



Presence and sales in our strategic region Figures 2014 | 2013 Grupo Nutresa consolidated share in Colombia 2014 7,0% 2013 7,2% Plants: 2 Chocolate Beverages 63,2% \_The Dominican Republic and the Caribbean Ground coffee 55.8% Mexico 2014 3,7% 2013 4,0% Plants: 2 Soluble coffee 41.6% Ice Cream N.A. 2014 2,5% 2013 8,3% Plants: 1 2014 7,4% 2013 6,9% Plants: 5 Source: Nielsen Colombia
2014 65,1%
2013 60,5%
Plants: 24 Ecuador 2014 1,1% 2013 1,0% Coffee 16,6% in Mexico Source: Nielsen 2013 1,8% number of BIF 29,9% countries with distribution Sales by Channel Grupo Nutresa and plant 2014 7,9% network 2013 7,6% Plants: 3 2014 2,0% 2013 1,6% 1.054.787 Points of Sales 12.831 Vendors 9,8% • Grupo Argos 14.536 Shareholder Composition Source: Deceval









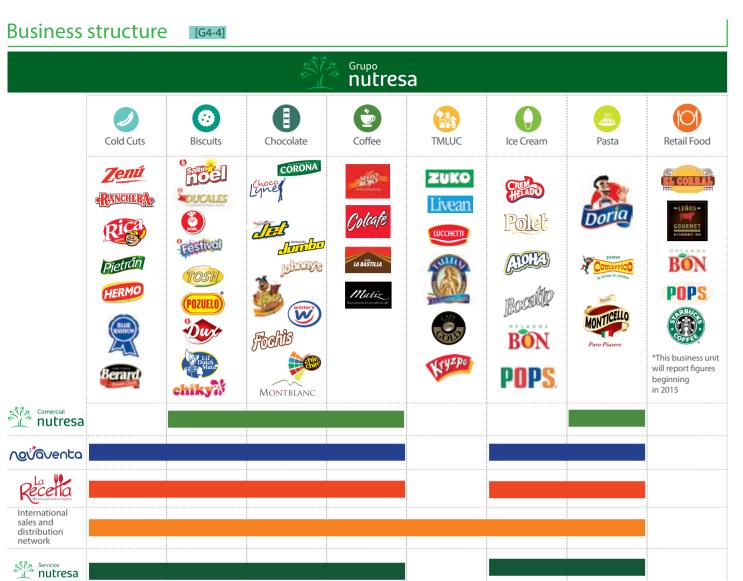












Our Centennial strategy aims to double our 2013 sales by 2020, with sustained profitability between 12% and 14% of the EBITDA margin. To achieve this, we offer our consumers

**Duplicate** 

[G4-]

foods and experiences of recognized and beloved brands, that nourish, generate wellness and pleasure, that are distinguished by the best price/value relation; widely available in our strategic region, managed by talented, innovative, committed and responsible people, who contribute to sustainable development. Achieving this goal means ending 2020 with sales for COP 11,8 Trillion (MEGA 2020) which corresponds to 5,1 times the sales of 2005, when we proposed our first great goal.

The information included in this executive summary is consistent with the Grupo Nutresa S. A. Integrated Report, available on the Webpage. http://2014report.gruponutresa.com/ pdf/integrated report nutresa.pdf

In order to form a broader and deeper view on the actions taken and the results obtained by Grupo Nutresa S. A. on the economic, social and environmental performance, please read the Grupo Nutresa S. A. Integrated Report along with this publication.

The scope and results of our work are described in the assurance report http://2014report.gruponutresa.com/pdf/verification\_report.pdf

KPMG Advisory Services Ltda.

March 2015

The GRI indicators are indicated in the document in the following manner:

f our business mode

Volatility in prices of raw materials

Highly competitive environment including pressure from consumers and channels

Regulatory changes in nutrition, health and obesity in countries where we are present

#### our business model

#### Our people

valuable assets. The cultural platform is based on the promotion of participatory environments, development of daily life. They are based on skills of being and doing, recognition, building a leading with an excellent price-value brand, as well as a balanced life relation. for people.

#### Our brands

Human talent is one of our most Our brands are leaders in the markets in which we participate; they are recognized, loved and part of people's nutritional, reliable products

#### Our distribution network

Our extensive distribution network, with an offer differentiated by channels and segments, with teams of specialized staff, allows us to have our products available, at an appropriate frequency, and a close relationship with clients.

## Strategic objectives for 2020

environmenta COP hillion

07

Use of resources

\*Reduction over 2010

t.p.: ton produced

2013: 15.442 

Use of cleaner energy

SUSTAINABLE DEVELOPMENT

EFFECTIVE INNOVATION

GROWTH

**INCREASING** 

VALUE

GENERATION

Portfolio with

90%

Skill

development

2013: 729 🔷

projects

Number

nutritional standards

-33%

99,1%

## Sourcing

Suppliers trained in sustainable

Suppliers that comply with the sourcing policy

Learn more about the strategic objectives

http://2014report.gruponutresa.com/ strategic-objectives-for-2020/

37,2% New indicator

Suppliers evaluated in sustainability

47,6%

New indicator

Social investment in suppliers COP billion

3.851

2013: 3.272

Governance

The second performance evaluation of the members of the Board of Directors by an independent external entity.

+13.000

employees trained in the prevention of money laundering and financing of terrorism (MLFT)

Creation of a policy to negotiate shares

## and Healthy Living

Number of references that comply with the Grupo Nutresa nutritional profile

Sales of products reduced in critical nutrients

1.795 /2013:1.505/

(only formulated in 2014) New indicator

MEMBER OF **Dow Jones** Sustainability Indices In Collaboration with RobecoSAM 40

\* The year 2013 was re-expressed, to achieve comparability.

/2013:/36,726//









Sales of

Innovative

15%

development topics

1.841 New indicator

Success

Stories per

0,3

\*Reduction over 2010. Variation of the Scope 1 and 2 emissions (kg CO<sub>2</sub>/t.p.)

gas emissions

-15,5% 2013: -12,7%<sup>3</sup> Variation of water

Variation of energy (kWh/t.p.)

consumption (m³/t.p.)

Sales of innovative products

Innovation

2014

2014 17,7% 2013 20,6%

Investment in innovation

0,5% 2013 0.5%

Innovative success stories per employee

0,17\* 2014 2013

0,14

the Innovative Success Stories program

mployer and Citizen Employees Investment in social benefits

(including direct, indirect (Quality of life, training and apprentices)

12.371

and subsidies)COP billion 69.117 2013: 68.765\*

2013: 84,1%

Investment Organizational climate

in communities COP billion 33.737 2013: 20.523

Accident

frequency rate

2013: 3,17%

10.461 2013: 6.989 🔷

of volunteers

BVCF



6 462

Percentage of total sales 100%

Growth 9,5%

#### Ebitda

COP Billion

**864**2013: 833

Growth 3,8%

2014 Margin 2013 14,1%

#### Internationa

Sales

USD Billion

**1.115** 2013: 1.076

Percentage of total sales 34,9%

Growth 3,7%

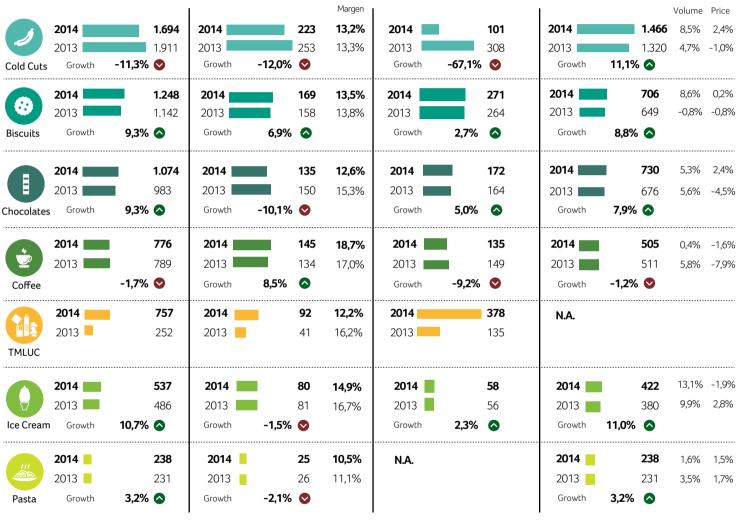
## Sales in Colombia

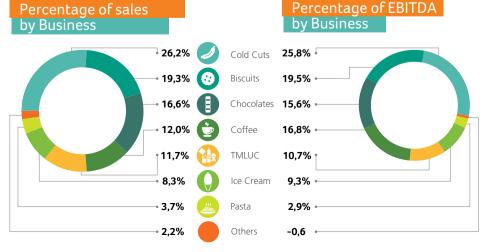
COP Billion

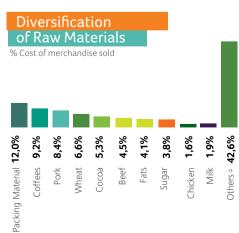
4.204

Percentage of total sales 65,1%

Growth 7,1% volume 8,6% 1,4% price







\*Includes direct labor, CIF and other minor raw materials.



#### Contacts

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#### Graphic and journalistic edition:

Taller de Edición



This Report was printed on FSC® certified paper

## Content

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More information in **2014report.gruponutresa.com** 

This symbol indicates that the information is expanded on the Website of our integrated report 2014.

More information in our Twitter





The effective–innovation initiatives that are highly important to Grupo Nutresa are identified with this icon throughout the report.

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## About this integrated report

Grupo Nutresa [G4-3] presents its Integrated Report 2014, for the period between January 1 to December 31, 2014 [G4-28], in which we report the progress made by the Organization in material issues that matter most to its stakeholders and the information included in the report. [G4-32] and that are relevant for the sustainable growth of the Group.

The Organization has defined six strategic priorities in sustainability, covering the 13 most relevant issues identified in the Materiality Matrix: Corporate Governance, Nutrition and Healthy Living, Environmental Sustainability, Responsible Employer and Citizen, Effective Innovation and Sustainable Sourcing.

This report was prepared in accordance with the comprehensive option of the Global Reporting Initiative – GRI G4 – guidelines for preparing sustainability reports, and the supplement for the food sector.

The scope and coverage of the GRI indicators address the 13 a sustainable world. material issues of Grupo Nutresa and reflect the performance of the Organization in the social, economic and environmental dimensions. Excluded from the environmental measurement are the Meals de Colombia plant in Armenia, and those of Setas Colombianas and Litoempaques in Medellín, as their production processes differ from those of the basic businesses; also excluded are the Ice Cream Business in the Dominican Republic and Costa Rica, and the Cold Cut Business in Panama.

For our operations in Venezuela, only the financial data, number of employees, accidents and training have been included.

In order to achieve comparability, data from 2013 and 2012 from the PR5 indicator were re-expressed, due to a change in the measurement scale. [G4-22]

Likewise, this report follows the Integrated Report framework of the International Integrated Reporting Council (IIRC), from which we present a greater emphasis in creating value and greater connectivity of information, the business model, the principal risks and impacts and future prospects. (See Attachment: Self–Evaluation for incorporating the principles and elements of the integrated report).

The non–financial information was verified by KPMG Advisory Services Ltda., an independent auditing firm that follows the guidelines of the international standard ISAE 3000, and whose **Specific** report has indicated that there is no evidence that the information is not presented adequately in accordance with the GRI framework. Similarly, KPMG has conducted an analysis of the

consistence between the information described in the Chapter "Self-Diagnosis for Incorporating the Principles and Elements of the Integrated Report," the framework of Investor Relations (IR)

Also, for the sixth time, the report communicates the progress of Grupo Nutresa in complying with the ten principles of the United Nations Global Compact and reaffirms our commitment to it. With this report, we reiterate the conviction and will of the Organization to continue adhering to the Global Compact, since we share and live all the universally accepted principles on Human Rights, Work, the Environment and the Fight against Corruption, as part of the corporate philosophy and action.

The Organization invites all stakeholders to be part of the Global Compact principles to collectively and voluntarily build

The financial information of Grupo Nutresa and its subsidiary companies observes generally accepted accounting principles, which are prescribed by law and by the respective surveillance and control agencies in Colombia. Notwithstanding, the group of companies applies accounting practices and policies adopted by the Parent Company, which – in the case of the subsidiary companies abroad – do not differ substantially from the accounting practices used in the countries of origin, and/or has made its approval for those that generate a significant impact in the consolidated financial statements. This information was audited by PriceWaterhouseCoopers (PWC).

