017, the Organization approved several amendments to the Code of Corporate Governance intended to reinforce ethical performance, integrity and the prevention of situations representing conflicts of interest. Among the amendments, the following stand out: inclusion of guidelines about the acceptance and offering of hospitalities, guidelines about how to address meetings with state employees, and the prohibition to hire agents, lobbyists or intermediaries.

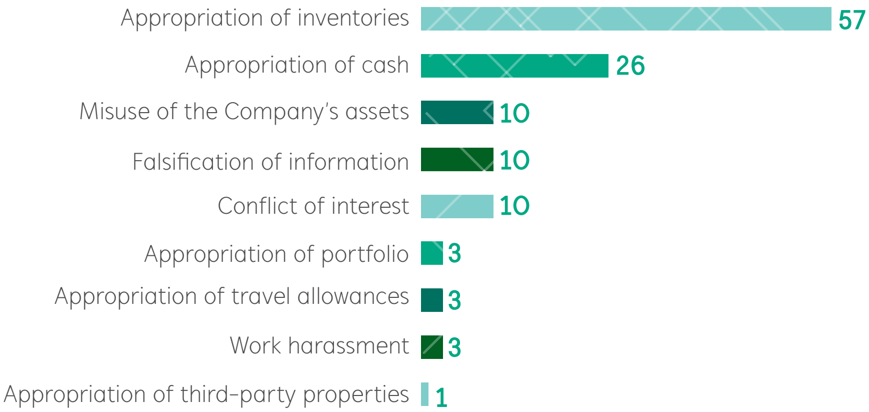
Employees from the Cold Cuts Business, Colombia.

Ethics Hotline

Ethics Hotline [ODS 16.5] [ODS 16.6]

For Grupo Nutresa, ethics and transparency are fundamental pillars of its corporate operation and highly relevant principles for the fulfillment of its mission. Fraud, asset laundering and financing of terrorism, including the risk of corruption, are the most significant risks related to this matter, which are managed through policies, codes and awareness-raising and training initiatives, facilitating the development of relations with the corresponding stakeholders. [GRI 102-17] [ODS 16.5] [ODS 16.6]

In 2017, the Organization found out about 123 incidents in which the Code of Corporate Governance was breached [GRI 205-3] [ODS 16.5], amounting to COP 944 million and being classified as follows:



One hundred forty-five employees were involved in these incidents, 88% of whom worked under direct employment contracts and the rest under service provision contracts. The contractual relations with all of them were terminated and the corresponding legal actions were commenced.

With the purpose of mitigating the possible negative impacts of these type of wrongful acts, all the companies have insurance policies with adequate coverage.

The Organization also addressed 113 reports received through the Ethics Hotline, which were channeled by the responsible departments of each Business Unit. Of the total reports, 95% were related to direct employees and 5% involved third parties. Approximately 13% of the reported situations were confirmed. [GRI 205-3]

Superior Achievement Acknowledgment System

The Superior Achievement Acknowledgment System establishes that 30% of the variable annual compensation of the CEO, the CFO and the Vice President Secretary General be paid with Company shares, and sale of such shares is limited until the Officers retire. The remaining amount is paid in a 3-year term, encouraging the Officers to remain in the Organization.

The variables used in this system include (internal and external) financial, social, market, environmental and sustainability metrics, whose annual goals are determined by the Appointment and Remuneration Committee.

> For Grupo Nutresa, ethics and transparency are **fundamental pillars of its corporate actions** and highly relevant principles for the fulfillment of its mission.

Business Ethics Program [ODS 16.5] [ODS 16.6]

In 2017, Grupo Nutresa implemented the Business Ethics Program, which promotes transparency and ethics. For its implementation, the following measures were adopted:

- ✓ Update of the Anti-fraud and Anti-Corruption Policy to include the concept of bribery as a specific element. Therefore, the policy was renamed as Anti-fraud, Anti-Corruption and Anti-Bribery Policy.
- ✓ Update of the Policy on Donations in Favor of Democracy and Political Activity.
- ✓ Inclusion of disciplinary procedures in the Internal Work Rules to punish corruption and bribery conducts exhibited by employees.
- ✓ Compulsion aimed at suppliers to avoid all types of corruption and bribery included through the amendment of the Code of Conduct for Suppliers.
- ✓ Prohibition to hire officers who have or had been involved in any administrative procedure carried out by the Company.
- ✓ Amendment of the Code of Corporate Governance, including measures against corruption and bribery. These measures include the following: guidelines for the acceptance and offering of hospitalities, indicating that no employee may receive or offer, while performing the corresponding duties or on behalf of the Company, gifts, invitations or courtesies whose value exceeds the amount of one hundred US dollars (USD 100). In addition, employees or representatives of the Organization who attend meetings with public officials must always be accompanied by another employee or representative. Another inclusion was the prohibition to support political candidates or parties with members or associates convicted of corruption or bribery crimes and the hiring of agents, lobbyists or intermediaries, except for specific cases authorized by the Company's CEO.

Employees from Opperar, Colombia.

Risk and **compliance**

Supporting the decision-making process and guiding the implementation of prevention, risk mitigation and crisis management actions which, along with the activities of compliance, are aimed at protecting the resources, the corporate reputation, the continuity of the operations, the legal and regulatory compliance, the safety of all employees, and the generation of trust and two-way communication with the stakeholders.

Strategy [GRI 103-2]	Progress [GRI 103-3]
Integrating risk management into the corporate strategy.	> The Board of Directors continued to monitor the Organization's risk management strategies and risk levels. > Risk analytics studies were realized, with initial estimates for appetite and tolerance, as well as key risk quantification. > The risk maps of the Businesses were updated and the tactical matrices were consolidated. > The Reputation Management Committee was created.
Strengthening the Organization's risk management culture.	> Grupo Nutresa implemented the "Actúo Íntegramente" strategy (I act with integrity), which is focused on preventing the risks related to money laundering and terrorism financing, promoting the respect for Human Rights, and avoiding corruption in the operations. > More than one thousand employees were trained through 90 risks, crisis and business continuity workshops. > More than 17.500 risk assessments were managed by means of the integrated risk management software. > More than 14.600 employees and third parties participated in awareness-raising and training activities on the prevention of money laundering and terrorism financing, as well as 179 leaders of this specific risk from all the Organization's Businesses. **[GRI 205-2]**
Increasing the organizational resilience.	> The business continuity management system was expanded, and the system leaders from all Businesses received training in this methodology. > The crisis management manual was updated, as well as its guidelines for addressing events that have an impact on the corporate reputation.
Monitoring and ensuring the legal and regulatory compliance.	> The Organization diagnosed the compliance with the implementation of the system of self-control and management of risks related to money laundering and terrorism financing in the Colombian companies, and preventive control measures were automated. > The Business Ethics Program was implemented in the Colombian companies.

Employee from the Coffee Business in Bogotá, Colombia.

TPM team from the Biscuits Business production plant in Medellín, Colombia.

Risks and opportunities

[GRI 103-1]

The alignment of the integrated risk management system with both the decision-making process and the definition of the organizational strategy is a key challenge. The standardization of the risk assessment methodology has been essential in overcoming said challenge. However, this methodology should be complemented with an adequate monitoring of the effectiveness of the control measures and a supervision plan.

Furthermore, the dynamics of the Organization's context makes it necessary to deepen the knowledge and the management of the emerging risks. The consolidation of this management, as well as the strengthening of the risk management culture focused on achieving self-management, constitute a front of opportunities that is currently in development by the Company.

Furthermore, the development of Grupo Nutresa's operations and its relations with its environment generate exposure to reputational risks. In order to assess and mitigate these risks, the Organization has established protocols in all its Businesses and, at the corporate level, Grupo Nutresa formed the Reputation Management Committee. This Committee is in charge of providing guidelines for the most sensitive situations and monitoring them.

Important or significant risks for the reputation and competitiveness may arise from the regulatory compliance, which is why the Company consolidates legal surveillance activities focused on the effective management and mitigation.

Finally, the reinforcement of the system of self-control and management of risks related to money laundering and terrorism financing will continue to boost the management of the reputation and the compliance with the current regulations in this field.

Employee from Opperar's Central Facility, Colombia.

Outlook

The consolidation of a plan for the overseeing and monitoring of the strategic risks that includes the levels of risk appetite and tolerance will be the Organization's intervention focal point in the short term. In addition to this, the Organization is also working on the structured management of the emerging risks related to its prospective planning exercises. All the foregoing is based on the Three Lines of Defense model.

With regard to the business continuity system, Grupo Nutresa will strengthen its implementation and the international expansion that was started in 2017, along with the consolidation of crisis management capabilities based on an updated version of the corresponding manual.

In terms of the management of the reputation and its associated risks, the Company intends to effectively direct its communication and engagement efforts to the stakeholders. This action will be based on an initial assessment of Grupo Nutresa's main reputational features and variables, which will be conducted by the Reputation Management Committee.

In the short term, with the implementation of the Business Ethics Program that is focused on strengthening ethical behavior and transparency in the Organization, the purpose is to be part of the Active Anti-Corruption Companies program led by the Transparency Secretariat of the Colombian Government.

Moreover, regarding compliance management, the regulatory surveillance of the risk of money laundering and terrorism financing will be updated in certain critical locations. And, finally, the Organization will also work on the plan for the management of the opportunities identified in 2017 to ensure the reliable performance of the system.

Success stories and acknowledgments [GRI 103-3]

For the third consecutive year, **Grupo Nutresa obtained the top worldwide score** in the food sector in terms of risk and crisis management in the Dow Jones Sustainability Index.

MEMBER OF
Dow Jones
Sustainability Indices
In Collaboration with RobecoSAM

In 2017, **the Organization achieved an 88% progress in the business continuity management system** with respect to the goal of the maturity level proposed for 2020 based on international standards.

Another aspect worth highlighting is the **16.900+ risk assessments self-managed** by means of the integrated risk management software, as well as the training of more than 10.600 employees in matters related to risks, business continuity and the prevention of money laundering and terrorism financing **[GRI 205-2]**

Progress achieved in 2017

[GRI 103-3]

Risk and crisis

In 2017, Grupo Nutresa continued to work on the implementation of the integrated risk management methodology at the tactical and operational levels, promoting its embracement in all the Businesses by means of the alignment with the management systems. The assessment carried out at these levels fed the assessment processes at the strategic level, providing thus a more solid support to the model and strengthening its maturity.

The fostering of the risks-based thought can be observed in an increase of the assessments, which went from 12.600 risks in 2016 to 17.500 in 2017, with a 97% corresponding to risks self-managed by the process and management systems leaders in all of the Organization's companies. The assessments took into account the impact on the human, natural, financial, physical and social capitals, and included the analysis of financial, strategic, operational, Human Rights, corruption, money laundering and terrorism financing, climate and nature-related risks. **[GRI 205-1] [GRI 412-1]**

Employees who are part of Comercial Nutresa's Culture Team, Medellín, Colombia.

Employee's capability development has been a key factor in achieving the aforementioned levels. That is why, in 2017, more than 1.000 employees received training in approximately 90 sessions that dealt with matters such as risk and crisis management and business continuity. Additionally, a group of Grupo Nutresa's key suppliers and contractors also received training in these fields.

In 2017, the Organization carried out risk quantification exercises that included appetite and tolerance estimates, as well as the application of analytic models for the assessment of key risks exposure and impact for Grupo Nutresa, as it is the case of the volatility of the prices of raw materials and climate change.

In terms of the organizational resilience, significant progress was made in the reinforcement of the business continuity management system by completing the training of the system leaders from all the Businesses and the definition of a work plan for 2020, which will facilitate to bridge the gaps to fulfill the maturity level goal set by the Organization. Thus, since the start of the program, the Company has reached 88% of the maturity level goal for 2020, achieving the expansion of the Tresmontes Lucchetti and Retail Food Businesses and international platforms such as Pozuelo.

Over this year, Grupo Nutresa updated its crisis management manual, which has a preventive and proactive approach that enables the Organization to get prepared in advance by detecting potential crises in order to address them in a timely and adequate manner. It also allows to establish a structure for managing the crises and to define guidelines that would enable the coordination of the response efforts from the agents involved in the situation in such a way that the potential and imminent negative impact would be mitigated.

Considering the diverse situations that may put the organizational reputation at risk, the Reputation Management Committee was created in 2017 with the objective of providing guidelines for the most sensitive situations and monitoring them.

Compliance

Compliance management is a priority for Grupo Nutresa. Therefore, in addition to monitoring and applying the regulations that are currently in force, the Organization participates in the discussion of new regulations and standards either directly or through specialized entities, external consultants and trade associations. The most significant progress achievements in 2017 were the following:

- Diagnosis of the implementation of the system of self-control and management of risks related to money laundering and terrorism financing in Grupo Nutresa's Colombian companies, with which, gap-bridging plans and short, medium and long-term measures were created.
- Collaboration with government agencies and trade associations, analyzing the impact of future regulatory changes in order to guarantee efficient tax burdens for timely compliance and profitable growth, and so that they have the minimum possible impact on employment.
- Environmental regulatory monitoring by means of the update of the environmental legal matrices for the identification of gaps and the assessment of regulatory risks and their potential impact on the natural capital.
- Implementation of the Business Ethics Program, which is aimed at identifying, detecting, preventing, managing and mitigating the local and transnational bribery and corruption risks. **[ODS 16.5] [ODS 16.6]**
- Implementation of a legal surveillance system to ensure the compliance with the food product labeling regulations.
- Design of the Personal Data Protection Program to comply with the applicable regulations and procedures.
- Development of a contracting policy with the purpose of managing the contracts signed by Grupo Nutresa efficiently and safely.
- Training of the commercial and marketing teams in matters of regulations related to e-commerce, respect for free competition and promotional activities.
- Training of the research, development, innovation and marketing teams in matters of intellectual property regulations.

Grupo Nutresa S.A. and its companies did not get significant sanctions or fines due to the breaching of the regulations or laws. **[GRI 307-1] [GRI 419-1]**

Employees from Servicios Nutresa, Medellín, Colombia.

Performance of the **Business Units**

A FUTURE TOGETHER

Cold Cuts Nutresa

RELEVANT ASPECTS FROM 2017

- The brands continued to strengthen their role and positioning. Zenú celebrated its 60th anniversary and as part of the health and nutrition strategy, the brand reduced the sodium content of its products by 25%. Pietrán entered the snacks market to address a new consumer moment; Ranchera strengthened its disbursement strategy and Rica and Cunit adjusted their portfolios to achieve a higher level of affordability for all markets.
- We reinforced the market-entry processes with the update of the Go-to-Market model in the main five Colombian cities.
- We carried out actions focused on generating efficiency throughout our entire value chain, from the sourcing of raw materials to the delivery to our customers.
- We continued to strengthen the sourcing of cattle by amounting to 35.000 head of cattle integrated and adding the new slaughter node in Aguachica, state of Cesar, to the supply processes. Along the same line, we continue to consolidate the fresh meat exports process.
- We secured the OHSAS (ISO 18000) certification for the Bogotá and Barranquilla facilities and the BASF re-certification for the Setas production plant.
- In Panama, we made progress on the reinforcement of our brands and on our consumer engagement, increasing thus our market share. In addition, we started the direct distribution of our Setas products.

Diego Medina Leal | President

[Part of Nutresa since 1997]

56 years old

SALES COP billion

Total Sales

	2017	2016	2015
	1.824 **1,1%*[1]**	**1.992** **4,4%**	**1.909** **9,4%**

Growth percentage

CAGR 4,2%*[1]

*Compound Annual Growth Rate

The Cold Cuts Business represents 21,0% of Grupo Nutresa's total sales.

Sales in Colombia

	2017	2016	2015
	1.660	1.678	1.573
Price	**1,8%**	8,6%	5,0%
Volume	**-2,8%**	-1,7%	2,5%

CAGR 2,7%

The sales in Colombia represent 91,0% of the total business unit sales.

International Sales

USD million

2017	2016	2015
55	103	118

CAGR 19,7%[1]

The international sales represent 9,0% of the total business unit sales.

EBITDA COP billion

	2017	2016	2015
Growth percentage	**209** **-4,6%*[1]**	243 4,8%	232 10,0%
Margin	**11,5%**	12,2%	12,2%

CAGR 2,4%[1]

Represents 20,0% of Grupo Nutresa's ebitda.

[1] Excluding Venezuela since October of 2016

EMPLOYEES

9.441

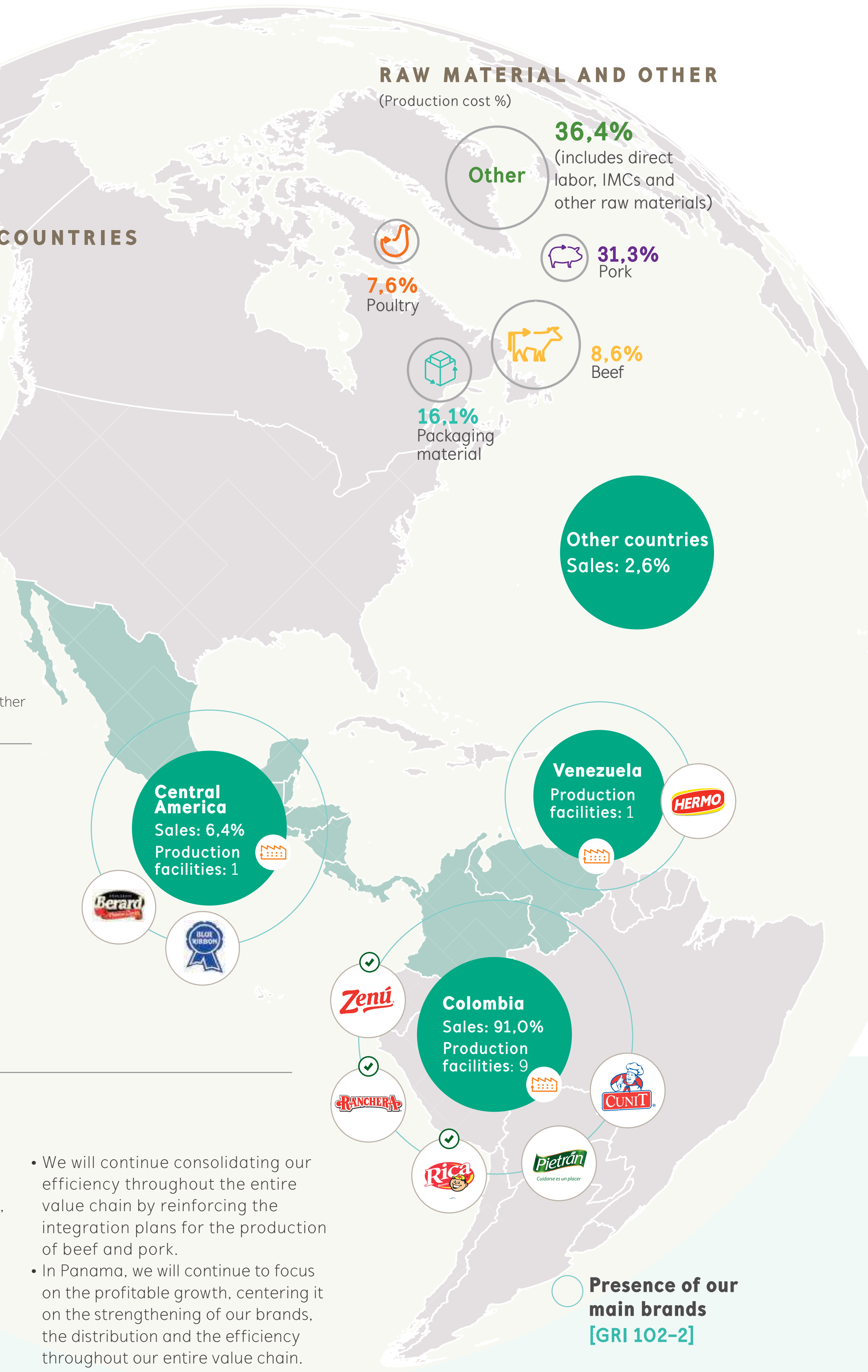
(Direct employees, indirect employees and apprentices)

Local	International
85,8%	14,2%

24,4% 75,6%

(Direct employees and apprentices)

DIRECT PRESENCE IN 3 COUNTRIES



Central America
Sales: 6,4%
Production facilities: 1

Venezuela
Production facilities: 1

Colombia
Sales: 91,0%
Production facilities: 9

Other countries
Sales: 2,6%

RAW MATERIAL AND OTHER

(Production cost %)

Other 36,4% (includes direct labor, IMCs and other raw materials)

31,3% Pork

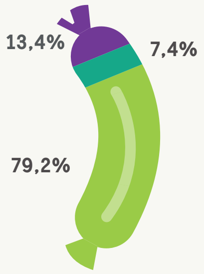
7,6% Poultry

8,6% Beef

16,1% Packaging material

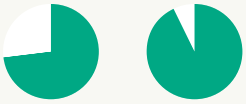
MAIN CATEGORIES

(total sales %)



● Cold Cuts ● Long Shelf Life ● Other

Market share in Colombia



	Cold Cuts	Long Shelf Life
	72,2%	92,0%
Variation	-1,3%	-1,1%

OUTLOOK FOR 2018

- We will maintain our commitment to strengthen our brands by effectively managing the prices of our products, and developing nutritious and comprehensive solutions for our consumers.
- We will expand our portfolio by incorporating new product lines in order to address the health and nutrition trends.
- We will foster innovation as a key element for ensuring market differentiation and increasing our competitiveness.
- We will continue consolidating our efficiency throughout the entire value chain by reinforcing the integration plans for the production of beef and pork.
- In Panama, we will continue to focus on the profitable growth, centering it on the strengthening of our brands, the distribution and the efficiency throughout our entire value chain.

○ **Presence of our main brands**
[GRI 102-2]

✓ Brands with sales over USD 50 Million

Production facilities

Biscuits Nutresa

RELEVANT ASPECTS FROM 2017

- We launched the Baked Tosh Snacks, which supplement our value proposition in the healthy segment of the snacks category. With this launch, we reached more than 65.000 consumers and achieved a 15% growth of the brand.
- The portfolio profitability enhancement process was performed by means of the prioritization of the segmentation, innovation and investment in brands exhibiting a higher growth rate and a greater gross margin.
- We achieved a two-digit growth rate in the exports from Colombia. We highlight the improvement in the dynamics of the South American and African markets.
- We made progress in the research on raw materials and processes in Colombia and developed competitive advantages that can be migrated to our operations in Central America and the United States.
- We coded new value propositions focused on health and well-being in specialized chain stores in the United States by improving the price per kilo and generating differentiation in relation to local competitors.

Alberto Hoyos Lopera | President

[Part of Nutresa since 1993]

53 years old

SALES COP billion

Total Sales

2017	2016	2015
1.768 **1,8%**	1.738 10,9%	1.567 25,8%

Growth percentage

CAGR 6,2%* ⌃

*Compound Annual Growth Rate

The Biscuits Business represents 20,3% of Grupo Nutresa's total sales.

Sales in Colombia

	2017	2016	2015
	877	855	785
Price	**6,6%**	9,6%	5,7%
Volume	**-3,8%**	-0,7%	5,5%

CAGR 5,7%

The sales in Colombia represent 49,6% of the total business unit sales.

International Sales

USD million

2017	2016	2015
302	289	284

CAGR 3,1%

The international sales represent 50,4% of the total business unit sales.

EBITDA COP billion

	2017	2016	2015
Growth percentage	**220** **4,6%**	211 13,3%	186 10,0%
Margin	**12,5%**	12,1%	11,9%

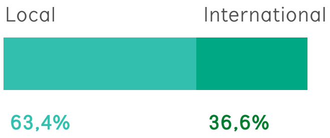
CAGR 8,8% ⌃

Represents 21,1% of Grupo Nutresa's ebitda.

EMPLOYEES

5.789

(Direct employees, indirect employees and apprentices)



28,4% 71,6%

(Direct employees and apprentices)

RAW MATERIALS AND OTHER

(Production cost %)

Other 43,1% (includes direct labor, IMCs and other raw materials)

18,2% Wheat

17,7% Packaging material

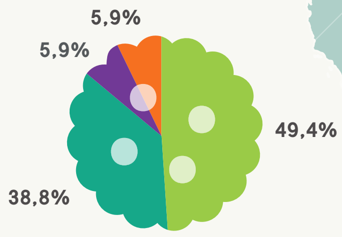
9,5% Sugar

11,5% Oils and fats

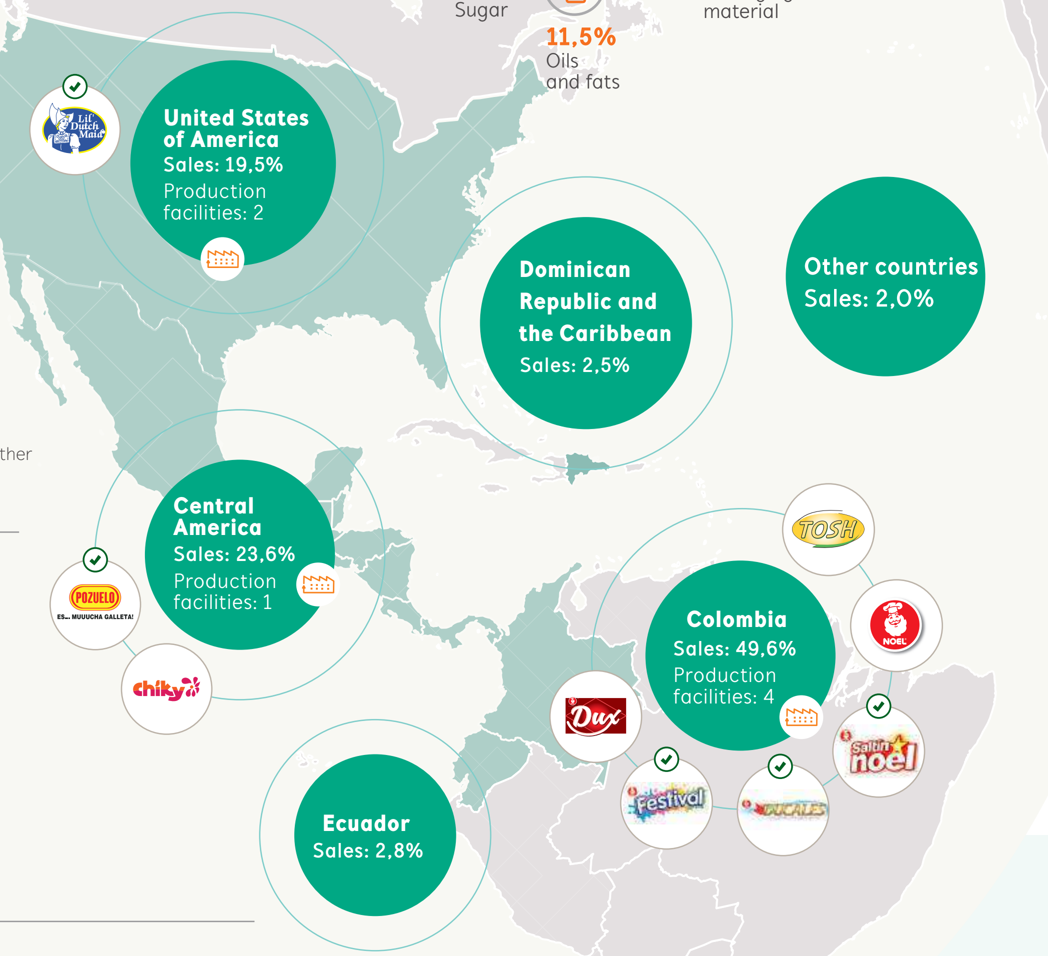
DIRECT PRESENCE IN 10 COUNTRIES

MAIN CATEGORIES

(total sales %)



● Sweet Biscuits ● Crackers ● Self-care ● Other



United States of America
Sales: 19,5%
Production facilities: 2

Dominican Republic and the Caribbean
Sales: 2,5%

Other countries
Sales: 2,0%

Central America
Sales: 23,6%
Production facilities: 1

Colombia
Sales: 49,6%
Production facilities: 4

Ecuador
Sales: 2,8%

Market share in Colombia

Biscuits

53,8%

Variation −1,3%

OUTLOOK FOR 2018

- We will concentrate our growth initiatives and investment in our ten main brands.
- The Baked Tosh Snacks market coverage will be expanded.
- We will take advantage of the development of the distribution of Grupo Nutresa in stores in the United States, particularly in its northeast region, in order to strengthen the presence of brands such as Dux, Festival and Chiky.
- We will continue to boost the regional platforms with differentiated value propositions focused on products with a greater value added for our consumers.
- The productivity plans and programs will be strengthened to maximize the eco-efficiency initiatives and minimize our environmental impact in all our platforms.

○ **Presence of our main brands [GRI 102-2]**

✓ Brands with sales over USD 50 Million

Production facilities

Chocolates Nutresa

- We increased the sales in the chocolate confectionery with products of greater value added, which allowed us to get a greater market share.
- We made our Business' operations more profitable with a better

2017	2016	2015
1.464 **3,0%**	**1.421** 12,0%	**1.268** 18,7%

Growth percentage

CAGR 7,4%* ▲

*Compound Annual Growth Rate

The Chocolates Business represents **16,8%** of Grupo Nutresa's total sales.

	2017	2016	2015
	919	891	796
Price	**4,6%**	9,7%	11,4%
Volume	**-1,3%**	2,1%	-1,3%

CAGR 7,5%

The sales in Colombia represent **62,8%** of the total business unit sales.

2017	2016	2015
184	174	170

CAGR 4,1%

The international sales represent **37,2%** of the total business unit sales.

	2017	2016	2015
Growth percentage	**206** **40,8%**	147 18,0%	124 3,7%
Margin	**14,1%**	10,3%	9,8%

CAGR 28,9% ▲

Represents **19,8%** of the total business unit sales.

DIRECT PRESENCE IN 12 COUNTRIES

RAW MATERIALS AND OTHER

(Production cost %)

Other **39,1%** (includes direct labor,IMCs and other raw materials)

25,8% Cocoa

13,5% Packaging material

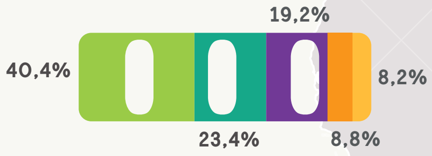
5,0% Milk

5,3% Oils and fats

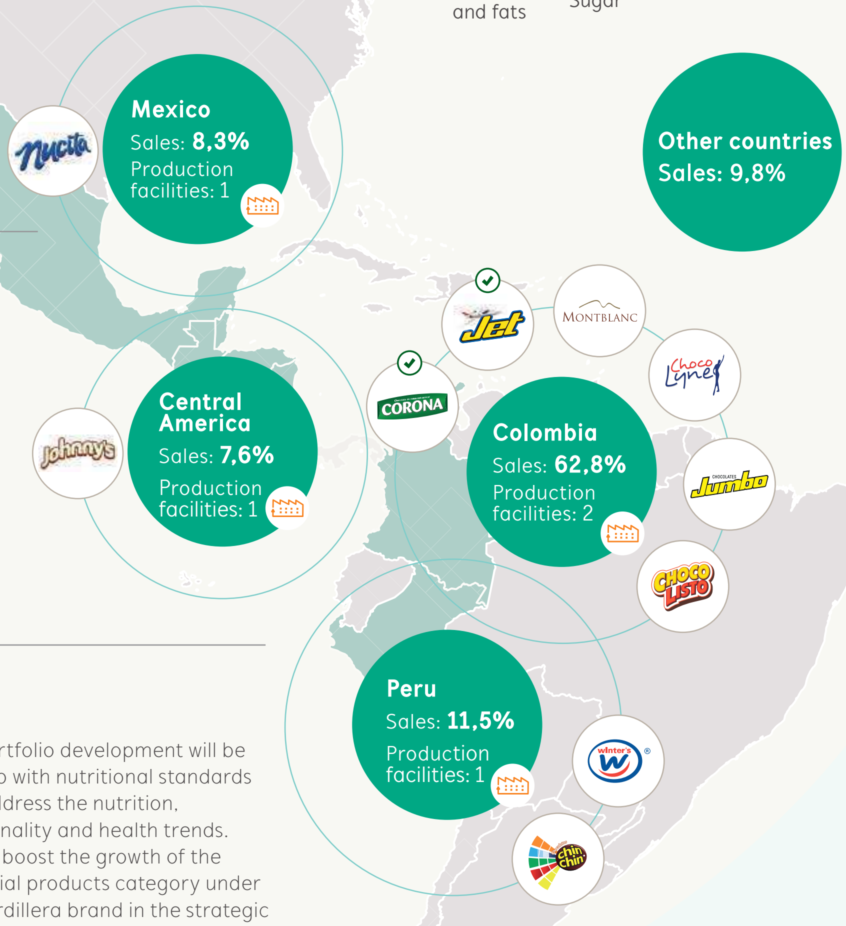
11,3% Sugar

MAIN CATEGORIES

(Total sales %)



- ● Chocolate confectionery
- ● Chocolate drinks
- ● Other
- ● Snacks
- ● Milk modifiers



Mexico
Sales: **8,3%**
Production facilities: 1

Central America
Sales: **7,6%**
Production facilities: 1

Colombia
Sales: **62,8%**
Production facilities: 2

Peru
Sales: **11,5%**
Production facilities: 1

Other countries
Sales: 9,8%

Market share in Colombia

	Chocolate confectionery	Chocolate drinks	Snacks	Milk modifiers
	69,4%	63,6%	55,0%	23,6%
Variation	0,9%	0,2%	-1,0%	-0,7%

OUTLOOK FOR 2018

- We will continue to boost our growth in the chocolate drinks category with product innovation, preparation convenience, health and nutrition.
- The value proposition of chocolate confectionery will be maximized in order to increase the consumption per capita and promote the development of new segments with products based on innovation and technological differentiation.
- We intend to implement a widespread growth strategy for the snacking category based on chocolate, cereal and nuts bars, and prioritizing the international market penetration.
- The portfolio development will be sped up with nutritional standards that address the nutrition, functionality and health trends.
- We will boost the growth of the industrial products category under the Cordillera brand in the strategic region, prioritizing the United States, with a value proposition focused on Latin-origin cocoa and commitment to sustainability.
- We will keep on reinforcing the cocoa production sustainability programs and their projection as a support strategy in the Colombian post-conflict stage.

○ **Presence of our main brands** **[GRI 102-2]**

✓ Brands with sales over USD 50 Million

Production facilities

Coffe Nutresa

RELEVANT ASPECTS FROM 2017

- Our brands exhibited a positive performance in Colombia, and building equity.
- We made progress in the development of our brands abroad, achieving an outstanding performance in South America and identifying capitalization opportunities in the United States and in some Central American markets.
- We maintained our positive dynamics in our industrial and B2B activities, generating growth and differentiation for the Business.
- There was an increase to the prices of our main raw material.
- We consolidated appreciated innovation propositions, such as Nutresa Express Pods, Tosh Infusions and Diversa, which made a positive contribution to the strategic development of the Business.
- We worked on building the best organizational climate and safe work environments for our people.

Miguel Moreno Múnera | President

[Part of Nutresa since 2003]

40 years old

SALES COP billion

Total Sales

2017	2016	2015
1.002 **4,8%**	956 7,3%	891 15,4%

Growth percentage

CAGR 6,0%* ⌃

*Compound Annual Growth Rate

The Coffee Business represents 11,6% of Grupo Nutresa's total sales.

Sales in Colombia

	2017	2016	2015
	594	569	531
Price	**0,7%**	4,8%	1,2%
Volume	**3,8%**	2,2%	4,6%

CAGR 5,8%

The sales in Colombia represent 59,3% of the total business unit sales.

International Sales

USD million

2017	2016	2015
138	126	132

CAGR 2,5%

The international sales represent 40,7% of the total business unit sales.

EBITDA COP billion

	2017	2016	2015
Growth percentage	**121** **-22,1%**	155 -0,3%	155 6,0%
Margin	**12,1%**	16,2%	17,4%

CAGR -11,9% ⌄

Represents 11,6% of Grupo Nutresa's ebitda.

EMPLOYEES

1.882

(Direct employees, indirect employees and apprentices)

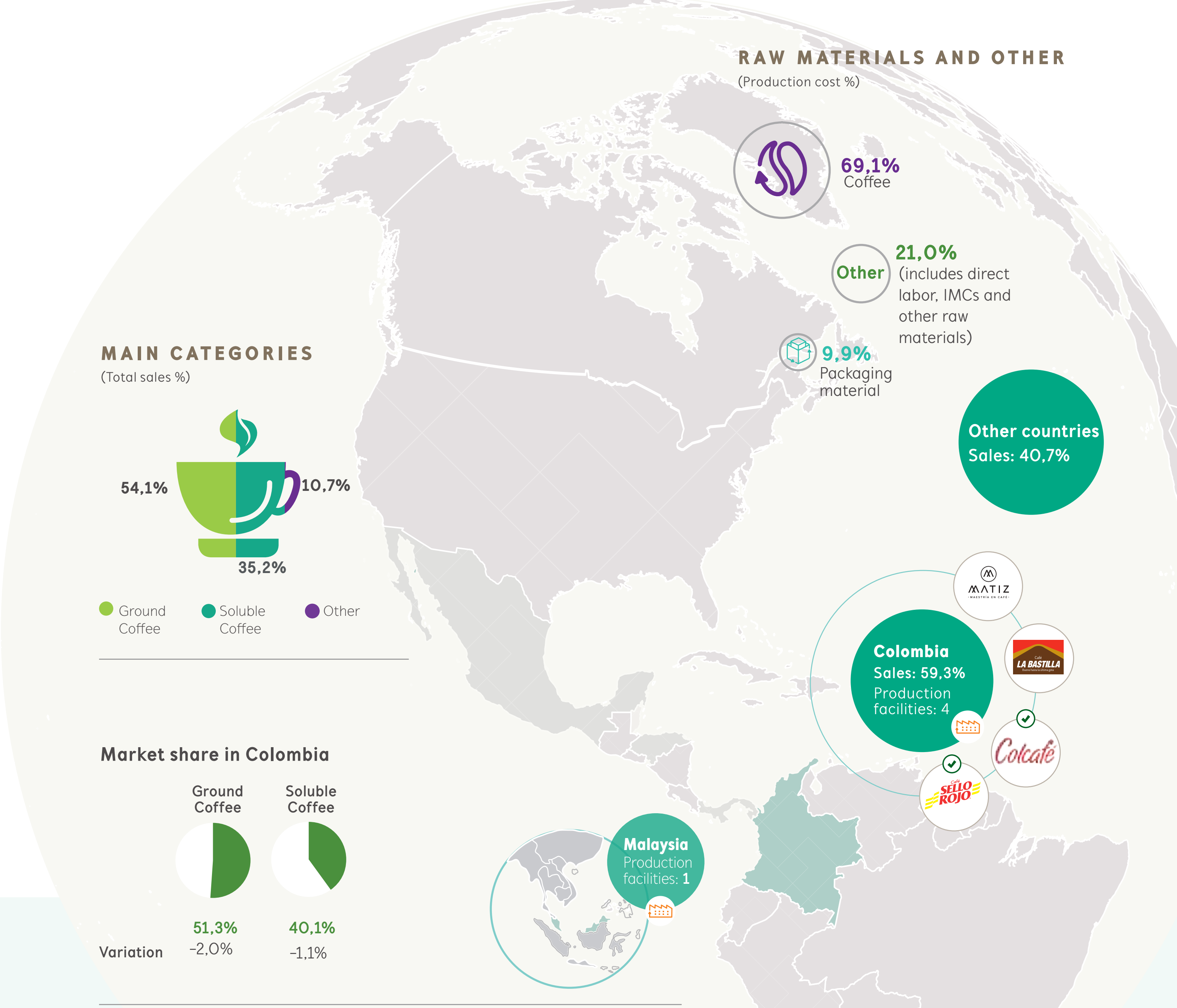
Local 100%

International 0,0%

17,7% 82,3%

(Direct employees and apprentices)

DIRECT PRESENCE IN 11 COUNTRIES



RAW MATERIALS AND OTHER

(Production cost %)

69,1% Coffee

21,0% (includes direct labor, IMCs and other raw materials)

9,9% Packaging material

Other countries
Sales: 40,7%

Colombia
Sales: 59,3%
Production facilities: 4

Malaysia
Production facilities: 1

MAIN CATEGORIES

(Total sales %)

● Ground Coffee ● Soluble Coffee ● Other

Market share in Colombia

	Ground Coffee	Soluble Coffee
	51,3%	40,1%
Variation	-2,0%	-1,1%

Presence of our main brands [GRI 102-2]

✓ Brands with sales over USD 50 Million

Production facilities

OUTLOOK FOR 2018

- We will continue to develop our brands both in Colombia and abroad, looking to achieve an increased appreciation for the beverages.
- The international B2B activities will be strengthened in order to achieve the growth of key accounts and the development of new differentiated opportunities.
- We will look for initiatives that would boost our our productivity in accordance with the Organization's strategy.
- We will maintain a control over costs and expenses, along with an optimal management of the working capital focused on the return on equity and profitable growth.
- We will work on ensuring an organic growth, supplementing it with related businesses and new strategic opportunities.

Tresmontes Lucchetti

RELEVANT ASPECTS FROM 2017

Chile

- We focused on profitability.
- We consolidated our position in the coffee market by focusing on Gold Premier brand.
- We entered the cereal bar market with our Livean brand.
- We opened and started operations in our new distribution center in Enea, Santiago de Chile.
- We improved all the performance variables of the Kryzpo potato chips.
- The profitability of our powdered drink mixes was increased and competitive containment was achieved in the pasta market.

Mexico

- Our profitability in the beverage market was increased.
- We made significant progress in the industrial pasta product market.
- We achieved growth and consolidation in the distribution of third-party supplementary products.
- Our productivity was optimized, securing thus better profitability ratios.

Justo García Gamboa | President

[Part of Nutresa since 2013]

55 years old

SALES COP biliion

Total Sales

2017	2016	2015
978 **-0,3%**	981 9,4%	896 21,5%

Growth percentage

CAGR 4,5%*

* Compound Annual Growth Rate

Tresmontes Lucchetti represents

11,2%

of Grupo Nutresa's total sales.

International Sales

USD million

2017	2016	2015
332	322	328

CAGR 0,7%*

The international sales represent

100%

of the total business unit sales.

EBITDA COP biliion

	2017	2016	2015
Growth percentage	**127** **31,9%**	96 2,3%	94 14,6%
Margin	**13,0%**	9,8%	10,5%

CAGR 16,2%

Represents

12,1%

of Grupo Nutresa's ebitda.

EMPLOYEES

4.795

(Direct employees, indirect employees and apprentices)

International	Local
100%	0%

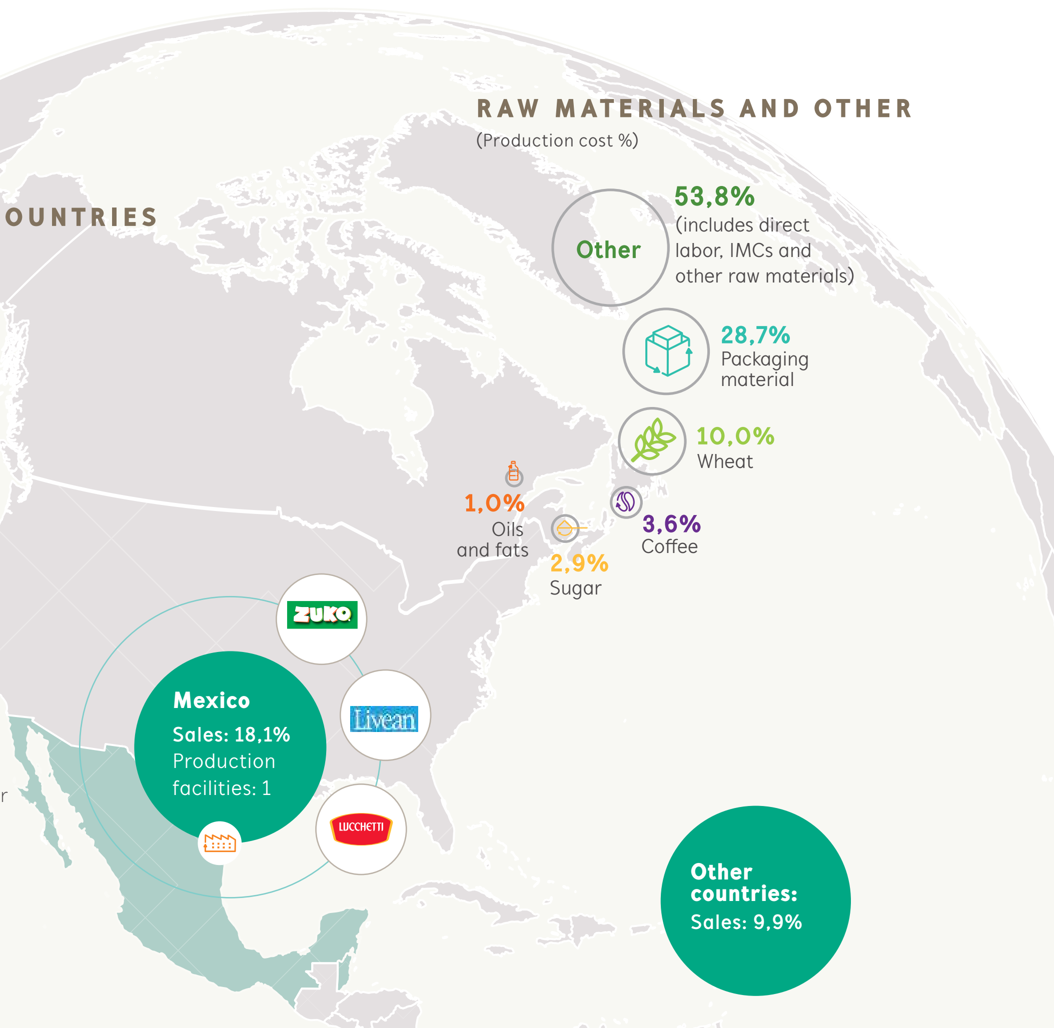
33,3% 66,7%

(Direct employees and apprentices)

DIRECT PRESENCE IN 5 COUNTRIES

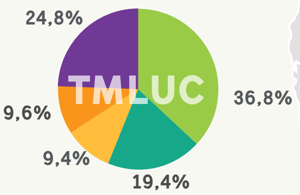
RAW MATERIALS AND OTHER

(Production cost %)



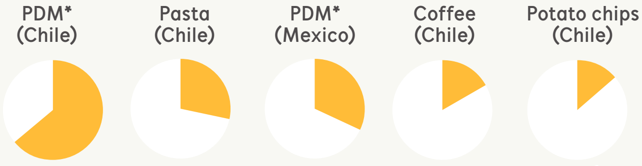
MAIN CATEGORIES

(Total sales %)



● Powdered drink mix ● Coffee ● Other
● Pasta ● Snacks

Market share



	PDM* (Chile)	Pasta (Chile)	PDM* (Mexico)	Coffee (Chile)	Potato chips (Chile)
	62,6%	27,6%	32,0%	18,1%	15,6%
Variation	-1,5%	-0,8%	-0,2%	1,2%	1,9%

*Powdered drink mix

OUTLOOK FOR 2018

Chile

- Venture into a new category of the Group to deliver more power to the portfolio
- The new cereal bar category will be consolidated to boost Grupo Nutresa's portfolio.
- We will ensure the progress, consolidation and profitability enhancement of our coffee and potato chips categories.
- We will maintain the monitoring of our performance in the powdered drink mix market in order to ensure the profitability and boost the demand.
- We will foster the consolidation and development of the food service segment.
- The working capital will be optimized.
- We will put emphasis on the productivity variables.

Mexico

- We will continue to boost the powdered drink mix category by means of an effective innovation.
- We will strengthen the industrial pasta product department.
- Our service will be consolidated with the new distribution alliances.
- The working capital will be optimized.

○ **Presence of our main brands**
[GRI 102-2]

✓ Brands with sales over USD 50 Million

Production facilities

Retail Food

RELEVANT ASPECTS FROM 2017

- We consolidated the "Cultura Hamburguesera" (Hamburger culture) in El Corral and we continued to work on the renovation of assets and to launch new products.
- We focused on customer support to provide a differentiated service to our customers.
- The Beer Station and Papa Johns' service coverage was broadened in Colombia.
- We reinforced the new point-of-sale information platform for Leños y Carbón, Leños Gourmet and Corral Gourmet.
- We launched the new organizational culture strategy called "Restauranteros de Profesión" (Professional restaurantmen), with the purpose of increasing the sense of belonging and commitment of our people.
- In Pops, we continued to work on the expansion plan to increase our presence in the region.
- In Bon, we consolidated the customer service and experience model. This consolidation produced positive results with regard to sales.

Juan Chusán Andrade | President

[Part of Nutresa since 2013]

53 years old

SALES COP billion

Total Sales

2017	2016	2015
697	657	542
6,1%	21,2%	N.A.

Growth percentage

CAGR 13,4%*

*Compound Annual Growth Rate

The Retail Food Business represents 8,0% of Grupo Nutresa's total sales.

Sales in Colombia

2017	2016	2015
485	446	363
8,7%	22,8%	N.A

Growth percentage

CAGR 15,6%

The sales in Colombia represent 69,5% of the total business unit sales.

International Sales

USD million

2017	2016	2015
72	69	65

CAGR 5,2%

The international sales represent 30,5% of the total business unit sales.

EBITDA COP billion

	2017	2016	2015
	86	94	93
Growth percentage	-8,5%	0,8%	N.A
Margin	12,4%	14,3%	17,2%

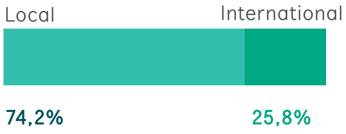
CAGR -3,8%

Represents 8,3% of Grupo Nutresa's ebitda.

EMPLOYEES

7.428

(Direct employees, indirect employees and apprentices)



57,7% 42,3%

(Direct employees and apprentices)

DIRECT PRESENCE IN 6 COUNTRIES

RAW MATERIALS AND OTHER

(Production cost %)

Otros 35,6% (includes direct labor,IMCs and other raw materials)

29,4% Meat (includes beef, pork and chicken)

10,9% Packaging material

14,7% Milk

2,7% Sugar

6,7% Oils and fats

Market share

#1

- In hamburgers and steakhouse categories in Colombia
- In ice cream shops in Costa Rica and the Dominican Republic

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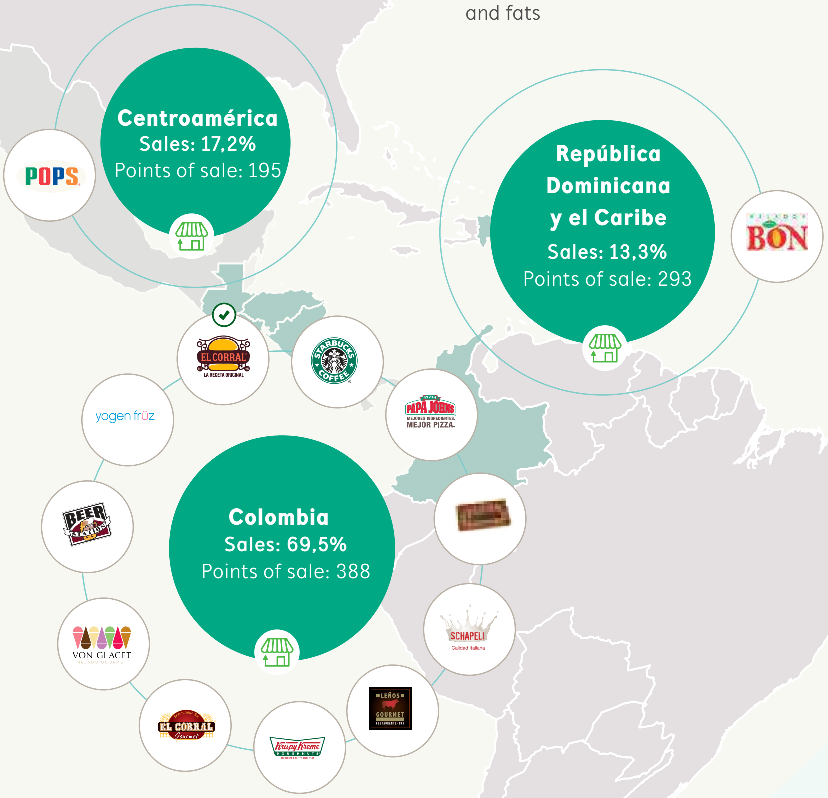
OUTLOOK FOR 2018

- We will continue to work on renovating El Corral's assets and opening points of sale.
- The new launches and campaigns will be strengthened.
- We will expand the Beer Station and Papa Johns' brands in both new and existing markets in Colombia.
- We will develop and implement technological platforms that would allow us to increase our sales and improve our productivity in multiple departments. We will also broaden the point-of-sale information platform in Beer Station and Papa Johns.
- Wi will strengthen the current model of ice cream parlors, both in Costa Rica and the Dominican Republic, and will continue with the expansion of the model in the geographies in which we participate.



Presence of our main brands
[GRI 102-2]

✓ Brands with sales over USD 50 Million

Points of sale

Ice Cream Nutresa

RELEVANT ASPECTS FROM 2017

- We started the implementation of our new market entry model.
- We achieved a positive management of the key raw materials, which allowed us to have an outstanding performance in the cost of sales over the second semester of the year.
- We opened new distribution centers in Cartagena, Pasto and Montería, which allows us to be closer to our customers and to improve our service levels in the corresponding regions.
- The wastewater treatment systems were expanded and improved in the Bogotá production plant.

Mario Alberto Niño Torres | President

[Part of Nutresa since 2006]

51 years old

SALES COP billion

Total Sales

2017	2016	2015
423	436	444
-3,0%	-1,7%	5,1%

Growth percentage

CAGR -2,3%* ⌄

*Compound Annual Growth Rate

The Ice Cream Business represents

4,9%

of Grupo Nutresa's total sales.

Sales in Colombia

	2017	2016	2015
	423	436	444
Price	**6,6%**	6,5%	5,8%
Volume	**-8,9%**	-7,7%	-0,6%

CAGR -2,3%

The sales in Colombia represent

100%

of the total business unit sales.

EBITDA Miles de millones de COP

	2017	2016	2015
	42	53	61
Growth percentage	**-20,7%**	-12,7%	6,6%
Margin	**10,0%**	12,2%	13,8%

CAGR -16,8% ⌄

Represents

4,0%

of Grupo Nutresa's ebitda.

EMPLOYEES

2.424

(Direct employees, indirect employees and apprentices)

Local	International
100%	0,0%

27,5% 72,5%

(Direct employees and apprentices)

DIRECT PRESENCE IN ONE COUNTRY

RAW MATERIALS AND OTHER

(Production cost %)

Other 55,2% (includes direct labor, IMCs and other raw materials)

16,5% Packaging material

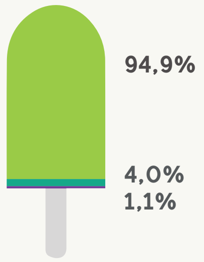
18,3% Milk

4,1% Oils and fats

5,9% Sugar

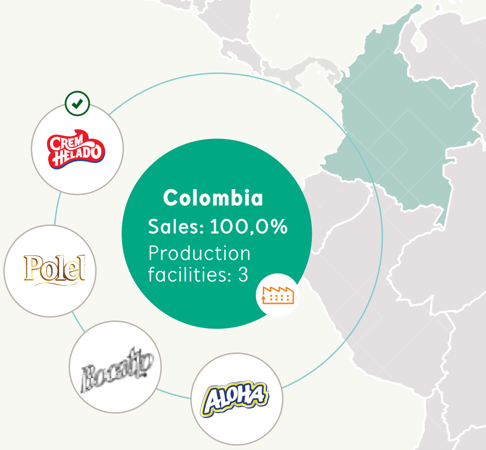
MAIN CATEGORIES

(Total sales %)



● Ice Cream Products ● Refrigerated beverages

● Other



○ **Presence of our main brands [GRI 102-2]**

✓ Brands with sales over USD 50 Million

Production facilities

Outlook for 2018

- The market entry model will be consolidated, ensuring better customer satisfaction levels and a greater profitability.
- We will continue to improve our understanding of consumers in order to guarantee effective innovations for the market.
- Our brand portfolio will be optimized with the purpose of focusing our investment, and ensuring our leadership and the preference of both consumers and customers.
- We will implement the productivity and efficiency projects to improve the profitability indicators of the Business.
- The organizational structure will be managed in accordance with the specific challenges of the Business.

Pasta Nutresa

RELEVANT ASPECTS FROM 2017

- We obtained positive results in sales thanks to our innovation work and our effective brand management.
- Doria, the leading brand in the Colombian market, maintained its growth based on effective innovation and differentiation, and it ventured into the ready-to-serve sauces for pasta.
- We increased our production capacity focusing on a higher efficiency. This increase was achieved by using technologies that demand a lower energy consumption and improve the performance of the final product, supporting our profitable growth in sales.

Fabián Andrés Restrepo Zambrano | President
[Part of Nutresa since 1996]
43 years old

SALES COP billion

Total Sales

2017	2016	2015
294 **2,4%**	287 11,2%	258 8,7%

Growth percentage

CAGR 6,7%* ⌃
*Compound Annual Growth Rate

The Pasta Business represents
3,4%%
of Grupo Nutresa's total sales.

Sales in Colombia

	2017	2016	2015
	293	287	258
Price	**0,8%**	4,1%	7,3%
Volume	**1,5%**	6,8%	1,2%

CAGR 6,5%

The sales in Colombia represent
99,7%
of the total business unit sales.

EBITDA COP billion

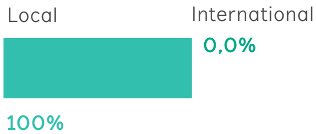
	2017	2016	2015
Growth percentage	**29** **11,5%**	26 0,6%	26 15,9%
Margin	**10,0%**	9,1%	10,0%

CAGR 5,9% ⌃

Represents
2,8%
of Grupo Nutresa's ebitda.

EMPLOYEES

724
(Direct employees, indirect employees and apprentices)

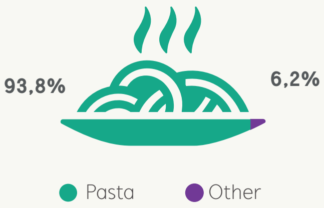


28,7% 71,3%
(Direct employees and apprentices)

DIRECT PRESENCE IN 4 COUNTRIES

MAIN CATEGORIES

(Total sales %)



Market share in Colombia

Variation -0,4%

OUTLOOK FOR 2018

- We will continue to grow in the category and to strengthen the role for each brand in the segments they are aimed at, putting the emphasis on the affordability and on an adequate price-value ratio.
- We will increase the profitability of the Business, strengthen the value of our brands, look for new operational efficiencies, and explore new markets and categories.
- We will work on achieving growth in the international markets where we operate and we will venture into new territories.

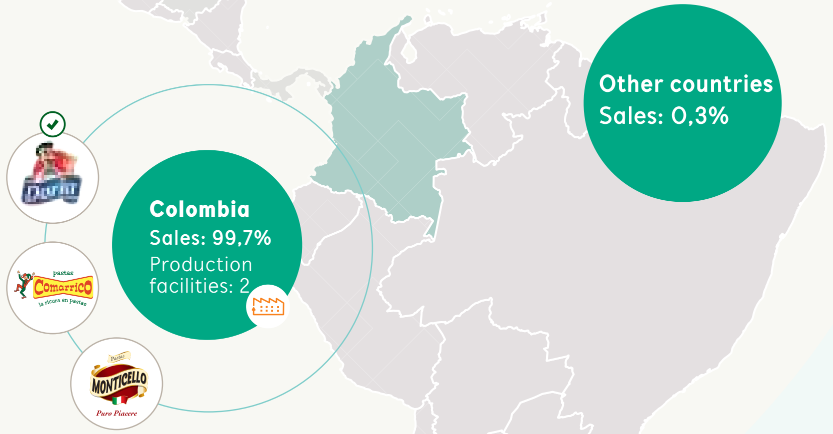
RAW MATERIALS AND OTHER

(Production cost %)

62,9% Wheat

Otros **26,4%** (includes direct labor, IMCs and other raw materials)

10,7% Packaging material



Presence of our main brands
[GRI 102-2]

✓ Brands with sales over USD 50 Million

Production facilities

Commercial Netwroks

RELEVANT ASPECTS FROM 2017

- We made progress with the Brands and Networks Management Model, and we deepened our knowledge on consumers, shoppers and customers to keep on strengthening the value proposition of our key brands.
- We continued to refine our processes and tools for market follow-up and analysis in order to have a positive impact on the decision-making process and to make progress on our strategic price management.
- We aligned the portfolio, the service methods and the commercial management elements with the specific needs of each customer segment.
- We expanded the coverage of the fidelity plans for the minimarket customers by supporting their sustainability and increasing their loyalty.
- We reinforced the direct consumer support channels, which led to making progress on the number of households reached.
- We promoted new brands, line extensions and new presentations of existing brands in the market to address consumer segments in which we were not participating before, as well as shopping missions with nutrition, well-being and pleasure solutions.

Álvaro Arango Restrepo
President until 2017
[Part of Nutresa since 2001]
57 years old

Juan Fernando Castañeda Prada
Vice President, Marketing and Sales -Commercial Networks from 2018
[Part of Nutresa since 2011]
50 years old

EMPLOYEES

Local	International
100%	0%

6.992
(Direct employees, indirect employees and apprentices)

33,4%	66,6%

(Direct employees and apprentices)

TOTAL SALES

COP billion

2017	2016	2015
3.028	2.895	2.621
4,6%	10,4%	10,0%

Growth percentage

CAGR 7,5%*
*Compound Annual Growth Rate

Commercial Networks represents
34,8%
of Grupo Nutresa's total sales.

Commercial Networks sales includes Comercial Nutresa, Novaventa and La Recetta

OUTLOOK FOR 2018

- We will continue to advance with the customer-focused organization model, prioritizing the customer segmentation process in order to be able to strengthen our value propositions, our service model and our portfolio of proposals.
- We will make progress in the Brands and Networks Management Model by boosting our marketing investment follow-up and analysis tools for our key brands.
- We will continue to consolidate our knowledge on customers, consumers and shoppers, and integrating such knowledge into the design of proposals, strategies and activities that generate the preference and a higher value for our brands.
- We will strengthen the understanding of the strategies of our priority customers from the major supermarket chains, minimarket and wholesaler channels in order to evolve the collaboration model and find better value propositions and solutions suitable to their needs.
- We will reinforce the specialized and alternative channels with the aim of expanding their scope to households and institutional customers.

Servicios Nutresa

RELEVANT ASPECTS FROM 2017

- We performed an effective cost-to-serve management and strengthened the strategic sourcing model, causing a positive impact on the expenditure of the businesses.
- We ventured into new free-economic-zone processing capabilities, boosting the services rendered from said platform and contributing to the new business models that are being developed.
- We achieved a higher level of satisfaction in the survey of our clients attitude to our service, as our score went from 79 in 2016 to 79,8 in 2017.
- We were re-certified as a Familiarly Responsible Company, achieving a level of excellence in labor conciliation practices. This achievement allowed us to become the leaders in this field in Latin America.
- We were an essential part of the chain of trust and secure commerce of the export products from the businesses in Colombia and Costa Rica to other countries.

Sol Beatriz Arango Mesa | President

[Part of Nutresa since 1992]

56 years old

EMPLOYEES

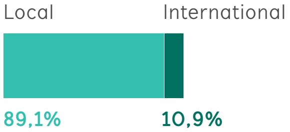
936

(Direct employees, indirect employees and apprentices)

47,9%

52,1%

(Direct employees and apprentices)



Types of services

Shared services

- Administrative and real-estate
- Financial
- Risk and control
- Human and Organizational
- Development
- Technological

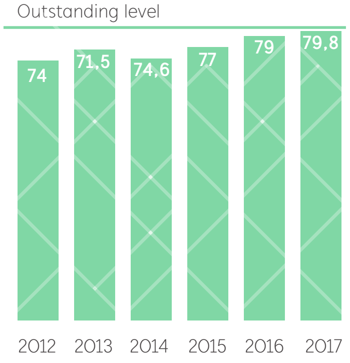
Corporate services

- Innovation, Markets Intelligence,
- Media and Sustainability

Transverse support

- Fundación Nutresa, Vidarium and Gestión Cargo

Client satisfaction measurement evolution



OUTLOOK FOR 2018

- We will incorporate new digital transformation projects and technologies that would boost the innovation and productivity in the shared services and in Grupo Nutresa's businesses.
- New categories and geographies will be explored for the strategic sourcing in order to reduce costs, improve the competitiveness opportunities, identify new synergies and maintain an effective expenditure management.
- We will provide tools for risk management and contribute to the creation of master plans focused on growth and business continuity.
- We will continue to develop practices that make a positive contribution to the productivity of the human resources and that promote a balance in the employees' personal, family and work life.

Fostering profitable growth and effective innovation

Grupo Nutresa focuses its efforts on the generation of a differentiated offer of products, brands and experiences in multiple market segments, based on an innovative culture in terms of processes, products and business models.

Grupo nutresa

A FUTURE TOGETHER

Profitable growth in the markets and **reliable brands** with an excellent price-value ratio

Developing strategic markets profitably with brands, distribution networks and value propositions that deliver memorable and differentiated experiences fulfilling consumer, shopper and customer needs, motivations and purposes in life.

Simultaneously, understanding markets', cultures' and societies' new realities through the Brands and Networks Management Model, and a brand and products portfolio based on consumers' everyday pursuit of a higher quality of life, identity and lifestyle.

Strategy [GRI 103-2]	Progress [GRI 103-3]
Strengthening the differentiated value propositions of brands and networks.	> Grupo Nutresa deepened its knowledge of customers, shoppers and consumers throughout the entire strategic region, aligning the value propositions, the processes and a market-centric Organization culture. > The Organization worked on specializing networks' value propositions based on the understanding and segmentation of customers to ensure their satisfaction and loyalty.
Managing brand and product portfolio in accordance with market needs.	> The strategies and resources were focused on the most powerful brands. > A special emphasis was made on products and consumer experiences, keeping in mind the Consumer Segmentation Model.
Strengthening commercial networks and generating customer loyalty.	> Looking to improve customers' experiences and ensuring their loyalty value propositions were modified including differentiating elements for each segment. > In the Retail Food Business, thirty restaurants were renovated to improve the consumer experience.
Strengthening the internationalization model.	> The Brands and Networks Management Model was extended to the strategic region, incorporating best practices regarding price, communication and portfolio, among platforms and new markets.

Minimarket channel marketer from Comercial Nutresa, Colombia.

Employees from Pops, Retail Food Business, Costa Rica.

Risks and opportunities [GRI 103-1]

Grupo Nutresa identified the following aspects as key opportunities in order to dinamize sales in the strategic region: developing value propositions that capture consumers' and shoppers' attention by offering a more intimate experience, the use of distribution networks and logistical capabilities to broaden access to households, and differentiation through innovation to face new low price retail and private labels.

For the Organization, there's always a risk of losing its market share against competitors due to price differences and more relevant value propositions for consumers or customers. Therefore, the Company needs to consider key aspects such as: ensuring consumer preference by offering differentiated experiences and improving nutritional profiles in order to work through consumption barriers; offering new alternatives, especially options related to a healthier diet; strengthening the distribution network by integrating the online and offline worlds, and venturing into new production technologies and contract manufacturing.

Grupo Nutresa also needs to continue its preparation to mitigate the risks related to the new regulations and market and consumer demands in terms of healthier products and more transparent information, the economic slowdown, the exchange rates volatility in some countries, and consumption taxes increase in other countries.

Outlook

Grupo Nutresa will keep evolving as a market-centric organization. Value propositions are created to respond to consumer, shopper and costumer need states based on our understanding of them in order to in order to create differentiated experiences and sustainable relations with them.

Brands will continue to work based on the organization's consumer segmentation model. This model is based on food and beverages consumption and purchase motivations allowing opportunities to be identified minimizing redundancy efforts and strengthening mega-brands throughout all productive units.

Also, developing new category innovations, value propositions improvements, expansion to other countries, maximizing coverage and taking advantage of opportunities where Grupo Nutresa's brands have low presence are to be achieved leveraged by the market understanding based on this model. This based on an adequate price management and on efficient investments, both of which guarantee profitability increase and growth.

The distribution networks will continue to support the presence and brand market share. Market entry models will be adjusted according to customer segments searching for coherency. The specialization of service methods and improvements in visibility are differentiating aspects that will boost brand presence in retail stores.

Success stories and acknowledgments [GRI 103-3]

Cold Cuts launched the new 35g Pietrán Snack with only 40 calories per portion, which is a good protein source, is 97% fat free and has a 25% reduced sodium content. This new product totaled COP 1,26 billion in sales over just three months, representing more than 4% of the brand's sales. This sum exceeded the sales expectations by 20%

Tosh brand was awarded the Gold Effie Trophy in the Sustained Brand Success category, which acknowledges brands that have been able to maintain their success in time, evaluating their performance over the past three years.

Chocolates entered the spreadable product category with Jet Crema, attracting new consumers and increasing consumption frequency. With more than COP 7,0 billion in 2017, the total sales for this new product amounted for three times the sales budget.

Strengthening of the Nutresa Express Pods in 2017: A 15% market share was achieved over the first year.

Biscuit's Saltín Noel brand was ranked as one of the top 10 most-often chosen brands by Colombians, according to the Kantar World Panel "Brand Footprint" study (2016), which was published in 2017. In the food sector, it is the fourth most often chosen brand in the country, with the highest market penetration level among the top 10 brands.

Ice Cream launched the "Artesanos del postre" (Dessert artisans) campaign, which reinforced the Company's position in the artisan ice cream market with a 13,2% growth rate.

Pasta launched the Doria Sauces, which enabled the brand to enter the sauce product category with a differentiated value proposal and leveraged the brand's value, boosting the brand's growth.

Tresmontes Lucchetti in Chile attained an accelerated growth of its Café Gold brand with a 24% increase in the revenue in comparison with 2016, and it consolidated its share in the granulated coffee in glass containers category, with a 90% growth by Gold Premier.

Progress achieved in 2017 [GRI 103-3]

Grupo Nutresa's Brand and Network Management Model

Technological, social and economic changes along with fast paced lifestyles, among other aspects, have created an environment where consumers have greater awareness levels in regards to brands' actions. They are demanding brands to embrace transparency, consistency and sensitivity to make a difference and be valued by the market.

These trends have strongly influenced the commercial ecosystem into developing value propositions and innovation paths intended to improve people's quality of life.

In 2012, Grupo Nutresa stated through the Brands and Networks Management Model that consumers, shoppers and customers are the focus for every action, and use it to boost brands relevance and differentiation.

Since then, the Organization has become market-centric, transforming its organizational culture and creating its own models and practices with innovative methodologies that allow brands and networks to be at the forefront of the industry.

The Brand and Network Management Model enables the Organization to be at the **forefront of knowledge.**

This organizational model is based on three major elements:

1

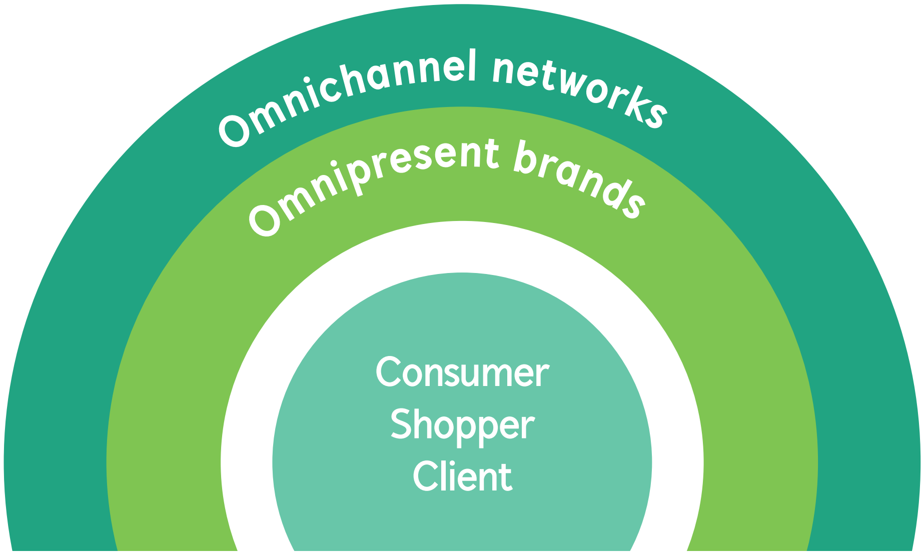
Brand management: management under a consumer-based segmentation and focused on portfolio, price and communication management.

2

Go to market: articulating networks to bring brands closer to shoppers present in an omnichannel model.

3

Customer-centric organization: Focusing brand actions and value propositions on consumers, shoppers, and customers to ensure their satisfaction and loyalty, alining processes and culture with this purpose. y lealtad.



Developed/ strengthen capacities are a competitive advantage

Create, transfer, apropriate and apply relevant and differentiated knowledge main market forces

Analytic and collaborative platform founded on Big Data and Advanced Analytics.

Integrated and aplicable practices and modelos

Strenghtening of a market centric organizational culture.

Consumer

Understanding consumers' need states and motivations are essential aspects for brands to deliver differentiated value propositions and offer memorable experiences.

These elements are incorporated into Grupo Nutresa's consumer segmentation model, which expands throughout the entire strategic region. This model is built upon the understanding of food and beverage consumption and purchase need states and motivations. This model is dynamic and it is constantly updated to provide brands with a broad framework for action.

The consumer segmentation model covers the entire **strategic region** and it is based on the needs and motivations of consumption and purchase.

Each brand is located in a specific segment according to its market positioning.

Thirty restaurants of the Retail Food Business were renovated to improve the experience.

For Stability (Seguridad), people seek to maintain their status quo with proposals from well-known brands. The Organization's effort has been focused on creating more practical presentations in terms of price and portability, as well as creating brand messages that resonate with consumers' realities.

For Protection (Protección), brands have developed alternatives for consumption moments such as snacks, and their nutritional benefits have been highlighted. In 2017, innovation for this segment focused on expert nutrition aiming to create healthier habits by taking care of and preserving health standards.

For Self-direction (Autodirección), brands such as Tosh and Diversa have expanded to new categories and have broadened their portfolio to accompany consumers who are motivated to control their diet in order to look and feel good.

For Hedonism (Hedonismo), in which consumers want to live the moment by enjoying everyday cravings and multi-sensorial experiences, brands created in 2017 experiences based on online and offline moments with premium and differentiated proposals.

The Vending Store Model enables consumers to have access to the brands by means of vending machines located in high-traffic locations.

Customer

Since 2010, Grupo Nutresa has been working with the market entry model for networks, which involves a customer-centric organization concept focusing on delivering a segmented and differentiated value propositions to generate sales efficiency and growth.

In 2017, networks adjusted their service structure articulating commercial figures and focused the management on retail stores guarantying brand visibility and customer development in a sustainable relationship.

Furthermore, in this evolution, the Organization reinforced the use of digital tools improving processes and shortening customers' and shoppers' access to brands.

The international operations continue to evolve their distribution models according to their specific characteristics. The Colombian market entry model has been the basis for local networks development in countries with similar social structures and purchase habits, as it is the case for Central America, Peru, Ecuador, Mexico and the Dominican Republic.

Additionally, the Company strengthened its presence in the institutional channel, coffee and bakery shops, direct purchase and vending machines channels, all of this aiming to ensure the preference of a shopper that seeks products in different channels, according to their shopping mission.

For its part, the Vending Store Model enables consumers to have access to the brands by means of vending machines located in high-traffic and convenience-necessity places. That is why, in 2017, the coverage of this channel expanded with XX machines.

Moreover, the digital portals were strengthened to facilitate the access of consumers from different platforms and to ensure a differentiated experience for the shoppers, initially with customer loyalty programs and consumers' connection with brands.

