

# Annual and Sustainability report 2011



Cultivamos nutrición, bienestar y placer



# Our 2011 Indicators

## INCREASING VALUE GENERATION



Consolidated  
Sales

**COP\$5,1**  
billion



Sales outside  
Colombia

**us\$834**  
million



Consolidated  
sales Growth

**13,4%**

Consolidated market share  
in Colombia

**60,6%**



Consolidated  
EBITDA

**\$568.131**  
billion

EBITDA  
Margin

**11,2%**

EBITDA  
Growth

**5,6%**

**23**

Production  
plants  
in Colombia

**10**

International  
production  
plants



**+243.000**

points of sale in  
Colombia

**+335.000**

points of sale  
outside Colombia



**+23.900**

employees in Colom-  
bia



**+6.100**

employees  
abroad



# Our 2011 Indicators

## FOR A BETTER SOCIETY



### Our People

Investment in  
Life Quality  
(Billion)

**COP38.292**

Investment in Training  
(Billion)

**COP10.779**  
(education and training)

Investment in Wellness  
(Billion)

**COP7.441**  
Aids

**COP5.389**  
Investment in Mutual Funds  
(Contributions of the companies)

### Community Management

Investment (Billion)

**COP13.660**

in Nutrition, Education,  
Income Generation and  
Entrepreneurship, Sup-  
port to the Arts and Cul-  
ture and Customer and  
Supplier Development

Beneficiaries

**4.482**

Entities

**3.416.008**

Persons

Volunteer Work

**7.150**

Volunteer Actions

Our Value Chain

**302.955**

Suppliers and Clients partic-  
ipating in Training Programs  
and Consulting

Satisfaction Indicator

**4,45**

National Customers

**4,39**

International Customers

(Measurement Scale of 0,0 – 5,0)

## OUR PLANET



Investment (Billion)

**COP11.913**

Investment and Envi-  
ronmental Management  
Expenditures

Utilization of Resources  
Energy

**4,5%**  
(kWh/t.p.)

Water

**3,9%**  
(m<sup>3</sup>/t.p.)

Based on the  
2007 – 2010  
period

Direct Greenhouse – Gas (GHG)

Emissions

**113,9**  
(kg CO<sub>2</sub> eq./t.p.)

Variation from  
2010 -2,1%



## GRUPO NUTRESA FORMS PART OF THE DOW JONES SUSTAINABILITY WORLD INDEX 2011 – 2012

Grupo Nutresa was recognized as one of the leading companies in corporate sustainability in the food sector by being included in the Dow Jones Sustainability World Index (DJSI), in its annual invitation to more than 2,500 companies in 58 industries around the world.

## THE SAM SUSTAINABILITY YEARBOOK

The Sustainability Yearbook is the world's largest sustainability yearbook, published by Sustainable Asset Management, SAM.

In 2011, Grupo Nutresa was catalogued as the Sector Mover in the food – producing sector by achieving the largest proportion of improvement in our sustainability performance over the previous year.

In 2012, we were awarded Bronze Class, together with 10% of the food companies with the best sustainability performance in the world.



## GLOBAL REPORTING INITIATIVE

Grupo Nutresa's sustainability report has used the Global Reporting Initiative (GRI) Guideline G3.1. According to this organization, our report complies with the highest level of application in sustainability issues, A+.



This report has been printed  
on paper certified by FSC  
(Forest Stewarding Council A.C.)

This report corresponds to the management of Grupo Nutresa SA, formerly Grupo Nacional de Chocolates S.A.

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# Information regarding this Annual and Sustainability Report

*Grupo Nutresa's* 2011 Annual and Sustainability Report assembles our performance in the three dimensions of sustainability: Economic, Social and Environmental. The report is aimed at readers interested in any of these three areas.

## THE REPORT IS ORGANIZED AROUND THREE LARGE CHAPTERS:

1. **Increasing Value Generation:** includes *Grupo Nutresa's* consolidated financial summary, the strategy from emerging markets, and, finally, our model of innovation, investigation and nutrition.
2. **For a Better Society:** includes the commitment to our people, whose indicators are available to all *Grupo Nutresa* companies, except Fehr Foods, Inc., which only reports the number of employees, wages and benefits. In terms of community management, we have excluded the indicators of Cargo Management, *Nutresa S.A. de C.V. de Mexico*, *Compañía Nacional de Chocolates de DCR S.A de Costa Rica* and *Cordials USA* in the United States. Finally, we describe our value chain with suppliers and clients.
3. **Our Planet:** includes our environmental commitment and the consolidated indicators, the results of implementing eco – efficiency projects, optimization in using resources and management in terms of climate control, emission controls and the water resources of the companies that have production plants in Colombia. We have excluded the agroindustrial plants for *Setas Colombianas* and *Meals* in *Armenia* and *Litoempques S.A.S* in Medellín from the consolidated measurement of some indicators, as these companies have a production process that is different from that of the core businesses. We have also incorporated the environmental advances made in Peru, Costa Rica and Mexico.

In 2011, we identified the most important issues for our various stakeholders. To do this, we worked with experts using an analysis of materiality. This exercise allowed us to reaffirm our strategic priorities and identify new opportunities.

We see further opportunity to improve the learning and human – rights training of our employees, strengthen innovation management and nutrition, advances in the field of our water footprint and continue extending the management elements in the social and environmental operations outside of Colombia.

The financial information of the Parent Company and its subsidiaries observe generally accepted accounting principles that are prescribed by law and by the respective entities of surveillance and control in Colombia. Without prejudice to these, the group of companies applied accounting practices and policies adopted by the Parent Company, which, in the case of subsidiary companies located abroad, do not differ substantially from the accounting practices used in the countries of origin and/or that have been approved for those that generate a significant impact on the consolidated financial statements. PriceWaterhouseCoopers – PWC, audited this information. The sustainability information is aligned with Global Reporting Initiative's (GRI) guideline G3.1 and the food supplement. KPMG audited this information.

*Grupo Nutresa* reaffirms its commitment to the United Nations Global Compact. The sustainability report corresponds to our third Progress Report and reflects the principal actions and goals achieved by the organization on the fronts recommended by the Global Compact.

In fiscal year 2011, there were no relevant events involving failure to meet targets. Some 2010 figures were reexpressed, in order to achieve comparability.

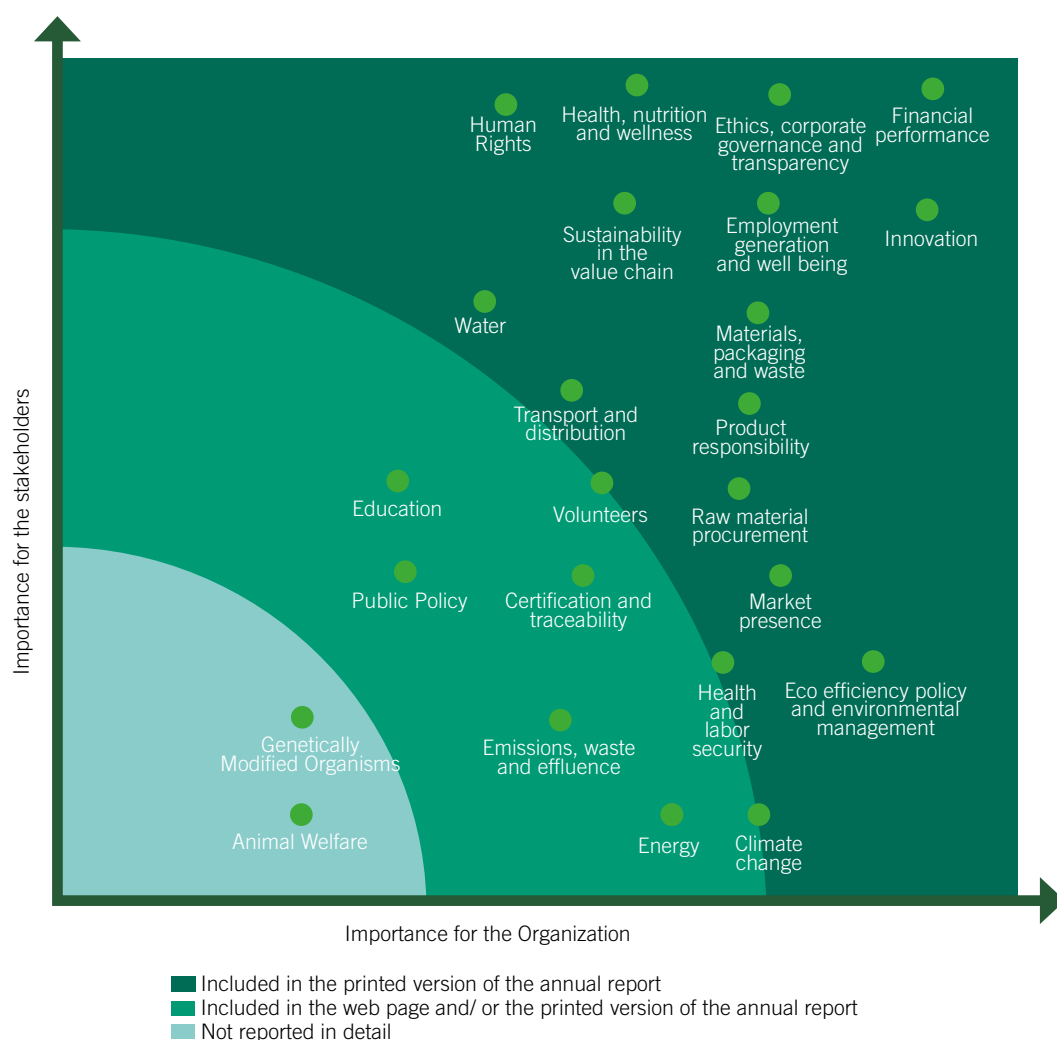
- The 2011 Report can be found at [www.gruponutresa.com/es/informes\\_anuales](http://www.gruponutresa.com/es/informes_anuales).
- The opinion of the financial auditors is on page 152 and 202.
- The opinion of the auditors of the sustainability information is on page 82.
- The GRI level of application is on page 80.
- The GRI Indicator information is in the GRI Content Index on page 232-245.

# Materiality analysis

In 2011, we perfected our analysis of materiality as an important step to identify, reinforce and prioritize the most important issues for the organization and our stakeholders. We performed this process with the accompaniment of an independent consulting firm. The methodology allowed for a direct dialogue with related groups, as well as the collection, review and analysis of internal and external

information. This input was sufficient to develop the materiality matrix that reflects the priority that the different issues evaluated have for stakeholders and *Grupo Nutresa*.

The approach to relationships with *Grupo Nutresa* stakeholders includes establishing communication channels, assessing existing information derived from surveys, workshops and conducting focus groups.





# Our organizational thought

## MULTI – LATIN VISION, 2005-2015

Together, we will double our food business in 2010 and triple it by 2015, by providing quality of life to consumers with products that satisfy their aspirations for wellness, nutrition and pleasure.

\* With EBITDA Margin in a range between 12% and 14%.

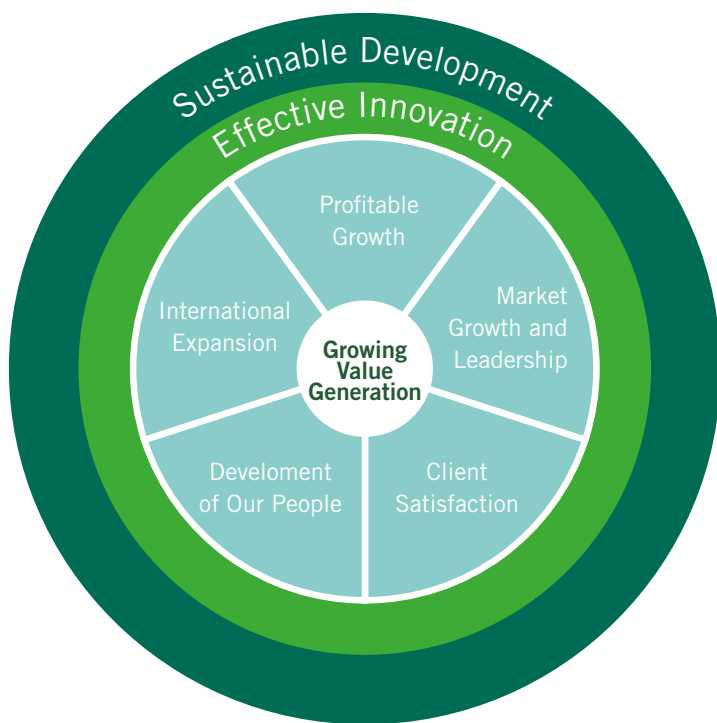
## MISSION

- ♦ The mission of our company is creating increased value, achieving an outstanding return on investment, greater than the cost of capital employed.
- ♦ In our food business, we always seek to improve consumer quality of life and the progress of our people.
- ♦ We look for profitable growth with leading brands, superior service and excellent national and international distribution.
- ♦ We are committed to managing our activities with Sustainable Development, with the best human talent, outstanding innovation and exemplary corporate behavior.

## PHILOSOPHY AND CORPORATE ACTION PERFORMANCE

- |   |  |
|---|--|
| ♦ Autonomy with strategic coherency     | ♦ Development of our people                  |
| ♦ Good corporate governance             | ♦ Ethics                                     |
| ♦ Responsible corporate citizenship     | ♦ Collaborative participation and management |
| ♦ World – class competitiveness         | ♦ Respect                                    |
| ♦ A culture of innovation and knowledge | ♦ Food safety                                |

## STRATEGIC OBJECTIVES



## OUR COMPETITIVE ADVANTAGES

1. Distribution in Colombia.
2. Brands and their leadership in Colombia.
3. Human talent, the work climate and the passion for what we do.
4. The ability to capture synergies.
5. Strategic clarity and coherence with good execution.



Board of Directors



## PRINCIPAL DIRECTORS

**David Emilio Bojanini García**

Chief Executive Officer, Grupo de Inversiones Suramericana S. A..

**Mauricio Reina Echeverri\***

Research Associate, Fedesarrollo

**Antonio Mario Celia Martínez-Aparicio\***

Chief Executive Officer, Promigas S.A.

**Jaime Alberto Palacio Botero\***

General Manager, Coldeplast S.A. and Microplast S.A.

**Alberto Velásquez Echeverri\***

General Manager, Prosantafé S.A.

**Gonzalo Alberto Pérez Rojas**

Chief Executive Officer, Suramericana S.A.

**José Alberto Vélez Cadavid**

Chief Executive Officer, Inversiones Argos S. A.

## SUBSTITUTE DIRECTORS

**Juan David Uribe Correa**

Regional Vicepresident Colombia Cementos Argos S.A.

**Martha Lilian Jaramillo Arango**

President Tuya S.A.

**Juan Fernando Botero Soto**

Special Project Manager Suramericana S.A.

**Margarita María Mesa Mesa\***

Independent Attorney

**Luis Javier Zuluaga Palacio\***

Manager Alternativa de Moda S.A.

**Lucía Margarita González González\***

Independent Advisor

**Luis Eduardo Carvajal Restrepo\***

Partner Alejandro Carvajal y Cía. Ltda.

\*Independent Director

# Steering Committee



On foot: Diego Medina Leal • Jairo González Gómez • Alberto Hoyos Lopera • Carlos Enrique Piedrahíta Arocha • Álvaro Arango Restrepo • Carlos Ignacio Gallego Palacio • Mario Alberto Niño Torres • Jorge Eusebio Arango López • Fabián Andrés Restrepo Zambrano  
Sitting: Sol Beatriz Arango Mesa • Ana María Giraldo Mira.



**Carlos Enrique Piedrahíta Arocha**  
Chief Executive Officer

**Ana María Giraldo Mira**  
Chief Financial Officer

**Diego Medina Leal**  
President Cold Cuts Business  
Vice President Grupo Nutresa Logistics

**Alberto Hoyos Lopera**  
President Biscuit Business  
Vicepresident Grupo Nutresa North Strategic Region

**Sol Beatriz Arango Mesa**  
President Chocolate Business  
Vice President Grupo Nutresa South Strategic Region

**Jorge Eusebio Arango López**  
President Coffee Business  
Vice President Grupo Nutresa Sustainable Development

**Mario Alberto Niño Torres**  
President Ice Cream Business  
Vice President Grupo Nutresa Innovation and Nutrition

**Fabián Andrés Restrepo Zambrano**  
President Pasta Business

**Álvaro Arango Restrepo**  
President Comercial Nutresa  
Vice President Grupo Nutresa Sales and Marketing

**Carlos Ignacio Gallego Palacio**  
President Servicios Nutresa  
Managing Director Fundación Nutresa

**Jairo González Gómez**  
Vice President Legal Counsel Grupo Nutresa  
Manager, Legal Assistance, Servicios Nutresa

# Management and Sustainability Report

Dear Shareholders:

Sustainable Development frames our strategic objectives and corporate performance to obtain results that achieve a mutually beneficial balance for all parties involved in the organization: you, the shareholders; our clients, suppliers, employees and their communities; and the governments of the countries where we operate. This forces us to incorporate into all our strategic decisions the economic, social and environmental effects that we may have.

This vision has been reflected in our corporate philosophy for several years, in the course of which we have made great progress in the three dimensions of sustainability mentioned. The year 2011 marked a major milestone in the history of *Grupo Nutresa* as we were recognized as one of the nine food companies with best practices in sustainable development in the world, with our inclusion in the *Dow Jones Sustainability World Index* (DJSWI). Furthermore, *Grupo Nutresa*

is the only food company in Colombia, in Latin America and in an emerging country that is included in the index.

In addition, and as a significant event after the 2011 year end, for the second year in a row *Grupo Nutresa* was included in the *Sustainability Yearbook* by *Sustainability Asset Management* (SAM) for being within 15% of food businesses with the best sustainability performance in the world. This year, as a result of improving our sustainability indicators with respect to other companies evaluated, *Grupo Nutresa* was included in the *SAM Bronze Class* category, together with companies whose sustainability performance falls within the 5% - 10% range of food – industry leaders. This places us among the top seven companies in this sector in sustainability in the world.

These two awards reaffirm the business model we have developed, where our economic, social and environmental plans point in the same

direction. Likewise, we are committed to work continuously so that all our related groups proceed sustainably to build solid, long – term foundations.

Our sustainability report underwent a process of verification in accordance with ISAE3000 international standards, carried out by KPMG, which issued a favorable opinion. Moreover, this was revised by the *Global Reporting Initiative*, which renewed its A+ rating obtained the year before.

In this Annual and Sustainability Report, we have developed in detail our performance in the three dimensions of sustainability: the Economic, the Social and the Environmental, which we invite you to review in the chapters Increasing Value Generation, For a Better Society and Our Planet, respectively. The following reports the highlights of each in 2011.



## INCREASING VALUE GENERATION

*Grupo Nutresa's* 2011 sales dynamics were very positive. We achieved outstanding growth in consolidated sales, 13,4%, reaching COP 5 trillion 057.383 billion. Excluding the companies acquired, growth was 10,0%.

Sales in Colombia were COP 3 trillion 496.189 billion, with a growth of 8,2%. This is the result of the successful business strategy we have implemented in recent years with the creation of *Comercial Nutresa*, the power of our brands and the innovation component of our Businesses.

Effective innovation is integral to our corporate objectives and an important key driver for growth. We work on all fronts to generate innovations in products, processes and business models. To do this, we dedicated significant investments that represented – in 2011 – 0,5% of sales.

We have our own innovation model – *Imagix* – whose consolidation allowed our new products to represent 17,4% of total sales. Furthermore, we achieved a consolidated market share of 60,6% in Colombia and the presence of our products in more than 243.000 points of sale.

Internationally, sales grew 29,4%, reaching US\$834 million, which represents 30,5% of total sales. The most outstanding growth was in the United States (77,9%), Mexico (18,5%), Peru (15,1%) and Central America (10,8%). Excluding the sales of acquired companies, organic growth was 16,7%. *Grupo Nutresa's* products reached more than 335.000 points of sale outside of Colombia.

It is worth noting the performance of *Grupo Nutresa's* exports from Colombia. In 2011, our colombian

companies exported US\$251 million, 26,6% more than in 2010, with our Coffee Business achieving growth of 39%. This figure positions Grupo Nutresa as the largest exporter of consumer products in Colombia.

On the other hand, the pressure on the prices of natural resources and agricultural commodities continued during 2011. As we stated in our last Annual Report, this is one of the main challenges of the global food industry. Climate change, population growth in the emerging world, demand for and utilization of natural resources for other uses such as energy and speculation have affected the sustained increase in prices. Additionally, protection of the agricultural sector in Colombia reduces the competitiveness of the processed – food industry that operates in this country.



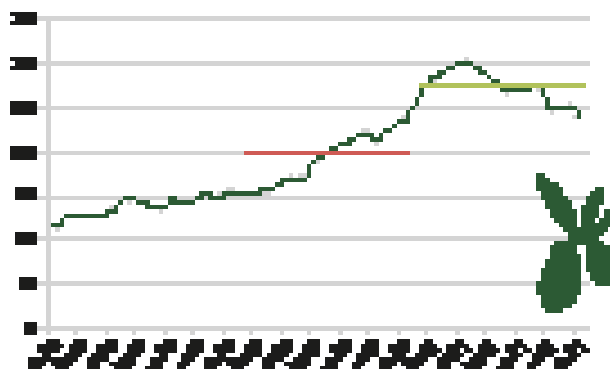


# COP 568.131 billion

was Grupo Nutresa's consolidated EBITDA

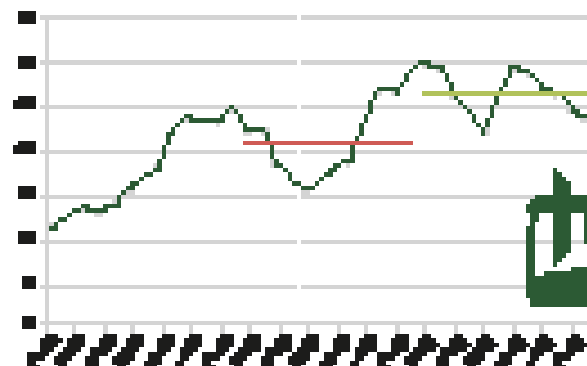
## PRICE OF COFFEE (US\$ CENTS/ POUND)

DEC 08 – DEC 11.



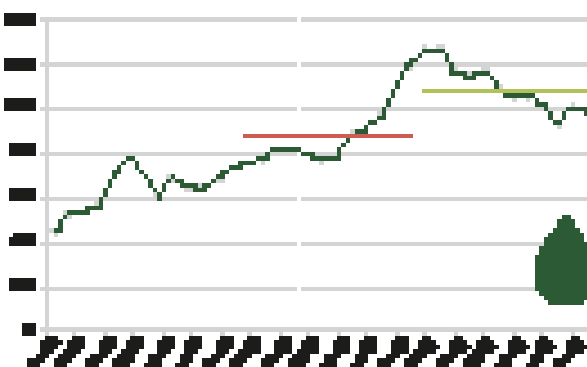
## PRICE OF SUGAR (US\$ CENTS/POUND)

DEC 08 – DEC 11.



## PRICE OF PALM OIL (US\$ / TON)

DEC 08 – DEC 11.



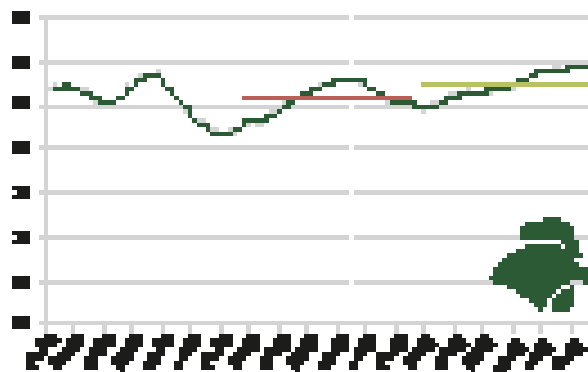
— Average Price 2010

— average price 2011

Source: Indexmundi,  
except for beef and pork.

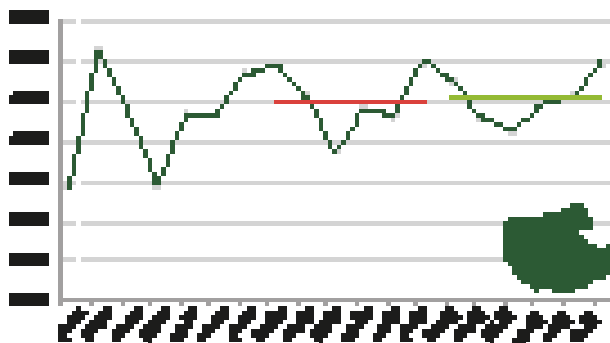
Regarding *Grupo Nutresa's* operational profitability, the consolidated EBITDA totaled COP 568.131 billion, which represents an EBITDA margin of 11,2%, down from 12,1% obtained in 2010. The previously mentioned effects caused the costs of our raw materials to increase 13,2%, of which only 2,7% was passed on to consumers through price increases and higher added value in our product portfolio. Additionally, we achieved a 6,9% increase in the consolidated productivity of our plants. At the same time, the consequences of the extended rainy season in Colombia generated significant cost overruns in the logistics and transport operations, which were absorbed by efficiency plans in operative expenses, which is reflected in its growth of 10,9%, which is lower than sales growth.

PRICE OF CHICKEN (US\$ CENTS / POUND)  
DEC 08 – DEC 11.



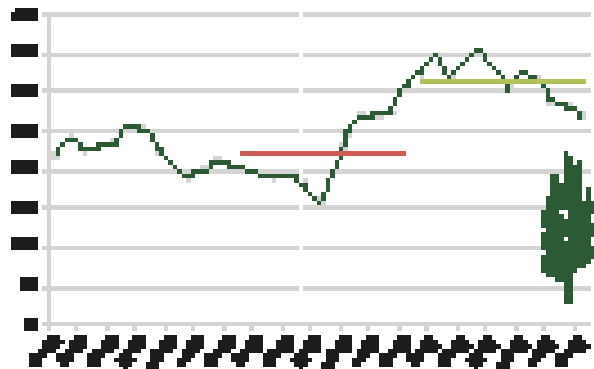
To mitigate the high prices of our raw materials, we were able to increase productivity and carry out efficiency plans in our operating expenses.