The Integrated Report 2014 has been built in four versions to present information that is relevant and accessible to different stakeholders: a Webpage version found at 2014report.gruponutresa.com, a downloadable PDF file on the same Website, a print version of the summary of the annual integrated report, and a pocket edition. For a better understanding by the reader, iconography has been defined, which clearly identifies the following topics:

• The GRI indicators that respond to each material issue are found throughout the report and have been identified with:

[G4- ] [G4-]

To see the GRI content index, please visit: 2014report.gruponutresa.com/pdf/GRI\_content\_index.pdf.

## Stakeholder engagement model [G4-24] [G4-26] [G4-27]

#### Shareholders

**Objective:** To promote an environment of trust among shareholders, analysts and the general public through the transparent and timely communication of relevant, reliable information, for proper investment decision making.



- Relationship mechanisms
- Website
- Quarterly newsletter
- Fmail
- Quarterly investor conference
- Integrated annual report
- Shareholders' assembly
- Ethics Hotline
- Twitter

#### **Employees**

Objective: To promote harmonious relationships to increase productivity, in challenging, safe and inclusive work environments where collaboration is encouraged and development and progress are guaranteed.



#### Relationship mechanisms

- Surveys on organizational climate and commitment
- Intranet, printed newsletters, bulletin boards, email
- Meetings with senior management Synergy communities
- Primary groups
- Primary OHS committees

- Retirement interviews
- Family–Responsible Companies (FRC) Committee
- Psychosocial risk survey
- Strategic Human Rights committee
- Coexistence committees
- Suggestion boxes Ethics Hotline
- Integrated report

#### Customers and consumers

**Objective:** To contribute to the quality of life of consumers with products that satisfy their nutrition and wellness needs, through leading brands and commercial networks that allow us to be close to our customers, shoppers and consumers.

#### Relationship mechanisms

- Commercial figures that interact daily with our clients
- Client portal
- Hotlines Interaction centers
- Ethics Hotline
- Grocers' School
- Convenience Store School

- Measurement of services
- Meetings with alternative—channel entrepreneurs
- Webpage
- Consumer service lines
- Fmail
- Integrated report

#### Communities

Objective: To ensure the development of skills within the related communities as a tool to achieve their sustainability and support their wellness through the allocation of tangible and intangible resources.

#### Relationship mechanisms

- Meetings and encounters with civilians
- Events and meetings with NGOs
- · Webpage, email
- Participatory rapid diagnosis
- Participation in forums and conferences Sustainability report
- Ethics Hotline
- Social investment projects

#### Government

**Objective:** To promote the establishment of public policy environments that support the business objectives of the organization and the particular needs of society.

#### Relationship mechanisms

- Participation in spaces where the improvement of public policies is promoted
- Reports and monitoring meetings
- Answering surveys
- Integrated report

#### Suppliers

**Objective:** To strengthen and develop our partners in the supply chain.

#### Relationship mechanisms

- Online business portal
- Helpdesk
- Email
- Supplier development programs
- Management meetings

- Evaluation visits
- Promotion programs
- Webpage
- Integrated report



## Materiality analysis [64-18]

To define the content of its integrated annual report, in 2013 fined were rated according to their financial impacts, corporate Grupo Nutresa implemented a process of analyzing those aspects that could most affect its ability to generate value. This regulatory environment. process was conducted with the assistance of an independent external firm and was performed by applying the definition of Committee, the Board of Directors and representatives of the the Global Reporting Initiative (GRI) G4 report framework.

In the process, 24 issues were defined that, because of their (Institutions and NGOs). effect, are relevant in the management of the Organization and its stakeholders.

which Grupo Nutresa participates, among others. The issues de- Grupo Nutresa.

Material issues

Materiality matrix

policies, social and cultural environment, sectorial context and

This exercise and its results were validated by the Corporate stakeholders: Investors, Clients, Suppliers and the Community

In 2014, the results of this process were presented through the sustainability report. Socialization for the internal stakehol-This is the result of the analysis of the opinions of the groups, ders was conducted through exercises that explained the reletrends in the food sector, industry peers, and assessments in vance of the analysis to execute the sustainability strategy of

 Economic performance Ethics, corporate governance Human rights and transparency R & D + Innovation Corporate citizenship Good labor practices Responsible relationship with consumers Nutrition, health and wellness Relations with clients and distributors Market performance Labor welfare and management of talent Water use and conservation Public policies Occupational health Climate change Generation of employment Quality of air, discharges and waste Energy Animal welfare Logistics, transport and distribution Materials and packaging Biodiversity Genetically modified organisms Low Average High













Corporate



Impact in the Organization

#### Index of contents by material issue [G4-19] [G4-27]

| Material issue   | Chapter where it is found  | Global Compact<br>Principle              | Stakeholders that give greater priority to the material issue |
|--|--|--|---|
| Economic performance<br>Profitable growth,<br>Results of the businesses  | <ul><li>Corporate model</li><li>Performance of<br/>the businesses</li></ul>  |  | Shareholders,<br>Communities,<br>State, Suppliers             |
| Corporate governance, ethics and transparency<br>Principles and guidelines for action  | O Corporate governance   | Principle 10                             | Shareholders,<br>Suppliers                                    |
| R&D + Innovation  Product innovation and development  Applied research Innovation in business and process model                        | Effective innovation   | Principle 9                              | Communities   |
| Good labor practices Equality, safe and decent work environment, diversity   | Responsible employer and citizen   | Principles<br>1, 3, 6                    | Employees   |
| Responsible relationships with consumers<br>Product and process quality<br>and safety, customer and consumer<br>satisfaction, labeling | Nutrition and healthy living   |  | Clients and Consumers   |
| Nutrition, health and wellness<br>Healthy lifestyles, options for<br>healthy products, experiences<br>that generate wellness           | <ul> <li>Nutrition and healthy living</li> <li>Responsible employer and citizen</li> <li>Effective innovation</li> </ul> |  | Clients and Consumers   |
| Sustainable sourcing Supplier evaluation and development, strategic sourcing, inclusive businesses                                     | <ul><li>Sustainable sourcing</li><li>Corporate citizenship</li></ul>   | Principles 1, 2, 3, 4, 5, 6, 7, 8, 9, 10 | Clients and Consumers,<br>Suppliers                           |
| Market performance Brands, networks, distribution, expansion in the strategic region, business management                              | Market growth     and leadership   |  | Shareholders,<br>Clients and Consumers,<br>Communities        |
| Human Rights Child labor, forced labor, freedom of association and collective bargaining, non - discrimination                         | <ul><li>Responsible employer and citizen</li><li>Sustainable sourcing</li></ul>  | Principles<br>1, 4, 5, 6                 | Employees,<br>Suppliers                                       |
| Corporate citizenship Skill development, nutrition, education and culture, volunteer work, inclusive businesses                        | Responsible employer and citizen   | Principles<br>1, 2                       | Employees,<br>State   |
| Water use and conservation<br>Water risk, water use, water footprint, mana-<br>gement of wastewater                                    | <ul><li>Environmental sustainability</li></ul>   | Principles<br>7, 8, 9                    | Shareholders, Suppliers,<br>Clients and Consumers, State      |
| Climate change<br>Vulnerability, diagnosis, mitigation,<br>adaptation  | <ul><li>Environmental sustainability</li></ul>   | Principles<br>7, 8, 9                    | Shareholders, Suppliers,<br>Clients and Consumers, State      |
| Energy Cleaner energies, use of thermal and electric energy  | <ul><li>Environmental sustainability</li></ul>   | Principles<br>7, 8, 9                    | Shareholders, Suppliers,<br>Clients and Consumers, State      |



# Corporate governance

Placing good corporate governance as a strategic focus leads Grupo Nutresa to manage the material issue of Governance, ethics and transparency, in order to ensure that the actions of its companies are based on a framework of ethical behavior and good conduct. This protects the financial capital of the Group, provides trust to shareholders and gives guarantees to employees and third parties on the transparency, impartiality and accountability of the decisions and directions given by the governing bodies of the Organization.



## The Board of Directors [G4-34] [G4-38]

#### **Principals**

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

#### **Alternates**

- 8. Lucía Margarita González González
- 9. Margarita María Mesa Mesa
- 10. Luis Javier Zuluaga Palacio
- 11. Luis Eduardo Carvajal Restrepo
- 12. Juan David Uribe Correa
- 13. Juan Fernando Botero Soto
- 14. Marta Liliam Jaramillo Arango
- Independent members
- Non-independent members

Finance, Audit and Risk Committee

Appointment and Retribution Committee

4 8 9 10

1 2 5

**Board of Directors' Corporate Governance and Issues Committee** 

Strategic Planning Committee

1 2 4 5

1 4 5 7



Antonio Mario Celia Martínez-Aparicio 2005\*

Appointment and Retribution Committee Strategic Planning Committee Board of Directors' Corporate Governance and Issues Committee

#### President, Promigas S.A.

#### Previous experience

Financial Vice President, Promigas S. A. Manager, Terpel del Norte

#### Studies

Engineer, Worcester Polytechnic Institute Executive education in MIT, Wharton and *Universidad* de Los Andes



Alberto Velásquez Echeverri 2005\*

Board of Directors' Corporate Governance and Issues Committee Appointment and Retribution Committee

#### General Manager, Prosantafé S. A. S.

#### Previous experience

Secretary General of the Presidency of the Republic of Colombia 2002 – 2004 President, Heritage Minerals Ltd. Vice President, *Grupo Colpatria* 

#### Studies

Business Administrator, EAFIT University Master's in Business Administration, University of California at Los Angeles (UCLA)



Jaime Albert Palacio Bote 2005\*

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

## **Previous experience**Deputy General Manager,

Microplast S. A.

#### Studies

Business Administrator, EAFIT University Training in administration with a focus on marketing, Wharton University Advanced training in packaging at JICA, Japan



Mauricio Reina Echever 2007\*

Finance, Audit and Risk Committee Board of Directors' Corporate Governance and Issues Committee Strategic Planning Committee

#### Associate Researcher, Fedesarrollo

#### Previous experience

Deputy Director, *Fedesarrollo*Deputy Minister of Foreign Trade
of the Republic of Colombia

#### Studies

Economist, *Universidad* de los Andes Master's in Economics, *Universidad de los Andes* Master's in International Relations, Johns Hopkins University



David Emilio Bojanini García 2005\*

Appointment and Retribution Committee Board of Directors' Corporate Governance and Issues Committee Strategic Planning Committee

#### CEO, Grupo de Inversiones Suramericana S.A.

#### Previous experience

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

#### Studies

Industrial Engineer, *Universidad* de Los Andes
Master's in Administration with emphasis in Actuary, University of Michigan



#### Gonzalo Alberto Pérez Rojas 2005\*

#### CEO, Suramericana S.A.

#### Previous experience

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

#### Studies

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



each Director corresponds to of joining the Board of Direct

#### Aristizábal Restrepo 2013\*

Strategic Planning Committee

#### Manager, Corporate Strategy, Grupo Argos S.A.

#### Previous experience

María Clara

Assistant to the President and Director of Investor Relations, *Grupo Argos S. A.*Director of Economic Investigations, *Bolsa y Renta S. A.* 

#### Studies

MBA, New York University Specialization in Finances and Law, New York University Economist, with an emphasis in Mathematical Economics, EAFIT University \* The year underneath the name of each Director corresponds to the date of joining the Board of Directors

## Grupo nutresa

## Steering Committee [G4-34] [G4-35] [G4-36]

orporate Team



Carlos Ignacio Gallego Palacio



José Domingo Penagos Vásquez Vice President, Corporate Finances



Jairo González Gómez Secretary General Vice President Director, Legal Assistance



Diego Medina Leal Presidente Cárnicos Vice President, Logistics



Alberto Hoyos Lopera President, Galletas Nutresa Vice President, North Strategic Region



Jorge Eusebio Arango López President, Chocolates Nutresa Vice President South Strategic Region



Miguel Moreno Múnera
President, Cafés Nutresa



Justo García Gamboa President, Tresmontes Lucchetti Vice President, Mexico and Chile Strategic Region



Mario Alberto Niño Torres President, Helados Nutresa Vice President, Innovation and Nutrition



Fabián Andrés Restrepo Zambrano President, Pastas Nutresa



Juan Chusán Andrade President, Retail Foods



Álvaro Arango Restrepo President, Comercial Nutresa Vice President, Marketing and Sales



Sol Beatriz Arango Mesa President, Servicios Nutresa Vice President, Sustainable Development Director General, Fundación Nutresa



To learn more about our management team, go to **2014report.gruponutresa.com** 

## Corporate governance, ethics and transparency

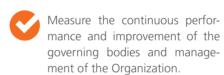
#### Purpose

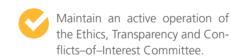
Ensure the actions of Grupo Nutresa are given in a framework of ethical behavior and good conduct and guarantee transparency, impartiality and responsibility in the decisions and directions of its governing bodies.