The investment in commercial assets ensures the visibility and good conditions of products increasing sales and guarantying brand value delivery for consumers. In Colombia, XXX assets were installed for dry products and store delimitation.

Internationalization Model

The international expansion is one of the key pillars for Grupo Nutresa's development, strengthening and growing value generation. In 2017, the sales abroad represented 36,8% of the total, serving 75 countries in five continents. An aspect worth highlighting is the strengthening of the Brands and Networks Management Model in the strategic region markets allowing the identification of opportunities for the development and launch of new brands and categories through the understanding consumers, shoppers and customers. Understanding specific particularities of each market allowed the definition and adjustment of distribution networks and models ensuring market share and the numerical distribution growth and optimization of cost for serving

Raw materials volatility management

For Grupo Nutresa, the efficient management of raw materials is essential, as it is a decisive factor in its operating costs and competitiveness. In 2017, operating costs were stable or exhibited a downward trend, correcting increases from the previous year. In order to reduce this volatility, Grupo Nutresa has established coverage policies with defined risk levels, a team specialized in the negotiation of supplies and a permanent search at a worldwide scale for methods focused on achieving a more efficient sourcing.

In Colombia, the increase to the value added tax rate caused a consumer price increase effect that slowed both the consumption and the GDP growth. However, this situation did not entail an increase to the prices before VAT.

Direct economic value generated and distributed [GRI 201-1]

(millones de COP)	2014	2015	2016	2017
Ingresos por ventas netas	6.481.813	7.945.417	8.676.640	**8.695.604**
Ingresos por inversiones financieras	55.267	56.844	61.527	**68.327**
Ingresos por ventas de propiedad, planta y equipo	3.247	8.339	917	**17.804**
Valor económico directo generado	**6.540.327**	**8.010.600**	**8.739.084**	**8.781.735**
Gastos de funcionamiento	4.634.348	5.640.140	6.106.637	**5.942.715**
Salarios	579.353	768.070	820.042	**867.952**
Prestaciones	354.612	413.037	431.774	**482.283**
Dividendos a los accionistas	198.476	212.588	229.582	**245.706**
Pagos de intereses a los proveedores de crédito	127.374	180.660	250.289	**259.085**
Pagos al gobierno	206.170	290.548	255.842	**221.880**
Inversiones comunitarias	33.737	46.651	55.273	**62.367**
Beneficios	69.117	88.797	98.387	**102.767**
Valor económico directo distribuido	**6.203.187**	**7.640.490**	**8.247.826**	**8.184.755**
Valor económico retenido	**337.140**	**370.110**	**491.258**	**596.980**

Effective **innovation**

Supporting the achievement of the Organization's strategic goals transversely by using innovation as a results-boosting capability and as an engine of growth.

For Grupo Nutresa, effective innovation consists in the correct understanding of the needs of both customers and consumers, which translates into products, services, processes and business models that contribute solutions and add value.

Strategy [GRI 103-2]	Progress [GRI 103-3]
Implementing the innovation strategy and structuring the governability model.	> Grupo Nutresa presented the evolution of the Imagix model to the Directive Committees of the Organization's Businesses. > The 2018-2020 strategic innovation plan was defined on each one of its fronts, and it was approved by the Corporate Innovation Committee.
Strengthening the innovation programs: "Éxitos Innovadores" (Innovative Success Stories), "Prácticas Ejemplares" (Exemplary Practices), "Soluciones Innovadoras" (Innovative Solutions) and Out of the Box.	> Nine challenges for Innovative Solutions were launched. > Bénet, the second Out of the Box project was scaled, with excellent results in the market. > The third Out of the Box call for entries was launched. > 4.606 Innovative Success Stories were acknowledged. > Four Exemplary Practices were rewarded.
Building Grupo Nutresa's innovation projects portfolio.	> The Organization developed an indicator dashboard that will allow to manage the projects of the portfolio to ensure the contribution of innovation to growth.
Consolidating the knowledge management culture.	> Grupo Nutresa created a strategy for strengthening the synergy communities and developed the action plan.

Grupo Nutresa promotes innovation environments that enable co-creation and the generation of ideas.

Risks and opportunities

[GRI 103-1]

Grupo Nutresa's engine of innovation is its human capital and its main challenge is to strengthen the implementation and achieve the evolution of its innovation programs. For this purpose, the Company organizes acknowledgment events and awards, such as the Exemplary Practices program, which have the purpose of highlighting the results of outstanding projects that are replicable in other businesses and countries.

For the Organization, it is a priority to be aligned with the dynamics of its environment and context, and to understand innovation beyond the product. Therefore, Grupo Nutresa develops forward planning processes that enable it to operate in advance, maintain its leadership in the food sector, and be at the forefront of the industry. Additionally, the Company identified the main gaps in order to boost the capabilities and bring innovation to other fields, which is why it is important to review the forward planning exercises and adjust their direction if necessary.

There is a great opportunity to articulate the culture, the processes, the resources and the ecosystem in order to generate intra-entrepreneurship capabilities and build an ideal innovation portfolio based on the talent, on the knowledge and on indicators that allow to perform a timely management. All these actions will be conducted by means of the implementation of the Imagix Innovation model in the strategic region.

Grupo Nutresa has identified risks related to the implementation of the effective innovation, one of which is not reading the changes in the Organization's environment and context at the right time. Such changes could consist in legislations, provisions regarding packaging, intensive use of resources, price and availability of raw materials and commodities, among other, for which the Organization has monitoring and prevention mechanisms.

The second **Out of the Box project –Bénet–** was started, with excellent results in the market

Outlook

Grupo Nutresa gets ready to deal with the multiple challenges of the industry at the right time, maintaining its leadership in the region and getting prepared to face any other challenges posed by the market. That is why for 2020, the Organization has set the goal of achieving innovation-driven sales equivalent to 15% of the total sales and seeks to achieve 0,3 Innovative Success Stories per employee.

The Company will continue to gather efforts for the application of the new innovation strategy and the articulation of the Imagix model in order to ensure the comprehensive management of both innovation and the portfolio of short, medium and long-term projects. A greater emphasis will be laid on the innovation that is focused on social and environmental aspects, and the innovation-related incentives and acknowledgments for employees will be reassessed.

It is a great challenge to create strategies that allow to operate in alignment with the evolution of the legislations in the regions where Grupo Nutresa runs its businesses, which is why intra-entrepreneurship will be incorporated and the relation with the ecosystem will be strengthened in the management of innovation. A global vision will be developed with local operations and additional expert capabilities will be created for the development and incubation of disruptive long-term projects.

In search for a better profitability in all Businesses, technological and differentiating alternatives will be integrated to reduce the dependence on high-fluctuation raw materials.

Finally, the Organization will have a better understanding of the lifestyles, consumption trends, aspirations and needs of both customers and consumers, enabling thus the generation of new value propositions.

Launch of the Granuts product innovation, Chocolates Business.

Success stories and acknowledgments [GRI 103-3]

Bénet is highlighted as a successful case for being a disruptive innovation project from Grupo Nutresa's Out of the Box program. With this new brand, which was launched in June, the Company enters the "Specialized Nutrition" market. This powdered nutritional beverage with 26 vitamins and minerals, 10 g of protein, fiber and vitamin B complex can be found in all the big supermarket chains, self-service stores, main drugstore chains and in Novaventa's catalog. In its first five months, it has been very well received and it has surpassed the expectations with figures that reaffirm the validity of its purpose: **making the difference in the nutrition of Colombians with comprehensive and affordable nutritional formulas and a broad availability.** Furthermore, this innovation has generated a new productive capability in Gestión Cargo's service portfolio.

Granuts is another success story as it stands out for offering mixes of peanuts, nuts and dried fruits. In less than two years Granuts has reached 18 countries and, for 2018, a 152% sales growth is expected with regard to the previous year. To get these results, the Organization implemented actions with several approaches, in different geographies, with a locally implemented global vision and an agile execution when responding to the market as a competitive advantage

Another success story worth highlighting is the work of the **Cold Cuts Business' research and development team, whose members designed a thermal process simulator.** This tool has allowed them to optimize one of their critical processes, product pre-cooking, and it has enabled them to define the most important parameters of the process based on mathematical algorithms that simulate their behavior in the multiple stages. With said parameters, it has been possible to reduce the design times by 80%, decrease the testing costs by 60% and free production line times. This tool is protected with copyrights because it is an initiative achieved with the knowledge developed by the Cold Cuts business as part of its research work, and it is not commercially available

Progress achieved in 2017 [GRI 103-3] [ODS 9.4]

Resources

0,5%
Of sales invested
in innovation

Venture capital fund
for radical innovation.

204
People exclusively
assigned to R&D+i

Culture

☆ **4.606**
Innovative Succes Stories

362
Innovation promoters.

Imagix

Procesos

- Development of new products o services.
- Research.
- Forward planning.
- Strategic surveillance (competitive and technological
- Open innovation.
- Intellectual property.
- Knowledge management.

Ecosystem

Innovation strategy and
governance model, portfolio
management, metrics and
management indicators.

Innovative Success Stories acknowledgment event in the Chocolates Business.

CULTURE

Measurement of innovation capabilities

In 2017, the Organization carried out actions focused on bridging the gaps identified in the 2016 measurement.

- **Training of experts:** 160 people were trained in Design Thinking and 20 in Service Design.
- **Innovation indicators** The Organization developed an indicator dashboard to measure the impact and manage the innovation portfolio based on the strategic goals.
- **Innovation-driven leadership** Grupo Nutresa presented the evolution of the Imagix model to the Directive Committees of the Organization's businesses with the purpose of standardizing the understanding of the model and having them as enablers of the process.

Innovation culture programs

Imagix
éxitos
INNOVADORES

- **Innovative Success Stories:** program focused on the participation in the formulation and implementation of ideas that have the objective of creating a continued improvement culture, fostering curiosity and observation, and promoting the voluntary participation across all the levels of the Organization. 40.606 innovative success stories were achieved, which are equivalent to 0,22 stories per employee.

Imagix
soluciones
INNOVADORAS

- **Innovative Solutions:** open participation program for all employees from all companies. The program is focused on solving strategic or tactical impact challenges with the objective of creating a collaborative work culture, and promoting the participation and innovation tools in work teams and people who want to contribute solutions.

- **Eight challenges** defined in 2017, for a total of 41 since the launch of the program.
- **52 solutions** presented.
- **470 participants** in 2017.
- **12 employees** awarded.

Imagix

Prácticas
EJEMPLARES

- **Exemplary Practices:** acknowledgment of management experiences and projects with outstanding results, which are also replicable in other businesses. It promotes the collaborative work and the transfer of knowledge and good practices.
Three exemplary practices were awarded in 2017:

1. "Galaxia" (Galaxy): commercial and knowledge-creation strategy focused on the sustainable growth of the industrial product category, developed by the Chocolates Business and Comercial Nutresa.
2. Operation scheduling based on the real consumption of the market - Replenishment model, developed by the Cold Cuts Business.
3. "Granuts": speed and flawless execution as competitive advantages of the strategy, developed by the Chocolates Business.

Out of the box
DALE LA VUELTA

- **Out of the Box:** capital fund for innovation projects that have the objective of building capabilities for the generation of radical innovation, learning to manage innovation projects with a high uncertainty level and venturing into long-term endeavors. The Organization launched the second project into the market, Bénet, and the third call for entries for projects to be developed in 2018.

Employee from the Coffee Business participating in innovation environments.

Innovation Promoters
program aimed at training innovation experts for them to become enablers of processes within their corresponding business and, thus, give innovation a broader scope.

Currently, there are
362
innovation promoters trained
on different tools to support processes in their corresponding businesses.

Grupo Nutresa encourages the collaborative work as a booster of both productivity and innovation in the Businesses.

Research Awards
program aimed at promoting the Organization's research culture and strengthen its intellectual capital.
13 research projects were submitted. They were evaluated by academic peers and the four projects with the highest scores received awards:

- **First place**
  Substitution of sodium nitrite in the preparation of cooked ham using a natural antioxidant extract. Cold Cuts Business.

- **Second place:**
  - Computer modeling and simulation of the continuous baking of crackers. Biscuits Business.
  - Phase transition stability in cocoa butter emulsions. Chocolates Business.

- **Third place**
  Effect of the formulation of additives on the rheological and texture properties of crackers. Biscuits Business.

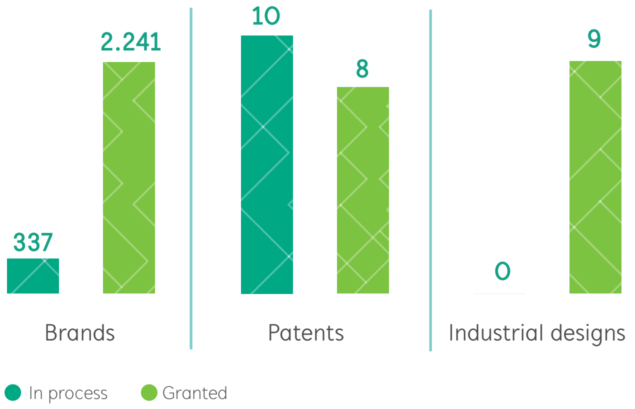
Sustainable Nutresa: in 2017, the Organization held the fourth edition of the Annual Sustainability Event. The purpose of this event is to acknowledge the innovative success stories that have had a positive impact on any of the three dimensions of sustainability, which are also replicable in any other of Grupo Nutresa's Businesses. Ten success stories were presented in the event due to their contribution to sustainability. From these ten cases, three of them received acknowledgments for their deep impact on each one of the dimensions.

Workshop with leaders from the industrial community focused on defining the purpose, the value offer and the challenges of greater impact for the sector.

PROCESSES

Intellectual property [ODS 9.4]

Intellectual property maintains the competitive advantages and is increasingly relevant within the Imagix innovation model because it allows to protect and preserve the knowledge generated, identify fundamental technological trends in the forward planning exercises, and reduce the risks related to the infringement of third-party intellectual property. The monitoring of intellectual property allows to establish the knowledge boundaries for competitors.



Technological Surveillance

In 2017, the Technological Surveillance Direction Department continued its work by training 29 new custodians. This effort reinforces even more the capability of each Business to monitor the market, which allows to capture, identify, interpret and analyze the signs and trends of both the local and international contexts. Grupo Nutresa has a total of 152 custodians.

Fifteen surveillance actions were conducted, the corresponding reports were filed and more than 50 alert warnings were sent to the businesses.

Open Innovation

The creation of networks and the strengthening of relations with the innovation ecosystem are essential for Grupo Nutresa. That is why more than 23 initiatives were carried out jointly with third parties, universities, research centers, suppliers, customers and entrepreneurship centers in 2017. These organizations not only contributed valuable knowledge, but also methods, tools, capabilities, and resources for the development of new products and processes.

Knowledge Management

Grupo Nutresa has 25 synergy communities, 11 primary and 14 secondary, which are environments for joint construction with the participation of all Businesses that promote innovation, productivity, knowledge management and human talent development. These communities focus their work on overcoming the common challenges that have an impact on the Organization's Goal for 2020.

Methodology and workshops for the organizational alignment of the communities

In 2017, Grupo Nutresa deployed its action plan to develop the strategy focused on strengthening the synergy communities: adjustments were made to the managerial governability, architecture, structure and dynamics of the communities. For this purpose, the Organization designed a synergy community alignment methodology and organized workshops applying this methodology in six communities with the purpose of defining the common objective, the value offer, the deeper-impact challenges, the agreements and the dynamics for the meetings of these communities.

Additionally, two discussion sessions were held with leaders from the communities with the aim of socializing the progress and defining guidelines.

Also in 2017, the Company promoted the implementation of the exemplary practices that were acknowledged in December 2016 and on the first semester of 2017. The implementation was promoted by means of knowledge transfer events focusing on said practices.

In search for the constant update of the methodologies and tools that facilitate knowledge management, the Organization also performed surveillance activities and the incorporation of new knowledge facilitation and management techniques. Additionally, several of the existing techniques were redesigned, as it is the case of "Aprendiendo con el experto" (Learning from the expert), "Lecciones aprendidas" (Lessons learned) and "Creación de comunidades de sinergia" (Creation of synergy communities).

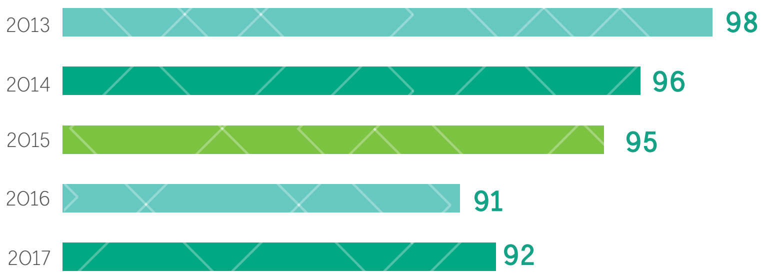
FRAMEWORK FOR ACTION

Implementation of the innovation strategy

- In 2017, Grupo Nutresa consolidated the innovation strategy and presented the evolution of the Imagix model to the Directive Committees of the Organization's Businesses. The new version of the model comprehensively articulates the capabilities for a sustainable innovation in the long term and transforms it into an engine of growth.
- The Company continued to bridge the gaps identified in the innovation capabilities in the 2016 measurement.
- The Organization also conducted innovation planning for the 2018-2020 term in alignment with the strategy. This planning activity allowed to identify goals for each one of the Imagix model axes.

Innovation in the Dow Jones Sustainability Index

Grupo Nutresa is part of the Dow Jones Sustainability Index for the seventh time. In the innovation chapter, the Organization stands out for being one of the top companies in the food sector thanks to its innovation, development and research management practices.



RESOURCES

The Organization allocates significant economic resources and its human capital to drive innovation.

The investment in R&D+i totaled **COP 40.425 millones.**

204 people are exclusively assigned to innovation.

Promoting a **healthy lifestyle**

The wellbeing of the consumers is a priority for Grupo Nutresa, which is why it works on promoting healthy lifestyles, producing nutritious and safe food, and ensuring an adequate communication that builds trust and allows to make conscious and informed decisions.

Grupo nutresa

A FUTURE TOGETHER

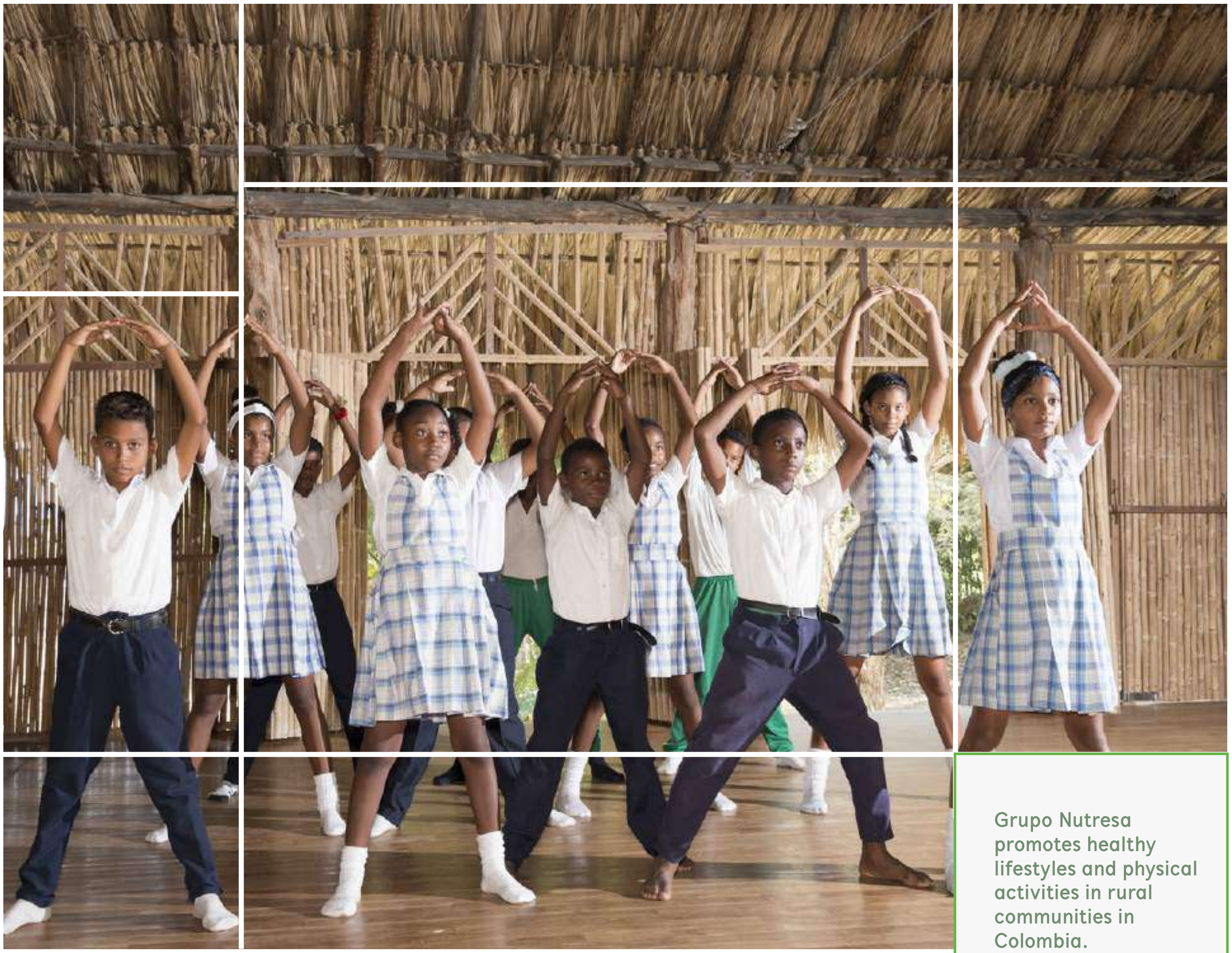
Nutrition, healthy lifestyle and responsible marketing

Offering products and menus that provide the consumers with alternatives that meet their nutrition and well-being expectations, and actively promoting healthy lifestyles by means of awareness-raising and education campaigns and programs.

Grupo Nutresa's imperative commitment is to encourage responsible consumption through clear labeling and unabridged advertising that allow the consumer to make informed decisions.

Strategy [GRI 103-2]	Progress [GRI 103-3]
Adjusting the nutritional profile of the products.	> A total of 2.984 products adjusted to the Nutresa nutritional profile were consolidated, achieving 95% of the goal set for 2020. [G4- FP6] [G4-FP7] [SDG 2.1]
Implementing the front-panel nutritional label in all the products.	> 86,3% of the portfolio complies with the front-panel labeling requirements.
Promoting healthy lifestyles.	> The Organization continued to work on the program of training in habits of a healthy diet, physical activity and hygiene practices in 22 education institutions and 20 district entities in Colombia. > Progress was also made in the Espacios Saludables (healthy environments) program in Acatlán de Juárez, Jalisco, benefiting 1.834 children from three public primary schools.
Reducing the nutrients of interest in public health.	> In the last three years, 236 products have been reformulated in sodium, 100 in sugar and 80 in saturated fat. > The Cold Cuts Business worked on the reduction of nitrites in 69 meat products.
Managing the advertising responsibly.	> The Company performed self-regulation actions with regard to the advertisement for kids between the ages of six and twelve according to the self-regulation criteria agreed upon with the Colombian National Business Association's Chamber of Food.

Promotion of healthy lifestyles with the booklet "Una Aventura para crecer feliz y más saludable" (An adventure to grow happier and healthier) at the Barbacoas education institution in Cartagena.



Grupo Nutresa promotes healthy lifestyles and physical activities in rural communities in Colombia.

Risks and opportunities

[GRI 103-1]

The global public health conditions indicate that malnutrition is increasing. United Nation's annual report about food security and nutrition, published in 2017, points out that hunger increased around the world, affecting 815 million people, 11% of the world's population, which represents an increase of 38 million with regard to 2016. Furthermore, obesity is a reason for concern because 641 million adults are obese and 41 million kids younger that five are also overweight. This fact confirms the nutrition and healthy lifestyle promotion challenge for the food sector, increasing the pressure in terms of obesity and chronic diseases.

The foregoing drives governments to adjust their regulatory frameworks by determining the composition of food products, marketing and advertising, the product offering areas and the tax measures. It also causes alerts among the social groups that deal with health issues.

Grupo Nutresa is aware of obesity's multi-causality and of its capacity to contribute to the improvement of the health conditions of the population in the strategic region through its products, clear nutritional information and the promotion of healthy lifestyles. Its contribution is focused on supporting consumers' decision-making process to enable them to transform their eating habits.

Outlook

Grupo Nutresa set the 2020 objective of multiplying by 2,5 its portfolio of products that meet its healthy profile standards. To achieve this goal, the strategy is based on delivering quality of life to the consumers by means of product and menu alternatives that meet their nutrition, health and well-being aspirations, and on promoting strategies for the promotion of healthy lifestyles and an informed decision-making process.

The Organization will maintain its product reformulation, front-panel labeling, advertising self-regulation and healthy lifestyle promotion programs. In the long term, the Nutrition, Health and Wellbeing Research Center (Vidarium) will work on understanding, from the scientific point of view, the health issues with the purpose of proposing new ways of nourishment that allow to contribute to the consumers' quality of life.

Additionally, the Healthy Lifestyles strategy in Mexico, Colombia and Chile will allow to have a proven model for the implementation of healthy practices in the education community by 2020. Moreover, the public-private alliances established with entities such as the Colombian Ministry of National Education, UNICEF, the Worldwide Food Programme, the National Institute of Public Health of Mexico, Universidad de Chile's INTA (Institute of Nutrition and Food Technology) will strengthen Grupo Nutresa's participation in the preparation and improvement of public policies for the implementation of the strategy.

Success stories and acknowledgments

[GRI 103-3]

As a success story, Grupo Nutresa highlights the 25% reduction in the sodium levels and the "good source of proteins" statement in half of the portfolio of the Cold Cuts Business' **Zenú and Pietrán brands**. This achievement has been possible thanks to the research work conducted by the Organization about sodium in the food matrix, and to the use of fat, which has allowed to replace animal fats **with vegetable** fats, reducing the **saturated fat** and cholesterol contents.

Grupo Nutresa has a differentiated product portfolio focused on meeting the needs of consumers.

Progress achieved in 2017 [GRI 103-3]

The concern for health issues, obesity and chronic diseases in particular, gave rise to action plans that have been maintained consistent over time and that produce as a result, at the end of 2017, 119 products with a reduced content of the nutrients of interest in public health. As it is well aware of the double burden of malnutrition, the Organization also works on strategies aimed at delivering nutritional solutions to consumers with products enriched with macro and micro-nutrients (as it is the case of Chocolisto), or products especially designed to nourish, such as Bénet. [G4- FP6] [G4-FP7] [ODS 2.1]

The permanent commitment to being the best option for consumers has driven the Company to reduce or replace other additives and ingredients, such as some preservatives and color additives. The reformulations are based on programs ranging from research to innovation, because the functionalities of said ingredients have to be maintained in the new formulations, and the products' performance, their safety and the consumers' acceptance must always be ensured. As a result of this plan, nitrites have been reduced in 69 products and a plan to replace artificial color aditives has been started.

Principales avances en asuntos relacionados con la salud [GRI 416-1] [ODS 2.1]

Cold Cuts

Meat byproducts

- Eighteen product items were reformulated to meet Grupo Nutresa's nutritional profile, achieving a 50% adjustment of the baseline portfolio. Additionally, the sodium content was reduced in 44 product items and the sodium nitrite content was reduced in 25 product items. Salt consumption was reduced by 15,4% and sodium nitrite consumption was lowered by 18,8% in comparison with the amounts used in 2016, achieving an accumulated reduction (based on the consumption for 2015 as reference) of 19,2% and 25,9% respectively.

Pastas

Pasta with sauce or instant pasta products

- The cheese powder sauces that are part of the products were reformulated, replacing the yellow color additive # 5 (Tartrazine) with a natural color additive.

Biscuits

Crackers

- The sodium content of 8 products was reduced.

Cookies

- The sodium content of 9 products was reduced.

Pastry

- The sugar content of 2 products was reduced.

Chocolates

Beverages

- Launch of Chocolyne 3-in-1. Individual serving of Chocolyne with non-dairy cream and Splenda to prepare with hot water.
- Launch of Chocolyne Pods. Chocolyne pods with Splenda and skimmed milk to prepare with water on the express pods system machine.
- Launch of Chocolisto crocante (crunchy) in Ecuador. Powder mix based on malt and cocoa with vitamins and minerals.
- Launch of Johnnys Proteína (Johnny Protein). Powder mix with which a chocolate beverage with 5 g of protein per serving is prepared.

Cereals

- Launch of Tosh coconut. Crunchy granola with coconut chunks (good source of fiber).

Cereal bars

- The sugar and saturated fat contents of 1 product were reduced.
- Blueberry Tosh bar. The delicious flavor of blueberries in a 20 g bar.
- Tosh coconut. Cereal bar with coconut chunks (good source of fiber).

Chocolate candy

- Launch of Tutto One. Bits of milk chocolate with roasted rice offered in an ideal serving size.

Nuts and trail mixes

- Nine products were reformulated: the sodium content was reduced in 7 of them and the sugar content was reduced in 7 of them.
- Launch of La Especial Arandamix. Mix of salted peanuts, corn, honey peanuts and blueberries; La Especial mix of peanuts, blueberries and puffed rice covered with chocolate; and La Especial mix of peanuts, raisins, almonds and covered chocolates.
- Launch of the Granuts portfolio in Central America. Expansion of the nuts portfolio with the purpose of offering a healthy snack to consumers.

Ice Cream

Ice Cream

- The saturated fat content of 9 products was reduced.
- The sugar content of 1 product was reduced.

Ice pops

- Development of a product for kids with 40 calories, 30% fruit juice and Vit.

TMLUC

All categories

- Continuation of the review of the product items from all categories to identify if they meet the Nutresa nutritional profile.
- Launch of the new Zuko Light formula.
- The sugar content of 9 Néctar Zuko product items was reduced.
- The sodium content of Lucchetti and Talliani sauces (5 SKUs) was reduced.
- Launch of TMLUC's cereal bars category under the Livean brand with 4 different items.
- The sodium content of the original-flavor Kryzpo product was reduced.

Children Obesity Prevention Program developed by the Tresmontes Lucchetti Business in Mexico.

Grupo Nutresa aporta en la **construcción de nuevos hábitos** desde sus marcas y desde su compromiso social.

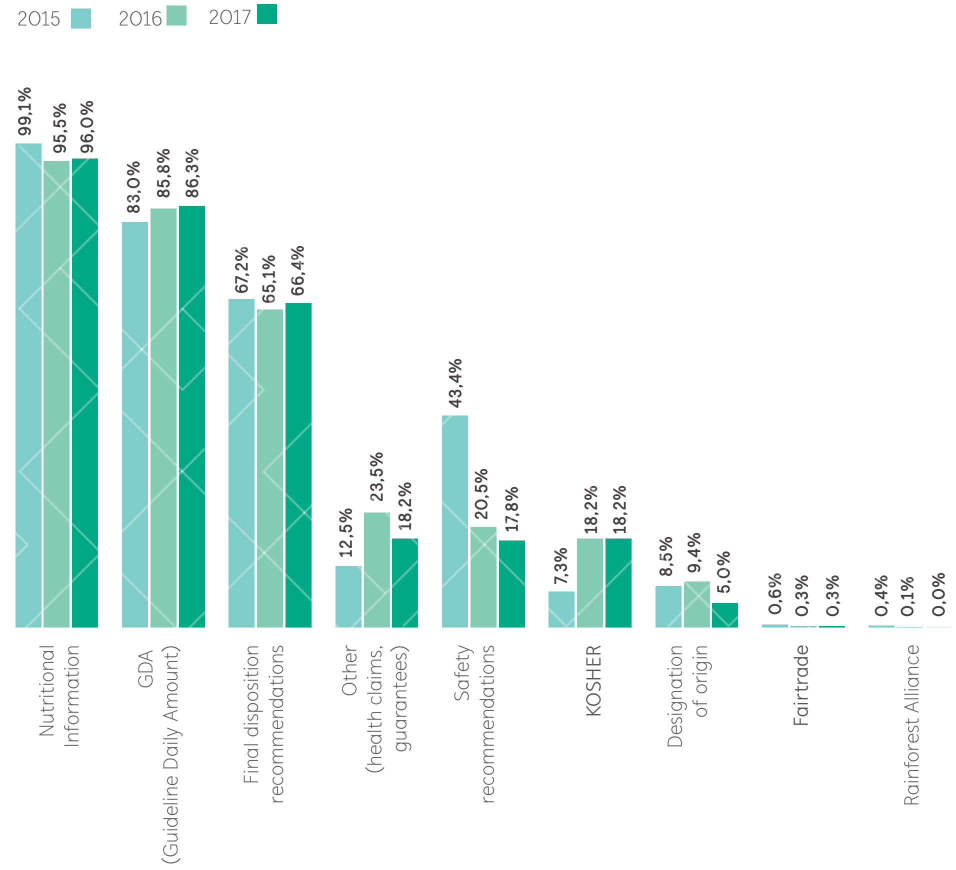
The changes to the nutrition and health regulations in the countries where Grupo Nutresa operates represent a risk that is proactively addressed by watching out for the health conditions and the identification of the needs of the communities. In the same way, the Organization monitors the emerging knowledge, conducts scientific research work related to food, health and nutrition and makes progress in the commitments established in the nutritional strategy. The field of work is broad and the solutions of the sector are in the implementation of new knowledge. Therefore, it is necessary to understand the technological and quality restrictions that force to wait to transform the offer (in some cases even longer than the expectations of the regulators).

The technological efforts or any control measures taken due to nutritional reasons will produce results if they are supplemented with education and communication campaigns which transcend the business scope and bring the academic, educational and scientific communities together. The intervention in habits, which is ultimately the expected response, represents a challenge for society as a whole, and it must be based on long-term plans that start with training processes from childhood.

Incidents of noncompliance concerning regulations and voluntary codes related to labeling and marketing communications [GRI 417-2] [GRI 417-3]

	2014		2015		2016		2017	
	Labeling	Communication	Labeling	Communication	Labeling	Communication	Labeling	Communication
Number of fines	0	0	1	0	0	0	**0**	**1**
Number of warnings	0	0	0	1	0	0	**2**	**0**
Number of voluntary code violations	9	0	0	0	0	0	**0**	**0**
Total	**9**	0	1	1	0	0	**2**	**1**

Products with information related to sustainability attributes included in the label [GRI 417-1]



> A través de los programas de promoción de estilos de vida saludable se han beneficiado **12.810 niños** en Colombia y **1.834** en México.

Grupo Nutresa contributes to the construction of new habits by means of its brands and its social commitment. A commitment that consists in actions aimed at teaching and educating about healthy lifestyles, communicating messages and contents through the websites of Chocolisto, Chocolyne, Tosh, Bénet, Evok, Nutresa, among other, by means of responsible marketing and advertising for minors and developing collaborative projects for the education of children.

Therefore, healthy lifestyles are promoted by Fundación Nutresa and by means of the activities of the Nutresa brand. For such purpose, the Organization develops collaborative projects that seek, based on children's education, to generate adequate habits that lead to better nutritional and health conditions, both in the short and in the long term. The initial projects are located in Colombia, Chile and Mexico, and they are focused on testing intervention models in order to define the most adequate for the communities. The ultimate goal of the tests is to transfer the knowledge attained from them with the purpose of implementing it in the countries of the strategic region, contributing thus to the construction of A Future Together.

Based on this action framework, the Organization continued to develop strategies with the aim of strengthening the capabilities of children and adolescents, and ensuring an optimal decision-making process regarding a healthy diet, physical activity and key hygiene practices. The intervention is focused on education institutions and district entities from the strategic region.

Employees from the Pastas Business in an expert sensory analysis activity.

In Colombia, 16 education institutions and 20 education secretariats were benefited. This effort allowed the Organization to reach 13.618 people from the academic community, from whom 12.810 were students, 693 teachers, and 115 food handlers and representatives of the school shops and cafeterias.

In the case of Chile, the Company conducted a longitudinal study in 2017 with the objective of comparing the nutritional condition of 347 school students from 3rd grade to 7th grade with the results that have been obtained since 2015. The study also included the collection of information on the offer and purchase of food products at the school shops and cafeterias, the origin of the food the students take to the school, and the presence of street vendors outside the institutions. The practical purpose of collecting this information is to assess the implementation of the Act 20.606, which addresses the nutritional composition of the food and their advertising in public schools.

In Mexico, Grupo Nutresa continued to work on the "Espacios Saludables" (Healthy environments) program, which is focused on improving the eating and the physical activity habits among the students from Acatlán de Juárez, Jalisco, and was started in 2015. In 2017, 1.834 kids from the three public primary schools included in the program were benefited.

Food **security**

Designing and undertaking initiatives focused on the eradication of hunger, which create possibilities of nutrition and development of capabilities for communities in the strategic region. Also, implementing actions focused on the reduction of food loss and waste in Grupo Nutresa's value chain

Strategy [GRI 103-2]	Progress [GRI 103-3]
Implementing food security actions in rural and urban communities in Colombia.	> The implementation of healthy nourishment systems was continued in the Colombian departments tates of Chocó, Córdoba, Bolívar, Magdalena and Meta. > 301 families received training in organic agriculture, implementation of irrigation systems, seedbed and bio-factory construction, and healthy lifestyles.
Reducing food loss and waste in Grupo Nutresa's companies.	> The Company socialized the Food Loss and Waste Reduction Policy at the strategic level with the purpose of standardizing their knowledge and ensuring the implementation of the policy at all levels. > The Organization participated in the technical workgroup for the construction of the national guidelines for the Prevention and Reduction of Food Loss and Waste in collaboration with Prosperidad Social (Social Prosperity) and the Food and Agriculture Organization of the United Nations. > Grupo Nutresa also remained in the board of directors of the Colombian Food Bank Network and actively worked to develop the capabilities of people from the entire network. > 19 food banks in the strategic region have improved their rating of the Sanitary Hygienic Profile with respect to the previous year.

GERMINAR Markets in Chocó, Colombia.

Grupo Nutresa supports the nourishment of kids and adolescents in school cafeterias in Colombia.

Risks and opportunities [GRI 103-1]

Climate change and the deterioration of the environment have an impact on both biodiversity and food production. This puts food security at risk, especially in low-income populations, including the one in Grupo Nutresa's value chain. That is why implementing actions aimed at mitigating the malnutrition problems and increasing the sustainability of the food production systems in this communities becomes a top priority.

The mitigation of hunger becomes a priority in the areas where Grupo Nutresa operates because it puts the quality of life of both its human capital and the community in general at risk. The Company implemented strategies focused on developing the necessary capabilities for the adoption of practices that allow to increase the conservation and improve the distribution of food in the communities. Therefore, said strategies contribute to the mitigation of the risk related to the access to a balanced and healthy diet in those communities.

Finally, the development of our allies' capabilities becomes a priority due to the reputational risks that might be caused by an inadequate handling and final disposal of the products, and in order to ensure the quality and safety of the food.

Outlook

As part of its 2020 goal, Grupo Nutresa will implement one thousand capability development projects, including the construction of more than 7.000 square meters of healthy nourishment system facilities in rural and urban communities. The Organization will also provide technical advisory support to ensure the learning of matters such as alternative crop operation, healthy and balanced consumption of the food produced, the implementation of good agricultural practices for the adequate use of the soil, and the management of drought situations and floods caused by climate change.

The Company will continue to strengthen the food banks and other organizations that receive our products with the purpose of ensuring the safety in the handling of the food. Grupo Nutresa will also keep developing their administrative, infrastructure-related, quality-related, logistical and innovative capabilities by providing tools that allow them to achieve their self-management and sustainability.

Grupo Nutresa will implement the Food Loss and Waste Reduction Policy to improve the efficiency of the processes and to prevent the loss and waste of resources and products. In turn, the Organization will contribute to the reduction of hunger in the regions where it operates by maintaining the quality standards and ensuring the safety of its food products, which are actions aligned with the Sustainable Development Goals 2 and 12 (Zero Hunger, and Responsible Production and Consumption).

301 families received training in organic agriculture, implementation of irrigation systems, seedbed and bio-factory construction and healthy lifestyles.

Success stories and acknowledgments

[GRI 103-3]

As a success story, it is worth highlighting **the start-up of the GERMINAR Markets.** In this project, more than 301 farmers from the Chocó and Montes de María regions participated in community training and empowerment activities focused on relevant matters such as the preparation of small productive gardens, implementation of irrigation systems, and seedbed and bio-factory construction, among other. This achievement led to the consolidation of eight healthy nourishment systems for the benefit of rural and urban communities, through which more than 1.900 kg of healthy products were obtained.

Another success story is **the implementation of a bio-garden in Peru's Aldeas Infantiles SOS Callao** by the Chocolates Business. One hundred square meters of nourishment systems were built with the purpose of improving the quality of life and well-being of 47 children and adolescents who are now able to have access to their own fresh and organic vegetables. The Organization also trained more than one hundred people in construction and maintenance of organic crops, resource and biodiversity conservation, and solid waste management.

Healthy nourishment systems of the GERMINAR project in Chocó, Colombia.

The Organization fulfilled the established goal of expanding the coverage to **more than 5.000 m^2** of food production systems.

Progress achieved in 2017

[GRI 103-3]

The Company continues to work on fulfilling the Sustainable Development Goal No. 2, Zero Hunger, and on strengthening its sustainability strategy by bridging food security gaps in the base-level population. This gap-bridging effort will be carried out by means of the creation of healthy nourishment systems and the implementation of the Food Loss and Waste Reduction Policy in Colombia and across the strategic region.

"GERMINAR" food security strategy

GERMINAR is a family agriculture strategy focused on food security and on the promotion of healthy lifestyles. It seeks to supplement the daily diet by ensuring food access and availability in low-income communities. This strategy also strengthens people's healthy diet capabilities and key hygiene and physical activity practices, recovering ancient customs along the way.

The construction of seven nourishment systems in the Colombian states of Chocó, Córdoba, Bolívar, Magdalena and Meta enabled the development of the technical capabilities of the communities in the fields of bio-factory construction and management, irrigation systems for mitigating the problems of droughts caused by climate change, and seedbeds for the sustainability of the products planted in the productive gardens.

With the implementation of the Urban GERMINAR strategy in Villavicencio and its reproduction by the communities subject of intervention, the Organization fulfilled the established goal of expanding the coverage to more than 5.000 m^2 of food production systems. Along the same line, 301 families from the prioritized regions received technical training. The contribution of vitamins and minerals provided by the new products in said regions corresponds to 44%, and 124% of the families include food produced in the healthy nourishment systems in their daily diet.

Diversity of fruits and vegetables, and their availability in the GERMINAR markets [ODS 2.1]

Total square meters built as healthy nourishment systems	5.000
Number of fruit and vegetable servings delivered to the benefited families*	4.790
Total mass of fruits and vegetables available after the intervention (kg)	1.916

*This figure was calculated considering that the World Health Organization (WHO) recommends as an objective for the entire population the consumption of at least 0,4 kg of fruits and vegetables per day to prevent chronic diseases such as cardiopathies, cancer, diabetes and obesity.

Food and nutrition

- Access to other food products that supplement the essential household products.
- Safe food availability

Social

- Development of capabilities related to topics such as nourishment, leadership, organizational model and good agricultural and manufacturing practices.
- Articulation with organizations that work in the nutrition field in the area.

GERMINAR
sembramos buenos hábitos

Environmental

- Improvement to the conditions of the soil.
- Recovery and reuse of some solid waste produced in the community.
- Establishment and reduction of CO_2 emissions.
- Creation of an irrigation system for an adequate water management.

Economic

- Reduction in the costs due to the availability of productive garden food produce.
- Product exchange that may generate an additional income for the family.

By means of the GERMINAR project, Fundación Nutresa works on maintaining and strengthening the rural productive gardens strategy with the objective of mitigating the food access problem. This mitigation is carried out by providing tools, seeds, training, technical assistance and events for sharing experiences that enable the farmers to have access to the cultivation of alternative products intended for being consumed in their own homes, bartering or commercialization to generate income.

GERMINAR project in Chocó, Colombia.

Food Loss And Waste Reduction Policy

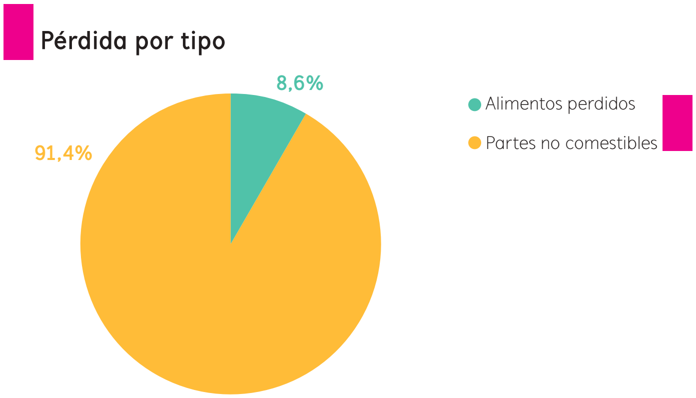
[ODS 2.1] [ODS 12.3]

In 2017, Grupo Nutresa made progress in the design of the work framework for its Food Loss and Waste Reduction Policy and started its measurement based on the **FAO's Food Loss and Waste Accounting and Reporting Standard** in the production activities of all its production plants in Colombia.

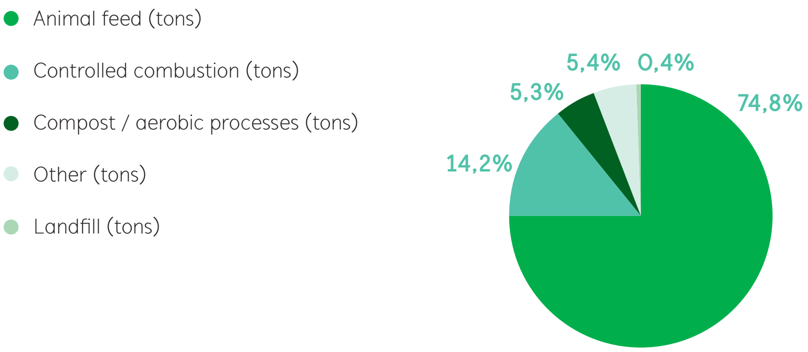
The losses in 2017 from the Colombian production plants amounted to 89.783 tons, 8,6% of which corresponds to edible materials that, due to diverse reasons, complete its cycle by being used for non-human-dietary purposes such as animal feed, bioenergy, composting, etc.

In 2018, Grupo Nutresa will start executing initiatives to improve the recovery and reuse of this food, reducing thus the environmental impact and helping to reduce inequality and hunger.

Pérdida por tipo



Destination of lost food



Reinforcement Of The Food Banks

As part of the strategy focused on the reduction of food loss and waste, Grupo Nutresa reinforces its allies by means of gap-bridging plans for matters of logistics, good manufacturing practices, the hygienic-sanitary profile, and health, among other. In 2017, the Organization worked with eighteen food banks in Colombia and with six in the strategic region. This work benefited more than 581.512 people with 943,16 tons of products delivered.

Furthermore, Grupo Nutresa intends to help the food banks so that they become, in the medium term, self-sustainable organizations in administrative and technical terms, assuring the companies involved in their operation the safety of the products in order to mitigate their reputational risks. Along the same line, the Organization will also support the food banks in the development of innovative projects that allow them to broaden their offer of services to the communities benefited.

COUNTRY	BANK	RESULTS 2016	RESULTS 2017		GENERAL INFORMATION
Colombia	Barranquilla	85%	**88,0%**	In transformation	For 2017, the hygienic-sanitary profile (PHS in Spanish) rating is the following: **SEEDBED:** Less than 79% **IN TRANSFORMATION:** between 80-94% **INNOVATIVE:** between 95-100%. It is expected that the food banks exceed the hygienic-sanitary profile (PHS in Spanish) with a rating over 70%.
	Bogotá	98%	**89,0%**	Innovative	
	Bucaramanga	78%	**83,0%**	In transformation	
	Cali	100%	**99,0%**	Innovative	
	Cartagena	91%	**N.A.**	N.A.	
	Cartago	91%	**74,0%**	In transformation	
	Cúcuta	97%	**87,0%**	In transformation	
	Ibagué	98%	**92,0%**	In transformation	
	Manizales	99%	**97,0%**	Innovative	
	Medellín/Banco de alimentos	87%	**91,0%**	In transformation	
	Medellín/Saciar	94%	**78,0%**	Seedbed	
	Montería	82%	**95,0%**	In transformation	
	Neiva	90%	**73,0%**	Seedbed	
	Pasto	92%	**86,0%**	In transformation	
	Pereira	88%	**83,0%**	In transformation	
	Santa Marta	83%	**80,0%**	In transformation	
	Sincelejo	99%	**97,0%**	Innovative	
	Villavicencio	97%	**97,0%**	Innovative	
Chile	Santiago de Chile	57%	**58,0%**		In the international platform, it is considered that a food bank performs good manufacturing practices when the result of its hygienic-sanitary profile (PHS in Spanish) is above 50%.
Costa Rica	San José	28,30%	**32,50%**		
Ecuador	Quito	63%	**75,0%**		
	Guayaquil	67%	**82,0%**		
Mexico	México	68%	**N.A.**		

Reliable **food**

Ensuring the satisfaction, well-being and nutrition of consumers with safe and high-quality products under a strict compliance with the legal framework, and with an excellent service supported by quality management and food safety systems.

Strategy [GRI 103-2]	Progress [GRI 103-3]
Consolidating the implementation, certification and maintenance of the management systems.	> **The following certifications were maintained:** **ISO 9001 Quality:** 30 operation centers. **BPM (Good Manufacturing Practices):** 10 operation centers. **HACCP (Hazard analysis and critical control points):** 23 operation centers. **ISO 22000:** 1 operation center. **Standards recognized by the GFSI —Global Food Safety Initiative— (IFS, BRC, FSSC 22000, SQF):** 11 operation centers. **Product certifications:** **Kosher:** 9 operation centers. **Halal:** 5 operation centers. **Fair Trade:** 2 operation centers. **Orgánico:** 1 operation centers. **Rainforest Alliance:** 1 operation centers. **Commercial security:** 8 operation centers are BASC certified. **In the agricultural sector:** 92% of the pig farms are certified in good livestock breeding practices and animal well-being under the Resolution 2640 of 2007 granted by the ICA (Colombian Institute for Agriculture and Livestock). > **New certifications were obtained:** **ISO 9001:** Setas de Colombia and Servicios Nutresa Costa Rica. **BRC, Global food safety and quality standard:** Tresmontes Lucchetti, Valparaíso production plant. **Sedex Members Ethical Trade Audit (SMETA):** Coffee Business, Medellín. **UTZ - Sustainable Agriculture:** Coffee Business, Medellín.
Model for the comprehensive protection of food.	> Grupo Nutresa reinforced the product authenticity chapter by incorporating (into all its Businesses) practices that prevent the tampering with economic purposes, especially in all aspects related to the raw materials.
Ensuring the compliance with the legal regulations for materials that make contact with food and beverage products.	> Both the suppliers and the Businesses conducted the diagnosis to ensure the compliance with the regulations for materials, objects, containers and appliances destined to make contact with food and beverage products.

Quality laboratory of the Coffee Business in Ibagué, Colombia.

Production line in Abimar, Biscuits Business, United States.

The Organization will continue to establish control measures in the productive processes that **prevent the contamination and tampering of the products** and promote the compliance with the specifications.

Risks and opportunities [GRI 103-1]

With the purpose of consolidating its legal monitoring and surveillance processes, Grupo Nutresa has identified the tacit risks associated with food safety both in Colombia and in the international platforms to avoid regulatory noncompliance in the countries where it operates and commercializes its products. The risks assessed by the Organization are: contamination, noncompliance with specifications and product tampering. Failure to control them could cause events that would affect the health of consumers and the Company's reputation.

The foregoing becomes an opportunity not only to comply with the provisions of the regulations, but also to actively participate in the preparation, discussion and review of public proposals related to quality and safety matters in the countries where Grupo Nutresa operates.

Additionally, another aspect that represents a challenge for the Organization is to maintain trustworthy relations and constant communication with its customers, because an inadequate management of this matter could cause reputational crises and loss of trust from consumers.

Outlook

With the purpose of preventing and eliminating the risks assessed by the Organization in the short and medium term, the plans will be focused on evaluating, selecting and developing trustworthy suppliers. Another focal point of the plans is to establish control measures in the productive processes that prevent the contamination and tampering of the products and promote the compliance with the specifications. Grupo Nutresa will continue with the training in matters such as process knowledge, products and quality control measures, HACCP, Food Defense and safety-focused preventive control measures, among other.

In 2018, the Company will disclose and socialize the Corporate Manual for Crisis Situations both in Colombia and in the platforms of all Businesses. Finally, the Organization will continue to work on the consolidation of the integrated management system model to capitalize the knowledge of the Businesses in terms of regulations and standards related to all the management systems and the human, technical and lab infrastructure resources. The purpose of the foregoing is to identify synergies and to harness savings and the best practices in order to boost Grupo Nutresa's competitive and leading position.

Hamburger preparation in the Retail Food Business, Colombia.

Success stories and acknowledgments [GRI 103-3]

The Chocolates Business, in its Rionegro production plant, **received for the third consecutive year the AA rating as part of the certification in the global food safety standard, BRC V7.** This is the highest acknowledgment under this standard, which is recognized by the GFSI, demonstrating the Organization's strong commitment toward the quality, legality and safety of its products.

The Pasta Business' Monticello brand received the **Superior Taste Award 2017** from the Belgian International Taste & Quality Institute (iTQi) for the Pesto alla Genovese and Napoletana sauces due to the superior taste of these products. This achievement exhibits the Company's care in every single detail and strict commitment to the quality standards.

Progress achieved in 2017 [GRI 103-3]

Certifications Of The Management Systems

As part of its corporate philosophy and behavior, Grupo Nutresa focuses its management on food safety, offering safe high-quality products that generate trust among the consumers regarding what they buy and eat.

The management systems, on which the operation centers are certified, are permanently checked through external audits with the purpose of ensuring and verifying the degree of compliance with the requirements of each one of these systems.

The management systems have been consolidated, securing 76 certifications that contribute to the purpose of strengthening the performance of the processes to ensure the quality and safety of the products, as well as a continuous improvement. In 2017, 79,2% of the production was manufactured in plants that hold certifications on food safety management systems standards, including the standards approved by the Global Food Safety Initiative. **[GRI G4-FP5]**

Employee from the Gestión Cargo quality department in Cartagena, Colombia.

Food protection

The comprehensive protection of food is based on three fundamental pillars: the food safety, the food defense and the authenticity of the product. Therefore, food must be protected from involuntary contamination with any kind of agent, it must be secured from its origin to its consumption, and the intentional contamination of the raw materials or the products themselves must be prevented.

In 2017, this comprehensive food protection model was executed in the exporting Businesses, as it is the case of the Coffee, Biscuits and Chocolates Businesses, and the Organization is working on its implementation in its other Businesses. Additionally, Grupo Nutresa currently has processes in place for the self-diagnosis and the validation by third parties and personnel trained as PCQI (preventive controls qualified individual) by leading instructors certified by the FDA.

For the exports to the United States, the Organization also adopted the requirements for the compliance with the new Food Safety Modernization Act (FSMA) of the FDA.

Supplier Follow-Up And Development

Grupo Nutresa designed the Guidelines of Requirements for Suppliers with the objective of providing tools and serve as the basis for their development. These guidelines facilitate the alignment, the diagnosis and the compliance with Grupo Nutresa's multiple standards and policies, which include the requirements related to the quality and safety of the supplies.

The Organization developed the capabilities of **16.226 employees** who support the quality and safety programs.

Development Of Quality And Safety Capabilities

In 2017, the Company developed the capabilities in 16.226 employees who support the quality and safety programs. The subjects addressed were the following: Good Manufacturing Practices, safety prerequisites, HACCP, Food Defense and preventive control methods based on the Food Safety Modernization Act of the U.S.

Compliance With Food Regulations

Grupo Nutresa actively participates in standardization and regulation initiatives with institutions from the public and private sectors for the collective creation of regulations and standards in terms of quality and safety.

The Organization carried out actions to ensure the compliance with diverse regulations that have recently been enforced, including the identification of materials, their suppliers and the required analysis that demonstrates the sanitary suitability of the products.

Crisis Management

Grupo Nutresa promotes a preventive and proactive approach to deal in an organized and adequate manner with circumstantial situations that represent the possibility of crises related to its products, which could put consumers' health at risk due to possible deviations in product safety. Consequently, the Organization has developed a new version of the Crisis Management Manual, which promotes the anticipated preparation to detect potential crises, dealing with them on a timely basis and establishing a structure to manage them, with guidelines that allow to coordinate the response efforts and promote the participation of key people from the Company.

Noncompliance related to the impacts of the products and services on health and safety [GRI 416-2]

	2015	2016	2017
Number of fines	1	-	-
Number of warnings	1	1	7
Number of noncompliances with the voluntary codes of products and services	4	4	-
Total	**6**	**5**	**7**

Managing the value chain responsibly

Grupo Nutresa manages the comprehensive development of employees to improve their productivity and quality of life, and also includes social and environmental variables in the supply chain and strengthen the distribution network with sales channels that allow an adequate offer of products in the market.

Grupo nutresa

A FUTURE TOGETHER

Development of *our people*

Promoting the comprehensive development of the human capital with the purpose of achieving the availability, commitment and productivity of the employees, guaranteeing their capabilities and talents in the short, medium and long term to secure the achievement of the Organization's goals.

Strategy [GRI 103-2]	Progress [GRI 103-3]
Strengthening the talent recruitment and attraction channels and actions.	> Grupo Nutresa's brand as an employer was strengthened, facilitating the identification and incorporation of key talent. 1,5% of the candidates were recruited through social networks. > 779 call for entries were published, enabling equal opportunities for employees and third parties.
Consolidating practices to plan, train and develop the human talent.	> The Organization implemented plans for training activities through the Servicios Nutresa school in in the fields of innovation, sustainability, leadership, business ethics and bilingualism, getting the participation of 2.466 employees. > The map of key positions and talents in Grupo Nutresa was updated to ensure the availability of talented people who contribute to the fulfillment of the Company's long-term objectives. > 211 internships and 439 internal promotions were executed across all Businesses both in Colombia and abroad. These practices contribute to the preparation of the best talent and ensure the retention and satisfaction of employees.
Managing the employees' performance and productivity.	> The employee results management process was consolidated and new talent productivity measurement indicators were defined. These indicators provide valuable information for the decision-making process and contribute to the competitiveness of the companies.
Managing the organizational climate, the commitment and the psychosocial risks.	> 24 companies carried out the measurement of organizational climate, commitment and psychosocial risk. The goal for 2017 in terms of organizational climate was 83,2% and the consolidated result of the measurement was 83,3%. However, low levels were obtained in the results for psychosocial risk.
Developing capabilities for the supply chain.	> 94 people (suppliers and contractors) were trained in matters of business continuity and workplace safety and health management, strengthening thus the development of capabilities in the supply chain.
Strengthening the volunteer service as a scenario for the development of the human capital	> 13.002 employees organized and carried out 21.912 volunteer actions with the purpose of mobilizing the solidarity, cooperation and talent.

Employees from Servicios Nutresa, Colombia.

Employees from Opperar, Colombia.

Risks and opportunities [GRI 103-1]

The identification of key talent to ensure the availability of ideal professionals is a permanent challenge on guaranteeing the fulfillment of the strategic goals, as well as having development plans and retaining strategies aimed at securing their permanence and commitment. Additionally, several generations currently interact in the work environments, which is a reality that demands the variation and incorporation of proposals suitable to all lifestyles, preferences and expectations.

The organizational design and the working styles become opportunities to boost the development of people. Therefore, the hierarchical structures need to be reconsidered in order to reinforce the collaborative work, by projects and as a network, achieving thus a lighter and swifter organization. Furthermore, the employees' self-development and the professional growth represent a challenge that must be faced by means of more effective strategies, such as the virtual training and the digital culture, which boost the development of a global organization.

Finally, poverty and inequality are variables that remain in Grupo Nutresa's strategic setting and that have a negative impact on negotiation, operation and human talent development scenarios. That is why performing volunteer actions represents, in the long term, an opportunity for the development of the employees' talents through strategies that favor the social and economic improvement of the territories.

Outlook

The main employee development actions will be focused on bridging gaps and improving the capabilities of the human talent through the continuity of the training programs and by means of development scenarios such as internships and project assignments. This development scenarios will allow them to experience practical learning situations that will enable them to take on new challenges and responsibilities.

The Organization will continue to develop capabilities in the fields of innovation, sustainability, prioritization of the customers and consumers, digital skills, bilingualism and leadership. In the same way, the Company will keep consolidating management systems that promote the balance in the employees' personal, family and work life.

Moreover, the Organization will focus on measuring the performance and productivity of people using tools that allow to identify the roles and employees who contribute the most to the business. The measurement of the organizational climate will evolve into a more comprehensive measurement that not only will consider the perception of people's satisfaction regarding the Company, but that will also allow to identify the level of maturity of the processes, the culture, the leadership and the structure in search of a balanced Organization.

Finally, the corporate volunteer service will be fostered as a scenario for the strengthening of the talent and as a tool to attract and retain ideal professionals, offering development opportunities to the human talent of both the Company and the communities Grupo Nutresa interacts with.

Graduation ceremony of employees from the Chocolates Business, Mexico.

Success stories and acknowledgments [GRI 103-3]

Grupo Nutresa was acknowledged as the best company in the field of human talent management in Colombia in the first Portafolio Awards held in 2017. Additionally, Merco Talento acknowledged the Organization as the second best company to work for in Colombia and the first from the food sector.

The **Chocolates Business in Peru** was granted the **Good Employer certification by the Association of Good Employers,** which is sponsored by Peru's American Chamber of Commerce. This accolade highlights the respect, care, recognition and development of the employees in a harmonious work environment.

The **Chocolates Business** in Mexico **was acknowledged by the Mexican National Government for its contribution to the improvement of the people's quality of life and for being a role model in the business sector.** This acknowledgment was related to the graduation of 92 employees from basic education, secondary education or technical programs.

Progress achieved in 2017 [GRI 103-3]

In 2017, Grupo Nutresa consolidated the training process in matters common to all the companies, placing a specific stress on the talents regarding innovation; sustainability; passion for customers, consumers and shoppers; bilingualism; leadership; and business ethics, among other. The methodologies and the contents enabled the development of knowledge, allowing to bridge gaps with experience-based training systems by means of traineeships and assignments of projects with multi-functional teams. The annual investment totaled COP 8.308, for 914.876 hours of training.

Employees from the Ice Cream Business, Colombia.

Employee training [GRI 404-1] [ODS 8.5]

		2015			2016			2017		
		Men	Women	Total	Men	Women	Total	Men	Women	Total
Number of employees	Training and academic activities	13.629,00	6.163,00	19.792,00	21.452,00	14.223,00	35.675,00	18.039,00	10.290,00	**28.329,00**
	Occupational health and safety	10.370,00	4.191,00	14.561,00	11.570,00	4.870,00	16.440,00	11.845,00	4.911,00	**16.756,00**
	Higher education	162,00	88,00	250,00	111,00	26,00	137,00	137,00	56,00	**193,00**
Total hours	Training and academic activities	409.140,81	172.023,48	581.164,29	496.690,79	244.907,30	741.598,10	602.928,82	311.947,97	**914.876,79**
	Occupational health and safety	115.426,81	27.205,59	142.632,40	123.411,19	29.866,91	153.278,10	165.016,89	34.080,83	**199.097,72**
Investment (COP million)	Training and academic activities	6.300,55	2.575,83	8.876,38	5.640,33	3.294,95	8.935,28	5.147,63	3.160,44	**8.308,07**
	Occupational health and safety	646,22	205,99	852,21	642,52	170,62	813,14	704,43	165,74	**870,17**
	Higher education	328,16	144,42	472,58	511,15	121,97	633,12	207,34	113,07	**320,41**

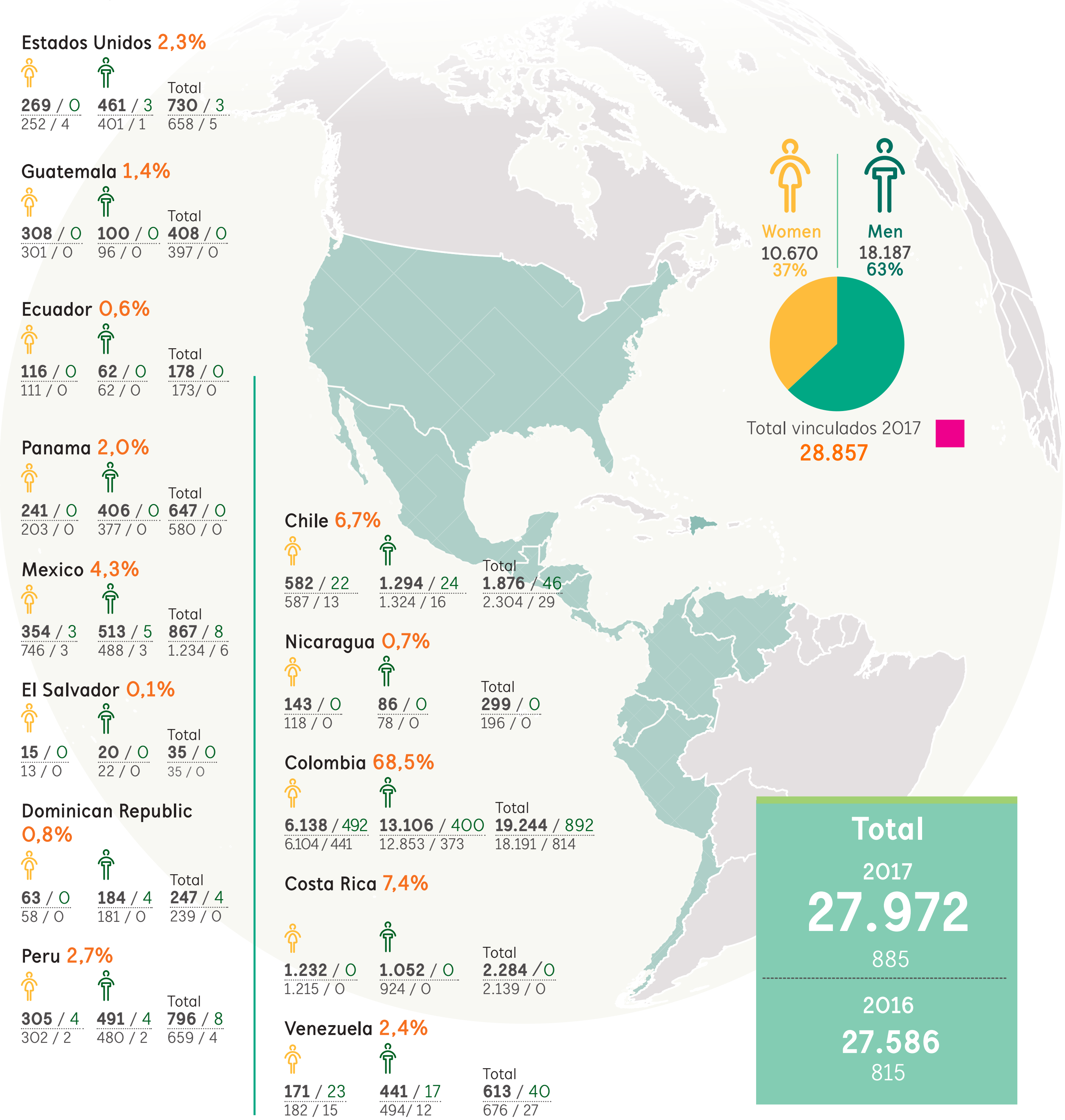
Skills and training management programs [GRI 404-2] [ODS 8.5]

BUSINESS	NAME OF THE PROGRAM	OBJECTIVE
Coffee	"Prejubilo" (Pre-retirement) Program	To facilitate, by means of reflective and constructive processes, the preparation of the employees to face the changes that the retirement stage will bring.
Chocolates	Preparation for retirement	To prepare the employees who will soon be transitioning to enjoy their retirement from the work environment so that the changes are undergone in a positive manner in relation to both the personal and the family aspects.
	Employees School 2017	To improve the organizational climate, the autonomous performance in the job post, the quality of the processes and products, and the safe behavior in the Company's facilities and in general.
Comercial nutresa	Online Diploma Course on Business Management and Administration for Indirect Sales Coordinators	To learn about and interpret the key management aspects of a company, using the knowledge acquired to achieve a better understanding of the direct customer in the commercial process. Academic Partner: ADEN International Business School.
novaventa	Logistics School	To strengthen the employees' knowledge on: reception and dispatch, basic math, basic Excel and BMP. Training and certification with the support of the SENA (National Learning Service).
Servicios Nutresa	Transformational Leadership	To boost the capabilities of the leaders for ensuring that the teams are managed within a respectful, inclusive and diverse environment.
Biscuits	Understanding how computers work translates into being more competitive in the professional world	To develop capabilities related to the operation of computers and digital tools that supplement the employees' academic training and improve their results in the Company and in general.
Retail Food	Self-knowledge	To facilitate the employees' personal growth in order to strengthen their commitment to the development of their talents.
Cold Cuts	Change Management	To achieve the implementation of the Change Management process by using the individual impact matrix, the lessons learned, the organizational impact scale matrix and the risk analysis in a more effective way for the processes of change and adaptation.

Thanks to the Organization's representative employment generation dynamics, the personnel demand was covered directly by means of different recruitment means. The social networks were the most effective means for the identification of the talent. The Company received 76.750 external applications and 439 internal promotion applications.

Geographic distribution of direct employees by country of origin and gender [GRI 102-8] [ODS 8.3]

Direct employees 2017 Apprentices and/or internship students 2017
Direct employees 2016 / Apprentices and/or internship students 2016



Estados Unidos 2,3%

		Total
269 / 0	**461** / 3	**730** / 3
252 / 4	401 / 1	658 / 5

Guatemala 1,4%

		Total
308 / 0	**100** / 0	**408** / 0
301 / 0	96 / 0	397 / 0

Ecuador 0,6%

		Total
116 / 0	**62** / 0	**178** / 0
111 / 0	62 / 0	173/ 0

Panama 2,0%

		Total
241 / 0	**406** / 0	**647** / 0
203 / 0	377 / 0	580 / 0

Mexico 4,3%

		Total
354 / 3	**513** / 5	**867** / 8
746 / 3	488 / 3	1.234 / 6

El Salvador 0,1%

		Total
15 / 0	**20** / 0	**35** / 0
13 / 0	22 / 0	35 / 0

Dominican Republic 0,8%

		Total
63 / 0	**184** / 4	**247** / 4
58 / 0	181 / 0	239 / 0

Peru 2,7%

		Total
305 / 4	**491** / 4	**796** / 8
302 / 2	480 / 2	659 / 4

Chile 6,7%

		Total
582 / 22	**1.294** / 24	**1.876** / 46
587 / 13	1.324 / 16	2.304 / 29

Nicaragua 0,7%

		Total
143 / 0	**86** / 0	**299** / 0
118 / 0	78 / 0	196 / 0

Colombia 68,5%

		Total
6.138 / 492	**13.106** / 400	**19.244** / 892
6.104 / 441	12.853 / 373	18.191 / 814

Costa Rica 7,4%

		Total
1.232 / 0	**1.052** / 0	**2.284** / 0
1.215 / 0	924 / 0	2.139 / 0

Venezuela 2,4%

		Total
171 / 23	**441** / 17	**613** / 40
182 / 15	494/ 12	676 / 27

Women	Men
10.670	18.187
37%	63%

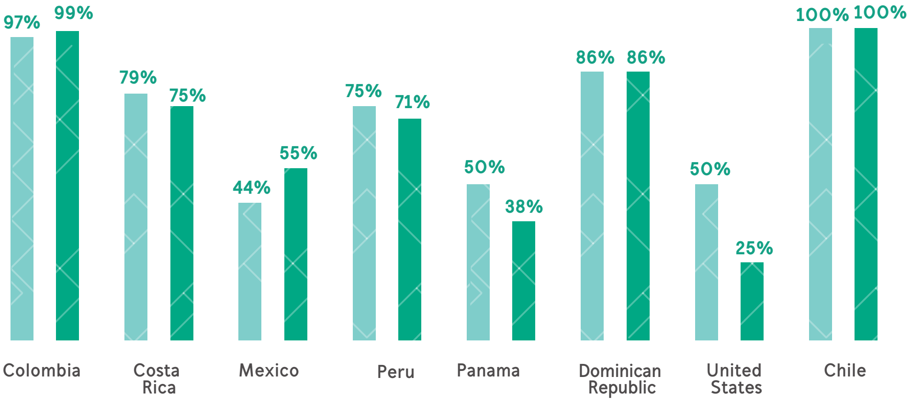
Total vinculados 2017 🟥
28.857

Total
2017
27.972
885

2016
27.586
815

Employees from the Cold Cuts Business, Colombia.

Proportion of senior managers hired from the local community [GRI 202-2]



Regular performance assessments [GRI 404-3]

	2016	2017
PERCENTAGE OF MEN who are regularly assessed for professional performance and development.	58,6%	**46,5%**
PERCENTAGE OF WOMEN who are regularly assessed for professional performance and development.	42,6%	**31,4%**
PORCENTAJE DE EMPLEADOS who are regularly assessed for professional performance and development.	52,8%	**41,1%**

Additionally, the talent productivity indicators were included in the performance evaluations. These indicators are aimed at defining a baseline for 2018 that would allow to set goals with regard to the contribution to the business. The indicators defined were the following:

Sales per employee:

$$\frac{\text{sales}}{\text{\# of employees}}$$

Effectiveness of personnel expenses:

$$\frac{\text{\% of personnel expenses}}{\text{sales}}$$

Direct labor (DL):

$$\frac{\text{overtime}}{\text{total time}}$$

Employees from the Biscuits Business, Colombia.

Over the year, Grupo Nutresa fulfilled several achievements that exhibit its ability to maintain the commitment and loyalty of its employees. This fact can be observed in the result of the employee turnover indicator, which amounted to 28,0%, allowing to maintain the level of excellence in organizational climate at 83,3%.

New employee hires and employee turnover [GRI 401-1]

	Operation		Distribution and commercialization		Retail Food	
	2016	2017	2016	2017	2016	2017
New employees	4.063	4.293	775	1024	4.451	4.013
Employee turnover ratio	17.4%	20,7%	11.1%	11,10%	63.4%	57,80%

Ratios of standard entry level wage by gender compared to local minimum wage [GRI 202-1]

	MEN	WOMEN
Colombia	1,78	1,27
Costa Rica	1,72	1,10
Ecuador	1,25	1,11
Mexico	5,13	3,68
Panama	1,14	1,17
Peru	1,98	1,78
Dominican Republic	1,62	1,95
United States	1,31	1,08
Chile	1,93	1,27

The employee turnover indicator stood at 28,0%, which allows to maintain the **level of excellence** in organizational climate at 83,3%.