PRICE OF PORK (\$/ KILOGRAM)  
DEC 08 – DEC 11.

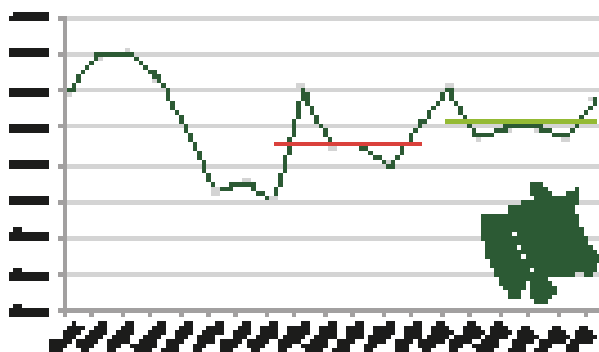


Source: Asociación Colombiana de Porcicultores

PRICE OF WHEAT (US\$/ TON)  
DEC 08 – DEC 11.

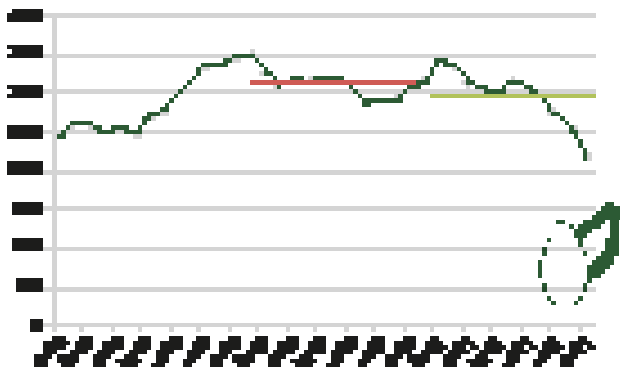


PRICE OF BEEF (\$/ KILOGRAM)  
DEC 08 – DEC 11.



Source: Feria ganados Medellín, Colombia.

PRICE OF COCOA BEANS (US\$ / TON)  
DEC 08 – DEC 11.





Grupo Nutresa's consolidated sales were

# COP 5.1 billion.

Meanwhile, consolidated net income reached COP 253.511 billion, 3,7% less than 2010. To the higher cost of raw materials, previously mention is added the post – operative effect of higher spending, more than COP 50.000 billion, for the tax on financial movements and the provision of income tax, leading to lower net income.

## ACQUISITIONS AND OTHER RELEVANT PROJECTS

- In February, we completed the acquisition of 73,11% of *Helados Bon* in the Dominican Republic. This is the first step in internationalizing the Ice Cream Business and the incursion in the attractive Dominican market.
- In March, we changed our name from *Grupo Nacional de Chocolates S.A.* to *Grupo Nutresa S.A.*, to reflect the business that this organization is developing more adequately.
- In July, we issued 25 million new shares, which allowed us to obtain resources for COP 522.500 billion,

to continue with the growth strategy; this transaction allowed us to receive more than 20.000 new shareholders. The injection of new shares allowed increasing the liquidity of the stock on the Colombian Stock Market.

- In September, we inaugurated the new coffee drying tower in Colcafé, which was designed and built entirely by our own engineering staff. This project demonstrates our capacity to develop and implement cutting edge technology and positions us as a leading company in the world in the production of ground coffee.
- In October, we consolidated the entire Central American biscuit operation into one factory; this process allowed us to achieve efficiencies in asset utilization and increased productivity. Likewise, we unified *Comercial Pozuelo's* distribution network for this region.
- In the same month, we completed the merger of the two cold cut

companies in Panama, creating a single company, *Alimentos Cárnicos de Panama S.A.* This merger allows us to strengthen our position as category leaders and have a more – robust operation where we can serve this market more efficiently.

## THE PERFORMANCE OF THE BUSINESSES

In an environment like the one mentioned, which was marked by excellent commercial dynamics and a challenging environment in terms of profitability, we were very active in the pursuit of productivity, the capturing of synergies, the generation of effective innovation and international expansion. These activities allowed us to achieve greater levels of growth and more – appropriate levels of profitability and efficiency. We will now summarize the principal results of the Businesses, which are explained in more detail in the next chapter.

## OUR SIX BUSINESSES

BUSINESS	Total sales	Sales Colombia	International sales	EBITDA	EBITDA margin	Sales from innovation
	COP billion change	COP billion change	US\$ million change	COP billion change	%	% of sales
Cold cuts	1.632.465 12,0%	1.199.844 7,8%	224 24,6%	227.373 1,3%	13,9%	16,7%
Biscuits	1.028.724 17,6%	596.613 10,8%	233 31,9%	105.009 27,9%	10,2%	9,0%
Chocolates	940.665 8,8%	640.233 9,4%	162 10,1%	106.305 15,7%	11,3%	6,7%
Coffee	825.785 16,9%	480.150 5,4%	187 41,6%	67.428 (1,9%)	8,2%	27,4%
Ice cream	318.972 21,4%	283.322 7,8%	19 NC	42.041 10,3%	13,2%	30,4%
Pasta	191.637 2,0%	191.637 2,0%	0 NA	18.275 (40,2%)	9,5%	67,8%



The Colcafé Plant; Medellín, Colombia

## OUR CROSS ACTIVITY COMPANIES

As for *Grupo Nutresa's* cross – business companies, we now present their main indicators. The performance of each one will be developed in the next chapter.

With regard to *Servicios Nutresa*, the administrative cross – activity company, we present a description of its performance in a chapter further on in this report.

	Total sales COP billion	Change %	Level of Service <sup>1</sup>
Comercial Nutresa	1.754.201	6,7%	4,5
Novaventa	177.725	9,7%	ND
La Recetta	147.161	19,4%	4,45

(1) *Level of Service*: the evaluation of customer satisfaction within the service cycle includes negotiation, order request, relation with the sales representative, order delivery and billing, relation with the person who delivers the order, complaint and claim management, advertising material, and promotional and momentum activities.



# Sales increase 13.4%;

excluding the acquired companies, the increase was 10.0%.

## INDIVIDUAL RESULTS OF GRUPO NUTRESA S.A.

Complying with Colombian regulations, we now report the individual results of *Grupo Nutresa S.A.*: We registered operational income for COP 276.979 billion, of which COP 223.644 billion correspond to profit by the equity model of our investments in food companies and COP 33.432 billion in dividends from portfolio investments. Net income was COP 255.982 billion.

## SPECIAL REPORT OF THE BUSINESS GROUP

In compliance with Article 29 of Law 222 of 1995, we now present the Special Report of the Business Group.

*GRUPO NUTRESA S. A.* is the parent company of *Grupo Empresarial Nutresa*, which was composed – at the end of 2011 – of 41 companies, which are grouped for administrative purposes in i) the six food business and their productive platforms in Colombia and abroad in which we participate; ii) an international distribution network; iii) three national distribution companies; and iv) a share – services company that provides administrative support to all *Grupo Nutresa* companies.

Following the same numeration of the law cited in the introduction, we can observe the following aspects:

1. Economic relations of the parent company with its subsidiaries mainly consist of charging

management or administration fees and receive the profits from the subsidiaries' business as dividends. The parent company received the amount of COP 7.217 billion for fees and dividends amounted to COP 43.145 billion.

2. There were no operations with third parties in the interests of the subsidiaries, or those under the influence or in the interest of the parent company.

3. During 2011, the *Grupo Empresarial Nutresa* parent company decided to guarantee the financial obligations of its subsidiaries for US\$111.4 million and COP 556 million in interest on this sum.

Finally, during 2011, *Grupo Nutresa S.A.* did not stop making decisions to attend any interest or influence of any of its subsidiaries, nor did any of its subsidiaries stop making decisions to attend any interest or influence of *Grupo Nutresa S.A.*

## CORPORATE GOVERNANCE AND LEGAL DISPOSITIONS

The Board of Directors fully exercised its functions; the Board's support committees met regularly and fully complied with their responsibilities, especially the revision of internal – control policies and procedures of the Audit and Finance Committee, along with the financial statements for the financial year. The Committee gave its approval to these documents before being considered by the Board and disclosing them to the investing public in accordance with disclosure policies.

In 2011, the Board of Directors created the Strategic – Planning Committee and added new functions to the

Audit and Finance Committee, which strengthened the Company's good – governance practices and achieved new world standards.

We achieved a better result in the chapter on Corporate Governance in the survey done for the 2011 *Dow Jones Sustainability Index*.

During 2011, we had no conflicts of interest that could have affected the Company. Likewise, the ban for Board of Directors' members and executive staff – to acquire or dispose of Company shares until the time when the quarterly results are officially in the public domain – was fulfilled.

The Money – Laundering Prevention Handbook was duly observed, and there were no deficiencies in the design and operation of internal controls.

The contents of this report details the transactions with shareholders and persons referred to in Article 47 of Law 222 of 1995 and concurrent regulations. Those that took place under market conditions correspond to those performed by each entity within its purpose or the relations between a shareholder and the issuing company and were made on behalf of each company considered individually.

The Appointment and Retributions Committee supported the Board of Directors in evaluating the performance of the director, providing the necessary criteria to establish their management goals, review the





The *Compañía Nacional de Chocolates* Factory; Rionegro, Colombia.

assessment of the positions, verify that staff remuneration was made based on the principles of internal equity and external competitiveness, and adopted the parameters and evaluations for the variable - compensation schemes that are applied in the business group companies. Likewise, it endorsed the appointment of managers in the organization.

The Company preserves the integrity of the intellectual property laws and copyrights and it has no complaints or lawsuits of consideration, which means that there are no contingent liabilities that may impair the consolidated year end accounting results of 2011. The licenses for software installed in the Company are valid and have been

obtained through contracts celebrated between the licensors and the affiliate *Servicios Nutresa S. A. S.* for use in all *Grupo Nutresa* Companies.

In accordance with that established in Article 46 and 47 of Law 964 of 2005, the financial statements and other reports that we are providing do not contain defects, inaccuracies or errors that prevent knowing the true financial situation of the Company. The reporting and financial control systems in place are appropriate and assure the adequate presentation of information.



Grupo Nutresa employees performed 7,150 volunteer actions in time or money.

## FOR A BETTER SOCIETY

In our corporate management, we work to build an environment that promotes productivity and the integral development of employees, where we combine the implementation of wellness programs with training for self improvement.

We always seek to maintain work relations based on respect and compliance of regulations in the countries where we operate.

Consistently, we continue our work to have safer work environments. In 2011, we achieved an accident – frequency rate of 3,24% for Grupo Nutresa, well below the average for our industry.

*Grupo Nutresa's* external corporate management is carried out with criteria of ethical behavior and transparency, with the participation of Fundación Nutresa as articulator, in alliance with NGOs, government organizations and other private sector actors. This is complemented by a strong, high impact volunteer program, with the

participation of 7.150 employees from the different companies, whose contribution is in knowledge and/or resources for mutual benefit programs.

In principal, we participate in programs and projects with clear objectives, measurement and monitoring systems that generate greater social value. Focusing on lines of nutrition, education, income generation and entrepreneurship and support for the arts and culture.

In nutrition, we contribute in cash and kind for COP 3.102 billion, seeking to reduce conditions of malnutrition and contribute to the adoption of good food practices, with actions focused on strengthening Food Banks, support nutritional projects and consolidate the Food – Bank Network in Colombia.

In education, we contribute to improving the quality of processes, the training of teachers, the use of technology in classrooms and the inclusion of students. Outstanding are our programs *Líderes Siglo XXI* (XXI Century Leaders), which reached 688 schools in 78 municipalities in Colombia and held the *Congreso Nacional de Gestión Integral en la Educación*

(National Congress of Integrated Education Management) in Cali with the participation of more than 800 teachers, as well as the *Orientate el Mundo a un Clic* (Find the World in a Click) that celebrated 10 years of training in information technologies, with more than 1.000 teachers from 101 schools. This investment reached COP 3.312 billion.

In income generation and entrepreneurship and development of our value chain, we have made investments for COP 3.527 billion. Most outstanding are the development of the cocoa sector, the shopkeeper and supermarket schools, and the progress of Novaventa with the inclusion of 66.008 mother entrepreneurs.

To facilitate the access of different communities to different forms of arts and culture, we made contributions for COP 2.812 billion.

The total social investment of *Grupo Nutresa* and its subsidiaries amounted to COP 13.660 billion.

Packing Operation, *Galletas Noel*; Medellín, Colombia.







Grupo *Nutresa* participates in the Business Partner Alliances for Development (*Alianzas Empresariales para el Desarrollo*, AED) with *Corporación VallenPaz*, which works with communities in Buenaventura and northern Cauca in Colombia.

## OUR PLANET

Within the climate change strategy, we completed the measurement of greenhouse gases for all the productive operations outside of Colombia and the associated international distribution centers. Thus, we have completed the measurement for all *Grupo Nutresa* operations nationally and internationally. We also calculated the local impact on primary distribution itself. In this report, detailed information is presented regarding *Grupo Nutresa's* greenhouse gas emissions, a process verified by GAIA, the Global Alliance for Incinerator Alternatives. Additionally, we adjusted the corporate goal so that those with greater impact in

foreign markets lead the strategy of offsetting their emissions.

The carbon footprint was calculated for representative products in several of the Businesses; in 2012, we will complement this activity, with a corporate measurement program, to determine the environmental performance of our portfolio.

We have given high priority to calculating the water footprint of each Business and the corporation in 2012, to determine the impact – direct and indirect – of water use in the preparation of a product.

We surpassed corporate goals of resource use, by reducing water and

energy consumption per ton produced by 3,9% and 4,5% respectively. There was a total of 118 Innovators for Environmental Success, the result of effort, motivation and creativity around the environmental culture. We have moved forward in the process of motivation and commitment of our suppliers in sustainability and the development of packaging with a lesser environmental impact.

All Businesses conduct their activities under environmental management systems, with eco- efficiency criteria and energy-efficiency plans. We made environmental related investments for the amount of COP 11.913 billion.

## PERSPECTIVES

Growth in Latin America will continue to exceed that of developed countries. With the structures and strategies that we have implemented in our strategic region, we are well positioned to capture this economic development and the eventual increased consumption of its inhabitants.

Parallel to this, we will continue to invest in our capabilities – both physical and human –, distribution, research and innovation, the development of our people and, of course, in our brands. Thus, we will ensure we remain in the position of market leadership in Colombia and in the other countries where we are leaders, while continuing to strengthen our presence in others. Our financial strength allows us to leverage this strategy seriously and responsibly.

Likewise, we will maintain our efforts to keep our corporate performance sustainable. The support initiatives to suppliers, clients and employees are an integral part of this strategy. Thus, the objective of increasing value

creation transcends the strictly economic sphere and includes all parties related to *Grupo Nutresa*.

### GRATITUDE

We wish to thank the thousands of shareholders who enthusiastically welcomed our issuance of shares, and – in general – all the shareholders for the confidence and support for the efforts we have made. We also thank our employees, clients and suppliers for their commitment and support. We will continue to work to achieve *Grupo Nutresa's* objectives, maximizing value for all.

David Bojanini García  
José Alberto Vélez Cadavid  
Gonzalo Alberto Pérez Rojas  
Alberto Velásquez Echeverri  
Jaime Alberto Palacio Botero  
Antonio Mario Celia Martínez - Aparicio  
Mauricio Reina Echeverri  
Carlos Enrique Piedrahíta Arocha - CEO

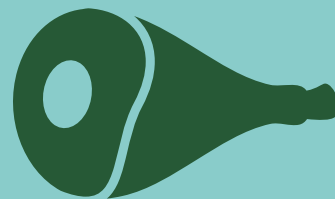


# Our Businesses





# COLD CUTS



COP 1,6  
trillion

Total sales

US\$ 224  
million

International sales

13,9%

EBITDA margin

Presence in

3 countries

Factories in

Colombia,  
Panama,  
Venezuela



The cold – cuts category in Colombia continued its positive trend, with a 10.5% growth in value.

# Cold Cuts Business

The Cold Cuts Business generated revenues of COP 1 trillion 632.465 billion, an increase of 12,0%. The business obtained 26,5% of its sales outside of Colombia, in Panama and Venezuela. The EBITDA reached COP 227.373 billion, 1,3% higher than 2010, representing an EBITDA margin of 13,9%.

## COLOMBIA

The category of cold cuts grew 10,5% in value, continuing with the positive trend presented in recent years. The Cold Cuts Business is the market leader, with a 72,4% market share.

The commercial management focused on strengthening the *Zenú* brand as a good source of protein. *Rica* strengthened its value proposal with new presentations and flavors. *Pietrán* strengthened its position as a healthy brand with reduced sodium products.

*Ranchera* concentrated on promoting its portfolio for indulgence products, with high impact activations that permitted living the flavorful experience of the brand.

The macro category of frozen foods ended the year with an increase of 7,6%, led by the *Sofía Express* brand, with a market share of 34% and a 19,8% growth, with sales reaching COP 15.041 billion. This is the result of the consolidation of the brand and the strategies directed toward improving consumer perception and knowledge of the category.

Advancing in the implementation of the distribution vision project, unified client attention in traditional direct channels and distributors was begun.

For the specialized large chain account team, the Cold Cuts Business was awarded the “Carrefour Best

Business Ally” in the category of free consumption Products. In addition, we were recognized as Category Management leaders by *Grupo Éxito*, *Carrefour* and *Olímpica*, thus contributing to improving the level of service.

In 2011, the new products in Colombia contributed more than COP 270.000 billion in sales, representing 16,7% of total revenues.

Operationally, we obtained certifications in Food Safety (HACCP) for the plants in Bogotá and Medellín. We increased productivity by 7,7%; we decreased total energy consumption and we kept the water consumption index constant, in spite of the increase in tons produced.

At the same time, we made important investments in infrastructure, which reached COP 44.999 billion.

## SETAS COLOMBIANAS S.A.

*Setas Colombianas S. A.* presented positive results in 2011, contributing COP 41.061 billion in sales to the Business, an increase of 4,0% over 2010, and generated an EBITDA of COP 6.934 billion, 16,9% on sales.



## VENEZUELA

The macroeconomic environment in Venezuela was very demanding in 2011. In this context, sales reached VEF 815,9 million, an increase of 30,4% over 2010. The EBITDA stood at VEF 58 million, representing 7,1% of sales, 5,1 points less than last year. The sharp increases in raw materials and the macroeconomic pressures affected the profitability of the Business. Internally, work was focused on

achieving operational efficiencies and reducing costs, which contributed to minimize the impacts caused by the difficult environment of the country.

## PANAMA

Consolidates sales in Panama reached US\$31,3 million, equal to the value of 2010.

In 2011, the Blue Ribbon Products and Ernesto Berard companies merged, which led to *Alimentos*

*Cárnicos Panama S.A.* As part of this merger, there were transfers of product lines from their plants and the SAP operating system was implemented for operations in the country.

In terms of profitability, there was high pressure on costs due to increases in raw materials. In addition, extraordinary expenses were also incurred to improve the conditions of operations, which was reflected in a negative EBITDA of US\$427.628.



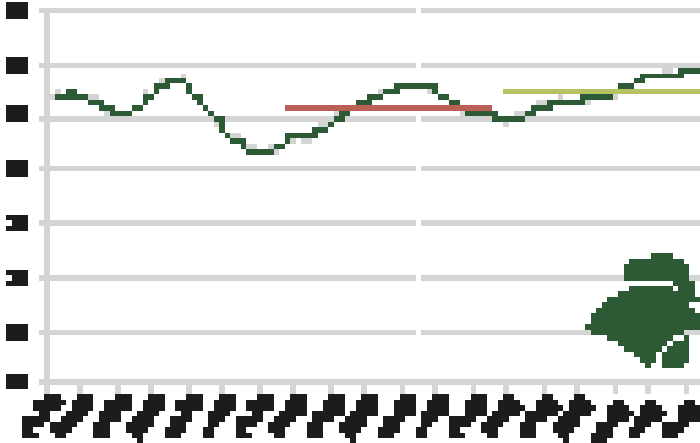
Ranchera brand products.





*Pietrán brand ham.*

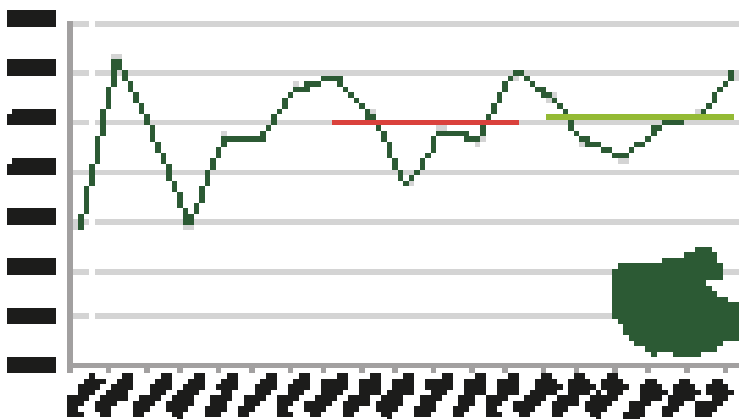
PRICE OF CHICKEN (US\$ CENTS / POUND)  
DEC 08 – DEC 11.



Source: Indexmundi

We received the Carrefour Best Commercial Partner, in the category of free – consumption products in Colombia.

PRICE OF PORK (\$/ KILOGRAM)  
DEC 08 – DEC 11.



Source: Asociación Colombiana de Porcicultores

In Panama, we merged the two cold cuts companies, to create Alimentos Cárnicos de Panama S.A.

— Average price 2010  
— Average price 2011

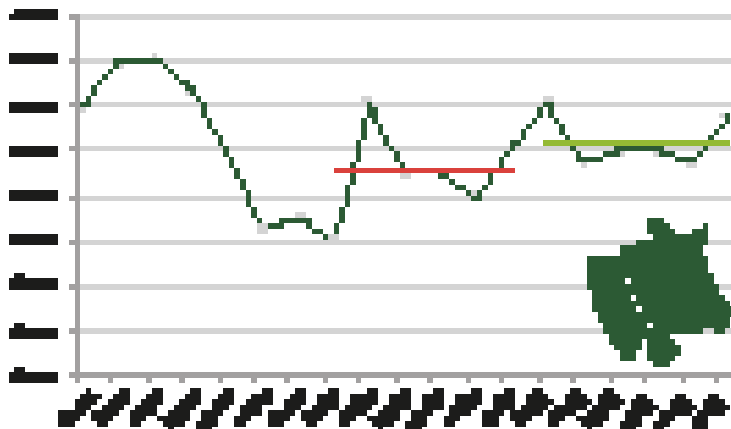


The Suizo Plant; Bogotá, Colombia.



## OUR BRANDS

PRICE OF BEEF (\$/ KILOGRAM)  
DEC 08 – DEC 11.



Source: Feria ganados Medellín, Colombia.

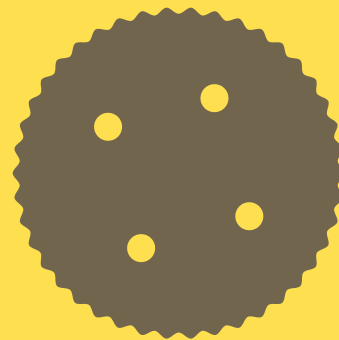
## OUR PEOPLE

The Cold Cuts Business directly employs 5.034 people in Colombia, Panama and Venezuela. Convinced of the importance of our people and their contribution to the achievement of results, major investments are made in the development and welfare of the people. In 2011, these investments surpassed COP 25.800 billion.

In 2011, there was an emphasis on strengthening teamwork, technical training programs and deployment of the strategy at all levels of the organization. This allowed us to achieve a shared vision and the commitment of our people with the Business strategy and objectives.



BISCUITS



COP 1,0  
trillion

Total sales

US\$ 233  
million

International sales

10,2%

EBITDA margin

Presence in

51 countries

Factories in

Colombia,  
Costa Rica,  
United States



The Business grew 17.6% in sales.

# Biscuits Business

The Biscuits Business ended the year with a very important growth dynamic, which surpassed COP 1 trillion in sales and achieved an increase of 17,6%, compared to 2010. In Colombia, sales were COP 596.613 billion, representing 58,0% of total business and an increase of 10,8%. International sales totaled US\$233,4 million, representing a growth of 31,9%, mainly by the Fehr Foods operations in the United States.

In Colombia, Noel achieved a 54,8% share of the biscuit market, with a 5,8% growth in volume compared to 9,8% of the total category. The specialty, healthy and simple sweets segments stood out, as opposed to children's cookies, crackers, flavored cookies and wafers, where Noel faces strong competitive intensity, high levels of investment and global competitors that continue to benefit from the mainstreaming of their brands. In Central America, Pozuelo earned 1,7 points, reaching a 35,9% market share.

The Fehr Foods business in the United States is becoming one of the most important growth engines for the Business, reaching sales of US\$66 million and a growth of 16,2% compared to 2010 (acquisition, October

2010). The work quality and production allowed SQF (Safe Quality Foods) certification, Level 2, required to enter an important market for private levels in this country. On a commercial level, we developed the production of the Festy brand to cover local sales, as well as the production of crackers from Colombia under the Sun Valley brand, to complement the Fehr portfolio. In addition, we also began exporting the Li'l Dutch Maid brand to other markets, including Colombia.

## PROFITABILITY

Profitability management of the Business was executed with discipline and very good results, through a productivity plan on all fronts. The profitability of Noel exports stand out, through a valorization of 18,0% in the price per kilo in dollars and the optimization of the Cordialsa Puerto Rico and United States operations. The EBITDA of the

Business was COP 105.009 billion, a margin of 10,2% on sales that improved – when compared to 2010 – by 27,9%.

In Central America, the *Muralla* Project was implemented with the expansion of distribution capacity in Guatemala and El Salvador, which significantly increased the customer base in these countries. The distribution cost of 14,8% in Guatemala and 20,6% in El Salvador open the possibility of supplementing our portfolio and grow profitably in this region. With the *Next Project*, the two biscuits plants in Costa Rica were integrated, increasing productivity by 12,6% and reducing water consumption, electric and thermal energy and transformation costs by about 11,1%.

## KNOWLEDGE MANAGEMENT

We have made important advanced in consolidating the knowledge of



Wafer – cookie production arch, *Galletas Noel*, Medellín, Colombia.