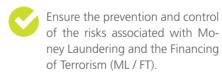
Grupo Nutresa Board of Directors.

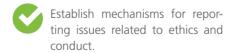
#### Strategies



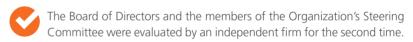


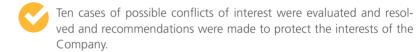




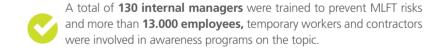


## Progress on the 2014 strategies











#### Commitment 2020

Maintain excellence in the management of corporate governance through the implementation of leading practices in the world.

#### Perspective

Good corporate governance will continue being a differentiating element for investors when selecting their objectives. The Grupo Nutresa Code of Good Governance will be constantly updated, in line with the highest international standards.



# Corporate model

To learn more about the Grupo Nutresa Campaign "Enjoy a Healthy Life," visit our Webpage <u>www.nutresa.com</u>



## Grupo nutresa

## Strategy for our first century 1920 - 2020

66 Our Centennial strategy aims to double our 2013 sales by 2020, with sustained profitability between 12% and 14% of the EBITDA margin.

## 2 x \$5,9 trillion = \$11,8 trillion

To achieve this, we offer our consumers foods and experiences of recognized and beloved brands, that nourish, generate wellness and pleasure, and that are distinguished by the best price/value relation; widely available in our strategic region, managed by talented, innovative, committed and responsible people, who contribute to sustainable development.



#### **MISSION**



The mission of our Company is creating increased value, achieving an outstanding return on investments, greater than the cost of capital employed.



In our food businesses, 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 the management of our activities by being committed to Sustainable Development, with the best human talent, outstanding innovation and exemplary corporate behavior.

### Corporate Philosophy and Performance [G4-56]





















#### Differentiators of our business model



#### Our people

Human talent is one of our most valuable assets. The cultural platform is based on the promotion of participatory environments, development of skills of being and doing, recognition, building a leading brand, as well as a balanced life for people.

Organizational Climate at a level of excellence:

84,0%



#### Our brands

Our brands are leaders in the markets in which we participate; they are recognized, loved and part of people's daily life. They are based on nutritional, reliable products with an excellent price–value relation.

17 brands
with sales over
USD50million



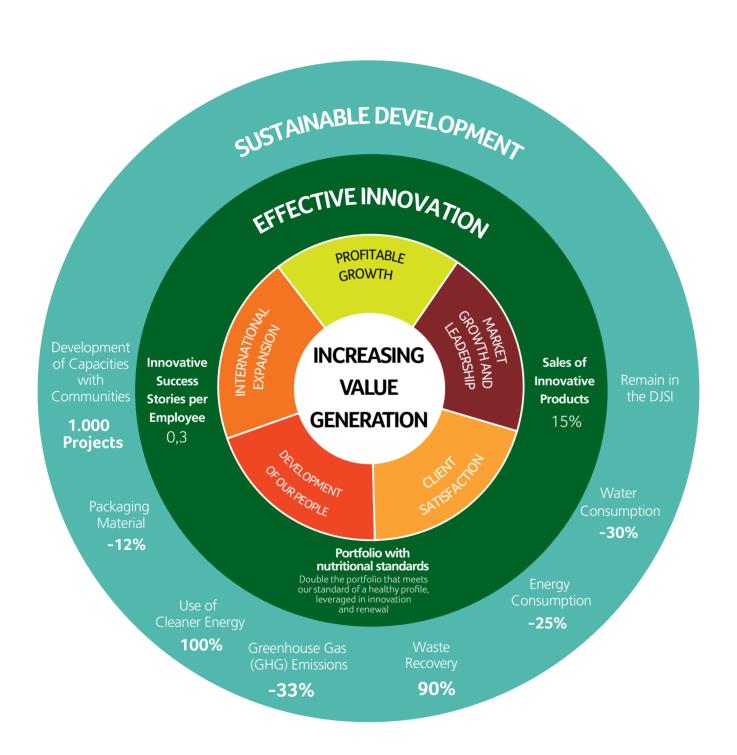
## Our distribution network

Our extensive distribution network, with an offer differentiated by channels and segments, with teams of specialized staff, allows us to have our products available, at an appropriate frequency, and a close relationship with clients.

**+1.054.000** points of sale

## Grupo nutresa

## Strategic objectives for 2020



## Increasing value generation

The 2014 results, the short-term goals for 2015 and the objectives for 2020 are presented.

#### Financial Dimension

Double the 2013 sales by 2020 (COP Trillion)

**2020: 11,8** 2014: 6,5

International Sales
(USD Billion)

**2020: 2.000** 2014: 1.115

**EBITDA Margin** 

**2020: Between 12%-14%** 2014: 13,4%

Sales of innovative

**2020:15%** 2015: 16% 2014: 17.7%

novative success stories

**2020: 0,3** 2015: 0,17 2014: 0,17 Productivity (kg/Hmod)

2020: +5% annual 2015: +5% annual 2014: 4,3% Double the portfolio of products that meet the Grupo Nutresa profile

**2020: 2.684 SKUs** 2015: 1.628 SKUs 2014: 1.795 SKUs Level of client satisfaction

2020: Maintain the level of excellence

2014: Colombia 87,7% Strategic region 87,8%

#### Social Dimension

Accident frequency rate

**2020: 1,7%** 2015: 2,55% 2014: 2,62%

Work climate

**2020: 83,3%** 2015: 83,2% 2014: 84% Development of skills with communities (Number of projects)

**2020: 1.000** 2015: 772 2014: 762

#### 2014. 64%

## Water consumption (m³/t.p.)

**Environmental Dimension** 



**2020: -30%** 2015: -22,4% 2014: -15,5%

## Energy consumption (kWh/t.p.)



**2020: -25%** 2015: -18,9% 2014: -18,2%

## Greenhouse gases (CO<sub>2</sub>e/t.p.)



**2020: -33%** 2015: -22,3% 2014: -21%

## Use of cleaner energy



2020: 100% 2015: 99,1% 2014: 99,1%

#### Packaging material\* (kg M.E./t.p.)



**2020: -12%** 2015: -6,5\* 2014: -5,1%

#### Waste generation



**2020: -20%** 2015: -10,8% 2014: -9%

#### Waste recovery



**2020: 90%** 2015: 88,8% 2014: 88,5%

## Environmental culture (environmental innovative success stories)



**2020: 1.000** 2015: 724 2014: 698

\*During 2014 a review and adjustment of the packaging material indicator was conducted, to achieve a more accurate calculation. The establishment of the 2015 target is subject to the restructuring of the calculation methodology and, therefore, its final approval will occur in the first trimester of 2015.

Find more information about the indicators at www.gruponutresa.com/es/node/59623



## Integral risk—management and main risks of the business [64-2] [64-14]

#### Integral risk-management model

In order to ensure the proper management of risks that the development of its operations implies, Grupo Nutresa has an Integral Risk-Management Model covering all the businesses and bodies of the Organization, from the Board of Directors, through its Finance, Audit and Risk Committee, to the operational areas, through the integrated management systems, among others. Additionally, the Model includes the Integral Risk-Management Policy and Methodology, which is aligned with Standard ISO 31000, which facilitates the development of risk assessment and mitigation processes, according to the following level of risk appetite:

Commercial risk:

## aggressive

Financial and operational risk:

## moderate

Reputational risk:

#### none

In 2014, the annual assessment of corporate risks at the Grupo Nutresa level was conducted, and their rating was made, considering the criteria of probability of occurrence and impact on the strategy. Based on this analysis, risk maps were updated, where the main business risks, which are described below, were identified, and for which the most relevant management and treatment measures are highlighted:

| Key risks  | Mitigating factor   |
|--|---|
| Volatility in the prices of raw materials  | <ul> <li>Diversification of raw materials</li> <li>A clear hedging policy administered by a specialized committee</li> <li>A highly trained team dedicated to monitoring and negotiating these supplies</li> <li>Active search and exploitation of new opportunities for global sourcing</li> </ul>         |
| Effect on the businesses due to a highly competitive environment including pressures from consumers and channels | <ul> <li>Large distribution capacity with a differentiated strategy to address the various segments</li> <li>Attractive proposals with a good price/ product relation</li> <li>Recognized, beloved brands</li> <li>Portfolio innovation and differentiation</li> <li>Search to enter new markets</li> </ul> |
| Regulatory changes in nutrition, health and obesity in countries where we are present                            | <ul> <li>Vidarium: Nutrition Research Center</li> <li>Active participation with governments in discussion on regulations</li> <li>Monitoring and strict compliance of the regulations in each country</li> </ul>  |

The process to identify and analyze corporate risks contemplated a Top–Down focus, considering the internal and external contexts of Grupo Nutresa, and all the material issues of the Organization. Thus, we identified a total of 22 risks classified in the different categories that are summarized below:

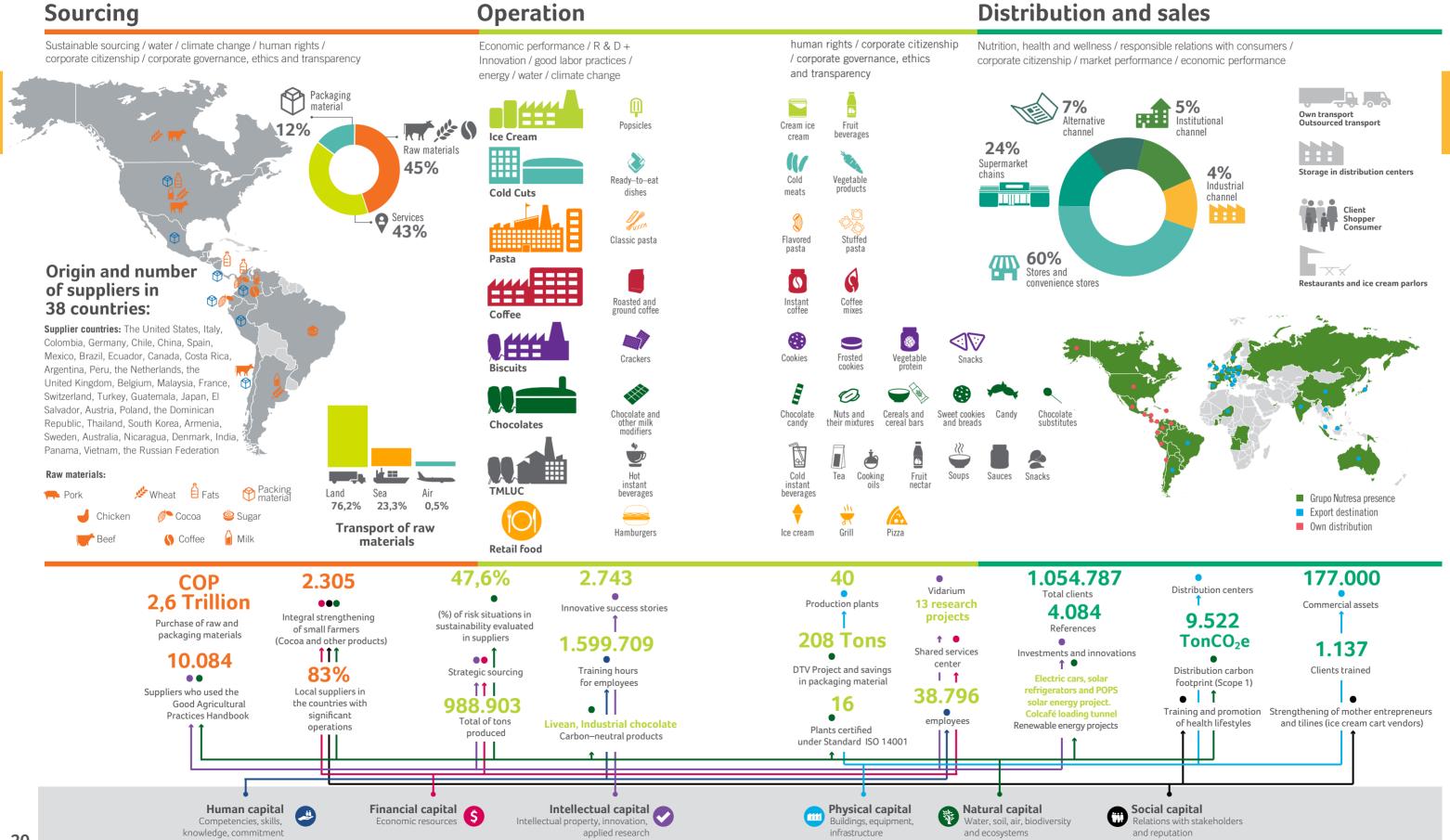


- 1) Effect on the businesses due to a highly competitive environment (consumers and channels)
- Regulatory changes in nutrition, health and obesity
- 3 Effect on the Organization due to political changes in the countries where it operates
- 4 Lack of availability of human talent
- (5) Lack of opportunities to respond to changes in consumer preferences
- 6 Volatility in the prices of raw materials
- 7 Changes in interest and exchange rates
- 8 Counterparty risks
- Opening states of the state of the states of the states
- Credit and portfolio
- Systemic risk or risk of contagion
- Effect on the integrity or safety of employees in the execution of their tasks

- 13 Effect on the environment
- 4 Interruption in the supply chain
- Effect on consumers through product contamination
- 10 Internal or external violation of human rights
- Collapse of the information and communication systems and technologies
- 18 Lack of ethics or inappropriate behavior of employees or third parties
- Observe the second of the company
  Observe the company
- 20 Effect on animal welfare
- Effect for the use of raw materials with genetically modified organisms (GMOs)
- 2 Effect due to climatic and natural phenomena









## The integrated report [64-1] [64-13] [64-32]



After nearly a year of being in front of this Organization of which I have been a part for 24 years, I can state without a doubt that we have the talent, culture and commitment to achieve the challenging Mega that we have set for 2020, when we celebrate 100 years of existence.