Voluntariado como escenario de desarrollo del talento

For Grupo Nutresa, corporate volunteer work is a human capital mobilization scenario that retains, attracts and develops the talents of employees by implementing high social value actions. With 21.912 volunteer service actions, 13.986 in money and 9.926 in time investment, 13.002 employees developed the capabilities of several communities, benefiting 173.908 people in more than 32.128 hours. **[ODS 1.6]**

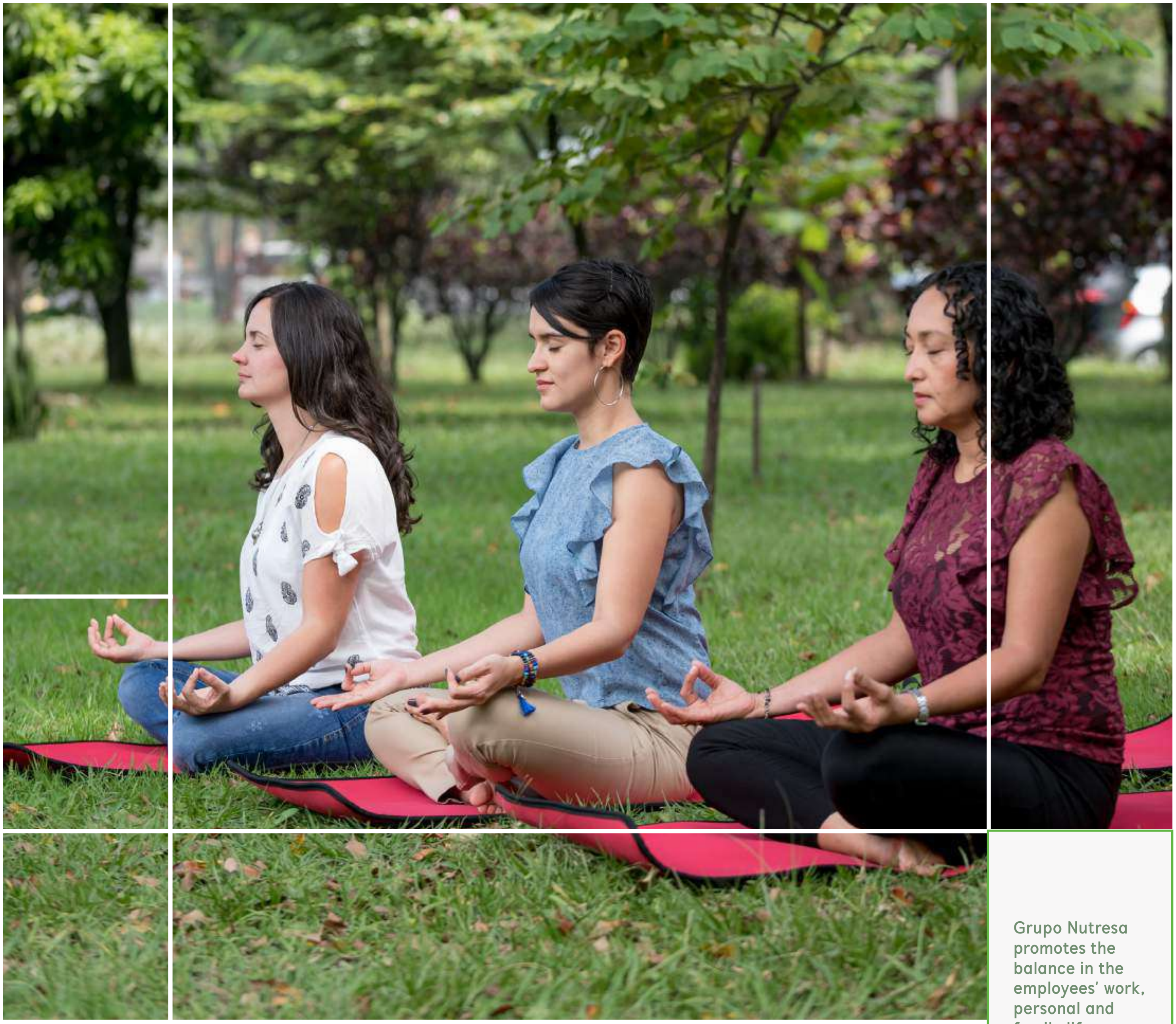
Moreover, the Aula (Classroom) program, with its two versions: "Aula" and "Aula Itinerante" (Traveling classroom), included the participation of 27 community leaders, mostly neighbors of Grupo Nutresa's production plants, who signed up for the program to start their social and community management capabilities development process. Additionally, the "Aula Itinerante" program benefited 64 independent marketers of the Ice Cream Business by boosting their commercial and financial capabilities to improve their business units.

Finally, Grupo Nutresa organized and deployed the "Poder de Mil" (Power of a thousand) platform for the fifth consecutive year. This platform is aimed at acknowledging employees involved in volunteer service, who joined forces to carry out supportive actions that enabled the Organization to get closer to the communities that are neighbors of the production plants. These supportive actions involved more than 1.396 Grupo Nutresa volunteers in 11 countries, benefiting more than 10.353 neighbors.

Quality **of life**

Promoting safe and healthy work environments that contribute to the reinforcement of a self-care culture and to the well-being and balance of the employees, positively influencing thus their productivity and commitment to the Organization.

Strategy [GRI 103-2]	Progress [GRI 103-3]
Managing the workplace safety and health based on world-class standards.	> The Organization conducted the maturity diagnosis regarding workplace safety and health management of Sura (occupational risk insurance administrator) in 16 of Grupo Nutresa's Colombian companies. The results of this diagnosis showed an average of 79,84% in terms of the progress in the level of excellence. > The Company obtained the OHSAS 18001 certification for the Cold Cuts Business' production plants in Bogotá and Barranquilla, and for Novaventa's facilities in El Carmen de Viboral. > There was an improvement in the indicators of accidents suffered by direct employees as the accident frequency rate went from 2,11 in 2016 to 2,02 in 2017.
Mitigating the occupational illness risk in Grupo Nutresa's companies.	> The Organization consolidated the relocation of 381 employees who perform high occupation risk jobs.
Strengthening the management model for workplace safety and health for suppliers and contractors.	> Positive results were achieved in the indicators of accidents suffered by contractors as the accident frequency rate went from 4,44 in 2016 to 4,27 in 2017.
Promoting the balance in the employees' work, personal and family life.	> Three companies attained the Familiarly Responsible Companies certification (abbreviated EFR in Spanish) in 2017. > From the seven companies that were re-certified, Servicios Nutresa was scored with the A level, becoming the only company with such a high rating in Latin America.
Measuring and managing the psychosocial risk.	> The psychosocial risk measurement was conducted in Colombia. The results show that 70,3% of the employees are free of this risk.



Grupo Nutresa promotes the balance in the employees' work, personal and family life.

Employees from the Chocolates Business, Colombia.

Risks and opportunities [GRI 103-1]

One of the factors that affect the development of the workplace safety and health management is the absenteeism caused by common illnesses and occupational illnesses, which hamper the productivity and the quality of life of all employees. Therefore, Grupo Nutresa executes programs focused on developing capabilities related to employee relocation, repetitive process automation, employee rotation (to ensure employees do not remain in the same role for long periods of time), continued prevention to minimize the risks identified for each job, as well as the permanent execution of health promotion and illness-injury prevention programs.

A positive component of the quality of life management is the balance in the employees' work, personal and family life, which allows to increase their sense of belonging. Therefore, the Organization has been incorporating (Familiarly Responsible Company) management systems and practices such as flexible hours, telecommuting, time bonuses and internships, which generate commitment, satisfaction, a higher level of retention of the human talent, increase in the productivity, improvement of the organizational climate and consolidation of the organizational culture.

Grupo Nutresa has established guidelines to connect the Familiarly Responsible Company model with the Organization's strategic planning, which is also consistent with the mission, vision and corporate values promoted among all employees. Moreover, the leaders act in an exemplifying manner as promoters and facilitators of the model, taking it to all the levels of the Company.

Outlook

The Organization will continue to work on reducing the accident frequency rate with 1,7 as a goal for 2020, and will strive to prevent the growth of occupational illnesses. Additionally, the Company will make sure that all of the employees who have work restriction are reassigned to roles where their condition does not intensify. Furthermore, Grupo Nutresa will establish a base line to be able to define a goal for the reduction of the rate of absenteeism due to occupational illness. This challenge will be extended to suppliers and contractors, who will continue to be audited in aspects related to sustainability and monitored to check on their management plans.

The Organization will also continue to implement actions focused on maintaining the level of excellence achieved in the 2017 Excellence Management measurement performed by Sura (occupational risk insurance administrator) in the fields of health, safety, balance and equality. For this purpose, the Company will implement the gap-bridging plan that has already been defined.

Grupo Nutresa will continue to manage the psychosocial risk to make sure it is maintained at low levels and to ensure the consolidation of the illness/injury prevention and healthy lifestyle promotion plans with the aim of reducing the cardiovascular and overweight risks among all employees. This will allow to contribute to the Company's productivity and to minimize the absenteeism.

Finally, the Organization will work on achieving that, by 2020, all its companies will have incorporated the criteria of the Familiarly Responsible Company management model, ensuring thus the implementation of practices that promote the life balance and contribute to the construction of Grupo Nutresa's brand as an employer.

Success stories and acknowledgments [GRI 103-3]

The Colombian Heart Foundation awarded Servicios Nutresa the 2017 Responsible Hearts Award in the certified company category for its culture plan named "Organizaciones Saludables del Programa Activa tu Corazón" (Healthy Organizations from the Activate your Heart Program), which seeks to transform the life of the employees through the promotion of healthy lifestyles.

Familiarly Responsible Company —efr in Spanish— acknowledgment awarded to Servicios Nutresa.

Servicios Nutresa was rated A+ for its level of excellence in the Familiarly Responsible Company re-certification process. This is the highest level for the Latin American companies which are certified. Additionally, Alimentos Cárnicos, Zenú and Molino Santa Marta were certified under the Familiarly Responsible Company standard

The company of the Biscuits Business in Costa Rica, **Pozuelo, was granted the ProNutri certification due to its commitment to the health of its employees** as it improved their nutritional health and made sure they learn the necessary knowledge in a healthy environment, enabling them to have a better quality of life.

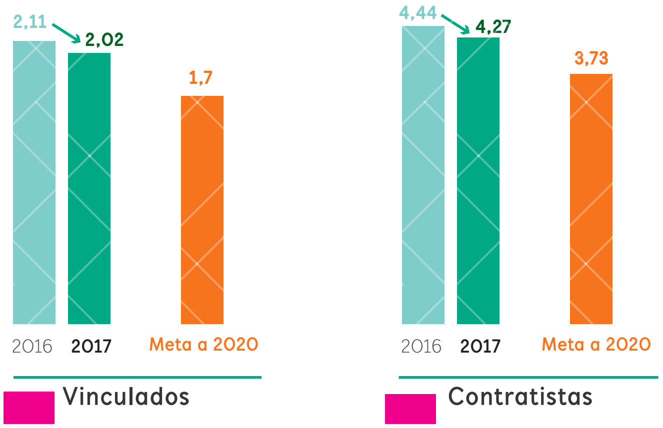
ProNutri Certification granting ceremony, Pozuelo, Costa Rica.

Progress achieved in 2017 [GRI 103-3]

Management of workplace safety and health by incorporating world-class standards

The Organization achieved an improvement in the indicators of accidents suffered by direct employees as the accident frequency rate went from

accident frequency



Vinculados

Contratistas

In 2017, the focal point was to reduce the employees' cardiovascular risk. Therefore, the Organization identified the people with the higher risk and provided assistance that included the implementation of individual goals regarding weight loss, overcoming tobacco dependence, among other aspects.

One Novaventa facility and two Cold Cuts Business facilities were certified on the OHSAS 18001 standard, and the nine companies that had been previously certified maintained it. Additionally, the Organization strengthened the workplace safety and health management of 19 suppliers and 23 contractors by means of 42 sustainability audits, which produced as a result a compliance level of 89% for the workplace safety and health pillar. In addition, the participation of representatives of all employees from the companies (leaders from collective bargaining agreements and unions) is maintained in the pro-health, health peer and strategic Human Rights committees with the objective of getting feedback and defining work strategies. **[GRI 403-1] [GRI 403-4] [ODS 8.8]**

Moreover, the Organization started the measurement of the lost-time injury frequency rate (LTIFR) indicator in order to identify a baseline that allows establishing desirable references and defining a goal for 2020. A technical committee was formed with experts to evaluate the responsibility in the management of safer work environments to prevent accidents and establish the causes of fatalities in case they occur. This last indicator was incorporated as a condition for the fulfillment of the objectives of the system of variable compensation of the executives who are in charge of this matter that is so pertinent for the Organization.

Workers representation in formal joint management–worker health and safety committees [GRI 403-1] [ODS 8.8]

	Number of members		Investment amount (COP million)	
	2016	2017	2016	2017
COPASST	414	458	375	387
Zero accidents management	23.690	22.850	13.858	16.734
Brigades	1.955	1.864	2.006	6.018
Health management	23.690	22.135	5.194	8.805
Cohabitation committee	153	199	13	33

Health and safety in the workplace [GRI 403-2] [ODS 8.8]

	2014	2015		2016		2017	
	Direct employees	Direct employees	Contractor employees	Direct employees	Contractor employees	Direct employees	Contractor employees
Accident rate: number of accidents in relation to total employees	3	2,42	5,06	2,11	4,44	2,02	4,27
LTIFR: number of injuries that caused lost time per one million hours worked	11	10,23	21,35	9,31	18,82	9,24	18,09
Number of days lost due to occupational illnesses	64	77	36	83	6	38	3
LDR: lost day rate	33	30	38,29	28	31,98	30	27,16
AR: absenteeism rate	554	574	391,46	575	106,16	132	98,78
OIFR: number of occupational illness cases per one million hours worked	1	1,37	0,95	1,55	0,16	0,72	0,08

Mitigating the occupational illness risk in Grupo Nutresa's companies

The workplace health plans were aimed at preventing the emergence of occupational illnesses. However, the natural aging of the population in the oldest companies poses the challenge of developing capabilities focused not only on prevention but also on the management of the preexisting illnesses or those that have already been identified. This fact also poses the challenge of developing the restrictions for the performance of the jobs with the higher risk level identified, as it is the case of picking, manual palletization, packaging, loading and unloading, and stowage.

As of the end of 2017
381 employee relocations
have been conducted with successful results.

Promoting the balance in the employees' work, personal and family life

The Organization continued to work on the incorporation and strengthening of the measures that promote the balance in the life of the employees. Thanks to this work, in 2017, three new Grupo Nutresa companies were certified as Familiarly Responsible Companies and Servicios Nutresa got an A rating, being the only one to reach this level en Latin America.

Strengthening the workplace safety and health management model for suppliers and contractors

Grupo Nutresa reinforced the health and safety management system for suppliers and contractors, achieving a positive evolution in the accident rate indicators as they went from 4,44 in 2016 to 4,27 in 2017. In addition, prevention and awareness-raising practices were also incorporated to highlight the importance of this matter for the productivity of their companies. Furthermore, a module focused on developing safety and health capabilities was included in the diploma course for auditors. A total of 35 auditors were certified by means of this diploma course.

Managing the psychosocial risk

Grupo Nutresa's Colombian companies implemented the measurement of the psychosocial risk in 2017 with highly satisfactory results. Consequently, the Organization will continue to work on maintaining low risk levels in view of 2020. This assessment has the purpose of being aware of the employees' own and natural conditions by means of a standardized survey established by the Ministry of Social Protection, which must be filled out in the company of a psychologist. The results of the assessment allow to manage the quality of life of the employees based on the three intervention axes: work-related, non-work-related and the individual conditions.

Responsible sourcing

Ensuring the continuity of the business, capitalizing opportunities and managing the risks which are not directly controlled by the Company by incorporating economic, social and environmental variables in the management of the supply chain.

Strategy [GRI 103-2]	Progress [GRI 103-3]
Improving and broadening the coverage of the strategic sourcing model.	> 65 employees from the negotiation department were trained in the strategic sourcing methodology. > The implementation of the strategic sourcing model was started in the marketing services and media categories with savings close to COP 1,2 billion. > 457 initiatives were executed based on the strategic sourcing methodology with savings totaling COP 86,23 billion in Chile, Peru, Dominican Republic, United States, Central America and Colombia.
Bridging sustainable sourcing gaps.	> The project consisting in the diagnosis of the palm oil production chain conducted jointly with the World Wildlife Fund (WWF) was completed. This collective work allowed to identify the main risks that must be managed. The Organization has already started the same diagnosis in the livestock field and it will be completed in 2018.
Promoting the implementation of inclusive businesses and the development of organizational capabilities among farmers.	> 462 hours of training were invested in 32 community organizations from productive projects, strengthening their organizational model for the benefit of 1.477 Colombian farm families.
Incorporating sustainability-focused audits.	> The Company audited 45 goods and service suppliers in sustainability, generating improvement actions that supplement the gap-bridging plans. > 54 training sessions were organized and held for suppliers to deal with matters related to sustainability.

Grupo Nutresa promotes the inclusive businesses in cocoa productive chains in Colombia.

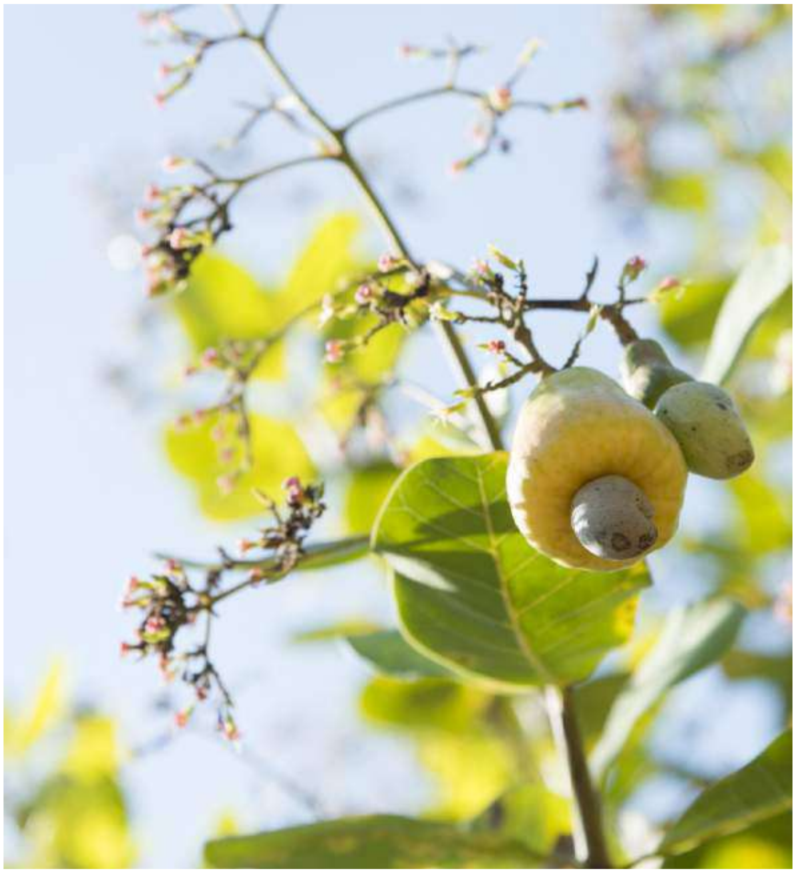
Risks and opportunities

[GRI 103-1]

The sustainable management of the negotiation and sourcing processes enables Grupo Nutresa to address risks such as the high volatility in the prices of direct raw materials; the shortage caused by climate change; the practices related to quality, sustainability and animal well-being; the generational replacement intensified by the migration of farmers to the cities; Human Rights violations; and the management of critical level-2 suppliers.

For this purpose, the Organization has incorporated, in the selection and hiring stages, environmental and social criteria and it has developed conduct policies and codes that ensure their implementation throughout the entire supply chain. Additionally, the Organization has been consolidating the responsible sourcing model with the aim of fulfilling the needs and expectations of its diverse stakeholders.

Finally, the risks in the palm oil production chains have been identified, which enabled the Organization to define strategies to address them. Moreover, it is an opportunity to capitalize the analysis of the value chains of the main raw materials and thus work jointly with the suppliers on the reduction of both the social and environmental impacts.



In 2017, Grupo Nutresa supported the cashew productive communities with training meetings and the GERMINAR project.

Outlook

Grupo Nutresa will work on equipping its sourcing process with the best digital procurement by means of initiatives such as virtual purchase catalogs and electronic invoicing processes based on an effective implementation plan. Furthermore, the contract management, internal information analysis and purchase processes will intensively use support systems designed for ensuring the traceability of the entire supply chain and boosting the negotiation processes.

The Organization will continue to work on the development of capabilities in community organizations that produce goods used by the Company, increasing thus their socioeconomic level and income generation, and improving the quality of life of all people involved. Additionally, Grupo Nutresa ensures the continuity of the sourcing, the quality of raw materials and the efficient use of the resources.

The Organization will continue to use open innovation and co-creation as collaborative work strategies with stakeholders in order to assure the quality of the products and to look for new supplies or sourcing models with value added. The purpose of these actions is to respond to the challenges of the growing demand for new products and to make sure they fulfill high nutritional profiles.

Winner of the Exemplary Supplier Award in the SME category: Astek

Winner of the Exemplary Supplier Award in the Large Company category: Johnson & Johnson S.A.

Success stories and acknowledgments [GRI 103-3]

Program for the Development of Small Durum Wheat Suppliers in Chile. This program was developed by the Tresmontes Lucchetti Business in alliance with the Agricultural and Livestock Research Institute and the Agricultural and Livestock Development Institute in search for the productive integration of small producers. This integration is achieved through the generation of capabilities and a social-technical support network, the promotion of short commercialization circuits, the transfer of research, and by incorporating small farmers who get a full seed purchase subsidy.

Winners of the third edition of the Grupo Nutresa Exemplary Supplier event held in 2017. In this edition, 23 accolades were awarded to 20 of approximately 200 suppliers that participated in Colombia, Costa Rica and Peru. This program is aimed at systematically identifying and recognizing practices, projects and initiatives related to the economic, social and environmental sustainability of the suppliers.

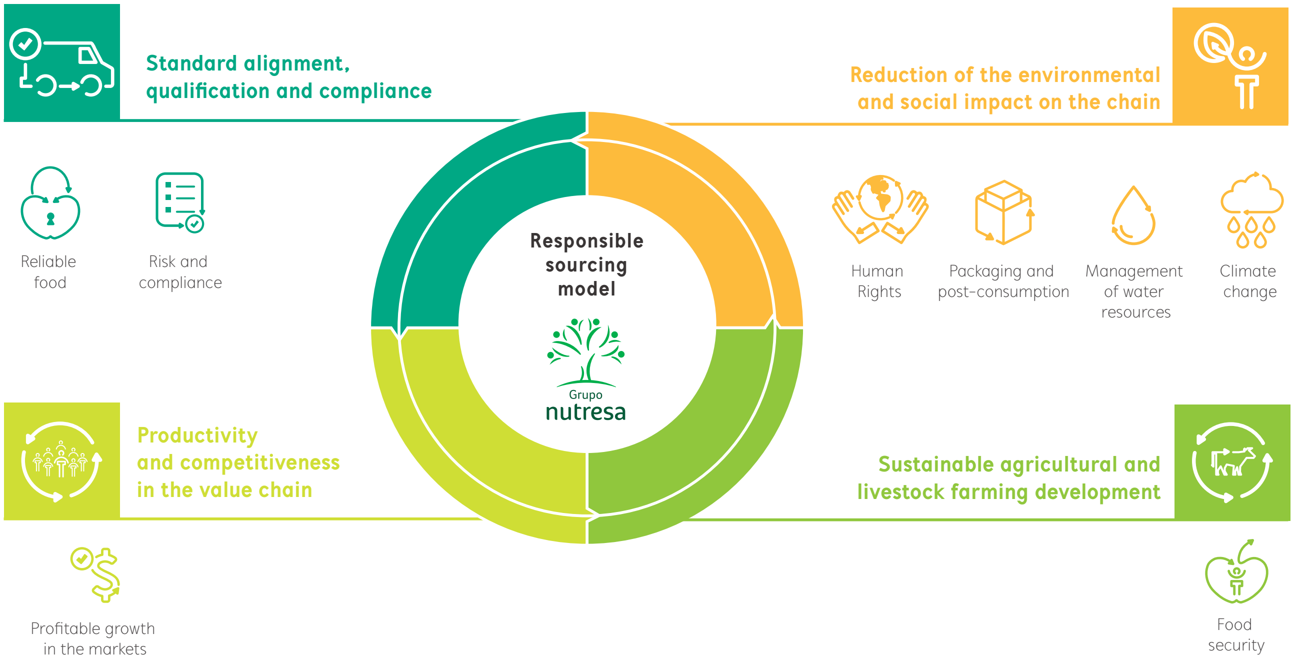
The full list of winners can be found at the following website:

CLICK HERE

Progress achieved in 2017 [GRI 103-3]

RESPONSIBLE SOURCING MODEL

This model is aligned with the Organization's material aspects.



Alignment, Qualification And Compliance With Standards

Grupo Nutresa has established programs aimed at verifying the level of compliance by the goods and service suppliers with regard to the diverse risks identified. Moreover, the Organization has focused on the development of capabilities and skills that simultaneously ensure the closing of gaps and the development of capabilities.

Guide of standards for suppliers

In 2017, Grupo Nutresa published a guide of standards and requirements for suppliers, which integrates the matters related to quality, safety and sustainability in the sourcing process. This tool will be extremely useful for the negotiation processes and for the development of capabilities among the suppliers.

The traceability of the goods is one of the requirements of the guide, which is verified through the on-site audit processes and supplemented with the technical information to confirm the origin, quality, safety and legality of the goods.

To download the guide go to:

CLICK HERE

Grupo nutresa

GUÍA DE REQUISITOS
PARA PROVEEDORES GRUPO NUTRESA
VERSIÓN 1 (08.2017)
2017

Qualification and increase of capabilities

In 2017, 635 goods and service suppliers were trained in matters related to standards covering the fields of quality and safety, workplace safety and health, Human Rights, sustainability, codes of conduct, legal update regarding workplace safety and health issues, familiarly responsible companies, the handbook for contractors, among other. 2.830 people attended the training sessions, in which approximately 1.262 hours were invested.

The Strategic Allies School implemented training modules focused on developing capabilities related to the management of business continuity risks and to the workplace safety and health system. A total of 94 suppliers attended the training activities.

Grupo Nutresa, in alliance with the Medellin Mayor's Office and the Antioquia Technology Center, supported the development of capabilities in four SMEs:

Closing of the 2017 capability development program for SMEs.

PILOTO S.A.S.

die-cutting reprocesses were reduced by 20% and 40% in graphic design department. Additionally, the indicators management culture was introduced.

COSDECOL - Social and Sports Corporation

several processes were standardized, achieving a reduction in overtime and an increase in the production volume by approximately 25%.

TECNACOL

the production process hours were reduced by 26%.

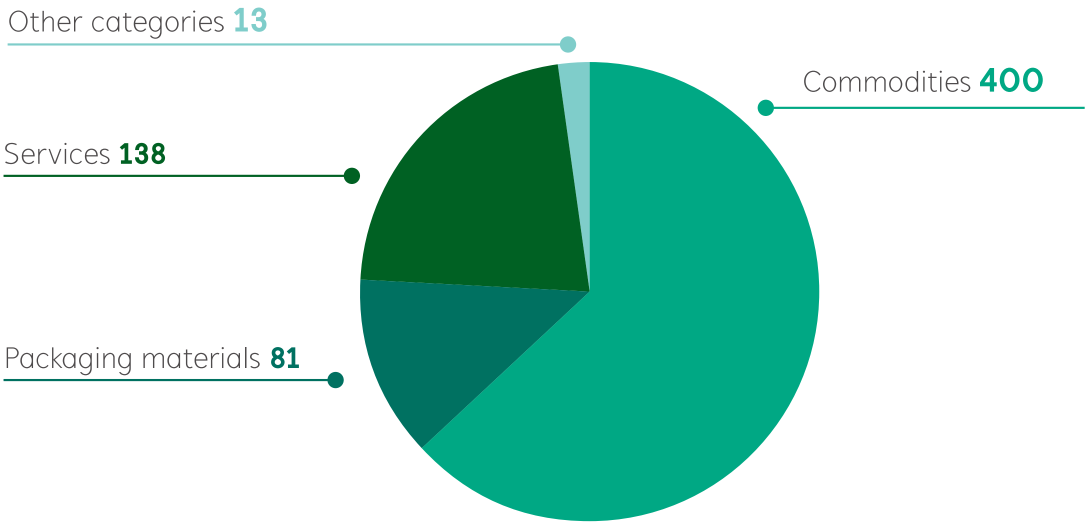
PRONALCE

indicators and routine management systems were implemented, along with an acknowledgment model, achieving a 10% increase in the productivity of the production plant. Overtime was also reduced.

Además, Grupo Nutresa se vinculó a la iniciativa "Cátedra sobre Pacto Global", liderada por la Universidad Eafit, extendiendo la invitación a 26 de sus pymes proveedoras ubicadas en Medellín y el Área Metropolitana, que participaron en espacios de formación alrededor de los Objetivos de Desarrollo Sostenible de las Naciones Unidas.

Supplier assessment and auditing

632 suppliers and contractors were audited with the aim of assuring compliance, gap closing and the improvement of capabilities related to standards for management systems and for sustainability. 45 of the evaluations were conducted by the ICONTEC (Colombian Institute of Technical Standards) and BSD Chile.



632 suppliers and contractors were audited with the aim of assuring compliance, gap closing and the improvement of capabilities.

Percentage of new suppliers that were screened using environmental and social criteria [GRI 308-1], [GRI 414-1]

	Environmental		Social	
Based on the following criteria	2016	**2017**	2016	**2017**
Colombia	8.0%	38,9%	4,0%	40,0%
Chile	0,0%	0,0%	0,0%	2,5%
Costa Rica*	100,0%	N.A.	50,0%	N.A.

*There were no new suppliers with intolerable risks in Costa Rica.

Risks assessed

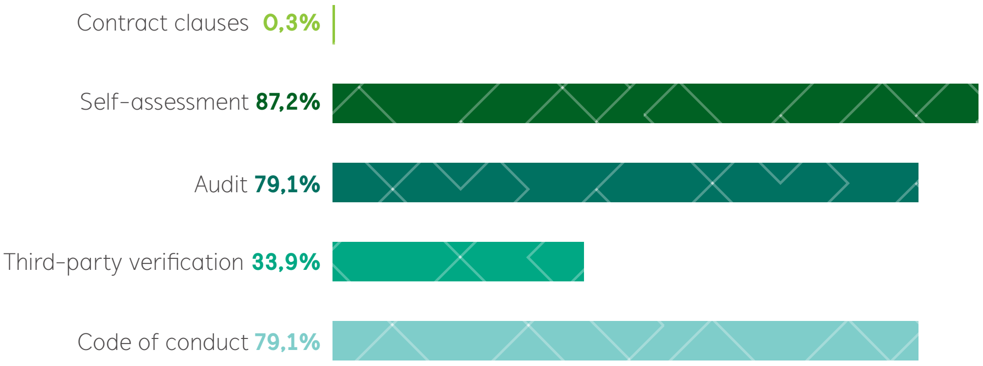
Environmental: impact on the flora and fauna, use of hazardous substances, increase in waste generation, increase in the consumption of natural resources, climate variability, negative reaction of stakeholders due to the use of genetically modified foods, increase in the atmospheric emissions and animal abuse.

Social: unfair salaries and inadequate work environment, child labor, violation of the freedom of association right and of the collective bargaining right, damage to end consumers' health and damage to the neighboring community.

Negative environmental and social impacts in the supply chain and actions [GRI 308-2, GRI 414-2]

Based on the following criteria	Environmental			Social		
Countries	Colombia	Chile	Costa Rica	Colombia	Chile	Costa Rica
Number of suppliers whose impact has been assessed.	262	10	37	142	9	37
Number of suppliers with actual significant negative impact.	19	3	1	3	1	2
Suppliers with actual and potential negative environmental impact with which improvements have been agreed upon after the assessment.	4	3	1	2	1	1
Percentage of suppliers with negative impact with which improvements have been agreed upon after the assessment.	21,1%	100,0%	100,0%	66,7%	100,0%	50,0%
Suppliers with actual and potential significant negative environmental impact with which the commercial relation has been terminated as a result of the assessment.	0	0	0	0	0	0
Percentage of suppliers with actual and potential significant negative impact with which the commercial relation has been terminated as a result of the assessment.	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%

Sourcing policy compliance verification mechanisms. [G4-FP1]



Critical suppliers represent 80% of the main suppliers in terms of purchase amounts. From the total amount purchased from them, 92% corresponds to suppliers that comply with the Company's purchase policy.

The Organization contributes to the promotion of coffee through initiatives focused on the productivity and quality of the plantations.

Connectivity with suppliers

In 2017, the Organization implemented the @ Catálogo tool for digital purchases, which will improve the experience of more than 600 of Grupo Nutresa's employees. Initially, 11 suppliers and more than 17.500 SKU's have been included, representing 55% of the transactions which are now conducted automatically. The Company intends to expand the @Catálogo to more than 40.000 SKU's and more than 100 suppliers in one year.

Additionally, the Organization carried out processes aimed at standardizing information and supplier-access systems with the purpose of facilitating the access to communication mechanisms. Moreover, a new service was developed with the aim of updating the European Article Number —EAN— marking codes of the raw materials and the packaging materials supplied. This action facilitates the reception process, as well as the logistical traceability of the goods.

Reduction Of The Environmental And Social Impact In The Supply Chain

The project focused on the diagnosis of the palm oil production chain carried out jointly with the World Wildlife Fund (WWF) was completed. The purpose of this project was to reduce the environmental and social risks inherent to said raw material and to make the palm oil sourcing more sustainable for all of Grupo Nutresa's companies. At the end of 2017, the Organization undertook the study of the beef production chain, a project that will be completed in 2018.

In 2017, cleaner production plans and projects were developed through the RedES-CAR Program (Network of Sustainable Companies) with the purpose of improving its environmental performance and competitiveness. The project is led by the Cundinamarca Autonomous Regional Corporation (CAR), Universidad de los Andes and other allied institutions. Among the initiatives that have been posed, it is worth highlighting projects with a high level of impact on water saving and waste reduction.

Sustainable Agricultural And Livestock Development

Cocoa management

In 2017, the Chocolates Business continued working on the promotion of development strategies for the cocoa production sector. The Business invested COP 5,04 billion in actions focused on recruiting and providing advisory to farmers, on research, and on the articulation of the relations with other cocoa production chain agents, such as universities, government bodies, NGOs, among other, with the purpose of creating productive alliances.

The Organization purchased 28.367 tons of cocoa from 1.073 suppliers and paid them upfront. From this volume of cocoa, 34% corresponds to direct purchases from farmer associations, addressing thus the purpose of the small producers of participating in direct commercialization and improving their profits.

With regard to the certified and/or differentiated cocoa, 102 tons of Fair Trade cocoa beans were purchased, generating economic premiums that totaled COP 60,3 million. The resources are used for the improvement of the processing plant's infrastructure, for the administrative development and for social investments for the producers. Additionally, 90 tons of Santander-origin cocoa were purchased for a total amount of COP 532,5 million. The farmers registered in the program received an additional 7,5% as a premium for this special cocoa beans.

The Colombian cocoa farmer sector has the need of improving its farming productivity, quality and practices, which is why the Company organized 160 technology transfer activities that would benefit more than 1.845 farmers. These activities consist in training sessions focused on good farming practices, improvement of the production per hectare, bean quality improvement, adequate use of resources and climate change mitigation. Along the same line, information related to recommendations and better practices was disseminated among 7.875 farmers by sending 368.986 SMS messages.

Farallones coffee processing central plant in Ciudad Bolívar, Antioquia. It generates a positive impact on 230 coffee-growing families from the zone.

Promotion of coffee

The commercialization of certified and differentiated products and the programs such as the Farallones processing central plant still represent the means to generate a greater value in the supply chain and, especially, for the communities benefiting from this type of programs. By means of alliances and negotiations with international customers, in 2017 the Organization transferred resources that amounted to COP 1,18 billion in Fair Trade premiums and COP 3,05 billion in organic differential premiums. These resources reach mainly small farmers and indigenous communities that, through this type of programs, develop projects focused on the three sustainability axes. On another note, the Farallones processing central plant project is still generating a positive impact on 230 coffee-growing families that sell their coffee at this community center on a daily basis. The goal of total kilos of coffee purchased and processed was surpassed in 2017 and the environmental indicators related to the protection of water resources are continuously being improved.

The chart below shows the behavior of the premiums transferred over the past years.

Fair Trade coffee						
	2012	2013	2014	2015	2016	**2017**
Communities benefited	20	22	34	34	32	**46**
Premiums paid plus surcharge (COP billions)	3.808	4.469	5.656	7.338	8.170	**10.181**

Durum wheat crops supported by the Tresmontes Lucchetti Business in Chile.

Wheat

In 2017, sixteen durum wheat suppliers and four support professionals from the Agricultural and Livestock Development Institute were trained in Chile.

The following objectives were defined within the framework of the agreement for the development of small durum wheat suppliers:

1. To improve the technical conditions of the farming sector in order to increase the productivity and, therefore, the economic development of the Chilean farmers. The improvements will be achieved by acquiring and developing better seed varieties and by promoting the transfer of knowledge, which translates into a greater yield per hectare.
2. To create and select genetic material adapted to the production zone, which also gathers the adequate quality features for the industry.
3. To develop trials of varieties in different locations.
4. To establish demonstrative crops.
5. To organize knowledge socialization activities, such as technical lectures, technological transfer sessions or technical field days and meetings with durum wheat farmers.

Within the framework of this agreement, five durum wheat varieties have been released to the Chilean market up to 2017. Additionally, 24.500 kg of certified seeds have been subsidized, totaling a sown surface of 145 ha.

In a parallel context, a handbook of good agricultural practices for the management of durum wheat was created and socialized in alliance with the Agricultural and Livestock Research Institute (INIA). The purpose of creating this handbook is to encourage the farmers to incorporate said practices according to their productive scale.

You can download the manual at:

CLICK HERE

Animal well-being

In 2017, Grupo Nutresa published its commitment to the animal well-being, which establishes guidelines and goals that have the purpose of ensuring optimal conditions in both the Company's own processes and in those of its allies and suppliers of pork and eggs. With this statement, the Organization intends to ensure an adequate setting for the animals during their process of development and dressing, promoting thus a productivity based on sustainability.

To read more about this subject, go to "Commitment to Animal Well-Being" by following the link or QR code.

CLICK HERE

Animals raised and processed, and type of housing [G4-FP9] [G4-FP11]

	2014	2015	2016	2017
Breeding pigs	155.063	161.371	8.882	9.550
Fattening pigs			162.791	196.206
Pigs in pens	148.100	154.384	163.696	197.335
Pigs in crates	6.963	6.987	7.977	8.421
Cattle in pastures	ND	ND	29.847	29.847

Policies and practices related to physical alterations and the use of anesthetic [G4-FP10]

- Notches in the ears of the piglets at birth as part of their individual identification at the core level of the population (that is 6% of all births).
- Piglet tail dock (cut) at birth to 100% of the population with tail clippers, cauterization and disinfection.
- Ear tagging with swine fever tags 100% of the population in their third week after birth.
- Number identification with tattoos made with tattooing hammers on the skin of 100% of the animal population.
- Use of anesthetic and analgesia in surgeries due to hernias or fights among the animals.

Policies and practices on antibiotic, anti-inflammatory, hormone, and/or growth promotion treatments. [G4-FP12]

- **Antibiotics:** penicillins, tetracyclines, sulfonamides, enrofloxacin, amoxicillin, streptomycin, florfenicol, tulathromycin.
- **Anti-inflammatories:** ketoprofen, meloxicam.
- **Hormone treatments:** oxytocin, prostaglandin, chorionic gonadotropin.
- **Growth promotion treatments:** ractopamine.

Development of capabilities among community organizations

Grupo Nutresa is committed to developing actions that boost small suppliers. For this purpose, the Company takes part in the productive chains and improves the socioeconomic conditions of the associate organizations by strengthening their capabilities, with the aim of transforming the territories in a more sustainable manner.

In 2017, the socio-entrepreneurial capabilities of more than 1.400 sesame seed, cashew, coffee, blackberry and cocoa producers were developed in 6 Colombian states. In addition, feasibility studies were conducted for the negotiation with cocoa, milk and honey producers in the states of Tolima, Cundinamarca and Antioquia. Furthermore, training activities were carried out in 32 community organizations, for a total of 432 hours invested in matters such as strategic planning, construction of business plans, generation of networks and alliances, good agricultural practices, commercial and production logistics, democratic and participatory management, among others.

Moreover, an alliance was established with the Agricultural and Livestock Development Institute in Chile with the objective of boosting the development of small farmers and incorporating them into the Company's value chain. In 2017, sixteen small farmers were included as new suppliers of Tresmontes Lucchetti.

Agricultural meetings for the rural development

Three agricultural meetings were organized and held in 2017 with the purpose of strengthening the relations, capabilities and knowledge around the cocoa and cashew productive chains. These meetings had a positive impact on the technical and administrative management of 165 Colombian farmers..

Soy
Marañonero

Encuentro de
Cacaoteros
Caribe

Encuentro de
Cacaoteros
Chocó

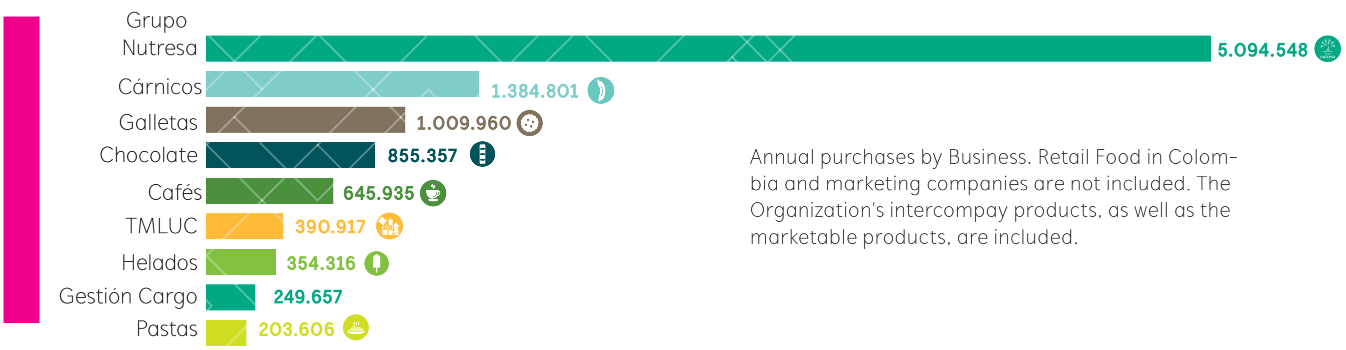
Productivity And Competitiveness In The Value Chain

The strategic sourcing is focused on structuring strategies and models for the negotiation of supply chain that contribute to the competitiveness in all the categories of supplies and services. The model was implemented in the marketing services and media categories with savings close to COP 1,21 billion, and 457 initiatives were negotiated under this model.

Savings totaling COP 86,23 million were obtained in the categories purchased for the operations in Chile, Peru, Dominican Republic, United States, Central America and Colombia.

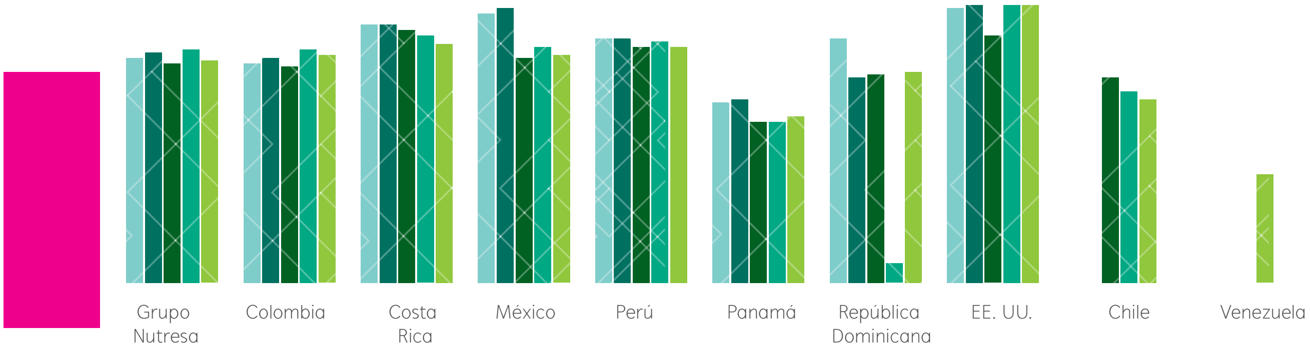
In 2017, the Company organized ideation sessions with an interdisciplinary team from Grupo Nutresa's companies in order to identify initiatives focused on closing the cycle of the packaging materials. Additionally, the Organization worked collaboratively with suppliers in additional sessions aimed at increasing the environmental sustainability, competitiveness and innovation. These sessions included the participation of companies such as Induxtra (dairy supplies), Griffith (flavors) and Microplast (packaging materials).

Purchases in 2017 (COP billion)



Annual purchases by Business. Retail Food in Colombia and marketing companies are not included. The Organization's intercompay products, as well as the marketable products, are included.

Grupo Nutresa's local purchases [GRI 204-1]



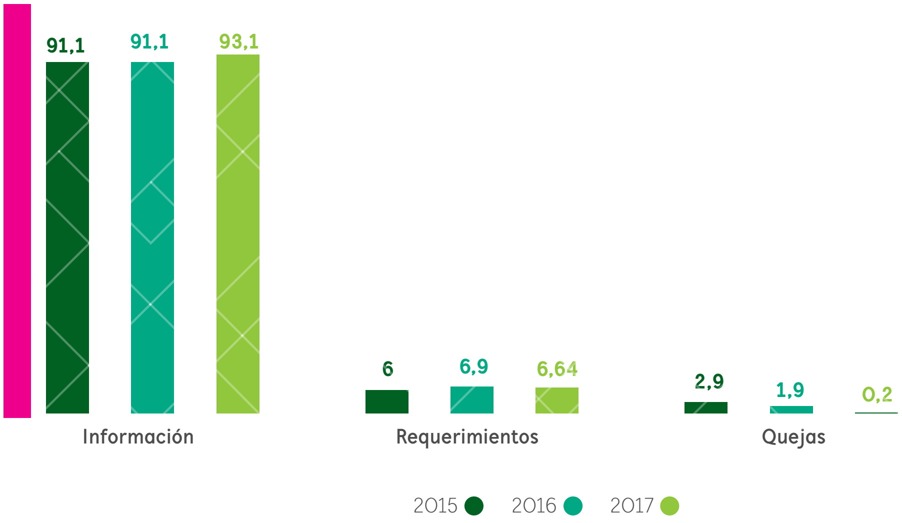
	Grupo Nutresa	Colombia	Costa Rica	México	Perú	Panamá	República Dominicana	EE. UU.	Chile	Venezuela
2013 ●	81%	79%	93%	97%	88%	65%	88%	99%	0%	0%
2014 ●	83%	81%	93%	99%	88%	66%	74%	100%	0%	0%
2015 ●	79%	78%	91%	81%	85%	58%	75%	89%	74%	0%
2016 ●	84%	84%	89%	85%	87%	58%	77%	100%	69%	0%
2017 ●	80%	82%	86%	82%	85%	60%	76%	100%	66%	39%

*Includes commodities, raw materials, packaging materials, MRO and services. Retail Food in Colombia, marketing companies, intercompany products and fixed assets are not included. Note: local suppliers are those located in each country where the Organization runs significant operations (transformation operations).

Support and service to suppliers

In 2017, Grupo Nutresa handled 29.952 contact communications, from which 5.102 were related to the support of logistic, financial and quality-related services. Conclusively, 112 cases were redirected to solve them.

Comportamiento de los tipos de contacto



Responsible *sales*

Providing customers with differentiated value propositions that contribute to their growth, profitability and sustainability, and that allow Grupo Nutresa to harness value through their satisfaction and loyalty, and to contribute to the development of the communities by means of their commercial relations.

Strategy [GRI 103-2]	Progress [GRI 103-3]
Designing and delivering differentiated and sustainable value propositions to ensure customers' satisfaction and loyalty.	> Grupo Nutresa continued to develop value propositions in order to deliver differentiating elements to the customers and to tackle the challenges of a changing market. > The annual satisfaction measurement was carried out, obtaining an 88,3 score in Colombia and 87,0 in the international operations. > Loyalty was measured, resulting in a 75,0 score for Colombia and 77,5 for the international operations, which represent levels of excellence in both measurements.
Implementing loyalty and engagement strategies to develop and strengthen customers' capabilities.	> More than 15.000 customers were benefited with the customer loyalty and engagement programs.
Developing and aligning processes to ensure memorable experiences for the customers.	> Simple, agile, efficient and flexible service models were designed in alignment with the needs of the customers in order to ensure the delivery of an adequate value proposition. > Consistent, differentiated and value-generating service experiences were developed.
Consolidating inclusive and sustainable business models that contribute to the development of customers.	> The Organization worked on bridging gaps in the following four inclusive businesses that involve base-level communities: the Ice Cream Business, Comercial Nutresa, Novaventa and the Biscuits Business in Costa Rica.

Minimarket channel marketer from Comercial Nutresa, Colombia.

Risks and opportunities

[GRI 103-1]

In a market where products are increasingly commoditized, the growth of commercialization formats focused on low prices and own brands can be observed. Furthermore, the increasing regulations and demands for healthier products challenge Grupo Nutresa to keep strengthening value propositions that generate differentiation and experiences that ensure the sustainability in time for both the Organization and the customers. The small Colombian businesses are the most affected by this reality, which is why the Company implements support and development strategies to ensure they remain being competitive.

Customers, consumers and buyers becoming increasingly informed and demanding the technological changes that make powerful real-time communication and interaction channels available, represent a latent risk for Grupo Nutresa. Therefore, the Company needs to be prepared in order to provide said stakeholders with mechanisms for communicating their needs, generate service experience, assure brands' reputation, and promote the innovation of products and experiences that fulfill the stakeholders' needs.

Finally, due to the complexity of the distribution networks operation, the management of the distributors network becomes a key opportunity for the Organization to capitalize. They have an essential role in the delivery of value proposition to the customers. For this purpose, Grupo Nutresa has established a model for the development, alignment and strengthening of their capabilities, which is focused on ensuring their sustainability and the delivery of a flawless service.

Novaventa's Mom-entrepreneurs celebrating during the "Día Diamante" (Diamond Day) event.

Outlook

Grupo Nutresa set the goal for 2020 of maintaining the levels of excellence in the satisfaction and loyalty of the customers from the networks in both Colombia and the strategic region. The Organization plans to attain this goal by means of the knowledge and understanding of customers, consumers and buyers, which allows to identify the segments that present the highest level of opportunity and thus adjust the value propositions and boost their growth.

The Company will continue to work on the implementation and evolution of the customer-centered organization, adapting the processes and adjusting cultural elements so meet the needs and expectations of both customers and consumers through value propositions.

Moreover, the digital strategy will be consolidated to guarantee the customers' experience through the implementation of omnichannel technological platforms and the redefinition of agile, efficient and customer-centered processes. Grupo Nutresa its also exploring the creation of environmentally-friendly visibility elements and the optimization of the transport routes with the purpose of reducing its environmental impact.

The Organization will also continue to consolidate its strategy of inclusive businesses that involve small base-level customers with the aim of implementing and executing comprehensive actions focused on improving the customers' quality of life, mitigating the environmental impact generated in the process, and ensuring the return of the benefit of the investment to the Company.

Strengthening the commercial networks, La Recetta, Colombia.

Success stories and acknowledgments [GRI 103-3]

The company of the Biscuits Business in Costa Rica, Pozuelo, was awarded two acknowledgments due to its 2017 management work: the first one was granted by **Canacodea (National Chamber of Traders, Retailers and the Like) recognizing the company as a supplier of excellence;** and the second accolade was granted by Walmart, recognizing the company as one of its top suppliers.

La Recetta received the **"Trabajo en Equipo" (Teamwork) award from its customer Compass Group** in recognition for its support in the development, service quality and compliance with requirements.

In 2017, Comercial Nutresa developed the **"Provincia Fuente de Riqueza" (Provinces, sources of growth)** project, managing to get the participation of more than **180 customers** from remote Colombian populations. The objective of this project was to improve their competitiveness by implementing commercial initiatives, transferring knowledge and organizing activities focused on the attraction of business traffic to their businesses.

Progress achieved in 2017 **[GRI 103-3]**

Customer training for the generation of capabilities

The training programs focused on generating capabilities among customers boost their growth, sustainability and comprehensive development, as they also generate positive contributions for their local environment and community. For this purpose, Grupo Nutresa developed the following initiatives in 2017:

Escuela de Clientes Grupo Nutresa enfocada en el desarrollo de capacidades en la región:

- The training contents were redefined and updated to respond to the dynamics of both the market and the customers. An example of the updated contents is the sustainable development module, which is aimed at developing capabilities among customers based on the understanding of the sustainable dimensions: economic, social and environmental, and its implementation in day-to-day activities of their businesses.
- The Organization opened the School to new segments, as it is the case of the coffee and bakery shops segment.
- New virtual training channels were implemented for the minimarkets.
- 584 customers from different segments received training.
- 130 customers were granted the "Certification of their Stores" because they implemented the acquired knowledge in their businesses.
- 35 customers participated in the Customer Development School organized by Pozuelo.
- In Chile, Tresmontes Lucchetti strengthened its sales channel by means of the school for customers, training more than 37 salespeople.
- Novaventa developed the digital capabilities of 15 entrepreneurs through the "Oriéntate, el mundo a un clic" (Find your way, the entire world just one click away) program.

Electrical stowage machine in Opperar, Bogotá.

70 marketers from the Ice Cream Business' alternative channel were benefited with the Traveling Classroom program. This effort represented a positive contribution to the development of their management, customer engagement and finance management capabilities. Additionally, through the "Fábrica de momentos mágicos" (Factory of magic moments) program, this Business provided training for 270 ice cream salespeople with the purpose of enabling them to develop their capabilities in the fields of engagement, portfolio updating and business profitability management.

Moreover, the Cold Cuts Business, in alliance with the ANDI (National Association of Colombian Businesspeople) and other 22 comanies in its industry, trained 23 customers from the minimarket channel with the aim of preparing them to be more competitive in their new setting.

Comercial Nutresa, using its commercial development strategy, provided comprehensive advice to more than 760 customers in Colombia with the purpose of boosting their profitable growth. Along the same line, the Company granted a sponsorship to more than 50 commercial agents for a diploma course on business administration and management with the objective of making a positive contribution to their businesses.

Commercial assets maintenance employee from the Ice Cream Business in Bogotá, Colombia.

Customer loyalty buildup

In 2017, the "Bambú" customer model was strengthened by comprehensively developing the points of sale. This work produced positive results in all the categories of 556 minimarket customers and 963 mom-and-pop shops.

The Organization continued to work on the expansion, growth and adaptation of the customer loyalty and engagement plans.

- Comercial Nutresa benefited more than 5.100 customers by means of its "Socios Nutresa" (Nutresa Partners) program.
- The Ice Cream Business benefited approximately 9.100 customers with multiple customer loyalty programs, such as "Creclub," "Supersocios heladerías and multicanal" (ice-cream parlor and multi-channel super-partners) and "Momentos Mágicos" (Magic moments).
- La Recetta implemented five customer loyalty and engagement plans, with the involvement of more than 850 customers.

Comercial Nutresa and the Cold Cuts Business continued to strengthen the "Account Team" support model for the retailers, with focal points such as: the shopper and the consumer, the search for operational efficiencies, the generation of differentiation for the customer and the Company, and the implementation of good collaborative practices.

The Organization held 1.200 specialized technical advisory sessions with Comercial Nutresa's customers from the coffee and bakery shops segment within the framework of the ATECHO program. The objective of this program is to stimulate the proactive innovation for the development of the portfolio of their businesses, and to provide advisory on point-of-sale visibility, as well as on an adequate and efficient product management. Additionally, co-creation workshops were organized for 26 customers from Comercial Nutresa and the Cold Cuts Business. The purpose of the workshops was to foster collaboration in order to develop commercial initiatives adapted to the customers' requirements with the aim of generating sales growth, strengthening the commercial relationship with the Company and the differentiation and competitiveness for their businesses.

Furthermore, Grupo Nutresa continues to organize and hold events and meetings focused on transferring knowledge, acknowledging customers and becoming closer to them.

- Novaventa organized and held the annual event known as "Día Diamante" (Diamond day), which gathered more than 3.000 individual entrepreneurs around training and acknowledgment activities in its fifth edition.
- The Cold Cuts Business organized the Minimarket Channel Meeting event, with the participation of 16 customers.
- Comercial Nutresa organized the Annual Commercial Agents Meeting with the participation of more than 50 businesspeople, who received training in the fields of value propositions and customer experience, leadership, productive processes and sustainable development in order to ensure their alignment with Grupo Nutresa's diverse practices.

Sales assistants from Comercial Nutresa in Bogotá, Colombia.

New support and sales channels

The implementation of the Maple Project was carried out. This project reinforces the contact management system, optimizes the customer and consumer service processes, and ensures the service experience from the new contact center with diverse communication channels.

Grupo Nutresa also strengthened the "Enlaces" Project in Central America, which consists in the implementation of a Customer and Consumer Interaction Center that has a technological platform, structured processes and a human team qualified to provide a specialized and timely service. The purpose of this action is to address the diverse requests received through the multiple communication channels in order to increase customers' satisfaction and loyalty.

Development of the employees' customer-focused capabilities

Organizational capabilities were developed by means of the Nutresa Academy program and the creation and socialization of the Codes of Service for Comercial Nutresa's commercial positions. The purpose of this capability development effort is to allow the customers to assimilate the value propositions and to foster value discussions focused on making a positive contribution to the construction of lasting and profitable relations.

Comercial Nutresa's initiative, a day in the life of the customer, made it possible for 20 employees to live the experience of sharing the customers' reality for a day. The objective of this activity was to understand customers' needs, strengthening their commercial awareness, estimating the impact of their actions and reinforcing the loyalty bonds with them.

Procesos de ventas amigables con el medioambiente

Comercial Nutresa has implemented strict handling, transport and storage standards with the aim of ensuring the best quality of the products, contributing thus to reduce food waste throughout the entire distribution chain.

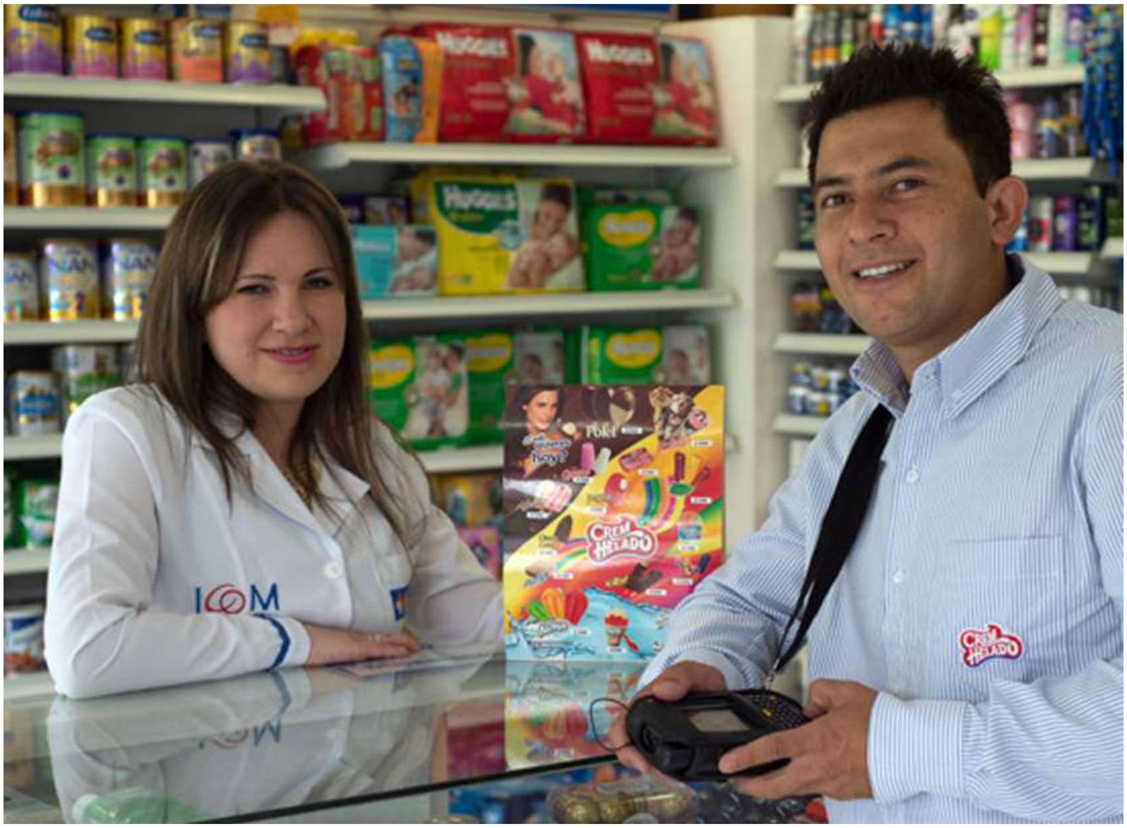
Environmentally friendly materials were implemented in the manufacturing process of 12.151 candy containers and 11.158 visibility elements and POP material for the execution of commercial initiatives and the Christmas season.

Six vehicle-driving variables were monitored due to the fact that they allow to guarantee that the distribution assistants drive their vehicles in optimal conditions, reducing thus the fuel consumption. Additionally, the carbon footprint (equivalent to 1.198 tons of CO2e) of the transport operations directly performed by Comercial Nutresa, Opperar and the Chocolates Business was compensated by purchasing carbon credit from the voluntary market with the objective of mitigating the environmental impact of the CO_2 emissions.

[GRI 305-5] [ODS 13.1]
Pozuelo, the Biscuits Business company in Costa Rica, started participating in the "Alianza Empresarial para la Sostenibilidad" (Business Alliance for Sustainability), which is formed by 23 multinational and regional companies that have commercial presence in Central America. The objective of this alliance is to promote good practices related to water, energy, emissions and sustainable production and consumption in order to benefit both the companies and the consumers of a market of approximately 48 million people. Therefore, this effort will bring together the private sector, the governments of the region and the society around the creation and implementation of practices focused on benefiting the development of the Central American countries.

Total energy consumption outside of the organization [GRI 302-2]

2015	2016	**2017**
178,54	148,29	**190,26**



Marketer from the Ice Cream Business visiting a customer in Bogotá.

Building a better society

Grupo Nutresa focuses on the empowerment of teachers and teaching directors, in order to promote competitiveness in the community and the educational quality. In addition to promoting respect for human rights with stakeholders.

Grupo
nutresa

A FUTURE
TOGETHER

Human rights

Consolidating an inclusive and diverse work culture by means of a management system that promotes the respect for the Human Rights and good labor practices, and that contributes to the innovation, attraction and commitment of the human talent.

Strategy [GRI 103-2]	Progress [GRI 103-3]
Ensuring the effectiveness of the Human Rights management system.	> The Human Rights risk assessment was updated in all the Businesses in Colombia and in ten international operations. > Seventeen discussion sessions led by the Strategic Human Rights Committee were organized and held. Based on these discussion sessions, the Organization assessed the 2017 plan and identified opportunities to continue consolidating the management system in 2018. > The complaints mechanisms were consolidated with 113 cases managed by the Cohabitation Committees through the Ethics Hotline and 18 reports of possible Human Rights violation cases in issues related to discrimination.
Raising awareness and providing training in Human Rights.	> Human Rights management was included in the "Actúo Íntegramente" strategy (I act uprightly). > 8.164 employees received training in matters related to Human Rights.
Consolidating diversity-related and inclusion practices.	> The Organization consolidated the incorporation of 288 people with any type of disability in the Cold Cuts, Biscuits, Coffee, Retail Food and Ice Cream Businesses.
Developing capabilities among the leaders in order to enable them to promote and manage the respect for Human Rights, developing a mentality open to diversity and inclusion.	> Grupo Nutresa implemented the Transformative Leadership Program, which promotes the respect for people, the importance of the eradication of prejudices, and the capability to work with diverse teams. 54 employees from all of the Company's Businesses participated in this program.
Developing Human Rights management capabilities among suppliers and contractors.	> The Organization provided training in matters related to Human Rights, diversity, inclusion and good labor practices to 115 people within the framework of the cocoa producers meetings in the Caribbean and Chocó regions in Colombia.
Promoting the freedom of association and collective bargaining.	> 14 agreements were signed with unions and employees, consolidating thus a total of 37.

Grupo Nutresa fosters the respect for Human Rights and values diversity in its work teams.

The sessions included awareness-raising activities regarding matters of diversity and inclusion.

Risks and opportunities [GRI 103-1]

Grupo Nutresa sees a great opportunity to attain a high level of differentiation in the market and to boost its results by effectively managing Human Rights and promoting diverse and inclusive environments. By attracting differentiated human talent, the Company fosters innovation and the certainty of making the most out of the employees' potential. Therefore, Grupo Nutresa focuses its efforts on complying with the Human Rights Policy and ensuring the alignment of the actions of its leaders and employees with it.

The Organization has a tactical Human Rights committee that lays out the strategies for bridging the gaps identified on the risk matrices, in the audits to suppliers and contractors, in the discussion sessions on Human Rights and the ones reported through the complaints mechanisms. Its work is approved and assessed by the Strategic Human Rights Committee, which directs and establishes the guidelines regarding the work priorities.

The Company has focused its work over the past years on addressing the risks that have the possibility of affecting its operation the most. Said risks are the violations against the right to freedom of association and collective bargaining, the violations against Human Rights by contractors and suppliers, the conditions of safety and health in the workplace and work harassment. The identified risks are minimized by means of cultural strategies, training activities for leaders and actions implemented by all Grupo Nutresa companies.

Outlook

By 2020, Grupo Nutresa's Businesses will work on being at the forefront in terms of diversity-related and inclusion practices, and they will strive to ensure the incorporation of global talent, the strengthening of policies that promote gender equality and a broader participation of minorities in the workforce.

Additionally, the Organization will intensify its work with allies from the value chain to make sure that suppliers, contractors and customers also incorporate the best practices in this regard. The Company will continue to develop the capabilities of its leaders by means of training and empowerment so that they become the main promoters of a culture that values diversity in all its forms. Grupo Nutresa will also continue to promote participation and discussion mechanisms with both employees and third parties in order to identify improvement opportunities.

Another challenge is to maintain the relevance of the complaints and reporting channels and mechanisms, and to encourage employees to use them, in order to demonstrate the effectiveness of the strategies and the trust with regard to the management of said mechanisms.

For this purpose, the Organization will implement strategies focused on developing leaders, incorporating gender equality practices in all the companies, bridging gaps in the management of suppliers and contractors, and strengthening the programs aimed at the incorporation of people with disabilities.

Global Compact awards event. From left to right: Margarita Ducci, Executive Director of Red Pacto Global Chile (Chile's Global Compact Network); Felipe Lira, Tresmontes Lucchetti's Manager of Corporate Matters; Silvia Rucks, United Nations Representative in Chile; Hans Eben, Chairman of the Global Compact Network.

Grupo Nutresa will continue to intensify its work **with allies from the value chain** to make sure that suppliers, contractors and customers also incorporate the best practices regarding the prevention of contamination and tampering.

Success stories and acknowledgments [GRI 103-3]

The Tresmontes Lucchetti Business in Chile received an **acknowledgment in the Human Rights category for its promotion of and respect for the fundamental rights within the company.** This accolade was granted within the framework of the study that measures the level of integration of the United Nations Global Compact principles into the management of companies.

Progress achieved in 2017

[GRI 103-3]

Since 2013, Grupo Nutresa has been operating based on its own Human Rights management system, which takes as its basis the risks identified every year, the results of the discussion sessions on Human Rights with the employees from all companies and the cases reported via the complaints mechanisms. This well-founded work allows to enrich the work plans in a participative way with the aim of bridging the gaps identified as part of the process.

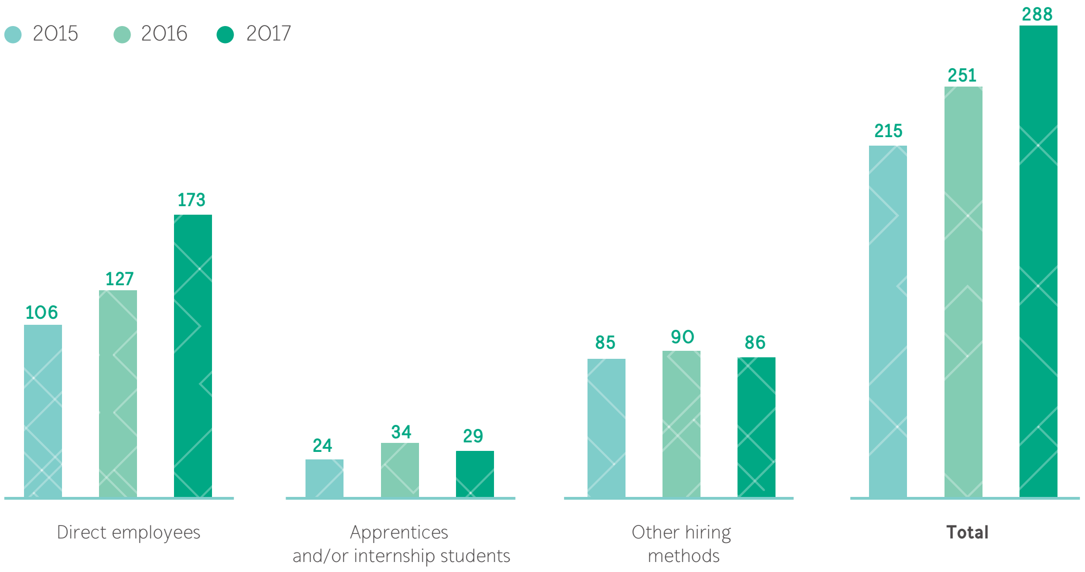
Currently, there is a high level of awareness and commitment among the employees, but the Organization continues to work on challenges related to the training process and on the development of leaders and work teams with the purpose of building an increasingly diverse and inclusive culture.

The respect for the freedom of association and collective bargaining can be observed in the participation of the employees in covenants and agreements, as 2017 was closed with a total of 37 collective agreements, 14 of which were signed during said year. **[GRI 407-1]**

Grupo Nutresa rejects child labor and forced labor, which is why the Employee, Supplier and Contractor Selection Policy explicitly prohibits the incorporation of minors and establishes the rejection of any form of forced labor. In 2017, the Company organized and held multiple meetings with cocoa producers from the Caribbean and Chocó regions. These meetings became an experience-based environment that enabled to build the social fabric among the participating associations and the producers, demonstrating the organizational development skills and capabilities. These meetings also allowed Grupo Nutresa to promote the respect for the Human Rights, as it was one of the main matters discussed, and to socialize the Company's Human Rights Policy among 115 people from several associations of cocoa producers.

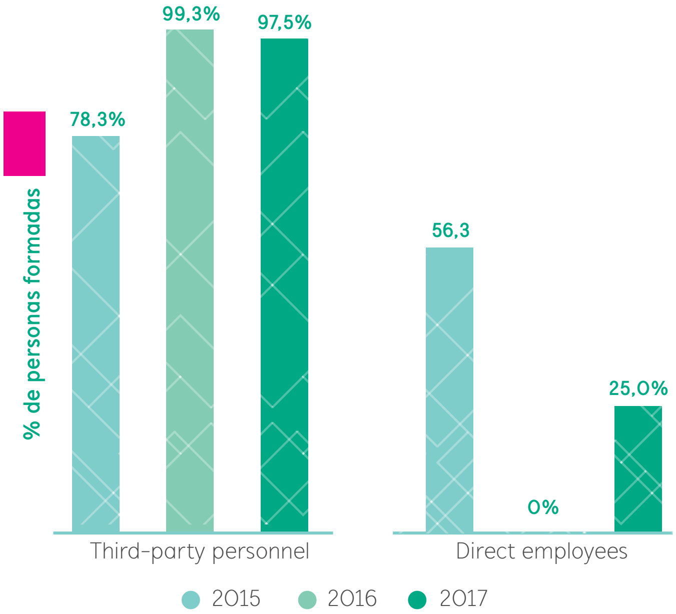
[GRI 408-1] [GRI 409-1] [ODS 8.7]
In 2017, the Organization continued to work on the implementation of the Diversity and Inclusion Policy, focusing its management work on strengthening the inclusion of people with special capabilities, as well as on bridging the gaps identified by means of the "Equipares" management system and on more inclusive recruitment and selection processes. To date, the Organization has hired 288 people with special capabilities.

Number of people with some type of disability [GRI 102-8] [GRI 405-1] [ODS 8.5]



Furthermore, Grupo Nutresa also continued to develop capabilities among the contractors by means of the Strategic Allies School. This development of capabilities was mainly focused on the implementation of good labor practices that allow to maintain consistency with the corporate philosophy and to ensure the bridging of the gaps identified in the 42 sustainability audits conducted by the Company. One hundred percent of the contracts signed with the contractors include a compliance chapter focused on Human Rights.

Security personnel trained in Human Rights policies or [GRI 410-1]



Over the year, 8.164 employees were trained in Human Rights, diversity, inclusion, establishment of agreements and technical criteria regarding the operation of the Cohabitation Committees. In addition, the Organization managed 113 cases received through the Ethics Hotline and 18 received by the Cohabitation Committees. The violation cases received through the Ethics Hotline, the Cohabitation Committees and the Human Rights mailbox are analyzed and managed based on the due process, and then they are incorporated as references in the management plans for each year. There was an increase in the number of cases reported but, after duly analyzing each one of them, it was concluded that not all of them constituted Human Rights violations. Nevertheless, there were situations for which remediation actions were implemented. **[GRI 412-2]**

The impact of the actions implemented in the Human Rights management system in 2017 has been observed in the strengthening of a work culture that understands, promotes and respects Human Rights. Nonetheless, it has also been observed in the improvement of the diversity indicators based on the assurance of equal opportunities for women in the selection and recruitment processes.

Finally, the Human Rights virtual training module was updated with the aim of ensuring a better understanding of this essential matter by means of practical cases from real life that have been reported through Grupo Nutresa's complaints mechanisms. The updated module will be launched in the first semester of 2018 for all employees and contractors.

Number of incidents of discrimination [GRI 406-1]

	2015	2016	2017
Número de casos reportados de discriminación	1	2	**27**
Número de casos en los que la Organización ha analizado y gestionado el caso	1	2	**27**
Número de casos cerrados	1	2	**22**

In 2017, fourteen agreements were signed with unions and employees, consolidating a total of 37.