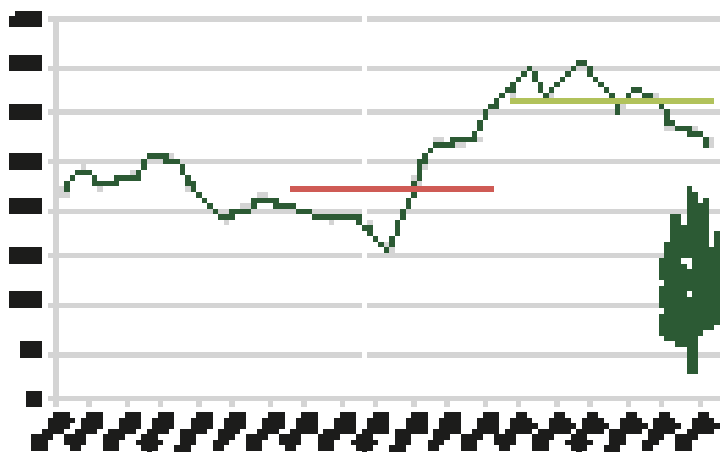
production processes in Noel in Colombia with the *Grupo Nutresa* Exemplary Practice “Learning from the Experts” award and recognition of the research project “Increasing Productivity in Ovens” in the *Vidarium* Academic Event, which is *Grupo Nutresa’s* Research, Nutrition, Health and Wellness Center. Likewise, significant improvements have been recorded in the hygiene and health profile of our production platforms, reinforcing our commitment to the quality and safety of our products.

In its fourth year of creation in Colombia, *Mundo Noel* continues to contribute to the consolidation of skills and civic values with the accompaniment of the Secretary of Education in the city of Medellín. Nutrition, environmental stewardship and entrepreneurship remain the themes of the visit, which was attended by 38,573 people from public and private schools and foundations in 2011.

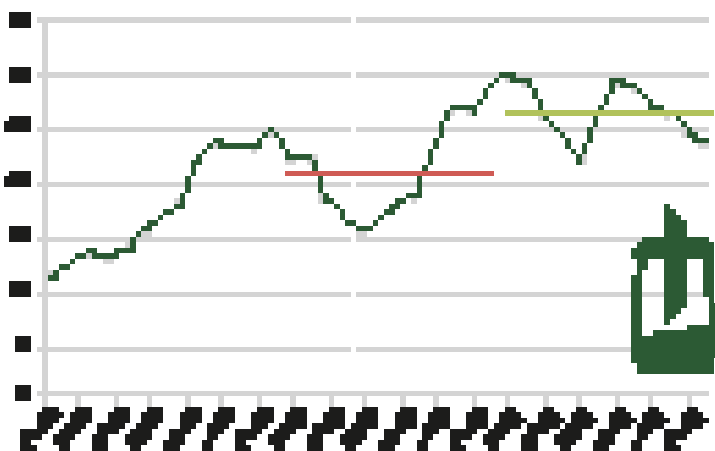
The Biscuits Business ended 2011 with 3,093 direct employees in Colombia and abroad and continues its

work for integral wellness with the *Vive con Sentido* (Meaningful Living) program, a leading initiative in Grupo Nutresa, which is recognized by the Antioquia, Colombia Regional Office of the Ministry of Social Protection. In this sense, the creation of specialized schools influenced the quality of life of more than 600 persons and their families.

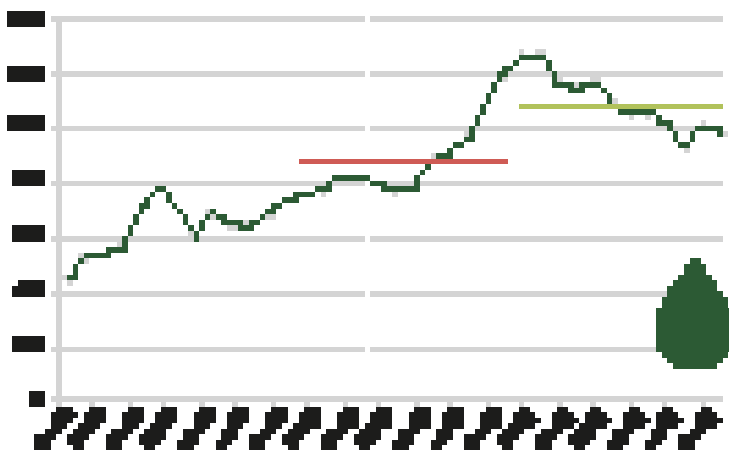
PRICE OF WHEAT (US\$ / TON). DEC 08-DEC 10



PRICE OF SUGAR (US\$ CENTS / POUND). DEC 08-DEC 10



PRICE OF PALM OIL (US\$ / TON).  
DEC 08-DEC 10



## OUR BRANDS



## INNOVATION

Sales of innovative products totaled COP 92.200 billion, 9,0% of the sales, led by two successful launches: *Saltin* Seeds and Cereals and *Tosh* Yogurt and Strawberries, which contributed sales of more than COP 2.950 billion in six months. Standing out is the Noel's participation in two summons by *Colciencias* Colombia, achieving access to one of them: "Conformación de un banco de proyectos elegibles de consolidación de capacidades empresariales para la gestión de la innovación" ("Formation of a bank of eligible projects to consolidate business skills to manage innovation").

Fehr Foods in the United States is becoming one of the most important drivers for the Business.

— Average price 2010  
— Average price 2011  
Source:  
Indexmundi



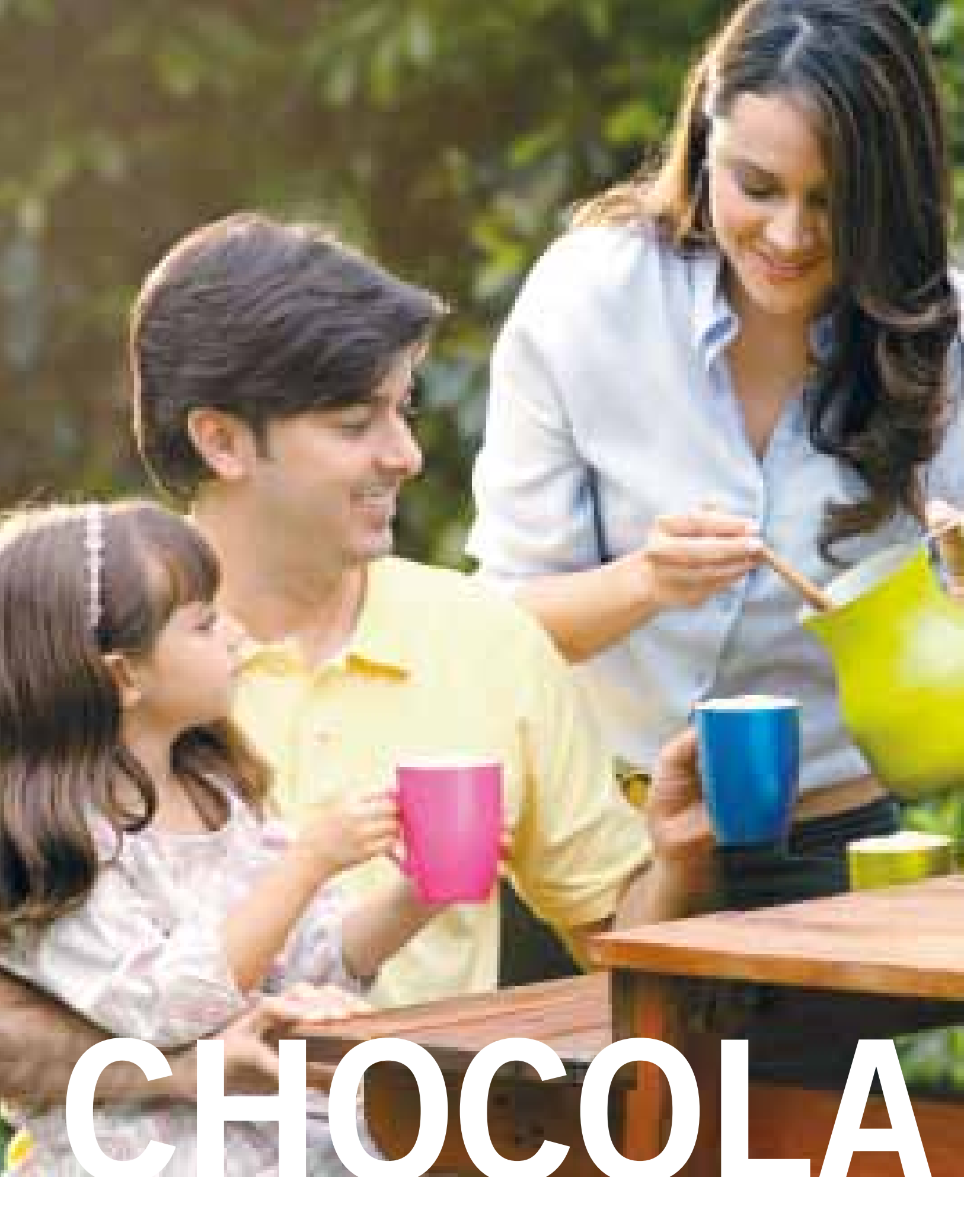


Wafer – cookie production process, the *Noel Plant*; Medellín, Colombia.

**+ 38,000**

school students participate in the Mundo Noel program that contributes to the consolidation of skills and citizen values.





# CHOCOLA



COP940.665  
billion

Total sales

US\$162  
million

International sales

11,3%

EBITDA margin

Presence in

42 countries

Factories in

Colombia,  
Costa Rica,  
Mexico, Peru

TES



The market share of chocolate candy in Colombia was 62.5%.

# Chocolate Business

The Chocolate Business achieved sales in 2011 for COP 940.665 billion, a growth of 8,8%, supported in positive performance in Colombia of 9,4%, followed by Peru, Costa Rica and Mexico, which promoted the internationalization of the Business and mitigated the impact of reduced sales to Venezuela.

In Colombia, the Business had sales totaling COP 640.233 billion, an increase of 9,4%. We continue with the quest for growth of the categories we lead, with the following progress according to Nielsen: the chocolate beverage category grew 11,6%, with a record participation of the Business; the confectionery chocolate category grew 14,2% and we maintained our leadership with 62,5% of the market, despite strong competition. The growth in the nuts market was 15,9% and cereal bars, 21,4%, with marked leadership of 47,3% and 74,6%, respectively. The year 2011 was difficult for milk modifiers; even so, *Chocolisto* ended the year with a 28,6% market share.

We continue to support consumption in Colombia through the *Vive el Chocolate* (Live Chocolate) program, consolidating Corona as the lead brand of chocolate beverages.

Chocolyne celebrated 10 years supporting the *Pasarela de Jóvenes Creadores Chocolyne* (Chocolyne Young Creators' Runway) and for the second year held the *Programa de Apoyo al Cáncer de Seno* (Program to Support Breast Cancer). *Chocolisto* was very active in promotions and licensing.

In confectionery chocolate, in 2011 we launched a new *Álbum Jet*, dedicated to the world of prehistoric animals and those in danger of extinction. Jumbo celebrated its fifth Jumbo Concert, which generated excitement among young people. MontBlanc established itself as the seasonal chocolate and at Christmas offered Noel Chocolate boxes. The La Especial Candied Peanuts made news and the line of Tosh Cereal Bars was reactivated as a healthy choice.

## INTERNATIONAL

In international sales, we have continued regional expansion focusing on Mexico, Peru and Central America, reaching markets, such as the United States, the Caribbean, Ecuador, Chile, Bolivia and Korea, from these countries. Outside Colombia, we had sales of US\$162,0 million, an increase in

growth of 10,1%. Improvements were made in the models of attention in Cordialsa USA, Cordialsa Puerto Rico, the Caribbean, Guatemala and El Salvador, which will bring growth.

In Mexico, sales grew 4,8%, reaching US\$53 million. It was a difficult year for the confectionery market, the result of changes in health legislation and labeling, the long summer that affected consumption and the security situation that affects our clients. Our main brands – *Nucita*, *Muibon* and *Monedas* – rose in visibility at the points of sale throughout the republic.

In Peru, we obtained sales of US\$47,9 million, with an 13,5% growth. In Cocoa Winters, there were important increases in price to absorb input costs, without affecting our participation. In confectionery chocolates, we continue to promote the potential of the local *Fochis* and *Chinchín* brands in the real chocolate market, closing with a share of 9,3%.

Central America registered sales for US\$20 million, an increase of



The Jet chocolate – candy – bar production process; the Rionegro, Colombia Plant.

12,9%, leveraged in Costa Rica with 18,5%. The support of *Choys*, *Johnys*, *Cocoa Dulce* and *Chocolisto*, added to the distribution, visibility and support of the industrial channel, are some of the reasons we achieved this growth. In Central America, we maintained our leadership of 28,9% in chocolate beverages.

### PROFITABILITY

Production costs reflect the impact of high international prices for cocoa beans, cocoa, sugar and fat and the minimum prices for cocoa butter. In

addition, the heavy rains in Colombia influenced the lower production of cocoa beans and the increased logistics costs, which kept domestic prices high and above parity.

In 2011, the Chocolate Business obtained a consolidated EBITDA of COP 106.305 billion, equivalent to 11,3% of sales, with an increase of 15,7%.

### OUR PEOPLE

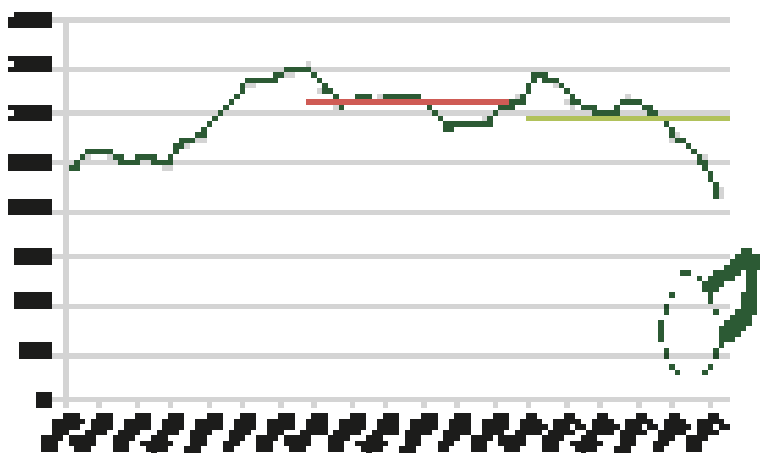
With regard to our personnel, in 2011 they were accompanied by important processes in innovation, knowledge management and wellness that

benefitted more than 2.920 collaborators. We were recognized in occupational health management in Colombia for achieving a minimum of 2,2% in accidents. The commitment of our people was also evidenced after the first measurement made by outsiders, obtaining 92,0% in the result.

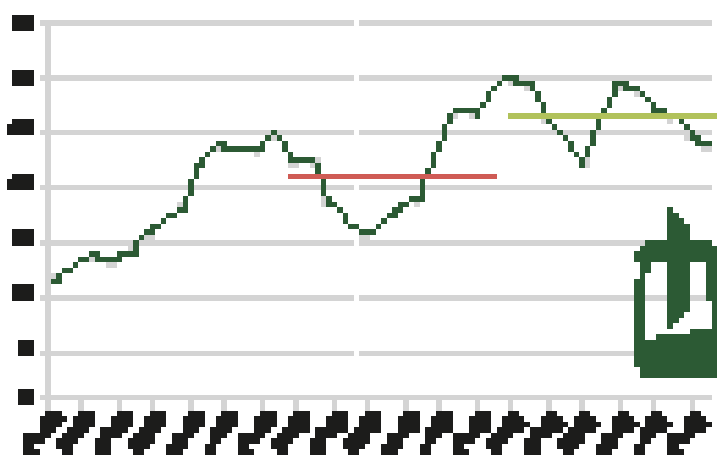
In 2011, we certified the candied fruit bread plant in Peru; in Colombia, we recertified the plants in Bogotá and Rionegro under ISO 9001, 14001 and OSHASS 18001 standards. In Rionegro, we renewed the BRC Certification and Nutresa Mexico received AIB auditing.

## OUR BRANDS

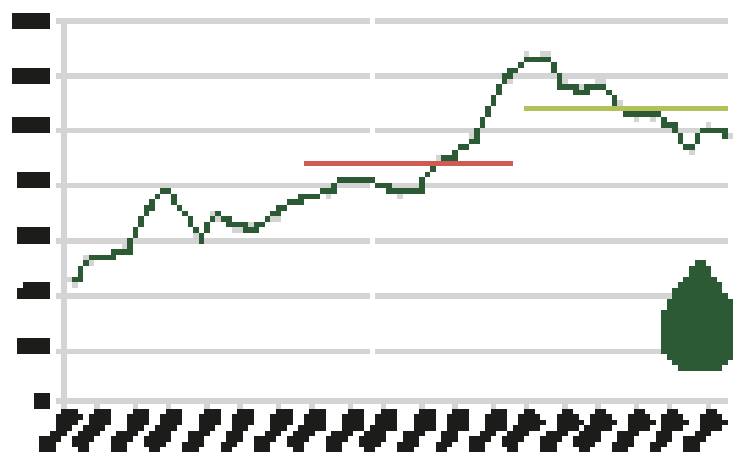
PRICE OF COCOA BEANS (US\$ / TON). DEC 08-DEC 10.



PRICE OF SUGAR (US\$ CENTS / TON). DEC 08-DEC 10.



PRICE OF PALM OIL (US\$ / TON).  
DEC 08-DEC 10.



**Jet**

**CORONA**

**CHOCO LISTO**

**Jumbo**

**Choco Lynx**

**winter's W**

**Johnnys**

**Nucita**

## COMPETITIVENESS

To search for competitiveness, we have focused on operational efficiency, productivity, progress in TPM (Total Productive Management) and optimizing portfolios. On this front, we had many advances: a 28,3% reduction in references, a 15,0% decrease in brands, a 4,2% improvement in efficiency of equipment and a 6,8% increase in productivity. In addition, we implemented the SAP operating system in Peru and are preparing for the change in Mexico in January 2012.

We conducted operational – efficiency plans and portfolio optimization to achieve greater productivity.

— Average price 2010

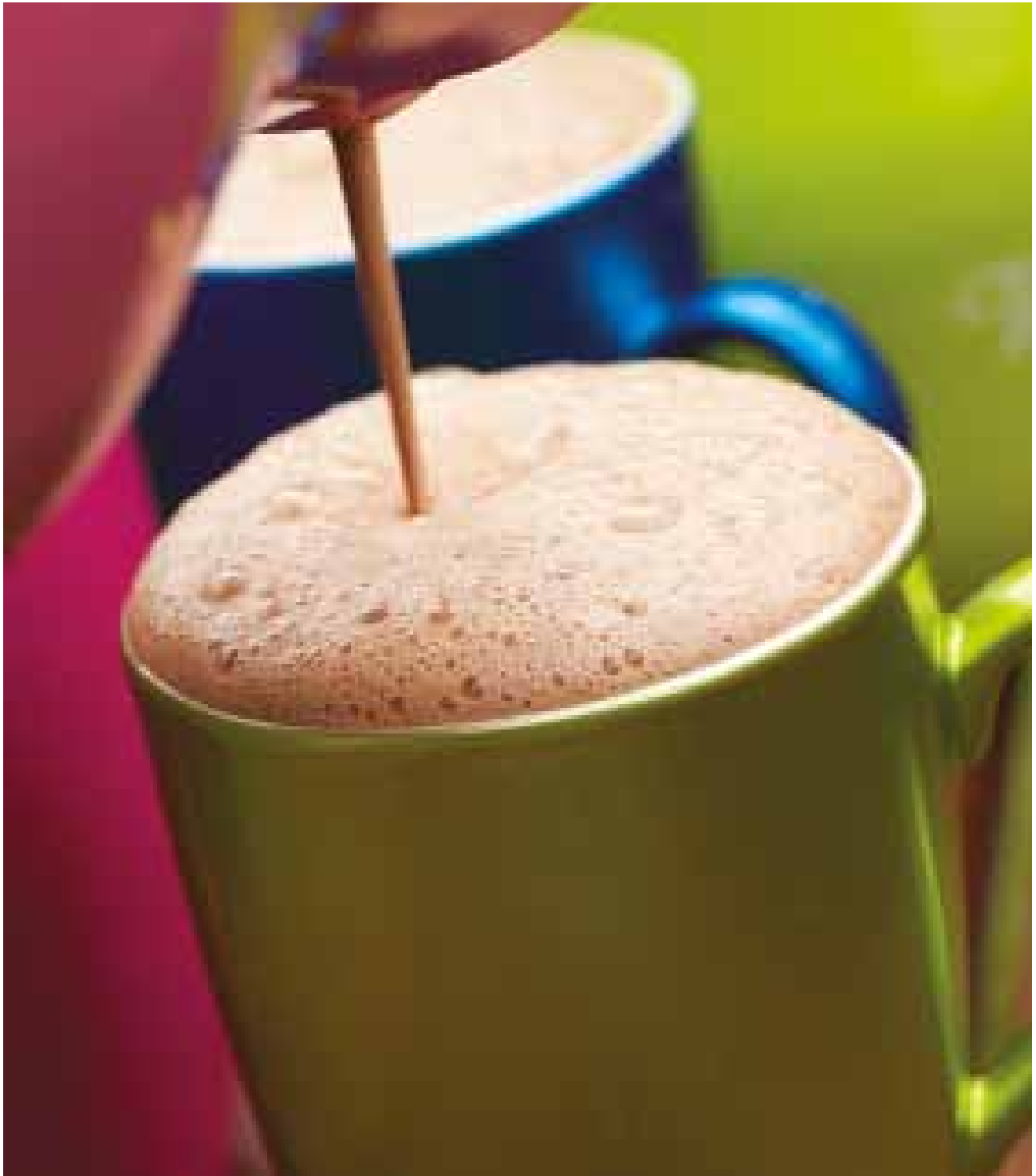
— Average price 2011

Source:  
Indexmundi



**COP 106.305 billion,**  
was the consolidated EBITDA  
equivalent to 11.3% of sales.

*Tesalia* brand beverage chocolate.





COFFEE



COP825.785  
billion

Total sales

US\$187  
million

International sales

8,2%

EBITDA margin

Presence in

46 countries

Factories in

Colombia





We are market leaders in Colombia in the coffee category with a 51.7% market share in value.

# Coffee Business

The Coffee Business achieved sales for COP 825.785 billion, with an increase of 16,9%, of which 58% were obtained in Colombia, for a value of COP 480.150 billion, an increase of 5,4%. Internationally, sales reached COP 345.635 billion, which represents 42% of our sales and a remarkable increase of 38,0%. The EBITDA was COP 67.428 billion, for a margin of 8,2%, significantly impacted by extra costs in the value of the raw material consumed.

## MARKET

According to Nielsen, the coffee category in Colombia broke the downward trend in volume in recent years and achieved a growth of 2%, reflecting the good dynamics of roast coffee, 5%, and ground coffee, 0,5%. Colcafé, with its different brands, continues to lead the category with a value share of 51,7%, an increase of 1,3 points in the year. In the ground coffee segment,

the share of the Business achieved 58,2% in value, and in instant coffee, 41,1%, a maximum historical level of participation. For the first time, the *Colcafé* line of instant coffee achieved the lead in volume, reaching a 34,1% share in this segment.

At the international level, we spotlight the significant increase in exports for US\$187 million, with growth of 41,6%, achieved with value added products and differentiation: instant, ground, mixed and private brand coffee. We made sales to 45 countries, 35 of which sold the *Colcafé* brand.

## RAW MATERIAL

As for our main raw material, coffee production in Colombia in 2011 was the lowest in the last 30 years, 7,8 million bags, a decrease of 12% compared to 2010. For the fourth consecutive year, production has been below 12 million bags, the average level of coffee production in Colombia. With this

critical view of coffee shortage, Colombian coffee prices internationally reached a historic maximum of the last 33 years. In this context, the cost of our raw material consumed increase 35,2% over 2010, adding great complexity to the operation of the Business, as only a fraction of the cost increase was transferred to consumers in the Colombian market. This is reflected in the financial result of the year.

## INNOVATION AND RESEARCH

The culture of innovation is central to our strategy of differentiation in products and processes and represents a competitive advantage. For the *Grupo Nutresa Éxitos Innovadores* (Grupo Nutresa Innovation Success) Program, our collaborators presented 470 ideas, of which 226 became hits. In the history of the program, we have obtained 1.111 innovative achievements that have strengthened or competitiveness in global markets, with new products and more efficient processes. Thanks to the continuing process of business innovation, 27,4% of our sales were innovative products.

As a result of the excellent dynamics in new product development, in 2001 our R&D team obtained recognition as a Research, Technology and Innovation Group from *Colciencias* in Colombia. In this way, we continue



*Colcafé brand Cappuccino.*

to strengthen the innovative capacity, one of our main competitive advantages. This reinforces the trust, satisfaction and guarantee to our clients and consumers, with an integrated management system supported by recognized national and international organizations. Altogether, we have 16 certifications in quality, food safety, environmental, occupational health and safety systems and specific certifications for major international clients.

### PRODUCT CERTIFICATIONS

*Colcafé* remains committed to the export of certified coffee and Fair Trade

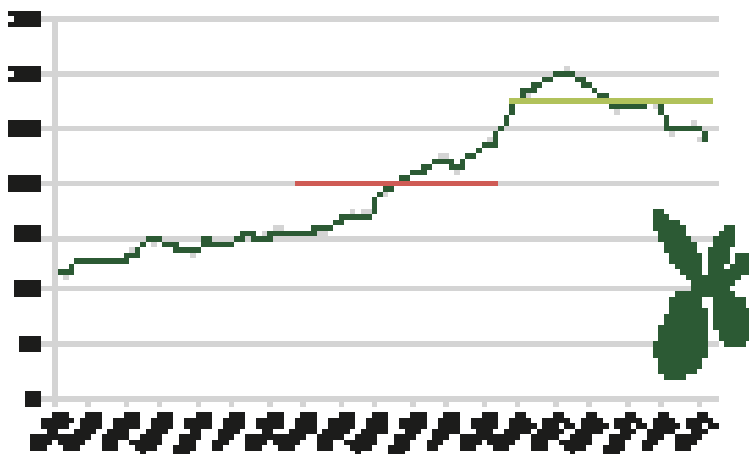
products, which allows the generation of additional benefits for coffee communities and families, with the transfer of bonuses for COP 2.170 billion for educational programs, health, infrastructure improvement and productivity. Since we began selling products under this certification, we have transferred resources for COP 13.487 billion.