......

Carlos Ignacio Gallego Palacio

With gratitude, commitment and full

transparent, timely accountability is indispublished on our Website. With pleasure, we present our integrated report, fo-Integrated Reporting Council (IIRC) and in accordance with the comprehensive opplies with recognized global guidelines topics of greatest importance for our Organization and its related parties.

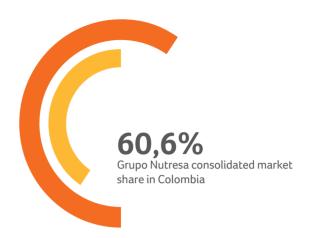
In Grupo Nutresa we are committed awareness of the contribution of our to sustainability, and we understand it company to build a country and a better as a corporate ability to prosper, which world, we have faced the task entrusted is supported in the identification and integral management of the risks and In the management of a corporation, opportunities in the economic, social and environmental dimensions, and pensable, conditions that we successfully that it is directly related to the possimeet in this management report, with bility of generating value in the future. the content that is found in the printed This commitment has been ratified for report and the supplementary information the fourth consecutive year by being included in the Dow Jones World Sustainability Index and the 2014 Emerllowing the framework of the International ging Markets, as well as receiving the distinctions as "Industry Mover" and "Silver Class" from RobecoSAM in its tion of the Global Reporting Initiative GRI Sustainability Yearbook 2015. This pla-G4 guidelines, which means that it com- ces us as the third best company in the world in the food sector in terms of on developing reports, which has been sustainability, and with the maximum developed based on the Grupo Nutresa score globally in the administration of Materiality Matrix, in order to facilitate the innovation, codes of conduct, risks relaanalysis of management, according to the ted to water, environmental reporting, indicators of labor practices and human rights, and corporate citizenship.

Total sales COP6,5Trillion

9.5% increase

Sales in Colombia closed at COP4,2 Trillion, boosted by greater volumes

8,6% increase



Sales abroad represented 34,9%

of the total sales of Grupo Nutresa

International sales USD 1.115 million

3,7% increase

In 2014, we made two great advances in our growth strategy, which provide us with clear pathways of development and consolidation in the strategic region in order to achieve the 2020 vision:

- We consolidated a full year with Tresmontes Lucchetti (TMLUC), confirming the growth potential it has in markets in which it participates, thanks to its brands and ex-
- We signed an agreement to acquire Grupo El Corral, which continued our process of reaching consumers through a greater participation in the Retail Food category. Grupo El Corral, together with Helados BON and Helados POPS and our participation in Starbucks Colombia, constitutes a solid platform for growth in this category in the region.

In Grupo Nutresa, we are convinced that our base of development is a competent, committed team and we work every day to build a more humane, competitive organization.

Progress on this front is confirmed by studies such as MERCO Personas, which in 2014 highlighted the organization as one of the three best companies to work for in Colombia, and the most attractive in the food sector.

In Grupo Nutresa, innovation is a key part of our strategy, resulting in products and experiences that satisfy the changing needs of our consumers, in the constant search for a business model tailored to the opportunities and challenges offered by the market and permanent questioning and creation.

#### Profitable growth

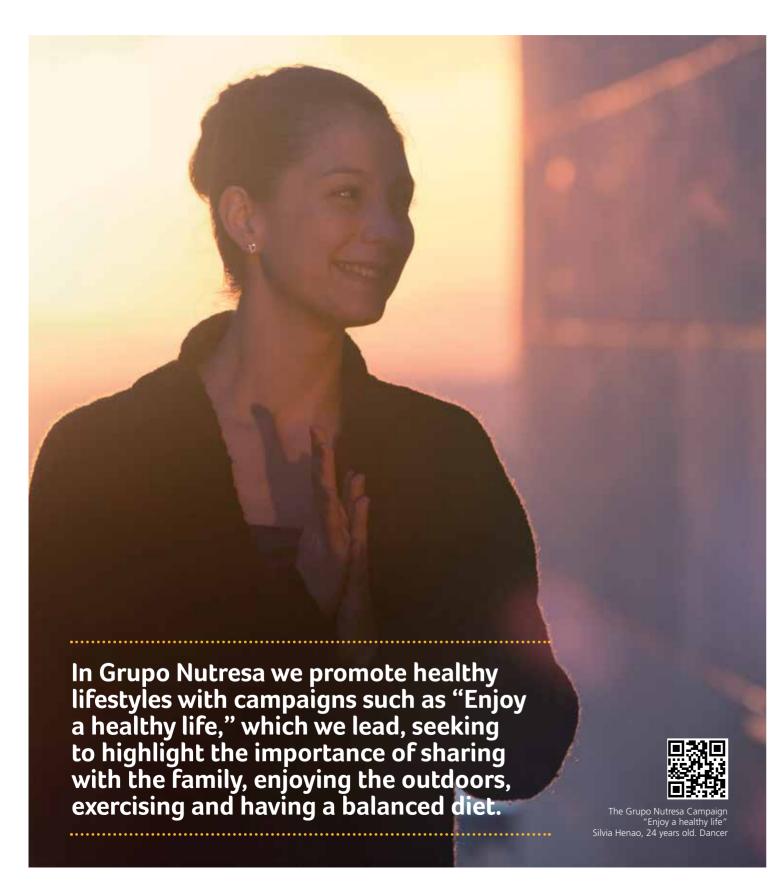
In 2014, Grupo Nutresa sales closed at COP 6,5 Trillion, an increase of 9,5% compared to the previous year. In Colombia, sales had an outstanding performance, as they reached COP 4,2 Trillion, which represents 65,1% of the total, with an increase of 8,6% supported in a greater preference for our brands, obtaining a record 60,6% of the weighted market share, some dynamic, comprehensive coverage networks and an effective innovation strategy. Meanwhile, sales abroad were USD 1.115 Million, an increase of 3,7%, which includes adjustments for the devaluation in the major currencies of the countries where we operate, and the consolidation of operations in Venezuela to the SICAD II rate.

In terms of profitability, the EBITDA margin of 13,4% during the year stands out. The EBITDA was COP 864.257 Billion, 3,8% higher than the previous year. This level is supported in the excellent business dynamics in Colombia, the Grupo Nutresa global sourcing strategy, a 4,3% increase in productivity, and innovation sales equivalent to 17,7% of the total

Meanwhile, the operating profit was COP 638.340 Billion, with an operating margin of 9,9%, a decrease of 1,8% over the previous year, which is largely explained by the amortization of the mercantile credit to acquire Tresmontes Lucchetti (TMLUC), a nonrecurrent accounting item that does not represent a real cash flow.

Post-operational costs for COP 94.672 Billion present a slight decrease of 0,4% from the previous year, which is explained,





among others, by income for an exchange difference resulting from the hedging strategy in exchange risks, an increase in financing costs due to the leverage to acquire TMLUC, and a lower monetary correction in Venezuela.

Finally, and after considering the aspects mentioned, we ended the year with a consolidated net profit of COP 377.571 Billion, slightly less than that of last year by 0,7%.

As for the balance, we see an increase of 9,0% in the assets, which end the year at COP 11,5 Trillion. This increase is due to the natural increase in working capital due to increased commercial activity, a higher fixed asset, the product of expansion investments in the production and distribution capacity that were made during the year, and to the growth in the value of our portfolio investments. In liabilities, there was a slight increase, closing at COP 3,3 Trillion, mainly due to the financing of expansion investments and an increased working capital requirement. The index of net financial debt to EBIDTA of 2,0 times is at appropriate levels for our model and allows us to continue the Grupo Nutresa acquisition strategy.

The net effect of the increase in assets and liabilities increases equity to COP 8,2 Trillion, a growth of 10,6%.

#### Individual results of Grupo Nutresa S. A.

Complying with regulations in Colombia, we report the individual results of Grupo Nutresa S. A.: We registered operating income of COP 396.586 Billion, of which COP 323.884 Billion correspond to profit by the equity method of our investments in food companies and COP 52.950 Billion to dividends from the investment portfolio. The net profit was COP 377.453 Billion.

#### Acquisitions and other relevant projects

Our development model has been supported in the organic growth of our current operations in Colombia and abroad, as well as an objective search for investment opportunities in strategic markets for the Organization, especially for companies with a business model with a vision akin to that of Grupo Nutresa, with excellent teams, leading brands and that clearly reach consumers through different networks.

During 2014, we managed the first full year of TMLUC, successfully integrating it into Grupo Nutresa from the strategic and productive levels and the information and distribution systems.

Last November, the agreement to acquire Grupo El Corral was announced; it is the largest restaurant company in Colombia, with a total of 345 points of sale, in the segments of fast casual in the market with its El Corral hamburgers and in casual dining with its restaurants El Corral Gourmet, Leños y Carbón and Leños Gourmet. Besides operating these chains, Grupo El Corral also operates leading international brands, such as Papa John's (pizza), Yogen Früz (frozen yogurt) and Krispy Kreme (doughnuts). It

is also present through franchises in Panama, Ecuador, Chile and the United States. The acquisition of Grupo El Corral expands Grupo Nutresa's presence in the Retail Food segment and strengthens its strategy to actively participate in this new business line, with leading brands and supported in its powerful infrastructure.

After formalizing the Grupo Nutresa alliance with Starbucks and Alsea in 2013, the opening of the chain Coffeehouses was begun during the second semester of 2014, with an excellent balance of completing six coffeehouses in the city of Bogotá.

In February 2014, and through a strategic alliance agreement with Mitsubishi Corporation, a new company, denominated Oriental Coffee Alliance (OCA), based in Kuala Lumpur, Malaysia, was established, to jointly develop the marketing of coffee products in Asia and seek new business opportunities in the region in other categories in the region.

Organic growth also included the exploration of production and marketing opportunities for new products in geographies where we already operate and in which we have extensive knowledge of local conditions. Supported in the current operations of Tresmontes Lucchetti, the production and marketing of pastas and the production of cold instant beverages was begun in Mexico and the production of cookies and baked snacks was begun in Chile. In addition, and supported in the current biscuit business platform in the United States, the production and marketing of crackers will begin in 2015 in this market with great potential.

#### Special report of the business group

GRUPO NUTRESA S.A. is the parent company of Grupo Empresarial Nutresa, which, at the end of 2014, consisted of 73 companies, which, for administrative purposes, are grouped as follows: i) in the eight food businesses in which we participate and their productive platforms in Colombia and abroad; ii) in an international distribution network; iii) in three national distribution companies; iv) three service companies: one for administrative services, one for logistics and the other for transport, which provide the respective supports for Grupo Nutresa companies.

Following the same enumeration of Article 29 of Law 222 of 1995, we report the following aspects:

- The economic relations of the Parent Company with its subsidiaries consist primarily of charging management or administrative fees and receiving profits generated as dividends by the subsidiaries in their business. For fees, the Parent Company received the sum of COP 17.090 Billion; dividends amounted to COP 167.204 Billion.
- During 2014, the Grupo Empresarial Nutresa Parent Company endorsed financial obligations of its subsidiaries for USD 77 million in interest. The subsidiaries, in turn, did not conduct operations with third parties from the influence on or interest by the Parent Company.



In addition, we state that during 2014, Grupo Nutresa S. A. did not stop making decisions to attend the interest or influence any of its subsidiaries, nor did any of its subsidiaries stop making decisions to attend any interest or influence of Grupo Nutresa S. A.

which are an integral part of the complementary information published on our Website, we report in figures the evolution of the overall situation of the companies that comprise Grupo Nutresa.