Distribución de empleados por género [GRI 102-8] [GRI 405-1] [ODS 8.3]

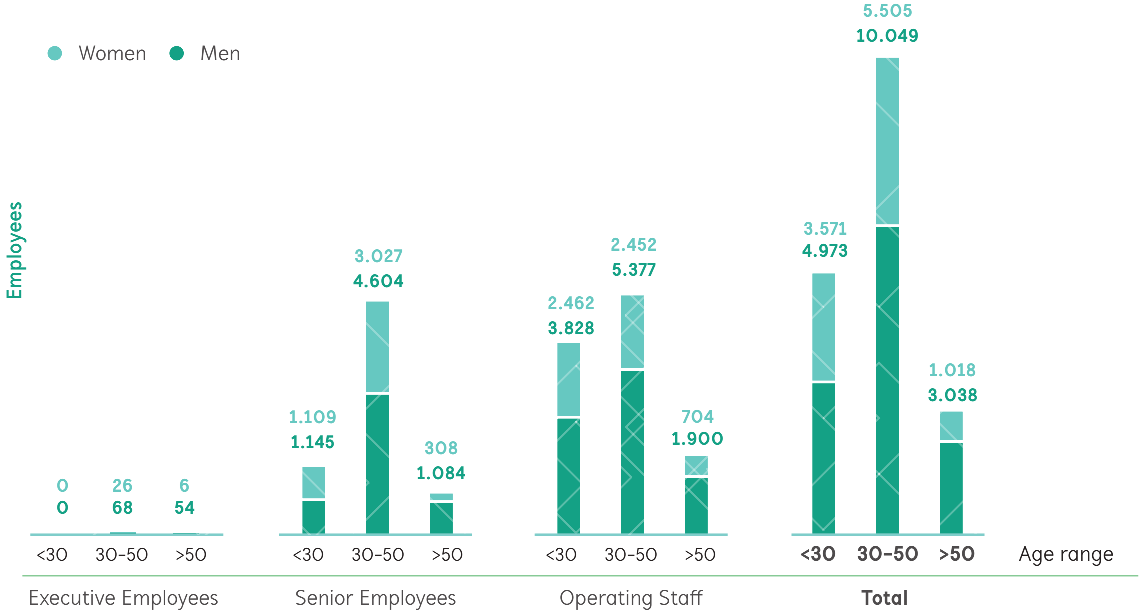
Total

2017
28.154

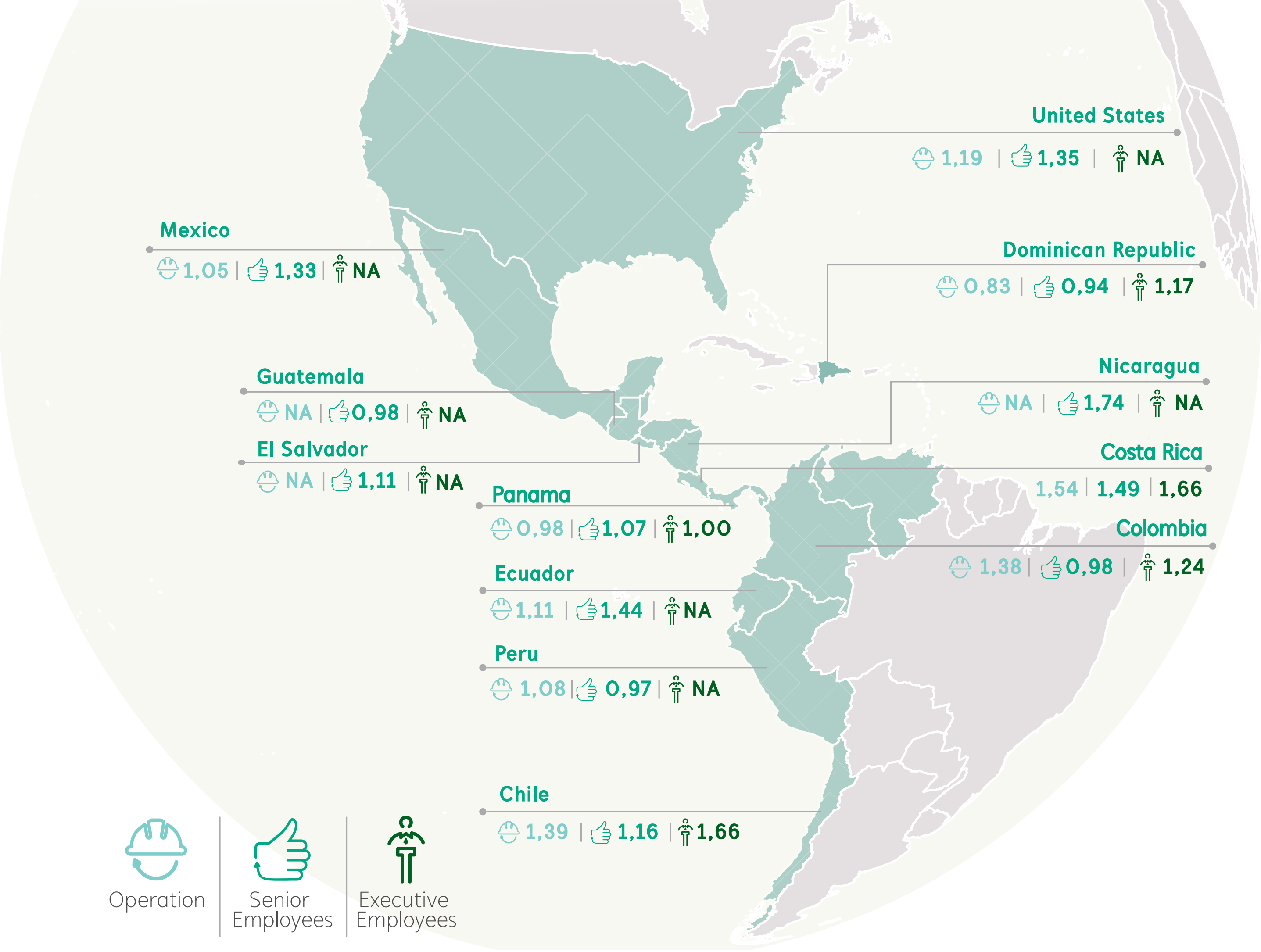
2016
27.972

2017
10.094
2016 / 10.192

2017
18.060
2016 / 17.780



Salary ratio between men and women [GRI 405-2] [ODS 8.5]

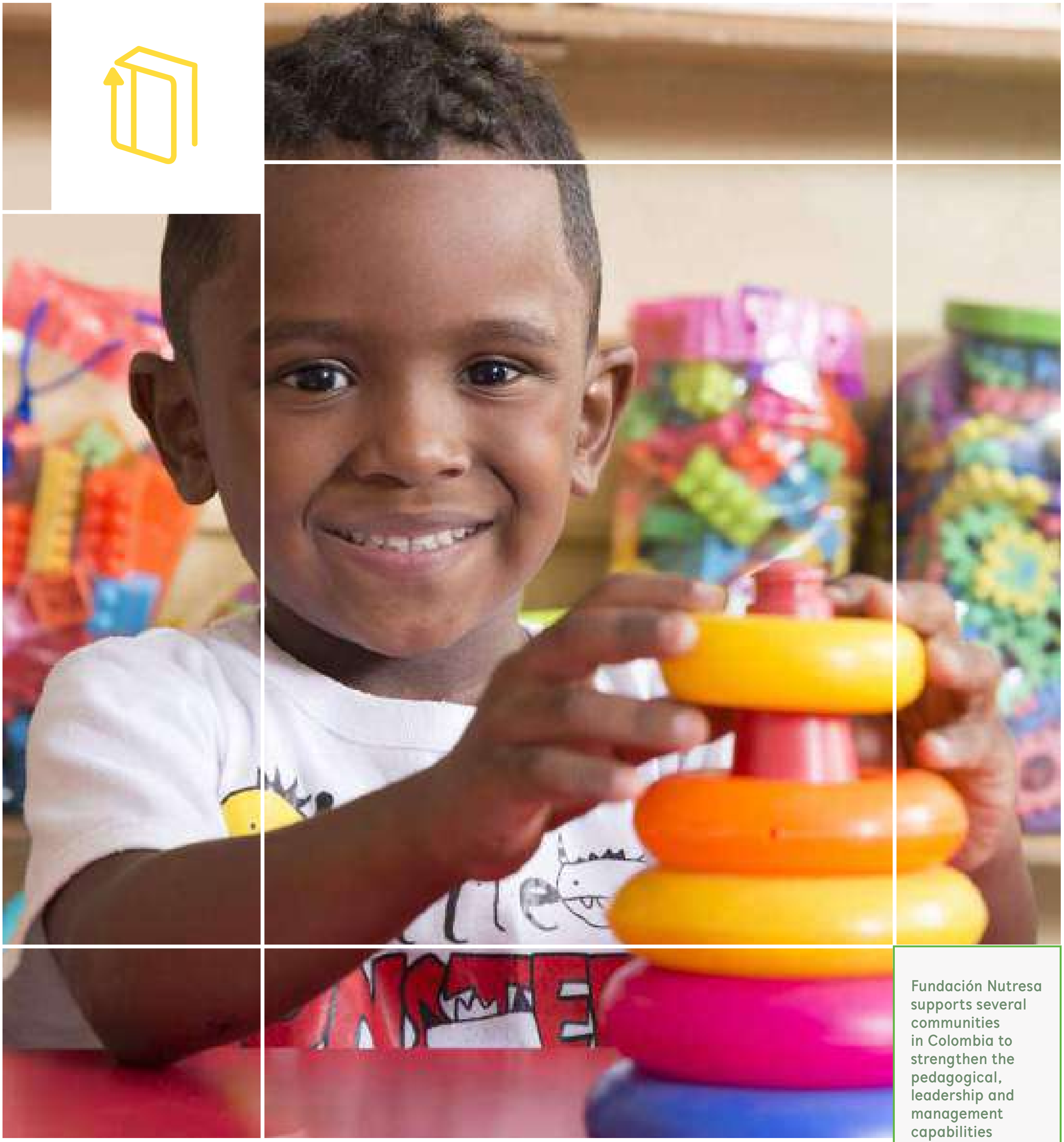


Employees with special capabilities from the Coffee Business, Colombia.

Quality of education

Developing pedagogical, leadership and management capabilities among teachers and academic directors by implementing pertinent, effective and sustainable initiatives that have an impact on the improvement of learning and boost competitiveness in the community in order to contribute to the reduction of inequality.

Strategy [GRI 103-2]	Progress [GRI 103-3]
Developing leadership and school management capabilities in the direction, academic, administrative, community and co-existence departments.	> The academic improvement processes of 408 education institutions were developed established and supported in Colombia. > The school climate was measured in 162 schools with the participation of almost 65.000 teachers, directors, students and parents, evidencing a satisfaction level of 68,4% among the school community.
Strengthening the digital capabilities of the school communities.	> The technological capabilities of 444 teachers and 46 academic directors were reinforced. The teachers and directors belong to 19 education institutions from the Colombian departments of Antioquia, Bolívar, Cauca, Cundinamarca and Valle del Cauca. > 243 classroom projects involving digital tools were designed and implemented.
Developing pedagogical and management capabilities focused on the promotion of healthy lifestyles.	> The Organization delivered school kits containing 18 elements that favor and promote the learning process of 5.925 kids. The kits also include the "Una aventura para crecer feliz y más saludable" (An adventure for growing happy and healthy) booklet. > The Healthy Lifestyles promotion methodology was implemented focusing on the development of capabilities in 41 education institutions. This effort benefits 1.461 students.



Fundación Nutresa supports several communities in Colombia to strengthen the pedagogical, leadership and management capabilities of teachers and academic directors.

Risks and opportunities
[GRI 103-1]

To mitigate the risks associated with low competitiveness among the human capital and insecurity in the strategic region where Grupo Nutresa operates, the Organization promotes education as an opportunity to strengthen the country's human talent with the purpose of increasing the competitiveness and improving the well-being. Furthermore, the Company intends to create a strengthened social capital capable of efficiently addressing the inherent risks of poverty and inequality in the economic and social contexts.

Striving to improve the quality of education constitutes an opportunity to strengthen the countries' human capital and to boost their economies, as it ensures the availability of competitive, participative and innovative people.

The signing of the Peace Agreement is a first moment that engages the entire society to keep on contributing in order to make it a lasting and sustainable peace. However, traces of insecurity and distrust can still be found, which is why Grupo Nutresa is getting prepared in aspects such as diversity management, conflict resolution, Human Rights, education for peace and the promotion of inclusive projects, which are necessary capabilities for the new challenges that Colombia faces.

The Healthy Lifestyles strategy strengthens the capabilities of both the kids and the school community to ensure an adequate decision-making process regarding a healthy diet.

The Company delivered school kits containing 18 elements that favor and promote the learning process of **5.925 kids.**

Outlook

In order to fulfill its goals for 2020 and through Fundación Nutresa, the Organization will continue to develop projects that allow to reinforce the leadership capabilities in education institutions throughout the entire country, as well as the technological and digital capabilities in education environments. Lastly, the "Nutresa Quiere a los Niños en Colombia" (Nutresa cares for children in Colombia) program will be the platform used to support education institutions in boosting the capabilities of more students regarding healthy lifestyles.

In the light of the results from the education line impact assessment, there are short-term actions that allow to adjust the strategies, programs and projects intended to ensure a greater efficiency and a deeper impact of said actions. These actions will be focused on ensuring, in an increasingly improved fashion, a reinforcement of school leadership as an element that boosts a sustainable improvement which can be observed in an increased learning level among the students.

Moreover, the Organization will organize the first experience focused on strengthening peace and co-existence capabilities in post-conflict territories. The education institutions, and particularly the youth, will be the focal point of this intervention.

Success stories and acknowledgments [GRI 103-3]

As a success story, Grupo Nutresa highlights the work performed by Fundación Nutresa in alliance with the Cavalier Lozano Foundation and the Education Secretariat of Cajicá (in the Colombian state of Cundinamarca). The work consisted in supporting the development of leadership and school management capabilities in six education institutions, benefiting more than 8.000 students. Thanks to this effort, all the municipality's public schools ranked high in the Saber 11 (state-organized) tests and in the Education Quality Synthetic Index.

The 21st Century Leaders program contributes to the achievement of the Sustainable Development Goal No. 4 by strengthening the quality of the school management in Colombia.

The "Nutresa Quiere a los Niños" (Nutresa cares for children in Colombia) program has been providing school kits in rural education institutions in Colombia for 23 years.

Progress achieved in 2017

[GRI 103-3]

Education is an essential element for enhancing the economic and social growth and development of the country, and for Grupo Nutresa it constitutes an investment that enables the productivity and competitiveness of people and communities.

The Organization, by means of its Foundation, intends to make a positive contribution to the fulfillment of the objectives set by the United Nations for the sustainable development goal No. 4: Quality Education. Grupo Nutresa specifically focuses on the objectives aimed at ensuring an equitable and high-quality education with pertinent and effective academic results; the embracement of reading, writing and arithmetic capabilities by both women and men; and the increase to the offer of qualified teachers.

To achieve the foregoing, the Company directs initiatives toward the strengthening of the capabilities of the teachers and academic directors in Colombian public schools. These two academic actors are the focal point of the initiatives because they have the possibility to directly transform their academic practices with the purpose of making them more competent and addressing the needs of today's world in a more appropriate way.

Proyecto Educativo
Líderes Siglo XXI
*Una ventana
al futuro de Colombia*

21st Century Leaders

This program is aimed at developing leadership and school management capabilities in the direction, academic, administrative, community and cohabitation departments. It is a support and training process for academic directors and teachers, with an average duration of three years over which methodologies focused on improving the academic aspects and strengthening the institutional culture are taught in collective learning scenarios.

408
education institutions benefited.

1.224
teachers and academic directors in training.

1.346
hours of training, assistance and collaborative work.

77,4%
of the intervened schools obtained a satisfactory performance (Level B, A or A+) in the countrywide standardized tests.

326.400
students indirectly benefited with the program.

73,5%
was the average performance of the schools in the implementation of the academic improvement model.

62,3%
of the schools maintained or improved the results in the Synthetic Index of Education Quality (abbreviated ISCE in Spanish) established by the Ministry of National Education.

nutresa
QUIERE A LOS NIÑOS

"Nutresa Quiere a los Niños" (Nutresa cares for children)

This initiative promotes, by means of pedagogical and recreational festivals and with the delivery of school kits, healthy lifestyles based on four pillars: a balanced diet, an increase in physical activity, key hygiene practices and sharing quality time as a family.

17
community festivals.

713
volunteers registered.

6.980
community festivals attendees.

5.925
kids benefited with the school kits.

Oriéntate
El mundo a un clic

"Oriéntate, el mundo a un clic" (Find your way, the entire world just one click away)

This program strengthens the digital capabilities of the school communities: teachers, academic directors, students and parents.

46
academic directors trained.

444
teachers trained.

1.402
parents trained.

243
digital projects in the classrooms.

19
education institutions benefited.

83%
of the teachers who were trained reached the desired technical capabilities level.

2nd Meeting of Education Secretaries in Medellín, Colombia.

Regional education meetings

With the purpose of conducting a participative creation exercise, Fundación Nutresa developed a nationwide meetings cycle in which attendees had the opportunity to be an active part of the organization of the 16th National Education Congress. The event's program included a specialized technical conference on academic leadership, which is the thematic subject of the event in 2018. And it also included a collective ideation experience with the use of digital tools that allowed to identify the interests and expectations of the users regarding contents and methodologies, increasing thus the level of consistency and pertinence of the event's program.

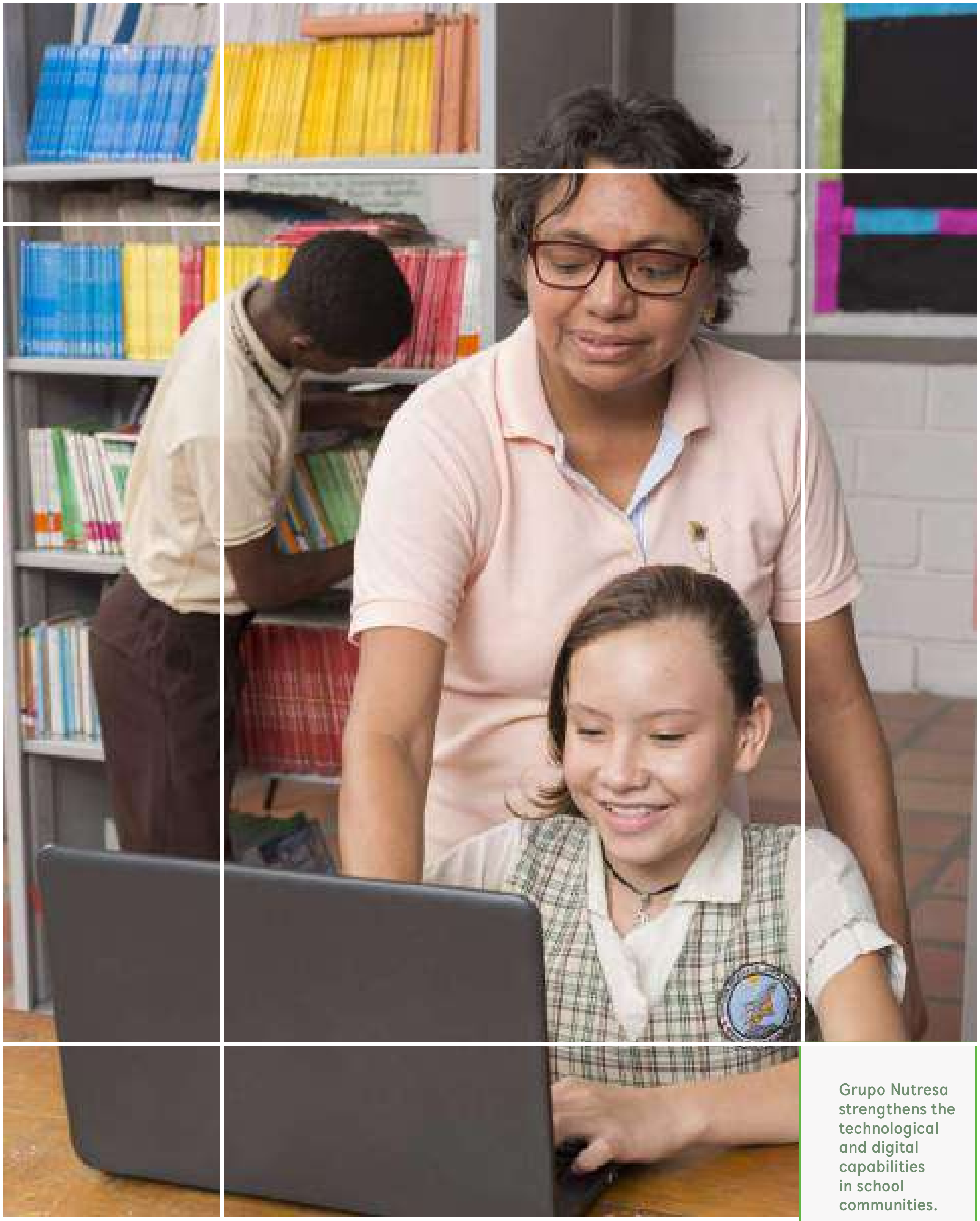
Six regional education meeting events were organized and held in the Colombian states of Valle del Cauca, Antioquia, Santander, Bolívar, Cundinamarca and Risaralda, with the participation of 558 teachers, academic directors, education secretariat representatives and regional allies.

1.224 teachers and academic directors received training through the "Líderes Siglo XXI" (21st Century Leaders) program.

Development of academic capabilities in 41 education institutions for the embracement of healthy lifestyles

In 2017, Grupo Nutresa implemented an academic strengthening process that benefited approximately 1.500 kids from highly vulnerable rural areas in Colombia. This experience enabled: the practical appreciation of the contents and the didactic nature of the booklet titled "Una aventura para crecer feliz y más saludable" (An adventure for growing happy and healthy); the active involvement of the academic community (teachers, academic directors, students and parents) in the process of addressing an issue common to all; a higher level of practical appreciation and care for the school kit elements in the day-to-day pedagogical activities; and the identification of the education and management needs with regard to the healthy lifestyles at schools.

By means of this process, 41 education institutions succeeded in implementing institutional improvement plans focused on promoting the embracement of healthy lifestyles. The improvement plans were also focused on generating the necessary conditions to achieve it: intervention of the school food shops and cafeterias regarding their food product offer, improvement of the school's sanitary conditions, and increase in the assignments that enable the practice of physical activities, among other.



Grupo Nutresa strengthens the technological and digital capabilities in school communities.

Reducing the environmental impact of the operations and products

Grupo Nutresa works on increasing the eco-efficiency of the supply chain and reducing the environmental impact of the operations and products throughout their life cycle by means of an adequate water management and the reduction in emissions, waste, use of energy and packaging materials.

Grupo
nutresa

A FUTURE
TOGETHER

Water resource **management**

Reducing the direct and indirect impact on the water resources across the entire value chain and mitigating the risks associated with shortage situations or deterioration of the quality of the resources as a priority for the Company's operations and for the communities from its areas of influence.

Strategy [GRI 103-2]	**Progress** [GRI 103-3]
Optimizing water consumption.	> In Colombia, the Organization developed several projects that allowed achieving a reduction of 3,1% in the consumption of water per ton produced in comparison to 2016, and an accrued reduction of 28,1% since 2010. > There was an increase of 1,0% in Mexico, Costa Rica, Peru, Chile and the Dominican Republic with regard to 2016. > Water-current recovery processes were optimized in Colombia, obtaining a reuse level of 8,23%, which is equivalent to 107.293 m^3.
Reducing the impact on the water resources by means of the adequate management of water disposals.	> The Cold Cuts, Ice Cream and Chocolates Businesses worked on the establishment and optimization of their wastewater treatment plants, investing a total of COP 4,7 billion.
Managing the water resources in the value chain.	> The Organization worked jointly with the World Wildlife Fund and with Cuenca Verde Water Fund on water protection activities and on the reduction of the impact across the entire supply chain. > 22 sustainability audits were performed on contractors and suppliers to verify aspects related to the sustainability of the water resources, among other environmental matters
Knowing and assessing the water-related risks in the operations.	> The assessment of the water-related risks was socialized with the purpose of incorporating them in sustainability gap-bridging plans that ensure their mitigation in the long term.
Consolidating the model for establishing the real price of water.	> The real price of water was integrated as a regular practice in the financial assessment of the projects to promote water saving.

Wastewater treatment plant of the Pasta Business.

Biscuits Business production plant in the United States.

Risks and opportunities [GRI 103-1]

Grupo Nutresa recognizes that water resources are vital for the communities with which it interacts, for the continued and sustainable production of raw materials, for the operations and for the distribution of its products. Central and South America are considered to be regions with abundant water resources. However, they have high population concentration levels, an issue that, along with other factors, compromises the availability and quality of water.

The risk regarding availability, quality and accessibility of the water resources has been included in the Organization's risk catalog as an emerging one due to the fact that its operations may be interrupted by pressures related to the water resources. This inclusion allows to invite our stakeholders to assess their impact and to take actions focused on mitigating it with an annual monitoring in the strategic risk matrix. The water-related risks in the value chain are monitored by means of several impact assessment studies and will be integrated to the assessment in the risk management system to subsequently develop treatment measures for the operation centers.

In response, Grupo Nutresa continues to work on the reduction of water consumption, achieving a reduction of 28,1% for the production plants in Colombia.

As medium-term and long-term plans, the Organization works on the water-related risk evaluation, on the measurement of the water footprint and on the disclosure of good practices and policies to the stakeholders from its sourcing chain.

Outlook

One of Grupo Nutresa's strategic priorities is the reduction of the environmental impact of its operations and products, and the Organization has set a goal for 2020 regarding the reduction of water consumption of –30% in its operations within the framework of the 2010-2020 term. Even though only 2% of the impact of water in the value chain corresponds to the direct operations, this is an important challenge for the Organization. Therefore, Grupo Nutresa will continue to work on the assessment and execution of projects focused on water resource eco-efficiency, both in industrial and logistical operations.

In the short term, the Company will establish treatment measures for the water-related risks identified in the production plants with the purpose of ensuring the continuity of the operations and satisfactory relations with the neighboring communities. Additionally, the Organization will keep incorporating, in the financial assessment of projects, the real value of water according to its calculations. The purpose of this initiative is to visualize, in financial terms, the cost of the impact on water; and evidence the returns arising from the investment in projects focused on the reduction of direct and indirect water consumption- and treatment of waste water.

Along the same line, Grupo Nutresa will continue to work on the protection of the water basins and watersheds by means of collective mechanisms such as water funds. The Company will also maintain its investments in the development of better technologies for wastewater treatment and water recirculation, even foreseeing that some of its operation centers will become zero-disposal production plants in the medium term.

Grupo Nutresa achieved a **28,1% reduction in the consumption of water** per ton produced in Colombia for the 2010-2017 period.

Success stories and acknowledgments

Grupo Nutresa was recognized for its water resource optimization management with the following **acknowledgments and accolades: Líder Progresa (Progress Leader) and PREAD Excellence Award** to the Chocolates Business for its production plants in Rionegro and Bogotá; **Social Responsibility in Action Award,** environmental category, to the **Biscuits Business for its production plant in Costa Rica;** inclusion in the Blue Seal Program (organized by Bogotá's Aqueduct and Sewerage Company) to the **Ice Cream Business in Bogotá**.

As a success story, it is worth highlighting the saving of more than 10.800 m^3/year in the **Cold Cuts Business' production plants in Bogotá and Medellín** through the implementation of improvements in the basket and cooking-equipment washing processes in the smoking stage.

Another outstanding success story is the saving of more than 3.800 m3/year in the **Chocolates Business' Rionegro** production plant with the structural overhaul of the fire-prevention network. This renovation allows storing the water used for the preventive tests in a special tank for its subsequent use.

One more success story consists in the Social Responsibility in Action Award, environmental category, granted by the Costa Rican-North American Chamber of Commerce to **Pozuelo, a company from the Biscuits Business,** for its water reuse initiative for the equipment washing process. This initiative has allowed reusing more than 1.515 m^3 of wastewater in the production plant's sanitary services.

Wastewater treatment plant of the Cold Cuts Business.

Progress achieved in 2017 [GRI 103-3]

Grupo Nutresa endorses the CEO Water Mandate, a United Nations initiative that seeks to foster and promote, among the endorsing companies, commitments for the protection of the water resources. Compromises are based on key aspects such as control, monitoring and reduction of the water consumption; water disposal quality improvement; reduction to the pressure applied to the basins and watersheds of interest; mobilization to promote water resource protection with the participation of the value chain agents and actions in the communities; participation in public policies; and commitment to transparency.

The extended explanation of the Organization's water resource management is published in the report prepared for the CEO Water Mandate: "Progress report 2017", which can be found at

HACIENDO CLIC AQUÍ

Collective Work And Public Participation

As a food production company, Grupo Nutresa understands the environmental impact of agricultural production, an activity that uses between 60% and 70% of the water consumed in the planet. This is a situation that becomes even more significant due to the changes in the availability of this essential resource, which are caused by climate change and the expected increase in the demand by the agricultural sector. That is why the Organization has actively participated in the workshops and collective work initiatives in Colombia and Peru which address the matters related to water productivity and hydrological risk.

Also in Colombia, Grupo Nutresa participates in "Misión de Crecimiento Verde" (Green growth mission), which is an initiative directed by the National Planning Department and it is focused on increasing the country's productivity within the framework of a low-carbon economy and based on several thematic axes.

One of the thematic axes is water productivity, for which a diagnosis of the main risks and challenges for Colombia was conducted in 2017. Among the findings of this diagnosis, following stand out:

1. The most densely populated cities (Bogotá, Cali, Barranquilla and Cartagena) are located in regions with high hydrological stress levels.
2. The quality of water in the basins, the low level of treatment of the water disposals and the high level of consumption by the industrial sector increase the risk for the country's main cities.

That is why Grupo Nutresa works on actions focused on the mitigation of the risks pointed out in the aforementioned study.

Furthermore, the Company continues to work jointly with the Cuenca Verde Water Fund as a founding member of this organization whose mission is to protect, restore and strengthen the culture of water in the regions of the basins that supply Medellín. In 2017, Cuenca Verde succeeded in restoring 76.306,32 linear meters of river banks, 640,28 hectares of areas of influence and the recovery of 130 springs. In addition, it achieved the installation and rehabilitation of 122 treatment systems for domestic wastewater, which contributes to the reduction of 80% of the pollutant loads that reach the water sources and the soil. It also educated more than 1,800 people through 580 environmental experiences with workshops focused on the sustainable use of the resource and planting of native species.

The Chocolates Business in Peru participated in the "Certificado Azul" (Blue certificate) program, which is organized by the National Water Authority and is aimed at reducing the water footprint and the specific consumption of water. As part of said activities, the Business installed a collection and irrigation system used for reforestation purposes in the protected natural area known as "Reserva Nacional de Lachay" (Lachay National Reserve). Three fog fences with an area of 100 m2 of canvas were installed and 200 tara saplings were planted. The investment made to complete these efforts amounted to approximately USD 3.500.

Water Footprint Mitigation

As part of the responsible water resource management strategy, Grupo Nutresa's companies embraced the concept of the real price of water and the hydrological risk quantification model. These concepts were included in the financial assessments for the projects related to this resource with the purpose of speeding up the investments for this matter.

A broad explanation of the model can be found at

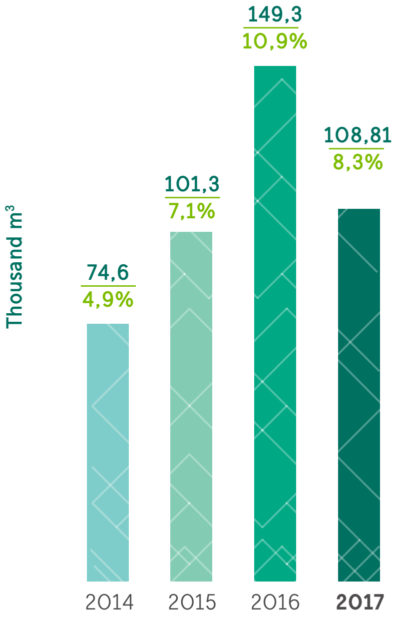
HACIENDO CLIC AQUÍ

Total water withdrawal by source [GRI 303-1] [ODS 12.3]

The charts below show Grupo Nutresa's water consumption figures for 2017 in Colombia and its production plants abroad.

*The data for Colombia does not include the consumption of the Retail Food, Armenia Ice Cream, Setas Colombianas and Litoempaques production plants.

Percentage and total volume of water recycled and reused [GRI 303-3] [ODS 12.3]

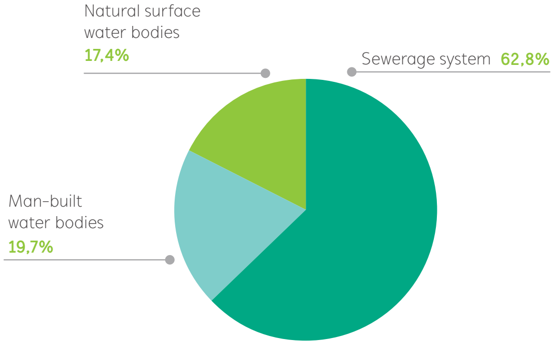


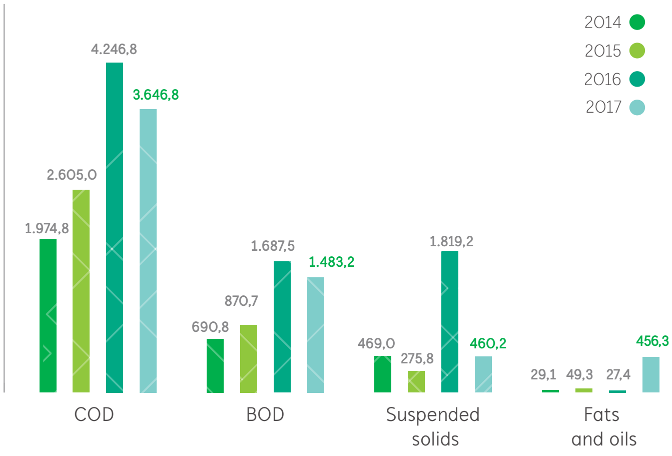
In 2017, Grupo Nutresa continued working on the construction of the wastewater treatment plants for the Ice Cream Business in Bogotá and Manizales, for which investments of COP 468 million and 615 million were made, respectively. For its part, the Cold Cuts Business in Medellín completed the testing phase, and the start of operations of the plant is expected for the first semester of 2018. In addition, the construction work in the production plants in Envigado and Barranquilla is at 93% of completion, which is why their start of operations is also expected for 2018. The Cold Cuts Business' total investment totaled COP 3.793.

Moreover, the Chocolates Business in Mexico, with an investment of COP 58.789, continues to work on the optimization process for its treatment plant by means of advanced engineering, facility adaptations and purchase of equipment. The objective of this effort is to make sure it is fully operational as soon as possible in 2018. Additionally, the Retail Food Business made progress in its Costa Rican production plant by completing the engineering phase, the acquisition of equipment and the permit procedures. Thanks to this, a 60% completion progress is expected in the execution of the project by the first semester of 2018, with an approximate investment of USD 609.000.

Finally, the Coffee Business in Medellín continued its work on the waste water treatment plant, reaching a 45% completion progress with an investment of COP 3,6 billion. Also, in its Ibagué production plant, the work has reached a 70% completion progress with an investment of COP 2,02 billion.

Water discharge by quality and destination [GRI 306-1] [ODS 12.5]

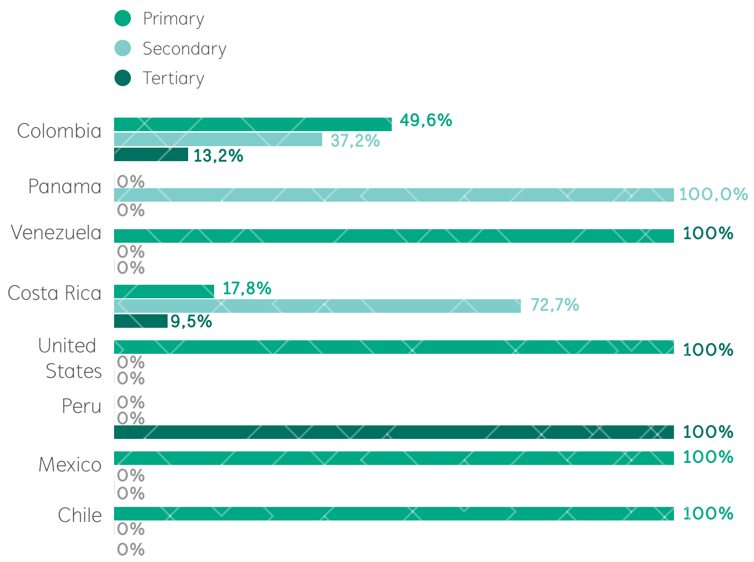




The Organization has actively participated in the workshops and collective work initiatives that address matters related to **water productivity and hydrological risk.**

Employees from the Biscuits Business.

Type of disposal water treatment
[GRI 306-1] [ODS 12.5]



The adequate management of water resources in the Organization has been extended to the transport operations as a response to the identification of risks or impacts that could arise from the vehicle washing activities. Therefore, Opperar Colombia has been working on the identification and contracting of washing centers in three cities, making sure they have the required environmental permits, water recirculation systems, water saving equipment, grease traps and anti-spill tanks.

Climate change and air quality

To contribute to the mitigation of and adaptation to climate change by carrying out actions focused on reducing greenhouse gases, permanently searching for the highest energy efficiency, implementing clean technologies, efficiently using the raw materials in Grupo Nutresa's operations, and adapting the products aimed at consumers with a higher level of awareness.

Strategy [GRI 103-2]	**Progress** [GRI 103-3]
Raising awareness about climate change.	> Grupo Nutresa's Climate Change Policy was created and socialized. > Sustainability sessions were held in all Businesses. The sessions were focused on deepening our work on the SDG 13, and awareness was raised regarding the role of all employees in the fulfillment of said SDG as citizens.
Reducing the emissions of greenhouse gases.	> The Organization achieved an accumulated reduction in the emissions of greenhouse gases scopes 1 and 2 of 41,4% for the 2010-2017 term in Colombia. > Grupo Nutresa was supplied with certified green energy, which can be deemed as zero-emissions energy due to the fact that it comes from small hydroelectric power stations and wind power projects. Thanks to this fact, the Organization has reduced the scope 2 emissions by 100% from 2010 to 2017.
Commercial assets with a lower impact.	> The Cold Cuts and Ice Cream Businesses continue to conduct the progressive replacement of refrigerants of commercial refrigerators with low warming potential refrigerants.
Development of products with a lower environmental impact.	> The emissions neutrality of Tresmontes Lucchetti's brands Livean and Zuko was maintained > The compensation of the Evok brand's emissions was achieved to ensure its carbon neutrality.
Reducing the impact on air quality.	> The Organization completed the implementation of strategies focused on optimizing the use of fuels, as well as the execution of more effective pollution control systems.

Grupo Nutresa implements strategies focused on optimizing the use of fuels in order to minimize the impact on the air quality.

Risks and opportunities [GRI 103-1]

The regulatory risks of climate change are occurring mainly due to the commitments made in the Conference of the Parties, COP21 in Paris, whose goals include reductions higher than 40% of the emissions. This has led to legislations with diverse forms of carbon taxes and proposals to establish quotas by sector. Moreover, the physical risks keep on intensifying in the region, tropical storms and hurricanes are getting worse and coming closer to the operation centers.

The foregoing also generates opportunities to address the responsible consumption preferences, favoring the products that have sustainable features. Therefore, it becomes relevant to offer a portfolio with a low carbon intensity in its life cycle or whose carbon footprint would be compensated.

Air quality challenges arise due to the growing problems several cities from the strategic region have been undergoing. This can cause regulatory changes in the allowed levels of fixed and mobile emissions, introducing restrictions that entail the modification of the logistics of the processes or that can provoke operational and reputational risks.

The foregoing has become an advantage due to the anticipated implementation of advanced mobile technologies and the use of cleaner fuels. Additionally, rethinking the logistical processes can drive efficiencies and improvements to the service conditions that would not have been identified otherwise.

The Organization will continue to work on the **reduction of emissions, on its energy efficiency and on the implementation of clean technologies** that allow to reduce its environmental impact.

Outlook

Grupo Nutresa will continue to promote a culture of awareness about climate change by disclosing and socializing, both tactically and operatively, its Climate Change Policy. Additionally, the Organization will keep working on the mitigation of its direct emissions to reduce the environmental impact, as well as its exposure to the tax burdens. Furthermore, the Company will work on establishing adaptation measures in accordance with its vulnerability level. Therefore, over the coming years, it will reinforce its physical and regulatory risk management strategies across the entire value chain, establishing specific plans to address the risks.

With regard to the matters related to the air quality, Grupo Nutresa will continue to participate in collective efforts with governments and other companies in order to develop proposals of policies, guidelines and incentives that ensure an adequate technological transition that allows to reduce the impact of this issue. In the same way, the Organization will keep improving its industrial processes and the atmospheric control systems to reduce the fixed emissions. Likewise, the Company will work on improving its transport processes to reduce the environmental impact of the fleet of vehicles used to distribute its products with the use of cleaner fuels, the modernization of the engine technology and the efficiency in both driving and route design.

Goal for 2020

reducing the total kg of

33%

CO_2 e./t.p.

Employees from Opperar, Colombia.

Success stories and acknowledgments

[GRI 103-3]

As a success story, **it is worth highlighting the purchases of verified carbon credits** in the voluntary market to compensate the emissions generated by the direct transport activities of Comercial Nutresa, Opperar Colombia and the Cold Cuts Business, which totaled 1.198 tons of CO_2e. compensated, neutralizing the emissions of these logistical processes over November and December.

Another success story is the launch of the second volume of the Biscuits Business' Clean Transport Handbook, which intends to provide guidance regarding the measurement, mitigation and compensation of the emissions caused by the transport operations. Another purpose of the Handbook is to work with the transport suppliers in order to assess, analyze good practices and establish indicators that enable them to monitor their environmental performance.

Read more about the Handbook:

CLICK HERE

Reforestation activity organized by Bon in the Dominican Republic.

Progress achieved in 2017 [GRI 103-3]

Culture

Climate change is a significant issue for the Organization and its stakeholders, which is why it becomes vital to develop the employees' capabilities and to build a culture of awareness about this matter. It is also fundamental to ensure understanding of and commitment to the individual contribution and responsibility for the fulfillment of the objectives established by Grupo Nutresa. That is why, in 2017, the Company carried out training activities and launched campaigns focused on raising the awareness about climate change. The following results stand out:

- 898 drivers from Opperar trained in efficient driving with the purpose of optimizing the use of fuel in the product transportation vehicles.
- Sustainable mobility was promoted with the objective of reducing the emissions associated with the employees' commutes. The promotion work was carried out through activities such as the sustainability sessions, road safety sessions and internal campaigns.
- 47 awareness-raising training sessions carried out with employees from the Cold Cuts Business to address the impact of the greenhouse gases.
- The Company organized a conference hosting the former Director of the Climate Change Department from the Ministry of Environmental Matters and Sustainable Development to address the risks and opportunities that climate change brings to the operations and the sourcing chain.

Reduction of emissions generated by the employees

The total number of telecommuters increased by 152% in 2017, which contributed to reducing the emissions caused by the home-work-home commutes, equivalent to 468 tons of CO_2e.

Reduction of emissions

In 2017, Grupo Nutresa maintained its efforts toward the reduction of the emissions in the industrial processes by means of practices focused on cleaner production methods, technological update and replication of successful cases.

Direct and indirect emissions (scopes 1 and 2) [GRI 305-1] [GRI 305-2] [GRI 305-4] [ODS 13.1] [ODS 12.2]

*The data for Colombia does not include the consumption of the Retail Food, Armenia Ice Cream, Setas Colombianas and Litoempaques production plants.

Reducción de emisiones por procesos industriales

Grupo Nutresa continues to work on air pollution prevention by overhauling its technology to use cleaner fuels such as natural gas and biomass. The Organization also invested in pollution control systems that ensure emission levels significantly lower than those allowed by the regulations currently in force. As a result, this practice has allowed the Company to achieve a 99,4% in terms of the use of cleaner energies for all its industrial processes.

Additionally, good practices have been consolidated with the aim of optimizing the consumption of natural gas. Some of these practices include: calibration of burners, leak fixing work, duct-routing and insulation improvements, economizers, boiler combustion control systems, power-on programming based on steam demand, employee training, among other. Such is the case of the Coffee Business which, in 2017, improved the efficiency of the roaster and the afterburner by replacing it with a more efficient equipment. These actions allowed achieving a reduction of 114,9 tons of CO_2e in the consumption of natural gas and in the greenhouse gas emissions.

Reduction of GHG emissions **[GRI 305-5] [ODS 13.1]**

	2016	2017
Reducción neta de emisiones en tCO_2e		
Thermal energy consumption reduction (scope 1) (tons of CO_2eq)	782,1	87,3
Electrical energy consumption reduction (scope 2) (tons of CO_2eq)	155,7	387,4

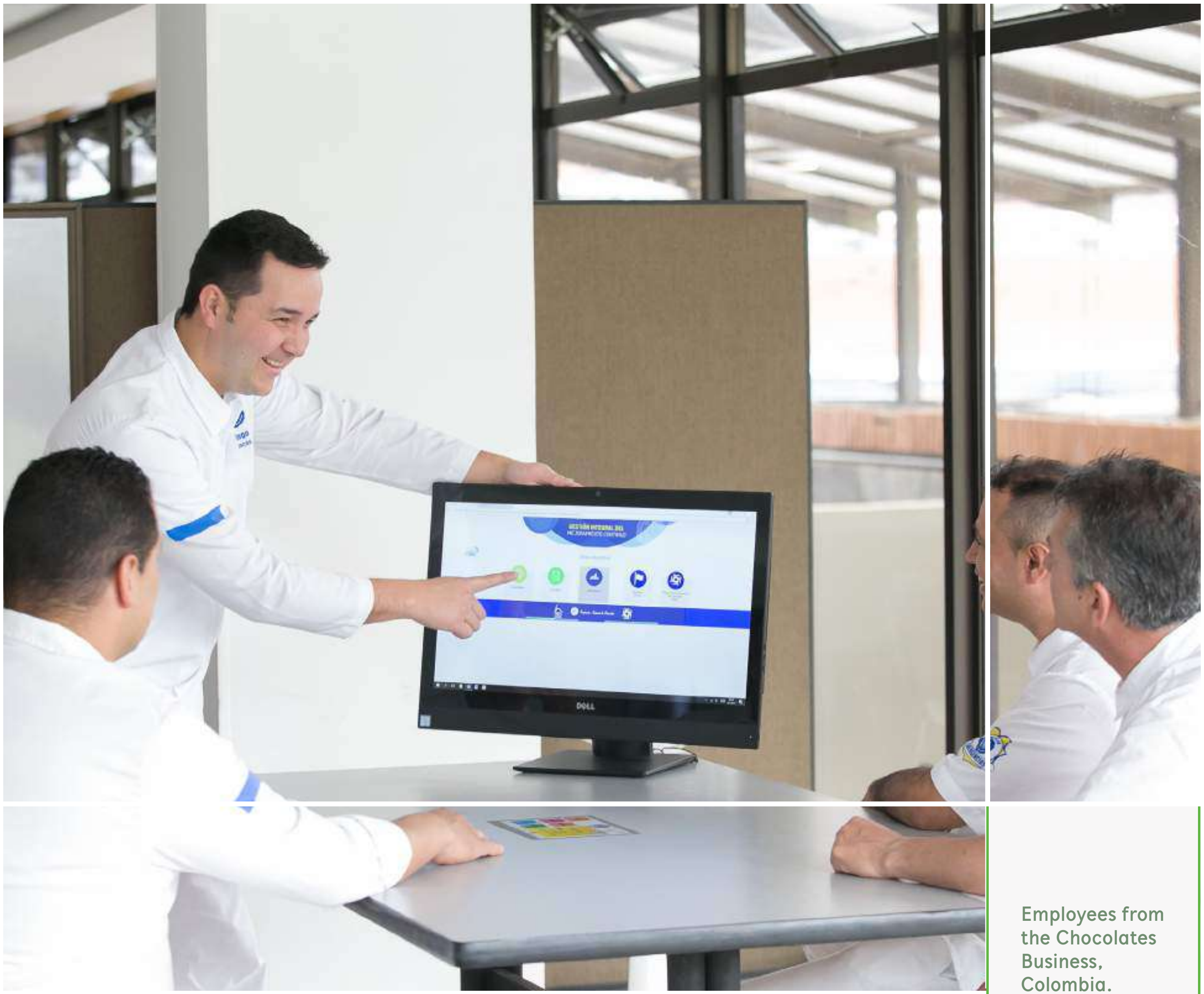
Reduction of emissions generated by transport activities

Grupo Nutresa has worked on the reduction of the greenhouse gas emissions in its finished-product transport fleet by means of different strategies: preventive maintenance to both vehicles and refrigeration equipment to ensure an optimal operation, assessment of new technologies for vehicles and fuel (gas and electrical power), and the assurance of a vehicle service life of between three and eight years with replacement plans, as well as the optimization of routes that allow to improve the transport execution efficiency. An example of said work is the optimization in the execution of the network of primary and secondary distribution in the Mosquera and Barranquilla production plants of the Pastas Business. This optimization allowed the Organization to eliminate 243 trips in the finished-product transport process from one production plant to the other. This achievement represents a positive impact on the emissions from the transport and distribution processes that amounts to 14.710,6 tons of CO_2e. per year.

Other indirect (scope 3) GHG emissions **[GRI 305-3] [ODS 13.1]**

	Employees' air travel (tons of CO_2eq)	Distribution (tons of CO_2eq)
2017	**4.003**	**51.309**
2016	2.970	55.292

Grupo Nutresa concluded its participation in the study for drafting the NAMA (Nationally Appropriate Mitigation Action) for the industry in Colombia. This work allowed the Organization to estimate the total emissions generated in the logistical process and to determine the drawdown curves that help to visualize the gap in order to establish the trend for its reduction with regard to the national goals. As a result, it was identified that thanks to the practices established by these organizations, a disconnection between the growth of the process and the emissions of CO2e by avoiding the generation of 5,080 tCo2e and to 2030, the year for which the emission reduction scenario in Colombia was set at 20%, additional actions must be generated to achieve reductions between 1% and 10.5%.



Employees from the Chocolates Business, Colombia.

Commercial assets with a lower impact

In search for the reduction of the environmental impact generated in the commercialization process, the Organization has been developing diverse practices such as: the transition to LED lighting equipment, an optimal use of refrigeration equipment including preventive maintenance and operation monitoring, and the implementation of overhaul measures to be able to use environmentally-friendlier refrigerants. Among the actions worth highlighting, the Ice Cream Business has made progress in the gradual replacement of commercial refrigeration equipment that uses refrigerants that produce fugitive emissions of greenhouse gases with equipment that uses hydrocarbons in the cooling system, whose carbon emissions are negligible. In 2017, 2.345 appliances that use the R290 refrigerant gas were acquired, which is equivalent to avoiding the emission of 1.047 tons of CO_2e. per year.

Carbon neutral

Evok consolidates itself as a brand with the carbon neutral seal in Colombia, which is certified by the Icontec (Colombian Institute of Technical Standards). Since it was launched in December 2015, the brand has neutralized 100% of its GHG emissions, offering its consumers high-quality products that also reduce its environmental impact by means of fully-recyclable PET packaging materials, Earth Pact foldable materials and paper manufactured with sugar cane bagasse.

Climate change risks

In 2017, Grupo Nutresa carried out an exercise focused on prioritizing and quantifying the physical and regulatory risks posed by climate change throughout its sourcing, production, commercialization and consumption processes. Said results will be socialized within the Organization in 2018, and the Company will also develop the necessary mitigation and adaptation measures to establish action plans for the short, medium and long term that would allow Grupo Nutresa to be resilient to the variability expected from the climate.

Air quality

Given the importance of this issue, it becomes increasingly necessary to have a strategy for the efficient management of the emissions of particulate material. That is why, in 2017, the Coffee Business in Medellín replaced the emission control system of the biomass boiler with a control system that has two cyclone dust collector units which minimizes the particulate material emissions, reduces power and water consumption, and prevents the constant clogging in the filter due to the presence of condensable oils in the baskets.

Furthermore, the Coffee Business also decided to develop a particulate material measurement pilot project that allows to know the details of the patterns of the generation of fixed emissions. The purpose of this action is to work collectively with the local environmental authority on the creation of the Comprehensive Plan for Air Quality Management. Moreover, the Ice Cream Business participated in the Sustainable Mobility Program, which is organized by the District Environmental Secretariat (local environmental authority). This program promotes the use of environmentally friendly transport for the commutes of the Organization's employees and the participation was focused on working groups, reports related to the mobility self-diagnosis, carbon footprint calculations and mobility challenges.

Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions [GRI 305-7]

	2015	2016	**2017**
Colombia			
PM: Particulate material (kg)	42.932	30.020	28.227
SO$_2$: Sulfur dioxides (kg)	13.557	6.181	5.321
NO$_x$: Nitrogen oxides (kg)	643.648	88.362	79.147
VOC: Volatile organic compounds (kg)	4.700	4.928	5.271
Mexico, Costa Rica, Peru, Chile, Panama	**2.015**	**2.016**	**2.017**
PM: Particulate material (kg)	18.548	9.935	4.437
SO$_2$: Sulfur dioxides (kg)	3.417	13.290	1.496
NO$_x$: Nitrogen oxides (kg)	586.587	139.619	135.234
VOC: Volatile organic compounds (kg)	-	17.592	2.591

The emissions come from the heating sources at each production plant: furnaces and boilers and from the coffee roasting process. For the calculation, the Organization uses the emission factors established by the EPA (Environmental Protection Agency – Emission Factors AP-42).

Launch of "Amigos del Planeta" (Friends of the Planet's) in the Dominican Republic.

Energy

Optimizing the energy intensity in the industrial, commercial, logistical and administrative operations by means of the promotion of a culture focused on the efficient use and the migration to cleaner energy sources.

Strategy [GRI 103-2]	Progress [GRI 103-3]
Reducing the energy intensity of the operations.	> The Organization achieved an accumulated reduction of 17,3% (kWh/t.p.) in the consumption of thermal energy from non-renewable sources and electric power from the network for the 2010-2017 term in Colombia.
Reducing the use of electric power in the operations.	> The electric energy consumption indicator (kWh/t.p.) decreased 3,0% with respect to 2016 and, for the 2010-2017 term, the accumulated reduction was 13,0%, driven by the photovoltaic energy use project in the Chocolates Business' production plant.
Reducing the use of thermal energy from non-renewable sources in the operations.	> The consumption indicator (kWh/t.p.) for thermal energy from non-renewable sources (fossil fuels) increased 1,1% in Colombia in relation to 2016. > For the 2010-2017 term, the accumulated decrease in the indicator for thermal energy from non-renewable sources (kWh/t.p.) was 11,1%.
Increasing the use of renewable energy sources.	> The use of cleaner energies (natural gas, electric power and biomass) in the operations in Colombia represents 99,4% of the Organization's energy usage. > Energy generation through biomass in the operations in Colombia, Chile, Mexico and Costa Rica represented 22% of the total energy usage. > The Chocolates Business in Colombia completed the biggest installation of solar panels in Antioquia and the biggest for a food production plant in Colombia. The roofs of the Rionegro production plant are being used to generate clean energy that accounts for 15% of the plant's consumption. **[SDG 13.1]**

Solar panels of the Chocolates Business production plant in Rionegro, Colombia.

Steam generator that uses biomass from the soluble coffee extraction process, Coffee Business, Colombia.

Risks and opportunities [GRI 103-1]

The energy supply in the regions where Grupo Nutresa operates is affected by the volatility of the worldwide fossil fuel prices and, more and more frequently, by the variability of the climate phenomena which increase the risk of the supply of electric power generated through conventional methods (hydroelectric and thermal power plants). That is why the Organization could be exposed to financial, operational and reputational impacts arising from the materialization of these situations and the lack of actions that would ensure the supply of alternative energies.

As it is aware of this challenge, Grupo Nutresa develops strategies focused on increasing the energy efficiency by means of new technologies in the processes, favoring the use of cleaner fuels and with the use of energies that produce a lower environmental impact.

Since the past year, and in order to avoid depending on the climate variability and on the prices of fossil fuels, Grupo Nutresa negotiated with the EPM Business Group (the company that supplies all the electric power to our 20 industrial plants located in Colombia) the supply of green energy, which comes exclusively from certified projects with a power generation that can be declared as a zero-emissions operation. Additionally, in the operations abroad, the Company maintains the use of biomass as the main source for energy self-generation. However, Grupo Nutresa continues to search for clean energy supply alternatives.

Outlook

Considering the challenges, the Organization has defined the following goals for 2020:

- Achieving a 25% reduction in the energy consumption per ton produced indicator.
- Achieving a full energy supply from cleaner sources, in other words, electric power, natural gas and energy from renewable sources.

Grupo Nutresa's Businesses have established plans for 2020 in order to achieve an energy consumption reduction by means of projects focused on technological overhaul, equipment update and energy audits that allow to reduce the dependence on thermal energy from non-renewable sources. Therefore, the Organization will increase its share of alternative energies, consequently decreasing the greenhouse gas emissions, which mitigates the effects of climate change. **[SDG 13.1]**

Grupo Nutresa will also continue to make progress in the search for a lower energy intensity and a lower environmental impact of all operations by means of the implementation of energy efficiency programs in the productive processes, the technical overhaul, the incorporation of low energy demand technologies, the development of lower-impact logistical processes, the construction and implementation of distribution centers with energy efficiency principles, the expansion of a transport fleet of more efficient vehicles powered by cleaner energies, driver training on energy efficiency practices, and the promotion of diverse alternatives of sustainable mobility among all employees.

Grupo Nutresa's Businesses have established plans for 2020 in order to achieve an energy consumption reduction by means of projects focused on technological overhaul.

Success stories and acknowledgments [GRI 103-3]

As a success story, it is worth highlighting the 8.000+ solar panels installed on the roofs of the **Chocolates Business' factory in Rionegro,** Antioquia, which generate clean energy that supplies 15% of the plant's energy consumption, equivalent to planting 40 hectares of trees every year. Additionally, with this photovoltaic system's electric power generation, the emission of 420 tons of CO2e will be avoided. The development of this project was carried out in alliance with CELSIA, and it will generate 3.000.000 kWh/year of clean energy. **[SDG 13.1]**

Another success story is the implementation of a program aimed at improving the **energy efficiency of the roasting process** in the Coffee Business' production plant in Santa Marta. Thanks to this implementation, the thermal energy consumption indicator has been reduced by 11% and it prevents the emission of 108 tons of CO_2e per year.

Finally, the improvements implemented in the heat generation systems also stand out as a success story. The improvements consist in the installation of natural gas-powered cauldrons in the **Manizales and Bogotá production plants of the Ice Cream Business.** These cauldrons reduce the consumption of natural gas by 26.916 m^3 per year

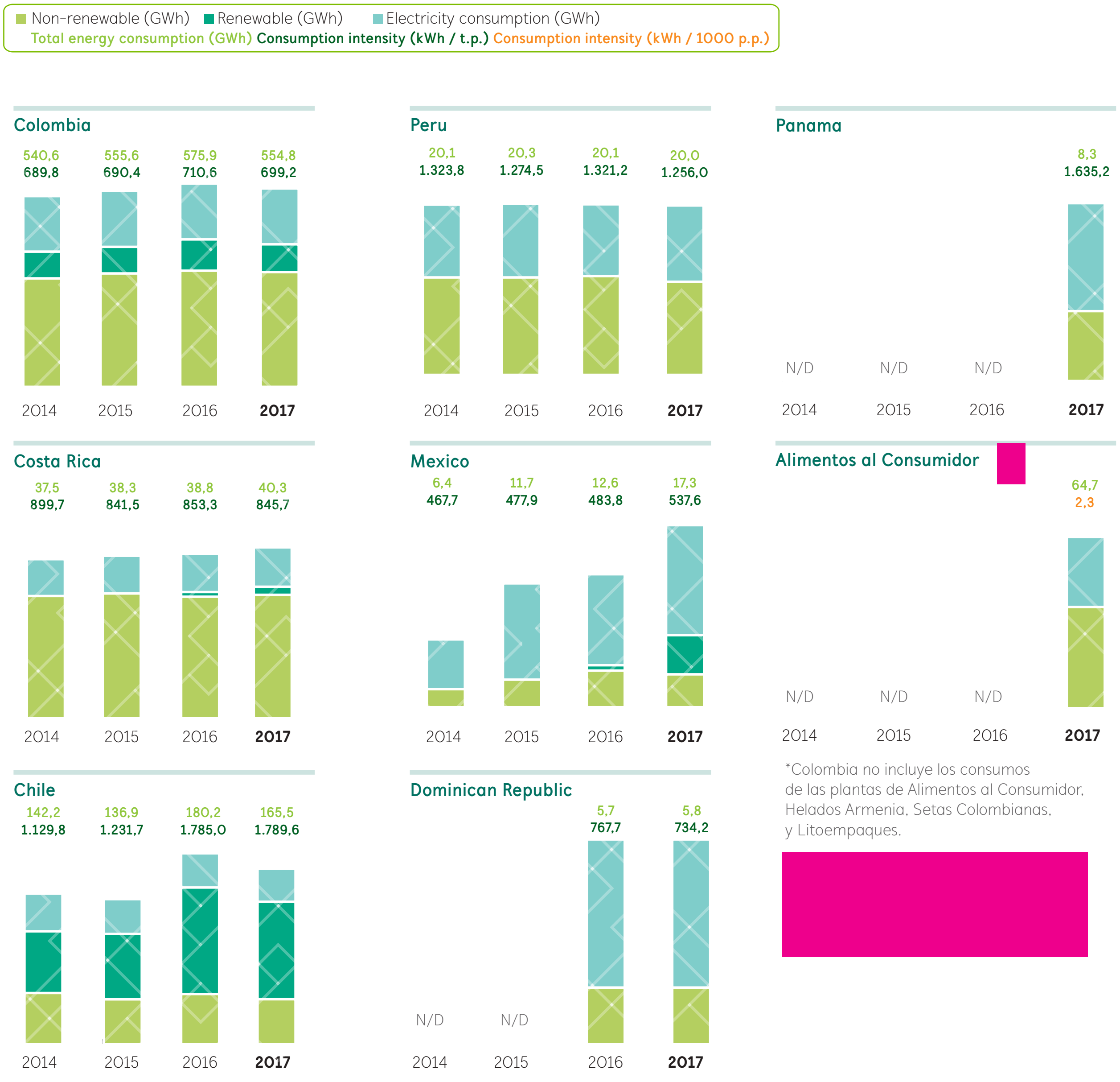
Progress achieved in 2017 [GRI 103-3]

Iniciativas de optimización

In Colombia, Grupo Nutresa achieved an accumulated 17,3% reduction in the indicator for the consumption of energy from non-renewable thermal sources and electric power from the distribution network in the 2010-2017 term. The indicator was lowered by 1,1% in relation to the previous year thanks to the technological overhaul initiatives and to the process improvements implemented in several Businesses.

In the operations in Mexico, Costa Rica, the Dominican Republic, Panama, Peru and Chile, the energy consumption indicator was reduced by 3,1% in comparison with the previous year. This reduction was boosted mainly by the improvements to the processes made in the Mexico, Peru and Costa Rica production plants.

Total energy consumption within the organization [GRI 302-1] [GRI 302-3] [ODS 12.2]



*Colombia no incluye los consumos de las plantas de Alimentos al Consumidor, Helados Armenia, Setas Colombianas, y Litoempaques.

Reduction of electric power consumption in the operations

[GRI 302-4] [ODS 12.2]

The specific electric energy consumption indicator (kWh/t.p.) decreased 3,0% with respect to the previous year and, for the 2010-2017 term, the accumulated reduction was 13,0%. The positive result for this indicator is related to the implementation of technological overhaul projects, the expansion of the use of LED lighting technology and the application of good operating practices. For example, in the Ice Cream Business' production plant in Manizales (Colombia), multiple improvements were made to the compression system of the cooling circuit, allowing to reduce the energy consumption by 627.031 kWh/year. In the Cold Cuts Business' production plant in Medellín, a smart compressor programming and sequencing control feature was implemented in the refrigerant compression system, as well as a thermosiphon, representing an electric power saving of 351.108 kWh/year.

Green energy supply negotiation **[ODS 13.1]**

After the green energy negotiation with EPM for the supply to the Colombian production plants, Grupo Nutresa consumed 150,3 GWh, which would have produced up to 29.000 tons of CO2e if said energy was not produced at hydroelectric power stations and wind farms. Based on the I-REC certificates, Grupo Nutresa's energy consumption has a CO2e emission factor equal to zero.

You can find out more about EPM's green energy at

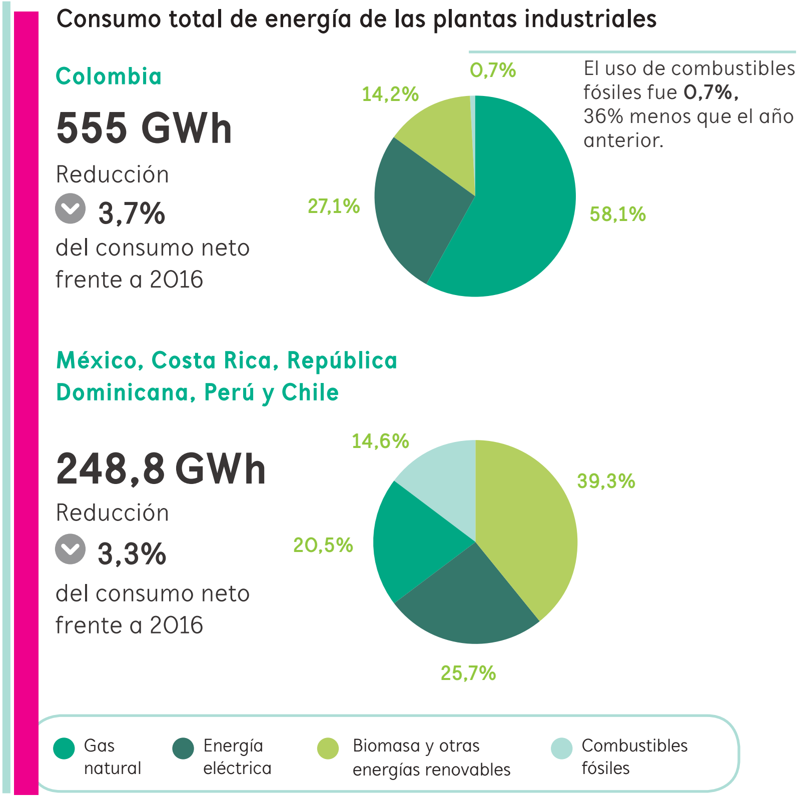
HACIENDO CLIC AQUÍ

For further information, go to the "Climate Change" chapter.

Reduction of the consumption of thermal energy from non-renewable sources in the operations **[ODS 12.2]**

The indicator for the consumption of thermal energy from non-renewable sources (kWh/t.p.) increased 1,1% in relation to 2016 due to the supply of raw materials in some Businesses, which require higher levels of energy consumption for their processing. For the 2010-2017 term, the accumulated decrease in the indicator for thermal energy consumption was 19,1%. It is also worth highlighting the effort that the Businesses continue to make with regard to the technological update of the processes that involve the use of fossil fuels. Such is the case of the Coffee Business, which continues to work on the technological update of the roasting process. This year, at the production plant in Santa Marta, an 11% reduction was achieved in the consumption of natural gas, which is equivalent to 66.000 m^3/year.

Increase to the use of renewable energy sources **[ODS 13.1]**



Consumo total de energía de las plantas industriales

In Chile, Tresmontes Lucchetti continues to use biomass made of coffee grounds, tea dust, wheat husk and wood chips to generate steam in its industrial processes. Biomass represents 55,7% of the energy usage of the production plants in Chile. In Costa Rica, the Chocolates Business production plant has a new biomass-powered steamer that used 311 tons of wood pellets.

Packaging and **post-consumption**

Offering a portfolio of more sustainable products throughout their life cycle by means of the inclusion of eco-design principles and extended responsibility regarding their packaging.

Strategy [GRI 103-2]	Progress [GRI 103-3]
Increasing the use of closed-cycle materials.	> The closed-cycle packaging materials purchase proportion was increased, going from 76,9% in 2016 to 80,8% in 2017.
Strengthening the initiatives focused on the eco-design of packaging.	> A reduction of 317,6 tons of packaging materials was achieved with the DTV methodology (Design-to-Value), accumulating a total reduction of 1.480,8 tons since its implementation.
Reducing the consumption of packaging materials per ton produced.	> The consumption of packaging materials per ton produced was reduced by 2,4%, accrued from 2010 to 2017.
Implementing closing-cycle initiatives for post-industrial flexible packaging materials	> Multiple pieces of furniture manufactured with flexible materials were delivered to an institution located in Belmira (Antioquia), benefiting 780 children. It is part of Fundación Nutresa's strategy to supply furniture to the schools the Organization sponsors through the Healthy Lifestyles program.
Designing and implementing closing-cycle initiatives for post-consumption materials.	> The Coffee Business' program called "Retoma, Disfruta y Recicla" (Retake, Enjoy and Recycle) was implemented with the purpose of collecting and closing the cycle of the waste produced by the Nutresa Express Pods. With this initiative, 224.600 post-consumption pods were collected, representing 10,3% of the total pods placed in the market. Later on, the pods were incorporated into the manufacturing of school furniture.

Employee from Litoempaques, Medellín.

Packaging line of the Pasta Business in Cundinamarca, Colombia.

Risks and opportunities

[GRI 103-1]

For a fast-moving consumer goods company such as Grupo Nutresa, packaging materials have a prevailing role in the competitiveness, differentiation, quality and safety of its products. This fact drives the development of packaging that must fulfill the function of a barrier, with sizes and shapes that need to meet the expectations of our customers and consumers. However, these conditions cause an impact on the environmental performance of packaging as their recyclability decreases and the consumption of materials increases as per ton produced.

Additionally, Grupo Nutresa also faces challenges related to the environmental impact of the containers, mainly the ones made of plastic, in the global context. Therefore, by means of regulations, countries in the strategic region such as Colombia, Chile and Peru are implementing initiatives of responsibility extended to the producer, which will demand the productive sector to be responsible of the entire life cycle of its packaging by covering the costs arising from this process.

With regard to said risks, the Organization identifies opportunities in the circular economy models. Therefore, in terms of packaging and post-consumption, its strategy is focused on the innovation with its value chain allies in order to find opportunities both in the reduction of consumption and costs, by means of simpler packaging structures, and in the reduction of the environmental impact.

Outlook

To face the packaging material management challenges, the Organization will strengthen its work on the development of closing-cycle initiatives to add value to them after they have been disposed of by consumers. Additionally, Grupo Nutresa will continue to conduct research and development activities with suppliers, recycling chain agents and other mass consumption organizations with the purpose of identifying alliances in the processes of reverse logistics, reuse, recycling and energy recovery. Another purpose of this action is to find solutions in terms of materials with a lower environmental impact.

Likewise, the Organization will continue to reinforce the product eco-design and life cycle culture among its multiple teams in order to understand consumers' expectations regarding the social-environmental features of products, adding value to the characteristics of packaging in terms of image, functionality and quality.

The Company will continue to **strengthen its eco-design culture** and its cycle-closing efforts regarding the packaging materials.

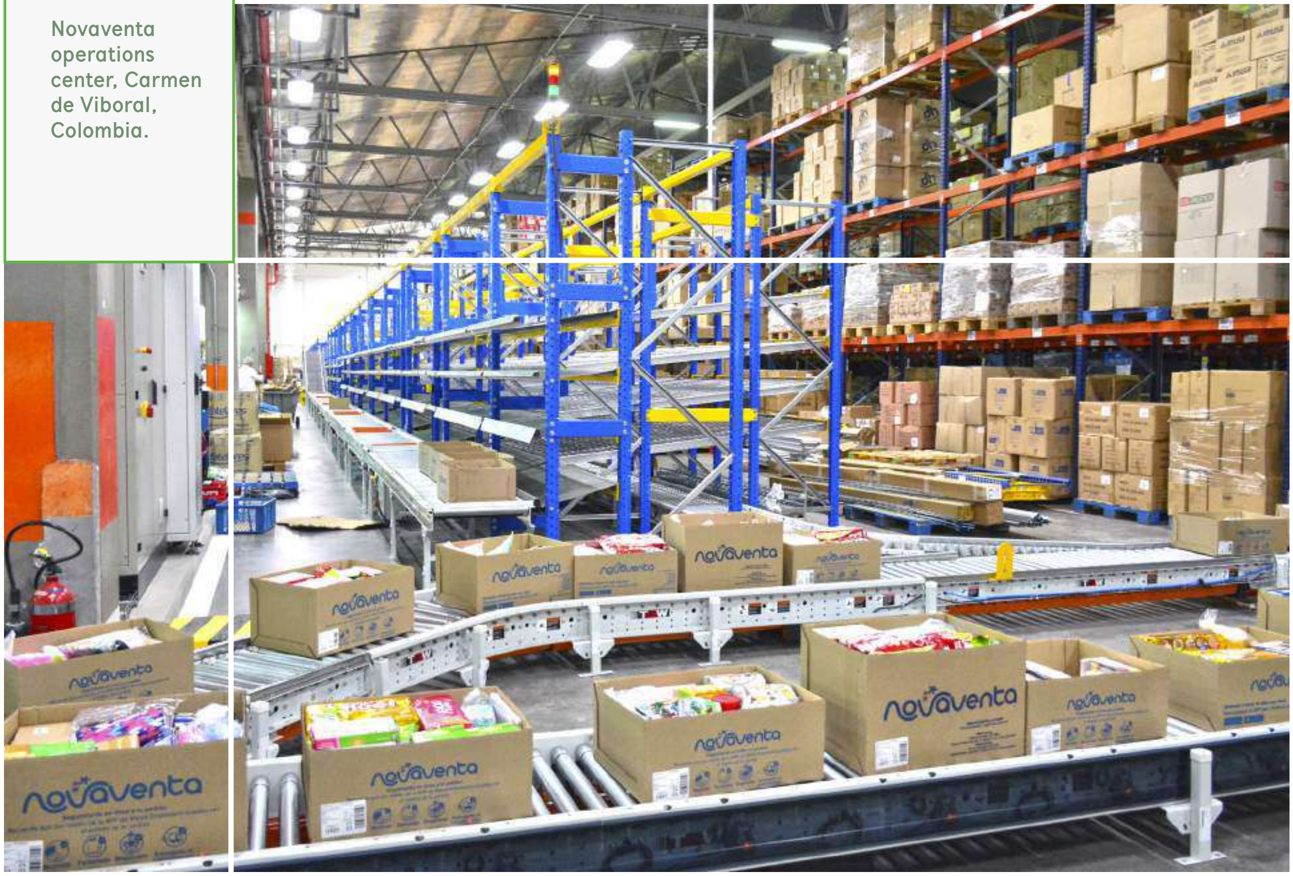
Success stories and acknowledgments [GRI 103-3]

As a success story, the implementation of the **"Retake, Enjoy and Recycle"** program by the **Coffee Business** stands out as it collected close to 224.600 pods, which are equivalent to 2,2 tons of packaging materials produced by the Nutresa Express Pods. Additionally to this initiative, 175 kg of post-industry flexible packaging materials were collected by the **Biscuits Business,** allowing to manufacture cafeteria tables, chairs and ecological stations. This furniture was given to the "Presbítero Ricardo Luis Gutiérrez Tobón" education institution in Belmira, Antioquia, benefiting 780 children.

One more success story worth highlighting is the **incorporation of a flexible packaging solution that allows to increase the performance and reduce consumption,** which was implemented by the Biscuits Business in Costa Rica and Colombia. In this process, a thinner structure was developed, allowing to achieve a 7,2% performance increase in the packaging process and a consumption reduction of 14 tons.

Another success story is the collaborative work with the Ice Cream Business and its main supplier of flexible packaging materials, which allowed to achieve a reduction in the minimum production batch, going from 500 kg to 150 kg. This collaborative work also allowed to replace the cardboard shipping boxes with unitized pallets (600 kg) and to increase the transport efficiency by reducing the CO2 produced by 85%. A **reverse logistics strategy** was also implemented with the purpose of closing the cycle of the materials that have to be disposed of due to obsolescence by reusing 10 tons of packaging materials in 2017.

Novaventa operations center, Carmen de Viboral, Colombia.



Ground coffee packaging line of the production plant in Medellín, Coffee Business.

Progress achieved in 2017

[GRI 103-3]

Grupo Nutresa's commitment to this matter is reflected on its Sustainable Packaging Policy and on its strategic goal for 2020, which consists in reducing by 12% the consumption of packaging materials per ton produced.