In terms of projects, we completed the construction of a new drying tower, which was designed and built by our own engineering staff and the contribution of technology from Colombian companies. This project incorporated

significant design improvements that will result in increase productivity; thus, we have strengthened our cutting-edge technology and we stand as one of the best companies in the world in the production of ground coffee.

For the measurement of organizational climate carried out by the *Centro de Investigación y Corportamiento Organizacional, Cincel* (Organizational Behavior Research Center), *Colcafé* maintained the standard of outstanding among Colombian companies surveyed. Another highlight is the 1,56% accident frequency rate in occupational health.

PRICE OF COFFEE (US\$ CENTS/ POUND)  
DEC 08-DEC 11.



Our products are consumed in  
**46 countries**  
worldwide, which represent 42%

— Average price 2010  
— Average price 2011  
Source:  
Indexmundi

The *Colcafé* Plant; Medellín, Colombia.





Production of *Colcafé* brand instant coffee, the *Colcafé* Plant; Medellín, Colombia.



## OUR BRANDS

Innovation products  
accounted for

**27.4%**  
**of sales.**



# ICE CREAM



COP318.972  
billion

Total sales

US\$19  
million

International sales

13,2%

EBITDA margin

Presence in

2 countries

Factories in

Colombia and  
Dominican  
Republic



Innovation products generated sales for COP 97.188 billion, which represents 39.5% of sales of the Business.

# Ice Cream Business

The Ice Cream Business ended 2011 with sales of COP 318.972 billion, a growth of 21,4%. Colombia participated in this result with sales of COP 283.322 billion, corresponding to 88,8% of total sales, while Dominican Republic sales reached COP 35.650 billion, representing the remaining 11,2%. Sales of innovative products, which included 49 launches, generated income for COP 97.188 billion and constituted 30,4% of total sales. The Business total EBITDA was COP 42.041 billion, with a margin of 13,2%, which means a growth of 10,3% over the previous year; of this total, 8,2% is generated abroad.

It is important to highlight the fact that, in spite of the difficult weather that

Colombia suffered during most of the year with heavy rains, the implementation of successful business strategies in the summer months with outstanding performances – as well as the synchronization of new product launches in these seasons – were fundamental in generating the result. Among these new products it is important to mention the launching of *Helado Artesanal* (Handcrafted Ice Cream) and *Tortas Sinfonía* (Sinfonía Ice Cream Cakes), which allowed us to advance toward the consolidation of two segments of great potential in the Ice Cream market in Colombia. Similarly, and responding to consumer trends that seek more nutritional and natural products, we introduced the *Fruti* popsicle, with very good levels of acceptance. In addition, in partnership with the Mattel Toy Company and breaking schemes in children's popsicles, we launched the Barbie and Hotwheels popsicles, with sales that surpassed the level of similar products of this category aimed at this market. Within the commercial activities to highlight and seek the

development of alternative channels that allow us to mitigate the effects of weather, we began the process of selling through *Novaventa* and the home delivery plan, a development opportunity that allows us to reach the homes of our clients directly.

## MARKET

We maintained the leadership of the ice cream market in Colombia with 78,4% in volume, despite yielding 2,2 share points explained by the restructuring of the sales channel. Sales in indoor channels, which is not our focus, increased their share, compared to the street channel, in which winter made customer affluence and consumption difficult. Likewise, competitors undertook aggressive price actions that mainly affected the north and southwest of the country.

Aligning growth strategies and technological renovation, the Business developed projects for COP 5.976 billion, of which COP 3.220 billion were focused on technological





*Chococono production process, the Meals de Colombia Plant; Bogotá, Colombia.*

improvements in production processes and the supply chain; COP 2.433 billion were focused on the growth of the cold chain to expand customer coverage. This investment included the increase in the commercial asset network of *Helados Bon* in the Dominican Republic.

### PRODUCTIVITY AND QUALITY

The implementation of the TPM (Total Productive Management)

methodology was a breakthrough, reaching overall equipment efficiency (OEE) of 79,5%, 0,5% higher than 2010. Consumer complaints about product quality improved 45%; deliveries of production schedules were met in 98,5%. Likewise, this methodology was launched in store and cold storage logistics areas with excellent results achieved during the year.

To support the management of processes and improve Business effectiveness and productivity, we continued to work in management systems. A result of this is the recertification

of *Meals* in the ISO 9001 standard of quality management by ICONTEC, the Colombian Institute of Technical Standard and Certification, whose audit did not report any failure to conform. Additionally, we received second place for best management in safety and occupational health in the competition organized by SURATEP (professional risk administrator), in which over a thousand companies in Colombia participated.



*Sinfonía red* – fruits ice cream.

The successful implementation of business strategies and timing in the launching of products were critical to mitigate the effects of the rains in Colombia.

## PEOPLE AND COMMUNITY

During 2011, the Ice Cream Business continued to work on developing the management skills of directors and other positions, which has allowed a strengthening of the organizational climate.

A new collective agreement was established for the period 2012-2014, which allowed the mechanisms of participation and personal development that the organization has proposed within its philosophy to come true.

Socially, we continued to develop the *Proyecto Educativo Líderes Siglo XXI* (XXI Century Leaders Educational Project) in Colombia, aimed at improving the quality of management of 688 educational institutions. In addition, the volunteer money program was begun, with high involvement of employees.

Sales grew

**21.4%**

## OUR BRANDS



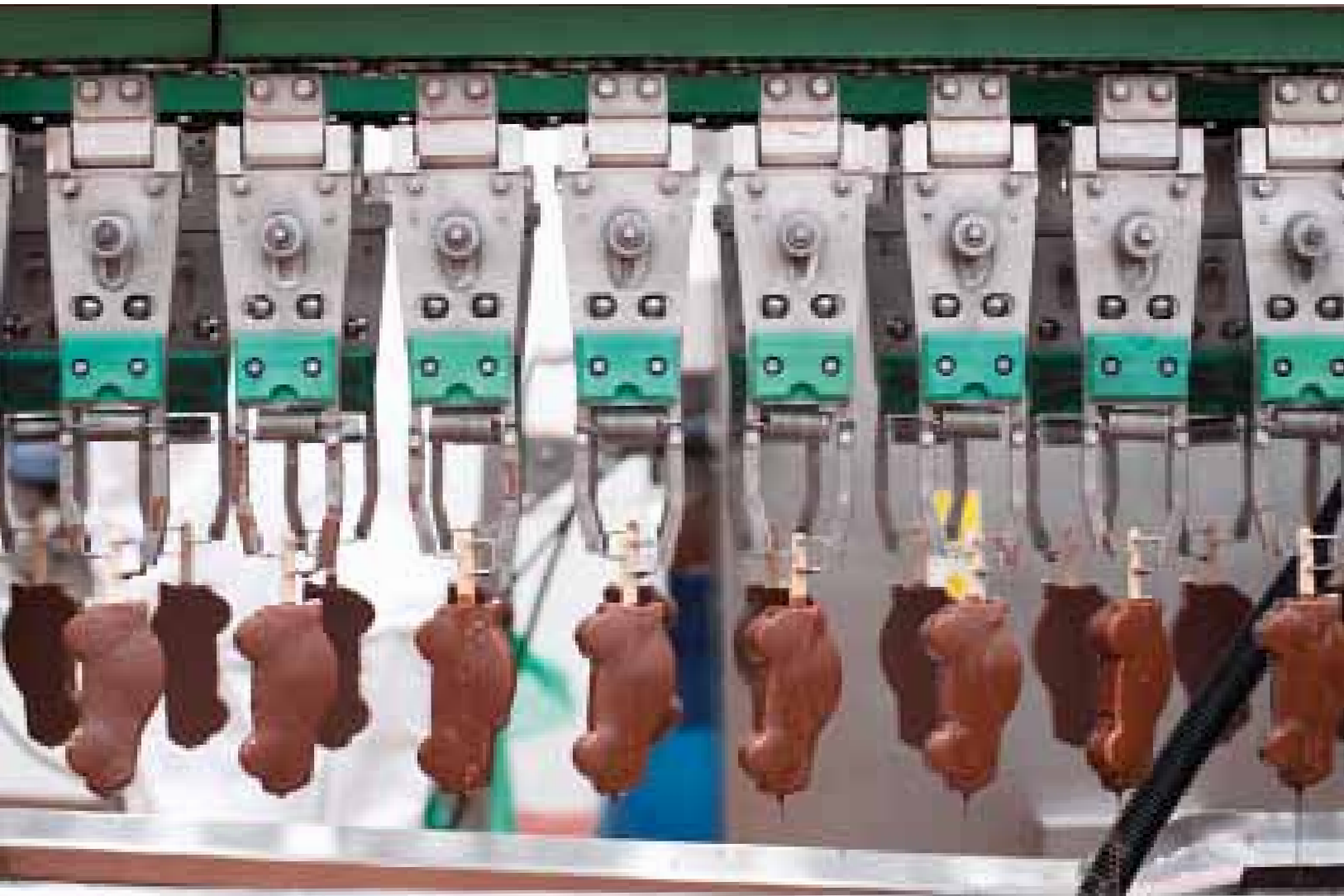


## DOMINICAN REPUBLIC

The *Helados Bon* integration process during these first nine months of operation has been focused on understanding and aligning the cultures, knowledge of the business, which – although it is ice cream – has a model based on ice cream franchises with an estimated leadership of 85% of the Dominican Republic market.

The integration process with *Helados Bon* has been focused on understanding and aligning of cultures.

Hot Wheels popsicle production, the *Meals de Colombia* Plant; Bogotá, Colombia.





# PASTA



COP191.637  
billion

Total sales

9,5%

EBITDA margin

Presence in

1 country

Factories in

Colombia





We maintained our market leadership in Colombia with 49% share in value.

# Pasta Business

The year 2011 was one of challenges and consolidation for the Pasta Business, by maintaining our market share in Colombia of 49% in value and 46,5% in volume through our *Doria*, *Comarrico* and *Monticello* brands.

The *Doria* brand obtained a share of 30,6% in volume and 35,3% in value, continuing the path of including *Nutrivit*, a blend of micronutrients designed according to the nutritional deficiencies of the Colombian population. At the same time, we worked on finding accessibility solutions to the different socioeconomic sectors for our brand through presentations adapted to consumer expenditure.

*Comarrico* ended the year with a share of 15,1% in volume and 11,9% in value, consolidating its position as the second brand in the Colombian market and the traditional channel. Much of this success is based on the regional communication strategy, the consolidation of national distribution and the development of different presentations, depending on the purchasing power of consumers.

*Monticello* continues to grow, reaching 1,8% of the value market share; it increased revenue by 39% through the development of the concept of *Momentos de Placer* (Moments of Pleasure). Based on this concept, it

maintains its position of indulgence and healthy living, increasing brand awareness.

In 2011, total sales of the Business were COP 191.637 billion, an increase of 2,0% in value. The EBITDA reached COP 18.275 billion, which equals 9,5% of sales.

## RAW MATERIAL

Wheat had an upward, volatile trend during 2011 as a result of adverse weather in major producing countries and price speculation in the market. This combination of factors pushed futures prices to US\$ 324,8 per metric ton during the first semester, up 78,4% over the same period in the previous year. By year end, there was a correction with a closing price of US\$297,67, a 32,8% annual increase.

## PRODUCTION

As for productive activity, we continue to improve management through the TPM (Total Productive Management) methodology, positively impacting key indicators such as compliance with the production plan, mill extraction, re-processing, waste and damage, in the Mosquera and Barranquilla plants in Colombia. As for projects, in the Barranquilla plant we launched a line of short pasta with high – temperature

drying technology, which will increase Business capacity and productivity with better – quality products. In the Mosquera plant, we modernized the bagging process of raw materials and advanced work in re-empowering the short – pasta line, which recovered its capacity by 25%.

In the supply and logistics operations, cost overruns due to the rainy season in Colombia and the trucker strike in February were estimated at COP 160 million, but, in turn, significant savings were achieved that contributed to mitigating these cost overruns. Thus, the cost of primary logistics went from COP 103.2/ton to COP 90.3/ton. These improvements were made in collaborative



planning for demand, redefining some logistics operations and implementing a replenishment model, without impairing the level of service, which increased from 95,7% in 2010 to 96,9% in 2011. In addition was given to the *Comercial Nutresa S.A.S.* distribution model in different regions of Colombia.

### WELLNESS OF OUR PEOPLE

The comprehensive training program focused on strengthening and developing technical and organizational competencies. The emphasis was on

leadership, communications and teamwork. The Business conducted 25.796 hours of training, corresponding to 70 hours per person. This represents an investment of COP 345 million.

We continued to strengthen the culture of self-care and safety, achieving the goals proposed. The main reflection of these goals is the indicator of absenteeism due to occupational accidents of 2,05% against a target of 2,8% for *Doria* and 5,04% for *Comarico*, whose goal was 8,8%. The consolidated Business indicator was 2,7; the goal was 4,0.

This strengthening contributed to the outcome of the evaluation of the work environment, in which *Doria* obtained a rating of 87,5% – corresponding to a superior level – surpassing the goal of 83,3% and 86,6% of evaluations made in 2009; in general, almost all the variables measured improved their result. Similarly, for the first time we evaluated work commitment and identified a health result for the good performance and desire to remain in the company, factors that contribute to productivity.



*Doria* brand vegetable Fusilli.





Quality laboratory Pastas Doria. Mosquera, Colombia.

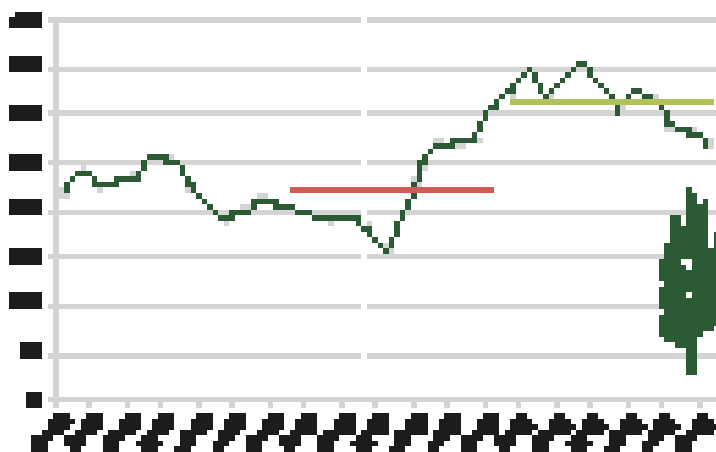
## OUR BRANDS



## INNOVATION

For the *Grupo Nutresa Éxitos Innovadores* (Grupo Nutresa Innovation Success) Program, 407 ideas were generated of which 88 became innovation successes, whose final result was savings for approximately COP 2.299 billion in the productive process. Likewise, the Business invested COP 1.481 billion in wellness programs, COP 199 million in safety and self – care and COP 1.338 billion in additional benefits. At the end of 2011, the Pasta Business has 667 employees, between direct staff and third – parties.

## PRICE OF WHEAT (US\$ / TON). DEC 08-DEC 10.



We invested  
**COP 1.481 billion**  
in the welfare of  
our employees.

— Average price 2010

— Average price 2011

Source:  
Indexmundi



*Pastas Doria Quality Lab; Mosquera, Colombia.*

## CERTIFICATIONS

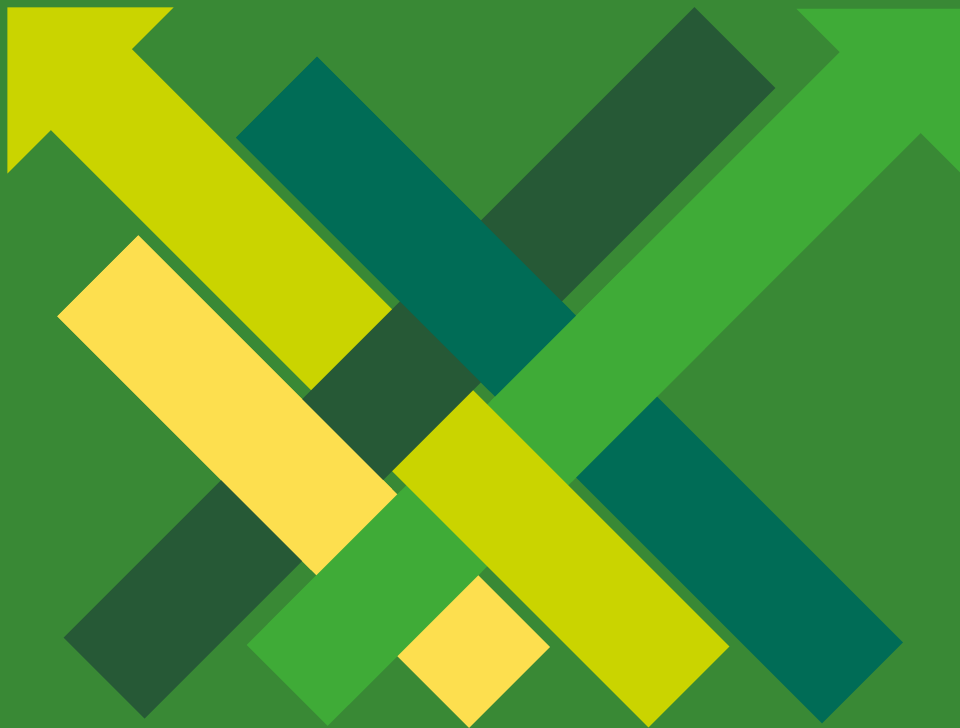
With regard to quality and environmental management, the Pastas Comarrico S.A.S. plant in Barranquilla received certification in ISO 9001:2008 standard from ICONTEC in making pasta and ratified the certification in the Mosquera and Barranquilla plants with the ICONTEC Quality Seal. The results of the sanitary hygienic profile, carried out by Grupo Nutresa, stood above 90% for both plants. We worked on maintaining a low level of unit energy consumption, reducing the unit water consumption by 6,9% and exploiting 85,4% of the waste generated.

The EBITDA was

**COP 18.275 billion,**  
equivalent to 9.5% of sales.



# Out transversal activities: commercial and administrative





Comercial Nutresa reaches more than 207,000 points of sales with a broad portfolio of products.

# Comercial Nutresa

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

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

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

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

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

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

Commercial Nutresa generated total net sales during the year for the *Grupo Nutresa* business for COP 1 trillion, 754.201 billion, an increase of 6,7%. The numerical distribution of

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

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

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

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



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



In 2011, there were 66,008 women entrepreneurs in Novaventa, our direct – sales channel, 15% more than in 2010.

# Novaventa

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

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

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

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

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

# La Recetta

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

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

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

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



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



# Servicios Nutresa



*Servicio Nutresa employees;  
Medellín, Colombia.*

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

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

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

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

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

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

# Corporate Governance





# Board of Directors



## **David Emilio Bojanini García, 2005**

Chief Executive Officer, Grupo de Inversiones Suramericana S. A.  
Appointment and Retribution Committee  
Board of Directors' Issue Committee  
Strategic Planning Committee

### **Previous Experience**

Chief Executive Officer, Protección S. A.,  
Pension and Severance Fund  
Actuary Manager, Suramericana de Seguros S.A.

### **Education**

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

## **José Alberto Vélez Cadavid, 2005**

Chief Executive Officer, Inversiones Argos S. A.  
Board of Director's Issue Committee  
Strategic Planning Committee

### **Previous Experience**

Chief Executive Officer, Inversura S.A.  
Chief Executive Officer, Suramericana de Seguros S.A.

### **Education**

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

## **Gonzalo Alberto Pérez Rojas, 2007**

Chief Executive Officer, Suramericana S.A.  
Corporate Government Committee

### **Previous Experience**

Vice President, Insurance and Capitalization, Suramericana de Seguros S.A.  
Vice President, Corporate Business, Suramericana de Seguros S.A.

### **Education**

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

## **Alberto Velásquez Echeverri, 2007**

General Manager, Prosantafé S.A.  
Appointment and Retribution Committee  
Independent Member

### **Previous Experience**

Secretary General of the Presidency of the Republic of Colombia 2002-2004  
President, Heritage Minerals Ltd.

### **Education**

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



**Jaime Alberto Palacio Botero, 2005**

General Manager, Coldeplast S.A.  
and Microplast S.A.

Independent Member

**Previous Experience**

Deputy General Manager, Microplast S.A.

**Education**

Business Administrator, EAFIT University.

**Antonio Mario Celia Martínez-Aparicio, 2005**

Chief Executive Officer, Promigas S.A.

Appointment and Retribution Committee

Strategic Planning Committee

Independent Member

**Previous Experience**

Financial Vice President, Promigas S.A.

Manager, Terpel del Norte.

**Education**

Engineer, Worcester Polytechnic Institute.

Executive formation in MIT, Wharton and  
the Universidad de los Andes.

**Mauricio Reina Echeverri, 2007**

Research Associate, Fedesarrollo

Financial and Auditing Committee

Corporate Government Committee

Strategic Planning Committee

Independent Member

**Previous Experience**

Assistant Director, Fedesarrollo

Deputy Minister of Foreign Trade  
of the Republic of Colombia.

**Education**

Economist, Universidad de los Andes

Masters in Economics, Universidad  
de los Andes

Masters in International Relations,  
Johns Hopkins University.

# Steering Committee



## **Carlos Enrique Piedrahíta Arocha, 2000**

Chief Executive Officer

### **Previous Experience**

CEO, Corfinsura S.A.

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

### **Education**

Economist, University of Keele

Masters in Finance, London School of Economics.

## **Ana María Giraldo Mira, 2005**

Chief Financial Officer

### **Previous Experience**

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

### **Education**

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

## **Diego Medina Leal, 1997**

President Cold Cuts Business

Vice President Grupo Nutresa Logistics

### **Previous Experience**

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

### **Education**

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

## **Alberto Hoyos Lopera, 1993**

President Biscuit Business

Vice President Grupo Nutresa North Strategic Region

### **Previous Experience**

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

### **Education**

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

## **Sol Beatriz Arango Mesa, 1992**

President Chocolate Business

Vice President Grupo Nutresa South Strategic Region

### **Previous Experience**

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

### **Education**

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

## **Jorge Eusebio Arango López, 1991**

President Coffee Business

Vice President Grupo Nutresa Sustainable Development

### **Previous Experience**

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

### **Education**

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



**Mario Alberto Niño Torres, 2006**

President Ice Cream Business  
Vice President Grupo Nutresa Innovation  
and Nutrition

**Previous Experience**

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

**Education**

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

**Fabián Andrés Restrepo Zambrano, 1996**

President Pasta Business

**Previous Experience**

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

**Education**

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

**Álvaro Arango Restrepo, 2001**

President Comercial Nutresa  
Vice President Grupo Nutresa Sales and Marketing

**Previous Experience**

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

**Education**

Business Administrator, EAFIT University.

**Carlos Ignacio Gallego Palacio, 1991**

President Servicios Nutresa  
Managing Director Fundación Nutresa

**Previous Experience**

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

**Education**

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

**Jairo González Gómez, 2007**

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

**Previous Experience**

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

**Education**

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

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



# Corporate Governance

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

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

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

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

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

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

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

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

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

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

## REFERENCE TO ASSESSMENT MATRICES FOR CORRUPTION RISKS AND ASSOCIATED MAJOR INITIATIVES

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

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



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

## ANTI CORRUPTION MANAGEMENT

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

## THE ETHICS HOTLINE: FOR THE TRANSPARENCY OF OUR ACTIVITIES

Grupo Nutresa strengthens the policies and practices that enable the



Pasta Business employees; Mosquera, Colombia.

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



## Statement GRI Application Level Check

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

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

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

Amsterdam, March 2nd 2012



Nelmar Arbex  
Deputy Chief Executive  
Global Reporting Initiative



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

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

**Disclaimer:** Where the relevant sustainability reporting includes external links, including to audio-visual material, this statement only concerns material submitted to GRI at the date of the Check on February 27th 2012. GRI explicitly excludes the statement being applied to any later changes to such material.

Medellín, March 2012

MR.BAN KI-MOON  
Secretary General  
THE UNITED NATIONS

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

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

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

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

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

Sincerely,

  
Carlos Enrique Piedrahíta Arocha  
Chief Executive Officer



This is our Communication on Progress  
in implementing the principles of the  
United Nations Global Compact.  
We welcome feedback on its contents.



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### **Informe del Auditor Independiente de Aseguramiento Limitado para la Dirección de Grupo Nutresa S.A.**

Hemos sido contratados por la Dirección de Grupo Nutresa S.A. para proporcionar aseguramiento limitado del Reporte de Sostenibilidad para el año terminado el 31 de diciembre de 2011 de Grupo Nutresa S.A. (en adelante, “el Informe”).

La Dirección es responsable de la preparación y presentación del Informe de acuerdo con la Guía para la elaboración de Memorias de Sostenibilidad de Global Reporting Initiative versión 3.1 (G3) y el suplemento del sector de alimentos según lo descrito en el subcapítulo “Acerca de este informe anual y de sostenibilidad” del Informe. En dicho subcapítulo se detalla el nivel de aplicación autodeclarado, el cual ha recibido la confirmación de Global Reporting Initiative. La Dirección también es responsable de la información y las afirmaciones contenidas en el mismo; de la determinación de los objetivos de Grupo Nutresa S.A. en lo referente al desempeño y presentación de información en materia de desarrollo sostenible, incluyendo la identificación de grupos de interés y asuntos materiales; y del adecuado establecimiento y mantenimiento de los sistemas de control y gestión del desempeño de los que se obtiene la información reportada.

Nuestra responsabilidad es llevar a cabo un trabajo de aseguramiento limitado y expresar una conclusión basada en el trabajo realizado. Nuestro trabajo ha sido realizado de acuerdo con las normas internacionales para trabajos de aseguramiento (ISAE) 3000, *Assurance Engagements other than Audits or Reviews of Historical Financial Information*, emitida por el International Auditing and Assurance Standard Board. Estas normas exigen que cumplamos con requerimientos éticos aplicables, incluyendo requerimientos de independencia, y que planifiquemos y realicemos nuestro trabajo de forma que obtengamos una seguridad limitada sobre si el Informe está exento de errores materiales.