#### **Legal Provisions**

Grupo Nutresa fully complies with all the intellectual property and copyright regulations. The user licenses for the software installed in the Company are valid and have been obtained by the subsidiary Servicios Nutresa S. A. S. through contracts with licensors for use and Auditing ensures the compliance of the goals and objectives

•••••

**Grupo Nutresa is the third** 

best company in the world,

in the food sector,

in sustainability.

in all the Grupo Nutresa companies. Likewise, trademarks are registered with the competent authorities and the necessary documentation to prove these claims is preserved.

Grupo Nutresa has no claims or lawsuits of consideration, which means that there are no contingent liabilities that may impair the consolidated results for accounting year

2014. Similarly, no significant fines or sanctions were imposed on the Grupo Empresarial Nutresa companies for breach of laws or regulations related to consumer rights, unfair competition, and product safety, among others.

In Note 19 of the Grupo Nutresa Basic Financial Statements published on our Website, operations with shareholders and persons referred to in Article 47 of Law 222 of 1995 and other related market conditions.

The Company states that it has not obstructed the free flow of invoices issued by Grupo Empresarial Nutresa vendors or suppliers, pursuant to the provisions of Law 1676 of 2013; it further certifies that the financial statements and other relevant reports do not contain any defects, inaccuracies or errors that prevent ascertaining the true financial position of the Company, as set out in Article 46 of Law 964 of 2005.

#### Evaluation of the performance of the financial information disclosure and control systems

The internal control system of the Company comprises, among other components, the resources necessary to ensure the accu-Finally, in Note 4 of the Consolidated Financial Statements, racy and reliability of the information required to plan, manage, control and measure the performance of its business, as well as ensure the adequate disclosure of the financial information to its shareholders and other investors, the market and the public in general. These resources include integral risk management, accountability systems, control plans and programs, budget and cost tools, account plans, standardized policies and procedures, comprehensive information formats and systems to support the continuous monitoring of processes by the Administration.

Through independent, integral assurance management, Inter-

of the Company and the adequate protection, utilization and conservation of assets in all processes. In turn, the Fiscal Auditor fulfills the responsibility of verifying and certifying public faith on relevant issues, such as the observance of legal, statutory and administrative regulations by the Company, the reasonableness of its financial statements and the disclosures contained therein.

The results of the continuous

monitoring activities by the Administration and independent evaluations, conducted by Internal Auditing and the Fiscal Auditor, are reported in each case in a timely manner to the appropriate authorities, including the Finance, Audit and Risk Committee, which confirms that the performance of the financial information disclosure and control systems of the Company and its businesses is appropriate. These systems ensure the adequate, timely presenregulations are detailed; these operations were conducted under tation of this information, which is verified through accounting, as it relates to the operations which – due to their nature – must reflect and reveal in the financial statements or in accordance with the expectations, projections, cash flows or budgets, whether they deal with business initiatives or projects, all within the constraints that, by virtue of the law, or the contracts or confidentiality agreements, are imposed on the disclosure of such operations. Based on these activities, we also state that there were no significant deficiencies in the design and operation of the internal

**F**bitda **COP864.257** Billion

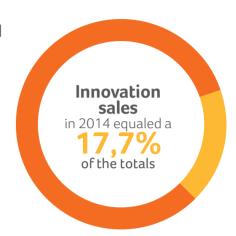
3,8% higher than 2013.

In 2014, **Grupo Nutresa** completed the process to acquire Grupo **El Corral**, and its results will be consolidated beginning in March 2015.

In 2014, we achieved advances in the international **expansion** with the support of the businesses, which include new plants in the United States, Mexico and Chile

**Operational profit** COP 638.340 Billion, with an operational margin of 9,9%.

1,8% less than 2013



controls that would have prevented the Company from adequately registering, processing, summarizing and presenting the financial information of the period. Also, no fraud was identified with an effect of the quality of this information, nor were there changes in its evaluation methodology.

#### Sustainable Nutresa

With the promulgation of Sustainable Development as a strategic objective in 2009, in Grupo Nutresa we have experienced constant learning that has allowed us to define and manage new sustainability goals. In addition to adhering to the United Nations Global Compact in that year, in 2012, we established our Human Rights policy inspired by the principles of John Ruggie, and in 2013 we adhered to the "CEO Water Mandate," the covenant of global business leaders to adopt sustainable solutions related to water.

Fruit of the dialogues with related groups, we have updated the Materiality Matrix of our Organization, as well as the risk matrix, which have served as the thread in this integrated report to address the most relevant issues for the future of our Organization.

In line with this, in the coming years we will focus on six areas that will strengthen our sustainability: Sustainable Sourcing, Nutrition and Healthy Living, Responsible Employer and Citizen, Environmental Sustainability, Corporate Governance and Effective Innovation.

#### For a better society

In Grupo Nutresa we continue to work for the development and quality of life of our employees and their families. In 2014, several Grupo Nutresa companies achieved certification as a Responsible Family Company (Empresa Familiarmente Responsable,

EFR), and "Healthy Organizations," convinced that seeking a balance between family and personal life and helping our teams to incorporate healthy lifestyles contribute to the happiness of employees, while having superior organizational results.

Consistent with the new challenges of an increasingly more demanding environment, we have updated our leadership model and we have defined the attributes and transversal capabilities of the talent in Grupo Nutresa, by posing the challenge to become even better, based on being, knowing our consumers, acting without geographic limits, with a sustainable business vision and collaboratively. For 2015, a high percentage of the Grupo Nutresa leaders will be evaluated against this model and will have identified development plans.

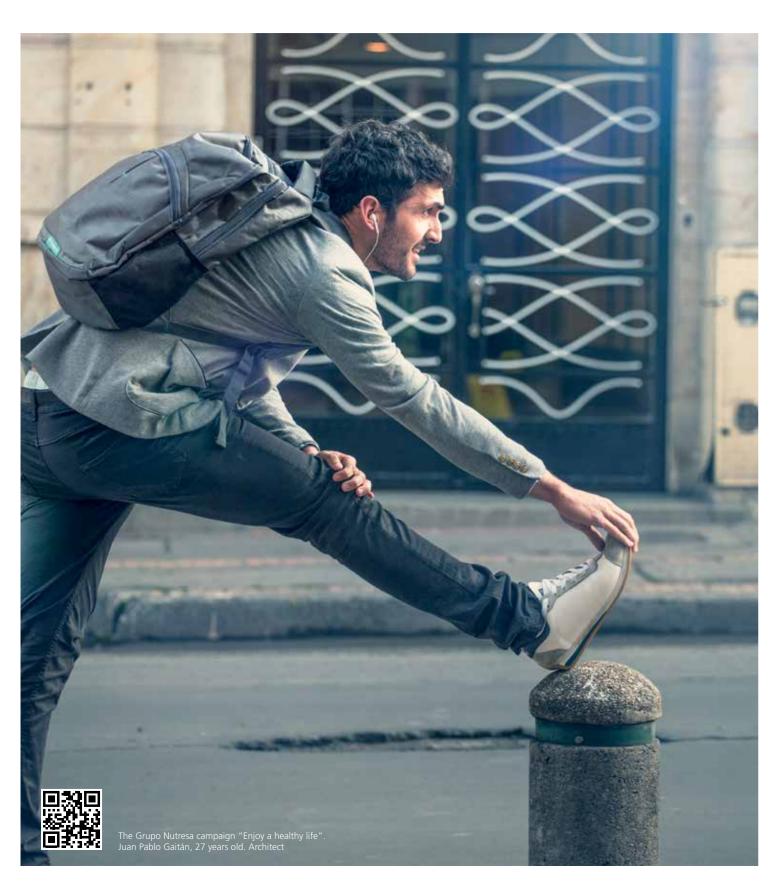
The management system in human rights and the implementation of good labor practices have been working fronts in which we have strengthened in the last two years. In 2014, we formed leaders and work teams in human rights, diversity and inclusion, constructed agreements and competencies to work with persons with disabilities, and we incorporated the "Equipares" international gender-equality standard, in order to provide equal opportunities for men and women. We aspire to be a model Organization on these fronts.

Our external social management has focused on the development of skills in communities, promoting initiatives aligned with the value chain of the Grupo Nutresa businesses. During 2014, we invested COP 33.737 Billion on this front, which benefitted 8.950.837 people and 2.828 institutions. We have more than 10.461 volunteers in 12 countries who donated 28.468 hours and COP 751 Million to support communities in matters related to nutrition, education and income generation.

We also established new partnerships with the Colombian Government to promote quality education and healthy lifestyles.

26 Integrated report 2014 Grupo Nutresa





Noteworthy are the 20 years of management in Educational Quality that Fundación Nutresa has promoted, benefitting more than 644 institutions through its "XXI Century Leaders" ("Lideres Siglo XXI") program.

We invite you to consult the chapters in this report that develop these important in develop these important issues.

#### Our planet

The challenges and opportunities that the environment imposes today on the food sector makes Grupo Nutresa have strategies and initiatives aimed at managing the natural capital to have an increasingly minor impact on the environment. The Grupo Nutresa focus of activity in this area is aimed at, but not limited to, three priority issues: water use and conservation, energy use and conservation and climate-change mitigation, which are the most relevant aspects for our Organization and its related groups.

During 2014, we advanced satisfactorily in the environmental goals for 2020. We accumulated an 18,2% reduction in our energy consumption; we decreased greenhouse-gas emissions by 21%, and water consumption, 15,5%. All of these figures are compared against the 2010 baseline.

With our performance in various public spaces and participation in the investment in the Cuenca Verde Water Fund, we have generated opportunities for training and outreach, to mobilize the public and private sectors toward a better management of water resources.

The trend to consume smaller portions presented in individual packages has generated a great challenge for Grupo Nutresa companies to achieve their goal of reducing packing material per ton produced by 2020. In 2014, we created an interdisciplinary team in charge of exploring, designing and implementing actions that reverse this trend in increased packaging.

It is noteworthy that 2014 was an important year in terms of the environmental strengthening of our operations outside of Colombia, given through the integration of the management systems and environmental metrics for all our operations in the strategic region. Moreover, as a reflection of suitable environmental commitment and management, during 2014 we obtained the ISO 14001 Certification in Environmental-Management Systems in nine of our sites and companies, completing a total of 18 certified.

Detailed information on the different environmental indicators and programs related to optimizing the use of resources and their environmental impact are presented later on in this report, which we invite you to learn about in more detail.

#### Perspectives

The year 2015 presents new, demanding challenges, including lower prices for some energy and mining raw materials that are

an important source of income for many countries and expectations of lower growth dynamics and consumption in the region.

To this we add the devaluation of our currencies in Latin America in relation to the US Dollar, which will increase the costs of some supplies, and, simultaneously, provide us competitiveness against the imported products of some of our competitors, while enhancing our export strategy.

As for the regulatory environment, we foresee that regulatory changes will continue in health and nutrition, which are a global trend, and we will incorporate the impacts of the recent tax reform

Nevertheless, and with the goal of our Centennial Vision, 2015 will contribute positively to achieving our long-term goals. We hope that with our team of talented, committed and responsible employees, we will seize the opportunities offered by the fact that we operate as locals in 15 countries, especially those that are part of the Pacific Alliance, to continue to excel in such a challenging

We will incorporate Grupo El Corral into our sustainable growth strategy, understanding the particularities of this type of business and leveraging its great capacities from its human aspects, brands, quality and scale to support them through the Grupo Nutresa bu-

Finally, we must continue to actively monitor the markets of our raw materials that are, somehow, related to fixed prices in Dollars, and that may have a slightly bullish behavior that generates some pressure on profit margins.

#### Acknowledgements

On behalf of the management team, our thanks to all shareholders for supporting our management. To our employees who are part of this great team, to our clients who make our products available, to consumers for choosing us every day, to our suppliers for their high quality and commitment, and to the community in general for allowing us to develop this business model, thank you, everyone, for contributing and inspiring us to develop Grupo Nutresa sustainably.