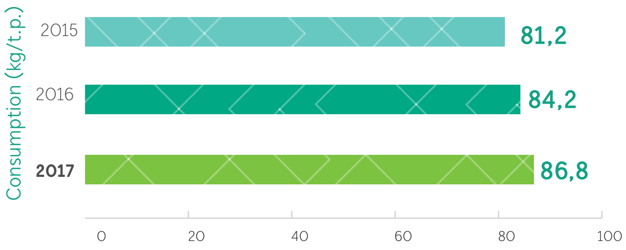
To find out more about Grupo Nutresa's Sustainable Packaging Policy, go to:

HAGA CLIC AQUÍ

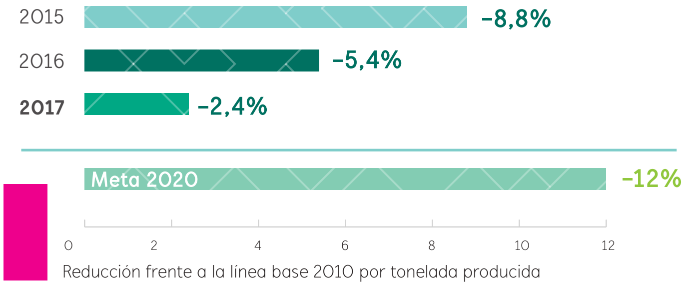
With the objective of monitoring the management in the field of sustainable packaging materials, the Organization has established two supplementary indicators that measure the consumption of packaging materials per ton produced and the proportion of the closed-cycle materials with regard to the total materials used.

Consumption of packaging materials per ton produced

[GRI 301-1] [ODS 12.5]



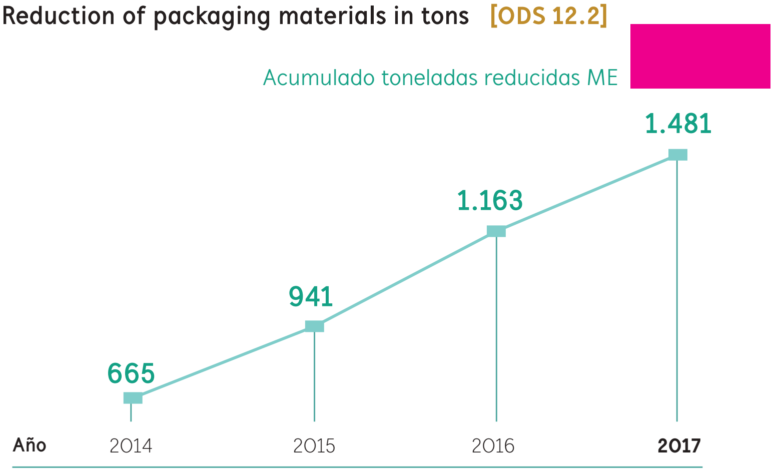
Reduction in the consumption of packaging materials with regard to the 2010 baseline (kg/t.p.)



Eco-design of packaging

As a result of the implementation of the DTV (Design-to-Value) methodology, the Company has been able to make a reduction of 1.480,8 tons of packaging materials in Colombia and abroad over the five years the methodology has been in place. This reduction has been achieved by means of eco-design initiatives focused on decreasing the thickness of the materials, adjusting the size of packaging, eliminating unnecessary packaging components and developing less complex structures without altering the quality of the products.

Reduction of packaging materials in tons [ODS 12.2]



An example of the value-adding strategy that consists in eliminating packaging components is the implementation of an initiative aimed at removing the support paper of the labels, because this paper cannot be recycled so it must be burned. This good practice was carried out in 2017 in the Coffee, Cold Cuts and Chocolates Businesses, achieving thus a reduction of 1,5 tons of non-recyclable silicone-coated paper.

Another initiative implemented on the basis of the DTV methodology analysis was the use of a structure much thinner for the flexible packaging that is used the most in the Coffee Business. This adjustment allowed the organization to lower its consumption of this material by 28 tons in one year.

The Retail Food Business has also implemented initiatives focused on a positive contribution to the protection of the planet. In 2017, a campaign was launched to raise awareness about the use of drinking straws, achieving a 56% reduction in the use of this element, which is equivalent to a total of 6.064.551 units.

Employees from Opperar in Cali, Colombia.

Grupo Nutresa's most recent launches are aligned with its Sustainable Packaging Policy. That is the case of EVOK, whose packaging materials were developed in alignment with the eco-design guidelines. The folding cartons were manufactured with earthpact sugar cane bagasse fiber paperboard, using more than 14 tons of it. PET, which is fully recyclable, is also used in EVOK's packaging, and the stores have ecological spots to promote the collection of the waste and make a positive contribution to the recycling process.

The Organization has also achieved important reductions to the consumption of packaging materials in its international platforms thanks to the implementation of the DTV methodology. The Chocolates Business in Mexico continued working on a strategy aimed at replacing the rigid PVC plastic containers with bags and micro-corrugated cardboard. PVC is a low-recyclability material that can produce a high environmental impact if it is not adequately disposed of, which is why the Company strove in 2017 to make a reduction of 56 tons of this packaging material.

For its part, the Tresmontes Lucchetti Business in Chile and Mexico adjusted the size of the most-used flexible packaging, achieving a reduction of 32 tons. This also allowed to decrease the dimensions of the folding cartons used as displays and of the corrugated cardboard boxes, achieving a reduction of 16 tons of secondary packaging materials.

> The Organization has achieved a **reduction of 1.480,8 tons of packaging materials** over the five years of implementation of the DTV strategy.

Even though the contributions of the eco-design strategy have been significantly positive in terms of the reduction in the consumption of packaging materials, a consistent deterioration of the indicator has been observed year on year due to the market demands. In recent years, the demands of the market often go against the objective of improving the environmental performance of the materials.

The reduction in the size of the product servings requires the use of more materials per gram packaged. It is also the case of the trends of portability and convenience, which demand thicker and more resistant materials, increasing the ratio of packaging material volume per gram of product. In the same way, the market demands longer service-life time spans, which causes the need for larger barriers with increased complexity.

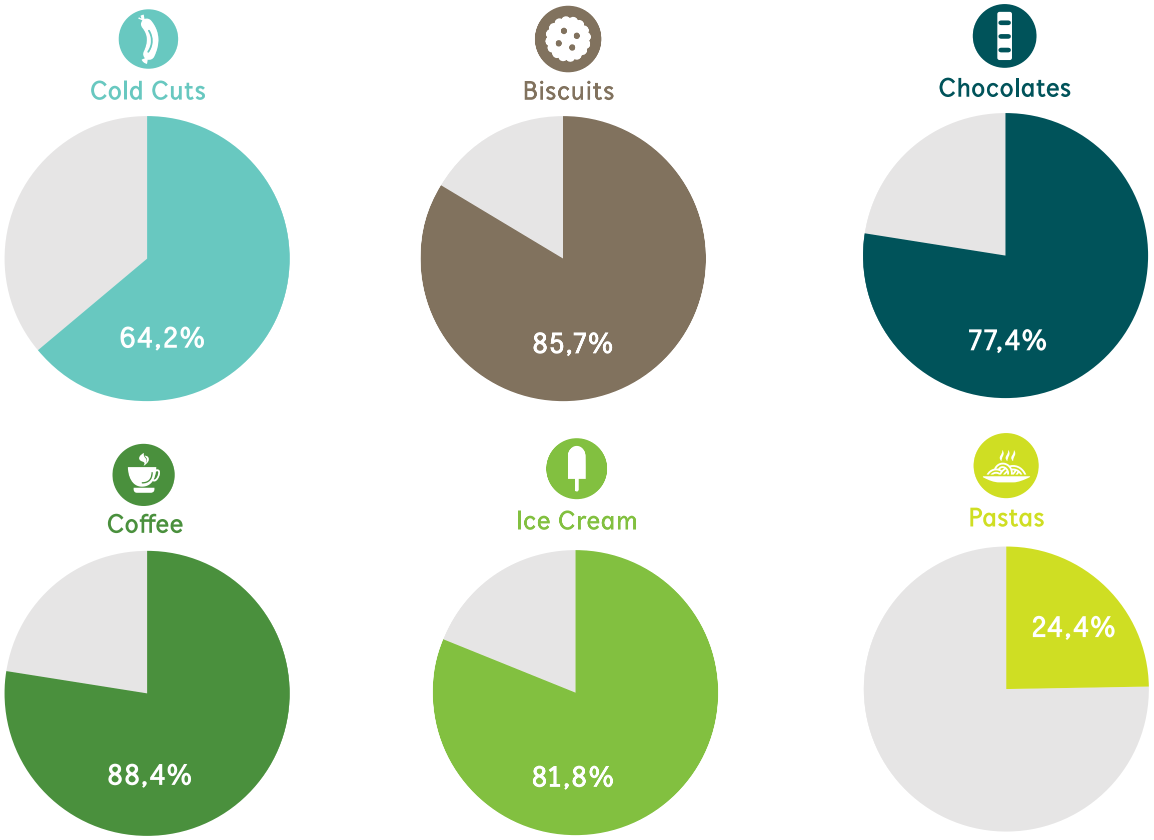
Addressing this reality in a comprehensive way is one of the most important challenges for the Organization. Therefore, Grupo Nutresa is contacting several allies in order to assess circular economy projects for difficult-recyclability materials with the purpose of exploiting the waste by turning them into raw materials for another industry, avoiding the need to dispose of them in landfills.

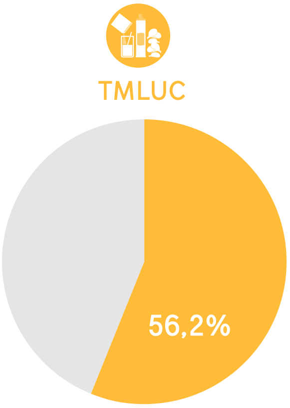
Increasing the use of closed-cycle materials

To compensate the increase in the consumption of packaging materials, the Company will continue to prioritize the use of closed-cycle materials in all the companies. Along this line, the proportion of the use of closed-cycle packaging materials was increased, going from 76,9% in 2016 to 80,8% in 2017.

*This figure does not include the Tresmontes Lucchetti Business.

Share of closed-cycle materials [ODS 12.5]





Recycled input materials used [GRI 301-2] [ODS 12.5]

49% of the packaging cardboard and 37% of the glass for the containers and bottles used by Grupo Nutresa are made with recycled materials.

As a strategy supplementary to the use of closed-cycle packaging materials, Grupo Nutresa prioritizes the materials whose production processes incorporate recycled and/or biodegradable supplies. Such is the case of the corrugated cardboard boxes, for which the supplier uses 100% recycled cellulose fiber. Additionally, the Organization is permanently working with suppliers that have the Forest Stewardship Council (FSC) seal, which certifies that the origins of their raw materials are sustainably managed forests. In the foldable materials category, Grupo Nutresa works with paper and paperboard manufacturers that use sugarcane fibers. Finally, 37% of the supplies used in the manufacture of glass bottles and containers are recycled materials.

Grupo Nutresa fosters co-creation activities with its suppliers with the purpose of **finding initiatives that improve the environmental performance of the packaging materials.**

Designing and implementing initiatives focused on closing the cycle of materials

In addition to the initiative focused on using post-consumption and post-industrial packaging materials for the manufacture of furniture, the Organization has implemented other initiatives to close the cycle of the materials and to mitigate their environmental impact. The "Sabor Costeño" (Coastal flavor) strategy, which was developed by the Coffee Business, encourages end consumers to sort and recycle the flexible packaging of the Coffee Business brands to exchange them for home utensils. Thanks to this strategy, 25 tons of packaging materials were collected and reused to manufacture plastic garden hoses.

For its part, the Retail Food Business reuses the post-industrial materials generated in the production process of the cardboard cups for the manufacture of the napkins that are used in its restaurant chains.

With the purpose of mitigating the impact of the flexible plastic packaging materials, Grupo Nutresa has fostered co-creation activities with its suppliers aiming at finding initiatives that improve the environmental performance of the packaging materials. In 2017, the Company organized an ideation session with the main supplier of the flexible packaging category in Colombia with the purpose of tackling four challenges: reducing the consumption of packaging materials, increasing the recyclability of the most complex structures, developing biodegradable flexible materials considering the current demands related to service life and food safety, and closing the cycle of the post-consumption materials in a profitable way. Ten initiatives were identified thanks to this collaborative and interdisciplinary work. These initiatives are under assessment in order to proceed to execute the ones with the higher level of impact in 2018.

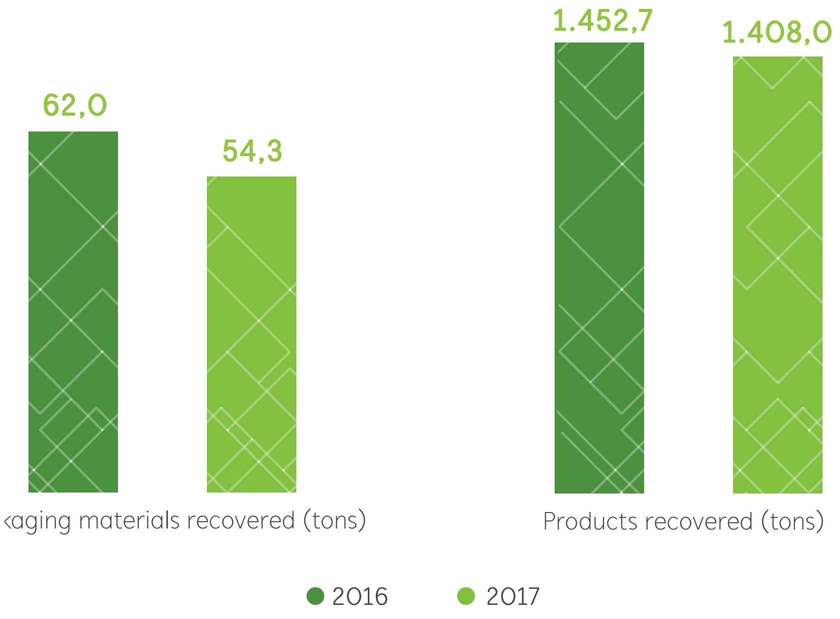
Along the same line, several of Grupo Nutresa's suppliers have been invited to participate in open innovation activities focused on finding solutions for closing the cycle of the post-consumption flexible packaging materials. As a result of these activities, 13 projects were prioritized with the aim of executing them in 2018.

In 2017, Grupo Nutresa pro-actively participated in sector activities focused on building the new regulations regarding the producers' extended responsibility in Colombia. The purpose of the extended responsibility is to regulate the comprehensive management of containers and packaging made of paper, cardboard, plastic, glass and/or metals. Therefore, its ultimate objective is to promote the recovery, sorting at the source, recycling and reuse of this type of waste materials. The reuse goals will be established by the government with gradual annual increases, starting at 8% for 2021 until reaching 30% by 2030.

Additionally, the Act 20.920 regarding the Producers' Extended Responsibility and the Promotion of Recycling (abbreviated REP in Spanish) was passed in Chile in 2016. This Act makes producers responsible for the waste by assigning them the funding and implementation of collection and recovery systems, in addition to other waste management instruments, with the objective of protecting the health of people and the environment. In 2017, Tresmontes Lucchetti participated (through Chilealimentos A.G.) in a multi-sector activity focused on starting discussions with the authorities regarding the process of the definition of collection and recovery goals for containers, wrappers and packaging. The multi-sector activity is also focused on conducting studies and planning the steps to follow in the light of the imminent publication of the regulations and the set in motion of the system.

Employee from the Biscuits Business in Medellín, Colombia.

Products and packaging materials recovered [GRI 301-3] [ODS 12.2]



With the purpose of getting prepared for these changes, Grupo Nutresa has performed a diagnosis of the multiple agents from the recycling chain, identifying potential waste managers and transformers for the different packaging material categories currently used by the Organization. The most significant challenges were found in the flexible packaging category as it is necessary to find a way to give them value in order to transform them into raw materials for other industries, creating thus circular economy strategies that are profitable and sustainable in time.

On a parallel line, the Company will create an eco-design manual to use as a guide for the development of sustainable packaging solutions and to fulfill the demands of the available recycling and transformation processes.

Waste management

Reducing waste generation and increasing waste recovery with the purpose of lowering the operating costs and mitigating the environmental impact in both the direct operations and the value chain by extending the life cycle of the materials.

Strategy [GRI 103-2]	Progress [GRI 103-3]
Reducing the waste generated in Grupo Nutresa's operations.	> The Organization achieved an accumulated reduction of 9,6% in its waste generation in Colombia for the 2010-2017 term.
Lowering the generation of ordinary waste.	> The ordinary waste that is sent to the landfill was reduced by 6,1% with regard to the operations in Colombia and by 4,8% in Mexico, Costa Rica, the Dominican Republic, Peru and Chile with relation to 2016.
Increasing the percentage of recovery of the waste generated.	> A 99,3% level of recovery was achieved for the waste generated in the operations in Colombia. This represents a 0,2% improvement in relation to the previous year and an 11,5% improvement for the 2010-2017 term.

Grupo Nutresa will continue to reinforce the development of projects and strategies focused on increasing the recovery of materials, **the reduction of loss and waste in the value chain stages** and the creation of innovative proposals for waste management.

Employee from Servicios Nutresa, Medellín, Colombia.

Risks and opportunities

[GRI 103-1]

The shortage of raw materials, as well as the availability of space for the construction of landfills have become the main risks associated with the growing waste generation. Furthermore, it is estimated that the greeenhouse gas (GHG) emissions from the waste contribute at least 5% of the total global emissions.

If these risks are not addressed, they could affect the Organization ability to operate as they pose economic, regulatory and technological challenges. Nevertheless, they can be an opportunity of capitalization due to the materialization of incentives for lowering the generation of waste and extending the service life of the landfills. Furthermore, the strategic region has significant gaps in the field of waste recovery through advanced technologies.

Currently, the start of operations of the wastewater treatment plants has given rise to a great challenge: the management of the sludges produced during the treatment process. Therefore, the Organization is getting ready to deal with this situation by analyzing energy recovery initiatives based on this type of waste, among other projects focused on finding value in the sludges.

Finally, the Company will continue to reinforce the development of projects and the brand strategies related to the eco-design in order to increase the recovery of materials, the reduction of loss and waste in the value chain stages and the creation of innovative proposals for waste management.

The main opportunities for the Organization will be focused on the eco-design, on the alliances with the suppliers of raw materials and waste managers, as well as on the participation in the local programs and initiatives of research and innovation for the development of materials with a lower level of environmental impact.

The Sustainability Sessions are aimed at promoting the **efficient use of resources** and the recovery of materials among all employees.

Outlook

Within the framework of the wraparound sustainable development objective, Grupo Nutresa has established goals related to waste management: the first one is aimed at minimizing the total waste generation with respect to the production by leaving it at 20%; and the second one is focused on increasing the level of recovery to 90% or higher.

As short-term strategies, the Organization will keep implementing culture plans through educational activities. An example of these activities is the Sustainability Workday, which is intended to promote the efficient use of resources and the recovery of materials among all employees.

The Organization will also focus its actions on improving the value appreciation of several types of waste and on making progress in the implementation of initiatives that enable the alignment with the circular economy model.

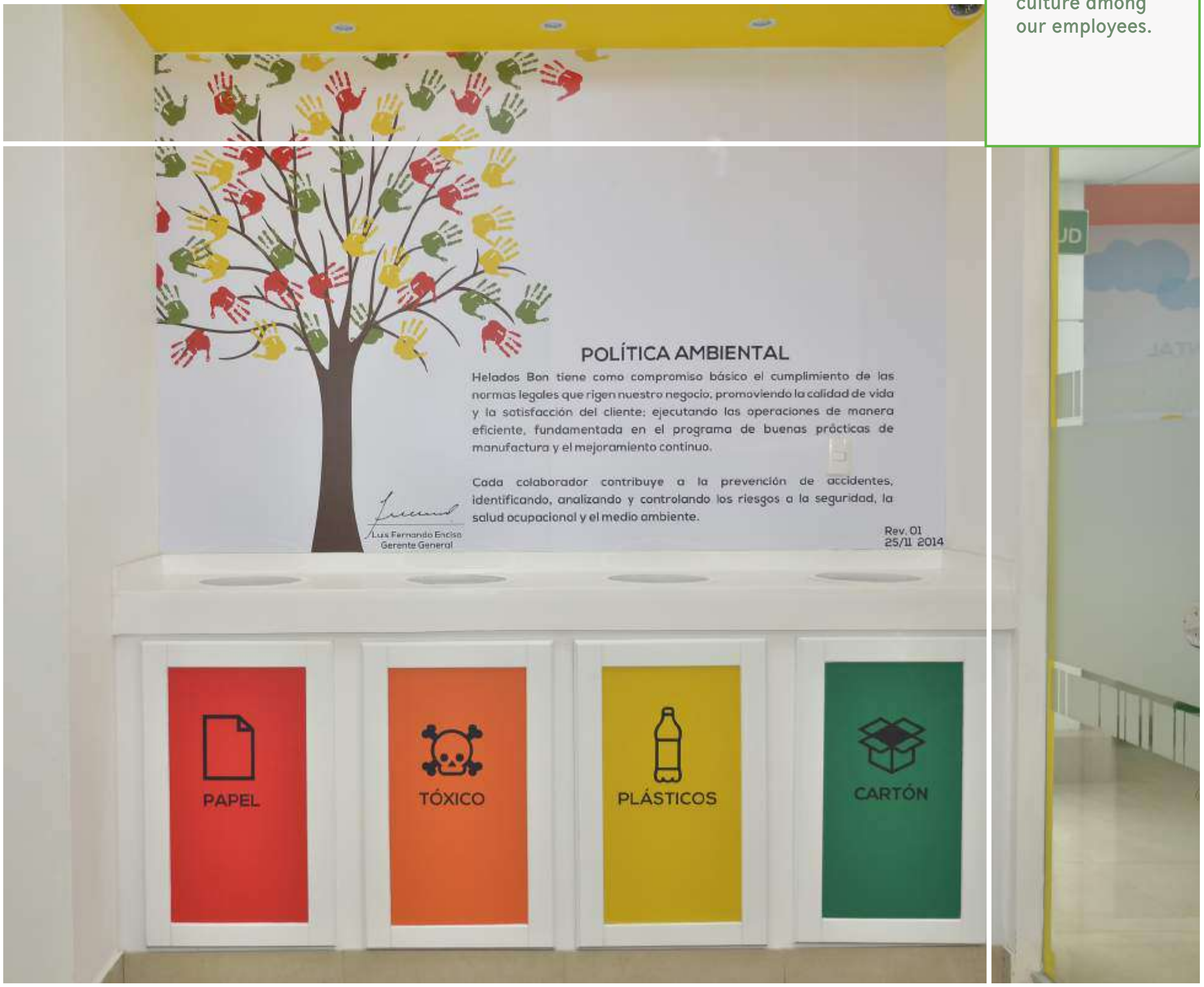
Finally, the inclusion, strengthening and development of capabilities among the waste management agents is part of Grupo Nutresa's long-term plans, where the recuperator role will allow to boost the circular economy-focused solid waste management.

Success stories and acknowledgments [GRI 103-3]

As a success story, it is worth highlighting the Retail Food Business in Costa Rica, which built a collection center with an investment of approximately USD 34.000. This collection center allowed to recover materials such as cardboard, paper, plastic, electronic waste, scrap metals and oil, which were sent to the landfill in the past. This initiative helped increasing the level of recovery up to 31%.

Another success story is the participation of the Retail Food Business in the "Manos Verdes" (Green hands) program organized by the "Team" group, which consists in the collection of used oil. This initiative ensures that this waste is finally treated only through the reuse as biofuel in order to prevent a negative impact on the environment. 244 tons of used vegetable oil and 14 tons of high-density polyethylene were collected, preventing the contamination of 265 million of liters of water.

Grupo Nutresa's companies have ideal areas for waste separation, promoting our environmental culture among our employees.



POLÍTICA AMBIENTAL

Helados Bon tiene como compromiso básico el cumplimiento de las normas legales que rigen nuestro negocio, promoviendo la calidad de vida y la satisfacción del cliente; ejecutando las operaciones de manera eficiente, fundamentada en el programa de buenas prácticas de manufactura y el mejoramiento continuo.

Cada colaborador contribuye a la prevención de accidentes, identificando, analizando y controlando los riesgos a la seguridad, la salud ocupacional y el medio ambiente.

Luis Fernando Enciso
Gerente General

Rev. 01
25/11 2014

Progress achieved in 2017

[GRI 103-3]

One of Grupo Nutresa's objectives is to reduce waste generation and increase waste recovery with the purpose of mitigating the environmental impact in both the direct operations and the value chain, and reducing the operating costs by extending the life cycle of the materials. This is why in 2017 with its waste management activities, the Organization achieved a reduction of 3,5% and an increase of 0,2% in waste recovery in relation to the previous year. These are the results of the good practices and the circular economy vision the Company has been developing across the multiple processes of the Businesses.

Grupo Nutresa participated in several initiatives related to the comprehensive waste management in Colombia, such as:

- **Misión de Crecimiento Verde,** (Green growth mission), with its 'intensity of materials and waste' thematic axis, which is aimed at identifying measures that promote the efficient use of materials, improving waste recovery and developing productive synergies toward a circular economy.
- **Committee of Containers and Packaging set up by the National Association of Colombian Businesspeople ANDI** which is focused on the creation of the model for the comprehensive management of producers' extended responsibility.
- **Pilot Green Growth Agreement** between the Environmental Authority and the Companies from Eastern Antioquia, in which the Chocolates Business is involved as a member. It is focused on the formulation and execution of projects related to the best solid waste management practices and the decarbonization of the economy.

Employees are active agents of the waste separation process in the companies.

One of the comprehensive waste management challenges is the transformation of the current linear production and consumption model into a circular economy model. The objective of the circular economy model consists in maintaining the value of both the products and materials as long as possible in the productive cycle, contributing thus to the extension of the service life of the existing landfills.

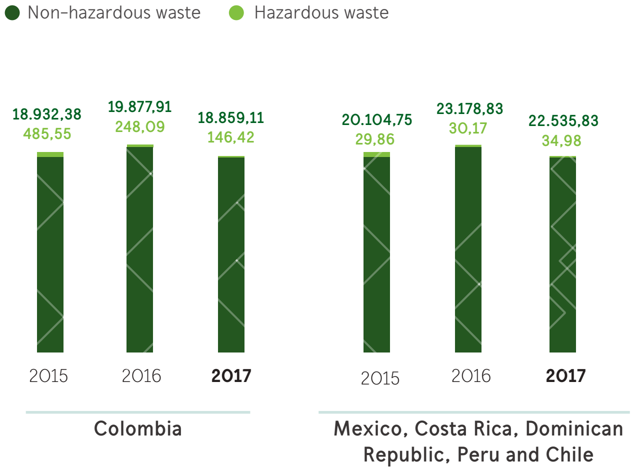
Consequently, in 2017, Grupo Nutresa performed technological surveillance activities within the framework of the circular economy and waste valorization strategies in the food and beverage industry. The results of this surveillance were the basis for the creation of the mid and long-term work plans for all the Businesses. From this process, it is worth highlighting the biomass-based energy recovery initiative, which consisted in evaluating the feasibility of producing electric power from alternative sources.

Employees from the Chocolates Business in Rionegro, Colombia.

Moreover, another aspect worth highlighting is the 34 tons of packaging material per year the Organization stopped sending to the Doña Juana and La Pradera landfills thanks to the recovery of post-industry packaging materials waste from the Cold Cuts Business in Bogotá and Medellín. The materials recovered were used in the manufacturing of diverse elements, such as plastic pallets, fence posts and cleaning items, among other. Additionally, the Coffee and Chocolates Businesses participated in the Zero Waste to Landfill program, which promotes the recovery of materials such as wax paper, plastic cups, packing straps and napkins (which were formerly sent to the landfill to be disposed of) to be transformed into egg packaging, plastic elements and fertilizer.

Finally, the Ice Cream Business in the Dominican Republic replaced the expanded polystyrene containers used for the storage of the employees' food with plastic (PET) containers, which have a long service life and become an easily reusable material at the end of their service life. This action allowed to prevent the shipping of more than half a ton of expanded polystyrene containers per year to the landfill.

Total weight of the waste **[GRI 306-2]**



Financial **statements**

Grupo
nutresa

A FUTURE
TOGETHER

Consolidated

Financial Statements

Statutory **Auditor's Report**

TO THE SHAREHOLDERS' MEETING OF GRUPO NUTRESA S.A.

February 22, 2018

I have audited the accompanying consolidated financial statements of Grupo Nutresa S. A., which contain the financial position statement at December 31, 2017, the statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended; the summary of the main accounting policies and other explanatory notes.

Management's responsibility for the financial statements

The Management is responsible for the fair preparation and reasonable presentation of these consolidated financial statements in accordance with the accounting and financial information standards accepted in Colombia, and for the internal control the management considers relevant to the preparation of these financial statements in a way that they are free from material misstatements due to fraud or error, select and apply the appropriate accounting policies, as well as establish the accounting estimates that are reasonable in the circumstances.

Statutory auditor's responsibility

My responsibility is to express an opinion on such financial statements based on my audit. I performed my work in accordance with the auditing and financial information standards accepted in Colombia. Those standards require me to comply with ethical requirements, to plan and perform the audit in order to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit includes, among other things, performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements in the financial statements due to fraud or error. In the assessment of those risks, the auditor considers the internal control relevant to the entity for the preparation of the financial statements, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonability of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I obtained is sufficient and appropriate enough to provide a basis for my audit opinion.

TO THE SHAREHOLDERS' MEETING OF GRUPO NUTRESA S.A.

February 22, 2018

Opinión

In my opinion, the accompanying financial statements, faithfully taken from the accounting records, present fairly, and in all material respects, the financial position of Grupo Nutresa S. A. at December 31, 2017, and the result of its operations and its cash flows for the year then ended, in accordance with the accounting and financial information standards accepted in Colombia.

Bibiana Moreno Vásquez
Statutory Auditor – Professional Card No. 167200-T
Appointed by PricewaterhouseCoopers Ltda.
(See attached certification)

Certification of the **Financial Statements**

THE UNDERSIGNED LEGAL REPRESENTATIVE AND THE GENERAL COUNSEL OF GRUPO NUTRESA S.A.

CERTIFY:

22 of February of 2018

We have previously verified all claims, herewith contained, in the Consolidated Financial Statements, at December 31, 2017 and 2016, according to, the regulations, and the same that have been faithfully taken, from the Financial Statements of the Parent Company, and its subsidiaries, duly certified and audited.

In accordance with the above stated, in relationship to the Financial Statements, herewith mentioned, we declare the following:

1. The assets and liabilities, are stated and the recorded transactions, have been recorded, during said years.
2. All realized economic transactions, have been recognized.
3. The assets represent rights, and liabilities represent obligations, obtained or under the responsibility of the Companies.
4. All elements have been recognized, in the appropriate amounts, and in accordance with the accounting norms and the financial information accepted in Colombia.
5. The economic transactions, that impact the Companies, have been correctly classified, described, and disclosed.
6. The Financial Statements and Notes, do not contain misstatements, errors, differences or material inaccuracies, which could impact the financial position, equity, and operations of the Companies. Similarly, appropriate procedures, reporting systems, and control of the financial information, have been established, to insure accurate reporting to third–party users, of such.

CIGP.

Carlos Ignacio Gallego Palacio
President

Jaime León Montoya Vásquez
General Accountant - T.P. 45056-T

Certification of the Financial Statements
Law 964 of 2005

Gentlemen
Shareholders
Grupo Nutresa S.A.
Medellín

THE UNDERSIGNED LEGAL REPRESENTATIVE OF GRUPO NUTRESA S.A.

CERTIFIES:

22 of February of 2018

That the Consolidated Financial Statements, and the operations of the Parent Company, and its subsidiaries, at December 31, 2017 and 2016, do not contain any defects, differences, inaccuracies, or errors that impede the knowledge of the true and fair presentation, of the financial situation, of the same.

The foregoing, is stated, for purposes of compliance with Article 46 of Law 964 of 2005.

And is signed, as a record, on the 22nd day of the month of February of 2018.

CIGP.

Carlos Ignacio Gallego Palacio
President

Statement of Financial Position

At December 31st of 2017 and 2016 (Values expressed in millions of Colombian Pesos)

	Notes		2017		2016
ASSETS					
Current assets					
Cash and cash equivalents	8	$	435.643	$	219.322
Trade and other receivables	9		957.568		889.197
Inventories	10		982.816		1.028.417
Biological assets	11		81.518		75.677
Other current assets	12		221.475		246.832
Non-current assets, held for sale	13		6.557		100.330
Total current assets		$	**2.685.577**	$	**2.559.775**
Non-current assets					
Trade and other receivables	9		26.509		23.495
Investments in associated and joint ventures	14		180.451		164.510
Other financial non-current assets	15		4.133.963		3.885.206
Property, plant and equipment, net	16		3.395.671		3.390.946
Investment properties	17		72.306		71.842
Goodwill	18		2.118.226		2.034.454
Other intangible assets	19		1.181.350		1.163.671
Deferred tax assets	20.4		415.072		356.994
Other non-current assets	12		100.352		48.661
Total non-current assets		$	**11.623.900**	$	**11.139.779**
TOTAL ASSETS		$	**14.309.477**	$	**13.699.554**
LIABILITIES					
Current liabilities					
Financial obligations	21		557.133		847.689
Trade and other payables	22		993.241		888.840
Income tax and taxes, payable	20.3		207.776		163.362
Employee benefits liabilities	23		172.730		161.592
Current provisions	24		9.820		2.734
Other current liabilities	25		14.261		49.746
Total current liabilities		$	**1.954.961**	$	**2.113.963**
Non-current liabilities					
Financial obligations	21		2.474.077		2.277.429
Trade and other payables	22		158		158
Employee benefits liabilities	23		226.574		216.744
Deferred tax liabilities	20.4		702.967		705.700
Other non-current liabilities	25		559		600
Total non-current liabilities		$	**3.404.335**	$	**3.200.631**
TOTAL LIABILITIES		$	**5.359.296**	$	**5.314.594**
SHAREHOLDER EQUITY					
Share capital issued	27.1		2.301		2.301
Paid-in-capital	27.1		546.832		546.832
Reserves and retained earnings	27.2		3.396.462		3.655.280
Other comprehensive income, accumulated	28		4.541.854		3.746.572
Earnings for the period			420.207		395.734
Equity attributable to the controlling interest			**8.907.656**		**8.346.719**
Non-controlling interest	27.4		42.525		38.241
TOTAL SHAREHOLDER EQUITY		$	**8.950.181**	$	**8.384.960**
TOTAL LIABILITIES AND EQUITY		$	**14.309.477**	$	**13.699.554**

The Notes are an integral part of the Consolidated Financial Statements.

Carlos Ignacio Gallego Palacio
President
(See attached certification)

Jaime León Montoya Vásquez
General Accountant - T.P. 45056-T
(See attached certification)

Bibiana Moreno Vásquez
Statutory Auditor - Professional Card No. 167200-T
Appointed by PricewaterhouseCoopers Ltda.
(See attached certification)

Comprehensive **Income Statement**

From January 1st to December 31st (Values expressed in millions of Colombian Pesos)

	Notes		2017		2016
Continuing operations					
OPERATING REVENUE	**6.1**		**8.695.604**		**8.676.640**
Cost of goods sold	30	$	(4.855.635)	$	(4.966.031)
Gross profit		$	**3.839.969**	$	**3.710.609**
Administrative expenses	30		(399.846)		(401.100)
Sales expenses	30		(2.551.874)		(2.384.866)
Production expenses	30		(139.088)		(147.694)
Exchange differences on operating assets and liabilities	32		255		15.873
Other operating income, net	31.1		25.109		22.149
OPERATING PROFIT		$	**774.525**	$	**814.971**
Financial income	33.1		13.941		10.982
Financial expenses	33.2		(307.548)		(324.637)
Portfolio dividends	15		54.386		50.545
Exchange differences on non-operating assets and liabilities	32		(21.401)		(8.642)
Loss on net monetary position			-		(32.946)
Share of profit of associates and joint ventures	14		5.994		6.103
Other income, net	31.2		3.290		28.492
Income before tax and non-controlling interest		$	**523.187**	$	**544.868**
Current income tax	20.3		(144.956)		(172.866)
Deferred income tax	20.3		47.179		29.533
Profit after taxes from continuous operations		$	**425.410**	$	**401.535**
Discontinued operations, after income tax	34		(1.070)		(1.844)
NET PROFIT FOR THE PERIOD		$	**424.340**	$	**399.691**
Profit for the period attributable to:					
Controlling interest			420.207		395.734
Non-controlling interest	27.4		4.133		3.957
Net profit for the period			**424.340**		**399.691**
Earnings per share (*)					
Basic, attributable to controlling interest (in Colombian Pesos)			913,25		860,06
(*) Calculated on 460.123.458 shares, which have not been modified during the period covered by these Financial Statements.					
OTHER COMPREHENSIVE INCOME					
Items that are not subsequently reclassified to profit and loss:					
Actuarial gains on defined benefit plans	23.2 - 28		(2.654)		(17.390)
Equity investments measured at fair value	15 - 28		252.402		395.023
Income tax from items that will not be reclassified	28		(81)		5.119
Total items that are not subsequently reclassified to profit and loss		$	**249.667**	$	**382.752**
Items that are or may be subsequently reclassified to profit and loss:					
Share of other comprehensive income of associates and joint ventures	14 - 28		4.762		(3.414)
Exchange differences on translation of foreign operations	28		143.782		(202.497)
Income tax from items that will be reclassified	28		(1.550)		176
Total items that are or may be subsequently reclassified to profit and loss:		$	**146.994**	$	**(205.735)**
Other comprehensive income, net taxes		$	396.661	$	177.017
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		$	**821.001**	$	**576.708**
Total comprehensive income attributable to:					
Controlling interest			816.026		572.828
Non-controlling interest			4.975		3.880
Total comprehensive income			**821.001**		**576.708**

The Notes are an integral part of the Consolidated Financial Statements.

Carlos Ignacio Gallego Palacio
President
(See attached certification)

Jaime León Montoya Vásquez
General Accountant - T.P. 45056-T
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Change in **Equity Statement**

From January 1st to December 31st (Values expressed in millions of Colombian Pesos)

	Share capital issued	Paid-in-capital	Reserves and retained earnings	Earnings for the period	Other comprehensive income, accumulated	Total equity attributable to the controlling interest	Non-controlling interest	Total
EQUITY AT DECEMBER 31ST OF 2016	**2.301**	**546.832**	**3.655.280**	**395.734**	**3.746.572**	**8.346.719**	**38.241**	**8.384.960**
Profit for the period				420.207		420.207	4.133	**424.340**
Other comprehensive income for the period					395.819	395.819	842	**396.661**
Comprehensive income for the period	**-**	**-**	**-**	**420.207**	**395.819**	**816.026**	**4.975**	**821.001**
Transfer to accumulated results			395.734	(395.734)		-		**-**
Cash dividends (Note 27.3)			(245.706)			(245.706)	(692)	**(246.398)**
Tax on wealth (Note 20.7)			(8.712)			(8.712)		**(8.712)**
Realization of other comprehensive income			(3.096)		3.096	-		**-**
Reclassifications			(396.367)		396.367	-		**-**
Other equity movements			(671)			(671)	1	**(670)**
EQUITY AT DECEMBER 31ST OF 2017	**2.301**	**546.832**	**3.396.462**	**420.207**	**4.541.854**	**8.907.656**	**42.525**	**8.950.181**
EQUITY AT DECEMBER 31ST OF 2015	**2.301**	**546.832**	**3.373.840**	**428.152**	**3.569.478**	**7.920.603**	**34.359**	**7.954.962**
Profit for the period				395.734		395.734	3.957	**399.691**
Other comprehensive income for the period					177.094	177.094	(77)	**177.017**
Comprehensive income for the period	**-**	**-**	**-**	**395.734**	**177.094**	**572.828**	**3.880**	**576.708**
Transfer to accumulated results			428.152	(428.152)		-		**-**
Cash dividends (Note 27.3)			(229.141)			(229.141)	(441)	**(229.582)**
Tax on wealth (Note 20.7)			(21.992)			(21.992)		**(21.992)**
Tax on equity (Note 20.2)			37.965			37.965		**37.965**
Revaluation of equity for hyperinflationary economies			67.237			67.237		**67.237**
Other equity movements			(781)			(781)	443	**(338)**
EQUITY AT DECEMBER 31ST OF 2016	**2.301**	**546.832**	**3.655.280**	**395.734**	**3.746.572**	**8.346.719**	**38.241**	**8.384.960**

The Notes are an integral part of the Consolidated Financial Statements.

Carlos Ignacio Gallego Palacio
President
(See attached certification)

Jaime León Montoya Vásquez
General Accountant - T.P. 45056-T
(See attached certification)

Bibiana Moreno Vásquez
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(See attached certification)

Cash-flow **Statement**

From January 1st to December 31st (Values expressed in millions of Colombian Pesos)

		2017		2016
CASH FLOW FROM OPERATING ACTIVITIES				
Collection from sales of goods and services	$	8.571.873	$	8.630.392
Payments to suppliers for goods and services		(5.942.715)		(6.198.605)
Payments to and on behalf of employees		(1.519.534)		(1.429.959)
Income taxes and tax on wealth, paid		(150.378)		(221.788)
Other cash outflows		1.957		27.897
Net cash flow from operating activities	$	**961.203**	$	**807.937**
CASH FLOW FROM INVESTMENT ACTIVITIES				
Purchases of equity of associates and joint ventures (Note 14)		(20.717)		(36.583)
Purchases of property, plant and equipment (Note 16)		(244.024)		(403.062)
Amounts from the sale of productive assets		17.804		41.004
Purchase of Intangibles and other productive assets		(13.771)		(8.108)
Investment/divestment in assets held for sale, net		99.605		-
Dividends received (Note 15)		61.928		49.661
Interest received		10.163		7.221
Decrease of cash and cash equivalents from classification of investments in subsidiaries to financial instruments		-		(3.179)
Other cash inflows		2.041		28.751
Net cash flow used in investment activities	$	**(86.971)**	$	**(324.295)**
CASH FLOW FROM FINANCING ACTIVITIES				
Amounts (used in) from loans		(119.218)		25.391
Dividends paid (Note 27.3)		(243.051)		(224.805)
Interest paid		(259.085)		(276.981)
Fees and other financial expenses		(34.156)		(32.409)
Other cash (outflows) inflows		(6.791)		15.729
Net cash flow used in financing activities	$	**(662.301)**	$	**(493.075)**
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENT FROM ACTIVITIES	$	**211.931**	$	**(9.433)**
Cash flow from discontinued operations		(916)		-
Net foreign exchange differences		5.306		(57.309)
Net increase (decrease) in cash and cash equivalents		**216.321**		**(66.742)**
Cash and cash equivalents at the beginning of the period		219.322		286.064
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	$	**435.643**	$	**219.322**

The Notes are an integral part of the Consolidated Financial Statements.

Carlos Ignacio Gallego Palacio
President
(See attached certification)

Jaime León Montoya Vásquez
General Accountant - T.P. 45056-T
(See attached certification)

Bibiana Moreno Vásquez
Statutory Auditor - Professional Card No. 167200-T
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(See attached certification)

Comments on the **consolidated financial statements**

Management monitoring indicators

Grupo Nutresa assesses the management of sustainability on economic, social, and environmental dimensions; to measure the management in the economic dimension, indicators, such as, total sales, international sales, sales in Colombia, and EBITDA, are used.

For Grupo Nutresa, EBITDA (Earnings before Interest, Taxes, Depreciation, and Amortization), is calculated by eliminating depreciation charges, amortization, and unrealized gains or losses from exchange differences in operating assets and liabilities, from the operating income. It is considered that EBITDA is most significant for investors, because it provides an analysis of operating results and segment profitability, using the same measurement used by management. Likewise, EBITDA allows comparison of the results, or benchmarks with other companies in the same industry and market. EBITDA is used to track the evolvement of the business and establish operating and strategic objectives. EBITDA is commonly reported and widely used amongst analysts, investors, as well as, other stakeholders interested in the industry. EBITDA is not a measurement, explicitly defined as such, in IFRS, and may therefore, not be comparable with similar indicators used by other companies. EBITDA should not be considered an alternative to operating income, as an indicator of operating results, nor as an alternative to cash flows from operating activities as a measurement of liquidity.

The following table details the reconciliation between the EBITDA and the operating income of Grupo Nutresa, for the period covered by these Financial Statements, and is as follows:

	2017	2016
OPERATING EARNINGS	**774.525**	**814.971**
Depreciation and amortization (Note 30)	268.000	228.092
Unrealized exchange differences from operating assets and liabilities (Note 32.6)	1.654	(14.110)
EBITDA (SEE DETAILS BY SEGMENT IN NOTE 6.2)	**1.044.179**	**1.028.953**

Tabla 1

Management of Capital

The generation of value growth is a fundamental part of the strategic objectives set by the Group. This translates into the active management of the capital structure and the return on investment, which balances the sustained growth of current operations, the development of business plans for investments, and growth through business acquisitions underway.

In every one of the investments, the goal is to seek a return that exceeds the cost of the capital (WACC). The administration periodically evaluates the return on the invested capital of its businesses and projects to verify that they are in line with the value generation strategy.

Similarly, for each investment, the various sources of funding, both internal and external, are analyzed to secure a suitable profile for the duration of that specific investment, as well as, cost optimization. In accordance with a moderate financial risk profile, the capital structure of the Group aims towards obtaining the highest credit ratings.

Notes for the
Consolidated financial statements

For the period between January 1st and December 31st of 2017 and 2016

(Values are expressed as millions of Colombian Pesos, except for the values in foreign currency, exchange rates, and number of shares.).

NOTE 1.
Corporate information

1.1 ENTITY AND CORPORATE PURPOSE OF THE PARENT COMPANY AND SUBSIDIARIES

Grupo Nutresa S.A. and its subsidiaries, (hereinafter referred to as: Grupo Nutresa, the Company, the Group, or Nutresa), constitute an integrated and diversified food industry group, that operates mainly in Colombia and Latin America.

The Parent Company is Grupo Nutresa S.A., a corporation of Colombian nationality, incorporated on April 12, 1920, with its headquarters in the City of Medellin, Colombia. Its terms expire on April 12, 2050. The Corporate Business Purpose consists of the investment or application of available resources, in organized enterprises, under any of the forms permitted by law, whether domestic or foreign, and aimed at the use of any legal economic activity, either tangible or intangible assets, with the purpose of safeguarding its capital.

Below is information of subsidiaries: Name, Main Activity, Country of Incorporation, Functional Currency, and Percentage of Shares held by Grupo Nutresa:

Table 2

Entity	Main Activity	Functional Currency(1)	% Participation	
			2017	2016
COLOMBIA				
Industria Colombiana de Café S.A.S.	Production of coffee and coffee related products	COP	100,00	100,00
Compañía Nacional de Chocolates S. A. S.	Production of chocolates, its derivatives, and related products	COP	100,00	100,00
Compañía de Galletas Noel S. A. S.	Production of biscuits, cereals, et al.	COP	100,00	100,00
Industria de Alimentos Zenú S. A. S.	Production and sales of meats and its derivatives	COP	100,00	100,00
Productos Alimenticios Doria S. A. S.	Production of pasta, flour, and cereals	COP	100,00	100,00
Molino Santa Marta S.A.S.	Milling of grains	COP	100,00	100,00
Alimentos Cárnicos S.A.S.	Production of meats and its derivatives	COP	100,00	100,00
Tropical Coffee Company S. A. S.	Assembly and production of coffee products	COP	100,00	100,00
Litoempaques S. A. S.	Production or manufacturing of packaging material	COP	100,00	100,00
Pastas Comarrico S. A. S.	Production of pasta, flour, and cereals	COP	100,00	100,00
Novaventa S.A.S.	Sales of foods and other items via direct sales channels	COP	100,00	100,00
La Recetta Soluciones Gastronómicas Integradas S.A.S.	Distribution of foods via institutional channels	COP	70,00	70,00
Meals Mercadeo de Alimentos de Colombia S.A.S.	Production and sales of ice cream, dairy beverages, et al.	COP	100,00	100,00
Servicios Nutresa S.A.S.	Provision of specialized business services	COP	100,00	100,00
Setas Colombianas S.A.	Processing and sales of mushrooms	COP	99,50	99,48
Alimentos Cárnicos Zona Franca Santa Fe S.A.S.	Provision of logistics services	COP	-	100,00
Gestión Cargo Zona Franca S.A.S.	Provision of logistics services	COP	100,00	100,00
Comercial Nutresa S.A.S.	Sales of food products	COP	100,00	100,00
Industrias Aliadas S.A.S.	Provision of services related to coffee	COP	100,00	100,00
Opperar Colombia S.A.S.	Provision of transportation services	COP	100,00	100,00
Fideicomiso Grupo Nutresa	Management of financial resources	COP	100,00	100,00
Fondo de Capital Privado "Cacao para el Futuro" – Compartimento A	Investment in cocoa production	COP	83,41	83,41
IRCC S.A.S. (2)	Production of foods and operation of food establishments providing to the consumer	COP	100,00	100,00
LYC S.A.S.	Production of foods and operation of food establishments providing to the consumer	COP	100,00	100,00
PJ COL S.A.S.	Production of foods and operation of food establishments providing to the consumer	COP	100,00	100,00

Panero S.A.S.	Production of foods and operation of food establishments providing to the consumer	COP	-	100,00
New Brands S.A.	Production of dairy and ice cream	COP	100,00	100,00
Schadel Ltda.	Production of foods and operation of food establishments providing to the consumer	COP	99,88	99,88
Tabelco S.A.S.	Production of foods and operation of food establishments providing to the consumer	COP	100,00	100,00
CHILE				
Tresmontes Lucchetti S.A.	Provision of specialized business services	CLP	100,00	100,00
Nutresa Chile S.A.	Management of financial and investment services	CLP	100,00	100,00
Tresmontes Lucchetti Agroindustrial S.A.	Agricultural and industrial production	CLP	100,00	100,00
Tresmontes Lucchetti Servicios S.A.	Management of financial and investment services	CLP	100,00	100,00
Tresmontes S.A.	Production and sales of foods	CLP	100,00	100,00
Inmobiliaria Tresmontes Lucchetti S.A.	Management of financial and investment services	CLP	100,00	100,00
Lucchetti Chile S.A.	Production of pasta, flour, and cereals	CLP	100,00	100,00
Novaceites S.A.	Production and sales of vegetable oils	CLP	50,00	50,00
Inmobiliaria y Rentas Tresmontes Lucchetti	Management of financial and investment services	CLP	100,00	100,00
COSTA RICA				
Compañía Nacional de Chocolates DCR, S.A.	Production of chocolates and its derivatives	CRC	100,00	100,00
Compañía de Galletas Pozuelo DCR S.A.	Production of biscuits, et al.	CRC	100,00	100,00
Cía. Americana de Helados S.A.	Production and sales of ice cream	CRC	100,00	100,00
Servicios Nutresa CR S.A.	Specialized business services provider	CRC	100,00	100,00
GUATEMALA				
Comercial Pozuelo Guatemala S.A.	Distribution and sales of food products	QTZ	100,00	100,00
Distribuidora POPS S.A.	Sales of ice cream	QTZ	100,00	100,00
MÉXICO				
Nutresa S.A. de C.V.	Production and sales of food products	MXN	100,00	100,00
Serer S.A. de C.V.	Personnel services	MXN	100,00	100,00
Comercializadora Tresmontes Lucchetti S.A. de C.V.	Sales of food products	MXN	100,00	100,00
Servicios Tresmontes Lucchetti S.A. de C.V.	Specialized business services provider	MXN	100,00	100,00
Tresmontes Lucchetti México S.A. de C.V.	Production and sales of foods	MXN	100,00	100,00
TMLUC Servicios Industriales, S. A. de CV	Specialized business services provider	MXN	100,00	100,00
PANAMÁ				
Promociones y Publicidad Las Américas S.A.	Management of financial and investment services	PAB	100,00	100,00
Alimentos Cárnicos de Panamá S.A.	Production of meats and its derivatives	PAB	100,00	100,00
Comercial Pozuelo Panamá S. A	Production of biscuits, et al.	PAB	100,00	100,00
American Franchising Corp. (AFC)	Management of financial and investment services	USD	100,00	100,00
Aldage, Inc.	Management of financial and investment services	USD	100,00	100,00
LYC Bay Enterprise INC.	Management of financial and investment services	USD	100,00	100,00
Sun Bay Enterprise INC.	Management of financial and investment services	USD	100,00	100,00
El Corral Capital INC. (3)	Management of financial resources and franchises	USD	100,00	100,00
THE UNITED STATES OF AMERICA				
Abimar Foods Inc.	Production and sales of food products	USD	100,00	100,00
Cordialsa USA, Inc.	Sales of food products	USD	100,00	100,00

Entity	Main Activity	Country	Functional Currency	% participation	
				2017	2016
OTHER COUNTRIES					
TMLUC Argentina S.A.	Production and sales of food products	Argentina	ARS	100,00	100,00
Corp. Distrib. de Alimentos S.A (Cordialsa)	Sales of food products	Ecuador	USD	100,00	100,00
Comercial Pozuelo El Salvador S.A. de C.V.	Distribution and sales of food products	El Salvador	USD	100,00	100,00
Americana de Alimentos S.A. de C.V.	Sales of food products	El Salvador	USD	100,00	100,00
Comercial Pozuelo Nicaragua S.A.	Sales of food products	Nicaragua	NIO	100,00	100,00
Industrias Lácteas Nicaragua S.A.	Sales and logistics management	Nicaragua	NIO	100,00	100,00
Compañía Nacional de Chocolates del Perú S.A.	Production of foods and beverages	Perú	PEN	100,00	100,00
TMLUC Perú S.A.	Production and sales of foods	Perú	PEN	100,00	100,00
Helados Bon S.A.	Production and sales of ice cream, beverages, and dairy, et al.	República Dominicana	DOP	81,18	81,18
Compañía de Galletas Pozuelo de República Dominicana S.R.L.	Management of financial and investment services	República Dominicana	DOP	100,00	100,00
Gabon Capital LTD.	Management of financial and investment services	BVI	USD	100,00	100,00
Baton Rouge Holdings LTD.	Management of financial and investment services	BVI	USD	-	100,00
Perlita Investments LTD.	Management of financial and investment services	BVI	USD	100,00	100,00

(1) See Note 20.1, for descriptions of abbreviations for each currency and the primary impact on Grupo Nutresa's Financial Statements.

(2) As of June 2017, the company, IRCC Ltda., changed its corporate type to "Sociedad Anónima Simplificada (S.A.S.)".

(3) As of September of 2017, El Corral Investment INC., changed its corporate name to El Corral Capital INC, and its main domicile from BVI to Panama.

Changes in the scope of consolidation

The following are the changes in consolidation parameters, during the period:

2017: In April of 2017, the liquidation from the split of Alimentos Cárnicos Zona Franca Santa Fe S.A.S., was carried out. The assets, held by that company, were received by Alimentos Cárnicos S.A.S. and Meals Mercadeo de Alimentos de Colombia S.A.S. In the Third Quarter, the liquidation of the company, Baton Rouge Holdings Ltd., was realized, and in December, the liquidation of Panero S.A.S. was realized.

2016: On March 1st, there was a merger between Guatemalteca Refrigerator S.A., Nevada Guatemalteca S.A., Guate-Pops S.A. and Distribuidora POPS S.A., thus leaving the latter in effect, in Guatemala. In April, there was a liquidation of the companies Heanor Consulting LLC, Gulla Properties Development, and Ellenbrook Holdings Limited, which operated as an investment vehicle for companies acquired of Grupo El Corral.

The Companies, Cordialsa Noel Venezuela S.A. and Industrias Alimenticias Hermo de Venezuela, over which Grupo Nutresa has a 100% interest, were considered as subsidiaries, until September 30, 2016, at which time, they were classified as financial instruments, according to the analysis of the situation control, carried out by the Company, and disclosed in the Annual Financial Statements for 2016. The Comprehensive Income Statement, the Change in Equity Statement, and the Cash Flows Statement of 2016, presented for comparison purposes, include the financial information of these companies for the period between January 1st and September 30th, of that year.

During the 2017 and 2016 periods, no business combinations were realized.

NOTE 2.
Basis of preparation

The Consolidated Financial Statements of Grupo Nutresa for the period from January 1st to December 31, 2017, have been prepared in accordance with the Accounting and Financial Information Standards accepted in Colombia, based on the International Financial Reporting Standards (IFRS), together with its interpretations, conceptual framework, the foundation for conclusions, and the application guidelines authorized and issued by the International Accounting Standards Board (IASB), until 2015, and other legal provisions defined by the Financial Superintendence of Colombia.

2.1 BASIS OF MEASUREMENT

The Consolidated Financial Statements have been prepared on a historical cost basis, except for the measurements at fair value of certain financial instruments, as described in the policies, herewith. The book value of recognized assets and liabilities, that have been designated as hedged items, in fair value hedges, and which would otherwise be accounted for at amortized cost, and are adjusted to record changes in the fair values, attributable to those risks that are covered under "Effective hedges".

2.2 FUNCTIONAL AND PRESENTATION CURRENCY

The Consolidated Financial Statements are presented in Colombian Pesos, which is both the functional and presentation currency of Grupo Nutresa S.A. These figures are expressed as millions of Colombian Pesos, except for net earnings per share and the representative market exchange rates, which are expressed as Colombian Pesos, as well as, other currencies [E.g. USD, Euros, Pounds Sterling, et al.], which are expressed as monetary units.

2.3 CLASSIFICATION OF ITEMS IN CURRENT AND NON-CURRENT

Grupo Nutresa presents assets and liabilities in the Statement of Financial Position, classified as current and non-current. An asset is classified as current, when the entity: expects to realize the asset, or intends to sell or consume it, within its normal operating cycle, holds the asset primarily for negotiating purposes, expects to realize the asset within twelve months after the reporting period is reported, or the asset is cash or cash equivalent, unless the asset is restricted for a period of twelve months after the close of the reporting period. All other assets are classified as non-current. A liability is classified as current when the entity expects to settle the liability, within its normal operating cycle or holds the liability primarily for negotiating purposes.

NOTE 3.
Significant accounting policies

3.1 BASIS OF CONSOLIDATION

3.1.1 INVESTMENTS IN SUBSIDIARIES

The Consolidated Financial Statements include Grupo Nutresa S.A.´s financial information, as well as, its subsidiaries, to December 31, 2017, and its corresponding comparative financial information. A subsidiary is an entity controlled by one of the companies that composes Grupo Nutresa. Control exists when any of the Group companies has the power to direct the relevant activities of the subsidiary, which are generally: the operating and financing activities to obtain benefits from them, and is exposed, or has rights, to those variable yields.

The accounting policies and practices are applied homogeneously, by the Parent Company and its subsidiary companies. In cases of subsidiaries located abroad, the practices do not differ significantly from the accounting practices used in the countries of origin, and/or have been homologized to those that have a significant impact on the Consolidated Financial Statements.

All balances and transactions between companies, as well as, the unrealized profits or losses, were eliminated in the consolidation process.

The Consolidated Statements, from the date of acquisition until the date that Grupo Nutresa loses its control, are included in the Financial Statements of subsidiaries. Any residual interest that is retained is measured at fair value. The gains or losses arising from this measurement are recognized in the results for that period.

Consolidation of companies in which Grupo Nutresa owns less than the majority of voting rights:

The Group considers exercising control of the relevant activities of Novaceites S.A., despite that their actual controlling shares are 50%, which does not give the majority of the voting rights. This conclusion is based on the composition of the Directive of Novaceites S.A., the Administration of TMLUC, as well as, the General Management of the Company, and the level of involvement of TMLUC, in its accounting and commercial processes.

Companies in which Grupo Nutresa holds the majority of the voting rights, but does not have the control:

The Group considers that it does not exercise control over the relevant activities of Industrias Alimenticias Hermo de Venezuela S.A. and Cordialsa Noel Venezuela S.A., despite having a 100% interest. The changing conditions of the Venezuelan market, including regulation of the foreign exchange market and limited access to the purchase of foreign exchange, through official systems, combined with other governmental controls, such as price controls and profitability, importation, and labor laws, among others, limits the ability of the Company to maintain a normal level of production, reduces the ability of the Administration to make and execute operational decisions, restricts the possibility of access to the liquidity, resulting from these operations, and the realization of these benefits to its investors, in other Countries, through dividend payments. The Management, of Grupo Nutresa, considers that this situation will be maintained, in the foreseeable future, and therefore, a loss of control is established on said investment, according to the postulates established in IFRS 10, reasons that served to support, that as of October 1, 2016, these investments were classified as financial instruments measured at fair value.

In the initial recognition, the Company assessed the investments at fair value and recognized the changes in the new measurement, in the results for the period. Subsequently, the Company will recognize changes in the fair value of these investments, over which it has no intention to sell, charged to "other comprehensive income".

In the accumulated, at September 30, 2016, the balances served as the basis for the classification of these investments as a financial instrument. The results of the operation in Venezuela represented 2.93% of consolidated net sales and 2.96% of EBITDA. Below is a summary of the same:

	January - September 2016
Total operating income	187.828
GROSS PROFIT	**49.447**
Administration, sales, and production expenses	(24.984)
Other operational income (expenses), net	12.279
OPERATING INCOME	**36.742**
Net loss	**(2.819)**
EBITDA	**23.745**

Table 3

This accounting classification does not compromise the productive and commercial operation of Grupo Nutresa in Venezuela, its team of collaborators, nor its relationships with customers and suppliers.

3.1.2 NON-CONTROLLING INTEREST

Non-controlling interest in net assets of the consolidated subsidiaries are presented separately, within Grupo Nutresa's equity. Profit and loss, and "other comprehensive income", is also attributed to non-controlling and controlling interest.

Subsidiaries' purchases or sales, involving non-controlling ownership, that do not involve a loss of control, are recognized directly in equity.

Grupo Nutresa considers non-controlling interest transactions, as transactions with Shareholders of the Company. When carrying out acquisitions of minority interest transactions, the difference between the consideration paid, and the interest acquired over the book value of the subsidiary´s net assets, is recognized as an equity transaction, and therefore, goodwill for those acquisitions is not recognized.

3.2 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

An associate is an entity over which Grupo Nutresa has significant influence, over financial and operating policies, without having control or joint control. A joint venture is an entity that Grupo Nutresa controls jointly with other participants, where, together, they maintain a contractual agreement that establishes joint control over the relevant activities of the entity.

At the date of acquisition, the excess acquisition cost over the net fair value of the identifiable assets, liabilities, and contingent liabilities assumed by the associate or joint venture, is recognized as goodwill. Goodwill is included in the book value of the investment and is not amortized, nor is it individually tested for impairment.

The results, assets, and liabilities of the associate or joint venture are incorporated in the Consolidated Financial Statements, using the Equity Method, under which the investment is initially recorded at cost and is adjusted with changes of the participation of Grupo Nutresa, over the net assets of the associate or joint venture, after the date of acquisition, less any impairment loss on the investment. The losses of the associate or joint venture that exceed Grupo Nutresa's shares in the investment, are recognized as a provision, only when it is probable that there will be an outflow of economic benefit and there is a legal or implicit obligation.

Where the Equity Method is applicable, adjustments are made to homologize the accounting policies of the associate or joint venture with those of Grupo Nutresa. The portion that corresponds to Grupo Nutresa, of gains and losses, obtained from the measurement at fair value, at the date of acquisition, is incorporated into the Financial Statements, and unrealized gains and losses from transactions between Grupo Nutresa and the associate or joint venture are eliminated, to the extent of Grupo Nutresa´s participation in the associate or joint venture. The Equity Method is applied from the date of the acquisition to the date that significant influence or joint control over the entity is lost.

The portion of profit and loss, of an associate or joint venture, is presented in the Comprehensive Income Statement, in the results section for the period, net of taxes and non-controlling interest of the subsidiaries of the associate or joint venture. The portion of changes recognized directly in equity and "other comprehensive income" of the associate or joint venture is presented in the Statement of Changes in Equity and other consolidated comprehensive income. Cash dividends received, from the associate or joint ventures, are recognized by reducing the book value of the investment.

Grupo Nutresa analyzes the existence of impairment indicators and, if necessary, recognizes impairment losses of the associate or joint venture investment, in the profit and loss.

When the significant influence over an associate or joint control is lost, Grupo Nutresa measures and recognizes any retained residual investment at fair value. The difference between the book value of the associate or joint venture (taking into account, the relevant items of "other comprehensive income") and the fair value of the retained residual investment at its value from sale is recognized in profit and loss, in that period.

3.3 SIGNIFICANT ACCOUNTING POLICIES

Grupo Nutresa, and its subsidiaries, apply the accounting policies and procedures of the Parent Company. Grupo Nutresa applies the following significant accounting policies in preparing its Consolidated Financial Statements:

3.3.1 BUSINESS COMBINATIONS AND GOODWILL

Operations, whereby the joining of two or more entities or economic units into one single entity or group of entities occurs, are considered business combinations.

Business combinations are accounted for using the Acquisition Method. Identifiable assets acquired, liabilities, and contingent liabilities assumed from the acquisition are recognized at fair value, at the date of acquisition. Acquisition expenses are recognized in profit and loss and goodwill, as an asset, in the Statement of Financial Position of the Consolidated.

The consideration, transferred in the acquisition, is measured as the fair value of assets transferred, liabilities incurred or assumed, and equity instruments, issued by Grupo Nutresa, including any contingent consideration, to obtain control of the acquired.

Goodwill is measured as the excess of the sum of the consideration transferred, the value of any non-controlling interest, and when applicable, the fair value of any previously held equity interest, over the net value of the assets acquired, liabilities, and contingent liabilities assumed at the date of acquisition. The resulting gain or loss, from the measurement of previously held interest, can be recognized in profit and loss or "other comprehensive income", accordingly. In the previous periods for which it is reported, the acquirer may have recognized in "other comprehensive income", changes in the value of its equity interest in the acquired. If so, the amount, that was recognized, in "other comprehensive income", shall be recognized, on the same basis as it would be required, if the acquirer had disposed directly of the previously held equity interest. When the consideration transferred is less than the fair value of the net assets acquired, the corresponding gain is recognized in profit and loss, on the date of acquisition.

For each business combination, at the date of acquisition, Grupo Nutresa chooses to measure non-controlling interest at the proportionate share of the identifiable assets acquired, liabilities, and contingent liabilities assumed from the acquisition, or at fair value.

Any contingent consideration in a business combination is classified as liability or equity, and is recognized at fair value at the date of acquisition. Subsequent changes in fair value of a contingent consideration, classified as financial liability, are recognized in profit and losses, in that period or in "other comprehensive income". When it is classified as equity, it is not re-measured, and its subsequent settlement is recognized in equity. If the consideration is not classified as a financial liability, it is measured in accordance with applicable IFRS.

Goodwill acquired in a business combination is allocated at the date of acquisition, to cash-generating units of Grupo Nutresa, that are expected to be benefitted by the combination, irrespective of whether other assets or liabilities of the acquired are assigned to these units.

When goodwill is part of a cash-generating unit, and part of the operation within that unit is sold, the goodwill associated with the operation disposed is included in the book value of the operation, when the gain or loss of the disposal of the operation is determined. Goodwill written-off is determined based upon the percentage of the operation sold, which is the difference between the book value of the operation sold and the book value of the cash-generating unit.

3.3.2 TRANSLATION OF BALANCES AND TRANSACTIONS, IN FOREIGN CURRENCIES

Transactions made in a currency other than the functional currency of the Company are translated using the exchange rate, at the date of the transaction. Subsequently, monetary assets and liabilities denominated in foreign currencies are translated, using the exchange rates, at the closing of the Financial Statements, and taken from the information published by the official entity responsible for certifying this information; non-monetary items that are measured at fair value are translated using the exchange rates on the date when its fair value is determined and non-monetary items that are measured at historical cost, are translated using the official exchange rates, from the date of the original transaction.

All exchange differences arising from operating assets and liabilities are recognized in the Income Statement, as part of operating income or expenses; exchange differences, in other assets and liabilities, are recognized as income or expense, except for, monetary items that provide an effective hedge for a net investment in a foreign operation, and from investments in shares classified as fair value through equity. These items and their tax impact, are recognized in "other comprehensive income", until disposal of the net investment, at which time they are recognized in profit and loss.

Foreign subsidiaries

For the presentation of Grupo Nutresa's Consolidated Financial Statements, the financial situation, and results of entities whose functional currency is different from the presentation currency of the Company, and whose economy is not classified as hyper-inflationary, are translated, as follows:

- Assets and liabilities, including goodwill, and any adjustment to the fair value of assets and liabilities, arising from the acquisition are translated at end of period exchange rates.
- Income and expenses are translated at the monthly average exchange rate.

Exchange differences, arising from translation of foreign operations, are recognized in "other comprehensive income" on a separate account ledger named "Exchange differences on translation of foreign operations", as well as, exchange differences, in long-term receivable or payable accounts, which are part of the net investment abroad. In the disposal of foreign operations, the amount of "other comprehensive income" that relates to the foreign operation is recognized in the results of the period.

Restated Financial Statements in hyperinflationary economies

The Financial Statements of subsidiaries, whose functional currency is corresponding to that of a hyperinflationary economy, including comparative information, is restated in terms of the current measured unit, at the date of closing of the reporting period, before being translated into pesos for consolidation. Gains or losses on the net monetary position are included in profit or loss.

These Financial Statements include the effect of the restatement of the Financial Statements in hyperinflationary economies, until September 30, 2016, for companies domiciled in Venezuela, on which date, said investments were classified as a financial instrument.

Main currencies and exchange rates

Below, is the evolution of the closing exchange rates to Colombian Pesos, of the foreign currencies that correspond to the functional currency of the subsidiaries of Grupo Nutresa, and that have a significant impact on the Consolidated Financial Statements:

		December 2017	December 2016
Panamanian Balboa	PAB	2.984,00	3.000,71
Costa Rican Colon	CRC	5,21	5,34
Nicaraguan Cordoba	NIO	96,91	102,33
Peruvian Sol	PEN	919,57	893,07
U.S. Dollar	USD	2.984,00	3.000,71
Mexican Peso	MXN	151,76	145,53
Guatemalan Quetzal	GTQ	406,28	398,92
Dominican Peso	DOP	61,78	64,25
Chilean Peso	CLP	4,85	4,48
Argentine Peso	ARS	158,94	189,32

Table 4

3.3.3 CASH AND CASH EQUIVALENTS

Cash and cash equivalents, in the Statement of Financial Position and Statement of Cash Flows, include cash on hand and banks, highly liquid investments easily convertible to a determined amount of cash and subject to an insignificant risk of changes in its value, with a maturity of three months or less, from the date of purchase. These items are initially recognized at historical cost and restated to recognize its fair value at the date of each annual accounting period.

3.3.4 FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity and, simultaneously, to a financial liability or equity instrument of another entity. Financial assets and liabilities are initially recognized at fair value, plus (minus) the transaction costs directly attributable, except for those who are subsequently measured at fair value.

At initial recognition, Grupo Nutresa classifies its financial assets for subsequent measurement, at amortized cost or fair value, depending on Grupo Nutresa's business model for the administration of financial assets and the characteristics of the contractual cash flows of the instrument; or as derivatives designated as hedging instruments in an effective hedge, accordingly.

(i) *Financial assets measured at amortized cost*

A financial asset is subsequently measured at amortized cost, using the effective interest rate, if the asset is held within a business model whose objective is to keep the contractual cash flows, and the contractual terms, on specific dates, cash flows that are solely for payments of principal and interest on the value of outstanding capital. Notwithstanding the foregoing, Grupo Nutresa designates a financial asset as irrevocably measured at fair value through profit and loss.

Grupo Nutresa has determined that the business model for accounts receivable is to receive the contractual cash flows, which is why they are included in this category.

Accounts receivable from customers are the amounts owed for products sold, or services rendered, in the ordinary course of business, and that are initially recognized at their fair value, are realized with credit conditions of less than one year and without interest, and therefore, the existence of implicit financing is not considered.

(ii) *Financial assets measured at fair value*

The financial assets, different from those measured at amortized cost, are subsequently measured at fair value, with changes recognized in profit and loss. However, for investments in equity instruments, that are not held for trading purposes, Grupo Nutresa irrevocably chooses to present gains or losses in the fair value measurement in "other comprehensive income". Upon disposal of investments at fair value, through "other comprehensive income", the accumulated value of the OCI is transferred directly to retained earnings and is not reclassified to profit and loss, in that period. Cash dividends received from these investments are recognized in the profit and loss of that period.

The fair values of quoted investments are based on the valid quoted prices. If the market for a financial instrument is not active (or the instrument is not quoted on a stock exchange), the Company establishes its fair value using valuation techniques. These techniques include the use of the values observed in recent transactions, realized under the terms of free competition, the reference to other instruments that are substantially similar, analyses of discounted cash flows, and option models, making maximum use of market information and giving the lesser degree of confidence possible, in internal information specific to the entity.

(iii) *Impairment of financial assets at amortized cost*

Financial assets measured at amortized cost are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired, when there exists, objective evidence, that, as a result of one or more events occurring after the initial recognition of the financial asset, the estimated future flows of the financial asset, (or group of financial assets), have been impacted.

The criteria used to determine if there is objective evidence of impairment losses, includes:

- significant financial difficulty of the issuer or counterparty
- non-payment of principal and interest
- probability that the lender will declare bankruptcy or financial reorganization

The amount of the impairment is the difference between the book value of the asset and the present value of estimated future cash flows, discounted at the original effective rate of the financial asset. The book value of the asset is reduced, and the amount of the loss is recognized in profit and loss, for the period.

(iv) *Derecognition*

A financial asset, or a part of it, is derecognized from the Statement of Financial Position when it is sold, transferred, expires, or Grupo Nutresa loses control over the contractual rights or the cash flows of the instrument. A financial liability, or a portion of it, is derecognized from the Statement of Financial Position, when the contractual obligation has been settled, or has expired. When an existing financial liability is replaced by another, from the same counterparty on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification it is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective book value is recognized in the Comprehensive Income Statement.

(v) *Financial liabilities*

Financial liabilities are subsequently measured at amortized cost, using the effective interest rate. Financial liabilities include balances with suppliers and accounts payable, financial obligations, and other derivative financial liabilities. This category also includes those derivative financial instruments taken by the Group that are not designated as hedging instruments, in effective hedging risks.

Financial obligations are classified as such, for obligations that are obtained by resources, be it from credit institutions or other financial institutions, in the country or abroad.

(vi) *Off-setting financial instruments*

Financial assets and financial liabilities are offset so that the net value is reported on the Statement of Financial Position of the Consolidated, only if (i) there is, at present, a legally enforceable right to offset the amounts recognized, and (ii) there is an intention to settle on a net basis, or to realize the assets and settle the liabilities, simultaneously.

(vii) *Derivative instruments and hedge accounts*

A financial derivative is a financial instrument, whose value changes in response to changes in an observable market variable (such as an interest rate, foreign exchange, the price of a financial instrument, or a market index, including credit ratings) and whose initial investment is very small compared to other financial instruments with similar changes in response to market conditions, and are generally settled at a future date.

In the normal course of business, companies engage in transactions with derivative financial instruments, with the sole purpose of reducing its exposure to fluctuations in exchange rates, and interest rates on foreign currency obligations. These instruments include, among others, swaps, forwards, options, and futures over commodities traded for own-use.

Derivatives are classified under the category of financial assets or liabilities, according to, the nature of the derivative, and are measured at fair value on the Income Statement, except those that are designated as hedging instruments.

Commodities contracts, with the purpose of receipt or delivery a non-financial item, in accordance with the purchase, sale, or usage requirements, expected by the entity, are considered "derivatives for own-use" and the impact is recognized as part of cost of the inventory.

Grupo Nutresa designates and documents certain derivatives as hedging instruments to cover:

- Changes in the fair value of recognized assets and liabilities or in firm commitments (fair value hedges)
- Exposure to variations in cash flows of highly probable forecast transactions (cash flow hedges); and
- Hedges of net investments in foreign operations .

The Group expects that the hedges are highly effective in offsetting the changes in fair value or variations of cash flows. The Group continuously evaluates the coverage, at least quarterly, to determine that they have actually been highly effective throughout the periods for which they were designated.

3.3.5 INVENTORIES

Assets held for sale in the ordinary course of business, or in the process of production for such a sale, or in the form of materials or supplies to be consumed in the production process, or services provided, are classified as inventory.