Un encargo de aseguramiento limitado de un informe de sostenibilidad consiste en la formulación de preguntas, principalmente a las personas responsables de la preparación de la información presentada en el Informe de sostenibilidad, y en aplicar procedimientos analíticos y otros, dirigidos a recopilar evidencias según proceda. Estos procedimientos incluyeron:

- Indagación con la administración para obtener un entendimiento del proceso llevado a cabo por Grupo Nutresa S.A., para determinar los asuntos materiales para los grupos de interés de Grupo Nutresa S.A.
- Entrevistas con la Dirección y personal pertinente a nivel de grupo y a nivel del negocio seleccionado, sobre las políticas y estrategias para los asuntos materiales y la aplicación de las mismas a través de los negocios.
- Entrevistas con el personal pertinente de Grupo Nutresa S.A. a nivel corporativo y de negocio, responsables de proporcionar la información contenida en el Informe.
- Visita a las instalaciones de Alimentos Cárnicos, Noel y Meals seleccionadas según un análisis del riesgo, teniendo en cuenta criterios cuantitativos y cualitativos.
- Comparación de la información presentada en el reporte con la información correspondiente a las fuentes subyacentes relevantes para determinar si la misma ha sido incluida en el reporte.





- Análisis de los procesos de recopilación y de control interno de los datos cuantitativos reflejados en el Informe, en cuanto a la confiabilidad de la información, utilizando procedimientos analíticos y pruebas de revisión en base a muestreos.
- Lectura de la información incluida en el Informe para determinar si está en línea con nuestro conocimiento general y experiencia, en relación con el desempeño en sostenibilidad de Grupo Nutresa S.A.
- Verificación de que la información financiera reflejada en el Informe ha sido extraída de las cuentas anuales de Grupo Nutresa S.A., auditadas por terceros independientes.
- Verificación de que los datos de emisiones reflejados en el Informe corresponden con los datos de emisiones de Gases Efecto Invernadero verificados por un tercero independiente.

El alcance de los procedimientos de recopilación de evidencias realizados en un trabajo de aseguramiento limitado es inferior al de un trabajo de seguridad razonable y, por tanto, el nivel de seguridad proporcionado es menor.

Con base en los procedimientos realizados, descritos anteriormente, nada ha llamado nuestra atención que nos indique que el Reporte de Sostenibilidad de Grupo Nutresa S.A. por el año terminado el 31 de diciembre de 2011 no se presente de manera adecuada, en todos los aspectos significativos, de acuerdo con la Guía para la elaboración de Memorias de Sostenibilidad de Global Reporting Initiative versión 3.1 (G3) y el suplemento del sector de alimentos según lo descrito en el subcapítulo “Acercas de este informe anual y de sostenibilidad” del Informe.

Nuestro informe de aseguramiento limitado lo hemos realizado únicamente para Grupo Nutresa S.A. de acuerdo con los términos de nuestro encargo. Nuestro trabajo ha sido realizado para expresar a Grupo Nutresa S.A. aquellos asuntos sobre los cuales hemos sido contratados a expresar en este reporte de aseguramiento limitado y no para otro propósito. No aceptamos ni asumimos responsabilidad ante nadie diferente a Grupo Nutresa S.A. por nuestro trabajo, por este informe de aseguramiento limitado, o por las conclusiones a las que hemos llegado.

En otro documento, proporcionaremos a la Dirección de Grupo Nutresa S.A. un informe interno que contiene nuestros hallazgos y áreas de mejora.

Luis Orlando Delgadillo A.  
Socio

12 de marzo de 2012

# Increasing value generation





# Financial synthesis

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



*Compañía Nacional de Chocolates* employees; Rionegro, Colombia.

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

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

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

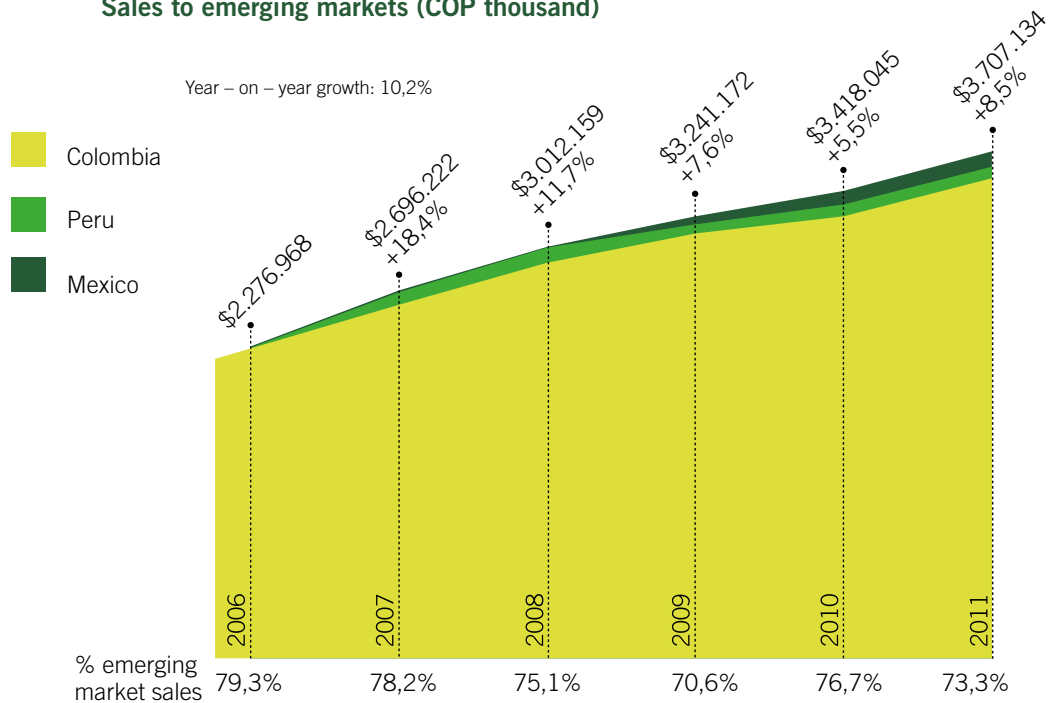


# Strategy in emerging markets

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

Of total sales, 73.3% are to emerging markets, which represents COP 3 trillion 707.134 billion. In 2011, we grew 8,5% in these markets, led by healthy increases in Colombia, Peru, Ecuador and Mexico, which compensates for the reduced sales in Venezuela, due to foreign – exchange restrictions.

## Sales to emerging markets (COP thousand)



\*According to Dow Jones definition.



Emerging markets accounted for

# 73.3% of our sales.

## PRODUCT STRATEGY

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

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

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

## DISTRIBUTION STRATEGY

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

## % sales breakdown in Latin America



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

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

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

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

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

## KNOWLEDGE – TRANSFER STRATEGY

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

# Innovation and research



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

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

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



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

**0,5%**  
of sales in innovation.



Team of Long – Life Line collaborators, the Zenú Plant; Medellín, Colombia.

## INNOVATION WITH OUR PEOPLE

### THE TPM MODEL: IMPROVE- MENT AND PRODUCTIVITY IN MANUFACTURING PROCESSES

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

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

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

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



### PROMOTERS OF INNOVATION

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

## INNOVATION MANAGEMENT IN THE CORPORATE CULTURE

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

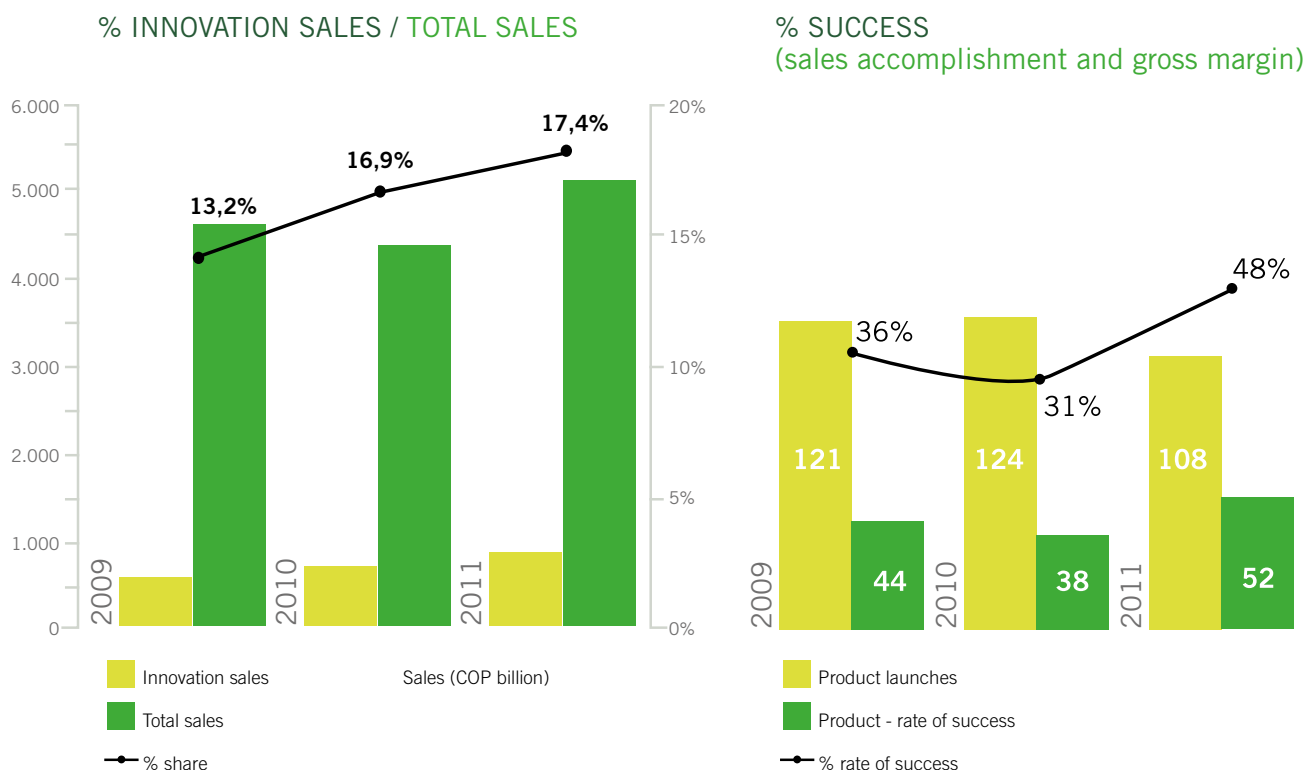
Exemplary Practices (*Prácticas Ejemplares*) recognizes superior management experiences that have shown effective results and impacted the business strategy. Since 2007, we have shared 16 Exemplary Practices with all the businesses, fulfilling the goal of knowledge migration and shortening the learning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

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

## INNOVATION SALES

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

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





# PRODUCT INNOVATIONS



## COLD CUTS

### Zenú Frankfurter Bi – Pac

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



### Zenú Premium Products

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



## BISCUITS

### Noel Semillas y Cereales Crackers

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



### Festival WOW

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

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



## Seasonal Products

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

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



### Tosh Yogurt y Fresas (Tosh Yogurt and Strawberries)

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



### Christmas Noel (Navidad Noel)

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



### Christmas Pozuelo (Navidad Pozuelo)

Es la migración del concepto de "Navidad Noel" a Centroamérica bajo la marca Pozuelo, la cual es líder del mercado. En el año anterior se destacaron en esta línea de temporada el "cofre octogonal", el "cofre circular" y la "plegadiza Noche Buena".



# PRODUCT INNOVATIONS



## CHOCOLATE

### *Jet Album: The World of Prehistoric and Endangered Animals*

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

### *Jet Saurios*

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

### *Chocolate Candy Seasons The Love and Friendship Season*

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

### *The Christmas Season*

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



## COFFEE

### *Colcafé Iced Cappuccino*

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





### Special Packagings for Different Formats

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



### The Line of *Tosh* Cereal Bars

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



### *La Especial* Candied Peanuts

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

### *Sello Rojo* Espresso

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



# PRODUCT INNOVATIONS



## ICE CREAM

### Crem Helado's Barbie Popsicle

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



### Crem Helado's Hot Wheels Ice Cream Bar

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



## PASTA

### Doria Egg Pasta with Omega 3, 6 and 9

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



### Doria Butter Pasta with Omega 3, 6 and 9

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



### Fruti Popsicle

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



### Crem Helado Handcrafted Ice Cream (Helado Artesanal)

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



### Crem Helado Sinfonía Ice Cream Cakes (Tortas de Helado Sinfonía)

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



### Doria Vegetable Pasta with Vivo Plus

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



### Doria Ravioli

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



### Doria 200 Grams

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





# Nutrition, health and wellness

## OUR NUTRITION POLICY

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

### Develop Options for Affordable Products

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

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

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



We innovate with healthy, nutritional products.

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

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

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

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

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

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



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

**COMERCIAL NUTRESA HEALTH AND WELLNESS PROGRAM**

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

Gladis de María Posada Serna  
Head, ERP Solutions  
*Comercial Nutresa*

**RESEARCH MANAGEMENT**

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

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

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



## THE VIDARIUM NUTRITION, HEALTH AND WELLNESS RESEARCH CENTER

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

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

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

### VIDARIUM IN THE SCIENTIFIC AND ACADEMIC COMMUNITY



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

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

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

### Grupo Nutresa Research Award

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

- **First Place:** Application of Vegetable Oils in Meat Products, carried out by Juan Camilo Ospina E. and Óscar Alberto Ochoa G., from the Cold Cuts Business.
- **Second Place:** Effect of Roasting Parameters in the Antioxidant Capacity of Roasted Coffee, carried out by Mauricio Naranjo C., of the Coffee Business.
- **Third Place:** Measurement of Antioxidant Activity and Content of the Colcafé Line of Products and Construction of Scientific Information as Support to Be Stated on Labels, carried out by Mónica María Quintero O. and Mauricio Naranjo C., of the Coffee Business.

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

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



### FOOD SAFETY

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

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

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

# For a better society





Beneficiary students from the *Orient Yourself: The World a Click Away* Program, led by *Fundación Nutresa*; Santa Marta, Colombia.



# Committed to our people



*Servicio Nutresa employees; Medellín, Colombia.*

## COMMITTED CREATING VALUE WITH OUR PEOPLE

Developing our people is one of *Grupo Nutresa's* Strategic Objectives. Therefore, actions are aimed at attracting and retaining the best talent and strengthening organizational settings to enhance the commitment and productivity of people.

## COMMITMENT, JOB SATISFACTION AND PRODUCTIVITY

We have consolidated a comprehensive approach that articulates the importance of managing the work environment and commitment through effective, genuine practices that link our employees with the objectives of the Organization. To achieve this purpose, in 2011 we incorporated a new dimension that identifies the level and type of commitment that prevails in the businesses into the measurement

of organizational climate.

In 2011, the result of *Grupo Nutresa's* consolidated organizational climate was 83,1%, placing us in an outstanding level, which continues to characterize us as a good place to work.

*"Comercial Nutresa is an excellent place to work because it allows us to contribute value through our actions and decisions; it is coming to work every day with great happiness to learn and contribute. It is a company that cares about my welfare because they treat me more than as an employee; they treat me as a person."*

Mauricio Madrid Cadavid  
Development Manager,  
Convenience – Store Categories  
*Comercial Nutresa S.A.S.*

## INCENTIVES AND RECOGNITION FOR OUR EMPLOYEES

We celebrate and recognize the achievements of our people. To do this, we have programs that encourage compliance with the strategic objectives of the Businesses and high-impact projects; the most notable are Innovation Success Stories (*Éxitos Innovadores*), Exemplary Practices (*Prácticas Ejemplares*), Volunteers (*Voluntariado*) and incentives for permanence in the Company.

## PERSONEEL TURNOVER

We have achieved a good retention of talent, as evidenced in the low rates of resignations, with a 6,87% rate in Colombia. The *Grupo Nutresa* consolidated rate was 19,27%, a higher turnover due to the seasonality and legislation in some countries.



Doria Plant employees; Mosquera, Colombia.

### Turnover in Colombia

Employee Turnover	Age Range			TOTAL
	< 30	30 - 50	> 50	
Men	1,20%	2,65%	0,85%	4,69%
Women	0,49%	1,45%	0,24%	2,18%
TOTAL	1,69%	4,10%	1,09%	6,87%

### Total Turnover

Employee Turnover	Age Range			TOTAL
	< 30	30 - 50	> 50	
Men	4,94%	4,65%	0,71%	10,30%
Women	4,10%	4,64%	0,23%	8,97%
TOTAL	9,04%	9,29%	0,94%	19,27%



Marketing employees, the Biscuit Business; Medellín, Colombia.

## LEADERSHIP THAT PROMOTES INNOVATION, LEARNING AND HIGH PERFORMANCE

Convinced of the importance of having integral leaders who align their employees' life goals with those of the Organization, we have been consolidating *Grupo Nutresa's* Leadership Model toward a vision centered on values and the ability to undertake challenges in a changing global environment, which aims for the sustainability of the Businesses. 64% of *Grupo Nutresa's* companies have incorporated the leadership-development process and 48% of the leaders have participated in this process.



In 2011, we contributed COP 5.389 billion to our employees' savings, benefitting 9,141 persons.

### COMPREHENSIVE QUALITY OF LIFE: RECONCILIATION BETWEEN WORK AND PERSONAL AND FAMILY LIFE

We continue to promote the welfare of our employees and their families through programs to strengthen their safety, health and conditions that minimize psychosocial risk. In addition, we encourage savings, making economic contributions to mutual investment funds. We encourage the purchase and improvement of housing. In 2011, we provided loans to 688 employees totaling COP 8.983 billion. Today, 7.988 employees have their own home.



We promote activities for the welfare of the families of our employees, *Colcafé*, Medellín, Colombia.

### LOANS

	2011		2010	
	No. Persons	COP Billion	No. Persons	COP Billion
Housing	688	8.983	578	8.209
Domestic problems	811	1.185	975	1.711
Education	881	1.164	965	1.203
Cars	213	2.472	134	926
Health	472	398	534	437
Other	971	1.410	2.317	1.739
<b>Total</b>	<b>4.036</b>	<b>15.612</b>	<b>5.503</b>	<b>14.225</b>

### SUBSIDIES

	2011		2010	
	No. Persons	COP Billion	No. Persons	COP Billion
Education (Relatives)	6.586	3.152	6.184	2.762
Health	3.805	1.132	3.611	861
Maternity	410	128	441	130
Marriage	205	83	217	104
Death	207	226	230	418
Transportation	2.064	1.679	2.113	1.655
Other	3.954	1.041	3.500	569
<b>Total</b>	<b>17.231</b>	<b>7.441</b>	<b>16.296</b>	<b>6.499</b>

### QUALITY OF LIFE

Programs	2011	2010
	COP Billion	COP Billion
Integration and recreation	7.514	6.619
Restaurant	27.235	22.478
Other	3.543	5.262
<b>Total</b>	<b>38.292</b>	<b>34.359</b>



Our companies promote good practices in occupational health, *Novaventa*, Medellín, Colombia.

## ENCOURAGING SAVINGS AMONG OUR EMPLOYEES

Our companies encourage savings and make economic contributions to our employees. In 2011, these contributions were valued at COP 5.389 billion, which benefitted 9.141 people.

## RETIREMENT MANAGEMENT

We have programs to prepare our employees for retirement, providing them with the tools to assume this new stage in their lives. In 2011, 99 employees participated in these programs.

## HEALTHY HABITS AND HEALTHY LIVING

Given the importance of encouraging healthy lifestyles in our employees, we continue to promote programs to minimize occupational hazards, with the greatest interest focused on the management of absenteeism and accidents, through surveillance and the promotion of healthy habits and healthy living.

The following results show the impact of actions taken during 2011. The accident- frequency rate was 3,24%, with an improvement over the previous year.

## INDICATORS

	Men	Women	Total
Average of direct employees exposed	11.836	5.320	17.156
Number of work accidents	438	118	556
Number of days of incapacity for work accidents	6.017	2.281	8.298
Number of sick leaves due to common illness	11.707	4.984	16.691
Number of days absent due to common illness	62.899	24.203	87.102
Accident – frequency rate	3,70%	2,22%	3,24%
Absenteeism – frequency rate due to common illness	98,91%	93,68%	97,29%

## INVESTMENT IN SAFETY AND OCCUPATIONAL HEALTH

Investment (COP Billion)	2011	2010
Occupational Health Training	1.266	362
<i>Copaso</i>	422	464
Zero – Accident Management	9.030	3.887
Comprehensive Brigade	1.196	761
Health Management	3.497	1.286
<b>Total</b>	<b>15.411</b>	<b>6.760</b>



## COMPETENT EMPLOYEES

To encourage organizational learning and skills development of our people, we made significant investments in internal and external training programs, giving prominence to leadership, innovation, productivity and topics proper to the value chain of the Businesses.



*Compañía de Galletas Pozuelo employees; San José, Costa Rica.*

## SUPPORT FOR HIGHER EDUCATION

	Management		Administrative		Operational		Total Persons	Total Investment COP Billion
	No. persons	Investment COP Million	No. persons	Investment COP Million	No. persons	Investment COP Million		
Technical and professional studies	49	35	217	169	263	37	529	241
In – country specializations	10	147	142	479	9	4	161	630
Internship programs abroad	9	105	18	209	0	0	27	314
Virtual University	9	3	259	60	321	103	589	166
Worker education subsidies *	**	**	**	**	**	**	2.325	2.465
Total	77	290	636	917	593	144	3.631	3.816

\*Only the total number of persons and investment has been reported.

\*\*NA: Not available

## EDUCATION AND TRAINING (NUMBER OF PERSONS/ HOURS)

	Management		Administrative		Operational		Total persons
	Men	Women	Men	Women	Men	Women	
Personal Development	39 456	21 161	812 4.411	614 5.022	1.873 23.544	494 5.168	3.853 38.762
Development of leadership skills	123 5.857	114 1.989	981 453.086	629 56.945	490 3.364	67 303	2.404 521.544
Development of organizational skills	132 1.486	42 541	1.136 17.708	745 16.534	2.709 21.669	704 6.544	5.468 64.483
Development of specific skills	168 24.812	73 6.903	2.300 1.556.541	2.207 449.397	5.464 1.532.184	1.535 1.162.863	11.747 4.732.699
Total	462 32.611	250 9.594	5.229 2.031.747	4.195 527.897	10.536 1.580.761	2.800 1.174.878	23.472 5.357.488

In 2011, *Comercial Nutresa* had a high increase in training hours for 2.101 employees due to the implementation of the business model in all the regions of Colombia.

## EDUCATION AND TRAINING (INVESTMENT IN COP MILLION)

	Management		Administrative		Operational		Total investment
	Men	Women	Men	Women	Men	Women	
Personal Development	10	9	88	130	282	75	594
Development of leadership skills	200	132	422	250	57	8	1.069
Development of organizational skills	131	28	509	474	201	46	1.389
Development of specific skills	99	77	890	687	1.875	283	3.911
<b>Total</b>	<b>440</b>	<b>246</b>	<b>1.909</b>	<b>1.541</b>	<b>2.415</b>	<b>412</b>	<b>6.963</b>



The *Nutresa* Logistics Team; Mexico.

## SALARY AND REMUNERATION SYSTEMS

We permanently conduct studies that allow us to work for internal equity and market competitiveness, implementing wages- allocation practices grounded in the knowledge, skills and contributions of the people in different positions in the Organization.

## SALARY AND REMUNERATION

Employees	Men	Women	Total	Salaries COP Billion	Benefits COP Billion	Subtotal Salaries and Benefits COP Billion
Management	94	35	129	31.800	19.690	51.490
Administrative	5.558	3.080	8.638	253.896	168.096	421.992
Operational	6.352	1.993	8.345	121.755	82.153	203.908
<b>Total</b>	<b>12.004</b>	<b>5.108</b>	<b>17.112</b>	<b>407.451</b>	<b>269.939</b>	<b>677.390</b>



The Grupo Nutresa companies generated

# 722 new jobs.

## GENERATION OF EMPLOYMENT

We have 30.158 employees, of whom 17.112 are directly employed by *Grupo Nutresa* companies; the remaining correspond to staff with other hiring systems and interns. Of these, 12.004 are men and 5.108 are women.