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- Antonio Mario Celia Martínez-Aparicio Chairman of the Board of Directors
- David Bojanini García
- Gonzalo Alberto Pérez Roias
- María Clara Aristizábal Restrepo
- Alberto Velásquez Echeverri
- Jaime Alberto Palacio Botero
- Mauricio Reina Echeverri
- Carlos Ignacio Gallego Palacio CEO

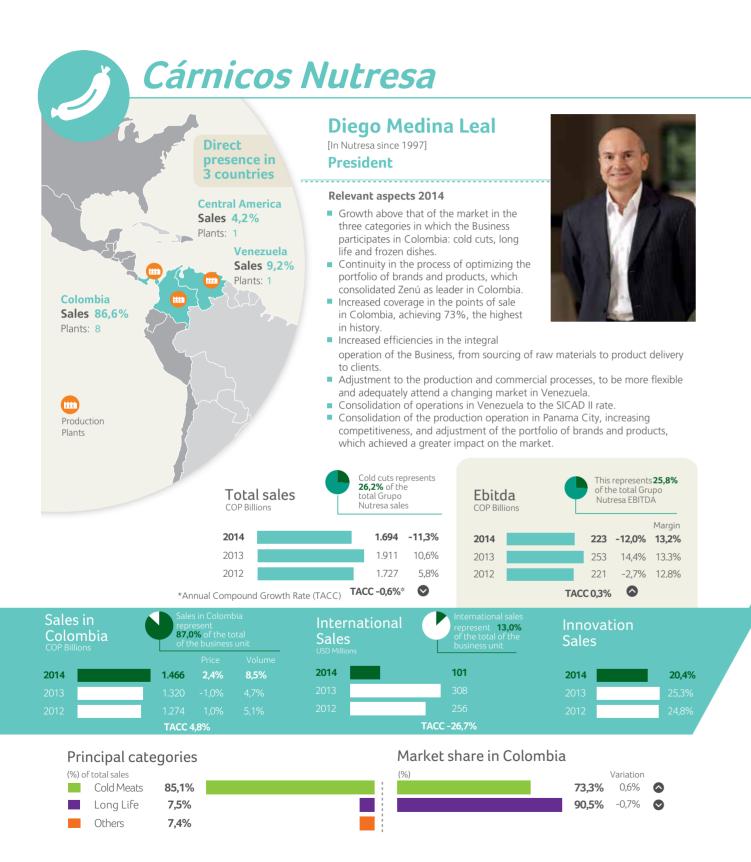


To learn more about the Grupo Nutresa Campaign "Enjoy a Healthy Life," visit our Webpage <u>www.nutresa.com</u>



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- Continue streamlining the categories in which we participate.
- Implement new attention models to convenience–store channels.
- Maintain the high positioning of brands and products and have greater presence in customer refrigerators.
- Research and develop innovative concepts in wellness, nutrition, health and food safety, to meet the needs of a more discerning, informed consumer, thus achieving the sustainability of the business
- Search constantly for novel schemes for the efficient, competitive sourcing of raw materials, to minimize cost volatility.
- Increase efficiencies in the distribution model.

# Raw materials (RM) (%) Production cost Others (includes MOD, CIF and other minor RM) 33,7%

Chicken and turkey



8,3%



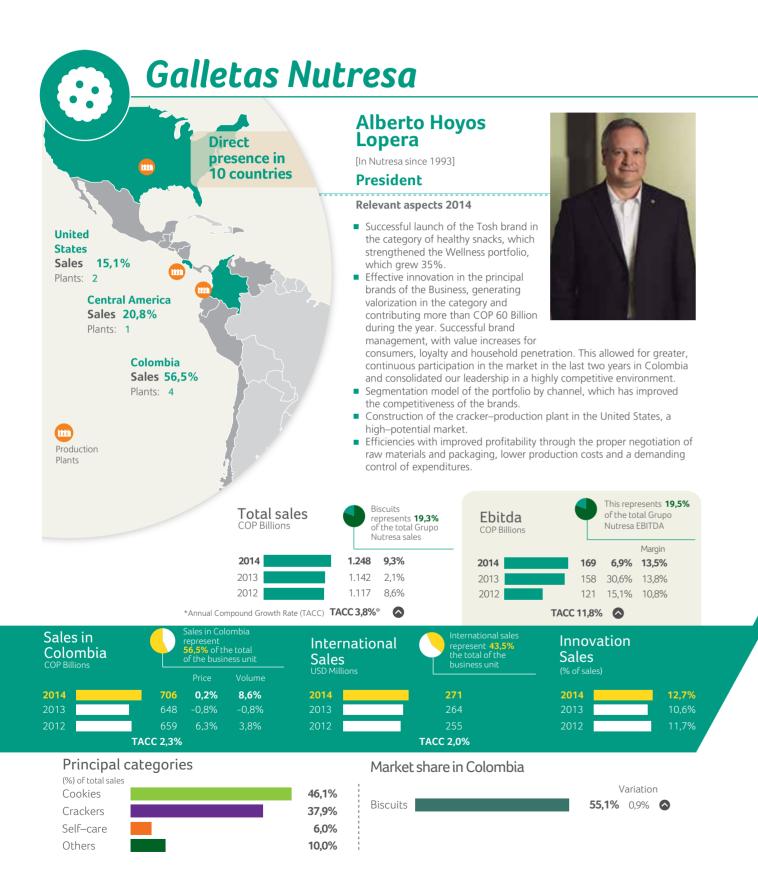
32,6%

#### Presence of our main brands









- Continue the effective innovation strategy, which allowed us to maintain high growth rates in the nutrition and wellness portfolios.
- Strengthen portfolio proposals segmented by channels, to ensure competitiveness and access to consumers.
- Search permanently for improvements in productivity and efficiencies in production costs.
- Begin operations to produce crackers in the United States, which will improve the competitive position and scale of the biscuit business in this country.
- Strengthen capacities to seize market opportunities in Ecuador, Peru and Chile, supported in the Grupo Nutresa brand model and the production and distribution platforms.

## Raw materials (RM) (%) Production cost







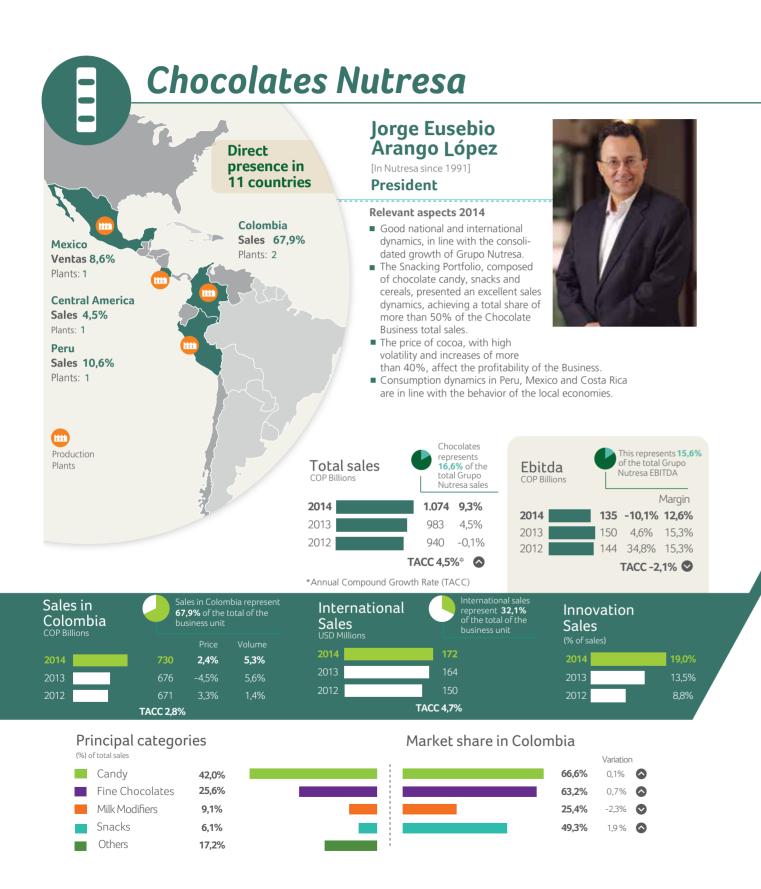
# Increase in productivity Distribution channels (%) of sales 2014 3,2% Institutional 3,0% Industrial 5,0% 2013 -1,1% Alternative 6,0% Stores and convenience convenience chains 28,0% stores



Brands with sale >USD 50 M







- Compensate the impact on profitability due to the higher cost of raw materials, to achieve efficiencies in the operation, effective innovation and strategies to adequately compete in the regions in which the Business is present.
- Streamline the category of lower growths, with innovation in modern products that provide convenience and practicality.
- Support the increase in per–capita consumption in the category of snacking products, advancing a strategy with differentiated value proposals and the development of functional, nutritional and healthy products.
- Increase specialization and boost exports of the productive platforms abroad, to strengthen their integration and strategic priority within the different categories of the Chocolate Business.
- Consolidate and strengthen the cocoa sustainability programs and their activities on farms and in factories.

#### Raw materials (RM)

(%) Production cost









30.5%









Oils and fats

Increase in productivity



Distribution channels



convenience stores



#### Presence of our main brands



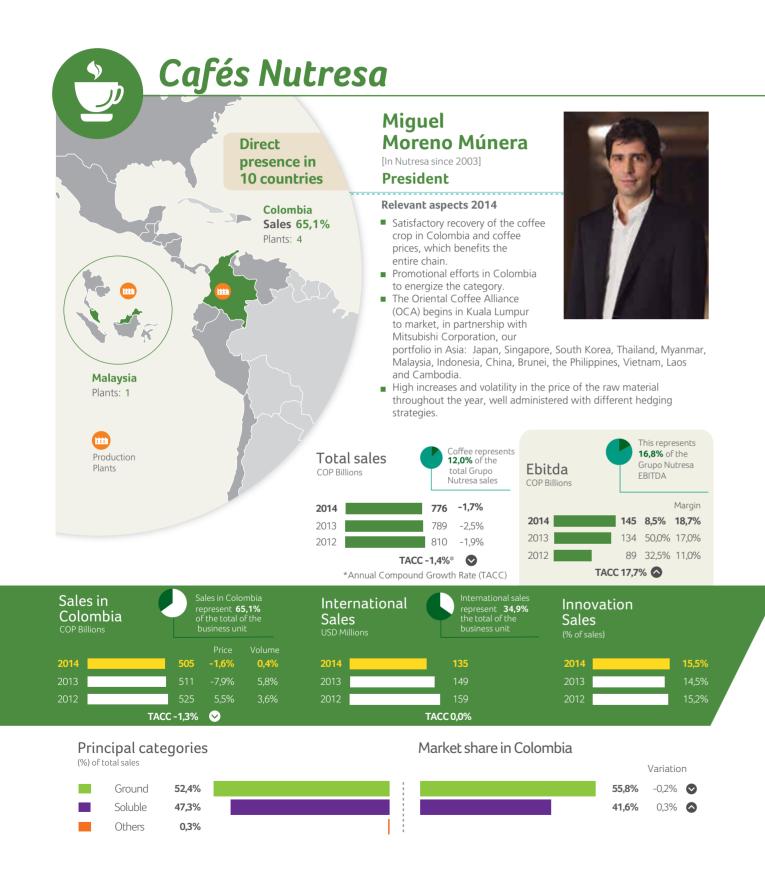
**Employees** (includes direct, indirect and apprentices) 4.082



International National **Direct Employees** 







- Energize the coffee category in Colombia, increasing per-capita consumption through product innovation, consumer education in preparation and benefits, and institutional programs to promote coffee consumption.
- Consolidate the Colcafé brand in the strategic region.
- Consolidate the strategic alliances in Asia, increasing our presence in the region, and in the United States with the involvement of new business partners.
- Effective, massifiable innovation for Colombia and abroad.
- Continue the hedging strategy to counter the environment of high volatility in the prices of green coffee.

#### Raw materials (RM) (%) Production cost





21,3%

(includes MOD, CIF and other minor RM)



Packaging material



#### Presence of our main brands



(%) of total sales CIB

Pasta

Coffee

Snacks

Others

39,3%

20,1%

8.0%

7,0%

25,6%



#### Tresmontes Lucchetti (TMLUC) lusto García Gamboa [In Nutresa since 2013] **President** 2014 Environment Integration of the marketing networks: Mexico: distribution of the Nutresa Mexico products since January; Costa Mexico Rica: Galletas Pozuelo has distributed Sales 17,8% TMLUC products since July: Peru: Plants: 1 progress in integrating the distribution the TMLUC products in the group network. Other countries In Mexico, a reformulation, redesign Sales 14,9% and launch of the complete Zuko line with a sugar–free product. Chile Advances in the project for direct attention to neighborhood stores Sales 67.3% Construction of two plants in Guadalajara, Mexico: one to produce cold Plants: 3 instant beverages; the other, pasta. A new baked snack and biscuit plant in Casablanca, Chile. Implementation of the Grupo Nutresa strategic sourcing model. Replication in Mexico of the "Intervention in Public Schools to Prevent 1111 Obesity in Children" project, a model that has been successfully Production implemented in Chile for several years. Plants This represents 10,7% Ebitda Total sales 11,7% of the total Nutresa EBITDA Grupo Nutresa Margin 2014 756 N.A. N.A. 12,2% 252 N.A. N.A. 16,2% \*Figures from September to December 2013 Market share Principal categories

CIB (Ch.)