Inventories are valued at the lesser of, acquisition or manufacturing cost, or the net realizable value. Cost is determined using the Average Cost Method. The net realizable value is the estimated selling price of inventory in the ordinary course of operations, less the applicable variable sales expenses. When the net realizable value is below the book value, the value of the impairment is recognized, as an adjustment in the Income Statement, decreasing the value of the inventory.

Inventories are valued using the weighted average method and the cost includes the costs directly related to the acquisition and those incurred to give them their current condition and location. The cost of finished goods and work in progress is comprised of: raw materials, direct labor, other direct costs, and indirect manufacturing expenses.

Trade discounts, rebates, and other similar items, are deducted from the acquisition cost of inventory.

In the case of commodities, the cost of the inventory includes any gain or loss on the hedging of raw material procurement.

3.3.6 BIOLOGICAL ASSETS

Biological assets held by Grupo Nutresa are measured from initial recognition at the fair value less expenses to realize the sale; the changes are recognized in the Income Statement, for the period. Agricultural products coming from biological assets are measured at fair value less costs to sell at the time of collection or harvest, when they are transferred to inventory.

When fair value cannot be reliably measured, it is measured at cost and the existence of impairment indicators permanently assesse.

3.3.7 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment includes the value of land, buildings, furniture, vehicles, machinery and equipment, computer hardware, and other facilities owned by the consolidated entities, which are used in the operation of the entity.

Fixed assets are measured at cost, net of accumulated depreciation, and accumulated impairment losses, if any. The cost includes: the acquisition price, costs directly related to the location of assets in place and the necessary conditions to operate in the manner intended by Grupo Nutresa, borrowing costs for construction projects that take a period of a year or more to be completed if the conditions for approval are met, and the present value of the expected cost for the decommissioning of the asset after its use, if the recognition criteria for a provision are met.

Trade discounts, rebates, and other similar items are deducted from the acquisition cost of the asset.

For significant components of property, plant and equipment, that must be replaced periodically, the Group derecognizes the replaced component and recognizes the new component as an asset, with a corresponding specific useful life, and depreciates it, accordingly. Likewise, when major maintenance is performed, its cost is recognized as a replacement of the book value of the asset, to the extent that the requirements for recognition are met. All other routine repair and maintenance expenses are recognized in results, as they are incurred.

Substantial improvements on properties of third parties are recognized as part of Grupo Nutresa's fixed assets, and depreciated for the shortest period between the useful life of the improvements made or the lease term.

Depreciation begins when the asset is available for use, and is calculated on a straight-line basis over the estimated asset life as follows:

Buildings	20 to 60 years
Machinery (*)	10 to 40 years
Minor equipment - operating	2 to 10 years
Transport equipment	3 to 10 years
Communication and computer equipment	3 to 10 years
Furniture, fixtures, and office equipment	5 to 10 years

Table 5

(*) Some of the machinery related to production is depreciated using the Hours Produced Method, according to the most appropriate manner, in which the consumption of the economic benefits of the asset is reflected.

The residual values, useful lives, and depreciation methods of assets are reviewed at each year-end, and are adjusted prospectively, if required. The factors that can influence the adjustment are: changes in the use of the asset, unexpected significant wear, technological advances, changes in market prices, et al.

A component of property, plant and equipment or any substantial part of it initially recognized is derecognized upon sale or when no future economic benefit from its use or its sale is expected. Any gain or loss, at the time of derecognizing the asset, (calculated as the difference between the net income from the sale and the book value of the asset), is included in the Income Statement when the asset is written-off.

At each accounting close, Grupo Nutresa evaluates its assets, to identify indicators, both external and internal, of reductions of its recoverable values. If there is evidence of impairment, property, plant and equipment are tested, to assess whether their book values are fully recoverable. In accordance with IAS 36 "Impairment of Assets", losses due to a reduction in the recoverable value are recognized for the amount at which the book value of the asset (or group of assets) exceeds its recoverable value (the greater between its fair value minus the disposal costs and their value in use), and is recognized in the Income Statement, as impairment of other assets.

When the book value exceeds the recoverable value, the book value is adjusted to its recoverable value, modifying the future depreciation, in accordance with its new remaining useful life.

Plantations in development: are live Plants that are used in the elaboration or supply of agricultural products, are expected to produce for more than one period, and have a remote probability of being sold as agricultural products, except for incidental sales of thinning and pruning.

3.3.8 INVESTMENT PROPERTIES

The land and buildings, owned by Grupo Nutresa, are recognized as investment properties, in order to obtain an income or goodwill, rather being maintained for use or sale, in the ordinary course of operations.

Investment properties are initially measured at cost. The acquisition cost of an investment property includes its purchase price and any directly attributable expenditure. The cost of self-constructed investment property is its cost at the date when the construction or development is complete.

Subsequent to initial recognition, investment properties are measured at net cost of accumulated depreciation and loss accumulated impairment losses, if any.

Depreciation is calculated linearly over the asset's useful lives, estimated between 20 and 60 years. Residual values and useful lives are reviewed and adjusted prospectively, at year-end, or when required.

Investment properties are written-off, either at the time of disposal, or when it is removed permanently from use and no future economic benefit is expected. The difference between the net disposal and the book value of the assets is recognized in income for the period in which it was derecognized.

Transfers to or from investment properties are made only when there is a change in use. In the case of a transfer from investment property, to property, plant and equipment, the cost, taken into account in subsequent accounting, is the book value at the date of change of use.

3.3.9 INTANGIBLE ASSETS

An intangible asset is an identificable asset, non-monetary, and without physical substance. Intangible assets acquired separately are initially measured at cost. The cost of intangible assets acquired in business combinations is its fair value, at the date of acquisition. After initial recognition, intangible assets are accounted for at cost less any accumulated amortization and any accumulated impairment losses in value.

The useful lives of intangible assets are determined as finite or indefinite. Intangible assets with finite useful lives are amortized over their useful life, linearly, and are assessed to determine whether they had any impairment, whenever there are indications that the intangible asset might have suffered such impairment. The amortization period and the Amortization Method, for an intangible asset with a finite useful life, is reviewed at least at the close of each period. Changes in the expected useful life or the expected pattern of consumption of the future economic benefits of the asset, are accounted for at the change of the amortization period or method, as appropriate, and are treated as changes in accounting estimates. Amortization expenses of intangible assets with finite useful lives are recognized in the Comprehensive Income Statement. The useful life of an intangible asset with a finite life is between 3 and 100 years.

Intangible assets with indefinite useful lives are not amortized, but are tested annually to determine if they have suffered impairment either individually or at the level of the cash-generating unit. The assessment of indefinite life is reviewed annually to determine whether the assessment remains valid. If not, the change in useful life from indefinite to finite is made prospectively.

Gains or losses, that arise when an intangible asset is written-off, are measured as the difference between the value obtained in the disposal, and the book value of the asset is recognized in profit and loss.

Research and development costs

Research costs are expensed as they are incurred. The expenditures directly related to the development in an individual project are recognized as intangible assets, when the Grupo Nutresa can demonstrate:

- The technical feasibility of completing the intangible asset so that it is available for use or sale;
- Its intention to complete the asset and its capacity to use or sell the asset;
- How the asset will generate future economic benefits;
- The availability of resources to complete the asset; and
- The ability to reliably measure the expenditure during development.

In the Statement of Financial Position, assets arising from development expenditures are stated at cost less accumulated amortization and accumulated impairment losses.

Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of expected future economic benefit. During the development period, the asset is subject to annual impairment tests to determine if loss of value exists.

Research costs and development costs, not eligible for capitalization, are accounted as expenses in profit and loss.

3.3.10 IMPAIRMENT OF NON-FINANCIAL ASSETS, CASH GENERATING UNITS, AND GOODWILL

Grupo Nutresa assesses if there is any indication that an asset, or cash generating unit may be impaired in value, and estimates the recoverable amount of the asset or cash-generating unit, at the moment that an indication of impairment is detected, or annually (at December 31st), for goodwill, intangible assets with indefinite useful lives, and those not yet in use.

Grupo Nutresa uses its judgment in the determination of the Cash Generating Units (CGU), for the purposes of impairment testing, and has defined as CGUs, those legally constituted entities, dedicated to production, assigning each one of those net assets of the legally constituted entities, dedicated to the provision of services to the producing units (in a transversal or individual way). The assessment of the impairment is realized, at the level of the CGU, or Group of CGUs, that contains the asset to be assessed.

The recoverable value of an asset is the greater of the fair value less costs to sell, either an asset or a cash-generating unit, and its value in use, and is determined for an individual asset, unless the asset does not generate cash flows that are substantially independent of other assets or groups of assets. In this case the asset must be grouped to a cash-generating unit. When the book value of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is reduced to its recoverable amount.

In calculating the value in use or the fair value, the estimated future cash flows, whether of an asset or a cash-generating unit, are discounted to their present value using a discount rate, which reflects market considerations of the value of money over time, as well as, the specific risks of the asset. For the application of fair value, disposal costs will be discounted.

The impairment losses of continuing operations are recognized in the Comprehensive Income Statement, in profit and loss, in those expense categories that correspond to the function of the impaired asset. Impairment losses attributable to a cash-generating unit are initially allocated to goodwill and, once exhausted, the impairment losses are proportionally attributed to other non-current assets of the cash-generating unit, based upon the book value of each asset.

The impairment for goodwill is determined by assessing the recoverable amount of each CGU (or group of cash-generating units) related to the goodwill. The impairment losses related to goodwill cannot be reversed in future periods.

For assets in general, excluding goodwill, at each reporting date (at the close of each period), an assessment of whether there is any indication that impairment losses previously recognized value no longer exists or have decreased, is performed. If any such indication exists, Grupo Nutresa estimates the recoverable amount of the asset or cash-generating unit. An impairment loss, previously recognized, is reversed only if there was a change in the assumptions used to determine the recoverable value of an asset, since the last time that the last impairment loss was recognized. The reversal is limited so that the book value of the asset does not exceed its recoverable amount, nor does it exceed the book value that would have been determined, net of depreciation, if it had not recognized impairment loss for the asset in previous years. Such a reversal is recognized in the Comprehensive Income Statement in profit and loss.

3.3.11 TAXES

This heading includes the value of mandatory general-nature taxation in favor of the State, by way of private closeouts, that are based on the taxes of the fiscal year and responsibility of each company, according to the tax norms of national and territorial governing entities, in each of the countries where Grupo Nutresa´s companies operate.

a) Income tax

(i) *Current*

Assets and liabilities for income tax for the period are measured by the values expected to be recovered or paid to the taxation authorities. The expense for income tax is recognized under current tax, in accordance with the tax clearance, between taxable income and accounting profit and loss, and is affected by the rate of income tax in the current year in accordance with the provisions of the tax rules of each country. Taxes and tax norms or laws used to compute these values are those that are approved at the end of the reporting period in the countries where Grupo Nutresa operates and generates taxable income. The current assets and liabilities, for income tax, are also offset, if related to the same taxation authority, and are intended to be settled at net value, or the asset realized, and liability settled, simultaneously.

(ii) *Deferred*

Deferred income tax is recognized using the liability method, and is calculated on temporary differences between the taxable bases of assets and liabilities in and book value. Deferred tax liabilities are generally recognized for all temporary tax differences imposed, and all of the deferred tax assets are recognized for all temporary deductible differences, future compensation of tax credits, and unused tax losses, to the extent that it is likely there will be availability of future tax profit, against which, they can be attributed. Deferred taxes are not subject to financial discount.

Deferred asset and liability taxes are not recognized, if a temporary difference arises from the initial recognition of an asset or liability, in a transaction that is not a business combination, and at the time of the transaction, it impacted neither the accounting profit nor taxable profit and loss; and in the case of deferred tax liability, arising from the initial recognition of goodwill.

The deferred tax liabilities related to investments in associates, and interests in joint ventures, are not recognized when the timing of the reversal of temporary differences can be controlled, and it is probable that such differences will not reverse in the near future, and the deferred tax assets related to investments in associates, and interests in joint ventures are recognized only to the extent that it is probable that the temporary differences will reverse in the near future and it is likely the availability of future tax profit, against which these deductible differences, will be charged. Deferred tax liabilities, related to goodwill, are recognized only to the extent that it is probable that the temporary differences will be reversed in the future.

The book value of deferred tax assets is reviewed at each reporting date, and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available for use, in part or in totality, or a part of the asset, from said tax. Unrecognized deferred tax assets are reassessed at each reporting date, and are recognized to the extent that it is probable that future taxable profit income is likely to allow for their recovery.

Assets and liabilities from deferred taxes are measured at the tax rates, that are expected to be applicable, in the period when the asset is realized, or the liability is settled, based on income tax rates and norms, that were approved at the date of filing, or whose approval will be nearing completion, by that date.

Deferred tax is recognized in profit and loss, except when relating to items not recognized in profit and loss, in which case will be presented in "other comprehensive income" or directly in equity.

b) Income tax for equity - CREE

The income tax for equity – CREE, applicable to Colombian Companies, is the tax with which taxpayers, legal entities, and assimilated filers of income taxes, contribute to employee benefits, creation of employment, and social investment. The applicable rate was 9% with a surcharge of 5% and 6% for the years 2015 and 2016, respectively.

With the issuance of Law 1819 of December 29, 2016, the income tax for equity – CREE, and the temporary surtax for 2017 and 2018 is waived; and the new income tax rates are determined.

c) Tax on wealth

The tax burden of the "wealth tax" is originated, for Colombian Companies, from possession of the same to the January 1st of the years 2015, 2016, and 2017, by taxpayers. Therefore, those taxpayers with gross assets minus debts, whose value exceeds $1.000, should determine their tax under the conditions established in the tax regulations.

According to the provisions of Article 6 of Law 1739 of 2014, and additionally, Article 297-2 of the tax statute, the accrual of wealth tax will take place on January 1st of the years 2015, 2016, and 2017, and may be allocated to capital reserves without affecting net income, in accordance with Article 10 of the same law.

3.3.12 EMPLOYEE BENEFITS

a) Short-terms benefits

They are, (other than termination benefits), benefits expected to be settled in its totality, before the end of the following twelve months, at the end of the annual period, of which the services provided by employees, is reported. Short-term benefits are recognized to the extent that the employee renders the service, to the expected value to be paid.

b) Other long-term benefits

Long-term employee benefits, (that differ from post-employment benefits and termination benefits) that do not expire within twelve (12) months after the end of the annual period in which the employee renders services, are remunerated, such as long-term benefits, the variable compensation system, and retroactive severance interest. The cost of long-term benefits is distributed over the time measured between the employee starting date, and the expected date of when the benefit is received. These benefits are projected to the payment date, and are discounted with the projected unit credit method.

c) Pensions and other post-employment benefits

(i) *Defined contribution plans*

Contributions to defined contribution plans are recognized as expenses in the Comprehensive Income Statement, in profit and loss, on an accrual basis.

(ii) *Defined benefit plans*

Defined benefit plans are plans for post-employment benefits in which Grupo Nutresa has a legal or implicit obligation, of the payment of benefits. Subsidiary companies domiciled in Colombia, Ecuador, Mexico, and Peru, have actuarial liability as required by law.

The cost of this benefit is determined by the projected unit credit method. The liability is measured annually, by the present value of expected future payments required to settle the obligations arising from services rendered by employees in the current period and prior periods.

Updates of the liability for actuarial gains and losses are recognized in the Statement of Financial Position, against retained earnings through "other comprehensive income". These items will not be reclassified to profit and loss, in subsequent periods; the cost of past and present services, and net interest on the liability, is recognized in profit and loss, distributed among cost of sales and administrative expenses, sales and distribution, likewise as are gains and losses by reductions in benefits and non-routine settlements.

Interest on the liability is calculated by applying the discount rate on said liability.

Payments made to retirees are deducted from the amounts provisioned for this benefit.

d) Termination benefits

Termination benefits are provided for the period of employment termination, as a result of the Company's decision to terminate a contract of employment, before the normal retirement date; or the employee's decision to accept an offer of benefits in exchange for termination of an employment contract. Termination benefits are measured in accordance with the provisions of the laws and the agreements between Grupo Nutresa and the employee, at the time the decision to terminate the employment relationship with the employee, is officially released.

3.3.13 LEASES

When determining the classification of an agreement, or conclusion of a contract as a lease, it is based on the essence of the nature of the same, at the date of its conclusion, assessing whether compliance with the agreement rests on the use of a specific asset or if the right to use the asset is conferred on the group, even if this right is not explicit in the agreement.

Leases are classified as financial or operating leases. They will be classified as finance leases, provided that the terms of the lease substantially transfer the risks and rewards, inherent in the ownership of the asset, and the asset is recorded at its fair value, at the inception of the lease or, if less, at the present value of the minimum lease payments; The present obligation of minimum payments and the purchase option will be recognized in the Statement of Financial Position, as a financial lease obligation. The lease payments are distributed between the financial expense and the reduction of the obligation, and the expense will be recognized immediately in the results unless they are attributable to the assets, according to the costs per loan.

Operating leases will be classified as such, those in which the risks and benefits inherent in the ownership of the asset, are not transferred by the lessor, and their payments will be recognized as a linear expense over the lease term.

3.3.14 PROVISIONS, CONTINGENT LIABILITIES AND ASSETS

a) Provisions

Provisions are recognized when, as a result of, a past event, Grupo Nutresa has a present legal or constructive obligation to a settlement, and requires an outflow of resources, are considered probable, and can be estimated with certainty.

In cases where Grupo Nutresa expects the provision to be reimbursed in whole, or in part, the reimbursement is recognized as a separate asset, only in cases where such reimbursement is virtually certain.

Provisions are measured at best estimate of the disbursement of the expenditure required to settle the present obligation. The expense relating to any provision is presented in the Comprehensive Income Statement, net of all reimbursement. The increase in the provision, due to the passage of time, is recognized as financial expense.

b) Contingent liabilities

Possible obligations arising from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events, not wholly within the control of Grupo Nutresa, or present obligations arising from past events, that are not likely, but there exists a possibility that an outflow of resources including economic benefits is required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability, are not recognized in the Statement of Financial Position and are instead revealed as contingent liabilities.

c) Contingent assets

Possible assets, arising out of past events and whose existence will be confirmed only by the occurrence, or possibly by the non-occurrence of one or more uncertain future events which are not entirely under the control Grupo Nutresa, are not recognized in the Statement of Financial Position, and are however, disclosed as contingent assets when it is a probable occurrence. When the said contingent is certain, the asset and the associated income, are recognized for that period.

3.3.15 REVENUE

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be measured reliably.

The specific recognition criteria, listed below, must also be met for revenue to be recognized.

a) Sale of goods

Revenue, from the sale of goods, is recognized when the significant risks and rewards of ownership have been substantially transferred to the buyer.

b) Services

Revenue from providing services is recognized when these services are rendered, or according to the degree of completion (or percentage of completion) of contracts.

c) Interest

For all financial instruments measured at amortized cost, interest income or expense, is recognized with the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash payments or those received through the expected life of the financial instrument, or in a shorter period, in the net book value of the financial asset or financial liability.

d) Dividend income

This income is recognized when Grupo Nutresa's right to receive payment is established, which is generally when the Shareholders approve the dividend, except when the dividend represents a recovery of investment costs. Dividend income is not recognized, when payment is made to all Shareholders, in the same proportion of stocks from the issuer.

3.3.16 PRODUCTION EXPENSES

Indirect production costs that do not contribute to move inventories to their present location and condition, and that are not necessary for the production process, are recorded as production expenses.

3.3.17 GOVERNMENT GRANTS

Government grants are recognized when there is reasonable assurance that they will be received, and all conditions linked to them will be safely met. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods in which related costs that are intended for compensation are recognized as expense. When the grant relates to an asset, it is recorded as deferred income and is recognized as profit or loss on a systematic basis over the estimated useful life of the asset.

3.3.18 FAIR VALUE

Fair value is the price that would be received in selling an asset or paid to transfer a liability in an orderly transaction between independent market participants, at the measurement date.

Grupo Nutresa uses valuation techniques which are appropriate under circumstances for which sufficient information is available to measure the fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Fair value is determined:

- Based on quoted prices in active markets for identical assets or liabilities that the Company can access at the measurement date (Level 1)
- Based on valuation techniques commonly used by market participants using variables other than the quoted prices that are observable for the asset or liability, either directly or indirectly (Level 2)
- Based on internal discount cash flow techniques or other valuation models, using estimated variables by Grupo Nutresa for the unobservable asset or liability, in the absence of variables observed in the market (Level 3)

Judgments include data such as liquidity risk, credit risk, and volatility. Changes in assumptions about these factors could impact the reported fair value of financial instruments.

3.3.19 OPERATING SEGMENTS

An operating segment is a component of Grupo Nutresa that: engages in business activities from which it may earn income from ordinary activities and incur costs and expenses, from which it has financial information and whose operating results are regularly reviewed by the maximum authority in making operating decisions for Grupo Nutresa, The Board of Grupo Nutresa, to decide about the allocation of resources to segments, as well as, assess performance.

The financial information of the operating segments is prepared under the same accounting policies used in the preparation of the Consolidated Financial Statements of Grupo Nutresa.

For those operational segments that overreach the quantitative threshold of 10% of income, EBITDA, and operational income, as well as, the informational segments that are considered relevant for decision making by the Board of Directors; financial information is presented separately; the other segments are grouped in categories called "other segments".

3.3.20 BASIC EARNINGS PER SHARE

Basic earnings per share are calculated by dividing profit or loss, for the period that is attributable to holders of ordinary shares, by the weighted average number of ordinary shares, outstanding.

The average number of shares outstanding, for the periods ended December 31, 2017 and 2016, is 460.123.458.

To calculate diluted earnings per share, profit for the period, attributable to holders of ordinary shares, and the weighted average number of shares outstanding, for all the inherent dilutive potential ordinary shares, is adjusted.

3.3.21 RELATIVE IMPORTANCE OR MATERIALITY

Information is material or has relative importance, if it can, individually, or collectively, influence the economic decisions taken by users, based on the Financial Statements. Materiality depends on the size and nature of error or inaccuracy and is prosecuted depending on the particular circumstances in which they are produced. The size or nature of the item, or a combination of both, could be the determining factor.

3.4 CHANGES IN ACCOUNTING POLICIES

The IASB made amendments to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture to distinguish the producing plants from other biological assets. The production plants are used only to grow products during their productive life and it is observed that they are similar to an element of the machinery, which is why they are now presented in IAS 16. However, the agricultural products that grow in the production plants will remain within the scope of IAS 41 and will continue to be measured at fair value less costs to sell.

The Group has applied this amendment to the Financial Statements as of December 31, 2017 and 2016, which involved the reclassification of $9.129 (2016: 7.433) of biological assets to property, plant and equipment, in the "Plantations under development" category, corresponding to the cocoa plantations, which have a productive cycle of approximately 25 years with two crops per year.

Prior to the classification, the plantations were measured at historical cost, in such a way that the accumulated cost as of December 31, 2017 and 2016 are reclassified to property, plant and equipment, and will be the basis for future amortization.

The application of this amendment had no impact on the equity or the comprehensive income of Grupo Nutresa, in 2017.

See details of the accounting policy in Note 16.

3.5 NEW ACCOUNTING PRONOUNCEMENTS ON INTERNATIONAL FINANCIAL REPORTING STANDARDS: NEW STANDARDS, MODIFICATIONS AND INTERPRETATIONS INCORPORATED INTO THE ACCOUNTING FRAMEWORK ACCEPTED IN COLOMBIA, WHOSE APPLICATION MUST BE ASSESSED BEYOND JANUARY 1, 2018, OR THAT CAN BE APPLIED IN ADVANCE

The Decrees 2496 of December, 2015, 2131 of December, 2016 and 2170 of December, 2017, introduced to the technical framework norms of financial information, new standards, modifications, or amendments or impacts by the IASB to the International Financial Reporting Standards between the year (s) 2014 and 2016, to evaluate its application in financial years beginning later than January 1, 2018, although its application could be made in advance.

IFRS 9 "Financial Instruments"

The full version of this IFRS was published in July 2016; it addresses the classification, measurement, derecognition of financial assets and liabilities, and introduces new rules for hedge accounting and a new impairment model for financial assets.

IFRS 9 maintains, although it simplifies, the varied valuation model and establishes three main categories of valuation for financial assets: amortized cost, fair value with changes in other comprehensive income, and fair value with changes in results. The basis of classification depends on the business model of the entity and the characteristics of the contractual cash flows of the financial asset. Investments in net equity instruments are required to be measured at fair value through profit or loss, with the irrevocable option at the initial presentation of changes in fair value in other non-recyclable comprehensive income. There is now a new model of expected credit losses that replaces the impairment loss model, incurred in IAS 39. For financial liabilities, there were no changes in classification and valuation. IFRS 9 simplifies the requirements for the effectiveness of the hedge. Under IAS 39, a hedge must be highly effective, both prospectively and retrospectively. IFRS 9 replaces this line by requiring an economic relationship between the hedged item and the hedging instrument, and that the hedged ratio is the same, as the entity actually uses for its risk management. Contemporaneous documentation is still necessary, but it is different from the one prepared under IAS 39. The standard goes into effect for the accounting periods, beginning on or after January 1, 2018.

Since the First Adoption of IFRS, on January 1, 2014, Grupo Nutresa has maintained the classification and measurement of financial assets and liabilities under the categories proposed by IFRS 9. In addition, the Company confirmed that its current hedging relationships will continue as hedges, after the adoption of the new IFRS 9.

The new impairment model requires the recognition of provisions for impairments, based on the expected credit losses, instead of only the credit losses incurred, as is the case of IAS 39. In the case of Grupo Nutresa, this applies mainly to customer accounts payable. Based on the evaluations realized to date, no significant impact is expected, in the estimation of portfolio impairment under the new expected loss model.

IFRS 15 "Income from client contracts"

Issued in May 2016, a new standard is applicable to all contracts with customers, except for leases, financial instruments, and insurance contracts. The objective of the standard is to provide a single and comprehensive model of revenue recognition for all contracts with customers and to improve comparability within industries, between industries, and between capital markets. The new standard is based on the principle of transfer of control of a good or service to a client, in order to establish the recognition of income. Its application is effective as of January 1, 2018.

The Company has completed an initial review of the potential impact of the adoption of IFRS 15, in its Financial Statements, and has identified that there will be no significant impact on the timing and amount of recognition of the Company's revenues.

IFRS 16 "Leases"

The International Accounting Standards Board (IASB) issued IFRS 16, with an effective date of application as of January 1, 2019. IFRS 16 replaces existing guidelines for the accounting of leases, including IAS 17 leases, IFRIC 4 determination of whether an arrangement contains a lease, SIC 15 incentives in operating leases and SIC 27 the evaluation of the substance of transactions that involve the legal form of a lease.

IFRS 16 introduces a single accounting model for the recognition of lease agreements in the Statement of Financial Position for lessees. A lessee recognizes an asset by right of use, representing the right to use the leased asset, and a lease liability, representing its obligation to make the lease payments. There are optional exemptions for short-term leases or leases of very low-value assets. The accounting treatment of lease agreements for lessors remains similar to current accounting standards in which the lessor classifies leases, as financial or operating leases.

The Company has initiated a potential evaluation of the qualitative and quantitative impacts, in its Financial

Statements. Until now the most significant impact identified is the recognition of assets and liabilities of its operating lease agreements, especially of real estate, used in the operation of the business. In addition, the nature of the expenses, corresponding to operating lease contracts as lessee, will change with IFRS 16, from lease expenses, to charges for depreciation of rights of use of the asset and financial expenses, in lease liabilities. To date, the Company is evaluating the impact of the adoption of this new standard.

NOTE 4
Judgments, estimates, and significant accounting assumptions

The preparation of Grupo Nutresa's Consolidated Financial Statements requires that management must make judgments, accounting estimates, and assumptions that impact the amount of revenue and expenses, assets, and liabilities, and related disclosures, as well as, the disclosure of contingent liabilities at the close of the reporting period. The Group bases its assumptions and estimates, considering all parameters available at the time of preparation of the Consolidated Financial Statements. In this regard, the uncertainty of assumptions and estimates could impact future results that could require significant adjustments to the book amounts of the assets or liabilities impacted.

In applying Grupo Nutresa's accounting policies, Management has made the following judgments and estimates, which have significant impact on the amounts recognized in these Consolidated Financial Statements:

- Assessment of the existence of impairment indicators, for assets, goodwill, and asset valuation, to determine the existence of impairment losses (financial and non-financial assets) (Note 18.1)
- Assumptions used in the actuarial calculation of post-employment and long-term obligations with employees. (Note 23.5)
- Useful life and residual values of property, plant and equipment and intangibles. (Note 16 and 19)
- Suppositions used to calculate the fair value of financial instruments. (Note 15 and 37)
- Determination of the existence of financial or operating leases, based on the transfer of risks and benefits of the leased assets. (Note 26)
- Recoverability of deferred tax assets. (Note 20.4)
- Determination of control, significant influence, or joint control over an investment.

NOTE 5.
Income statement for the fourth quarter

The following is the Income Statement and an analysis of its line items for the period between October 1 and December 31, 2017.

	Notes	October-December 2017	October-December 2016
Continuing operations			
OPERATING REVENUE	**B**	**2.304.195**	**2.257.345**
Cost of goods sold	c	(1.286.481)	(1.286.878)
Gross profit		**1.017.714**	**970.467**
Administrative expenses	c	(106.797)	(107.211)
Sales expenses	c	(706.711)	(659.603)
Production expenses	c	(37.668)	(40.685)
Exchange differences on operating assets and liabilities		(1.075)	(1.065)
Other operating income, net	d	3.560	4.708
OPERATING PROFIT		**169.023**	**166.611**
Financial income		3.661	3.274
Financial expenses	e	(67.764)	(85.987)
Portfolio dividends		65	51
Exchange differences on non-operating assets and liabilities		(5.867)	26
Share of profit of associates and joint ventures		5.853	3.949
Other income, net		(23)	28.492
Income before tax and non-controlling interest		104.948	116.416
Current income tax	f	(25.079)	(37.143)
Deferred income tax	f	17.240	5.954
Profit after taxes from continuous operations		**97.109**	**85.227**
Discontinued operations, after income tax		105	(1.652)
NET PROFIT FOR THE PERIOD		**97.214**	**83.575**
Profit for the period attributable to:			

Controlling interest		95.949	82.657
Non-controlling interest		1.265	918
NET PROFIT FOR THE PERIOD		**97.214**	**83.575**
EBITDA	**A**	**243.961**	**228.625**

Table 6

a) Ebitda

	Cuarto trimestre	
	2017	**2016**
OPERATING EARNINGS	**169.023**	**166.611**
Depreciation and amortization	74.722	61.678
Unrealized exchange differences from operating assets and liabilities	216	336
EBITDA	**243.961**	**228.625**

Table 7

- EBITDA, by operation segments

	Fourth Quarter							
	Operating earnings		**Depreciation and amortization**		**Unrealized exchange differences from operating assets and liabilities**		**EBITDA**	
	2017	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
Cold Cuts	41.729	40.039	9.822	9.288	93	(168)	51.644	49.159
Biscuits	46.127	43.417	10.057	7.402	122	(11)	56.306	50.808
Chocolate	43.468	28.436	9.737	8.694	130	(162)	53.335	36.968
TMLUC	16.029	11.015	10.931	10.574	54	(134)	27.014	21.455
Coffee	13.538	21.884	5.676	5.666	(78)	397	19.136	27.947
Retail Food	4.304	16.969	17.400	9.182	19	46	21.723	26.197
Ice Cream	2.961	3.455	7.804	7.863	(50)	(154)	10.715	11.164
Pasta	3.511	3.395	1.889	1.929	(72)	501	5.328	5.825
Others	(2.644)	(1.999)	1.406	1.080	(2)	21	(1.240)	(898)
Total segments	**169.023**	**166.611**	**74.722**	**61.678**	**216**	**336**	**243.961**	**228.625**

Table 8

b) Income from ordinary activities

- Income from ordinary activities, by segments

	Fourth Quarter					
	External clients		**Inter-segments**		**Total**	
	2017	**2016**	**2017**	**2016**	**2017**	**2016**
Cold Cuts	508.883	514.081	8.277	6.321	517.160	520.402
Biscuits	474.290	465.161	2.948	2.779	477.238	467.940
Chocolate	400.914	384.160	6.029	4.622	406.943	388.782
TMLUC	241.321	241.718	758	296	242.079	242.014
Coffee	242.018	251.723	9.028	6.164	251.046	257.887
Retail Food	187.094	171.002	-	-	187.094	171.002
Ice Cream	106.865	101.743	1.082	949	107.947	102.692
Pasta	72.971	73.275	105	12	73.076	73.287
Others	69.839	54.482	-	-	69.839	54.482
TOTAL SEGMENTS	**2.304.195**	**2.257.345**	**28.227**	**21.143**	**2.332.422**	**2.278.488**
Adjustments and eliminations					(28.227)	(21.143)
Consolidated	**2.304.195**	**2.257.345**	**28.227**	**21.143**	**2.304.195**	**2.257.345**

Table 9

- Income from ordinary activities, by geographical locations

	Fourth Quarter	
	2017	**2016**
Colombia	1.449.366	1.439.465
Central America	227.151	213.189
United States	170.722	179.501
Chile	187.653	182.852
Mexico	73.796	72.389
Peru	66.780	59.719
Dominican Republic and the Caribbean	41.877	36.806
Ecuador	34.897	32.931
Venezuela	-	708
Others	51.953	39.785
Total	**2.304.195**	**2.257.345**

Table 10

- Income from ordinary activities, by type of product

	Fourth Quarter	
	2017	**2016**
Foods	1.303.582	1.266.769
Beverages	493.912	511.290
Candy and Snacks	380.998	349.708
Others	125.703	129.578
Total	**2.304.195**	**2.257.345**

Table 11

c) Expenditure by nature

	Fourth Quarter	
	2017	**2016**
Inventory consumption and other costs	976.514	995.264
Employee benefits	391.154	348.619
Other services (1)	202.052	209.273
Other expenses (2)	119.494	127.867
Transport services	88.852	79.565
Depreciation and amortization	74.722	61.678
Leases	53.701	39.451
Seasonal services	62.138	76.207
Energy and gas	37.213	35.312
Advertising material	38.461	33.980
Maintenance	31.385	29.713
Fees	29.758	29.665
Taxes other than income tax	20.302	16.985
Insurance	8.765	8.646
Impairment of assets	3.146	2.152
Total	**2.137.657**	**2.094.377**

Table 12

(1) Other services include: marketing, cleaning and surveillance, shelving and displays, food, public services, commercial plan of action, software, and storage.

(2) The other expenses include spare parts, travel expenses, containers and packaging, fuels and lubricants, contributions and affiliations, commissions, taxis and buses, supplies and buildings, stationery and office supplies, cleaning and laboratory supplies, and legal expenses.

d) Other operating income (expenses), net

	Fourth Quarter	
	2017	**2016**
Indemnities and recuperations (1)	2.684	10.527
Disposal and removal of property, plant and equipment and intangibles	2.152	(940)
Donations	(1.008)	(6.613)
Government grants	897	902
Fines, penalties, litigation, and legal processes (2)	(2.677)	1.063
Other income and expenses	1.512	(231)
Total	**3.560**	**4.708**

Table 13

(1) In 2016, included is primarily income from the recognition of compensation for the loss that occurred, in a production plant in Bogotá.

(2) In 2016, included are the reversals of provisions for litigation, resulting from the probability of occurrence analyzes, realized at the end of the year.

e) Financial expenses

	Fourth Quarter	
	2017	**2016**
Loans interest	43.356	62.039
Bonds interest	8.598	11.421
Interest from financial leases	32	121
TOTAL INTEREST EXPENSES	**51.986**	**73.581**
Employee benefits	7.543	4.380
Other financial expenses	8.235	8.026
Total financial expenses	**67.764**	**85.987**

Table 14

f) Income tax expenses

	Fourth Quarter	
	2017	**2016**
Income tax	24.452	27.019
Income tax surcharges	627	-
Income tax for equity - CREE	-	6.059
CREE surcharge	-	4.065
TOTAL	**25.079**	**37.143**
Deferred taxes	(17.240)	(5.954)
Total tax expenses	**7.839**	**31.189**

Table 15

The income tax expenses, in the Fourth Quarter, is impacted mainly by the recognition, in the current taxes, that tax associated with the income obtained by the controlled entities from abroad, and that must be taxed in the name of the Parent Company, in accordance with the tax reform in Colombia, and because of the change in the tax rate in the United States, that impacts the deferred tax. Note 20 includes more detailed information, regarding regulatory changes and the impact on the tax expense.

NOTE 6.
Operating segments

Grupo Nutresa´s operating segments reflect its structure and how Management, in particular, the Board of Directors, evaluates the financial information for decision-making in operational matters. For the administration, businesses are assessed by combining geographic areas and types of products. The segments for which financial information are presented are as follows:

- Cold Cuts: Production and sale of processed meats (sausage, pepperoni, ham, and bologna burgers), matured meat (Serrano ham, Spanish chorizo, and salami), ready to eat meals, canned foods, and mushrooms.
- Biscuits: Production and marketing of sweet biscuits flavored lines, with crème filled wafers, and salted crackers, wafer-like crackers, and snacks.
- Chocolate: Production and sale of chocolate bars, chocolate (bars and milk modifiers), chocolate candies, granola bars, and nuts.
- TMLUC: Stands for Tresmontes Lucchetti, a business unit that produces and sells: instant cold drinks, pasta, coffee, snacks, edible oil, juices, soups, desserts, and teas.
- Coffee: Production and marketing of roasted and ground coffee, instant coffee (powdered, granulated, and freeze-dried) and coffee extracts.
- Retail Foods: Formats established for direct sale to consumers, like restaurants and ice cream parlors, where hamburger products, prepared meats, ice cream, and yogurt are offered.
- Ice Cream: This segment includes desserts, water and milk-based ice cream pops, cones, Ice cream by the liter, as well as, ice cream cups and biscuits with ice cream.
- Pasta: Produced and sold in Colombia, as short, long, egg, with vegetables, with butter, and instant pasta.

The Board of Directors monitors the operating results of the Business Units separately, for the purposes, of making decisions about allocating resources and assessing financial performance. The financial performance of the segments is evaluated, on the basis of operating revenues and EBITDA generated, which are measured uniformly with the Consolidated Financial Statements. Financing operations, investment, and tax management are managed centrally, and are therefore, not allocated to operating segment.

The Management Reports and the ones generated by accountancy of the Company use the same policies as described in the note of accounting criteria, and there are no differences, in totality, between the total measurements of results, with respect to the accounting policies applied.

Transactions between segments correspond mainly to sales of finished products, raw materials, and services. The sales price between segments corresponds to the cost of the product, plus a profit margin. These transactions are eliminated in the Consolidated Financial Statements.

Operating assets and liabilities are managed by the administration of each of the Grupo Nutresa Companies. Operating assets and liabilities are managed by the Administration of each of the Grupo Nutresa Companies, and are evaluated by each business segment, to evaluate the return on investment and the allocation of resources to each segment. Financial assets and liabilities are managed centrally and are not assigned to operating segments.

There are no individual customers whose transactions represent more than 10% of Grupo Nutresa's income.

6.1 OPERATING REVENUE

a) Income from ordinary activities, by segments

	External clients		Inter-segments		Total	
	2017	**2016**	**2017**	**2016**	**2017**	**2016**
Cold Cuts	1.824.182	1.991.966	25.668	16.939	1.849.850	2.008.905
Biscuits	1.768.435	1.737.656	11.505	14.659	1.779.940	1.752.315
Chocolate	1.463.734	1.420.720	22.180	20.784	1.485.914	1.441.504
TMLUC	978.246	980.900	2.223	1.266	980.469	982.166
Coffee	1.001.950	956.445	10.068	7.187	1.012.018	963.632
Retail Food	696.955	657.034	-	-	696.955	657.034
Ice Cream	423.460	436.396	2.712	2.042	426.172	438.438
Pasta	293.596	286.731	421	268	294.017	286.999
Others	245.046	208.792	-	-	245.046	208.792
TOTAL SEGMENTS	**8.695.604**	**8.676.640**	**74.777**	**63.145**	**8.770.381**	**8.739.785**
Adjustments and eliminations					(74.777)	(63.145)
Consolidated					**8.695.604**	**8.676.640**

Table 16

b) Information by geographical locations

The breakdown of sales to external customers is herewith detailed, by primary geographical locations, where the Group operates, and is as follows:

	2017	2016
Colombia	5.495.394	5.362.653
Central America	827.060	828.011
United States	708.453	707.255
Chile	706.723	709.093
Mexico	310.562	295.616
Peru	198.208	180.463
Dominican Republic and the Caribbean	156.773	145.384
Ecuador	124.890	121.140
Venezuela	334	188.536
Others	167.207	138.489
Total	**8.695.604**	**8.676.640**

Table 17

Sales information is carried out with consideration of the geographical location of the end-user customer.

c) Information by type of product

Given that some segments are also categorized by geographical location, sales to external customers are presented by product category as follows:

	2017	2016
Foods	4.724.057	4.728.118
Beverages	2.053.646	2.020.927
Candy and Snacks	1.470.386	1.390.596
Others	447.515	536.999
Total	**8.695.604**	**8.676.640**

Table 18

6.2 EBITDA

	Fourth Quarter							
	Operating Profit		Depreciation and Amortization		Unrealized Exchange Differences from Operating Assets and Liabilities		EBITDA	
	2017	2016	2017	2016	2017	2016	2017	2016
Cold Cuts	172.199	220.376	37.260	35.963	24	(12.865)	209.483	243.474
Biscuits	185.035	182.661	35.241	29.104	97	(1.046)	220.373	210.719
Chocolate	169.132	112.469	36.969	34.189	377	(33)	206.478	146.625
TMLUC	87.989	60.003	38.489	36.058	377	111	126.855	96.172
Coffee	97.817	132.338	23.105	21.401	(154)	1.299	120.768	155.038
Retail Foods	32.760	64.815	53.441	29.380	(1)	1	86.200	94.196
Ice Cream	11.445	23.015	30.822	30.671	70	(283)	42.337	53.403
Pasta	21.282	18.635	7.657	7.460	122	(36)	29.061	26.059
Others	(3.134)	659	5.016	3.866	742	(1.258)	2.624	3.267
Total segments	**774.525**	**814.971**	**268.000**	**228.092**	**1.654**	**(14.110)**	**1.044.179**	**1.028.953**

Table 19

NOTE 7.
Investments in subsidiaries

The following details financial information of the major subsidiaries that represent 94% of the gross equity of Grupo Nutresa. This information was taken from the Individual Financial Statements of the subsidiary companies at December 31st, certified and audited, subject to prescribed legal norms, in each country, where they operate, which are homologized, in order to, apply, in a uniform manner, the accounting policies and practices of the Parent and translated to the Colombian peso for the purposes of consolidation.

	2017					2016				
	Assets	**Liabilities**	**Equity**	**Profit for the Period**	**Total Comprehensive Income for The Period**	**Assets**	**Liabilities**	**Equity**	**Profit for the Period**	**Total Comprehensive Income for The Period**
Subsidiaries directly or indirectly 100% owned by Grupo Nutresa										
Grupo Nutresa S.A.	9.106.859	96.209	9.010.650	430.279	386.085	8.543.254	103.221	8.440.033	399.098	260.195
Nutresa Chile S.A.	1.593.797	62.256	1.531.541	(1.936)	(141)	1.467.723	55.097	1.412.626	508	(31)
Compañía de Galletas Noel S. A. S.	2.104.680	844.884	1.259.796	122.749	16.967	2.045.660	880.477	1.165.183	99.128	(63.543)
Compañía Nacional de Chocolates S.A.S.	1.680.375	544.653	1.135.722	103.404	31.026	1.621.352	595.814	1.025.538	58.332	(46.393)
American Franchising Corp. (AFC)	993.409	-	993.409	(23)	-	999.897	6	999.891	(17)	-
Alimentos Cárnicos S.A.S.	1.984.270	1.088.887	895.383	67.357	71.034	1.886.086	1.130.322	755.764	61.005	(4.608)
Tresmontes S. A.	1.267.098	518.850	748.248	15.306	1.373	1.171.679	497.826	673.853	15.592	(391)
Compañía de Galletas Pozuelo DCR S.A.	746.902	92.584	654.318	34.395	417	720.246	85.335	634.911	(56.484)	(3.319)
Lucchetti Chile S.A. (Newco)	716.414	69.960	646.454	614	122	656.474	61.699	594.775	5.989	(212)
Industria Colombiana de Café S.A.S.	1.336.268	773.567	562.701	21.382	25.612	1.350.441	731.123	619.318	39.909	(14.275)
Compañía Nacional de Chocolates del Perú S.A.	454.011	65.519	388.492	12.546	10	428.651	63.547	365.104	3.783	232
Abimar Foods Inc.	298.767	66.681	232.086	18.790	2.783	292.741	160.786	131.955	16.586	(1.218)
Inmobiliaria Tresmontes Lucchetti S.A. (Newco)	253.838	22.725	231.113	1.942	142	233.649	22.689	210.960	3.061	(28)
Meals Mercadeo de Alimentos de Colombia S.A.S.	673.403	458.108	215.295	(14.190)	(260)	779.130	551.423	227.707	4.774	(2.551)
Industria de Alimentos Zenú S. A. S.	339.259	133.827	205.432	16.227	340	350.471	141.653	208.818	23.528	(20.486)
Tresmontes Lucchetti S. A.	578.069	383.260	194.809	20.976	1.624	538.607	379.983	158.624	18.343	(521)
Novaventa S. A. S.	227.444	83.048	144.396	28.177	28	182.521	66.068	116.453	21397	-
Productos Alimenticios Doria S. A. S.	322.205	185.819	136.386	9.563	(391)	307.682	180.184	127.498	6.840	(1.452)
Tresmontes Lucchetti México S. A. De C. V.	195.144	65.668	129.476	7.933	(113)	178.190	61.523	116.667	(14.232)	1.337
Inmobiliaria y Rentas Tresmontes Lucchetti	129.792	548	129.244	3.739	124	115.489	-	115.489	-	-
Other companies(1)	2.766.309	1.784.229	982.080	37.050	(167)	2.726.853	1.842.241	884.612	28.536	(45.967)
Subsidiaries with non-controlling interest										
Novaceites S.A.	75.708	15.938	59.770	3.647	238	63.801	12.325	51.476	4.010	(13)
Setas Colombianas S.A.	65.751	14.711	51.040	3.897	-	65.958	16.127	49.831	5.051	-
Helados Bon	51.734	16.532	35.202	11.280	(349)	44.026	15.039	28.987	9.629	(553)
La Recetta Soluciones Gastronómicas Integradas S.A.S.	54.783	52.969	1.814	151	(9)	44.196	42.527	1.669	(25)	9
Fondo de Capital Privado "Cacao para el Futuro" – Compartimento A	46.469	17.617	28.852	734	-	40.132	12.014	28.118	720	-

Table 20

1) Other subsidiaries include equity of $982.080 (2016: $884.612) for the following companies: Alimentos Cárnicos de Panamá S.A., Compañía Nacional de Chocolates DCR. S.A., Nutresa S.A. de C.V., Serer S.A. de C.V., Pastas Comarrico S. A. S., Industrias Aliadas S.A.S., Tropical Coffee Company S. A. S., Molino Santa Marta S.A.S., Comercial Pozuelo Nicaragua S.A., Comercial Pozuelo Panamá S. A., Cía. Americana de Helados S.A., Americana de Alimentos S.A. de C.V., Comercial Nutresa S.A.S., Distribuidora POPS S.A., Corp. Distrib. de Alimentos S.A (Cordialsa), Comercial Pozuelo Guatemala S.A., Industrias Lácteas Nicaragua S.A., Comercial Pozuelo El Salvador S.A. de C.V., Cordialsa Usa, Inc., TMLUC Argentina S.A., Comercializadora Tresmontes Lucchetti S.A. de C.V., TMLUC Perú S.A., Tresmontes Lucchetti Servicios S.A., Fideicomiso Grupo Nutresa, Gestión Cargo Zona Franca S.A.S., Opperar Colombia S.A.S., Servicios Nutresa S.A.S., Promociones y Publicidad Las Américas S.A., TMLUC Servicios Industriales, S. A. de CV , Servicios Tresmontes Lucchetti S.A. de C.V., Aldage Inc., Litoempaques S.A.S., Servicios Nutresa Costa Rica S.A., Tresmontes Lucchetti Agroindustrial S. A., PJ COL S. A. S., LYC S. A. S., Schadel Ltda., New Brands S. A., IRCC S. A. S., Tabelco S. A. S., LYC Bay Enterprise INC., Sun Bay Enterprise INC., Gabon Capital LTD., Baton Rouge Holdings LTD., Perlita Investments LTD., El Corral Capital INC (Previously, El Corral Investments INC.).

NOTE 8.
Cash and cash equivalents

Cash and cash equivalents at December 31st includes the following:

	2017	2016
Cash and banks	307.520	149.987
Short-term investments	128.123	69.335
Total	**435.643**	**219.322**

Table 21

Short-term collocations are realized for varying periods of between one day and three months, depending on the immediate cash requirements of the Group and accrue interest at market rates of the respective short-term collocations. Balances with banks accrue interest at variable rates based on the return daily bank deposit rates. The average returns on cash and cash equivalents, in all currencies, is 3,6% (2016 - 4,1%).

At the end of December, $39.438 (2016: $34.588) was allocated as deposits, to support derivative contracts, as collateral or adjustments for margin call. On all other values, there are no restrictions for availability.

At December 31, 2017, the Group had $3.200.000 (2016: $2.500.000) available in committed unused credit lines.

NOTE 9.
Trade and other receivables

Trade and other receivables are detailed as follows:

	2017	2016
Customers	916.102	811.653
Accounts receivable from employees	41.087	39.201
Accounts receivable from related parties (Note 38)	18.010	17.515
Loans to third-parties	1.664	2.298
Dividends receivable (See Note 38)	6.185	12.496
Other accounts receivable	10.268	38.621
Impairment	(9.239)	(9.092)
Total trade and other receivables	**984.077**	**912.692**
Current portion	**957.568**	**889.197**
Non-current portion	**26.509**	**23.495**

Table 22

At December 31st, accounts receivable from customers have the following stratifications:

	2017	2016
Not overdue	657.786	610.866
Up to 90 days	234.759	178.150
Between 91 and 180 days	10.830	9.556
Between 181 and 365 days	9.767	8.116
More than 365 days	2.960	4.965
Total	**916.102**	**811.653**

Table 23

To ensure recovery of trade debts and other accounts receivable, "blank promissory notes" are constituted with letters of instruction, advances are solicited, bank guarantees, and, in some cases, collateral is requested. For loans to employees, mortgages and pledges are constituted, and promissory notes are signed.

According to the Company's assessment of historical information and portfolio analyses, as of December 31, 2017 and 2016, there is no objective evidence that overdue balances receivable present material risks of impairment that imply adjustments to the impairment recorded in the Financial Statements on those dates.

The reconciliation of recognized impairment on accounts receivable, is as follows:

	2017	2016
BOOK VALUE AT JANUARY 1ST	**9.092**	**13.169**
Impairment losses recognized during the period	13.477	11.082
Use during the period	(13.318)	(14.340)
Reversal of impairment losses for the period	(11)	(529)
Exchange differences	(1)	(377)
Other changes	-	87
Book value at December 31st	**9.239**	**9.092**

Table 24

Grupo Nutresa derecognizes, against the impaired value, in a corrective account, the values of the impaired portfolio considered manifestly lost, when there is evidence of inactive balances from, commercial customers, with over 360 days accounts, past due, to December 31st of each year. Grupo Nutresa recognizes the totality of losses due to impairment through a corrective account and not directly.

The book amount of accounts receivable from customers, is denominated in the following currencies:

	2017	2016
Colombian Pesos	414.274	381.628
US Dollars	214.023	158.975
Other currencies	287.805	271.050
Total	**916.102**	**811.653**

Table 25

NOTA 10.
Inventories

The balance of inventories, at December 31st included:

	2017	2016
Raw materials	283.142	304.804
Works in progress	65.170	55.754
Finished products	374.351	369.609
Packing materials	100.794	98.802
Consumable materials and spare parts	84.850	77.168
Inventories in transit	77.161	127.783
Adjustments to the net realizable values	(2.652)	(5.503)
Total	**982.816**	**1.028.417**

Table 26

The cost of the inventories, recognized as cost of the merchandise sold, during the period with respect to the continuous operations of the Consolidated Income Statement, corresponds to $4.445.093 (2016: $4.674.748).

Write- down inventories are recognized as expenses, in the amount of $61.825, during the period 2017 (2016: $65.478); these penalties are within the normal range expected by the Group, according to, the production process, and associated with factors of the type of product, such as expiration dates, rotation, and handling of food.

The impairment of inventories is determined based on an analysis of the conditions and the rotation of inventories. The estimate is recorded, against the results of the year, in the amount of $22 (2016: $944).

As of December 31st of 2017 and 2016, there are no inventories committed as collateral for liabilities. The Group expects to realize its inventories, in less than 12 months.

NOTA 11.
Biological assets

The biological assets, as of December 31st are as follows:

	2017	2016
Biological assets - cattle	45.131	42.763
Biological assets – pig	32.592	29.414
Forest plantation	3.795	3.500
Total	**81.518**	**75.677**

Table 27

The following are the amounts and principal locations of the biological assets:

	Quantities		Location
	2017	2016	
Biological assets – cattle (1)	30.282 Units	30.400 Units .	Antioquia, Cordoba, Cesar, Santander, Sucre y Caldas - Colombia
Biological assets – pig (1)	86.408 Units	73.251 Units .	Antioquia and Caldas - Colombia
	11.826 Units	12.418 Units .	Provincia de Oeste - Panama
Crops			
Mushroom crops (2)	40.290 mts^2	40.290 mts^2	Yarumal - Colombia

Table 28

(1) Pork livestock farming in Colombia is carried out own farms, farms in participation, and leased farms; its production is used as raw material for the development of business products of the Cold Cuts Business.

Pigs and cattle, in Colombia, are measured at fair value, using as a reference, the market values published by the National Association of Pig Farmers and livestock auctions at fairs in each location; this measurement is at the Level 2 of the fair value hierarchy, of IFRS 13. At December 31, 2017, the price per average kilo of the pig livestock used in the valuation is $5.700 (2016: $6.009); for cattle a price per average kilo of $3.879 (2016- $4.034) was used.

The value of pigs that are produced in Panama, in December 2017, is $4.973 (2016: $4.709), are measured upon initial recognition under the cost model, taking into account, that there is no active market in said country.

(2) Mushroom crops are used by Setas Colombianas S.A., in its production process, located in Yarumal, Colombia. Are measured under the cost model, considering that there no active market exists, for these crops. Mushroom crops are used by Setas Colombianas S.A. in its production process, located in Yarumal - Colombia. It is measured under the cost model, taking into account that there is no active market for these crops, and that the productive cycle is short-term, close to 90 days.

The gain for the period, due to changes in fair value minus the costs to sell of biological assets, is $4.743 (2016: $8.696), and is included in the profit and loss in operating income.

At the end of the reporting period, and the comparative period, there are no restrictions on the ownership of the Group's biological assets, nor significant contractual commitments for its development or acquisition, and have not been pledged as collateral for debt compliance.

NOTE 12.
Other assets

Other assets are comprised of the following:

	2017	2016
Current taxes (Note 20.2)	184.192	208.803
Prepaid expenses (1)	29.436	29.009
Financial derivative instruments (Note 21.6)	7.847	9.020
TOTAL OTHER CURRENT ASSETS	**221.475**	**246.832**
Non-current taxes (Note 20.2)	47.343	970
Prepaid expenses (1)	6.638	5.915

Other financial instruments measured at fair value (2)	46.371	40.109
Other non-current assets	-	1.667
TOTAL OTHER NON-CURRENT ASSETS	**100.352**	**48.661**
Total other assets	**321.827**	**295.493**

Table 29

(1) The expenses paid in advance, correspond mainly to insurance in the amount of $15.621 (2016: $12.397), leases for $1.158 (2016: $1.068) and contractors for $333 (2016: $4.223

(2) Other financial instruments measured at fair value corresponding to the rights held by the private equity "Cacao para el futuro" - Compartment A, in cocoa plantations. See Note 37 for the information for the measurement of the fair value of this asset.

NOTE 13.
Non-current assets held for sale

Grupo Nutresa has been developing some construction projects of the distribution centers, under the "build to suit" modality, for warehousing of finished product, for the secondary distribution, in different cities of Colombia. This initiative is framed under the strategy of sustainable development in construction, and also, it guarantees the welfare of conditions for Human Resources, as well as the product. Under this approach, Grupo Nutresa realizes the design and construction of the properties, which, once completed, are sold to a real estate fund, to be then taken into operating leases, by Grupo Nutresa, thus achieving a significant release of working capital..

As of December 31, 2016, the balance amounted to $100,330, which included machinery and equipment, in the amount of $631, land acquired, in the amount of $15,586, and construction in progress, in the amount of $84,113, which is primarily for investments in 5 real estate projects associated with these distribution centers. During 2017, the sale of these properties was realized, in the amount of $148,419, and additional investments were realized, in the amount of $41,614. The balance of these assets, as of December 31, 2017, is expected to be sold during the year 2018.

NOTE 14.
Investments in associates and joint ventures

Investments in associates and joint ventures as of December 31st included:

			Book Value		2017		2016	
	Country	**% participation**	**2017**	**2016**	**Share of Profit and Loss for the Period**	**Share of Other Comprehensive Income**	**Share of Profit and Loss for the Period**	**Share of Other Comprehensive Income**
ASSOCIATES								
Bimbo de Colombia S.A.	Colombia	40	139.867	132.627	6.745	495	5.406	(1.084)
Dan Kaffe Sdn. Bhd	Malasia	44	26.987	22.733	174	4.080	1.158	(2.311)
Estrella Andina S.A.S.	Colombia	30	9.574	6.025	(943)	(8)	(459)	-
JOINT VENTURES								
Oriental Coffee Alliance Sdn. Bhd	Malasia	50	3.372	3.125	52	195	(2)	(19)
Other investments			651		(34)	-		
Total associates and joint ventures			**180.451**	**164.510**	**5.994**	**4.762**	**6.103**	**(3.414)**

Table 30

Bimbo de Colombia S.A. is a company domiciled in Tenjo, Colombia, dedicated primarily to the manufacturing of baked goods.

Dan Kaffe Sdn. Bhd. is a company dedicated to the production of frozen coffee extract and dry instant coffee. It is a strategic partner for the coffee business due to their high production standards, ideal location, and growth potential, as it allows for combination of the world-class Colcafé, soluble coffee experience, and with deep knowledge of the Japanese partner of the Asian market, the flavor, ingredients, and advanced technologies, provisioning capabilities of pending raw materials, and widespread commercial network, throughout the region.

Estrella Andina S.A.S. is a simplified joint stock company, engaged in the marketing of ready-made meals in coffee shops.

Oriental Coffee Alliance Sdn. Bhd. is a company dedicated to the sale of Dan Kaffe Malaysia (DKM) products, as well as, some Colcafé products and also part of the Group, in Asia. This partnership with the Mitsubishi Corporation, allows Grupo Nutresa advance their initially set objectives, with the acquisition of DKM, to expand its role in the global coffee industry, diversify production, and the origin of its soluble coffee, and break into the rapid growth market of coffee in Asia.

The movements of investments in associates and joint ventures, are as follows

	2017	2016
Opening balance at January 1st	**164.510**	**109.021**
Increase of contributions (*)	5.185	52.800
Participation in profit and loss for the period	5.994	6.103
Participation in other comprehensive income	4.762	(3.414)
Balance at December 31st	**180.451**	**164.510**

Table 31

(*) Increase in contributions in associates and joint ventures

- On May of 2017, an increase in the capital of de Estrella Andina S.A.S., was realized, in which Grupo Nutresa invested $4.500, without generating changes in the percentage of participation. In addition, other investments were realized, in the amount of $686..
- In January 2017, a payment was realized, in the amount of $16,217 (2016: $36,583), corresponding to the payable balance of the capitalization, realized in 2016, to Bimbo de Colombia S.A. In March 2016, the General Shareholders' Meeting of Bimbo de Colombia S.A. authorized an extension of capital in the amount of $132,000, in order to develop the investment projects planned for this year; Grupo Nutresa realized an investment of $52,800, without generating changes in its percentage of participation. Grupo Nutresa considers that the future flows derived from this investment will be sufficient to cover the book value of the investment.

During the period covered by these Financial Statements, no dividends were received from these investments.

The following is a summary of financial information of associates and joint ventures:

	2017					2016				
	Assets	**Liabilities**	**Equity**	**Profit and Loss**	**Total Comprehensive Income for the Period**	**Assets**	**Liabilities**	**Equity**	**Profit and Loss**	**Total Comprehensive Income for the Period**
Associates										
Bimbo de Colombia S.A.	635.443	285.776	349.667	16.278	395	511.912	218.613	293.299	13.516	(876)
Dan Kaffe Sdn. Bhd	82.498	20.233	62.265	378	1.859	70.726	16.054	54.672	2.533	(1.185)
Estrella Andina S.A.S.	35.391	3.307	32.084	(2.802)	-	22.880	2.964	19.916	(1.531)	-
Joint Ventures										
Oriental Coffee Alliance Sdn. Bhd	3.797	386	3.411	107	42	4.079	1.063	3.016	(5)	-

Table 32

None of the associates and joint ventures, help by the Group are listed on a stock market, and consequently, there are no quoted market prices for the investment.

NOTA 15.
Other Non-Current Financial Assets

Grupo Nutresa classifies portfolio investments that are not held for trading, as financial instruments measured at fair value, through "other comprehensive income.

The results for the period include income from dividends on said instruments, and are recognized, by Nutresa, on the date that the right to receive future payments is established, which is the date of declaration of dividends by the issuing company. The "other comprehensive income" includes changes in the fair value of these financial instruments.

The breakdown of financial instruments is as follow:

Book Value	Number of Shares Held	Participation as % in Total Ordinary Shares	2017	2016
Grupo de Inversiones Suramericana S.A.	59.387.803	12,66	2.393.328	2.268.614
Grupo Argos S.A.	79.804.628	12,36	1.666.321	1.538.633
Other companies (*)			74.314	77.959
			4.133.963	**3.885.206**

Table 33

	2017		2016	
	Dividend Income	Profit on Fair Value Measurement	Dividend Income	Profit on Fair Value Measurement
Grupo de Inversiones Suramericana S. A.	28.981	124.714	27.081	148.470
Grupo Argos S. A.	24.740	127.688	22.904	245.798
Other companies	665	-	560	755
	54.386	**252.402**	**50.545**	**395.023**

Table 34

The value of the dividend per share decreed for 2017, by this issuance was $310 (pesos) and $488 (pesos), per year, per share, corresponding to Grupo Argos S.A. and Grupo de Inversiones Suramericana S.A., respectively. Grupo Argos S.A. will pay quarterly dividends, in the amount of $77,5 (pesos). The dividends, declared by Grupo de Inversiones Suramericana S.A., were received in totality, in April 2017, as 805.638 preference shares, which were sold between April and May of 2017. The dividends received generate an impact in the cash flows, in the amount of $61.928 (2016: $49.661).

For 2016, the annual value, per share, was $287 (pesos), ($71,75 pesos per quarter), for Grupo Argos S.A., and $456 (pesos) ($ 114 pesos per quarter) for Grupo de Inversiones Suramericana S.A.

Dividend income recognized in March 2017 and 2016, for portfolio investments, corresponds to the total annual dividend declared by the issuers, and no similar income for the remainder of the year is expected

At December 31, 2017, accounts receivable from dividends of financial instruments are in the amount of $6.185 (2016: $12.496), see note 9.

At December 31, 2017, there were pledges for 30.775.000 (2016: 36.875.000) shares of Grupo de Inversiones Suramericana S.A., in favor of financial entities in Colombia, as collateral for obligations contracted by Grupo Nutresa and its subsidiaries.

See Note 37 for information on the fair value measurement of these investments.

(*) These investments correspond mainly to the investments that Grupo Nutresa has in Venezuela, in Industrias Alimenticias Hermo de Venezuela S.A. and Cordialsa Noel Venezuela S.A. See Note 3.1.1.

NOTE 16.

Property, plant and equipment, neT

The movement of property, plant and equipment occurring during the period, is as follows:

	Land	Buildings	Machinery and Production Equipment	Transportation Equipment	Computer Equipment	Office Equipment	Leasehold Improvements	Assets in Progress	lantations in development	Total
Cost	781.644	891.388	2.260.229	23.464	33.963	51.888	116.709	143.713	7.433	4.310.431
Depreciation and/or impairment	(311)	(140.005)	(680.856)	(14.040)	(18.765)	(30.941)	(34.567)	-	-	(919.485)
Balance at January 1, 2017	**781.333**	**751.383**	**1.579.373**	**9.424**	**15.198**	**20.947**	**82.142**	**143.713**	**7.433**	**3.390.946**
Acquisitions	1.551	4.626	14.107	4.013	4.008	2.150	29.696	183.873	-	244.024
Disposals	-	-	(3.375)	(4.149)	39	(155)	(13)	4	-	(7.649)
Depreciation	-	(33.902)	(181.536)	(2.882)	(5.464)	(6.344)	(21.404)	-	-	(251.532)
Impairment	-	-	(158)	-	(2)	-	-	-	-	(160)
Transfers	(251)	5.609	161.980	1.509	759	8.185	2.024	(190.629)	-	(10.814)
Currency translation impact	7.296	7.473	11.555	110	491	648	33	1.554	-	29.160
Capitalization and consumption	-	-	-	-	-	-	-	-	1.696	1.696

Cost	790.239	911.066	2.442.413	23.645	39.833	61.512	142.000	138.515	9.129	4.558.352
Depreciation and/ or impairment	(310)	(175.877)	(860.467)	(15.620)	(24.804)	(36.081)	(49.522)	-	-	(1.162.681)
Balance at December 31, 2017	**789.929**	**735.189**	**1.581.946**	**8.025**	**15.029**	**25.431**	**92.478**	**138.515**	**9.129**	**3.395.671**
Cost	778.971	910.913	2.059.609	22.433	30.186	47.113	102.462	180.986	5.699	4.138.372
Depreciation and/ or impairment	(327)	(103.136)	(560.123)	(12.614)	(17.110)	(29.256)	(26.385)	-	-	(748.951)
Balance at January 1, 2016	**778.644**	**807.777**	**1.499.486**	**9.819**	**13.076**	**17.857**	**76.077**	**180.986**	**5.699**	**3.389.421**
Acquisitions	-	872	11.950	2.092	6.243	4.754	19.971	283.676	-	329.558
Disposals	(96)	(4.335)	(7.299)	(653)	(35)	(19)	(117)	(3.194)	-	(15.748)
Depreciation	-	(33.195)	(157.513)	(2.913)	(4.273)	(4.683)	(12.459)	-	-	(215.036)
Impairment	-	-	(173)	(5)	(4)	-	-	-	-	(182)
Transfers	10.537	17.444	275.066	1.664	812	4.038	(878)	(307.161)	-	1.522
Classification to financial instruments (Venezuela)	(526)	(18.509)	(12.381)	(34)	(73)	(59)	-	(6.778)	-	(38.360)
Adjustments in hyperinflationary economies	262	10.274	8.319	6	(32)	85	-	3.527	-	22.441
Currency translation impact	(7.488)	(28.945)	(38.082)	(552)	(516)	(1.026)	(452)	(7.343)	-	(84.404)
Capitalization and consumption	-	-	-	-	-	-	-	-	1.734	1.734
Cost	781.644	891.388	2.260.229	23.464	33.963	51.888	116.709	143.713	7.433	4.310.431
Depreciation and/ or impairment	(311)	(140.005)	(680.856)	(14.040)	(18.765)	(30.941)	(34.567)	-	-	(919.485)
Balance at December 31, 2016	**781.333**	**751.383**	**1.579.373**	**9.424**	**15.198**	**20.947**	**82.142**	**143.713**	**7.433**	**3.390.946**

Table 35

(*) Our own cocoa plantations are experimental and aim to promote the development of cocoa crops through agroforestry systems (cocoa - timber), with the Country's farmers.

Currently, there is a sowed area with 170 hectares of a project that will reach approximately 200 cultivated hectares by 2022. The plant achieves its maximum production at approximately 7 years, with two crops per year, and an expected useful life of 25 years. The Group's Management established that the project has not reached its optimum level of operation and fine-tuning, with which, in December 2017, the Company applied the amendment to IAS 41 Agriculture and IAS 16 Property, plant and equipment, which gives the production plants the treatment of property, plant and equipment; as part of this change in accounting policies, $9,129 was transferred to Property, Plant and Equipment, corresponding to the historical costs of the plantations, at the time of reclassification. See Note 3.4 for information of changes in accounting policies.

As of December 31, 2017 and 2016, there was collateral of property, plant and equipment, of $178.910, to cover financial obligations or credit quotas.

The main acquisitions during 2017, correspond to the opening of stores for the Food to Consumer business, whose disbursements are associated with the premises improvements realized at the points of sale, the purchase of dispensing machines, the opening of new pasta production lines, and the replacement of assets in business. In 2016, this was part of the purchase of the cattle slaughtering plant in the meat business and new production lines for pasta and biscuits.

Grupo Nutresa, at the end of each year, evaluates the useful lives of its properties, plant and equipment. During the year, it was determined that there are no significant changes in the estimate of useful lives.

NOTE 17.
Investment properties

The movement of investment properties is detailed, during 2017 and 2016, as follows:

	Land	Buildings	Total
Cost	68.336	4.040	72.376
Depreciation and impairment	-	(534)	(534)
Balance at January 1, 2017	**68.336**	**3.506**	**71.842**
Depreciation		(184)	(184)
Transfers	647		647
Impact of differences of currency translation		1	1
Cost	68.983	4.041	73.024
Depreciation and impairment	-	(718)	(718)
Balance at December 31, 2017	**68.983**	**3.323**	**72.306**
Cost	68.336	14.777	83.113
Depreciation and impairment	-	(720)	(720)
Balance at January 1, 2016	**68.336**	**14.057**	**82.393**
Depreciation	-	(184)	(184)
Transfers	-	(2.641)	(2.641)
Impact of differences of currency translation	-	(7.726)	(7.726)
Cost	68.336	4.040	72.376
Depreciation and impairment	-	(534)	(534)
Balance at December 31, 2016	**68.336**	**3.506**	**71.842**

Table 36

At December 31, 2017 and 2016, there were no materials commitments for acquisition or construction of the investment properties.

Income included in the Income Statement, derived from income from investment properties, amounted to $1.162 (2016: $1.158).

NOTE 18.
Goodwill

The movement of book values of goodwill, assigned to each one of the segments of the Group, is as follows:

2017

Reportable Segment	CGU	Balance at January 1 2017	Exchange Differences	Balance at December 31,
Retail Foods	Grupo El Corral	534.811	-	534.811
	Grupo Pops	170.494	-	170.494
	Helados Bon	51.530	-	51.530
Coffee	Industrias Aliadas S. A. S.	4.313	-	4.313
Cold Cuts	Setas Colombianas S. A.	906	-	906
Chocolate	Nutresa de México	180.071	2.231	182.302
Biscuits	Abimar Foods Inc.	96.546	-	96.546
	Galletas Pozuelo	34.099	(827)	33.272
TMLUC	Grupo TMLUC	961.684	82.368	1.044.052
		2.034.454	**83.772**	**2.118.226**

2016

Segmento reportable	CGU	Balance at January 1 2017	Exchange Differences	Balance at December 31,
Retail Foods	Grupo El Corral	534.811	-	534.811
	Grupo Pops	170.494	-	170.494
	Helados Bon	51.530	-	51.530
Coffee	Industrias Aliadas S. A. S.	4.313	-	4.313
Cold Cuts	Setas Colombianas S. A.	906	-	906

Chocolate	Nutresa de México	182.642	(2.571)	180.071
Biscuits	Abimar Foods Inc.	96.546	-	96.546
	Galletas Pozuelo	36.995	(2.896)	34.099
TMLUC	Grupo TMLUC	955.166	6.518	961.684
		2.033.403	**1.051**	**2.034.454**

Table 37

18.1 EVALUATION OF THE IMPAIRMENT OF THE VALUE OF GOODWILL

Goodwill is not subject to amortization. The Group annually reviews the existence of impairment, by comparing the book value of the net assets, assigned to the Cash Generating Unit (CGU), to its recoverable value. During the current and prior period, no impairment losses were recognized from goodwill. For each CGU or group of CGUs subject to evaluation, the recoverable value is greater than its book value.

The recoverable amount for CGUs, associated to all segments, was estimated based on fair value less disposal cost (FVLCS), applying the discounted cash flow methodology, minus the disposal cost. To apply this methodology, we use the weighted average cost of capital (WACC), as the discounted rate, which weights the cost of the shareholders with the cost of the debt. The estimation of the variables, for both for the cost of capital and the debt, is based on market information available at the valuation date. All flows have been discounted, according to the specific rate, for the relevant region, and incorporating the determining variables of each CGU, in the WACC estimate. The average discount rate used, is in a range established, between 7.3% and 11.1% (2016 - between 8% and 14%).

Cash flows have been projected for a period of 10 years, which includes 5 years of explicit plans and 5 additional years, where a stabilization period is projected, with a decreasing convergence equivalent to the expected nominal economic performance and long-term growth in perpetuity, giving more consistency to the normal evolution of business and its projections. These flows have been established based upon the Group's experience and using the best estimates by the Administration and adjusting them, based on historical results. These projections include those projects that are currently authorized.

The operating income included in the future flows corresponds to the revenues of the businesses that make up the CGU or Group of CGUs, and the projected comportment takes into account, the expected evolution of the market and the growth strategies approved by the Management, for the years in the period of projection, and determined at the moment of defining the evolution of the gross margin, which includes a study of cost factors based on the projected efficiencies of the Administration.

Grupo Nutresa uses a specific growth rate that is lower than the average long-term growth rate for the industry and is within a range between 0% and 1.5%, depending on the economic development of the country in which the CGU is located, and is indexed to the corresponding inflation.

Grupo Nutresa considers that there are no foreseeable situations that could impact the key assumptions used in the impairment assessment, in such a way that the book value of a CGU exceeds its recoverable value.

NOTE 19.
Other intangible assets

	Brands	Software and Licenses	Concessions and Franchises (*)	Others	Total
Cost	1.145.839	35.660	54.877	7.131	1.243.507
Depreciation and impairment	(58.147)	(20.631)	(755)	(303)	(79.836)
Balance at January 1, 2017	**1.087.692**	**15.029**	**54.122**	**6.828**	**1.163.671**
Acquisitions	-	3.448	422	5.399	9.269
Amortization	(3.974)	(3.972)	(9.561)	(456)	(17.963)
Transfers	227	150	(20)	1.359	1.716
Impact of currency translation	24.399	223	(9)	44	24.657
Cost	1.170.638	40.847	54.951	13.931	1.280.367
Depreciation and impairment	(62.294)	(25.969)	(9.997)	(757)	(99.017)
Balance at December 31, 2017	**1.108.344**	**14.878**	**44.954**	**13.174**	**1.181.350**
Cost	1.160.527	41.242	54.351	3.627	1.259.747
Depreciation and impairment	(54.714)	(24.465)	(564)	(47)	(79.790)
Balance at January 1, 2016	**1.105.813**	**16.777**	**53.787**	**3.580**	**1.179.957**
Acquisitions	-	4.448	607	3.053	8.108

Amortization	(4.125)	(5.679)	(192)	(256)	(10.252)
Transfers	-	(510)	-	458	(52)
Impact of currency translation	(13.996)	(7)	(80)	(7)	(14.090)
Cost	1.145.839	35.660	54.877	7.131	1.243.507
Depreciation and impairment	(58.147)	(20.631)	(755)	(303)	(79.836)
Balance at December 31, 2016	**1.087.692**	**15.029**	**54.122**	**6.828**	**1.163.671**

Table 38

(*) The increase presented in the amortizations for the concessions and franchises, corresponds to the evaluation at the end of each year, of the remaining useful lives.