## EMPLOYMENT SUMMARY REPORT

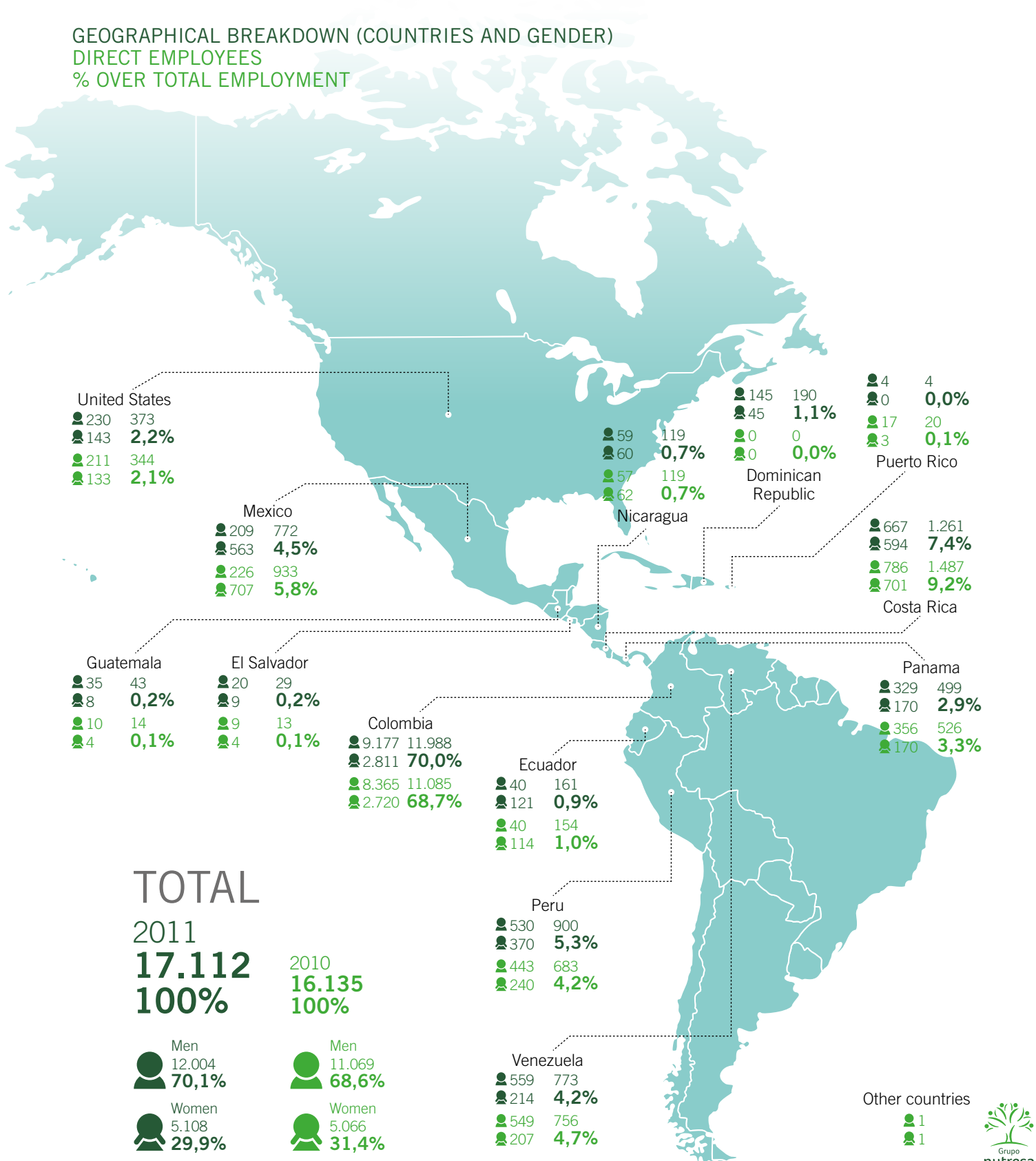
	2010	2011	Variation
Acquisitions in 2011		190	190
Total Employees Hired	16.135	17.112	977
Total Apprentices	551	554	3
Total - Other Hiring Systems	12.750	12.492	(258)
<b>Total GRUPO NUTRESA Employees</b>	<b>29.436</b>	<b>30.158</b>	<b>722</b>
Total National Employees	23.587	23.961	374
Total International Employees	5.849	6.197	348
<b>Total National and International Employees</b>	<b>29.436</b>	<b>30.158</b>	<b>722</b>



A Meals de Colombia Plant employee, located in the city of Bogotá.



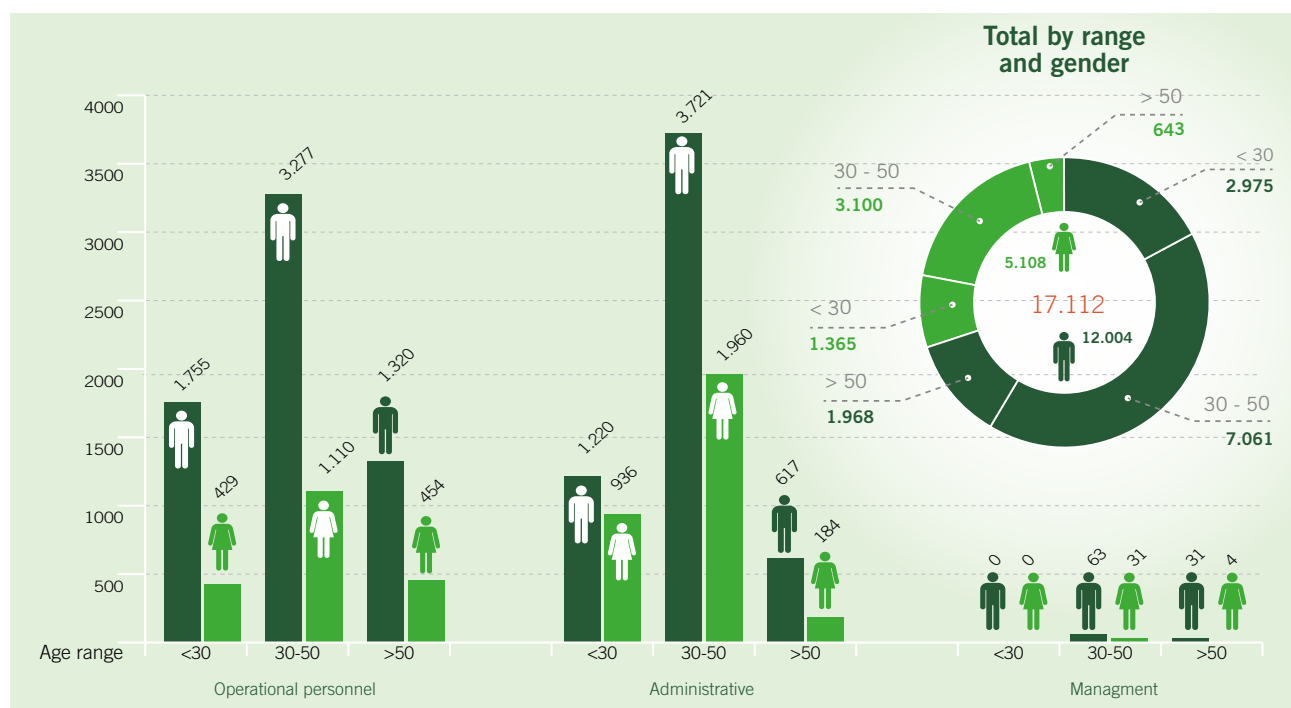
# GEOGRAPHICAL BREAKDOWN (COUNTRIES AND GENDER) DIRECT EMPLOYEES % OVER TOTAL EMPLOYMENT





A collective – agreement workshop, *Meals de Colombia* employees; Bogotá.

## DIRECT EMPLOYEES BY AGE, CATEGORY AND GENDER



## EMPLOYMENT FOR THE HANDICAPPED

In *Grupo Nutresa*, we promote hiring handicapped persons; we have an increase of 43 persons in 2011 against the previous year.

## EMPLOYMENT FOR THE HANDICAPPED

Categories	Type of Handicap			Total
	Cognitive	Physical	Sensory	
Direct Hires	3	25	22	50
Apprentices / Students	0	1	19	20
Other forms of hiring	4	17	7	28
<b>Total</b>	<b>7</b>	<b>43</b>	<b>48</b>	<b>98</b>

## HUMAN RIGHTS

We are fully aware of the importance of protecting human rights, convinced that sustainable economic and social development must be based on its promotion and respect. We structured a training program for our managers, which ensured consistency within *Grupo Nutresa* with the principles of action in human rights; 90% of them attended such training. The training contents were based on the agreements signed by Colombia with the International Labor Organization (ILO) and the guiding principles of the Global Compact.

We continue to promote scenarios for dialogue and participation with trade unions and collective bargaining, concerning the improvement of the needs of our employees.

Our staff includes 13,5% who are affiliated with trade unions and 65,7% who belong to the collective



We actively participate in the "Right to Happiness" (*Derecho a la Felicidad*) program of the Colombian Family Welfare Institute (*Instituto Colombiano de Bienestar Familiar, ICBF*).

agreements of the Businesses. Through the systems that the organization has established, no *Grupo Nutresa* company presented any cases of work harassment or circumstances affecting our workers' dignity. Similarly, direct agreements were achieved in the different negotiation processes.

## AGAINST CHILD EXPLOITATION

We make sure that none of our businesses or contractors hire minors or promote child-exploitation activities. We encourage activities within the Companies targeted at training and the welfare of our employees' children. We also continue to participate actively in the "Right to Happiness" (*Derecho a la Felicidad*) program of the Colombian Family Welfare Institute (*Instituto Colombiano de Bienestar Familiar, ICBF*).

# Management with the community

## FUNDACION GRUPO NUTRESA

*Grupo Nutresa*, through its *Fundación Nutresa*, has concentrated its social management in projects with committed communities and in line with the management of the businesses. These actions are enhanced by the accompaniment of volunteers who build networks of communications and community relations.

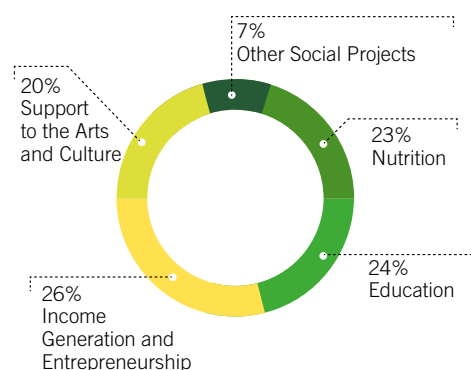
We add value to local communities with whom we interact, focusing our social work in the management lines of Nutrition, Education, Income Generation and Entrepreneurship, and Support to the Arts and Culture. Together with the network of social organizations, we strengthen our work and leverage programs and project to benefit these communities.



Students from the *La Magdalena* Educational Institution, an entity involved in the XXI Century Leaders project, developed by *Fundación Nutresa*; Barranquilla, Colombia.

### SOCIAL INVESTMENT

Management line	2011			2010*		
	Institutions	Persons	COP Billion	Institutions	Persons	COP Billion
Nutrition	2.595	389.398	3.102	2.138	165.940	3.555
Education	1.618	1.928.339	3.312	1.366	1.725.566	2.662
Income Generation and Entrepreneurship	10	1.532	312	422	201.917	633
Support to the Arts and Culture	175	749.537	2.812	119	846.352	1.566
Other Social Projects	84	44.247	907	203	24.616	2.690
Client Development	N/A	256.800	776	N/A	5.679	1.457
Strengthening of Providers	N/A	46.155	2.439	N/A	722	2.583
<b>Totals</b>	<b>4.482</b>	<b>3.416.008</b>	<b>13.660</b>	<b>4.248</b>	<b>2.970.792</b>	<b>15.146</b>



Of this investment, COP 3.659 billion were provided in cash through *Fundación Nutresa*; COP 2.904 billion in contributions of products and COP 7.097 in other contributions made directly by the Businesses.

\* The 2010 information was reexpressed to achieve comparability.

The decrease in investment from 2011 to 2010 is explained by the extraordinary campaigns that the Group pursued in 2010 for helping the Haiti community and the damages in Colombia due to the rainy season



## THE MERGER OF THE FOUNDATIONS

At the end of 2011, *Fundación Crem Helado* and its XXI Century Leaders Program (*Líderes Siglo XXI*) was incorporated into Fundación Nutresa, achieving important synergies and the strengthening of social management. Fundación Nutresa's XXI Century Leaders Program (*Líderes Siglo XXI*) will continue its important contribution to improving the quality of education.

## OUR FOCUS

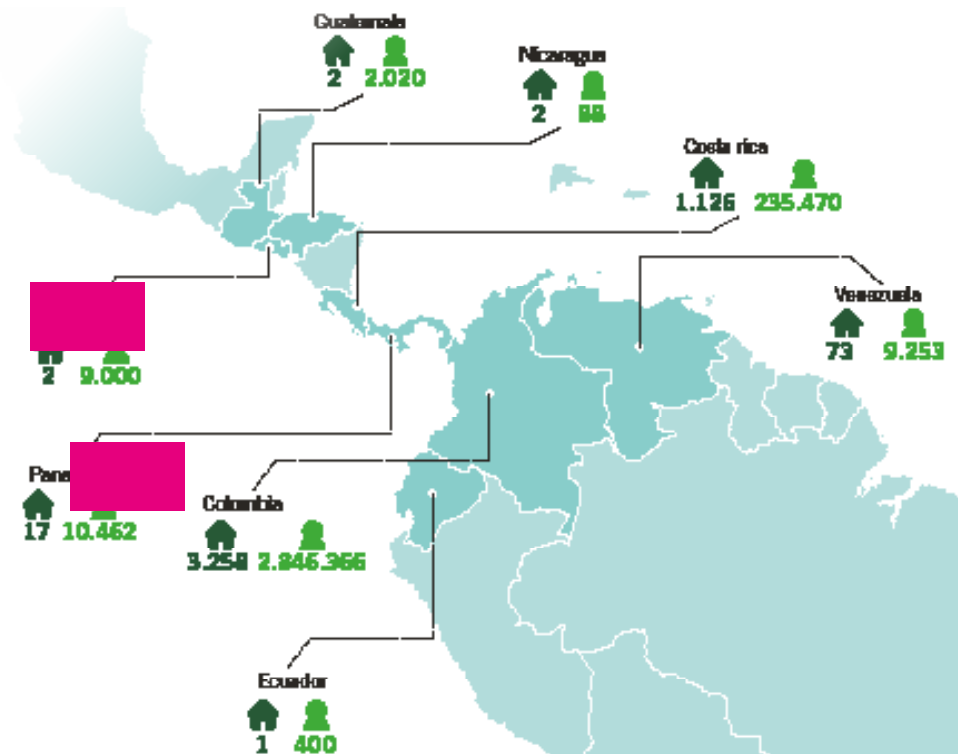
Social management of *Grupo Nutresa* companies, which is channeled through its Foundation, is characterized by criteria of ethical, transparent behavior and a model to build local capacities. Hence, its main objective is oriented toward empowering persons in the social and community entities with whom we interact, promoting self-management and development of skills focused on improving the quality of their lives.

This management model has, among its pillars, strengthening partnerships with the community, NGOs, the private sector and Government organizations. At the same time, it has a monitoring and measurement system that optimizes the scope of social profitability and promotes the development of structured initiatives with significant social value.

Another important aspect in social management is the transfer of successful business practices implemented at

the community level, through the support of the corporate volunteer program. These actions are configured as one of the main strategies of *Grupo Nutresa* to share the value it generated with society.

## Community Social Investment



Institutions

Persons

See allied entities on:  
[www.gruponutresa.com](http://www.gruponutresa.com)



Investment in nutrition totaled COP 3.102 billion. These contributions were made in cash and products from the different companies within Grupo Nutresa.

## MANAGEMENT LINE: NUTRITION

*Fundación Nutresa* also supports populations that present unfavorable conditions of nutrition, this being one of its priority management lines. Investment in nutrition totaled COP 3.102 billion. These contributions were made in cash and products from the different companies that make up *Grupo Nutresa*, in order to reduce malnutrition and contribute to the adoption of good dietary and healthy lifestyle practices. Alliances with food banks and social entities are the strategy to advance the work on nutrition in the strategic region where Grupo Nutresa has a direct presence. In this sense, we wish to highlight the experiences in Guatemala, Ecuador, Colombia and Venezuela.



The *La Cruz* community, beneficiaries of the soup kitchens sponsored by *Fundación Saciar*, an entity supported by *Fundación Nutresa*.

### THE FIGHT AGAINST MALNUTRITION

Examples of this focus are the 28 nutritional-reinforcement projects provided throughout the year to boys, girls and the elderly who have nutritional deficiencies and are located in eight Departments in Colombia. These programs have contributed to improving the quality of life of the beneficiaries, through the prevention of nutritional deterioration and improving some nutrition indicators. Also, we have worked in the field of family relationships with activities to promote human development and community participation, to empower the population in the implementation of measures to boost their development.

“I live here in the *Manrique la Cruz* neighborhood. I have participated in the soup kitchen for two years. The truth is that it is a blessing for us, as it helps us in feeding our children and their education.

Alba Miriam Rendón Ocampo,  
a mother who works in the  
*Santa Cruz de la Misericordia*  
Parish Soup Kitchen  
Medellín, Colombia.



“We would like to create food security in those people who lack food and at least ensure that people are not hungry. The community received everything very well, since they see the food bank as a blessing and they are very grateful, aware that we reach all kinds of people: children, adults, the elderly”.

Paul Herbert Torres, Pereira Food Bank Coordinator.



In nutritional projects, food delivery is done with the active participation of the community, with direct responsibility to prepare food and organize the community soup kitchens. The periodic control of children's size and weight tracks their development.

### ALLIANCES TO DISTRIBUTE FOOD

In the social management of nutrition, we have achieved significant advances in consolidating the food – bank network in Colombia. Last year, the I Latin American Food Bank Conference was held, which gathered in sustainable management models from Colombia, Guatemala, Mexico, Argentina and Chile, aimed at mitigating the

consequences of hunger and strengthening efforts in the framework of food security. This initiative created a space to share experiences and established a support base among the various food banks in Latin America. The event was supported by the Global FoodBanking Network, *Grupo Nutresa* and other private companies.

This effort joins the standardization process of good manufacturing practices in Food Banks in Colombia, an arrangement supported by the volunteers of our companies and by *Fundación Nutresa*, through Sanitary Hygiene Profile (SHP) assessments, which will more adequately meet the nutritional needs of communities.

The Archdiocesan Food Bank; Pereira, Colombia.



## MANAGEMENT LINE: EDUCATION



In the XXI Century Leaders educational project, 373 volunteers from 177 Colombian companies participated. A *Meals de Colombia* volunteer; Barranquilla.

Understanding the importance of education for community development and aligned with the United Nations Millennium Development Goals, we contribute to improving the quality of the educational process, teacher qualifications, access to technology applied in the classroom, and support for communities with limited resources. In 2011, the investment in education totaled COP 3.312 billion, benefitting more than 1.000 institutions.

### XXI CENTURY LEADERS

Since 1994, its XXI Century Leaders Education Project (*Proyecto Educativo Líderes Siglo XXI*) has accompanied improvements in school management

in public and private institutions in Colombia. The Project contributes to improving the performance of participating school and is reflected in administrative as well as academic indicators.

The XXI Century Leaders business volunteers, composed of 373 volunteers from 177 Colombian companies, advise educational institutions on process improvement and quality management. This collaborative work migrates professional competencies from the private sector to the management teams of schools. In 2011, the XXI Century Leaders management was conducted in 688 schools located in 78 Colombian municipalities.

## NATIONAL EDUCATION CONGRESS



The National Congress on Integrated Education: A Contribution to the Country. Since 2001, the XXI Century Leaders Education Project has held the National Congress on Integrated Education: A Contribution to the Country, which gathers people from business and academia. This event brings together principals, teachers, business volunteers and local leaders to present the results of joint work between companies and educational institutions to implement comprehensive management models.

Last year, the Congress was held in Cali, Colombia, with more than 800 persons attending. During the event, the *Crem Helado* award was given to the *Celmira Bueno Orejuela* Educational Institution in Cali, for its outstanding results.



In 2011, our investment in education totaled COP 3.312 billion, benefiting more than 1,000 institutions.

## ORIENT YOURSELF: THE WORLD A CLICK AWAY

The Program celebrated 10 years of work, during which time it has contributed to decrease the technological divide in public schools, fostering the utilization of Information and Communication Technologies (ITCs) in educational environments, preparing teachers to use technology and providing technology classrooms.

The program has trained more than 1.000 teachers to use technology applied in the classroom and has contributed to improving the infrastructure of schools. Altogether, 101 schools, in 11 Colombian cities, have been benefitted.



Thanks to the *Fondo Lumni* sponsorship, Yonaila Sánchez Perea is registered in occupational – health studies at the University of Tolima, Colombia.

In 2011, 403 teachers in 41 schools participated in the Orient Yourself Program; they designed 74 digital education contents and 38 Web micro sites. In addition, 171 members of the communities were trained in the basic use of computer applications. The Orient Yourself Program is present in the cities of Medellín, Barranquilla, Santa Marta, Cali and the populations of Carmen de Viboral, La Ceja, Rionegro and Turbo in Antioquia, as well as in Caloto, Cauca, and Montes de María, Córdoba.

### EDUCATION FOR A BETTER FUTURE

Education contributed to better living conditions for people; it qualifies the social capital of communities and contributes to equity. We promote access to education through the delivery of educational aid to 1.062 young people in Colombia.

*Grupo Nutresa*, together with *Bavaria*, contributes resources to the social inclusion fund for education, promoted by LUMNI Colombia, to facilitate the access of the Indigenous and African – Descent population in the country to undergraduate studies. This program is backed by the Inter American Development Bank.

Likewise, *Grupo Nutresa* co-sponsored with other companies and in partnership with the Fundación Empresarios por la Educación and McKinsey, a study that allowed the Ministry of Education to strengthen educational planning in Colombia.

In Latin America and the Caribbean, the digital divide has profound implications in opportunities for communities. This situation is complex as it ranges from access itself to technology, the technical conditions for its operation and the basic skills for handling, among other things.

From this perspective, the Orient Yourself Program not only permits achieving these three objectives, but also ventures into one of the key scenarios for development: the school. **This is the conclusion of the Orient Yourself Program, done by an independent social researcher.**

In 2011, the *Nacional de Chocolates Loves Children* (*Nacional de Chocolates Quiere a los Niños*) Program benefitted 5.400 children in rural areas, belonging to 122 educational institutions in Colombia, by providing them with school kits.

In the children's population, we have continued with the support for six children's libraries in different cities in Colombia. This program provides spaces for learning, promoting reading, developing skills for young children and appropriate child rearing guidelines for parents.



# MANAGEMENT LINE: GENERATION OF REVENUES AND ENTREPRENEURSHIP

Contributing to improving the conditions of poverty and fostering human development in rural communities is the premise *Fundación Nutresa* employs in its productive projects. The management approach in this line is incorporating these projects into the value chain of businesses to make them sustainable.

In line with the United Nations' Millennium Development Goals, we made a special management effort with producers' associations to strengthen their cooperative work, through knowledge transfer and support in social issues, among others. We invested more than COP 312 million in programs with associations in the Colombian Departments of Cundinamarca, Bolivar, Cordoba, Valle del Cauca, Antioquia and Choco.

## SUPPORT FOR AFRICAN – DESCENT, INDIGENOUS AND MESTIZO COMMUNITIES IN ALLIANCE WITH VALLENPAZ

Together with other private companies, in 2011 *Grupo Nutresa* continued its support of Business Partner Alliances for Development (*Alianzas Empresariales para el Desarrollo, AED*) through the *Corporación VallenPaz*, which works with African Descent, Indigenous and *Mestizo* communities in Buenaventura and northern Cauca in Colombia. In 2011, 1,199 families participated in the comprehensive technical assistance, youth training, food security, provision and improvement of education infrastructure programs.

## FOREST PRODUCTS, A SUSTAINABLE COMMITMENT TO COMMUNITIES IN CHOCÓ

We support communities along the intermediate Colombian Atrato River, organized in associations, with



In 2011, 1,199 families from Cauca and Valle de Cauca participated in the Business Partner Alliances for Development (*Alianzas Empresariales para el Desarrollo, AED*). A cocoa – bean grower.

assistance from *Fundación Espavé*, by adapting a production plant and the training of 41 people in forest management, accredited by SENA (the National Apprenticeship Service). We also participated in the improvement of school infrastructure to benefit 100 children from Isla de los Palacios, and the implementation of ten agroforestry plots for local food security. This project forms part of the Business Partner Alliances for Development (AED).

## THE SESAME PRODUCERS' NETWORK IN MONTES DE MARÍA

In Montes de María, in northern Colombia, *Fundación Nutresa* continued supporting the Sesame Producer's Network, composed of 393 families of farmers, organized in 21 associations.

This project, which has been led by *Fundación Nutresa* and *Corporación PBA*, is a good example of cooperation among social organizations, private companies and the community. This productive partnership promotes the consolidation of a local sesame market by integrating all the commercial chain. This partnership includes, also, *Ecopetrol* and *Bimbo*.

Likewise, the Sesame Producers' Network constituted operational committees to streamline business, technical and social processes, and implemented participatory research centers to develop strategies to improve the quality of the seed.

To access affordable health foods and barter food within their own communities, *Fundación Nutresa* promoted the establishment of 11 community gardens.

# MANAGEMENT LINE: SUPPORT TO THE ARTS AND CULTURE

## PROMOTING MORE INCLUSIVE CITIES

*Grupo Nutresa* joins the cultural promotion to facilitate public access to different artistic expressions. During 2011, more than 700.000 people enjoyed concerts, exhibitions and city events. In this area, we made contributions for COP 2.812 billion.

In the city events, we wish to highlight the Music Festival in Medellín, which joined the commemoration of the International Year of African Descendants, as well as the *Fundación la Cueva* Arts Festival in Barranquilla, with more than 20.000 people enjoying the free programming.

## MUSIC AS A TEACHING TOOL

Music as a teaching tool can stimulate creativity and reduce rates of violence. *Grupo Nutresa* supported the Philharmonic Orchestra of the *Fundación Notas de Paz* (Notes for Peace Foundation) composed of 120 children from vulnerable areas in Cali, Colombia, which – in turn – promoted the Medellín *Corporación Ensamble Vocal*, with the participation of 10.000 talented youth.



*Fundación Nutresa* promotes social projects related to cultural management. The Network of Music Schools (*Red de Escuelas de Música*) in Medellín, Colombia.



"The Unexpected and Colorful Adventures of Santa Clause on Christmas Eve when His Sleigh Disappeared" was the show that *Compañía de Galletas Noel* offered the community, which was attended by some 100.000 people. This free show, which has been held for 24 years, is characterized by its artistic quality.



# SOCIAL ENTREPRENEURSHIP, THE CHALLENGE OF OUR CORPORATE VOLUNTEERS



Our companies promote corporate volunteering in their employees. A Volunteer Day in Ciudad Bolívar with volunteers from *Comercial Nutresa*, *Meals de Colombia*, *Nacional de Chocolates* and *Servicios Nutresa*; Bogotá, Colombia.

Entrepreneurship, added to high – impact volunteerism brings benefits to society. In Grupo Nutresa, there are positive experiences in managing businesses and in the interaction of our volunteers with social institutions.

Grupo Nutresa promotes transforming volunteer work among our employees as a strategy to link the human resources of the businesses to service

to society. In 2011, 7.150 volunteer actions were undertaken by the employees of our companies.

## VOLUNTEER ACTIONS

Program	Voluntary actions	Beneficiaries		Time	Investment COP million
		Institutions	Persons		
Volunteer Work in Time	1.705	218	26.754	9.951	123
Volunteer Work in Money	5.445	115	12.044	0	476
<b>Total</b>	<b>7.150</b>	<b>353</b>	<b>38.798</b>	<b>10.438</b>	<b>476</b>

Voluntary Actions Are Performed by 4,801 *Grupo Nutresa* Employees.