CIB (Mx.)

Pasta (Ch.)

Coffee (Ch.)

Potato Chips (Ch.)

#### Strategic challenges 2015

- Launch the pasta category in Mexico under the Lucchetti brand, through a differentiated product proposal and its activation in the media and distribution channels.
- Launch a new category in Chile, beginning in the cracker segment with the Kryzpo brand, through a market-innovation proposal.
- Continue integrating the business operation of TMLUC Mexico, Central America and the Caribbean.
- Pursue the project of specialized attention to neighborhood stores
- Positive outlook for growth in the stackable potato-chip category in Chile and advance in the internationalization of this category with the Kryzpo brand.
- Continue to deepen the strategic sourcing project and the implementation of additional Grupo Nutresa practices in the areas of productivity and innovation.

#### Raw materials (RM)

(%) Production cost



20,2%

11.0%

(includes MOD, CIF and other minor RM

material



Fats and Oils

















2.9%

#### Presence of our main brands



**Employees** (includes direct, indirect and apprentices)

100% International

**Direct Employees** 





Variation

-0,2%

-1,0%

0.5%

-0,2%

2,8%

63,2%

28,8%

29,9%

16,6%

13,5%

Others

1,4%



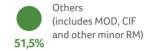


#### **Strategic challenges 2015**

- Maintain the double-digit growth dynamics. Continue advancing in our innovation models, seeking innovations with greater impact that contribute to the growth objectives.
- Introduce freezers with better performance in terms of energy consumption and environmental impact.
- Expand distribution synergies with Cárnicos Nutresa to expand coverage.
- Complete the process of changing designs in our BON ice cream parlors and begin the process in the POPS ice cream parlors.

#### Raw materials (RM)

Production cost





Milk



5.9% Suga



17,3%

Å

Oils and fats

5,0%

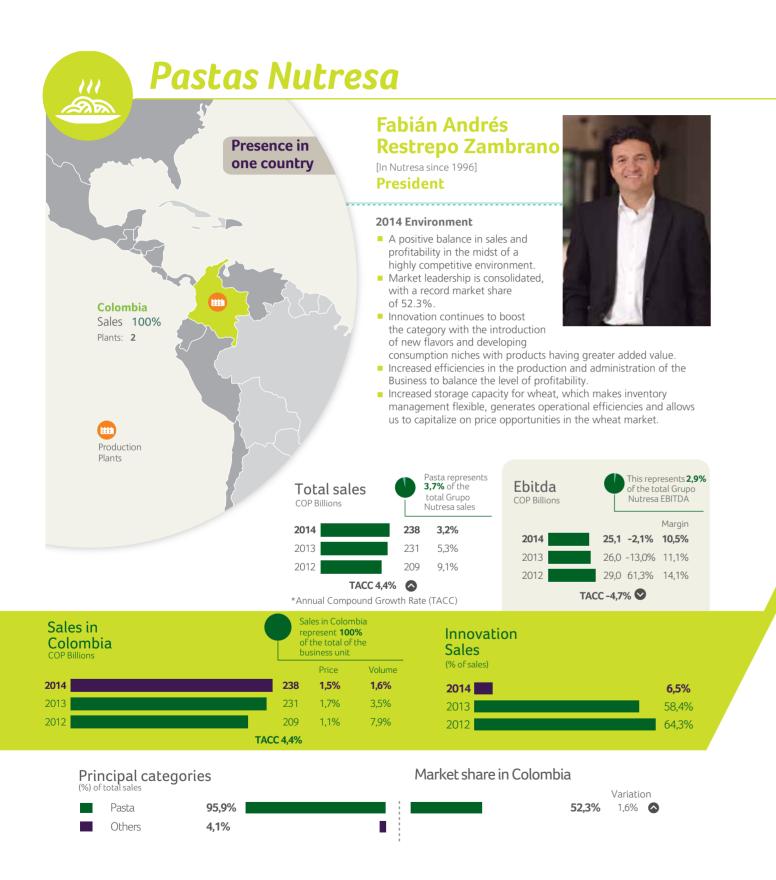


#### Presence of our main brands









- Increase the profitability of the Business in an environment of devaluation in Colombia, a market sensitive to price increases and the entry of new local competitors.
- Explore the international market by leveraging the production infrastructure we have in Colombia, Chile and Mexico.
- Reorient the Doria brand strategy, based on the deep knowledge of the Colombian consumer, to encourage the use of the product in daily preparations to increase the frequency of consumption and penetration in the dish, and, thus, increase per-capita consumption.
- Effectively innovate with differentiated value proposals within the pasta category, which have valued the Business.

#### Raw materials (RM)

(%) Production cost



neat







#### Presence of our main brands



Brands with sales >USD 50 M







#### **Perspectives 2015**

#### Ice Cream Parlors

- Launch new products and categories to increase consumer diversity and frequency of visits.
- Remodel stores with modern, friendly environments.
- Continue the focus of improving the management and business-management model.

#### Starbucks

Execute the opening plan.

#### Grupo El Corral

- Consolidate the new Retail Food business unit.
- Evaluate opportunities of each one of the brands and properly develop their potential.
- Brace the expansion plan in Grupo Nutresa capabilities and develop the Grupo El Corral units.

#### Presence of our main brands



**Helados POPS** operations Costa Rica Nicaragua

Guatemala

**─** Grupo El Corral international operations

Sales in Colombia

2014

International Sales USD Millio

2014

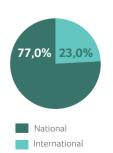
### **Employees** (includes direct, indirect and apprentices)

6.103

The 4.500 Grupo El Corral employees did not consolidate Grupo Nutresa figures in 2014.



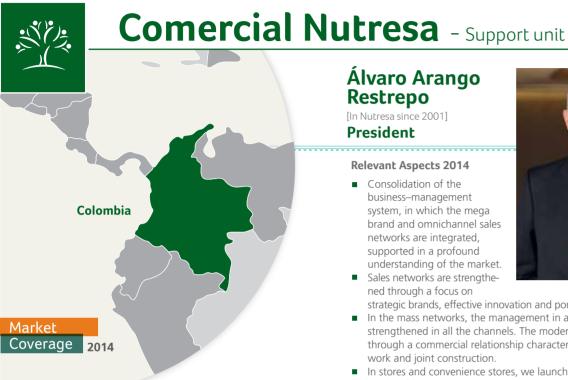




Integrated report 2014 46 Grupo Nutresa

17,4%







Annual Compound Growth Rate (TACC) TACC 0,9% \*These figures are already included in all the businesses

### Álvaro Arango Restrepo

[In Nutresa since 2001]

#### President

#### Relevant Aspects 2014

- Consolidation of the business-management system, in which the mega brand and omnichannel sales networks are integrated, supported in a profound understanding of the market.
- Sales networks are strengthened through a focus on strategic brands, effective innovation and portfolio segmentation.
- In the mass networks, the management in a point of sale is strengthened in all the channels. The modern channel grows through a commercial relationship characterized by collaborative work and joint construction.
- In stores and convenience stores, we launched a massification model of commercial developers, which has generated a
- Qualification with a level of excellence against international standards in satisfaction and loyalty. Recognized as the best mass-consumer supplier in Colombia.
- In the specialized networks, Novaventa and La Recetta achieved excellent performance by presenting double-digit sales growth.

## **Employees** (includes direct, indirect and apprentices)

2012

5.303

## **Direct Employees** 23,0% 77,0%

1.871

6,8%

#### Distribution centers in Colombia (%) of sales

Others Supermarket

0.8% Stores and

79,0%

#### **Perspectives 2015**

- Develop our commercial-management system, according to changes in the environment and the incorporation of knowledge of the shopper by segment, to accompany our clients in their rotation and profitability processes.
- Effectively implement value proposals that accompany the development of the modern channel and its different formats.
- Advance in consolidating the commercial-management model through the omnichannel strategy.
- Design and implement digital platforms.

## Servicios Nutresa - Support unit **Sol Beatriz Arango Mesa**



#### **Direct Employees Employees** (includes direct, indirect and apprentices) **758** 49,0% 51,0%

#### **Shared Services Corporate Supports**

Innovation

Media buying

Sustainability

Ex-pats

Vidarium

Market intelligence

Fundación Nutresa

#### **Administrative Services**

- Strategic Sourcing
- Infrastructure

#### **Financial Services**

- Financial Planning
- Accounting
- Taxes Treasury

#### **Risk Administration** and Control Services

- Auditing
- Legal Assistance
- Risks, Insurance and Safety

#### **Human Services**

- Human Development
- Corporate Communications

#### Information **Technology Services**

#### Consolidation of the strategic sourcing process with savings of

[In Nutresa since 1992]

**President** 

more than COP 72 Billion. Creation of a shared services

**Achievements and Progress 2014** 

Productivity and competitiveness

- sub-center in Costa Rica. Beginning of Nutresa Shanghai
- operations and its consolidation as a purchasing office in China.



#### Sustainability Management

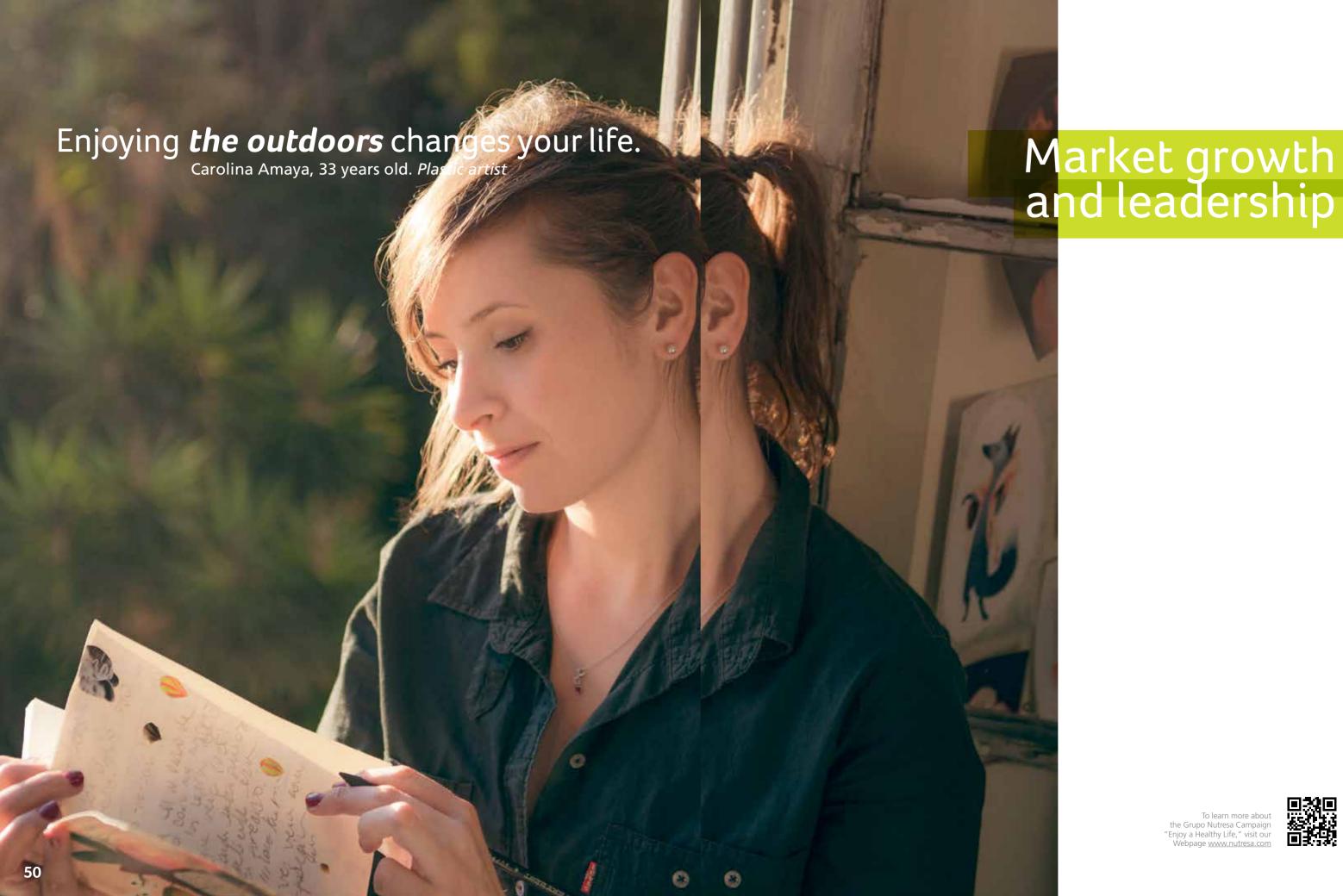
- Identification of environmental and social risks in the supply chain and construction of the mitigation plan.
- Begin the Human Rights management system. Update the Grupo Nutresa Materiality Matrix and the Risk Matrix.