19.1 BRANDS

This corresponds to the brands acquired through business combinations or transactions with third parties.

The following table shows the allocation of brands to each business segment and the classification by useful life at December 31st of 2017 and 2016:

2017

Reportable Segment	Finite Useful Life Brands	Indefinite Useful Life Brands	Total
Retail Foods	-	267.865	267.865
Cold Cuts	901	-	901
Chocolate	-	17.341	17.341
Biscuits	-	178.846	178.846
Ice Cream	284.035	-	284.035
TMLUC	-	359.356	359.356
Total	**284.936**	**823.408**	**1.108.344**

2016

Reportable Segment	Finite Useful Life Brands	Indefinite Useful Life Brands	Total
Retail Foods	-	268.327	268.327
Cold Cuts	1.031	-	1.031
Chocolate	-	16.840	16.840
Biscuits	-	183.293	183.293
Ice Cream	287.196	-	287.196
TMLUC	-	331.005	331.005
Total	**288.227**	**799.465**	**1.087.692**

Table 39

The brands with finite useful lives have useful life residuals of 90 years.

Brands with a net book value of $823.408 (2016: $799.465) are considered to have indefinite useful lives, due to the fact that a consistent basis it is not determined, in reference to the flows that are expected to generate each one of the brands; these assets are not amortized and are assessed for impairment, annually.

19.1.1 IMPAIRMENT OF THE VALUE OF BRANDS WITH INDEFINITE USEFUL LIVES

The brands that have indefinite useful lives are subject, annually, to an assessment of impairment, using the projection of future cash flows, to determine its fair value; in this assessment, such variables, as: the discounted rate, the increased rate of long-term, among other variables, similar to those used in the impairment assessment of goodwill (See Note 16.1), are taken into account. During 2017 and 2016, no losses from impairment of brands were not recognized.

In relation to intangible assets with finite useful lives, Grupo Nutresa considers that there are no situations that can impact the projections of expected results, in the remainder of the useful life, and in whose opinion, to December 31st of 2017 and 2016, there exists no indications of impairment of intangible assets with a finite useful life.

NOTE 20.
Income taxes and payable taxes

20.1 APPLICABLE NORMS

The effective and applicable tax norms, state that nominal rates of income tax for Grupo Nutresa, are as follows:

Income tax %	2016	2017	2018	2019	2020
Colombia (*)	40,0	40,0	37,0	33,0	33,0
Chile	24,0	25,5	27,0	27,0	27,0
Costa Rica	30,0	30,0	30,0	30,0	30,0
Ecuador	22,0	22,0	22,0	22,0	22,0
El Salvador	30,0	30,0	30,0	30,0	30,0
United States	34,0	34,0	21,0	21,0	21,0
Guatemala	25,0	25,0	25,0	25,0	25,0
Mexico	30,0	30,0	30,0	30,0	30,0
Nicaragua	30,0	30,0	30,0	30,0	30,0
Panama	25,0	25,0	25,0	25,0	25,0
Peru	28,0	29,5	29,5	29,5	29,5
Dominican Republic	27,0	27,0	27,0	27,0	27,0

Table 40

(*) The Grupo Nutresa companies, that have signed tax stability contracts, as of January 2017, generate taxes to the stabilized rate of 33%, and not 40%, (34% tax, plus a surcharge of 6%), as established by the Law 1819 of 2016.

a) Colombia:

Until taxable year 2016, tax revenues were taxed at the rate of 25% as income tax, in addition, to income tax for equity "CREE", a rate of 9% was applicable, with a surcharge of 6%. The Structural Tax Reform - Law 1819 of December 29, 2016 – aside of repealing the income tax for equity - CREE, as of January 1, 2017, modified the income tax rate, as well, as follows:

	Before the Reform	Within the Reform	Nominal Variation
2017	Income tax: 25% CREE: 9% CREE surtax: 8% (RL*>800 Million) Total: 42%	Income tax: 34% Income surtax: 6% (RL*>800 Million) Total: 40%	Reduction of 2%
2018	Income tax: 25% CREE: 9% CREE surtax: 9% (RL*>800 Million) Total: 43%	Income tax: 33% Income surtax: 4% (RL*>800 Million) Total: 37%	Reduction of 6%
2019 Forward	Income tax: 25% CREE: 9% Total: 34%	Income tax: 33% Total: 33%	Reduction of 1%

Table 41

*TB: Tax Base

Additionally, the tax reform introduced limitations on tax deductions and discounts, as well as additional tax charges, such as the obligation to pay tax on unearned income, obtained by foreign companies that are controlled by companies domiciled in Colombia. On the other hand, even when the tax regulation begins to be based on the IFRS accounting technical framework, it maintains strict exclusions in the standard that implies the recognition of income or deductions in periods other than accounting periods and differences in recognition and measurement systems.

The restrictions on deductions correspond mainly to the non-deductibility of the unrealized exchange difference, limitation on the deduction for benefits to employees, the requirement of payment, the accrual of the industry and commerce tax for its deduction, and the ceilings on the rates of annual depreciation and establishment of terms of time for the recognition of the customer loyalty plan. On the other hand, donations made to entities belonging to the special tax regime will not be deductible but will allow the discount in the tax equivalent to 25% of the value donated.

The tax deductions applied in the Income Statement may not exceed 25% of the income tax charged to the taxpayer, in the respective taxable year, with the possibility of applying the excess in the taxable period following the one in which the donation was realized, if the discount is related to donations to companies pertinent to the special tax regime.

The finality of the tax returns, changed from 2 to 3 years. However, for companies' subject to the transfer pricing regulation, the finality will be 6 years and the declarations that originate or offset fiscal losses will be finalized in 12 years.
The tax losses, which did not an expiration for compensation with the tax base, in future tax returns, were effective through the Law 1819 of 2016, with a limit for their compensation of 12 years.
Other changes, introduced by the tax reform, were the increase in the general rate of VAT from 16% to 19%, modification of the rental rate for legal entities that are users of the free zone, from 15% to 20%, and the change on the assumption that the taxpayer's net income is not less than 3.5% of the net assets of the immediately preceding period, when it was only 3%.

b) Chile

In Chile, the law implemented separate "capital income" and "earned income" systems. The first are taxed with tax class act, which mainly impacts businesses. This tax has a fixed rate of 24%, 25,5% and 27% for the years 2016, 2017 and 2018 and following, respectively, on the tax base, which is calculated effecting aggregates or decreases mandated by law. The tax paid in this way, is imputable against the Global Complementary, which taxes the entire income of natural persons residing in the country; or additional, levies on income generated in Chile, to natural and legal persons, residing outside the country, according to, the case.

c) Costa Rica

Income tax is calculated based on the actual income for the year, with advances during the estimated year. The provisions for taxes on income accounts includes, in addition, taxable income tax for the year, the tax effect applicable to temporary differences between accounting and tax items, used for calculation of income tax. The value of tax such differences are recorded in an account of deferred income tax. The rate of income tax is 30%.

d) Ecuador

According to the Law of Tax Regime, companies incorporated in Ecuador, have tax incentives applications for investments that run in any part of the country, which is the progressive reduction of percentage points in the tax rent, and they're subject to the tax rate of 22%.

e) United States

The U.S. tax reform, effective as of January 1, 2018, established a new corporate rate of 21% to replace the 34% that was being applied; in addition to the special tax on profits maintained abroad of 15%, if they are kept in cash, and 8% if they are invested in assets. Likewise, international tax planning measures are created, that seek to combat the erosion of the tax base and establish the exemption for dividends from foreign subsidiaries. At the end of 2017, the company recognized the deferred tax at the corporate rate of 21%, as it is the rate applicable in the taxable year 2018 and those following.

Tax rules applicable from the year 2018

differences that arise between the new regulatory technical frameworks and the Colombian Tax Statute. For this, the Decree 1998 of November 30, 2017 and Resolution 73 of December 29 of 2017 that regulate the fiscal conciliation referred to in Law 1819 of 2016 and that should be implemented in the year 2018 to inform the taxable year 2017, as an integral part of the Income Statement of the same taxable year, were issued.

Additionally, in consideration of Article 108 of Law 1819 of 2016 and Action 13 of the BEPS OECD/G20 project, Resolution 71 of December 29, 2017 is issued, which establishes the procedure for the presentation of the Country by Country Report, that is part of the standardized approach in three levels of the documentation on transfer prices and that will contain information relative to the global allocation of income and taxes, paid by the multinational group, and the indicators related to the economic activity, at a global level, corresponding to the 2016 taxable year, as a term of presentation in February of the year 2018.

20.2 TAX ASSETS

Tax assets are presented in the Statement of Financial Position, under "other current assets" and "other non-current assets". The balance includes:

	2017	2016
Income tax and complementaries (1)	146.579	123.903
Income tax for equity "CREE "(2)	9.452	16.805
Equity tax (3)	-	49.486
Sales tax	25.360	15.801
Other taxes	2.801	2.808
Total current tax assets (Note 12)	**184.192**	**208.803**
Claims in process (3)	47.343	970
Total non-current tax assets (Note 12)	**47.343**	**970**
Total tax assets	**231.535**	**209.773**

Table 42

(1) Income tax assets and complementary, include auto-withholdings of $10.487 (2016: $8.648), credit balances of $93.599 (2016: $94.883), tax advances of $37.201 (2016: $20.162), tax rebates for $1.602 (2016: $56), and withholding income tax $3.690 (2016: $154).

(2) Assets from income tax for equity " CREE" include credit balances of $9.452 (2016: $14.910) and auto-withholdings of $0 (2016: $1.895).

(3) Grupo Nutresa has six (6) companies that signed legal stability contracts in 2009 with the Colombian government; one of the stabilized taxes was the property tax, which, due to the tax authority's disposition, had to be declared and paid. However, there is a legal right to request a refund for the payment of the un-owed, in the amount of $49,486. Protected by Article 594-2 of the Tax Statute, which indicates that the tax obligations presented by those not obliged to declare, do not produce legal effects, in Judgment 05001-23-31-000-2012-00612-01 [21012] and Judgment 18636 of August 30, 2016. The claims for the payment of the not owed are advanced, remaining pending to be resolved the value of $46,435, value classified as non-current assets as it is expected to be resolved in a term superior to twelve months following the date of this report. On December 31, 2017, after the rejection of the first 2 installments of the equity tax, a decision was made to go to judicial proceedings, before the Administrative Litigation, in an effort to seek a resolution rights claimed. Similar actions will be taken for the rejections that are expected from the DIAN, that argues the statute of limitations of the claim over the first two installments. For the property tax installments from the third to the eighth, having obtained the admission of some refund requests, admission for all the applications corresponding to said quotas, is expected to obtain.

As a result of these claims, income of $11,521, recognized in the Statement of Comprehensive Income, as "other income", and $37,965 in the Statement of Changes in Equity was recognized in 2016. During 2017, Grupo Nutresa has recognized claims in the amount of $6,364, including $3,313 for recognition of interests recorded in the Statement of Comprehensive Income, in the "other income".

20.3 INCOME TAXES AND PAYABLE TAXES

The current taxes payable balances include:

	2017	2016
Income tax and complementary	63.412	39.336
Income tax for equity - CREE	-	8.478
Sales tax payable	95.321	79.453
Withholding taxes, payable	31.081	28.556
Other taxes	17.962	7.539
Total	**207.776**	**163.362**

Table 43

The Group applies the laws with professional judgment to determine and recognize the provision for current tax and deferred income, on its Consolidated Financial Statements. The final tax determination depends on the new regulatory requirements, the existence of sufficient taxable profit for the use of fiscal benefits, as the treatment of untaxed income, and special deductions, according to the current regulations and applicable, and the analysis of favorability probability of expert opinions. The Group recognizes liabilities, for anticipated tax audits, observed based on estimates, if applicable pay additional taxes. When the final tax outcome of these situations is different, from the amounts that were initially recorded, differences are charged to tax on current and deferred income assets and liabilities in the period in which this fact is determined.

20.4 INCOME TAX EXPENSES

Current income tax expenses are as follows:

	2017	2016
Income tax	140.020	127.915
Income tax surcharges	4.936	-
Income tax for equity - CREE	-	27.819
CREE surcharge	-	17.132
Total	**144.956**	**172.866**
Deferred taxes	(47.179)	(29.533)
Total tax expenses	**97.777**	**143.333**

Table 44

(*) The increase in income from deferred taxes is mainly due to the impact of the tax reform in the United States, approved in December 2017, which modifies the taxable rate from 34% to 21%, generating a lower tax payable in the future of $12,897. Other line items that make up the deferred tax are the recognition of unrealized exchange differences, tax credits, and differences in accounting and tax depreciation bases, which will constitute a future tax benefit.

The tax reform in Colombia, incorporated with Law 1819 of 2016, established restrictions that increase the tax expense for Grupo Nutresa, such as the non-deductibility of the unrealized exchange differences and the limitation of deductions for employee services and discounts tributaries. Additionally, the expense is affected by the taxation of unearned income, obtained from controlled foreign companies (ECE), mainly from leases and royalties from companies whose operations are in Chile. This bylaw is pending regulation by the government, especially against the possibility of applying for these cases, covenants to avoid double taxation.

However, with the application of current legal stability contracts, the impact of the tax reform was equalized, and significant savings were achieved, by applying stabilized standards, such as the rental rate and special deduction of real productive fixed assets.

The elimination of the CREE, equity tax, also had a positive impact on current income tax expenses.

20.5 DEFERRED INCOME TAX

The breakdown of the deferred tax assets and liabilities are as follows:

	2017	2016
Deferred tax assets		
Goodwill tax, TMLUC	161.838	169.179
Employee benefits	56.491	56.713
Accounts payable	8.407	5.231
Tax losses	130.085	95.981
Tax credits	8.571	5.341
Debtors	14.375	14.044
Other assets	35.305	10.505
Total deferred tax assets (1)	**415.072**	**356.994**
Deferred tax liabilities		
Property, plant and equipment	356.742	343.415
Intangibles (2)	294.047	244.174
Investments	8.496	6.421
Inventories	1.480	531
Other liabilities	42.202	111.159
Total income tax liabilities	**702.967**	**705.700**
Net deferred tax liabilities	**287.895**	**348.706**

Table 45

(1) The deferred tax asset is recognized and supported, on the basis that the Group has generating positive taxable income, and it is projected to generate future income sufficient to compensate tax credits and tax losses, from previous periods, prior to maturity, and obtain future tax benefits, for goodwill tax in Chile, employee benefits, as well as, items recognized in the deferred tax assets. Projections of annual taxable income and actual data, are reviewed to determine the impact and adjustments, on asset values, and their recoverability in future periods.

(2) The deferred tax liability for intangibles corresponds mainly to the difference in the accounting and tax depreciation of the brands, and to the deferred tax, recognized in the Consolidated Financial Statement, in relationship to the goodwill from business combinations realized before 2013.

Temporary differences related to investments in subsidiaries, for which deferred tax liabilities have not been recognized, are $7,644,813 (2017) and $6,597,239 (2016), whose deferred tax liability would be $2,522,788 (2017) and $2,204,150 (2016).

The movement of deferred tax during the period was as follows:

	2017	2016
Opening balance, net liabilities	**348.706**	**372.231**
Deferred tax expenses, recognized in income for the period	(47.179)	(29.533)
Income tax relating to components, of other comprehensive income	1.631	(5.295)
Impact of variation in rates of foreign exchange	(15.916)	11.303
Other impacts	653	-
Final balance, net liabilities	**287.895**	**348.706**

Table 46

The income tax relating to components of other comprehensive income, is determined by new measurements of benefit plans to employees of $4 (2016: ($5.419)), the participation in associates and joint ventures, accounted for by using the Equity Method, in the amount of $(1.550) (2016: ($176)) , and the financial assets, measured at fair value, in the amount of $(85) (2016: $(300)).

20.6 EFFECTIVE TAX RATES

La tasa de impuesto teórica es calculada utilizando el promedio The theoretical tax rate is calculated using the weighted average of the tax rates, established in the tax regulations of each of the countries where the Grupo Nutresa companies operate. In 2017, the theoretical rate shows a decrease of 3.91%, thanks to the participation in the profit of Grupo Nutresa in the companies that have stabilized the rental rate, taxed at 33% and not at 40% as indicated by the tax reform.

The recognition of deferred tax with a rate inferior to the current income tax rate, according to the future rate of income established in current Colombian regulations, impacts the effective rate for temporary differences, in the determination of the tax.

The effective tax rate is 12.61 percentage points below the theoretical rate, explained mainly by:

(1) Permanent differences, such as income from non-taxed portfolio dividends and the application of standards stabilized in Colombia, such as the special deduction in real productive fixed assets, whose impact on the effective rate is (5.24%).

(2) Change in the income tax approved in the tax reform of the United States, in December 2017, which was reduced by 13 percentage points. This necessarily requires that the temporary differences are reversed in the future and recognized at 34%, were adjusted to the new 21% rate, having an impact of (2.46%) on the effective rate.

(3) The decreases in the effective rate, described above, are offset by the application of the ECE regulations, which involves paying taxes on the unearned income of companies controlled abroad, representing an increase to the effective rate of 1.73%.

The following is the reconciliation of the applicable tax rate and the effective tax rate:

	2017		2016	
	Value	%	Value	%
Accounting profit	**523.187**		**544.868**	
Applicable tax rate expenses	163.758	31,30	191.845	35,21
Untaxed portfolio dividends	(19.755)	-3,78	(19.493)	-3,58
Special deductions for real productive fixed assets	(7.674)	-1,47	(11.864)	-2,18
Amortizations	(7.690)	-1,47	(12.757)	-2,34
Current tax from entities controlled abroad	9.044	1,73	-	-
Change in deferred taxes (USA-Colombia)	(33.863)	-6,47	-	-
Other tax impact	(6.043)	-1,16	(4.398)	-0,81
Total tax expenses (Note 20.4)	**97.777**	**18,69**	**143.333**	**26,31**

Table 47

20.7 PRESUMPTIVE INCOME TAX EXCESS AND LOSSES

At December 31, 2017, the tax losses of the Company's subsidiaries amounted to $480.467 (2016: $393.592). As of the expedition of Law 1819 of 2016, the compensation of tax losses in Colombia is limited to 12 taxable periods, following the year that they were generated. Tax losses are recognized in deferred tax assets, corresponding to Chile, they do not expire.

The excess presumptive tax on ordinary income of the Company's subsidiaries, outstanding amount of $26.160 (2016: $16.087). According to current tax regulations, excesses of presumptive tax on ordinary income, can be offset with ordinary liquid income tax within the five following years, fiscally readjusted. Excess presumptive income tax, recognized in deferred tax assets, correspond to Mexico, and do not expire.

Expiration date	Tax Loss	Excess presumptive income taxa
2020	-	2.729
2021	-	7.207
2022	-	12.305
2029	2.851	-
No expiration date	477.616	3.919
	480.467	**26.160**

Table 48

20.8 TAX ON WEALTH

In accordance with that established in Article 6 of Law 1739 of 2014, which adds Article 297-2 of the tax statute, the causation of wealth tax is realized on January 1st of the years 2015, 2016, and 2017, and may be charged to equity reserves, without affecting net income, in accordance with Article 10 of the same law. For 2017, such were recognized in reserves at disposal to the highest social organ in the amount of $8.712 of (2016 - $21.992).

According to the aforementioned norm, tax on wealth, for the year 2016, was settled at a marginal rate, between 0,15% and 1%; for 2017, the rate ranges from 0,05% to 0,40%.

20.9 INFORMATION ON CURRENT LEGAL PROCEEDINGS

In August 2016, Chilean companies from the Tresmontes Lucchetti Business, subsidiaries of Grupo Nutresa, received resolution of the Internal Revenue Service (SII) of Chile; in which said entity has objected to the tax on income, presented on the results of the fiscal year 2014, of those companies. The object of discussion in this resolution, is the tax benefit, according to the Law, and corresponds to corporate reorganizations realized, and that generate tax refunds requested. For the former, the Management of these companies in Chile presented, on August 24, 2016, the tax claim to the Tax and Customs Courts of Santiago de Chile, in accordance with the provisions of the Law. The Company is continuing with ongoing legal processes, and there is no evidence of changes in the evaluation realized by the Company.

At December 31, 2017, Industria de Alimentos Zenú S.A.S. and Alimentos Cárnicos S.A.S., subsidiaries of Grupo Nutresa, are in the process of discussions with the Directorate of National Tax and Customs, for the unrecognized deduction for amortization of goodwill, generated in the acquisition of shares, of income of the taxable year 2011. The process in the Administrative Chamber has already been exhausted, therefore, the respective lawsuits were brought before the contentious administrative courts of Antioquia and del Valle, respectively. The requests for monies in favor of the tax returns for the taxable year 2011, of these two companies, on the occasion of this discussion, were considered undue, by the Dian, which generated a process for Industria de Alimentos Zenú S.A.S., in discussion in the administrative chamber, as well as for, Alimentos Cárnicos S.A.S., in judicial proceedings.

Grupo Nutresa S.A. files a lawsuit for the lack of knowledge of deductions and compensation for tax losses in tax returns for the taxable years 2008 and 2009. Due to lack of knowledge, the Administration rejected the rebates, in favor of those taxable years, which made the lawsuit against the resolutions, that decided the rejection, necessary.

Meals Mercadeo de Alimentos de Colombia S.A.S., is in dispute, in the Administrative Chamber, over the special deduction for productive real fixed assets on the Income Statement for the 2013 taxable year, which is covered by the legal stability contract signed with the State. Additionally, a lawsuit is filed before the Contentious Administrative Jurisdiction, for the refusal of the refund of the payment of the un-owed, of the property tax, paid by the companies with legal stability contracts, signed with the Colombian State.

NOTE 21.
Financial obligations

21.1 FINANCIAL LIABILITIES AT AMORTIZED COST

Financial obligations held by Grupo Nutresa are classified as measured, by using the amortized cost method, and are based on the Group's Business Model. Book values, at the end of the reporting period, are as follows:

	2017	2016
Loans	2.636.499	2.731.152
Bonds	381.453	379.094
Leases (Note 26)	13.258	14.872
Total	**3.031.210**	**3.125.118**
Current	557.133	847.689
Non-current	2.474.077	2.277.429

Table 49

The financial obligations, mainly loans, taken out by Colombian companies in dollars, incorporates adjustments that increase the amortized cost, in the amount of $4.638 (December 2016: $0), as a result of the measurement at fair value of hedging exchange rates, as described in Note 21.6, henceforth.

21.2 BONDS

Grupo Nutresa generated issuance of two bonds:

- In July 2008, Compañia Nacional de Chocolates de Perú S.A. issued corporate bonds with Grupo Nutresa, serving as guarantor. The issuance was executed in the amount of $118.520.000 Sols, with a maturity date of 10 years (2018), at a fixed interest 8,84% E.A., payable in arrears, every six months, and amortized at maturity. In 2017, interest expenses were incurred from interest, in the amount of $9.373 (2016: $9.282). The balance of this obligation in pesos at December 2017, including interest incurred is $108.983 (2016: $ 105.923), which is expected to be canceled in full during 2018.

- In August 2009, an issue of corporate bonds took place in Colombia, through Fideicomiso Grupo Nutresa, which is managed by Alianza Fiduciaria S.A., the issuance was realized in the amount of $500.000, maturing in four coupons at 5, 7, 10, and 12 years, with interest payable quarterly, in arrears, and amortized to maturity of each coupon. In 2017, interest expenses were incurred in the amount of $27.120 (2016: $44.889). The emission has a balance at December 2017, including accrued interest in the amount of $272.466 (2016: $273.171), and has the following characteristics::

Maturity	Interest Rate	2017	2016
2019	IPC + 5,33%	136.870	137.224
2021	IPC + 5,75%	135.596	135.947
Total		**272.466**	**273.171**

Table 50

21.3 MATURITY

Period	2017	2016
1 year (including payable interest)	557.133	847.689
2 to 5 years	2.174.804	1.908.160
More than 5 years	299.273	369.269
Total	**3.031.210**	**3.125.118**

Table 51

21.4 BALANCE BY CURRENCY

	2017		2016	
Currency	**Original Currency**	**COP**	**Original Currency**	**COP**
COP	2.650.164	2.650.164	2.633.967	2.633.967
CLP	55.494.273.054	269.370	76.243.034.981	341.738
USD	901.126	2.689	14.493.425	43.490
PEN	118.520.000	108.987	118.605.495	105.923
Total		**3.031.210**		**3.125.118**

Table 52

Currency balances are presented after currency hedging.

To evaluate the sensitivity of financial obligation balances, in relationship to variations in exchange rates, all of the obligations, as of December 31, 2017, that are in currencies other than the Colombian peso and that do not have cash flow hedges, are taken. A 10% increase in exchange rates, in reference to the dollar (COP/USD), would generate an increase of $10.899, in the final balance.

21.5 INTEREST RATES

Changes in interest rates may impact the interest expense, for financial liabilities that are tied to a variable interest rate. For the Company, the interest rate risk is primarily attributable to operational debt; which includes debt securities, the issuance of bank loans, and leases. These are susceptible to changes in base rates, (CPI - IBR- DTF - TAB [Chile] - LIBOR), that are used to determine the applicable rates on bonds and loans.

The following table shows the structure of the financial risk due to exchange rates:

Rate	2017	2016
IBR indexed debt	997.913	1.257.520
DTF indexed debt	931.646	809.037
CPI indexed debt	513.684	510.213
TAB (Chile) indexed debt	260.048	283.413
LIBOR indexed debt	-	39.853
Total debt at variable interest rate	**2.703.291**	**2.900.036**
Debt at a fixed interest rate	327.919	225.082

Total debt	**3.031.210**	**3.125.118**
Average rate	**7,24%**	**9,5%**

Table 53

To provide an idea of the sensitivity of financial expenses to interest rates, an increase of +100bp has been supposed, a scenario in which the annual interest expense of the Group would increase by $30.084.

Following is information on the main reference rates, at the end of 2017 and 2016:

Close Rate	**2017**	**2016**
IBR (3 Months)	4,51%	6,92%
DTF (90 Days)	5,21%	6,86%
CPI	4,09%	5,75%
TAB (90 Days)	3,04%	4,09%
LIBOR (3 Months)	1,69%	1,00%

Table 54

21.6 DERIVATIVES AND FINANCIAL HEDGING INSTRUMENTS

Grupo Nutresa, at certain times, resorts to borrowing in dollars in order to secure more competitive interest rates in the market, and uses derivatives to mitigate the risk of the exchange rate, in these operations. These derivatives are designated as accounting hedges, which implies that the fair value measurement of the derivative instrument is recognized as an adjustment to the amortized cost of the financial obligation, designated as a hedged item. At December 31, 2017, hedged debt amounted to USD 62.909.845 (2016: USD 0).

In addition, Grupo Nutresa uses financial derivatives to manage and cover the cash flow positions against the US Dollar, in the different geographies where it operates; these derivatives are not designated as hedge accounting, are measured at fair value, and are included in the Statement of Financial Position, under the category of "other current assets" and "other current liabilities", respectively. The Group does not use derivative financial instruments for speculative purposes.

The following details the assets and liabilities from financial derivative instruments:

	2017		**2016**	
	Asset	**Liability**	**Asset**	**Liability**
Hedges				
Fair value of exchange rates on financial obligations	-	(4.638)	-	-
Total designated derivatives	**-**	**(4.638)**	**-**	**-**
Non-designated derivatives				
Forwards and options on currencies	3.103	(3.080)	8.457	(7.678)
Forwards and options on interest rate	-	(1.150)	-	-
Forwards and options on commodities	4.744	(663)	563	(2.013)
Total non-designated derivatives	**7.847**	**(4.893)**	**9.020**	**(9.691)**
Net value of financial derivatives		**(1.684)**		**(671)**

Table 55

The valuation of non-designated derivative financial instruments, generated a loss in the Income Statement in the amount of $1.194 (2016: $16.870), registered as part of the exchange difference of financial assets and liabilities.

All non-designated derivatives are measured at fair value, on a monthly basis, according to the Black Scholes Model. These items are classified in Level 2 of the hierarchy of fair value, established in IFRS 13 (See Note 37).

NOTE 22.
Trade and other payables

The balances of trade and other payables, are detailed as follows:

	2017	**2016**
Suppliers	535.404	471.127
Cost and expenses payable	353.354	317.650
Dividends payable (See note 27.3)	68.409	64.203

Payroll deductions and contributions	36.232	36.018
Total	**993.399**	**888.998**
Current	993.241	888.840
Non-current	158	158

Table 56

Trade and other payables, normally have to be paid on an average in the following 37 days (2016: 34), and do not accrue interest:

NOTE 23.
Employee benefits

The balance of liabilities due to employee benefits is as follows:

	2017	2016
Short-term benefits	96.134	86.056
Post-Employment benefits	167.643	168.640
Defined contribution plans	34.293	31.955
Defined benefit plans (Note 23.2)	133.350	136.685
Other long-term benefits (Note 23.3)	135.527	123.640
Total liabilities for employee benefits	**399.304**	**378.336**
Current portion	172.730	161.592
Non-current portion	226.574	216.744

Table 57

23.1 APPLICABLE REGULATIONS

Colombia:

Defined Contributions:

Severance: assistance equivalent to one month's salary for each year of service and proportionally per fraction of the year. The severance of all workers who entered into employment contracts after the effective date of Law 50 of 1990, and the former workers, who benefited this system, are deposited in a severance fund, and are accounted for as a defined contribution plan.

Contributions to pension funds: the pension system, grants the worker, the possibility of receiving a life annuity, at the end of the work cycle, so that fixed resources can be count on and which allow for economic stability in old age. The contribution to the pension fund is 16% of the employee's base contribution rate. This is divided into 12%, contributed by the employer, and 4% by the worker. Currently, Colombia has two modalities under which you can contribute for retirement: Individual Savings Solidarity System (RAIS) and Average Premium System (APS). The first is managed by private funds and the second by Colpensiones, a public entity.

Defined benefits:

Pensions: Grupo Nutresa have for the year 2017, with 246 beneficiaries (2016: 256) from the defined pension plan benefits, according to legal regulations (Former Model of Regime for defined pension payouts). The plan consists that it is legally established that the employee at retirement will receive a monthly amount from the pension, pension adjustments according to the legal norms, survivor' benefits, funeral assistance, and additional allowances, in June and December. These values depend on factors such as: employee's age, years of service, and salary. There are no current employees, who can access this benefit.

Retroactive Severance: According to Colombian labor laws, employees hired before the entry into force of Law 50 of 1990, are entitled to receive one month's salary, in effect for each year or services, and proportionally, a fraction of year or as aid of severance, for any reason the end of employment, including: retirement, disability, death, el al. The benefit is liquidated, at the time of retirement of an employee, based on the last salary earned. There may be distributions before the date of retirement, at the request of the worker, which are not compulsory distributable. Severance is retroactive settled for of 618 workers belonging to the labor force, before the Law 50 of 1990 (2016: 668 works).

Ecuador:

Employer retirement: In accordance with provisions of the Labor Code, employees, who for twenty-five years or more and have provided their services on a continuous or interrupted basis, shall be entitled retirement by their employers, without prejudice to the corresponding retirement benefits, as members of the Ecuadorian Institute of Social Security - IESS. The calculation consists of the sum equivalent to 5% of the average annual remuneration received, for the last five years. This item is multiplied by the years of service, and the result is divided by the age coefficient, established in the Labor Code.

Termination bonus: is the written notice with which a worker informs the employer that his/her will is to terminate the employment contract. Payment of the benefit is mandatory, even in cases where the employment relationship ends by agreement between the parties, in accordance with Numeral 2 of Article 169 of the Labor Code. The employer will give the worker twenty-five percent of the equivalent to the last monthly remuneration, for each one of the years of service rendered.

Chile:

Compensation: corresponds to the obligation established in contracts or collective labor agreements for compensation for years of service of workers. Employees will be entitled to one month of remuneration for each year worked.

23.2 PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS

A reconciliation of the movements, of the defined benefit plans, is as follows:

	Pensions		Retroactive severance		Other defined benefit plans		Total	
	2017	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
PRESENT VALUE OF OBLIGATIONS AT JANUARY 1ST	51.780	49.433	18.651	15.666	66.254	50.275	136.685	115.374
(+) Cost of services	119	2.088	611	531	6.550	3.196	7.280	5.815
(+) Interest expenses	1.497	3.073	1.774	1.336	6.465	4.189	9.736	8.598
(+/-) Actuarial losses and/or gains	1.381	4.102	1.174	5.652	99	7.636	2.654	17.390
(+/-) Other movements	(27.263)	(293)	6	-	27.459	2.463	202	2.170
(-) Payments	(2.596)	(6.308)	(6.211)	(4.534)	(17.090)	(600)	(25.897)	(11.442)
(+/-) Difference in exchange rate	(1)	(315)	-	-	2.691	(905)	2.690	(1.220)
Present value of obligations at December 31st	**24.917**	**51.780**	**16.005**	**18.651**	**92.428**	**66.254**	**133.350**	**136.685**

Table 58

Actuarial gains and losses are recognized in the Income Statement, under other comprehensive income.

The undiscounted estimated for payments for defined benefits, over the next five years, are as follows, for the Group:

Year of expiration	Future value
2018	19.740
2019	8.784
2020	5.963
2021	8.833
2022	7.851
Following years	303.570
Total	**354.741**

Table 59

The estimated time for termination of benefits is 42 years.

In accordance with the tax regulations applicable in Colombia, the pension liability is calculated using variables established by the regulator. The difference between the calculations of the pension liabilities, in accordance with the accounting and financial information standards accepted in Colombia, and the tax regulations is detailed below:

	IFRS Liability	Fiscal Liability
Calculated actuary pension liability	23.991	20.297
Discount rate	5,85%	4,80%
Salary adjustment rate	3,50%	5,74%

Table 60

During the period, actuarial gains and losses were recorded, previously recognized, in the "other comprehensive income", in the amount of $2,552, arising from the liquidation of other defined benefit plans; this amount was transferred to retained earnings, as indicated in IAS 19.

Post-employment benefits in defined contribution plans

With regard to defined contribution plans, the Group fulfills its legal obligation, making contributions of a predetermined nature to a public or private entity. In these plans, the Group has no legal or implicit obligation to make additional contributions, in the event that the fund does not have sufficient assets to cover the benefits related to the services that the employees have rendered, in the current period and in the previous ones.

The Group recorded expenses, from employer contributions to defined contribution plans for pensions during the period, in the amount of $75,086 (2016: $69,225); and expenses for contributions to severance from Law 50, during the period, in the amount of $40,757 (2016: $41,754).

23.3 OTHER LONG-TERM BENEFITS

The long-term benefits include mainly seniority premiums and variable remuneration systems.

The seniority premiums are paid to the employee for every five years of service. The liability is recognized, gradually, as the employee provides the services that will make it a creditor. Its measurement is realized annually, through the use of actuarial techniques. Current gains and losses, arising from experience and changes, in actuarial assumptions, are charged or credited to the result of the period in which they arise.

The Company does not have specific assets intended to support long-term benefits. The long-term benefit liability is determined separately for each plan, using the actuarial valuation method of the projected credit unit, using actuarial assumptions, as of the date of the reporting period. The current service costs, past service costs, interest costs, actuarial gains and losses, as well as any liquidation or reduction of the plan, are recognized immediately in results.

The following is the reconciliation of movements of other long-term employee benefits:

	Seniority Premium		Other Long-term Benefits		Total	
	2017	2016	2017	2016	2017	2016
PRESENT VALUE OF OBLIGATIONS AT JANUARY 1ST	63.075	62.865	60.565	36.370	123.640	99.235
(+) Cost of services	5.337	6.115	31.976	22.486	37.313	28.601
(+) Interest expense	5.505	5.235	2.889	2.588	8.394	7.823
(+/-) Actuarial gains or losses	10.879	(1.570)	2.882	(1.832)	13.761	(3.402)
(+/-) Others	-	(1.150)	(28)	38.415	(28)	37.265
(-) Payments	(9.417)	(8.387)	(38.761)	(37.083)	(48.178)	(45.470)
(+/-) Exchange rate differences	24	(33)	601	(379)	625	(412)
Present value of obligation at December 31th	**75.403**	**63.075**	**60.124**	**60.565**	**135.527**	**123.640**

Table 61

23.4 EXPENSES FOR EMPLOYEE BENEFITS

The amounts recognized as expenses for employee benefits were:

	2017	2016
Short-term benefits	1.327.321	1.270.140
Post-employment benefits	123.123	116.794
Defined contribution plans	115.843	110.979
Defined benefit plans	7.280	5.815
Other long-term employee benefits	35.634	25.199
Termination benefits	12.752	11.996
TOTAL	**1.498.830**	**1.424.129**

Table 62

23.5 ACTUARIAL ASSUMPTIONS

The main actuarial assumptions used in the actuarial measurement of the defined and long-term plans are:

	2017	2016
Discount rates	2.5% - 11%	6.11% - 12%
Salary increase rates	1.5% - 5%	3% - 7%

Employee turn-over rates	1% - 12%	1% - 23%

Table 63

The discount rate is estimated with the assumptions of the performance of the sovereign debt bonds of the commitment country, denominated in percentages, according to the terms of the obligation. The rates of the real yield curve are obtained from the information published daily, by the market; this hypothesis is based on the fact that the Colombian market does not have sufficient liquidity and depth, in high quality corporate bonds.

The table used is the mortality rate, by sex. This table is issued by the Financial Superintendence, through Resolution 1555 of 2010 for Colombia. Ecuador uses the TM IESS 2002 and the Dominican Republic uses the GAM-83 table.

The salary increase rates were determined based on historical performance, the projections of the inflation, and consumer price indexes, in each of the countries that the Group operates.

The turnover rate of employees is estimated, based on market studies and historical data of each of the companies. For example, the table 2003 SOA Pension Plan Turnover Study is used in Colombia and Panama.

23.6 SENSITIVITY ANALYSIS

A quantitative analysis of sensitivity to a change in a significant key assumption, as of December 31, 2017, would generate the following impact on the obligation for defined benefits, as well as, long-term:

	Pensions	**Retroactive Severance**	**Seniority Premiums**	**Retirement Bonus**
Discount rate + 1%	(186)	(711)	(5.286)	(5.908)
Discount rate -1%	200	773	5.942	5.457
Salary increase rate + 1%	166	2.332	5.298	5.084
Salary increase rate -1%	(153)	(2.203)	(4.806)	(4.469)

Tabla 64

The methods and assumptions used to prepare sensitivity analyzes of the present value of the obligations did not change compared to the method of the Projected Credit Unit (PUC), used the previous year.

NOTE 24.
Provisions, contingent liabilities, and assets

	2017	**2016**
Legal contingencies	1.203	372
Return of goods	1.500	1.300
Onerous contracts	-	1.062
Bonuses and incentives	7.117	-
Total	**9.820**	**2.734**

Table 65

Legal contingencies: Provisions for legal proceedings are recognized to cover probable estimated losses against Grupo Nutresa for labor, civil, administrative, and regulatory disputes, which are calculated on the basis of the best estimate of the disbursement required, to cancel the obligation at the reporting date of preparation of the Financial Statements. Taking into account that the reports of the Legal Counsel, the Management considers said litigations will not significantly impact the financial condition or solvency of the Group, inclusive, in the event of an adverse outcome of any litigation. There are no such relevant judicial proceedings that should be disclosed in the Financial Statements, at December 31st of 2017 and 2016.

Returned goods: A provision is recognized for the return of goods of holiday seasoned products, made by customers in the following period, mainly in the Biscuit Business.

Onerous contracts: At the time of the acquisition of Grupo El Corral, a provision is recognized, for the amount of $1.385 for lease contracts on property, which is not currently involved in any commercial activity and therefore generates no income is generated, was canceled in December 2017, due to early delivery of mutual agreement with the tenant.

Bonuses and incentives: corresponds to the recognition plans for the management and innovation of employees and the sales force. Until December 31, 2016, the liabilities corresponding to these prizes and incentives were included in accounts payable.

Contingent assets and liabilities

No contingent assets and liabilities are identified that are quantitatively or qualitatively material, and should be disclosed in the Financial Statements to December 31st of 2017 and 2016.

NOTE 25.
Other liabilities

	2017	2016
Derivative financial instruments (See Note 21.6)	4.893	9.691
Pre-payments and advances received (*)	9.329	35.104
Other	598	5.551
Total other liabilities	**14.820**	**50.346**
Current	14.261	49.746
Non-current	559	600

Table 66

(*) The balance in 2016 corresponds mainly to income received in advance for compensation lost profits and consequential damages, due to the loss presented in April of that same year, at the Alimentos Cárnicos plant in Bogotá (Fontibón), which were legalized in 2017.

NOTE 26.
Leases

26.1 GRUPO NUTRESA AS LESSEE

The Group leases mainly computer equipment, vehicles, buildings for storage, offices, and commercial stores; these contracts have been evaluated on the basis of the terms and conditions of the agreements, the lease term, the economic life of the asset, among others, to assess the substantial transfer of risks and benefits, of the ownership of these assets.

26.1.1 FINANCIAL LEASES

The amount of property, plant and equipment in financial leases totaled $24.650 at December 31, 2017 (2016: $20.349). The financial liabilities for these leases amounted to $13.258 (2016: $14.840).

Future minimum payments for leases, under these contracts, and the present value of the minimum payments are as follows:

	2017
Up to 1 year	5.186
2 to 5 years	8.905
More than 5 years	10.098
Total of payments	**24.189**
Minus finance charges	(10.931)
Present value	**13.258**

Table 67

The Group maintains 55 financial leases and leases with option to buy, related to various components of property, plant and equipment. Each leasing contract has particular clauses, for each particular contract, which sets rates, ranging from DTF + 2,23%, and average length is between 1 and 13 years.

26.1.2 OPERATING LEASES

The group has entered into operating leases on land, building, transportation equipment, computer equipment and production equipment machinery, which have average terms of 7 years.

To December 31, 2017 operating lease expenses were $216.297 (2016: $196.591), mainly generated from property leases, which were used for the normal operation of the company.

The minimum payments for operating leases, under "non-cancellable" contract, at December 31st are as follows:

	2017
Up to 1 year	196.176
2 to 5 years	756.162
More than 5 years	980.140
Total	**1.932.478**

Table 68

26.2 GRUPO NUTRESA AS LESSOR

Grupo Nutresa has properties under operating leases, (primarily buildings) with a book value of $9.055 (2016: 9.238), upon which income of $1.162 (2016 - $1.158), with a duration period between 1 to 10 years.

The total amount of future minimum non-cancelable operating lease payments at December 31st, are as follows:

	2017
Up to 1 year	1.336
2 to 5 years	5.936
More than 5 years	8.221
Total	**15.493**

Table 69

NOTA 27.
Equity

27.1 SUBSCRIBED AND PAID SHARES

As of December 31st,, of 2017 and 2016, the balance of capital of the Parent Company was $2.301, representing a total of 460.123.458 shares, fully paid and subscribed shares. There were no changes to the make-up of the capital, during neither the period, nor the comparative period.

There is a paid-in capital of shares for $546.831, from the issuance of shares made in previous periods.

The shares of the company are listed on the Stock Exchange of Colombia to December 31, 2017, and its value was $27.820, per share ($24.900 at December 31, 2016).

At December 31, 2017, the common shares are held by 11.900 shareholders (2016: 13.167). The corporate structure, of the company, at December 31, 2017 and December 31, 2016, is as follows:

	2017		2016	
Group of Investors	**Number of shares**	**% Participation**	**Number of shares**	**% Participation**
Grupo de Inversiones Suramericana S.A.	161.398.558	35,1	162.883.420	35,4
Grupo Argos S.A.	45.243.781	9,8	45.243.781	9,8
Colombian Funds	77.887.378	16,9	75.561.157	16,4
International Funds	38.182.333	8,3	34.467.295	7,5
Other investors	137.411.408	29,9	141.967.805	30,9
Total outstanding shares	**460.123.458**	**100,0**	**460.123.458**	**100,0**

Table 70

27.2 RESERVES

Of the accounts that make up the equity, reserves at December 31st of 2016 and 2015, are as follows:

	2017	2016
Legal reserves	79.256	79.256
Hyperinflationary reserves (Note 29)	-	396.367
Non-distributable occasional reserves	1.558.597	1.558.597
Other reserves	1.766.641	1.621.060
Total Reserves	**3.404.494**	**3.655.280**
Retained earnings	(8.032)	-
Total	**3.396.462**	**3.655.280**

Table 71

Legal reserves: In accordance with Colombian Commercial Law, 10% of the net income each year should be appropriated as a legal reserve, until the balance is equivalent to at least 50% of the subscribed capital. The reserve is not distributable before the liquidation of the Company, but must be used to absorb losses. The excess over the minimum required by law is freely available to the Shareholders.

Hyperinflationary reserves: were reclassified other comprehensive income, in the amount of $396.367.

Occasional non-distributable reserves: corresponds to the voluntary reserve approved by the Shareholders in a meeting on March 18, 2016, about the retained earnings, generated in the process of First-time adoption of IFRS.

Other reserves: corresponds to voluntary reserves, substantially unrestricted by the Shareholders.

Retained earnings: corresponds mainly to the realization of OCI, for employee benefit plans, in the amount of $2.552, and financial instruments for the liquidation of the Livestock Fund of Antioquia, in the amount of $544, plus the deferred tax recognized in 2016, on goodwill in the Consolidated Income Statement, in the amount of $4.272, which was not part of the profits from the distribution of dividends.

27.3 DISTRIBUTION OF DIVIDENDS

The ordinary Shareholders of Grupo Nutresa S.A., at the meeting, held on March 29, 2017, declared ordinary share dividends of $44,5 per-share and per-month, equivalent to $534 annually per share (2016: $498 annually per share), over 460.123.458 outstanding shares, during the months from April 2017 to March 2018, inclusive, for a total of $245.706 (2016: $229.141). In addition, dividends were issued to non-controlling interest owners of Setas de Colombia S.A. and Helados Bon S.A. in the amount of $692 (2016: $441)..

This dividend was declared by taking net income in the amount of $242.945 (2016) and untaxed occasional reserves for $2.761.

During 2017, dividends were paid in the amount of $243,051 (2016: $224.805), which include dividends paid to non-controlling interest owners, in the amount of $692 (2016: $441).

At December 30, 2017, accounts payable pending, are in the amount of $68.409 (2016: $64.203).

27.4 NON-CONTROLLING INTEREST

Equity of non-controlling interest at December 31st of 2017 and 2016 is as follows:

Subsidiary	Country of Origin	% Non-controlling interest		2017		2016	
		2017	2016	Non-controlling Interest in Equity	Gains or (Losses) Attributable to Non-controlling Interest	Non-controlling Interest in Equity	Gains or (Losses) Attributable to Non-controlling Interest controladora
Novaceites S.A.	Chile	50,00	50,00	29.801	1.823	27.071	2.005
La Recetta Soluciones Gastronómicas Integradas S.A.S.	Colombia	30,00	30,00	543	45	495	-7
Setas Colombianas S.A.	Colombia	0,50	0,52	255	20	257	26
Helados Bon	República Dominicana	18,82	18,82	7.130	2.123	5.744	1.812
Fondo de Capital Privado "Cacao para el Futuro" – Compartimento A	Colombia	16,59	16,59	4.787	122	4.665	119
Schadel Ltda.	Colombia	0,12	0,12	9	-	9	2
Total				**42.525**	**4.133**	**38.241**	**3.957**

Table 72

During 2017, Setas de Colombia S.A. distributed dividends in the amount of $2.593 (2016: $1.725), of which $14 was paid to non-controlling interests (2016: $9). Helados Bon distributed dividends in the amount of $3.605 (2016: $2.297), of which $678, were paid to the non-controlling interest (2016: $432).

NOTA 28.
Other comprehensive income

Below is a breakdown of each of the components of accumulated other comprehensive results, in the Consolidated Financial Statements:

	Actuarial Results (28.1)	Financial Instruments (28.2)	Associates and Joint Ventur (28.3)	Reserves for Translations (28.4)	Total Accumulated Other Comprehensive Income	Non-controlling Interest	Total OCI Attributed to Controlling Interest
Balance at January 1, 2017	**(19.866)**	**3.632.476**	**3.467**	**136.016**	**3.752.093**	**(5.521)**	**3.746.572**
Losses/gains from new measurements	(2.654)	252.402	4.762		254.510		**254.510**
Impact from translation for the period				143.782	143.782		**143.782**
Associated deferred tax	4	(85)	(1.550)		(1.631)		**(1.631)**

Realization of other comprehensive income	2.552	544			3.096		**3.096**
Equity reclassifications		12.567		383.800	396.367		**396.367**
Participation of non-controlling in OCI for the period					-	(842)	**(842)**
Balance at December 31, 2017	**(19.964)**	**3.897.904**	**6.679**	**663.598**	**4.548.217**	**(6.363)**	**4.541.854**
Balance at January 1, 2016	**(7.895)**	**3.237.753**	**6.705**	**338.513**	**3.575.076**	**(5.598)**	**3.569.478**
Losses/gains from new measurements	(17.390)	395.023	(3.414)		374.219		**374.219**
Impact from translation for the period				(202.497)	(202.497)		**(202.497)**
Associated income tax	5.419	(300)	176		5.295		**5.295**
Participation of non-controlling in OCI for the period					-	77	**77**
Balance at December 31, 2016	**(19.866)**	**3.632.476**	**3.467**	**136.016**	**3.752.093**	**(5.521)**	**3.746.572**

Table 73

28.1 ACTUARIAL GAINS (LOSSES) ON THE RE-MEASUREMENT OF DEFINED BENEFIT PLANS

The component of new measurements of defined benefit plans represents the accumulative value of the actuarial gains and losses, mainly due to pensions, retroactive severance, and other retirement benefits in Colombia and Chile. The net value of the new measurements is transferred to retained earnings and not reclassified to the Income Statement.

See Note 23.1, for detailed information about the post-employment defined benefit plans, that result in these actuarial gains and losses.

28.2 FINANCIAL INSTRUMENTS – EQUITY INVESTMENTS MEASURED AT FAIR VALUE THROUGH EQUITY

The component of other comprehensive income from equity investments measured at fair value through profit and loss represents the accumulated values of the gains or losses valuation to fair value minus the amounts transferred to retained earnings when these investments are sold. Changes of fair value are not reclassified to the Income Statement

See Note 15 for detailed information on these investments.

28.3 ASSOCIATES AND JOINT VENTURES – INTEREST IN OTHER ACCUMULATED COMPREHENSIVE INCOME

The component of other comprehensive income of investments in associates and joint ventures represents the accumulated value of gains or losses from participation in other comprehensive income of the investee. These retained earnings will be transferred to profit and loss in the cases dictated by the accounting standards.

See note 14, for detailed information on investments in associates and joint ventures.

28.4 RESERVES FOR TRANSLATION OF FOREIGN OPERATIONS

Grupo Nutresa's Consolidated Financial Statements include foreign subsidiaries, located mainly in Chile, Costa Rica, the United States, Mexico, Peru, Panama, and other Latin American countries that represent 37,31% to 36,18% of total consolidated assets in December 2017 and 2016, respectively; the Financial Statements of these subsidiaries are translated into Colombian pesos, in accordance with the accounting policies of Grupo Nutresa.

The impact of exchange rates on the translation of assets, liabilities, and results of foreign companies in other comprehensive income is as follows:

		2017	**2016**
Chile	CLP	142.974	9.985
Costa Rica	CRC	(16.715)	(47.519)
United States	USD	607	(6.213)
Mexico	MXN	7.250	(48.148)
Peru	PEN	9.877	(11.019)
Venezuela	VEF	-	(95.066)
Panamá	PAB	79	(1.742)

Others	(290)	(2.775)
Impact of exchange translation for the period	**143.782**	**(202.497)**
Equity reclassifications	383.800	-
Reserves for exchange translation at the opening balance	136.016	338.513
Reserves for exchange translation at the closing balance	**663.598**	**136.016**

Table 74

The translation of Financial Statements in the preparation of the Consolidated Financial Statements does not generate a tax impact.

The accumulated translation differences are reclassified to current earnings, partially or totally, when the operation is available abroad.

See Note 3.3.2 for information on the main exchange rates used in the translation of the Financial Statements of foreign companies

NOTE 29.
Hyperinflationary economies

Venezuela is considered a hyperinflationary country since 2009, by Grupo Nutresa. From that year until September 30, 2016, the date on which the investments held in that country were classified as financial instruments, as indicated in Note 3.1.1, the Financial Statements of the companies Industrias Alimenticias Hermo of Venezuela S.A. and Cordialsa Noel de Venezuela S.A., were restated in terms of the current unit of measurement, at the closing date of the period.

As mentioned in Note 3.1.1, the Financial Statements of these companies were included in the Consolidated Financial Statements of Grupo Nutresa, until September 30, 2016, date in which they were classified as financial instruments. The loss on the net monetary position for the period January-September 2016, included in the Income Statement for the period, was $32,946. The inflation rate used to calculate this loss was 234.6%, for the January-September 2016 period.

Hyperinflationary reserves were reclassified to other comprehensive income, in the amount of $396,367.

NOTE 30.
Expenditure by nature

Below is a detailed breakdown of cost and expenditures, by nature, for the period:

	2017	2016
Inventory consumption	3.487.573	3.656.981
Employee benefits (Note 23.4)	1.498.830	1.424.129
Other services	694.323	680.388
Other expenses	458.008	466.716
Transport services	311.528	302.263
Depreciation and amortization (*)	268.000	228.092
Leases	216.297	196.591
Seasonal services	211.346	193.367
Manufacturing services	193.452	178.551
Energy and gas	140.653	134.538
Advertising material	135.380	120.825
Maintenance	110.851	108.698
Fees	98.802	94.873
Taxes other than income tax	74.415	70.590
Insurance	33.318	32.800
Impairment of assets	13.667	10.289
Total	**7.946.443**	**7.899.691**

Table 75

(1) Other services include: marketing, cleaning and surveillance, shelving and displays, food, public services, commercial plan of action, software, and storage.

(2) The other expenses include: spare parts, travel expenses, containers and packaging, fuels and lubricants, contributions and affiliations, commissions, taxis and buses, supplies and buildings, stationery and office supplies, cleaning and laboratory supplies, and legal expenses.

(3) Expenses for depreciation and amortization, impacted profit and loss, for the period, as follows:

	2017	2016
Cost of sales	155.052	139.786
Sales expenses	95.354	70.919
Administration expenses	15.037	15.019
Production expenses	2.557	2.368
Total	**268.000**	**228.092**

Table 76

NOTE 31.
Other income (expenses), net

31.1 OTHER OPERATING INCOME (EXPENSES), NET

The following is a breakdown of other operating income (expenses):

	2017	2016
Indemnities and recuperations (1)	18.500	28.207
Disposal and removal of property, plant and equipment and intangibles	11.439	3.988
Government grants (2)	5.314	5.547
Other income and expenses	1.254	(3.097)
Fines, penalties, litigation, and legal processes	(3.570)	(854)
Donations	(7.828)	(11.642)
Total	**25.109**	**22.149**

Table 77

1) Corresponds primarily to compensation for loss of profits and consequential damages associated, with an accident that occurred on April 22, 2016, in a production plant in Bogotá. During 2017, income of $11,937 were recorded for this concept; no additional income is expected in the future associated with this claim.

(2) Government grants correspond to income, recorded in Abimar Foods Inc., and received from the Development Corporation of Abilene – DCOA, an organization that provides financial assistance to private companies to facilitate the maintenance and expansion of employment, or to attract more investment that contribute to Abilene's economic development. This grant has been essential in the initiation of operations of the new production line of crackers. In 2017, a cash subsidy, of USD $1.800.000 (COP $5.314), was received; and, in 2016, a cash subsidy of USD500.000 (COP $1.499) and USD $1.300.000 (COP $4.048) was received, as a forgiveness, of the remaining balance of the loan, made by this corporation.

31.2 OTHER NON-OPERATING INCOME (EXPENSES), NET

In 2017, the other income of $3,290, includes the interest recognized by the DIAN, as part of the claims for payments not arising from the equity tax, in companies that have legal stability contracts. In 2016, this includes $11,521, for the recognition of the payment of what is not owed, in relation to the property tax mentioned above. Note 20.2 includes detailed information on these claims. In addition, in 2016 includes $16,971 for assessment of the fair value of real estate owned by Cordialsa Noel Venezuela, at the time of classification of the investment, as a financial instrument.

NOTE 32.
Exchange rate variation impact

The differences in exchange rates of assets and liabilities, recognized in profit and loss, are as follows:

	2017	2016
Realized	1.909	1.763
Unrealized	(1.654)	14.110
Operating exchange differences	**255**	**15.873**
Non-operating exchange differences	(21.401)	(8.642)
Total income (expenses) from exchange differences	**(21.146)**	**7.231**

Table 78

The difference in operating exchange mainly includes the loss for exchange differences in customer accounts receivable, in the amount of $1,550 (2016- $3,346), and profits for difference in accounts payable to suppliers, in the amount of $2,216 (2016- $18,874). In 2016, income of $12,788 is included for the exchange differences, in the suppliers of the companies, located in Venezuela.

Note 21.6 discloses information related to hedging transactions that have an impact on profits/losses, due to exchange differences.

NOTE 33.
Financial income and expenses

33.1 FINANCIAL INCOME

The balance at December 31st, included:

	2017	2016
Interest	10.082	8.972
Valuation of other financial instruments (*)	1.759	1.415
Others	2.100	595
Total	**13.941**	**10.982**

Table 79

(*) Income from the assessment of other financial instruments corresponds to the valuation of the rights held by the private equity "Cacao para el Futuro". See Note 37 for information on the methodology and variables used in the valuation.

33.2 FINANCIAL EXPENSES

The financial expenses recognized in the Income Statement at December 31st of 2017 and 2016, are as follows:

	2017	2016
Loans interest	203.010	220.988
Bonds interest	36.493	54.171
Interest from financial leases	318	653
Total interest expenses	**239.821**	**275.812**
Employee benefits	33.570	16.419
Other financial expenses	34.157	32.406
Total financial expenses	**307.548**	**324.637**

Table 80

The decrease, in interest expensed, reflects the decrease in reference rates during the year, thus decreasing the average cost of the debt and allowing the attainment of loans, with lower associated rates. See Note 21.5.

NOTE 34.
Discontinued operations

2017: The management of Abimar Foods Inc., made the decision to close the Marietta Plant after analyzing the operation's progress and future perspectives. The closing was realized within the first four months of the year, involving expenses, mainly due to the dismissal of personnel.

2016: During the year, the close of two distribution centers, was realized, in the ice cream business and the closure of the bread company, in the food to the consumer business; where significant efforts to comply with the proposed plans, were realized, and initiatives were launched to make them competitive and achieve the goals; but the expected results were not met, and the levels of market share were not reached, to ensure the sustainability of the operation.

The following, is a breakdown of the principal income and expenses, incurred in this project:

	2017	2016
Income	10	188
Costs	69	(31)
Expenses	(1.147)	(1.990)
Operational losses	**(1.068)**	**(1.833)**
Financial expenses	(2)	(11)
Net loss	**(1.070)**	**(1.844)**

Table 81

NOTA 35.
Earnings per share

The amount of basic earnings per share is calculated by dividing net profit for the year attributable to holders of ordinary equity of the Parent, by the weighted average number of ordinary outstanding shares during the year.

Below is the information about earnings and number of shares used in the computations of basic earnings per share:

	2017	2016
income attributable to holders of ordinary equity of the Parent	420.207	395.734
Outstanding shares	460.123.458	460.123.458
Earnings per share attributable to controlling interest	913,25	860,06

Table 82

There are no equity instruments with potential dilutive impact on earnings per share.

In accordance with the current corporate regulations in Colombia, applicable to the Parent Company of Grupo Nutresa, the distribution and payment of dividends to the Shareholders of the Parent Company is not realized on Consolidated Financial Statements, but on the Separate Financial Statements of Grupo Nutresa S.A. The following represents the net income and earnings per share of Grupo Nutresa S.A., presented in its Financial Statements for the annual period ended December 31, 2017 and 2016.

	2017	2016
Net profit	430.279	399.098
Earnings per share	935,14	867,37

Table 83

NOTE 36.
Financial risks: objective and policies

The activities of the Parent Company and its subsidiaries are exposed to various financial risks: market risk (including foreign exchange risk, interest rate risk and commodities price risk), counterparty credit risk, and liquidity risk. The Risk Management Policy of the Company is focused on the risks that impede or jeopardize the achievement of its financial objectives seeking to minimize potential adverse effects on financial profitability.

The Company uses financial derivatives to hedge some of the risks described above likewise has a risk committee that defines and controls the policies relating to market risks (raw material prices, exchange rate, interest rate), and counterparty credit.

36.1 EXCHANGE RATE RISK

The Company operates internationally and therefore is exposed to the risk of exchange rate operations with foreign currencies, especially the U.S. dollar. The exchange rate risk arises mainly from commercial operations and liabilities, where in some cases, derivatives are used to mitigate it. The existing basic standards allow free negotiation of foreign currency through banks and other financial institutions at freely determined exchange rates. However, most foreign currency transactions still require official approval.

The impact of the translation of the Financial Statements of subsidiaries, whose functional currency is different from the Colombian peso, is presented in Note 28. The Company and its subsidiaries held the following assets and liabilities in foreign currencies accounted for the equivalent in Colombian pesos to December 31st.

	2017		2016	
Currency	**USD**	**COP**	**USD**	**COP**
Current assets	420.158.276	1.253.752	381.985.875	1.146.229
Non-current assets	1.038.607.414	3.099.205	988.140.705	2.965.124
Total assets	**1.458.765.690**	**4.352.957**	**1.370.126.580**	**4.111.353**
Current liabilities	(282.710.818)	(843.609)	(207.606.196)	(622.966)
Non-current liabilities	(143.257.916)	(427.482)	(135.117.723)	(405.449)
Total liabilities	**(425.968.734)**	**(1.271.091)**	**(342.723.919)**	**(1.028.415)**
Net assets	**1.032.796.956**	**3.081.866**	**1.027.402.661**	**3.082.938**

Table 84

The Group also maintains obligations in foreign currencies which are exposed to exchange rate risks (the balances of financial obligations in other currencies are detailed in Note 21.4).

To evaluate the sensitivity of balances of financial obligations related to exchange rates, all of the obligations, to December 31, 2017, in currencies other than the Colombian pesos and that do not have cash flow hedges, are evaluated. A 10% increase in exchange rates, in reference to the dollars (COP/USD), generates an increase of $10.899 over the book value.

36.2 INTEREST RATE RISK

Changes in interest rates affect the interest expense on financial liabilities tied to a variable interest rate; like they can modify the fair value of financial liabilities that have a fixed interest rate. For the Company, the interest rate risk comes mainly from debt operations, including debt securities, bank lending, and leasing. These financings are exposed to the risk of interest rate, mainly due to changes in base rates (mostly IPC - IBR - DTF - TAB [Chile] and to a lesser extent, LIBOR - TIIE [Mexico]) that are used to determine the applicable interest rates on bonds and loans. The Company uses derivative financial instruments to cover part of the debt service. Information on the structure of financial risk tied to fixed interest rate and variable interest rate, and the corresponding hedging transactions are detailed in Note 21.5.

To provide an idea of the sensitivity of financial expenditure to interest rates, an assumption of a variation of +100bp, has been made in the reference market interest rates, while maintaining the rest of the variables constant; in this scenario, the financial expense of the Group, and in turn, net income, would change by $30,084, by the end of 2017, other components of net equity would not have been impacted.

36.3 RISK OF SUPPLY PRICES

The Company is exposed to the price risk of the goods and services that it acquires for the development of its operations, for which it negotiates purchase contracts, to ensure a continued supply and in some cases, at fixed prices. It also uses derivative financial instruments on commodities to cover this risk.

Among the main raw materials, which are at risk of fluctuation in prices, is coffee, which accounts for 10.7% of the total production cost, wheat which is 7.3%, beef and pork which are 11.1%, and cocoa which is 4.8%.

The Company has equity instruments (shares), in the amount of $4,059,649 (2016: $3,807,247), that are exposed to the risk of fluctuations in prices, and which are classified in the Statement of Financial Position, as financial assets at fair value, through the other comprehensive income.

36.4 COUNTERPARTY CREDIT RISK

Liquid assets are invested mainly in savings accounts, collective portfolios, and short-term fixed-income instruments, which comply with the Company's risk policy, both by amount and by issuer. Additionally, the Company evaluates the counterparty credit risk to the financial entities with which it has a relationship. As of December 31, 2017, the Group holds $435,643 (2016: $219,322) in cash and investments classified as cash equivalents, in entities of the financial sector with AAA risk rating. None of these investments present a delay in the payment of cash flows, nor have they been subject to impairment.

With regard to the credit risk in sales to third parties, the Company carries out procedures for the evaluation of customers, which include the allocation of credit quotas and the credit assessment of the third party, among others. Note 9 discloses information on impairment losses and portfolio maturity.

36.5 LIQUIDITY RISK

The Parent Company and its subsidiaries, are able to finance their liquidity requirements and capital resources, through various sources, including:

- Cash generated from operations
- Lines of short and long-term credits
- Debt emissions for medium and long-term
- Issuance of treasury shares

The Administration supervises the Company's liquidity projections, based on the expected cash flows. The Group's liquidity management contemplates, among others: i) the projections of the cash flows and assessment of the level of liquid assets necessary to comply with these projections; ii) the monitoring of the composition of working capital in the balance sheet; and iii) the maintenance of debt financing plans.

The following table presents the summary of free cash flow:

	2017
EBITDA	**1.044.179**
+ (–) items that do not generate cash movement	(14.656)
Investment in working capital	82.070
CAPEX (*)	(239.992)
Discontinued operations	(916)
Cash tax coverage	(150.378)
Operating cash flows	**720.307**

Table 85

(*) Investments in CAPEX are presented as net and include: purchases of property, plant and equipment, amounts from the sale of productive assets, and the acquisition of intangibles and other productive assets.

NOTA 37.
Fair value measurement

The following table shows the fair value hierarchy measurement of assets and liabilities of the Group:

Type of asset	Hierarchy of Fair Value Measurement			Fair value of assets
	Level 1	Level 2	Level 3	
2017				
Assets/Liabilities measured at fair value	4.059.649	117.436	74.314	4.251.399
*** Recurrent**	**4.059.649**	**117.436**	**-**	**4.177.085**
Investments in quoted shares (Note 15)	4.059.649	-	-	4.059.649
Other financial assets (Note 12)	-	46.371	-	46.371
Financial derivatives, nets (Note 21.6)	-	(1.684)	-	(1.684)
Biological assets (Note 11)	-	72.749	-	72.749
***Non- recurrent**	**-**	**-**	**74.314**	**74.314**
Investments in non-quoted shares (Note 20)	-	-	74.314	74.314
Total	4.059.649	117.436	74.314	4.251.399
2016				
Assets/Liabilities measured at fair value	3.807.247	106.906	77.959	3.992.112
*** Recurrent**	**3.807.247**	**106.906**	**-**	**3.914.153**
Investments in quoted shares (Note 15)	3.807.247	-	-	3.807.247
Other financial assets (Note 12)	-	40.109	-	40.109
Financial derivatives, nets (Note 21.6)	-	(671)	-	(671)
Biological assets (Note 11)	-	67.468	-	67.468
***Non- recurrent**	**-**	**-**	**77.959**	**77.959**
Investments in non-quoted shares (Note 20)	-	-	77.959	77.959
Total	3.807.247	204.970	77.959	4.090.176

Table 86

Investments in listed shares. The fair value of shares traded and that are classified as high trading volume is determined based on the price quoted on the Colombian Stock Exchange; this measurement is in the Hierarchy 1, established by IFRS 13 for measuring fair value. This category includes investments held by Grupo Nutresa in Grupo de Inversiones Suramericana S.A. and Grupo Argos S.A. This measurement is realized monthly and generated income of $252,402 (2016 - 394,268), recognized in the other comprehensive income.

The following is the value per share, used in the valuation of investments listed on the Colombian Stock Exchange:

Price per share (in Colombian pesos)	2017	2016
Grupo de Inversiones Suramericana S.A.	40.300	38.200
Grupo Argos S.A.	20.880	19.280

Table 87

Investments in other companies classified in this category are measured at fair value on a non-recurrent basis, only when a market value is available. The Company considers omission of recurrent measurement of these investments is immaterial for the presentation of Grupo Nutresa's Financial Statements.

There have been no changes in the fair value hierarchy for the measurement of these investments, nor have there been changes in the valuation techniques used.

Other financial instruments. Corresponds to the rights held for "Fondo de Capital Privado – Cacao para el futuro", valued according to the regulations of the fund, using the methodology approved by the Financial Superintendence of Colombia. The valuation uses variables like the price of cocoa at $6,5/ton (2016: $6,4/ton), an average productivity of 1.800 – 1.900 tons per hectare, cost of the debt of 9,98% (2016: 8,64%), and an expected redemption term of 18 years.

The Fund uses an expected forecast model of project flows at 35 years, which corresponds to the expected useful life of a cocoa crop. This Projection Model takes into account all the variables that will affect the expected flows of cocoa crops. Among those are:

- Productivity and market prices of cocoa, plantains, other temporary and timber crops
- Costs of establishment, maintenance, collection and commercialization of cocoa, banana and timber
- Costs associated with technical assistance, land use, commissions, and other expenses admissible to the Fund, in accordance with this regulation
- Working capital necessary for the operation.

The result of the valuation generated financial income of $1,759 (2016 - $1,402).

Financial derivatives. All financial derivatives are measured at fair value, on a monthly basis, according to the Black Scholes Model. These items are classified in Level 2, of the fair value hierarchy.

The primary variables, using the valuation methodology, are the following:

- Spot exchange rate
- Future exchange rate agreed upon
- Expiration date
- Risk-free rate in COP and USD
- Volatilities of the exchange rate

The valuation of non-designated derivative financial instruments generated a loss in the Income Statement of $1,194 (2016 - loss of $16,870), recorded as part of the exchange difference of non-financial assets and liabilities.

Biological assets. Corresponds to the inventory of pigs and cattle in Colombia, which are measured at fair value, using as a reference the market value published by the National Association of Pig Farmers and livestock auctions at fairs, in each location. At December 31, 2017, the price per average kilo of the pig livestock used in the valuation is $5,700 (2016: $6,009); for cattle a price per average kilo of $3,879 (2016-$4,034) was used.

The gain for the period, due to changes in fair value, less the cost of sale of biological assets in 2017, was $4,743 (2016: $8,696), and is included in the Income Statement, as operating income.

Investments in unquoted shares. These investments correspond primarily to the investments that Grupo Nutresa has in Venezuela, in Industrias Alimenticias Hermo de Venezuela S.A. and Cordialsa Noel Venezuela S.A. See Note 3.1.1.

NOTE 38.
Disclosure of related parties

The following table shows related parties' transactions, at the year-end:

2017

Company	Receivables Balance (*) (Note 9)	Payables Balance	Purchases of goods and services	Sales of goods and services	Dividends income	Dividends paid	Interests income	Interests expenses
Associates and joint ventures								
Bimbo de Colombia S.A.	3.758	6.057	6.307	44.739				
Dan Kaffe (Malaysia) Sdn. Bhd	820	48	46	869				
Oriental Coffee Alliance (OCA)	-	10	144	-				
Entities with significant influence over the entity								
Grupo de Inversiones Suramericana S.A.	8.617	13.225	69.536	26.557	28.981	84.949	-	-
Other related parties								
Grupo Bancolombia	752	972.145	60.416	2.888	-	-	79	76.023
Grupo Argos	6.252	1	-	1.005	24.739	23.753	-	-
Alpina Productos Alimenticios	106	14.548	18.859	825	-	-	-	-
Fundación Nutresa	1.992	-	2.881	-	-	-	-	-
Corporación Vidarium	1.898	-	1.292	-	-	-	-	-
Members, Board of Directors	-	136	880	-	-	-	-	-

2016

Company	Receivables Balance (*) (Note 9)	Payables Balance	Purchases of goods and services	Sales of goods and services	Dividends income	Dividends paid	Interests income	Interests expenses
Associates and joint ventures								
Bimbo de Colombia S.A.	1.461	17.633	56.428	40.113	-	-	-	-
Dan Kaffe (Malaysia) Sdn. Bhd	30	3	(39)	2.332	-	-	-	-
Oriental Coffee Alliance (OCA)	-	20	256	-	-	-	-	-
Entities with significant influence over the entity								
Grupo de Inversiones Suramericana S.A.	21.482	9.320	67.477	29.246	27.081	79.182	-	-

Other related parties								
Grupo Bancolombia	669	911.031	55.122	2.539	-	-	42	77.677
Grupo Argos	5.800	-	54	1.138	22.904	19.864	-	-
Fundación Nutresa	-	-	5.388	-	-	-	-	-
Corporación Vidarium	569	-	2.784	-	-	-	-	-
Members, Board of Directors	-	130	805	-	-	-	-	-

Table 88

(*) Includes accounts receivable from related parties of $18,010 (2016: $17,515) and accounts receivable for dividends from financial instruments, in the amount of $6,185 (2016: $12,496).

Purchases and sales were executed in equivalent conditions than those of the market. Outstanding balances are expected to be settled under normal conditions; these balances have not been granted, nor received guarantees. No expense has been recognized in the current or prior periods, regarding uncollectable debts or doubtful accounts related amounts, owed by related parties.

During the period, payments in the amount of $103.929 (2016: $130.212) for 154 (2016: 172) key personnel were realized.

NOTA 39.

Events after the reporting period

On January 26, 2018, the Gaceta Oficial de la Republica Bolivariana de Venezuela enacted the Exchange Agreement Number 39 of the Central Bank of Venezuela, where changes are made to the floating complementary market exchange rate system (DICOM) and its system of auctions. This change is estimated to generate changes in the fair value of the non-controlled financial instruments held by Grupo Nutresa, in Venezuela. The first auction realized under this new mechanism, on February 5, 2018, set a price of Bs25,000 per U.S. dollar, for sale. Therefore, based on the accounting policies adopted by Grupo Nutresa, the impact generated, by this devaluation, will be recorded in accordance with the provisions of IFRS 9, in other comprehensive income. It is estimated that if the trend in the aforementioned exchange rate continues, the impact on the Statement of Financial Position, in its component of other comprehensive income, may be approximately $40,000, which would be recognized in the Interim Financial Statements, at March 31, 2018.

These Consolidated Financial Statements were authorized for issuance by the Board of Grupo Nutresa, on February 22, 2017 and will be subject to approval by March 20, 2018 at the Shareholders' Meeting.

Separate
Financial Statements

Statutory Auditor's Report

TO THE SHAREHOLDERS' MEETING OF GRUPO NUTRESA S.A.

February 22, 2018

I have audited the accompanying separate financial statements of Grupo Nutresa S. A., which contain the financial position statement at December 31, 2017, the statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended; the summary of the main accounting policies and other explanatory notes.

Management's responsibility for the financial statements

The Management is responsible for the fair preparation and reasonable presentation of these separate financial statements in accordance with the accounting and financial information standards accepted in Colombia, and for the internal control the management considers relevant to the preparation of these financial statements in a way that they are free from material misstatements due to fraud or error, select and apply the appropriate accounting policies, as well as establish the accounting estimates that are reasonable in the circumstances.

Statutory auditor's responsibility

My responsibility is to express an opinion on such financial statements based on my audit. I performed my work in accordance with the auditing and financial information standards accepted in Colombia. Those standards require me to comply with ethical requirements, to plan and perform the audit in order to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit includes, among other things, performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements in the financial statements due to fraud or error. In the assessment of those risks, the auditor considers the internal control relevant to the entity for the preparation of the financial statements, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonability of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I obtained is sufficient and appropriate enough to provide a basis for my audit opinion.

TO THE SHAREHOLDERS' MEETING OF GRUPO NUTRESA S.A.