We wish to highlight our volunteer work in time, in which our employees advised social institutions on various topics, conducting training in processes and values, developing projects and contributing to the strengthening

of the institutions. Likewise, the management conducted by solidarity committees, voluntarily formed by employees, who provide funds and participate in activities to benefit the community and the environment.



*Grupo Nutresa* held the event to recognize its network of volunteers, composed of employees in Colombia, Costa Rica, Venezuela, Panama and Ecuador. In addition to exalting the work of the volunteers, a conversation on social entrepreneurship was held during the event.

# Our value chain together with suppliers and clients

## RESPONSIBLE SOURCING

*Grupo Nutresa* contracts legally constituted suppliers, who respect fundamental human rights, the environment, labor standards, the fight against corruption and compliance with current legal

requirements including, among others, those relating to employee health and safety and the prohibition of child labor.

### PURCHASES IN COLOMBIA VS TOTAL PURCHASES (IN COP BILLION)

Raw material	BUSINESS						Colombia Total	Total Purchases	% Colombia
	Coffee	Cold Cuts	Chocolates	Biscuits	Ice Cream	Pastas			
Coffee	403.604	0	0	0	0	0	403.604	403.604	100,0%
Packing	47.961	52.292	38.704	59.862	20.113	9.506	228.438	246.037	92,8%
Meat	0	189.393	0	0	0	2	189.395	243.014	77,9%
Other raw materials	471	67.535	6.400	18.425	14.039	1.261	108.132	194.685	55,5%
Cocoa beans	0	0	93.145	0	0	0	93.145	120.594	77,2%
Sugar	981	310	28.336	19.865	6.503	0	55.994	81.538	68,7%
Edible oils and fats	0	305	7.424	41.948	5.490	151	55.319	55.396	99,9%
Milk and by-products	292	2.430	17.403	5.074	20.286	0	45.485	50.727	89,7%
Concentrates	0	58.935	0	0	177	0	59.113	59.150	99,9%
Durum wheat	0	0	0	53	0	2	55	85.991	0,1%
<b>Total general</b>	<b>453.309</b>	<b>371.201</b>	<b>191.414</b>	<b>145.226</b>	<b>66.608</b>	<b>10.922</b>	<b>1.238.680</b>	<b>1.540.735</b>	<b>80,4%</b>

To share our responsible sourcing policy with our suppliers, we initiated the first stage in disclosing our Code of Conduct for Suppliers, which established the rules of engagement between this related group and our companies. This activity reaches 209 direct and indirect common materials suppliers and contracting continuous services

in Bogotá, Cali, Medellín and Barranquilla, in Colombia. This Code is available to national and international suppliers on our portal [www.gruponutresaenlinea.com](http://www.gruponutresaenlinea.com). In 2012, we will continue with the direct socialization of this Code on the overseas platforms and in Colombia, with the suppliers of raw materials of each business.



### POLICY ON GENETICALLY MODIFIED ORGANISMS

We have a program of traceability throughout the production chain that ensures the identification of genetically modified ingredients. In this process, we request that suppliers provide us with a statement of those inputs that include genetically modified materials

in their elaboration to comply with labeling regulations in Colombia and internationally. In the consumer hotlines, those who are interested may consult the specific characteristics of our products, including those related to these genetically modified organisms (GMOs). For our GMO policy, please go to [www.gruponutresa.com](http://www.gruponutresa.com).

## OUR PROGRAMS TO STRENGTHEN THE SMALL FARMER

### CACAO PARA EL FUTURO PRIVATE CAPITAL FUND

The *Cacao para el Futuro* Private Capital Fund was created in 2010 by *Compañía Nacional de Chocolates* and structured by the Bolsa y Renta brokerage firm, as a new financial model and an inclusive business at the same time. Inspired by the experience of *Compañía Nacional de Chocolates* during its 90 year existence, the project includes finding for the planting of approximately 2.500 hectares of cocoa beans, initially in four municipalities in Antioquia, which will benefit 250 families of farmers who own small plots and who are associated with Ecocacao, a cooperative with ample national and international recognition, which will lead the implementation.

Farm families are favored by knowledge transfer and stable employment, which ensuring a source of medium term income, as the Fund will deliver crops for their personal benefit in approximately 10 years, once investors have recovered their investment and received the agreed upon revenues. As a commitment to the



Cocoa – bean farmers in the Municipality of Maceo in Antioquia, beneficiaries of the *Cacao para el Futuro* Private Capital Fund, promoted by la *Compañía Nacional de Chocolates* and *Bolsa y Renta*.

sustainability and profitability of the project, *Compañía Nacional de Chocolates* invested COP 2.500 billion.

During 2011, we advanced in the development of this project, with activities of cocoa crop establishment, training, development of the technology package, meeting investor expectations and its active direct beneficiaries in its eight municipalities.

The social investment  
of *Compañía Nacional  
de Chocolates* to small  
farmers was

**COP 2.087  
billion.**



In 2011, 32 farmers sold their Fair – Trade certified cocoa through Compañía Nacional de Chocolates.

“In the last 50 years, from its Development Area, Compañía Nacional de Chocolates has consistently developed a management to accompany the Colombian cocoa bean farmer in various aspects, such as technical assistance, good agricultural practices, training in demonstration farms and advice on productivity, among others. The initiative that we have undertaken with the Cacao para el Futuro Fund is a new model to continue contributing this experience to the competitiveness and sustainability of the chocolate industry in Colombia, with direct benefits to the quality of life of the farmers and their families”.

*Sol Beatriz Arango M.  
President, Compañía Nacional  
de Chocolates*



## CHOCOLATE SANTANDER WITH FARMERS

Compañía Nacional de Chocolates pays origin cocoa farmers an additional 7,5% on the value of the cocoa bean that is used in the Santander products, as a bonus for quality. Thus, this guarantees the payment of a fair price to farmers to improve their competitiveness and profitability.

## PRODUCTIVE ALLIANCES

Compañía Nacional de Chocolate's projects with cocoa bean farmers include productive alliances with small producers, covering three areas of intervention: technical, social and business.

In the technical areas, we provide advice and training to farmers in cocoa crop management, in the processes of layout, planting, grafting, pruning, integrated crop management, harvesting and processing the beans. In the social area, we support integration events with farmers and encourage the consolidation of producer organizations. In the business area, we promote the marketing of cocoa and bring producers closer to the Company.

In 2011, 1.060 families, who own 1.927,5 hectares of land, benefitted from this program. Altogether, there are 12.070 hectares, benefitting 5.912 small producer families, in this program.

The Compañía  
Nacional de  
Chocolates project  
with cocoa – bean  
farmers benefitted  
5,912 families of  
small producers,  
covering over  
12,000 hectares.



It has also taken actions to boost the cocoa bean sector with field technicians and agronomists in *Compañía Nacional de Chocolate's* Development Area, who give advice to current and potential cocoa bean producers in the country. There were 27 technical training sessions attended by 534 producers; 183.900 seeds were provided to increase the areas planted with outstanding varieties of cocoa.

The technical team, which also carries out research, continued its evaluation of 30 new varieties of cocoa and experiments were performed to extend the knowledge on pest control.

### FAIR TRADE COFFEE

*Colcafé* has given special priority to the international marketing of products under the Fair Trade label, which has represented additional benefits for 34.071 families belonging to 20 coffee grower cooperatives, located in eight departments, who are involved in the sale of coffee with the Fair Trade label. In 2011, COP 2.170 billion in funds were transferred, which were mainly used for educational and health programs, crop productivity and coffee benefitting processes, social services for members and their families, environmental projects and basic sanitation.

Since it began selling products under this certification, *Colcafé* has transferred resources amounting to COP 13.511 billion to the communities benefitting from this program.



Fair Trade coffee represents an additional benefit for 34,041 families belonging to 20 coffee – grower cooperatives, located in eight (8) Departments in Colombia.

### MEALS DE COLOMBIA CONTINUES ITS DEVELOPMENT PROGRAM WITH BLACKBERRY FARMERS

In the development of regional suppliers, *Meals de Colombia* continued its participation in the Productive Alliances with *SENA*, the University of Quindío and the office of the Governor of Quindío, Colombia, which benefited 31 producers with an equal number of hectares of *Salentuna* thornless blackberries, in the municipalities of Calarcá and Córdoba, Quindío, and who are associated under the *UNIMOR* joint venture. *Meals de Colombia* purchased 97 tons of blackberries from its members.



*Meals de Colombia* develops blackberry growers as suppliers in the municipalities of Calarcá and Córdoba, located in central Colombia..

# SHARING OUR VISION OF SUSTAINABILITY



During 2011, several events were held with suppliers to share *Grupo Nutresa's* Sustainable Development philosophy and framework for action. The photograph of the event Our Commitment to Sustainable Development was held by *Compañía de Galletas Pozuelo* and *Compañía Nacional de Chocolates DCR* in San José, Costa Rica.

## PROJECTS WITH SUPPLIERS WITH A SUSTAINABLE FOCUS

We continued to strengthen the value chain, emphasizing joint projects under the concept of sustainable development. The focus was the reduction in the consumption of packaging material, the use of environmentally friendly materials, the promotion of Small and Medium Enterprises (SMEs) and the participation in inclusive businesses.

## REDUCTION IN THE CONSUMPTION OF PACKAGING MATERIAL

We have taken action to decrease the use of packaging material per ton produced, based on eco design, reduction and reuse.

"In the Biscuit Business, we are committed to Sustainable Development and the ongoing search for packaging solutions that offer the least environmental impact. We have incorporated Eco-design as part of our work philosophy, not only in developing new products, but also for existing ones. To achieve this, we have linked up with our flexible packaging and corrugated suppliers to work jointly with us to take this challenge forward"

Carlos Mario Montoya E.  
Director of Research, Development  
and Innovation  
Compañía de Galletas Noel S.A.S.

## EXAMPLES OF EFFECTIVE APPLICATIONS IN THE BUSINESSES

### Reduction of 25 tons of surplus plastics per year

We took advantage of 1.300 kilo reusable iso-tanks that were discarded by the Cold Cuts Business, to substitute the 300 kilo, non-reusable tanks used in the supply of malt extract for Noel, the Biscuit Business company.

### Replacing polyethylene bags for *Big Bags* to package salt

In supplying salt for Noel, we replaced the 50 kilo polyethylene bags for 850 kilo *Big Bags*. This allowed us to stop using 24.000 bags per year, equal to 20.000 kilos of polyethylene. This action also added to improving working conditions for operators.

### Paper reduction

To reduce office paper, we began a pilot program in *Industrias Alimenticias Doria* with *Ofixpres S.A.*, which replaced printed forms for digital forms, decreasing printing and inventories.

## TRAINING AND ASSISTANCE FOR OUR SUPPLIERS

During 2011, we provided support and training to suppliers in collaborative tools and management systems, as well as promoting new supply models to strengthen the management of quality and commercial processes and the optimization of inventories. To do this, we made investments in Colombia for COP 271 million, with the participation of 270 suppliers, and handled 5.636 calls to the supplier hotline.

## INCLUSION OF SMALL ENTREPRENEURS

*Grupo Nutresa* favors micro and small businesses in local communities where a good or service is offered under similar conditions of price and quality. Consistent with this policy, in 2011, 42% of the direct material purchases in Colombia were made from small and medium enterprises.

## The Sesame Producers' Network

In partnership with *Bimbo*, we began a training cycle in costs and value chain for the Sesame Producers' Network in Montes de María, and supported the first sale as a Network at a fair, competitive price.

## The Evolution of *Tropicoco* as a Result of Our Support since 2007



The *Servicios Nutresa* purchasing – negotiation area supports the development of suppliers. Mentoring the *Tropicoco* Company, located in the Municipality of Arboletes, Colombia.

## Tropicoco management progress

Description	2011	2010	Increase
Sales, COP Billion	3.138	2.309	36 %
New Clients	62	43	44%
Families Benefitted	38	34	13%

# THE COLD CUT BUSINESS, COMMITTED TO ANIMAL WELFARE

For 25 years, we have worked proactively in establishing quality assurance systems that seek animal welfare in the Cold Cuts Business' pig farms, by following not only the guidelines established by organizations and regulation and control organizations, but also the growing demands of consumers and the global trend.

Thus, the Business ensures a suitable environment for the welfare and comfort of the pigs, optimizing their performance and meat quality through the implementation of appropriate practices in nutrition, health, thermal and physical comfort, to ensure a process in which the animals are provided the best conditions with productivity in the context of sustainable development and food safety.



In its pig farms. The Cold Cuts Business carries out practices that seek animal welfare.



# THE SATISFACTION AND GROWTH OF OUR CLIENTS



The Cold Cuts Business has implemented an innovative customer – service model that allows it to offer comprehensive service, building collaborative relationships and added value for each distribution channel.

## ANNUAL SATISFACTION MEASUREMENT

Knowing the perception of clients regarding the service offered, understanding their expectations and identifying strengths and opportunities to better business relations is the purpose of the annual satisfaction measurement among clients. The study provides two types of satisfaction: the “Real,” which measures the perception of service, and the “Derivative,” which is the result of the classification of all variables in the moments of truth.

In 2011, 11.654 clients were interviewed in Colombia, and a “Derivative Satisfaction” of 4,45 on a 5,00 scale was obtained. The year before, this index was 4,43, which means a rise from the

average level to the high level, within the satisfaction scale defined by *Grupo Nutresa*. Comercial Nutresa is the best evaluated Company in *Grupo Nutresa*, maintaining a high level of satisfaction of 4,50.

The new Customer Engagement Index (CEI) was included in the measurement; this combines a single perceptual evaluation indicator on four fronts: real satisfaction; consideration, defined as the willingness the client has to keep us in mind as a supplier in the future; recommendation, which indicates the degree to which a client is willing to refer us to other people; and competitive advantage, which represents the added value that the customer perceives when working with us rather than with our competitors.

**Satisfaction indicator**  
(Measurement over 5,0)

**4,45**  
National  
customers

**4,39**  
International  
customers



According to the survey of satisfaction, clients have a high degree of commitment to the *Grupo Nutresa* companies and their brands and maintain a high willingness to keep working with them in the near future.

The *Grupo Nutresa* companies achieved a CEI of 0,60 for its domestic clients, above the goal of 0,54 it had established, ranking above the overall average. This allows us to conclude that clients have a high degree of commitment to the *Grupo Nutresa* Companies and their brands, and maintain a high willingness to continue with them in the near future.

The 2011 measurement of satisfaction for overseas clients was applied to a total of 145 clients. The results was a "Derivative Satisfaction" of 4,39 was obtained on a 5,00 scale, which represents a significant increase over 2009 and 2010, managing to move from a low to an average level. The CEI for international clients was 0,57, in which *Colcafé* stood out with a rate of 0,72



*Comercial Nutresa* employees; Medellín, Colombia.

## COMMERCIAL DEVELOPERS ENHANCE CUSTOMER GROWTH

*Comercial Nutresa* collaborators are specialists in the comprehensive development of customer points of sales; their knowledge is focused on growth issues for businesses, such as integral layout, which is understood as strategic spatial distribution in convenience stores; orientation to match variety to consumption; use and purchase, as well as advising clients on issues such as identity, image, and physical structure, among others.

The management of commercial developers consists of intervening outlets, together with the areas of trade marketing, sales, customer service and logistics, to make the business

relationship dynamic and reflect a significant increase in sales, in the participation of linear spaces, ease in implementing these *Comercial Nutresa*

strategies and resource optimization. These developments create proximity, credibility and trust in clients.

## Results obtained in Colombia by Commercial Developers

**646**  
points of  
sales advised

**119**  
additional  
exhibitions for  
consideration

**79%**  
growth in  
visibility

**32%**  
sales growth  
versus previous year

**COP 6.442**  
billion  
incremental  
sales

# THE GROCER'S SCHOOL, A MOTOR OF DEVELOPMENT

*Grupo Nutresa's Grocer's Schools* are training spaces that provide commercial elements of value to this group of collaborators to generate profitable growth and sustainable development in time, underpinning the strengthening of traditional and supermarket channels in Colombia.

Through qualified employees of *Grupo Nutresa*, we have transmitted all our business knowledge and experience, training 385 shopkeepers, 296 convenience store administrators and 69 wholesalers. In addition, we have assisted more than 240 stores in transforming their points of sales and the administrative management of their businesses. Since its creation in 2003,



*Mayorista Corabastos; Bogotá, Colombia.*

## TILINES, SMALL MERCHANTS



The channel of small ice cream merchants, known as *Tilines* is an alternative channel with emphasis on-foot sales, resulting in revenue generation for low income population. In 2011 we reached 576 distributors with a network of 3.850 small merchants, who were able to surpass the difficulties of the rainy season in Colombia. Investment was COP 700 million.

Client schools have three training programs: Grocers, Supermarkets and Wholesalers, as well as a mentoring program, which, together, totaled more than 11,560 certified merchants.

the schools have trained and certified 8.267 shopkeepers, 1.886 convenience store managers and 144 wholesalers, as well as certifying 1.266 stores.

## ICE CREAM UNIVERSITY

The Ice Cream University program seeks to develop and improve the management of sales of our ice cream clients, in order to make their business more profitable. The program has reached 171 clients in four Colombian cities.

## ALTERNATE SALES CHANNELS

### ENTREPRENEUR MOTHERS, THE RATIONALE OF THE NOVAVENTA DIRECT SALES BUSINESS

The *Novaventa* Direct Sales Channel aims to awaken interest in becoming entrepreneurs in Colombian mothers, thinking about sustainability and maintaining their performance at home. The program ended the year with 66.008 Entrepreneur Mothers, as well as developing encounters for socialization and learning, led by area managers, where knowledge is imparted on sales, products, family, food, nutrition and health.

It is important to note that this good practice was extended to the Ice Cream Business, where 700 Entrepreneur Mothers have had the opportunity to participate in the sales campaigns of our brands.

### HOME DELIVERIES IN THE ICE CREAM BUSINESS

This new program creates added value in clients. It operates through specialized activities and personalized parts in which the client consumer contact is improved, increasing sales, offering better service and creating a differentiation from competition, as well as stimulating and reinforcing the consumption of ice cream at home. This program ended 2011 with 1.064 active clients.



Women entrepreneurs develop their commercial catalogue – sales work, allowing them to maintain their performance at home.

The program ended  
the year with  
**66.008**  
Entrepreneur Mothers

# Our planet





Helados Bon contributes to the conservation of forest areas in the Dominican Republic, where Bicknell's Thrush, a bird that migrates there in winter from Canada, arrives.

# Environmental Commitment



The *Alimentos Cárnicos* drinking – water treatment plant; La Ceja, Colombia.

Sustainable Development has been adopted as a priority framework and enveloping action, in line with our Corporate Philosophy and Values, supporting the strategic objectives, organizational principles and commitment of our management.

To comply with our environmental commitment, the Environmental Policy that is applied in the different businesses is:

- The harmonious relationship between profitable growth and environmental performance.
- The rational use of resources, considering environmental impact as a key variable in project planning, processes and products.
- Implementation of good environmental practices and adoption of clean technologies that minimize environmental damages and which are used under eco – efficiency criteria.
- Proactive environmental management focused on preventing and controlling damaging effects on the environment.
- Development of an environmental culture in our employees, which is transmitted to our work and social environment and to the community in general.

To develop this policy, it is essential to develop comprehensive management that:

- Promotes projects and practices with eco-efficient criteria, seeking savings and efficiencies in processes, with better industrial performance.
- Consider the use of appropriate, environmentally friendly technologies, establishing indicators and progress goals regarding the use of natural resources.

Since we care for the world, we give special priority to make sure our corporate interaction with the environment is done responsibly, contributing to its balance and the efficient use of natural resources.



## CONSOLIDATED ENVIRONMENTAL – PERFORMANCE INDICATORS

The following is a summary of the main consolidated indicators of the *Grupo Nutresa* businesses, in accordance with GRI's G3.1 Guidelines:

General Summary Environmental Indicators	Units	2011	2010
Environmental expenditures and investments	COP Billion	11.913	8.847
Raw materials	ton	502.242	486.238
Flexible packing materials	kg / t.p.	9,9	9,4
Corrugated cardboard packing material	kg / t.p.	25,0	24,6
Total packing material	kg / t.p.	34,8	34,0
Thermal energy	kWh / t.p.	520,8	542,0
Electric energy	kWh / t.p.	204,8	217,8
Total energy	kWh / t.p.	725,6	759,8
Water consumption	m <sup>3</sup> / t.p.	2,2	2,3
Reused water	%	1,4	1,3
Reused water	m <sup>3</sup>	20.569,1	19.979,4
Waste generation	kg / t.p.	24,2	26,3
Waste usage	%	85,8	80,8
DBO5: Biochemical Oxygen Demand	kg / t.p.	0,93	0,77
Number of significant accidents	Number	0	0
Volume of significant accidents	m <sup>3</sup>	0	0
Direct CO <sub>2</sub> emissions (Scope 1)	kg CO <sub>2</sub> eq./ t.p.	113,9	116,4
Indirect CO <sub>2</sub> emissions (Scope 2)	kg CO <sub>2</sub> eq./ t.p.	21,1	40,3

The data represents the industrial plants located in Colombia for the six Businesses: the agroindustrial processes of *Meals de Colombia* in Armenia and *Setas Colombianas* have been excluded, as well as *Litoempaques*, since it is not a food – manufacturing process.

Standard calorific values used to calculate energy: Coal (22,000,000 BTU/t), Diesel (144,000 BTU/gal), Fuel Oil (147,570 BTU/gal), Gaseous LPG (88,268 BTU/gal), Liquid LPG (92,000 BTU/gal), Natural Gas (35,280 BTU/m<sup>3</sup>), and Gasoline (115,000 BTU/gal).

Calorific values used to calculate greenhouse – gases (GHG): Coal (25.23 MJ/t), Diesel (42.67 MJ/gal), Fuel Oil (39.28 MJ/gal), Gaseous LPG (108.55 MJ/m<sup>3</sup>), Liquid LPG (47.30 MJ/gal), Natural Gas (33.80 MJ/m<sup>3</sup>), and Gasoline (42.44 MJ/gal).

### MATERIALS

The consumption of the principal raw materials: green coffee, wheat and flour, meat resources, milk, sugar and cocoa beans increased 3,3%. Common packaging materials used totaled 23.741 tons, of which 56,8% are corrugated; 26,8%, flexible material; 14,9% folded and 1,9%, labels. Eighty point five percent (80,5%) of the corrugated material is manufactured from recycled fibers.

### ENERGY CONSUMPTION

Continuing with the policy to promote eco-efficient projects and practices, which seek efficiency in processes and considering the use of technologies and sources that are energy friendlier with the environment, we have developed programs and projects to optimize the use of electric energy. The energy consumption indicator per ton produced (kWh/t.p.)

showed a decrease of 4,5%, which is in line with the corporate goal of achieving a decrease of 10% in the 2010-2015 period.

The consolidated distribution of the energy sources used was concentrated in the use of cleaner fuels, such as natural gas and electric energy, which represented 51,8% and 24% respectively, with a cumulative value of 75,8%. We have maintained a



We lowered water consumption per ton products by 3.9%; energy consumption was reduced 4.5% from 2010 to 2011.



Washer – dryer system #4, the Colcafé Plant; Medellín, Colombia.



downward trend in the use of other fuels that are considered less clean, such as crude oil.

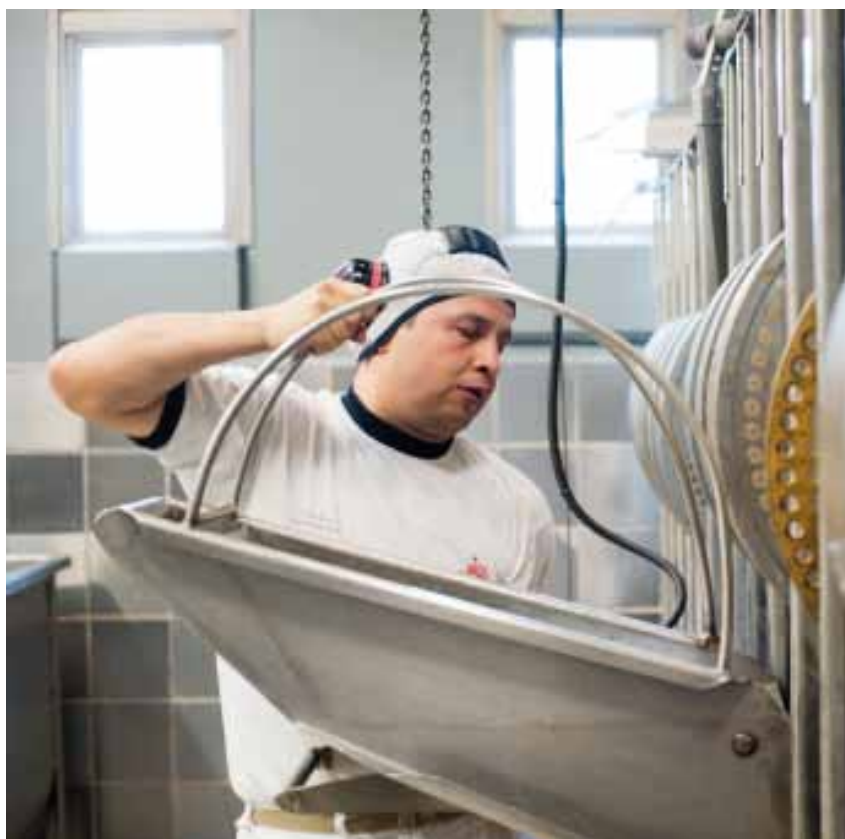
Examples of projects carried out in the businesses that seek greater energy efficiency are the following:

- In the Coffee Business, where steam is generated from biofuel coffee grounds, new technologies are being implemented to increase energy efficiency in the boilers. We have advanced in structuring a project with the International Physics Center – IPC – for energy optimization in the use of steam. In the Bogotá Colcafé factory, solar energy is used for secondary processes, generating a savings of 14.256 kWh per year and 5.856 m<sup>3</sup> of natural gas per year.
- In the Biscuit Business, we have continued the thermal-efficiency project

in ovens, which has improved the process, decreased heating times, adjusted the measurement systems, reduced fuel consumption and decrease gas emissions.