February 22, 2018

Opinion

In my opinion, the accompanying financial statements, faithfully taken from the accounting books, present fairly, and in all material respects, the financial position of Grupo Nutresa S. A. at December 31, 2017, and the result of its operations and cash flows for the year then ended, in accordance with the accounting and financial information standards accepted in Colombia.

Report regarding other legal and regulatory requirements

Management is also responsible for compliance with the regulatory aspects in Colombia related to the management of accounting documents; the preparation of management reports and the timely and proper payment of contributions to the Integrated Social Security System. My responsibility as statutory auditor in these matters is to perform review procedures to issue a concept on their proper compliance.

According to the above, in my opinion:

a) The accounting records of Grupo Nutresa S. A. during 2017 have been kept in accordance with the legal regulations and accounting techniques, and the operations recorded conform to the bylaws and decisions of the Shareholders' Meeting.

b) The correspondence, accounting vouchers, and the minute books and partner quotas register are properly kept and maintained.

c) Due concordance exists between the accompanying financial statements and the management report prepared by the administrators. The administrators left evidence in the management report that they did not hinder the free circulation of invoices by vendors or suppliers.

d) The information contained in the self-computation of contributions to the Comprehensive Social Security System, particularly information related to affiliates and their income base for calculation, has been taken from the accounting records and documents. At December 31, 2017, The Company is not in arrears for contributions to the Integral Social Security System.

e) The Company has implemented the Self-monitoring and Anti-Money Laundering and Counter Terrorism Financing Risk Management System in accordance with the provisions of the External Circular 062 of 2007 issued by the Superintendency of Finance.

Other matters

In compliance with the responsibilities of the statutory auditor contained in numerals 1 and 3 of article 209 of the Code of Commerce, related to the evaluation of whether the acts of the Company's administrators comply with the bylaws and the orders and instructions of the Shareholders' Meeting, and whether adequate measures for internal control, conservation and custody of the assets of the company or of third parties that are in its possession exist and are adequate, I issued a separate report dated February 22, 2018.

Bibiana Moreno Vásquez
Statutory Auditor - Professional Card No. 167200-T
Appointed by PricewaterhouseCoopers Ltda.
(See attached certification)

Certification of the **Financial Statements**

THE UNDERSIGNED LEGAL REPRESENTATIVE AND THE GENERAL COUNSEL OF GRUPO NUTRESA S.A.

CERTIFY:

22 of February of 2018

We have previously verified all claims, herewith contained, in the Consolidated Financial Statements, at December 31, 2017 and 2016, according to, the regulations, and the same that have been faithfully taken, from the Financial Statements of the Parent Company, and its subsidiaries, duly certified and audited.

In accordance with the above stated, in relationship to the Financial Statements, herewith mentioned, we declare the following:

1. The assets and liabilities, are stated and the recorded transactions, have been recorded, during said years.
2. All realized economic transactions, have been recognized.
3. The assets represent rights, and liabilities represent obligations, obtained or under the responsibility of the Companies.
4. All elements have been recognized, in the appropriate amounts, and in accordance with the Financial Information Norms, applicable in Colombia.
5. The economic transactions, that impact the Companies, have been correctly classified, described, and disclosed.
6. The Financial Statements and Notes, do not contain misstatements, errors, differences or material inaccuracies, which could impact the financial position, equity, and operations of the Companies. Similarly, appropriate procedures, reporting systems, and control of the financial information, have been established, to insure accurate reporting to third–party users, of such.

CIGP.

Carlos Ignacio Gallego Palacio
President
(See attached certification)

Jaime León Montoya Vásquez
General Accountant - T.P. 45056-T
(See attached certification)

Certification of the Financial Statements
Law 964 of 2005

Gentlemen
Shareholders
Grupo Nutresa S.A.
Medellín

THE UNDERSIGNED LEGAL REPRESENTATIVE OF GRUPO NUTRESA S.A.

CERTIFIES:

22 of February of 2018

That the Consolidated Financial Statements, and the operations of the Parent Company, and its subsidiaries, at December 31, 2017 and 2016, do not contain any defects, differences, inaccuracies, or errors that impede the knowledge of the true and fair presentation, of the financial situation, of the same.

The foregoing, is stated, for purposes of compliance with Article 46 of Law 964 of 2005.

And is signed, as a record, on the 22nd day of the month of February of 2018.

CIGP.

Carlos Ignacio Gallego Palacio
President

Statement of Financial Position

At December 31st, 2017 and 2016 (Values expressed in millions of Colombian Pesos)

	Notes		2017		2016
ASSETS					
Current assets					
Cash and cash equivalents		$	465	$	42
Trade and other receivables	5		14.481		18.098
Other current assets	6		402		938
Total current assets		$	**15.348**	$	**19.078**
Non-current assets					
Trade and other receivables	5		2.965		2.972
Investments in subsidiaries	7		4.872.188		4.568.234
Investments in associated	8		149.441		138.652
Other financial non-current assets	9		4.061.685		3.809.367
Deferred tax assets	10.2		5.227		4.945
Other non-current assets	6		6		7
Total non-current assets		$	**9.091.512**	$	**8.524.177**
TOTAL ASSETS		$	**9.106.860**	$	**8.543.255**
LIABILITIES					
Current liabilities					
Trade and other payables	11		69.855		80.968
Income tax and taxes, payable			416		188
Employee benefits liabilities	12		1.205		1.068
Total current liabilities		$	**71.476**	$	**82.224**
Non-current liabilities					
Trade and other payables	11		158		168
Employee benefits liabilities	12		15.126		14.413
Deferred tax liabilities	10.2		9.449		6.416
Total non-current liabilities		$	**24.733**	$	**20.997**
TOTAL LIABILITIES		$	**96.209**	$	**103.221**
SHAREHOLDER EQUITY					
Share capital issued	13.1		2.301		2.301
Paid-in-capital	13.1		546.832		546.832
Reserves	13.2		3.746.020		3.592.671
Retained earnings	13.2		3		-
Other comprehensive income, accumulated	14		4.285.216		3.899.132
Earnings for the period			430.279		399.098
TOTAL SHAREHOLDER EQUITY		$	**9.010.651**	$	**8.440.034**
TOTAL LIABILITIES AND EQUITY		$	**9.106.860**	$	**8.543.255**

The notes are an integral part of the Separate Financial Statements.

Carlos Ignacio Gallego Palacio
President
(See attached certification)

Jaime León Montoya Vásquez
General Accountant - T.P. 45056-T
(See attached certification)

Bibiana Moreno Vásquez
Statutory Auditor - Professional Card No. 167200-T
Appointed by PricewaterhouseCoopers Ltda.
(See attached certification)

Comprehensive Income **Statement - Accumulated**

From January 1st to December 31st (Values expressed in millions of Colombian Pesos)

	Notes		2017		2016
OPERATING REVENUE					
Portfolio dividends	9	$	54.204	$	50.453
Share of profit for the period of subsidiaries	7		374.306		348.796
Share of profit for the period of associates	8		5.802		4.947
Gross profit		$	**434.312**	$	**404.196**
Administrative expenses	15		(4.077)		(3.950)
Exchange differences on operating assets and liabilities			(1)		(24)
Other operating expenses, net			3.901		1.401
OPERATING PROFIT		$	**434.135**	$	**401.623**
Financial income			4		4
Financial expenses			(1.419)		(1.032)
Exchange differences on non-operating assets and liabilities			-		(6)
Income before tax		$	**432.720**	$	**400.589**
Current income tax			(84)		(222)
Deferred income tax	10.3		(2.357)		(1.269)
NET PROFIT FOR THE PERIOD		$	**430.279**	$	**399.098**
Earnings per share (*)					
Basic, attributable to controlling interest (in Colombian Pesos)	16		935,14		867,37
(*) Calculated on 460,123,458 shares, which have not been modified during the period covered by these Financial Statements.					
OTHER COMPREHENSIVE INCOME					
Items that are not subsequently reclassified to profit and loss:					
Actuarial (losses)/gains of defined benefit plans	12.1		709		(1.739)
Equity investments measured at fair value	14.2 - 9		252.401		394.268
Income tax from items that will not be reclassified	14.1		(234)		653
Total items that are not subsequently reclassified to profit and loss		$	**252.876**	$	**393.182**
Items that are or may be subsequently reclassified to profit and loss:					
Share of other comprehensive income of subsidiaries	14.4		132.884		(132.079)
Share of other comprehensive income of associates	14.3 - 8		487		(1.084)
Income tax from items that will be reclassified	14.3		(160)		176
Total items that are or may be subsequently reclassified to profit and loss:		$	**133.211**	$	**(132.987)**
Other comprehensive income, net taxes		$	386.087	$	260.195
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		$	**816.366**	$	**659.293**

The notes are an integral part of the Separate Financial Statements.

Carlos Ignacio Gallego Palacio
President
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Change in Equity Statement

From January 1st to December 31st (Values expressed in millions of Colombian Pesos)

	Share capital issued	Paid-in capital	Reserves	Retained earnings	Profit for the period	Other comprehensive income, accumulated	Total
EQUITY AT DECEMBER 31, 2016	**2.301**	**546.832**	**3.592.671**	**-**	**399.098**	**3.899.132**	**8.440.034**
Profit for the period	-	-	-	-	430.279	-	**430.279**
Other comprehensive income for the period	-	-	-	-	-	386.087	**386.087**
Comprehensive income for the period	**-**	**-**	**-**	**-**	**430.279**	**386.087**	**816.366**
Transfer to accumulated results	-	-	-	399.098	(399.098)	-	**-**
Cash dividends (Note 9)	-	-	(2.761)	(242.945)	-	-	**(245.706)**
Appropriation of reserves (Note 9)	-	-	156.153	(156.153)	-	-	**-**
Tax on wealth (Note 8)	-	-	(43)	-	-	-	**(43)**
Realization of other comprehensive income	-	-	-	3	-	(3)	**-**
EQUITY AT DECEMBER 31, 2017	**2.301**	**546.832**	**3.746.020**	**3**	**430.279**	**4.285.216**	**9.010.651**
EQUITY AT DECEMBER 31, 2015	**2.301**	**546.832**	**1.836.225**	**1.558.597**	**427.096**	**3.638.937**	**8.009.988**
Profit for the period	-	-	-	-	399.098	-	**399.098**
Other comprehensive income for the period	-	-	-	-	-	260.195	**260.195**
Comprehensive income for the period	**-**	**-**	**-**	**-**	**399.098**	**260.195**	**659.293**
Transfer to accumulated results	-	-	-	427.096	(427.096)	-	**-**
Cash dividends (Note 9)	-	-	(6.428)	(222.713)	-	-	**(229.141)**
Appropriation of reserves (Note 9)	-	-	1.762.980	(1.762.980)	-	-	**-**
Tax on wealth (Note 8)	-	-	(106)	-	-	-	**(106)**
EQUITY AT DECEMBER 31, 2016	**2.301**	**546.832**	**3.592.671**	**-**	**399.098**	**3.899.132**	**8.440.034**

The notes are an integral part of the Separate Financial Statements.

Carlos Ignacio Gallego Palacio
President
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Jaime León Montoya Vásquez
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Cash-flow **Statement**

From January 1st to December 31st (Values expressed in millions of Colombian Pesos)

		2017		2016
CASH FLOW FROM OPERATING ACTIVITIES				
Dividends received (Note 7 y 9)	$	265.755	$	276.923
Dividends paid (Note 13.3)		(240.744)		(224.277)
Collection from goods and services		2.575		1.452
Payments to suppliers for goods and services		(1.788)		(4.593)
Payments to and on behalf of employees		(6.548)		(5.735)
Income taxes on reimbursed gains (paid)		391		(684)
Other cash inflows		1.500		7.578
Net cash flow from operating activities	**$**	**21.141**	**$**	**50.664**
CASH FLOW FROM INVESTMENT ACTIVITIES				
Purchases of equity of associates and joint ventures (Note 8)		(20.717)		(36.583)
Capitalization in subsidiaries (Note 7)		-		(13.090)
Other cash inflows		126		23
Net cash flow used in investment activities	**$**	**(20.591)**	**$**	**(49.650)**
CASH FLOW FROM FINANCING ACTIVITIES				
Interest paid		-		(1.029)
Other cash outflows		(126)		(3)
Net cash flow used in financing activities	**$**	**(126)**	**$**	**(1.032)**
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENT FROM ACTIVITIES	**$**	**424**	**$**	**(18)**
Net foreign exchange differences		(1)		(6)
Net increase (decrease) in cash and cash equivalents		**423**		**(24)**
Cash and cash equivalents at the beginning of the period		42		66
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**$**	**465**	**$**	**42**

The notes are an integral part of the Separate Financial Statements.

CIGP.

Carlos Ignacio Gallego Palacio
President
(See attached certification)

Jaime León Montoya Vásquez
General Accountant - T.P. 45056-T
(See attached certification)

Bibiana Moreno Vásquez
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Notes for the
Separate financial statements

For the period between January 1st and December 31st 2017 and 2016
(Values are expressed as millions of Colombian Pesos, except for the values in foreign currency, exchange rates, and number of shares).

NOTE 1.
Corporate information

1.1 ENTITY AND CORPORATE PURPOSE OF PARENT COMPANY AND SUBSIDIARIES

Grupo Nutresa S. A., (hereinafter referred to as: Grupo Nutresa, the Company, or Nutresa, indistinctly) a corporation of Colombian nationality, incorporated on April 12, 1920, with its headquarters in the City of Medellin, Colombia; its terms expire on April 12, 2050. The Corporate Business Purpose consists of the investment or application of available resources, in organized enterprises, under any of the forms permitted by law, whether domestic or foreign, and aimed at the use of any legal economic activity, either tangible or intangible assets, with the purpose of safeguarding its capital.

The Company is the Parent of Grupo Nutresa, constitutes an integrated and diversified food industry group that operates mainly in Colombia and Latin America.

NOTE 2.
Basis of preparation

The Separated Financial Statements of Grupo Nutresa, for the period from January 1st to December 31, 2017, have been prepared in accordance with the Accounting and Financial Information Standards accepted in Colombia, based on the International Financial Reporting Standards (IFRS), together with its interpretations, conceptual framework, the foundation for conclusions, and the application guidelines authorized and issued by the International Accounting Standards Board (IASB) until 2015, and other legal provisions defined by the Financial Superintendence of Colombia.

The Separate Financial Statements are prepared in accordance with IAS 27, Grupo Nutresa S.A., as the Parent Company, presents the Separate Financial Statements are available on our website: www.gruponutresa.com.

2.1 BASIS OF MEASUREMENT

The Separate Financial Statements have been prepared on a historical cost basis, except for the measurements at fair value of certain financial instruments, as described in the policies herewith. The book value of recognized assets and liabilities, that have been designated as hedged items, in fair value hedges, and which would otherwise be accounted for at amortized cost, are adjusted to record changes in the fair value, attributable to those risks, that are covered under "Effective hedges".

2.2 FUNCTIONAL AND PRESENTATION CURRENCY

The Financial Statements are presented in Colombian Pesos, which is both the functional and presentation currency of Grupo Nutresa S.A. These figures are expressed as millions of Colombian Pesos, except for basic earnings per share and the representative market exchange rates, which are expressed as Colombian Pesos, and other currencies [E.g. USD, Euros, Pounds Sterling, among others], which are expressed, as monetary units.

2.3 CLASSIFICATION OF ITEMS IN CURRENT AND NON-CURRENT

Grupo Nutresa S.A. presents assets and liabilities in the Statement of Financial Position, classified as current and non-current. An asset is classified as current when the entity: expects to realize the asset, or intends to sell or consume within its normal operating cycle, holds the asset primarily for negotiating purposes, expects to realize the asset within twelve months after the reporting period is reported, or the asset is cash or cash equivalent, unless the asset is restricted for a period of twelve months, after the close of the reporting period. All other assets are classified as non-current. A liability is classified as current when the entity expects to settle the liability within its normal operating cycle or holds the liability primarily for negotiating purposes.

NOTE 3.
Significant accounting policies

Grupo Nutresa applies the following significant accounting policies, in preparing its Separate Financial Statements:

3.1 INVESTMENTS IN SUBSIDIARIES

A subsidiary is an entity controlled by one of the companies that make up Grupo Nutresa S.A. Control exists when any of the Group companies has the power to direct the relevant activities of the subsidiary, which are generally: the operating activities and the financing to obtain benefits from its activities, and is exposed, or has rights, to those variable yields.

Investments in subsidiaries are measured in the Separate Financial Statements of Grupo Nutresa S.A., using *the Equity Method* according to the established regulations in Colombia, under which the investment is initially recorded at cost, and is adjusted with the changes in participation of Grupo Nutresa, over the net assets of the subsidiary after the date of acquisition, minus any impairment loss of the investment. The losses of the subsidiary, that exceed Grupo Nutresa's participation in the investment, are recognized as provisions, only when it is probable that there will be an outflow of economic benefits and there is a legal or implicit obligation.

3.2 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

An associate is an entity over which Grupo Nutresa has significant influence over financial and operating policies, without having control or joint control.

A joint venture is an entity that Grupo Nutresa S.A. controls jointly with other participants, where, together, they maintain a contractual agreement that establishes joint control over the relevant activities of the entity.

At the date of acquisition, the excess acquisition cost over the net fair value of the identifiable assets, liabilities, and contingent liabilities assumed by the associate or joint venture, is recognized as goodwill. Goodwill is included in the book value of the investment and is not amortized, nor is it individually tested for impairment.

Investments in associates or joint ventures are measured in the Separate Financial Statements, using *the Equity Method*, under which the investment is initially recorded at cost and is adjusted with changes of the participation of Grupo Nutresa S.A., over the net assets of the associate or joint venture, after the date of acquisition, minus any impairment loss on the investment. The losses of the associate or joint venture, that exceed Grupo Nutresa's shares in the investment, are recognized as a provision, only when it is probable that there will be an outflow of economic benefit and there is a legal or implicit obligation.

Where *the Equity Method* is applicable, adjustments are made to homologize the accounting policies of the associate or joint venture with those of Grupo Nutresa S.A. The portion that corresponding to Grupo Nutresa of profit and loss, obtained from the measurement of at fair value at the date of acquisition is incorporated into the Financial Statements, and gains and losses from transactions between Grupo Nutresa S.A. and the associate or joint venture are eliminated, to the extent of Grupo Nutresa´s participation in the associate or joint venture. *The Equity Method* is applied from the date of the acquisition to the date that significant influence or joint control over the entity is lost.

The portion of profit and loss, of an associate or joint venture, is presented in the Statement of Comprehensive Income for the period, net of taxes and non-controlling interest, in the subsidiaries of the associate or joint venture. The portion of changes recognized directly in equity and other comprehensive income of the associate or joint venture is presented in the Statement of Changes, in equity and other comprehensive income. Cash dividends received, from the associate or joint ventures, are recognized by reducing the book value of the investment.

Grupo Nutresa S.A. analyzes the existence of impairment indicators and, if necessary, recognizes impairment losses of the associate or joint venture investment.

When the significant influence over an associate or joint control is lost, Grupo Nutresa measures and recognizes any retained residual investment, at fair value. The difference between the book value of the associate or joint venture (taking into account the relevant items of other comprehensive income) and the fair value of the retained residual investment, at its value from sale, is recognized in profit and loss in that period.

3.3 FOREIGN CURRENCY

Transactions, made in a currency other than the functional currency of the Company, are translated, using the exchange rate at the date of the transaction. Subsequently, monetary assets and liabilities denominated in foreign currencies are translated using the exchange rates, at the closing of the Financial Statements, and taken from the information published by the official body responsible for certifying this information. Non-monetary items, that are measured at fair value, are converted, using the exchange rates on the date when its fair value is determined, and non-monetary items are measured at historical cost, are translated using the exchange rates determined on the date of the original transaction.

All exchange differences, arising from operating assets and liabilities, are recognized on the Income Statement, as part of revenue and operating expenses; exchange differences in other assets and liabilities are recognized as income or expense, except for, monetary items that provide an effective hedge for a net investment in a foreign operation and from investments in shares, classified as fair value through equity. These items, and the tax impact are recognized in other comprehensive income, until disposal of the net investment, at which time, are recognized in profit and loss.

3.4 CASH AND CASH EQUIVALENTS

Cash and cash equivalents, in the Statement of Financial Position and statement of cash flows, include cash on hand and banks, highly liquid investments readily convertible to a known amount of cash and subject to an insignificant risk of changes in its value, with a maturity of three months or less from the date of purchase. These items are initially recognized at historical cost and restated to recognize its fair value at the date of each accounting year.

3.5 FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity and, simultaneously, to a financial liability or equity instrument of another entity. Financial assets and liabilities are initially recognized at fair value plus (minus) the transaction costs directly attributable, except for those who are subsequently measured at fair value.

At initial recognition, Grupo Nutresa S.A. classifies its financial assets for subsequent measurement at amortized cost or fair value, depending on Grupo Nutresa's business model for the administration of financial assets and the characteristics of the contractual cash flows of the instrument; or as derivatives designated as hedging instruments in an effective hedge, accordingly.

(i) *Financial assets measured at amortized cost*

A financial asset is subsequently measured at amortized cost, using the effective interest rate, if the asset is held within a business model whose objective is to keep the contractual cash flows, and the contractual terms, on specific dates, cash flows that are solely for payments of principal and interest on the value of outstanding capital. Notwithstanding the foregoing, Grupo Nutresa designates a financial asset as irrevocably measured at fair value through profit and loss.

Grupo Nutresa has determined that the business model for accounts receivable is to receive the contractual cash flows, which is why they are included in this category.

(ii) *Financial assets measured at fair value*

The financial assets, different from those measured at amortized cost, are subsequently measured at fair value, with changes recognized in profit and loss. However, for investments in equity instruments that are not held for trading purposes, Grupo Nutresa S.A. irrevocably chooses to present gains or losses on the fair value measurement in "other comprehensive income". Upon disposal of investments at fair value, through "other comprehensive income", the accumulated value of the OCI is transferred directly to retained earnings, and is not reclassified to profit and loss, in that period. Cash dividends, received from these investments, are recognized in the profit and loss of that period.

The fair values of quoted investments are based on the valid quoted prices.

Financial assets measured at fair value are not tested for impairment.

(iii) *Impairment of financial assets at amortized cost*

Financial assets measured at amortized cost are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired, when there exists, objective evidence, that, as a result of one or more events occurring after the initial recognition of the financial asset, the estimated future flows of the financial asset, (or group of financial assets) have been impacted.

The criteria used to determine if there is objective evidence of impairment losses, includes:

- significant financial difficulty of the issuer or counterparty .
- non-payment of principal and interest.
- probability that the lender will declare bankruptcy or financial reorganization.

The amount of the impairment is the difference between the book value of the asset, and the present value of estimated future cash flows, discounted at the original effective rate of the financial asset. The book value of the asset is reduced, and the amount of the loss is recognized in profit and loss, for the period.

(iv) *Derecognition*

A financial asset, or a part of it, is derecognized from the Statement of Financial Position when it is sold, transferred, expires, or Grupo Nutresa loses control over the contractual rights or the cash flows of the instrument. A financial liability, or a portion of it, is derecognized from the Statement of Financial Position, when the contractual obligation has been settled, or has expired. When an existing financial liability is replaced by another, from the same counterparty, on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification, it is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective book value is recognized in the profit and loss, for the period.

(v) *Financial liabilities*

Financial liabilities are subsequently measured at amortized cost, using the effective interest rate. Financial liabilities include: balances with suppliers and accounts payable, financial obligations, and other derivative financial liabilities. This category also includes those derivative financial instruments taken by the Group, that are not designated as hedging instruments, in effective hedging risks.

(vi) *Off-setting financial instruments*

Financial assets and financial liabilities are offset, so that the net value is reported on the Statement of Financial Position, only if (i) there is, at present, a legally enforceable right to offset the amounts recognized, and (ii) there is an intention to settle on a net basis, or to realize the assets and settle the liabilities, simultaneously.

3.6 TAXES

This heading includes the value of mandatory general-nature taxation, in favor of the State, by way of private closeouts, that are based on the taxes of the fiscal year, and responsibility of each company, according to the tax norms of national and territorial governing entities, in the countries where Grupo Nutresa operates.

a) Income tax

(i) *Current*

Current assets and liabilities, generated from income tax, for the period, are measured by the values expected to be recovered or paid to the taxation authorities. Expenses for income tax are recognized under current tax, in accordance with the tax clearance, between taxable income and accounting profit and loss, impacted by the rate of income tax in the current year, in accordance with the effective tax rules in Colombia. Taxes rates and tax norms, or laws used to compute these values, are those that are approved at the end of the reporting period, over which it is reported. The current assets and liabilities, for income tax, are also offset, if related to the same taxation authority, and are intended to be settled at net value, or the asset realized, and liability settled, simultaneously.

(ii) *Deferred*

Deferred income tax is recognized using the Liability Method, and is calculated on temporary differences between the taxable bases of assets and liabilities, in and book value. Deferred tax liabilities are generally recognized for all temporary tax differences imposed, and all of the deferred tax assets are recognized for all temporary deductible differences, future compensation of tax credits, and unused tax losses, to the extent that it is likely there will be availability of future tax profit, against which, they can be attributed. Deferred taxes are not subject to financial discount.

Deferred asset and liability taxes are not recognized, if a temporary difference arises from the initial recognition of an asset or liability, in a transaction that is not a business combination, and at the time of the transaction, it impacted neither the accounting profit nor taxable profit and loss; and in the case of deferred tax liability, arising from the initial recognition of goodwill.

The deferred tax liabilities related to investments in associates, and interests in joint ventures, are not recognized when the timing of the reversal of temporary differences can be controlled, and it is probable that such differences will not reverse in the near future, and the deferred tax assets related to investments in associates, and interests in joint ventures are recognized only to the extent that it is probable that the temporary differences will reverse in the near future and it is likely the availability of future tax profit, against which these deductible differences, will be charged. Deferred tax liabilities, related to goodwill, are recognized only to the extent that it is probable that the temporary differences will be reversed in the future.

The book value of deferred tax assets is reviewed at each reporting date, and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available for use, in part or in totality, or a part of the asset, from said tax. Unrecognized deferred tax assets are reassessed at each reporting date, and are recognized to the extent that it is probable that future taxable profit income is likely to allow for their recovery.

Assets and liabilities from deferred taxes are measured at the tax rates, that are expected to be applicable, in the period when the asset is realized, or the liability is settled, based on income tax rates and norms, that were approved at the date of filing, or whose approval will be nearing completion, by that date.

Deferred tax is recognized in profit and loss, except when relating to items not recognized in profit and loss, in which case will be presented in "other comprehensive income" or directly in equity.

b) Income tax for equity - CREE

The income tax for equity – CREE, applicable to Colombian Companies, is the tax with which taxpayers, legal entities, and assimilated filers of income taxes, contribute to employee benefits, creation of employment, and social investment. The applicable rate was 9% with a surcharge of 5% and 6% for the years 2015 and 2016, respectively.

With the issuance of Law 1819 of December 29, 2016, the income tax for equity – CREE, and the temporary surtax for 2017 and 2018 is waived; and the new income tax rates are determined.

c) Tax on wealth

The tax burden of the "wealth tax" is originated, from possession of the same to the January 1st of the years 2015, 2016, and 2017, by taxpayers. Therefore, those taxpayers with gross assets minus debts, whose value exceeds $1.000, should determine their taxes under the conditions established in the tax regulations.

According to the provisions of Article 6 of Law 1739 of 2014, and additionally, Article 297-2 of the tax statute, the accrual of wealth tax will take place on January 1st of the years 2015, 2016, and 2017, and may be allocated to capital reserves without affecting net income, in accordance with Article 10 of the same law.

3.7 EMPLOYEE BENEFITS

a) Short-terms benefits

They are (other than termination benefits) benefits expected to be settled in totality, before the end of the following twelve months, at the end of the annual period, of which the services provided by employees, is reported. Short-term benefits are recognized to the extent that the employee renders the service, to the expected value to be paid.

b) Other long-term benefits

Long-term employee benefits, (that differ from post-employment benefits and termination benefits) that do not expire within twelve (12) months after the end of the annual period in which the employee renders services, are remunerated, such as: long-term benefits, the variable compensation system, and retroactive severance interest. The cost of long-term benefits is distributed over the time measured between the employee starting date, and the expected date of when the benefit is received. These benefits are projected to the payment date, and are discounted with the projected unit credit method.

c) Pensions and other post-employment benefits

(i) *Defined benefit plans*

Defined benefit plans are plans for post-employment benefits in which Grupo Nutresa has a legal or implicit obligation, of the payment of benefits.

The cost of this benefit is determined by the projected unit credit method. The liability is measured annually, at the present value of expected future payments required to settle the obligations arising from services rendered by employees in the current and prior periods.

Updates of the liability for actuarial gains and losses are recognized in the Statement of Financial Position, against retained earnings through "other comprehensive income". These items will not be reclassified to profit and loss, in subsequent periods. The cost of past and present services, and net interest on the liability, is recognized in profit and loss, distributed among cost of sales and administrative expenses, sales and distribution, as well as, gains and losses by reductions in benefits and non-routine settlements.

Interest on the liability is calculated by applying the discount rate on said liability.

3.8 PROVISIONS, CONTINGENT LIABILITIES AND ASSETS

a) Provisions

Provisions are recognized when, as a result of a past event, Grupo Nutresa has a present legal or constructive obligation to a settlement, and requires an outflow of resources, are considered probable, and can be estimated with certainty.

In cases where Grupo Nutresa expects the provision to be reimbursed in whole, or in part, the reimbursement is recognized as a separate asset, only in cases where such reimbursement is virtually certain.

Provisions are measured at best estimate of the disbursement of the expenditure required to settle the present obligation. The expense relating to any provision is presented in the Statement of Comprehensive Income , net result of all reimbursement. The increase in the provision, due to the passage of time, is recognized as interest expense.

b) Contingent liabilities

Possible obligations arising from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one more uncertain future events, not wholly within the control of Grupo Nutresa, or present obligations arising from past events, are not likely, but there is a possibility that an outflow of resources including economic benefits is required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability, are not recognized in the Statement of Financial Position and are instead revealed as contingent liabilities.

c) Contingent assets

Possible assets, arising out of past events and whose existence will be confirmed only by the occurrence, or possibly by the non-occurrence of one or more uncertain future events which are not entirely under the control Grupo Nutresa S.A., are not recognized in the Statement of Financial Position, and are however, disclosed as contingent assets when it is a probable occurrence. When the said contingent is certain, the asset and the associated income, are recognized for that period.

3.9 REVENUE

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be measured reliably.

The specific recognition criteria listed below must also be met for revenue to be recognized:

a) Services

Revenue from providing services is recognized when these services are rendered, or according to the degree of completion (or percentage of completion) of contracts.

b) Interest

For all financial instruments measured at amortized cost, interest income, or expense, is recognized with the Effective Interest Rate Method. The effective interest rate is the rate that exactly discounts estimated future cash payments or those received through the expected life of the financial instrument, or in a shorter period, in the book value of the financial asset or financial liability.

c) Dividend income

This revenue is recognized when Grupo Nutresa's right to receive payment is established, which is generally when the shareholders approve the dividend, except when the dividend represents recovery of investment costs. Dividend income is not recognized, when payment is made to all shareholders, in the same proportion in shares of the issuer.

3.10 FAIR VALUE

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of all financial assets and liabilities is determined at the date of presentation of the Financial Statements, for recognition or disclosure in the Notes to the Financial Statements.

Grupo Nutresa uses valuation techniques which are appropriate under circumstances for which sufficient information is available to measure the fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Fair value is determined:

- Based on quoted prices in active markets for identical assets or liabilities that the Company can access at the measurement date (level 1).
- Based on valuation techniques commonly used by market participants using variables other than the quoted prices that are observable for the asset or liability, either directly or indirectly (level 2).
- Based on internal discount cash flow techniques or other

valuation models, using estimated variables by Grupo Nutresa S.A. for the unobservable asset or liability, in the absence of variables observed in the market (level 3).

Judgments include data such as liquidity risk, credit risk, and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

3.11 EARNINGS PER SHARE

Basic earnings per share are calculated by dividing profit and loss attributable to ordinary equity holders, by the weighted average number of ordinary shares outstanding during the period.

The average number of shares outstanding, for the periods ended December 31, 2017 and 2016, is 460.123.458.

Diluted earnings per share are calculated by adjusting, profit and loss attributable to ordinary equity holders, and the weighted average number of shares of dilutive potential ordinary shares.

3.12 RELATIVE IMPORTANCE OR MATERIALITY

Information is material or has relative importance, if it can, individually, or collectively, influence the economic decisions taken by users, based on the Financial Statements. Materiality depends on the size and nature of error or inaccuracy and is prosecuted depending on the particular circumstances, in which they are produced. The size or nature of the item, or a combination of both, could be the determining factor.

3.13 NEW ACCOUNTING PRONOUNCEMENTS ON INTERNATIONAL FINANCIAL REPORTING STANDARDS

3.13.1 NEW STANDARDS, MODIFICATIONS AND INTERPRETATIONS INCORPORATED INTO THE ACCOUNTING FRAMEWORK ACCEPTED IN COLOMBIA, WHOSE APPLICATION MUST BE ASSESSED BEYOND JANUARY 1, 2018, OR THAT CAN BE APPLIED IN ADVANCE

The Decrees 2496 of December 2015, 2131 of December 2016, and 2170 of December 2017, introduced to the technical framework norms of financial information, new standards, modifications, or amendments or impacts by the IASB to the International Financial Reporting Standards between the years 2014 and 2016, to evaluate its application in financial years, beginning later than January 1, 2018, although its application could be made in advance.

IFRS 9 "Financial Instruments"

The full version of this IFRS was published in July 2016. It addresses the classification, measurement, derecognition of financial assets and liabilities, and introduces new rules for hedge accounting and a new impairment model for financial assets.

IFRS 9 maintains, although it simplifies, the varied valuation model and establishes three main categories of valuation for financial assets: amortized cost, fair value with changes in other comprehensive income, and fair value with changes in profit and loss. The basis of classification depends on the business model of the entity and the characteristics of the contractual cash flows of the financial asset. Investments in net equity instruments are required to be measured at fair value through profit or loss, with the irrevocable option at the initial presentation of changes in fair value in other non-recyclable comprehensive income. There is now a new model of expected credit losses that replaces the impairment loss model, incurred in IAS 39. For financial liabilities, there were no changes in classification and valuation. IFRS 9 simplifies the requirements for the effectiveness of the hedge. Under IAS 39, a hedge must be highly effective, both prospectively and retrospectively. IFRS 9 replaces this by requiring an economic relationship between the hedged item and the hedging instrument, and that the hedged ratio is the same, as the entity actually uses for its risk management. Contemporaneous documentation is still necessary, but it is different from the one prepared under IAS 39. The standard goes into effect for the accounting periods, beginning on or after January 1, 2018.

Since the First Adoption of IFRS, on January 1, 2014, Grupo Nutresa has maintained the classification and measurement of financial assets and liabilities under the categories proposed by IFRS 9. In addition, the Company confirmed that its current hedging relationships will continue as hedges, after the adoption of the new IFRS 9.

The new impairment model requires the recognition of provisions for impairments, based on the expected credit losses, instead of only the credit losses incurred, as is the case of IAS 39. In this case, Grupo Nutresa, this applies mainly to customer accounts payable. Based on the evaluations realized to date, no significant impact is expected, in the estimation of portfolio impairment under the new expected loss model.

IFRS 15 "Income from client contracts"

Issued in May 2016, a new standard is applicable to all contracts with customers, except for leases, financial instruments, and insurance contracts. The objective of the standard is to provide a single and comprehensive model of revenue recognition for all contracts with customers and to improve comparability within industries, between industries, and between capital markets. The new standard is based on the principle of transfer of control of a good or service to a client, in order to establish the recognition of income. Its application is effective as of January 1, 2018.

The Company has completed an initial review of the potential impact of the adoption of IFRS 15, in its Financial Statements, and has identified that there will be no significant impact on the timing and amount of recognition of the

Company's revenues.

IFRS 16 "Leases"

The International Accounting Standards Board (IASB) issued IFRS 16, with an effective date of application as of January 1, 2019. IFRS 16 replaces existing guidelines for the accounting of leases, including IAS 17 leases, IFRIC 4 determination of whether an arrangement contains a lease, SIC 15 incentives in operating leases and SIC 27 the evaluation of the substance of transactions that involve the legal form of a lease.

IFRS 16 introduces a single accounting model for the recognition of lease agreements in the Statement of Financial Position for lessees. A lessee recognizes an asset by right of use, representing the right to use the leased asset, and a lease liability, representing its obligation to make the lease payments. There are optional exemptions for short-term leases or leases of very low-value assets. The accounting treatment of lease agreements for lessors remains, similar to current accounting standards in which the lessor classifies leases, as financial or operating leases.

The Company has initiated a potential evaluation of the qualitative and quantitative impacts, in its Financial Statements. Until now the most significant impact identified is the recognition of assets and liabilities of its operating lease agreements, especially of real estate, used in the operation of the business. In addition, the nature of the expenses, corresponding to operating lease contracts as lessee, will change with IFRS 16, from lease expenses, to charges for depreciation of rights of use of the asset and financial expenses, in lease liabilities. To date, the Company is evaluating the impact of the adoption of this new standard.

These impacts will primarily affect the Financial Statements of the subsidiary companies, of Grupo Nutresa, and will be incorporated through the Equity Method.

NOTE 4

Judgments, estimates, and significant accounting assumptions

The preparation of Grupo Nutresa's Financial Statements requires that management must make judgments, accounting estimates, and assumptions that impact the amount of revenue and expenses, assets and liabilities, and related disclosures, as well as, the disclosure of contingent liabilities at the close of the reporting period. In this regard, the uncertainty of assumptions and estimates could impact future results that could require significant adjustments to the book values recorded in books of the assets or liabilities impacted.

In applying Grupo Nutresa's accounting policies, Management has made the following judgments and estimates, which have significant impact on the amounts recognized in these Separate Financial Statements:

- Assessment of the existence of impairment indicators for investments in subsidiaries and associates
- Assumptions used in the actuarial calculation of post-employment and long-term obligations with employees
- Suppositions used to calculate the fair value of financial instruments
- Recoverability of deferred tax assets
- Determination of control, significant influence, or joint control over an investment

Judgments and estimates used by the management of Grupo Nutresa, in the preparation of the Separated Financial Statements at December 31, 2017, do not differ significantly from those realized at the year-end close of the previous period, that is, December 31, 2016.

NOTE 5.

Trade and other receivables

The balance of trade receivables and other accounts receivable comprised the following items:

	2017	2016
Accounts receivable from employees	19	23
Dividends receivable from third parties (Note 9)	6.185	12.496
Dividends receivable, related parties	-	772
Accounts receivable, related parties	11.197	7.734
Other accounts receivable	45	45
Total debtors and accounts receivable	**17.446**	**21.070**
Current portion	**14.481**	**18.098**
Non-current portion	**2.965**	**2.972**

Table 1

NOTE 6.
Other assets

Other assets are comprised of the following:

	2017	2016
Other current assets		
Taxes (1)	344	900
Prepaid expenses (2)	42	38
Assets held for sale	16	-
TOTAL OTHER CURRENT ASSETS	**402**	**938**
Other non-current assets		
Prepaid expenses (2)	6	7
Total other assets	**408**	**945**

Table 2

(1) Tax assets include balances in favor by income tax, supplementary taxes, and other taxes.

(2) The prepaid expenses relate mainly to insurance.

NOTE 7.
Investments in subsidiaries

Detailed below, are the book values of the subsidiaries of Grupo Nutresa S.A., to the date of the period, over which is reported:

		Book Value	
	% participation	**2017**	**2016**
Compañía de Galletas Noel S.A.S.	100,0	1.256.658	1.162.078
Compañía Nacional de Chocolates S. A. S.	100,0	1.110.536	1.001.328
Tropical Coffee Company S.A.S.	100,0	18.355	16.603
Industria Colombiana de Café S.A.S.	100,0	559.465	616.439
Industria de Alimentos Zenú S.A.S.	100,0	206.566	209.705
Litoempaques S.A.S.	100,0	22.047	21.882
Meals Mercadeo de Alimentos de Colombia S.A.S.	100,0	215.285	227.740
Molino Santa Marta S.A.S.	100,0	84.737	79.687
Novaventa S.A.S.	93,0	133.599	107.689
Pastas Comarrico S.A.S.	100,0	26.715	24.711
Productos Alimenticios Doria S.A.S.	100,0	136.209	127.451
Alimentos Cárnicos S.A.S.	100,0	895.360	755.603
Setas Colombianas S.A.	94,0	47.689	46.477
Compañía Nacional de Chocolates Perú S.A.	0,0	11	10
La Recetta Soluciones Gastronómicas Integradas S.A.S.	70,0	1.265	1.166
Alimentos Cárnicos Zona Franca Santa Fe S.A.S. (1)	100,0	-	5.554
Gestión Cargo Zona Franca S.A.S.	100,0	62.019	53.667
Comercial Nutresa S.A.S.	100,0	23.695	28.296
Industrias Aliadas S.A.	83,0	69.093	78.681
Opperar Colombia S.A.S.	100,0	1.074	846
Servicios Nutresa S.A.S. (2)	100,0	1.558	2.356
Fideicomiso Grupo Nutresa	100,0	252	265
Total		**4.872.188**	**4.568.234**

Table 3

(1) In April of 2017, the liquidation from the split of Alimentos Cárnicos Zona Franca Santa Fe S.A.S., was carried out. The assets, held by that company, were received by Alimentos Cárnicos S.A.S. and Meals Mercadeo de Alimentos de Colombia S.A.S., companies wholly owned, 100%, by Grupo Nutresa S.A.

(2) Grupo Nutresa realized a capitalization, on December 20, 2016, in the amount of $13.090 in Servicios Nutresa S.A.S., which did not change its ownership, but increased the subscribed and paid capital, of said company.

A detailed breakdown of the dividends received, and the result of the application of the Equity Method, on investments in subsidiaries, during the reporting periods, is as follows:

	2017			**2016**		
	Dividends received	**Share of Income for The Period**	**Share of Other Comprehensive Income**	**Dividends received**	**Share of Income for The Period**	**Share of Other Comprehensive Income**
Compañía de Galletas Noel S.A.S.	43.197	122.716	(15.062)	32.130	99.199	57.384
Compañía Nacional de Chocolates S. A. S.	20.422	102.428	(27.203)	19.279	58.016	39.408
Tropical Coffee Company S.A.S.	-	1.781	29	-	1.080	94
Industria Colombiana de Café S.A.S.	102.346	21.028	(24.345)	47.365	39.346	17.198
Industria de Alimentos Zenú S.A.S.	19.220	16.473	393	13.641	22.219	2.855
Litoempaques S.A.S.	-	217	52	-	442	91
Meals Mercadeo de Alimentos de Colombia S.A.S.	-	(14.231)	1.000	36.774	4.792	3.623
Molino Santa Marta S.A.S.	-	5.268	217	-	3.351	(1.161)
Novaventa S.A.S.	-	26.126	216	-	19.791	(1.480)
Pastas Comarrico S.A.S.	-	2.050	46	1.900	1.564	115
Productos Alimenticios Doria S.A.S.	-	9.434	676	10.638	6.816	2.247
Alimentos Cárnicos S.A.S.	-	67.495	(69.484)	62.849	60.952	8.194
Setas Colombianas S.A.	2.438	3.739	89	1.621	4.819	518
Compañía Nacional de Chocolates Perú S.A.	-	-	-	-	-	1
La Recetta Soluciones Gastronómicas Integradas S.A.S.	-	102	4	-	(19)	(3)
Alimentos Cárnicos Zona Franca Santa Fe S.A.S.	-	-	-	-	54	2
Gestión Cargo Zona Franca S.A.S.	-	8.479	128	-	9.629	322
Comercial Nutresa S.A.S.	-	(4.378)	222	-	3.502	788
Industrias Aliadas S.A.	15.614	6.208	183	-	10.041	374
Opperar Colombia S.A.S.	-	227	-	-	152	-
Servicios Nutresa S.A.S.	-	(857)	(59)	-	3.051	1.509
Fideicomiso Grupo Nutresa	-	1	14	-	(1)	-
Subtotal	**203.237**	**374.306**	**(132.884)**	**226.197**	**348.796**	**132.079**

Table 4

There were no changes in the shareholdings between December 2016 and December 2017.

Dividends received in subsidiaries are recognized, as a lesser value of the investment, as part of the application of the Equity Method. As of December 31, 2017, there are no accounts receivable for dividends from subsidiaries. In December 2016, there was $772, which is presented in accounts receivable, in the Statement of Financial Position.

Dividends received, from subsidiaries, generate an impact on cash flow in the amount of $204.009 (2016 - $227.355).

NOTE 8.
Investment in associates

The following is a breakdown of the investments over which Grupo Nutresa S.A. has significant influence, and which are classified as associates:

			Book Value		2017		2016	
	Countrys	% participation	2017	2016	Share of Income for The Period	Share of Other Comprehensive Income	Share of Income for The Period	Share of Other Comprehensive Income
ASSOCIATES								
Bimbo de Colombia S.A.	Colombia	40,0	139.867	132.627	6.745	495	5.406	(1.084)
Estrella Andina S.A.S.	Colombia	30,0	9.574	6.025	(943)	(8)	(459)	-
Total associates			**149.441**	**138.652**	**5.802**	**487**	**4.947**	**(1.084)**

Table 5

Bimbo de Colombia S. A.

Bimbo de Colombia S.A. is a company domiciled in Tenjo, Colombia, dedicated primarily to the manufacturing of baked goods.

Estrella Andina S. A. S.

Estrella Andina S.A.S. is a simplified joint stock company, engaged in the marketing of ready-made meals in the cafeterias, in which Nutresa has a 30% stake, and its majority shareholder, Grupo Alsea, with an interest of 70%.

The movements of investments in associates, are as follows:

	2017	2016
OPENING BALANCE AT JANUARY 1ST	**138.652**	**81.989**
Increase of contributions (*)	4.500	52.800
Participation in profit and loss	5.802	4.947
Participation in comprehensive income	487	(1.084)
Balance at December 31st	**149.441**	**138.652**

Table 6

Increase in contributions in associates and joint ventures

- On May of 2017, an increase in the capital of de Estrella Andina S.A.S., was realized, in which Grupo Nutresa invested $4.500, without generating changes in the percentage of participation.
- In January 2017, a payment was realized in the amount of $16.217, corresponding to the balance payable, from the capitalization realized in 2016, to Bimbo de Colombia S.A. In March 2016, the General Shareholders' Meeting of Bimbo de Colombia S.A. authorized an extension of capital in the amount of $132,000, in order to develop the investment projects planned for this year; Grupo Nutresa realized an investment of $52,800, without generating changes in its percentage of participation. During the period covered by these Financial Statements, no dividends were received from these investments.

Below, is the summarized financial information regarding the associated entities:

	2017					2016				
	Assets	Liabilities	Equity	Profit and Loss	Total Comprehensive Income for the Period	Assets	Liabilities	Equity	Profit and Loss	Total Comprehensive Income for the Period
Bimbo de Colombia S.A.	635.443	285.776	349.667	16.278	395	511.912	218.613	293.299	13.516	(876)
Estrella Andina S.A.S.	35.391	3.307	32.084	(2.802)	-	22.880	2.964	19.916	(1.531)	-

Table 7

None of the associates and joint ventures, held by the Group, are listed on a stock market, and consequently, there are no quoted market prices for the investment.

NOTE 9.
Other non-current financial assets

Grupo Nutresa classifies portfolio investments that are not held for trading as financial instruments measured at fair value through other comprehensive income.

The results for the period include income from dividends on these instruments, and which are recognized, by Nutresa, on the date that the right to receive future payments is established, which is the date of declaration of dividends by the issuing company. "other comprehensive income" includes changes in the fair value of these financial instruments.

The breakdown of financial instruments is as follows:

Book value	Number of Shares Held	Participation as % in Total Ordinary Shares	2017	2016
Grupo de Inversiones Suramericana S.A.	59.387.803	12,66	2.393.328	2.268.614
Grupo Argos S.A.	79.804.628	12,36	1.666.321	1.538.633
Other societies			2.036	2.120
			4.061.685	**3.809.367**

Table 8

	2017		2016	
	Dividend Income	Profit on Fair Value Measurement	Dividend Income	Profit on Fair Value Measurement
Grupo de Inversiones Suramericana S. A.	28.981	124.714	27.081	148.470
Grupo Argos S. A.	24.740	127.687	22.904	245.798
Other societies	483	-	468	-
	54.204	**252.401**	**50.453**	**394.268**

Table 9

The value of the dividend per share decreed for 2017, by this issuance was $310 (Pesos) and $488 (Pesos), per year, per share, corresponding to Grupo Argos S.A. and Grupo de Inversiones Suramericana S.A., respectively. Grupo Argos S.A. will pay quarterly dividends, in the amount of $77,5 (Pesos). The dividends, declared by Grupo de Inversiones Suramericana S.A., were received in totality, in April 2017, as 805.638 preference shares, which were sold between April and May of 2017. The dividends received generate an impact in the cash flows, in the amount of $61.746 (2016 - $49.568).

For 2016, the annual value, per share, was $287 (Pesos), ($71,75 Pesos per quarter), for Grupo Argos S.A., and $456 (Pesos) ($ 114 Pesos per quarter) for Grupo de Inversiones Suramericana S.A.

Dividend income recognized in March 2017 and 2016, for portfolio investments, corresponds to the total annual dividend declared by the issuers, and no similar income for the remainder of the year is expected.

As of December 31, 2017, there are accounts receivable, in the amount of $6.185, for dividends from investments in financial instruments (2016: $12.496).

9.1. FAIR VALUE MEASUREMENT

The fair value of shares traded and that are classified as high trading volume is determined, based on the quoted price on the Colombian Stock Exchange. This measurement is in the Hierarchy 1, established by IFRS 13 for the measurement of fair value. This category includes investments held by Grupo Nutresa in Grupo de Inversiones Suramericana S.A. and Grupo Argos S.A. This measurement is done monthly.

The following is the value per share, used in the valuation of investments listed on the Colombian Stock Exchange:

PRICE PER SHARE (IN COLOMBIAN PESOS)	2017	2016
Grupo de Inversiones Suramericana S.A.	40.300	38.200
Grupo Argos S.A.	20.880	19.280

Table 10

There have been no changes in the fair value hierarchy for the measurement of these investments, nor have there been changes in the valuation techniques used.

Investments in other companies classified in this category are measured at fair value, on a non-recurrent basis, only when a market value is available. The Company considers omission of recurrent measurement of these investments is immaterial, for the presentation of Grupo Nutresa's Financial Statements.

9.2.LIENS

At December 31, 2017, there were pledges for 30.775.000 (2016: 36.875.000) shares of Grupo de Inversiones Suramericana S.A., in favor of financial entities in Colombia, as collateral for obligations contracted by Grupo Nutresa and its subsidiaries.

NOTE 10.

Income taxes and payable taxes

10.1 APPLICABLE REGULATIONS

Until taxable year 2016, tax revenues were taxed at the rate of 25% as income tax, in addition, to income tax for equity "CREE", a rate of 9% was applicable, with a surcharge of 6%.

The Structural Tax Reform - Law 1819 of December 29, 2016 – aside of repealing the income tax for equity - CREE, as of January 1, 2017, modified the income tax rate, as well, as follows:

	Before the Reformation	With reform	Nominal Variation
2017	Rent: 25% CREE: 9% CREE surtax: 8% (RL>800 million) Total: 42%	Rent:: 34% Surcharge for rent: 6% (RL>800 million) Total: 40%	Reduction of 2%
2018	Rent: 25% CREE: 9% CREE surtax: 9% (RL>800 million) Total: 43%	Rent: 33% Surcharge for rent: 4% (RL>800 million) Total: 37%	Reduction of 6%
2019 Forward	Rent: 25% CREE: 9% Total: 34%	Rent: 33% Total: 33%	Reduction of 1%

Table 11 ** TB: Tax Base income*

Additionally, the tax reform introduced limitations on tax deductions and discounts, as well as additional tax charges, such as the obligation to pay tax on unearned income, obtained by foreign companies that are controlled by companies domiciled in Colombia. On the other hand, even when the tax regulation begins to be based on the IFRS accounting technical framework, it maintains strict exclusions in the standard that implies the recognition of income or deductions in periods other than accounting periods and differences in recognition and measurement systems.

The restrictions on deductions correspond mainly to the non-deductibility of the unrealized exchange difference, limitation on the deduction for benefits to employees, the requirement of payment, the accrual of the industry and commerce tax for its deduction, and the ceilings on the rates of annual depreciation and establishment of terms of time for the recognition of the customer loyalty plan. On the other hand, donations made to entities belonging to the special tax regime will not be deductible but will allow the discount in the tax equivalent to 25% of the value donated. The tax deductions applied in the Income Statement may not exceed 25% of the income tax charged to the taxpayer, in the respective taxable year, with the possibility of applying the excess in the taxable period following the one in which the donation was realized, if the discount is related to donations to companies pertinent to the special tax regime.

The finality of the tax returns, changed from 2 to 3 years. However, for companies' subject to the transfer pricing regulation, the finality will be 6 years and the declarations that originate or offset fiscal losses will be finalized in 12 years.

The tax losses, which did not an expiration for compensation with the tax base, in future tax returns, were effective through the Law 1819 of 2016, with a limit for their compensation of 12 years.

Other changes, introduced by the tax reform, were the increase in the general rate of VAT from 16% to 19%, modification of the rental rate for legal entities that are users of the free zone, from 15% to 20%, and the change on the assumption that the taxpayer's net income is not less than 3.5% of the net assets of the immediately preceding period, when it was only 3%.

10.2 DEFERRED INCOME TAX

The following represents deferred asset and liabilities taxes:

	2017	2016
DEFERRED TAX ASSETS		
Employee benefits	4.994	4.762
Tax losses	19	19
Tax credits	162	113
Other assets	52	51
Total deferred tax assets	**5.227**	**4.945**
DEFERRED TAX LIABILITIES		
Investments in associates	8.491	6.416
Other liabilities	958	-
Total deferred tax liabilities	**9.449**	**6.416**
Deferred tax liabilities, net	**4.222**	**1.471**

Table 12

Temporary differences, related to investments in subsidiaries, associates, and interest in joint ventures, for which deferred tax liabilities have not been recognized, are $6.014.880 (2017) and $5.711.885 (2016), whose deferred tax liability would be $1.984.910 (2017) and $1.884.922 (2016).

The deferred tax movements during the period are as follows:

	2017	2016
Initial balance, deferred tax liabilities, net	**1.471**	**1.031**
Deferred income tax expenses recognized in profit and loss	2.357	1.269
Income tax relating to components of other comprehensive income	394	(829)
Ending balance, deferred tax net liabilities	**4.222**	**1.471**

Table 13

The tax to profit related to components other comprehensive income is determined, by the new measurement of the employee benefit plans for $234 (2016: $(520)), the participation in associates and business combinations that are account for through the Equity Method in the amount of $160 (2016: $(176)) and are related to the changes at fair value of financial assets in the amount of $0 (2016: $(133)).

10.3 EFFECTIVE TAX RATE

Income, received by Grupo Nutresa, corresponds primarily to non-taxed portfolio dividends and the recognition of the profits, obtained by the subsidiary companies, and is recognized in the Separate Financial Statements of Grupo Nutresa S.A., through the Equity Method, which, in accordance with the tax rules applicable in Colombia, are considered as "un-taxed income".

In 2017, the effective rate is significantly below the theoretical rate, mainly due to tax revenues that are un-taxed and, therefore, constitute a permanent difference. In addition, there are restricted tax deductions, such as the tax on the financial movement, that is only 50% deductible, and tax expenses, provisions, costs, and expenses of previous years, fines, and penalties, among others, for which tax deductions are not allowed.

Below is reconciliation, of both the applicable tax rate and the effective tax rates:

	2017		2016	
	Value	%	Value	%
ACCOUNTING PROFIT	**432.720**		**400.589**	
Tax expenses at applicable tax rates	147.125	34,00%	160.235	40,00%
Non-taxed portfolio dividends	(18.429)	(4.26%)	(19.421)	(4.85%)

Untaxed income from the Equity Method	(129.226)	(29.86%)	(141.497)	(35.32%)
Other tax effects	2.971	0.68%	2.174	0.54%
Total tax expenses, net	**2.441**	**0,56%**	**1.491**	**0,37%**

Table 14

10.4 TAX ON WEALTH

According to Article 6 of Law 1739 of 2014, which adds Article 297-2 of the tax statute, the accrual of tax on wealth will take place on January 1st of the years 2015, 2016, and 2017, and will be charged to capital reserves without affecting net income, in accordance with Article 10 of the same law. For 2017, $43 (2016: $106) is recognized as charges to the reserves at the disposal of the highest corporate body.

According to the aforementioned norm, tax on wealth, for the year 2016, was settled at a marginal rate, between 0,15% and 1%; For 2017, the rate ranges from 0,05% to 0,40%.

10.5 INFORMATION ON CURRENT LEGAL PROCEEDINGS

Grupo Nutresa S.A. files a lawsuit for the lack of knowledge of deductions and compensation for tax losses in tax returns for the taxable years 2008 and 2009. Due to lack of knowledge, the Administration rejected the rebates, in favor of those taxable years, which made the lawsuit against the resolutions, that decided the rejection, necessary.

10.6 TAX RULES APPROVED PENDING APPLICATION

a. Through Article 137 of Law 1819 of 2016, in Colombia, the obligation was established, to maintain a system of control or conciliation of differences that arise between the new regulatory technical frameworks and the Colombian Tax Statute. For this, the Decree 1998 of November 30, 2017 and Resolution 73 of December 29 of 2017 that regulate the fiscal conciliation referred to in Law 1819 of 2016 and that should be implemented in the year 2018 to inform the taxable year 2017, as an integral part of the Income Statement of the same taxable year, were issued.

b. Additionally, in consideration of Article 108 of Law 1819 of 2016 and Action 13 of the BEPS OECD/G20 project, Resolution 71 of December 29, 2017 is issued, which establishes the procedure for the presentation of the Country by Country Report, that is part of the standardized approach in three levels of the documentation on transfer prices and that will contain information relative to the global allocation of income and taxes, paid by the multinational group, and the indicators related to the economic activity, at a global level, corresponding to the 2016 taxable year, as a term of presentation in February of the year 2018.

NOTE 11.

Trade and accounts payable

Trade and accounts payable comprised the following items:

	2017	**2016**
Cost and expenses payable	786	16.820
Dividends payable (See note 13.3)	68.995	64.033
Payroll deductions and contributions	232	266
Loans and accounts payable to related parties	-	17
Total	**70.013**	**81.136**
Current	69.855	80.968
Non-current	158	168

Table 15

NOTE 12.

Employee benefits liabilities

Employee benefits, correspond to all considerations, arising from formal plans or agreements, legal requirements, granted by the Company, in exchange for services rendered by employees, or for severance indemnities. Benefits include all remuneration, realized directly to employees, or their beneficiaries or dependents of employees, (spouse, children and others), and/or third parties, whose settlement can be made through cash payments, and/or supply of goods and services (non-monetary profit).

The balance of liabilities for employee benefits at December 31, 2017 and December 2016, is as follows:

	2017	2016
Short-term benefits	649	483
Post-Employment benefits - Defined benefits plans (12.1)	13.492	12.916
Other long-term benefits (12.2.2)	2.190	2.082
Total liabilities for employee benefits	**16.331**	**15.481**
Current portion	1.205	1.068
Non-current portion	15.126	14.413

Table 16

12.1 POST-EMPLOYMENT BENEFITS - DEFINED BENEFITS PLANS

The liability for post-employment benefits is estimated using the current technique of the projected credit unit, which requires the use of financial and demographic assumptions, including but not limited to: discount rate, inflation index, wage increase expectation, life expectancy, and employee turnover rate. The estimation of the liability, as well as the determination of the values of the assumptions, used in the valuation, is performed by an independent external actuary. Given the long-term horizon of these benefit plans, the estimates are subject to a significant degree of uncertainty, any change in actuarial assumptions directly impacts the value of the pension obligation, and other post-employment benefits.

A reconciliation of the movements, of the defined benefit plans, is as follows:

	2017	2016
PRESENT VALUE OF OBLIGATIONS AT JANUARY 1ST	**12.916**	**9.937**
(+) Cost of services	546	538
(+) Interest expenses	957	861
(+/-) Actuarial losses and/or gains	(709)	1.739
(-) Payments	(218)	-
(+/-) Others	-	(159)
Present value of obligations at December 31th	**13.492**	**12.916**

Table 17

Actuarial gains and losses are recognized in the Income Statement, under other comprehensive income.

The Company estimates that payments for defined benefit plans will begin after 5 years. The estimated time for the termination of the benefit is 20 years.

12.2 LONG-TERM BENEFITS

The long-term benefits include mainly seniority premiums and variable remuneration systems.

Seniority premiums is paid to the employee for every five years of service. The liability is recognized gradually, as the employee renders the services, that will make it creditor. Its measurement is realized annually, through the use of actuarial techniques. Current gains and losses, arising from experience, and changes in actuarial assumptions, are charged or credited to income for the period in which they arise.

The Company does not have specific assets to support the long-term benefits. The liability from long-term benefits, is determined separately for each plan, using the actuarial valuation method of the projected credit unit, using actuarial assumptions, as of the date of the reporting period. The current service cost, past service cost, interest cost, actuarial gains and losses, as well as, any liquidation or reduction of the plan is recognized in the profit and loss.

The following is the reconciliation of movements of other long-term employee benefits:

	2017	2016
PRESENT VALUE OF OBLIGATIONS AT JANUARY 1ST	**2.082**	**2.402**
(+) Cost of services	708	86
(+) Interest expenses	144	167
(+/-) Actuarial losses and/or gains	174	(30)
(-) Payments	(833)	(1.440)
(+/-) Others	(85)	897
Present value of obligations at December 31th	**2.190**	**2.082**

Table 18

12.3 EXPENSES FOR EMPLOYEE BENEFITS

Amounts recognized as expenses for employee benefits, are as follows:

	2017	2016
Short-term benefits	5.581	5.080
Post-Employment benefits	546	538
Other long-term benefits	691	56
SUB TOTAL	**6.818**	**5.674**
Reimbursement for contracts of mandate (*)	(5.971)	(5.585)
Total	**847**	**89**

Table 19

(*) By virtue of the mandated agreement, Grupo Nutresa S.A. transfers to the subsidiary companies, the cost for employee benefits, corresponding to the corporate services provided to each of them.

12.4 ACTUARIAL ASSUMPTIONS

The main actuarial assumptions used in the actuarial measurement of the defined and long-term plans are:

	2017	2016
Discount rates	7,21%	9,84%
Salary increase rates	4,30%	4,93%
Employee turn-over rates	1,0%	-

Table 20

According to the guidelines prescribed by the current regulation, for discount purposes, the rate of high quality corporate bonds, whose maturity is in accordance with the established benefits, is used. However, the Colombian market does not have sufficient liquidity and depth in these types of bonds. Grupo Nutresa establishes its hypothesis of the discount rate, based on the assumptions of the performance of the sovereign debt bonds, of the committed country, denominated in percentages, according to the terms of the obligation. The rates of the real yield curve are obtained from the information published daily, by the market.

The table used is mortality rate, by sex. This table is issued by the Financial Superintendence, through Resolution 1555 of 2010 for Colombia.

The salary increase rates were determined based on historical performance, the projections of the inflation, and consumer price indexes.

The turnover rate of employees is estimated, based on historical data of the Company.

12.5 SENSITIVITY ANALYSIS

A quantitative analysis of sensitivity to a change in a significant key assumption, as of December 31, 2017, would generate the following impact on the obligation for other long-term benefits, as well as, senior premium:

	Others defined benefits	Seniority Premium
Discount rate +1%	(91)	(50)
Discount rate -1%	92	55
Rate of salary increases +1%	44	47
Rate of salary increases -1%	(47)	(44)

Table 21

The methods and assumptions used to prepare sensitivity analyzes of the present value of the obligations were the same method, as for the actuarial calculation, at December 31, 2016: Projected Credit Unit. Sensitivity has no limitations, nor changes in the methods and assumptions used to prepare the analysis of the current period.

NOTE 13.
Equity

13.1 SUBSCRIBED AND PAID SHARES

As of December 31st of 2017 and 2016, the balance of capital of the Parent Company was $2.301, representing a total of 460.123.458 fully paid and subscribed shares. There were no changes to the make-up of the capital during neither to the period nor the comparative period.

There is a paid-in capital of shares for $ 546.831, from the issuance of shares made in previous periods.

The Company's shares are listed on the Colombian Stock Exchange as of December 31, 2017, and its market value was $27.820 per share ($24.900 as of December 31, 2016).

The corporate structure of the company, as of December 31, 2017 and December 2016, is as follows:

	2017		2016	
Investor Group	**Number of Shares**	**% Participation**	**Number of Shares**	**% Participation**
Grupo de Inversiones Suramericana S. A.	161.398.558	35,1	162.883.420	35,4
Grupo Argos S. A.	45.243.781	9,8	45.243.781	9,8
Colombian Funds	77.887.378	16,9	75.561.157	16,4
International Funds	38.182.333	8,3	34.467.295	7,5
Other Investors	137.411.408	29,9	141.967.805	30,9
Total outstanding shares	**460.123.458**	**100,0**	**460.123.458**	**100,0**

Table 22

According to the register of shareholders, at December 31, 2017, there are 11.900 shareholders (2016: 13.167).

13.2 RESERVES

Of the accounts that make up the equity, reserves at December 31st of 2017 and 2016 are as follows:

	2017	2016
Legal reserves	2.711	2.711
Occasional non-distributed reserves	1.558.597	1.558.597
Other reserves	2.184.712	2.031.363
TOTAL RESERVES	**3.746.020**	**3.592.671**
Retained earnings	3	-
Total	**3.746.023**	**3.592.671**

Table 23

Legal reserves: In accordance with Colombian Commercial Law, 10% of the net income each year should be appropriated as a legal reserve, until the balance is equivalent to at least 50% of the subscribed capital. The reserve is not distributable before the liquidation of the Company, but must be used to absorb losses. The excess over the minimum required by law is freely available to the Shareholders.

Occasional non-distributed reserves: corresponds to the voluntary reserve, approved by the Shareholder's Assembly at a Meeting on March 18, 2016, in reference to accumulated profits, generated in the process of First-time Adoption of IFRS.

Other reserves: includes the value caused by tax on wealth, payment of dividends, and other reserves substantially unrestricted by Shareholders.

Retained earnings: corresponds mainly to the realization of financial instruments of liquidation of the Livestock Fund of Antioquia, in the amount of $3.

13.3 DISTRIBUTION OF DIVIDENDS

The Ordinary Shareholders Meeting, held on March 29, 2017, decreed ordinary share dividends of $44,5 per-share and per-month, equivalent to $534 annually per share (2016: $498 per share) over 460.123.458 outstanding shares, during the months between April 2017 and March 2018, inclusive, for a total of $245.706 (2016: $229.141 between April 2016 and March 2017).

This dividend was decreed, by taking from the profits of the year 2016 $242.945 and of the non-taxed occasional reserves $2.761. At December 31, 2017, dividends have been paid in the amount of $240.744 (2016: $224.277), and $68.995, are payable for this concept (2016: $64.033).

Appropriations authorized by the General Meeting of Shareholders, are recorded as reserves, charged to profit and loss, of the year, for compliance with legal provisions or to cover expansion plans, or financing needs. The Company carries the profits of the year to accumulated profits, and these to reserves. The value of appropriations is $156.153.

NOTE 14.
Other comprehensive income, accumulated

Below is a breakdown of each of the components of accumulated other comprehensive results, in the Separate Financial Statements:

	Actuarial Losses (14.1)	Financial Instruments (14.2)	Investments in Associates (14.3)	Subsidiaries (14.4)	Total Other Comprehensive Income, Accumulatedo
BALANCE AT JANUARY 1, 2017	(4.770)	3.632.890	(358)	271.370	3.899.132
Losses/Gains for new measurements	709	252.401	487	132.884	386.481
Associated income tax	(234)	-	(160)	-	(394)
Realization of other comprehensive income	-	(3)	-	-	(3)
BALANCE AT DECEMBER 31, 2017	(4.295)	3.885.288	(31)	404.254	4.285.216

	Actuarial Losses (14.1)	Financial Instruments (14.2)	Investments in Associates (14.3)	Subsidiaries (14.4)	Total Other Comprehensive Income, Accumulated
BALANCE AT JANUARY 1, 2016	(3.551)	3.238.489	550	403.449	3.638.937
Losses/Gains for new measurements	(1.739)	394.268	(1.084)	(132.079)	259.366
Associated income tax	520	133	176	-	829
BALANCE AT DECEMBER 31, 2017	(4.770)	3.632.890	(358)	271.370	3.899.132

Table 24

During the period, no reclassification of gains/losses previously recognized in other comprehensive income to profit and loss, was realized.

14.1 (LOSSES) GAINS ON RE-MEASUREMENT OF DEFINED BENEFIT PLANS

The component of new measurements of defined benefit plans represents the accumulative value of the actuarial gains and losses, primarily from" Other defined employee benefits". The net value of the new measurements is transferred to retained earnings and not reclassified to the Income Statement.

See Note 12, for detailed information about defined benefits plans.

14.2 VALUATION OF FINANCIAL INSTRUMENTS – EQUITY INVESTMENTS MEASURED AT FAIR VALUE THROUGH EQUITY

The component of other comprehensive income from equity investments measured at fair value through profit and loss represents the accumulated value of the gains or losses valuation to fair value minus the values transferred to retained earnings when these investments are sold. Changes of fair value are not reclassified to the Income Statement.

See Note 9 for detailed information on these investments.

14.3 INVESTMENTS IN ASSOCIATES – INTEREST IN OTHER COMPREHENSIVE INCOME, ACCUMULATED

The component of other comprehensive income from investments in associates and joint ventures, represents the accumulated value of gains or losses, from the participation in other comprehensive income of the investee. These accumulated profits may be transferred to profit or loss for the period in the cases provided by accounting standards.

See Note 8 for detailed information on investments in associates.

14.4 SUBSIDIARIES — INTEREST IN OTHER COMPREHENSIVE INCOME, ACCUMULATED.

The component of other comprehensive income of investments of subsidiaries measured to the Equity Method, through profit or loss, represents the accumulated value of gains or losses of valuation from the Equity Method, minus the values transferred to retained earnings, when these investments have been sold. Changes in fair value can be reclassified to profit and loss for the period.

See Note 7, for more detailed information, regarding investments in subsidiaries and the application of the Equity Method of the other comprehensive income.

NOTE 15.
Expenditure by nature

Below is a detailed breakdown of expenditures by nature, for the period:

	2017	2016
Taxes other than income tax	1.400	1.394
Fees	1.295	1.135
Employee benefits (Note 12.3)	847	89
Commission fees	286	-
Other services	101	570
Travel expenses	45	106
Insurance	45	48
Other expenses	34	515
Leases	24	42
Contributions and memberships	-	51
Total	**4.077**	**3.950**

Table 25

Grupo Nutresa S.A. operates under the modality of commercial offer of services of mandate without representation, offering shared services to the other companies of the Group, for integral management. Under this contract, the expenses, associated with the services provided to each of them, are transferred to the subsidiary companies.

NOTE 16.
Earnings per share

The amount of basic earnings per share is calculated by dividing net profit for the year attributable to holders of ordinary equity of the Parent, by the weighted average number of ordinary outstanding shares during the year.

Below is the information about earnings and number of shares used in the computations of basic earnings per share:

	2017	2016
Net income attributable to holders of ordinary equity of the Parent	430.279	399.098
Outstanding shares	460.123.458	460.123.458
Earnings per share attributable to controlling interest	**935,14**	**867,37**

Table 26

There are no equity instruments with potential dilutive impact on earnings per share.

In accordance with current corporate regulations in Colombia, the distribution and payment of dividends to the Shareholders of the Parent Company is not realized on Consolidated Financial Statements, but on the Separate Financial Statements of Grupo Nutresa S.A.

NOTE 17.
Disclosure of related parties

The following table represents the values of transactions between related parties at year-end:

2017

Company	Purchases of Goods and Services	Sales of Goods and Services	Receivables Balance	Payables Balance	Dividend Income	Dividends Paid
Subsidiaries						
Alimentos Cárnicos S.A.S.	2.777	666	-	-	-	-
Compañía de Galletas Noel S.A.S.	-	655	467	-	43.197	-
Compañía de Galletas Pozuelo DCR, S.A.	-	-	-	12	-	-
Compañía Nacional de Chocolates S.A.S.	-	592	2.905	-	20.422	-
Industria Colombiana de Café S.A.S.	-	402	286	-	102.346	-
Industria de Alimentos Zenú S.A.S.	-	-	-	-	19.220	-
Industrias Aliadas .S.A.S.	-	-	-	-	15.614	-
IRCC S.A.S. (antes IRCC Ltda)	8	-	-	106	-	-
Meals Mercadeo de Alimentos de Colombia S.A.S.	2.777	168	120	-	-	-
Productos Alimenticios Doria S.A.S.	-	92	66	-	-	-
Servicios Nutresa S.A.S.	12	-	7.353	-	-	-
Setas Colombianas S.A.	-	-	-	-	2.438	-
Entities with joint control or significant influence over the entity						
Grupo de Inversiones Suramericana S.A.	53	-	-	50	28.981	84.949
Other related parties						
Grupo Bancolombia S.A.	503	-	-	31	-	-
Grupo Argos S.A.	-	-	6.185	-	24.739	23.753
Members, Board of Directors	880	-	-	136	-	-

2016

Company	Purchases of Goods and Services	Sales of Goods and Services	Receivables Balance	Payables Balance	Dividend Income	Dividends Paid
Subsidiaries						
Alimentos Cárnicos S.A.S.	-	2.778	229	-	62.849	-
Compañía de Galletas Noel S.A.S.	-	2.331	198	-	32.130	-
Compañía Nacional de Chocolates S.A.S.	-	1.384	3.029	-	19.279	-
Industria Colombiana de Café S.A.S.	-	1.649	138	-	47.365	-
Industria de Alimentos Zenú S.A.S.	-	-	-	-	13.641	-
IRCC S.A.S. (antes IRCC Ltda)	-	334	63	11	-	-
Litoempaques S.A.S.	4	-	-	-	-	-
Meals Mercadeo de Alimentos de Colombia S.A.S.	-	778	60	-	36.774	-
Pastas Comarrico S.A.S.	-	-	-	-	1.900	-
Productos Alimenticios Doria S. A. S.	-	395	27	-	10.638	-
Servicios Nutresa S. A. S.	12	13.090	3.990	6	-	-
Setas Colombianas S. A.	-		772	-	1.621	-
Associates and joint ventures						
Bimbo de Colombia S.A.	52.800	-	-	16.217	-	-
Entities with joint control or significant influence over the entity						
Grupo de Inversiones Suramericana S. A	171	-	6.770	41	27.081	79.182
Other related parties						
Grupo Bancolombia S. A.	176	-	-	20	-	-
Grupo Argos S. A.	-	-	5.726	-	22.904	19.864
Members, Board of Directors	805	-	-	130	-	-

Tabla 27

Purchases and sales were executed in equivalent conditions than those of the market. Outstanding balances are expected to be settled under normal conditions; these balances have not been granted, nor received guarantees. No expense has been recognized in the current or prior periods, regarding uncollectable debts or doubtful accounts related amounts owed by related parties.

During the period payments in the amount of $5.386 (2016: $4.646) for 2 key personnel (2016: 2 employees) were made.

NOTA 18.
Events after the reporting period

These Separate Financial Statements were prepared for purposes of supervision and were authorized for issue, by the Board of Grupo Nutresa S.A., on February 22, 2018. No significant events, after the close of the Financial Statements, and until the date of approval, that may significantly affect the financial position of Grupo Nutresa S.A., reflected in the Financial Statement.