- In the Pasta Business, the gas-engine cogeneration allows obtaining 9.090 MWh of energy per year. As part of the energy efficiency project, a project was implemented to decrease energy consumption by 327.901 kWh/year, with the automation of the temperature – and humidity – control system in the production room.
- In the Cold Cuts Business, in the Caloto plant, made a change in the fuels in the boilers, with which a reduction in the thermal energy consumption indicator was achieved in the boilers of 11% and the reduction of associated emissions by 256 tons per year of CO<sub>2</sub> – eq.
- In the Chocolate Business, in the Rionegro plant, reverse – osmosis equipment was installed to improve the quality of water in the boiler, generating savings of 1.734 MWh/year, equal to 2,8% of energy consumption in the plants.
- In the Ice Cream Business, in the plant in Bogotá, we have increased the efficiency of the heat exchangers in the ice cream molding machines, with an effect on temperature and a reduction in energy consumption.

As part of the “Innovative Success Stories” program, our employees have presented savings and energy efficiency initiatives in production processes. We wish to highlight that the sum of these individual initiatives bring great benefits to the Organization. We also wish to highlight the importance of the environmental impact on the practices implemented, which reinforces the individual and collective commitment to



The Pasta Business standardized the mould – washing process, achieving savings in water consumption, the *Pastas Doria* Plant; Bogotá, Colombia.

environmental awareness and the sustainability of the businesses.

## WATER CONSUMPTION

Following the Environmental Policy for the rational use of resources, we have developed programs to motivate the efficient use and savings in water consumption. There was a decrease of 3,9% in the water consumption indicator per ton produced ( $\text{m}^3/\text{t.p.}$ ). This is an important result in line with the corporate goal of achieving a 15% reduction in the 2010 – 2015 period.

Examples of some initiatives implemented in the businesses, which have optimized water use efficiency are:

- In the Ice Cream Business plant in Bogotá, the washing system and the unmolding of the ice cream molding machines was automated, achieving an annual reduction of 4.416  $\text{m}^3$  of water.
- In the Cold Cuts Business plant in La Ceja, the grain process was

optimized, obtaining a savings of 1.948  $\text{m}^3$  of water per year, which equals 4,2% of the plant's total water consumption.

- In the Coffee Business Ibagué plant, an on line softened water conductivity control was implemented, which reduced water consumption in the backwash process by 38,4%.
- In the Pasta Business, through the standardization of the mold washing process, control was carried out on the consumption of drinking water and a savings of 369  $\text{m}^3$  over the previous year was achieved.

Within the “Innovative Success Stories” Program, our employees presented different ideas related to the optimization of water use in cleaning processes and in the recuperation of water used for secondary processes. We permanently reinforce efficient water use to our employees in their personal and family daily activities through different

programs in our plants.

Our operations have safe supply sources provided by the public utility companies and, in some cases, with supply from water sources permitted by environmental authorities. We believe that we have operations that do not have supply risks and the volumes required in the different installations are low in relation to demand and volume available.

Ratifying our commitment to efficient water use, the project was begun to calculate our corporate “Water Footprint” for industrial operations in Colombia; in a later phase, this will be done in our operations overseas. This calculation is made based on international methodologies and the management of direct and indirect risk associated with handling water resources. We will then formulate sustainability strategies and policies for the water resource. This project is being developed with advice from GAIA, the Colombian partner of Waterfootprint Network.

## CLIMATE CHANGE

To calculate direct (scope 1) and indirect (scope 2) emissions, we use the WRI y WBCSD\* references of the Greenhouse Gas (GHG) Protocol and the NTC – ISO 14064 – 1 Guide-line, which details the principles and requirements to design, develop and manage GHG inventories.

Continuing with the GHG study begun in 2010, with advice from LO-GyCA and The Center for Transportation and Logistics (CTL) at the Massachusetts Institute of Technology (MIT), the businesses completed the study to measure emissions for the 2009 – 2011 period in the industrial operations in Colombia. This information was validated by GAIA *Servicios Ambientales*. The results of the total direct and indirect emissions indicator in 2010 and 2011 are the following:

\* WRI. World Resources Institute. WBCSD World Business Council for Sustainable Development.



Heating coils in the demolding tank, *Meals de Colombia* Plant; Bogotá, Colombia.

## DIRECT AND INDIRECT GHG EMISSIONS

	2011	2010
Direct Emissions <b>Ton</b> CO2-eq. / t.p.	113,9	116,4
Indirect Emissions* <b>Ton</b> CO2-eq. / t.p.	21,1	40,3



Reverse – osmosis equipment, the *Compañía Nacional de Chocolates* Plant; Rionegro, Colombia.





The shell – washing system, the *Compañía Nacional de Chocolates* Plant; Rionegro, Colombia.

For Scope 1 – direct emissions – there was a reduction of 2,1% in the emission indicator per ton produced, due to the energy-efficiency processes in the use of fuels and programs developed to control the refrigerating gases used.

With regard to Scope 2, the carbon emissions due to the use of electricity presented a reduction of 47,7% between 2010 and 2011. This is explained because the indirect emissions for energy use, which depends on the emission factor of the country's generation system, passed from 0,185 kgCO<sub>2</sub>eq./kWh to 0,103 kgCO<sub>2</sub>eq./kWh, due to the high use of hydroelectric energy in the national transmission system, associated with the strong rainy season Colombia suffered last year.

In the *Setas Colombianas* business, a study was carried out with the

University of Antioquia through the Interdisciplinary Group for Molecular Studies (*Grupo Interdisciplinario de Estudios Moleculares*, GIEM, for its initials in Spanish) and *Delta Cambio Climático* to calculate the GHG. The measurement identified that 14.190 tons of CO<sub>2</sub> eq. are emitted; however, several agro – business sub – products are used, which, handled in processes different from composting, emit 38.055 tons of CO<sub>2</sub> equivalent into the atmosphere, so that the net balance of the emissions is positive by 23.865 tons of CO<sub>2</sub> eq.

Internationally, the GHG measurement in the Chocolate Business plants in Mexico, Peru and Costa Rica, and in the Biscuit Business in Costa Rica. There was a 2010 calculated value of 14.293,6 tons of CO<sub>2</sub> eq., of which 63% correspond to direct emissions and 37%, indirect.

We highlight the Chocolate Business initiative, which – in partnership with the country's cocoa sector, is

conducting the Cocoa for the Future (*Cacao Para el Futuro*) Program. This project includes the establishment of 29.388 tons of CO<sub>2</sub> equivalent per year and is in the process of validation and certification with SOUTH POLE. Similarly, the development of the Experimental Cocoa Farm has the potential of establishing 2.686 tons of CO<sub>2</sub> eq. As indicated on the Management and Sustainability Report, we have adjusted *Grupo Nutresa's* corporate strategy to become the companies with the greatest impact in foreign markets, which led the strategy of offsetting their emissions.

### Calculating the Carbon Footprint of Products

During 2011, the Cold Cuts, Biscuit, Chocolate and Coffee Businesses developed the calculation of the carbon footprint of the leading products in their portfolios, adopting a life-cycle approach and using the PAS2050:2008 methodology. This calculation will evaluate



Our investment in Integrated Environmental Management was

# COP 11.913 billion.



The wastewater – treatment plant, *Molino Santa Marta*; Santa Marta, Colombia.

the environmental performance of the products, define strategies of differentiation for the consumer and identify opportunities for reduction and savings in their life cycle. In 2012, this topic will be dealt with as a corporate project with coverage in all businesses.

## CONTROL OF EMISSIONS

The businesses have implemented environmental-control systems in their processes, which enable compliance with the standards required by regulations related to the emission limits for particulate matter and gases into the atmosphere. In the case of external heating equipment (boilers and furnaces) a reduction of -66,1% in particulate matter, -0,12% in sulfur dioxide (SO<sub>2</sub>) and -5,0% in nitrogen oxide (NO<sub>x</sub>) was achieved.

## WASTE GENERATION

There was a reduction in the indicator of total waste generation of 8,0% per ton produced. At the same time, continuing with the programs of integrated waste management, we were able to reach an 86% utilization of the waste generated, an increase of 6,2% over the previous year.

Of the total waste generated, 49% are usable and marketable; 36,5% are considered usable organic waste; and 13,5% are unusable ordinary waste. Of the waste generated, 1% is characterized as hazardous, and which are disposed of in accordance with current regulations.

## EFFLUENCE

Special priority is given to controlling sewage discharges and the businesses have implemented continuous improvements in their wastewater- treatment plants. The consolidated value of the discharged organic load is 0,94 kg/t.p. In this case, as examples we wish

to highlight the reduction of the organic load in the Chocolate Business Rionegro plant, through treatment conducted in wetlands; in the Cold Cuts Business Caloto plant, the installation of a flotation cell that enhances the removal of fats and oils by 26,7%; and a treatment plant in Hermo, Venezuela, which improved the removal of the organic and nutrient load.

## ENVIRONMENTAL EXPENDITURES AND INVESTMENTS

We made investments in Comprehensive Environmental Management in the amount of COP 11.913 billion. The major items were in the Cold Cuts Business (COP 4.114 billion), Coffee (COP 3.581 billion) and Chocolates (COP 2.118 billion), mainly focused on controlling discharges, reducing emissions into the atmosphere and integrated waste management. The expenditures and investments made in the last five years total COP 45.829 billion.



## OUR ENVIRONMENTAL CULTURE

The businesses engage in environmental awareness with their employees through educational workshops and teaching, focused on developing a responsible, harmonious relationship with the environment, not only through industrial processes, but also in daily life at home and in the community. In all internal communications, there is an ongoing disclosure about the creation of an environmental culture. A significant number of ideas have been proposed by employees, 118 of which materialized as environmental “Innovative Success Stories.”

In the *Grupo Nutresa* companies, the implementation of the TPM (Total Productive Management) program has been one of the most important tools of continuous improvement. A cornerstone of this methodology is SHE (Safety, Health and Environment), which seeks to ensure environmental management in all processes and projects, which creates a high level of awareness in the nearly 4.900 employees directly involved with the implementation of TPM.

In the corporate world, we have developed a process of awareness and outreach with key direct suppliers to

prioritize the Sustainable Development policy framework and environmental policies, as a criterion that prioritizes and evaluates *Grupo Nutresa* in its decisions to select suppliers.

## ENVIRONMENTAL INCIDENTS AND COMPLIANCE WITH REGULATIONS

During 2011, there were no incidents that could cause damage to the environment or decisions by environmental authorities regarding non-compliance with environmental regulations in the countries where we operate. In the Pasta Business plant in Mosquera, the environmental authorities indicated a different treatment to the wastewater that was to be discharged in an irrigation district. We proceeded to suspend the effluence and made the necessary adjustments to save the treated wastewater and dispose of it with an authorized agent who uses it to hydrate the compost heaps.

## ACADEMIC, LABOR UNION AND STATE RELATIONSHIPS

We wish to highlight the relationships the businesses have with several academic centers and universities on issues of environmental management and sustainable productive projects, as

well as teaching and training students with executives from our Organization, who have given conferences and attended events on various sustainability and strategy topics.

*Compañía Nacional de Chocolates* participated in and was selected as an eligible company in Colciencias’ 535 Summons, which seeks to encourage the employment of professionals with Ph.D. degrees.

We actively participate in the National Association of Industrialists of Colombia (*Asociación Nacional de Empresarios de Colombia*, ANDI) National and Regional Environmental Committee, the stage to share experiences and problems related to the environmental management of companies and their relationship with the Government. A particular case was the active participation in the public consultation on the new national regulation on effluence, carried out by the Ministry of Environment and Sustainable Development through this association. Similarly, we have an active relationship with the Office of the District Department of Environment in Bogotá, the Valle de Aburrá Metropolitan Area, the Regional Autonomous Corporations and the Ministry of Environment and Sustainable Development.



The *Loma Quita Espuela* Science Reserve is the most important stronghold of cloudy rain forest in the Dominican Republic; it is located in the northeast region of the country. *Helados Bon*, *Grupo Nutresa*’s Ice Cream Business company in this country has sponsored an area of the Loma since 1993, carrying out reforestation campaigns with its employees, clients and suppliers, thus contributing to the generation of more than 450 hectares of degraded area. In 2011, more than 5.000 trees were planted. As the *Loma Quita Espuela* forest regenerates, it helps the conservation of *Bicknell’s Thrush*, a bird that migrates there in winter from Canada.

# Recognitions

## LEADERSHIP AND CONTRIBUTIONS TO ECONOMIC DEVELOPMENT

Solidarity Entrepreneur of 2010, Mr. Jesús Moreno, President of *Helados Bon's* Board of Directors  
March 2011

The Global Compact Network recognized the contribution of Mr. Jesús Moreno, President of *Helados Bon's* Board of Directors, for his actions in the rescue and protection of important forest areas in the Dominican Republic. This award was presented in the context of the First Business Summit organized by the Global Compact Network in the Dominican Republic.

*América Economía: Grupo Nutresa* in the Multi – Latin Ranking  
April 2011

In the prestigious international Journal *América Economía*, which discloses the Multi-Latin classification of companies in the region, *Grupo Nutresa* was ranked number 18, up four positions over 2010. The methodology for the ranking is based on measuring the globalization of business, taking into account assets, investments and human resources outside the country of origin of the companies analyzed.

*Litoempaques* Occupied First Place in the *Andigraf* Contest  
September 2011

In the XXV version of "The Best of the Year in Colombian Graphic Communications," held by the National Association of Graphic Printers (*Asociación Nacional de Impresores Gráficos, Andigraf*), *Litoempaques*, the Biscuit Business company dedicated to the production and marketing of tin cans,

occupied first place in materials other than cellulose derivatives and polymers, with its *Zea Diseños* coasters.

Entrepreneurship Award from Endeavor Global, Ernst & Young and *Dinero* Magazine  
October 2011

Endeavor Global, a leader in the global movement to catalyze long – term economic growth, by selecting, mentoring and accelerating the best high – impact entrepreneurs around the world, together with Ernst & Young, the international consulting firm, and *Dinero* Magazine, awarded outstanding Colombian entrepreneurs. Carlos Enrique Piedrahíta A., *Grupo Nutresa* S.A. Chief Executive Officer, received the award in the Entrepreneur Executive Category.

*Grupo Nutresa*, the First Company in Integrity in Colombia According to the Study by Reputation Institute and Goodwill Communications S.A.  
October 2011

Reputation Institute, a global consulting and research firm specializing in corporate reputation, together with the Colombian firm *Goodwill Comunicaciones S.A.*, conducted the Rep-Track Pulse Colombia 2011 study, which assesses business reputation.

*Grupo Nutresa* occupied first place in the Integrity Dimension and ranked among the top six most reputable companies in Colombia. The 100 largest companies, based on their sales and visibility, participated in this study.

*MERCO* Reputation Monitoring 2011: *Grupo Nutresa* Is Consolidated among the Top Three Most Reputable Companies in the Country  
November 2011

In the *MERCO* Business and Leaders Monitor 2011 – Colombia, *Grupo Nutresa* ranked third among the most reputable companies in the country, ratifying its position of the previous year. In turn, the study disclosed the ranking of the companies chosen for their responsibility according to their ethical behavior, transparency and good corporate governance, contribution to the community, commitment to the environment and climate change, and behavior with employees. *Grupo Nutresa* formed part of the five companies most recognized for their responsibility.

In the measurement of leaders, included in this monitor, Carlos Enrique Piedrahíta A., *Grupo Nutresa* S.A. Chief Executive Officer, was elected among the five most reputable business leaders in Colombia.

Dealers in Costa Rica Recognize *Pozuelo* in Distribution  
December 2011

In Costa Rica, the *Cámara Nacional de Comerciantes, Detallistas y Afines, CANACODA*, recognized *Compañía de Galletas Pozuelo* for its excellence, service and punctual delivery for better distribution.

## RESEARCH

*Colciencias* Recognizes *Colcafé's* R&D Center as a Research Group  
 September 2011

Recognition for *Colcafé's* R&D Center as a 2011 Research Group in Science, Technology and Innovation, according to *Colciencias'* 532 Summons.

Recognition from the Office of the Mayor of Medellín for Research Led by the University of Antioquia, with the Participation of *Vidarium*  
 October 2011

In its event to recognize research processes in the city, the Office of the Mayor of Medellín, Colombia, in the category "Most Significant Research 2010 - 2011" rewarded the work "Metabolic Syndrome in Overweight Youth: Identifying Risk Factors and Evaluation of an Intervention," led by the University of Antioquia and *Vidarium*, *Grupo Nutresa's* Research Center in Nutrition, Health and Wellness.



## HUMAN TALENT MANAGEMENT

*CINCEL* Highlights *Compañía Nacional de Chocolates'* Climate Management and Quality of Work Life  
 Abril de 2011

After measuring organizational climate, *Compañía Nacional de Chocolates* was recognized by the Organizational

Behavior Research Center (Centro de Investigación en Comportamiento Organizacional, CINCEL) for having obtained first place in the organizational climate "Retribution" variable and in the "Willingness to Effort" quality of work life indicator, among a total of 98 companies evaluated by this Research Center.

*APA SURA* Recognition of *Compañía Nacional de Chocolates* and *Meals de Colombia*  
 May 2011

*Compañía Nacional de Chocolates* formed part of the "World Class" Companies for its comprehensive risk management relating to occupational health, extending relationships with quality, environmental care and surrounding communities. The company ranked among the top three companies in the Antioquia and *Eje Cafetero* zone and the top five in the country. Meanwhile, *Meals de Colombia* was awarded Second Place in the *ARP SURA 2009 - 2010 EXCELLENCE AWARD*, Central Region, in the Category for Best Occupational Health Management.

*MERCO* Colombia People Monitor: *Grupo Nutresa* Elected in Second Place for the Best Companies to Work  
 October 2011

The *MERCO* Colombia People Monitor, which makes annual measurements on human resource management, in its 2011 edition applied the survey to more than 6.500 people among groups of workers, university students, graduates from business universities and the public in general, to determine which companies are the best for work. In the results, *Grupo Nutresa* stood out as number two in Colombia and as the best in the food sector. In turn, we were recognized as the first company in human resources management practices, by human resource directors of companies in Colombia.

## ENVIRONMENTAL MANAGEMENT

*Alimento Cárnicos* Committed to HP Planet Partners  
 October 2011

Hewlett Packard Colombia recognized the work of *Alimentos Cárnicos* as a partner in the HP Planet Partners, which collects printing supplies, for its commitment to the environment.

*Compañía Nacional de Chocolates* and *Colcafé* Recognized in the Environmental Excellence, Generating Sustainable Development Program  
 December 2011

*Compañía Nacional de Chocolates* and *Colcafé* plants in Bogotá were exalted for their participation in the District Environmental Excellence Program (*Programa de Excelencia Ambiental Distrital, PREAD*) by the Office of the Mayor of Bogotá and the Office of the District Secretary of Environment. The *Compañía Nacional de Chocolates* continued in the category of "Elite Generating Sustainable Development" and obtained second place in the summons. Meanwhile, the *Colcafé* factory in Bogotá was recognized in the "Environmental Excellence" category and took third place.

*Compañía Nacional de Chocolates* Classified as Great Leader Progress for its Environmental Commitment  
 January 2012

For its management in 2011, *Compañía Nacional de Chocolates* was classified by the *Corporación Autónoma Regional Rionegro - Nare - CORNARE*, as Great Leader Progress for its environmental commitment, obtaining a superior ranking in which the implementation of environmental leaders as outreach support in all areas of the Company is highlighted, along with measuring the carbon footprint in its *Chocolatinas Jet*, *Santander* and *Chocolisto* products and taking action to mitigate it, the energy savings project, the use of natural gas, natural lighting and its commitment as a signatory of the Global Compact.

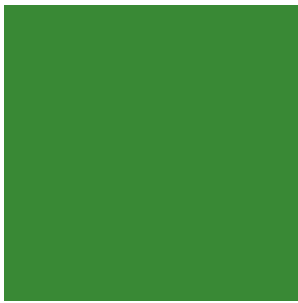
## SOCIAL RESPONSIBILITY WITH THE COMMUNITY

The IDB Recognizes the Support of *Productos Alimenticios Doria* for its Social Programs  
October 2010

As part of the Inter American Development Bank's fundraising event, held in Colombia, the President of IDB Families thanked *Doria* for its support for the social programs that this institution carries out in the country.

The *Grupo Nutresa* Volunteer Network Awarded by the International Association for Volunteer Effort, IAVE  
December 2011

IAVE Colombia, the entity that forms part of the International Association for Volunteer Effort (IAVE) recognized the *Grupo Nutresa* Volunteer Network, made up of more than 9,000 volunteers, for its "Full Volunteer Life" program, in the category of Corporate Volunteers.



## DEVELOPMENT OF SUPPLIERS

May de 2011

In 2011, *Compañía Nacional de Chocolates* received the "Recognition for Commitment to Rural Agricultural Development" from the Office of the Governor of Antioquia, for its efforts to benefit the cocoa sector.

## COMMERCIAL AND MARKETING MANAGEMENT

*Chocolate Santander* Received the Great Taste Award Gold International Award  
March 2011

*Compañía Nacional de Chocolates' Santander* Coffee Bits 70% and *Santander* 53% received recognition from the British organization The Guild of Fine Food for its quality and taste with the "Great Taste Award Gold". *Chocolate* experts elected *Chocolate Santander* 53% as the best dark chocolate bar and *Chocolate Santander* Coffee Bits as the best chocolate bar with coffee.

Superior Taste Award, for *Ducales* in the Remarkable Category  
May 2011

The International Taste Quality Institute (ITQI), an Organization of chefs and sommeliers dedicated to tasting, evaluating and promoting foods and beverages, awarded in Belgium the "Superior Taste Award" to the *Ducales* brand, in the "Remarkable Category." A jury of 120 chefs and food experts recognized its excellent appearance, aroma and texture, which reaffirms the unique, distinct flavor of the *NOEL* crackers with the "Secret Touch."

*Jet*, Prominent among the Twelve Most Successful Products in Marketing History in Colombia  
August 2011

According to the results of the study conducted by Marketing Metrics and Wharton University in the United States, *Jet*, a *Compañía Nacional de Chocolates* brand was included among the iconic products in Colombia. The valuation parameters included being in vogue for more than five decades, national coverage, a leader in its category, being remembered by all age groups, being 100% Colombian and costing less than COP 5.000.

*Chocolisto*, Best Disney Licensee in Colombia with "Cars" and the Best Website for Children, Chosen by P&M Magazine  
October 2011

L&M, *Licencias y Mercadeo*, representatives in Colombia for the Disney products and Brands, awarded its licensees in the Country. *Compañía Nacional de Chocolates* was invited along with 120 licensees and retailers participating in the different categories, and obtained recognition as "Best Distribution Licensee" with the release of the *Chocolist Card*.

Through an online contest, the publication *Publicidad y Mercadeo de Colombia*, P&M, ranked the *Chocolisto* Website as the "Best Website for Children," taking top spot with 14.000 votes.

The *Jet* Brand Received the FIP Gold Award  
November 2011

In the *Festival Iberoamericano de Promociones & Eventos - FIP* - which awards new marketing tools for the quality and originality of campaigns, gave the FIP Gold Award to the *Jet* brand in the category of "Street Marketing," for the activation of the "Jet with Explorers for the *Jet* Album."

*Zenú* Is the Second Brand in Colombia that Most Colombian Consumers Love and One of the Most Valuable, According to Two Studies Conducted by Independent Firms  
December 2011

According to the *Top of Heart* study conducted by Marketing Metrics in Colombia and published in *Dinero*, the Cold Cuts Business *Zenú* brand was noted for being among the top brands. *Top of Heart* measures the brands most loved by consumers and the closest brands.

In turn, *Zenú* stood out as one of the most valuable brands in Colombia, occupying sixth place in the food sector, according to the study conducted



by the independent company Compass Brand, which conducts this ranking of brands each year.

*Comercial Nutresa* Elected by Grupo Éxito as “Best Supplier” in the Category of Mass Consumption Products.

November 2011

The scheme of collaboration that has taken place between Grupo Éxito and Comercial Nutresa consists of winning logistics processes, a demanding, committed business dynamic and development of innovations aimed at mutual benefits. This effort was recognized by the Colombian chain Éxito.

The Carrefour Chain in Colombia Distinguished Comercial Nutresa as its “Best Commercial Partner”

December 2011

The award, handed out by Carrefour, was given in the Rancho category, the most important recognition the chain awards. The Comercial Nutresa management aspects highlighted include the implementation of the “Account Team” model, the joint definition of business objectives and plans, the development of collaboration processes – logistics and connectivity – and team work with Carrefour.

Cold Cuts Business Companies Recognized as the “Carrefour Best Commercial Partner”

December 2011

The Alimentos Cárnicos S.A.S. and Industrias Alimentos Zenú S.A.S. Companies in the Cold Cuts Business received Recognition as Carrefour Best Commercial Partner. The distinction emphasized the specialized attention structure of the “Account Team” commercial team, under the leadership of Key Account Managers and the Channel Directors. Among the aspects evaluated optimization of human talent, strong brand positioning, development and innovation of technology tools, comprehensive and differentiated value propositions in the supply chain, execution

of comprehensive projects to ensure capturing opportunities, growth and differentiation.

*La Recetta* Obtained the ASOTELCA Best Hotel Supplier Award

May 2011

The Colombian Association of Cartagena Hotels, ASOTELCA, awarded first place to *La Recetta* for its outstanding work as a hotel supplier in this Colombian tourist city, by providing comprehensive solutions and contributing to the development of the culinary culture of the hotel sector.

*La Recetta*, Awarded by the *La Barra* Magazine, by Election by Voted of the Representatives of the Institutional Sector in Colombia

May 2011

*La Barra*, the Colombian publication specializing in the food sector, awarded *La Recetta* in the area of innovation for its constant development of new products and specialized services for the sector and for improving existing products. It recognized the company’s ability to adapt its portfolio to specific client needs, and in packaging, presentations, composition and resistance highlighted its differentiation for the institutional market. Also, the company obtained first prize as “Best Supplier in the Category: Dairy” and occupied second place in “Most Comprehensive Supplier of the Year” and “After – Sales Service”, consolidating *La Recetta* as leader in the institutional channel. The winning companies were chosen by a vote of 600 people from this sector.