#### Excellence in Service

- External certification of the integrated management system in matters of quality, care of the environment, labor safety, healthy lifestyles, and personal, family and labor conciliation, ensuring that we are a world-class service provider.
- Update the portfolio and design new services, accompanied by a management model that contributes to improving the satisfaction of Servicios Nutresa clients.

#### Perspectives 2015

- Incorporate management technologies and tools that expedite decision making, generate productivity and bring Grupo Nutresa and its businesses to consumers and clients.
- Implement innovation, productivity and capacity–development projects for our clients.
- Strengthen the international presence and coverage of high–quality global services, seeking additional synergies among businesses and geographies.
- Manage competitive sourcing in new geographies and categories.
- Ensure the closing of gaps in Sustainability with an international focus and in the new Grupo Nutresa businesses.
- Strengthen leadership and commitment and maintain an adequate organizational climate as a platform to accomplish results.
- Promote a culture of client-oriented service.









The characteristics and the constant evolution of the strategic region where the Grupo Nutresa markets are developed present the challenge of generating expansion and positioning strategies, which allow increased trade and the opening of new markets.

#### Highlights



Profitable growth and international expansion

**Grupo Nutresa** had sales

for COP6,5 Trillion in 2014, a growth of 9,5% and an EBITDA margin of 13,4%.

de COP4,2 Trillion, with a growth of 8,6% compared to 2013, of which 7,1% corresponds to volume and 1,4% to price. Grupo Nutresa closed the year with a **60,0%** 

market share in Colombia.

Sales in Colombia were

In the **international** market, sales for

USD 1.115 Billion were achieved, with a growth of 3,7% and a participation

of the total Grupo Nutresa sales.



#### Grupo Nutresa Trading System 2020 Brand management [G4-4]

The brand management model is the guiding principle of the commercial strategy; it is centered on consumers, implying a market orientation to satisfy consumer needs with contributions to their wellness, nutrition and pleasure. It is determined by consumer segmentation and understanding the buyer, the value proposals and the flawless execution in the point of sale to ensure the preference, satisfaction, loyalty and, consequently, the leadership of the brands in the categories in which they participate.

The overwhelming presence in the macro-categories of food, beverages and snacks evidence the appropriate attention to consumers. In 2014, the principal Grupo Nutresa brands in these macro-categories obtained growths of 16,0% in food, 3,5% in beverages, 20,0% in snacks and 6,6% in ice cream. The brand-architecture strategy has as its pillar the Nutresa, Zenú, Pietrán, Festival, Tosh, Noel, Chocolisto, Jet, Doria, Colcafé, and Crem Helado mega brands, which, together, grew 14,4% in total sales (domestic plus international). The Tresmontes Lucchetti international brands Kryzpo and Livean grew 19,8% and 18,4%, respectively.



In the macro-category of general food are found the categories, such as cold cuts, pasta, frozen dishes and snacks, long-life foods, ready-to-eat cereals, food solutions, soups, creams, broths and sauces.













In the beverage category are hot drinks, refreshing drinks, juices and nectars.

















Sales for the six principal brands surpassed COP 770 Billion and grew 3,5%

\* To achieve comparability, these brands will be included beginning in 2015.

The snack category is comprised of biscuits, candy, cereals, nuts and potato chips, among others.



















In the ice cream category.











Sales for the three principal brands surpassed COP 392 Billion and grew 6,6%

52 Informe integrado 2014





#### Effective innovation

Innovations, especially in ice cream, candy, nuts, biscuits and cold cuts, propped up the growth in sales, with a participation of 17,7% in 2014.





Grupo Nutresa brings the best value proposal to its consumers.

#### Network management

The model of reaching clients is aimed at highlighting the brands at the point of sale; it obtained achievement indicators of excellence during the year. In Colombia, the commercial network of *Cárnicos Nutresa* consolidated the distribution of the ice cream and juice businesses for the modern channel and independent convenience stores, representing an increase in sales of 23,2%, compared to 11,8% of the business total. In the international field, thanks to the synergies among the Grupo Nutresa companies, we have deepened sales in the traditional Mexican channel, with attention to nearly 250.000 points of sale through the Tresmontes Lucchetti dealer network, as well as a 13,2% growth in the traditional channel (stores) in Chile.



#### Client satisfaction [G4-PR5]

The loyalty of Grupo Nutresa clients was measured with a result of 87,7% in satisfaction and 70,4% in loyalty for national clients; among international clients, satisfaction was 87,8% and loyalty, 59,0%. These results, according to the methodology used by the Ipsos research agency, mean a degree of excellence in both indicators.

National clients

Satisfaction 87,7% Loyalty 70,4%

International Clients

Satisfaction 87,8% Loyalty 59,0%

## Challenges

#### Risks in the competitive environment

Due to its economic dynamism, the strategic region defined by Grupo Nutresa represents an attraction for big players in the food industry that have differentiated, relevant strengths (global products or local products among other features), enabling them to reach some segments of the population with innovative value propositions.

This requires superior performance by Grupo Nutresa to remain leaders and maintain and increase the preference, satisfaction and loyalty of consumers, shoppers and clients.

In that sense, the Organization continues to strengthen its distribution networks with a focus on strategic brands, effective innovation and portfolio segmentation to address the effect of competition focused on prices and promotions. Likewise, in Mexico, Guatemala, El Salvador, Costa Rica, Panama, Peru and Chile, we have been implementing the model of brand management and a deep understanding of the buyer and consumer, which enhances their recognition and leadership.

sumers, we highlight the following in the environment:
In the strategic region, channels and options to which consumers and buyers have access are increased. In this

Moreover, in developing channels and new ways of reaching con-

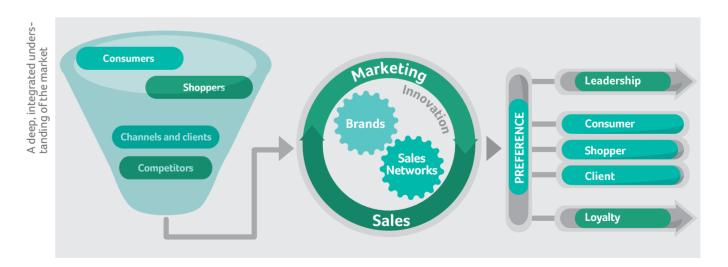
situation, marketing networks specialize and develop to continue as leaders of brands and distribution.

- The modern channel, in line with consumer needs and especially in the formats of convenience or proximity, is in the consolidation phase. For this, we generate client development strategies in the independent and traditional channels, and the management capabilities of the modern channel are also strengthened.
- In this same channel, there is evidence of the evolution of generic products, which compete with low prices and wide display in the points of sale. Additionally, some client formats import products of recognized brands at more affordable prices. Against this, Grupo Nutresa works to strengthen the capital of its brands and the development of differentiated portfolios. In turn, the basis for the model of excellence has been developed in prices to capture the greater value of the brands.

The international market represents a substantial part of the Organization's income generation and shows high growth rates for the businesses. Likewise, raw materials play a key role in the competitiveness of the Grupo Nutresa products, such as cocoa and coffee which presented the greatest negative impact in 2014, unlike wheat, sugar and fats.

### Opportunities and strategy

Grupo Nutresa Trading System 2020



Grupo Nutresa's commercial management is centered on the strategy of brands (mega brands) and sales networks (omni channel), which are based on the deep, integrated understanding of the market. This consists of the generation, transfer, appropriation and application of the relevant, differentiated knowledge of the major market forces.

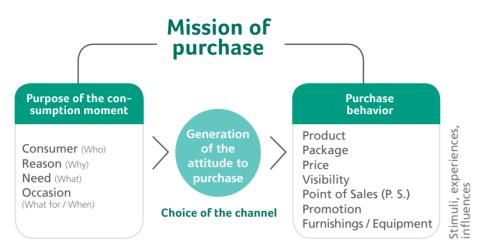
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#### Brand management

With the map of consumer brands, the Organization works on developing the portfolio adapted to some identified segments of consumers, which is complemented with the mainstreaming and targeting of the mega brands. Likewise, the Organization incorporates knowledge of the client buyer in the different categories and segments into the design of commercial initiatives. This is done to understand their purchase missions and be more assertive.

The purchase missions are understood as consumption occasions that generate a purchase attitude and the behavior that occurs at the point of sale.





Chilean shopkeeper (grocer).



Consumer Person who eats Grupo Nutresa products



Shopper Person who makes the transaction



To strengthen brand visibility, there are

Clients The Grupo Nutresa Channel

#### **Progress**

#### The brand-management system

To ensure the preference, satisfaction, loyalty and leadership in the markets in which Grupo Nutresa participates and to better understand the needs of consumers, shoppers and clients, the commercial system that builds and strengthens the value propositions of brands and networks was consolidated.

The integral implementation of the brand- and network-management model obtained the results expected based on excellent implementation:

- We defined the brand architecture and the strategic role of the mega brands, which, thanks to their positioning and achievements, constitute icons for Grupo Nutresa and are projected as pillars to support the patrimony of the Organization and contribute to the internationalization process.
- In turn, their strength, ability to relate and expansion potential into new markets, segments or categories, allows us to:
  - Maximize market coverage to seize potential opportunities.
  - Minimize the overlapping of brands to avoid having more competition in the same market segment.
  - Strengthening the cash equity reflects performance as a measure to determine attitudes toward the brand in the market, the level of proximity, the barriers to consumption and maintaining leadership in each category.

#### Maintaining leadership in each category

#### **Attitudinal Equity**





The ability of the brand to generate a desire to consume the brand or repeat increased consumption

From the deep understanding of consumers, shoppers and clients, Grupo Nutresa works to develop the main drivers of growth, to strengthen its brands and efficiently expand its networks.

#### **Market Effects**



To what extent are market effects worked to allow this wish to become consumption of the brand?



**Effective Equity** 

Effective equity is reflected in the performance of the brand in the Market

#### Innovation

- 2. New sizes 3. New products

#### Implementation



Long life • Prepared food Refrigerated and frozen food • Cold cuts

Mainstreaming powerful brands applied to products developed on any productive platform has allowed Grupo Nutresa to further the consolidation of a portfolio in line with market needs, with the development of products according to low disbursement currency fractions, mainly for the traditional channel, which allows low-income consumers to access products and brands.

The assets of platform brands and products become an opportunity and will continue to be a priority to progress in the markets.

The model of reaching customers is aimed at highlighting the brands at the point of sale. To do this, we work on product presence and visibility, both in refrigerators and freezers as well as on the shelving for groceries and candies.



#### Enhancing international networks and distribution

International expansion is a strategic priority of Grupo Nutresa; therefore, it relies on several fronts to consolidate its development. One is distribution, a differentiating potential in regions such as Central America and countries like Chile, Mexico, Peru and Ecuador, where last year initiatives to strengthen sales fundamentals (market share, numeric and weighted distribution, average order, active inventory, number of references and percentage of depleted products) were secured, both quantitatively as well as the quality of the product reaching the different channels. The extension of the numeric distribution, the consolidation of the portfolios distributed and the development of strategic brands were key to improve this objective.

Grupo Nutresa maintains its presence in 71 countries, 14 of which have their own production plants or distribution. According to the potential and deepening in each market, a specific plan has been defined for the commercial development of the territories to strengthen the positioning of the brands and increase participation in each category.

The synergies that Grupo Nutresa has developed are concentrated in the use of platforms for new tion plants. Grupo Nutresa categories, the consolidation of the distribution networks, knowledge of consumers and shoppers and multi-category promotional activities, among others. This offers greater speed in commercial development since, if we have powerful and complementary portfolios, we can penetrate markets with greater force.

Commercial development in the Southeast Asian market continues to be one of the objectives of sustainable growth, mainly in the coffee category. Aligned with this goal, we have strengthened strategic alliances with global players, with whom we develop activities of market knowledge, implementation of marketing models and creation of supply and production networks that leverage the growth targets.

The implementation of these synergies has allowed the commercial growth of Grupo Nutresa and has also improved the level of the knowledge of globalization and the mentality of its companies and employees, which promotes and facilitates the achievement of long-term, sustainable goals.

#### Leveraging platforms

gion is the strategic location of its productive plat-



Client satisfaction and loyalty are the Organization's priority

forms and their capabilities, both in their marketing vehicles and produc-

Countries such as Costa Rica, Peru and Mexico have strengthened their distribution with the Tresmontes Lucchetti portfolio, making it feasible to reach new grocer channels and deepen the modern and tradi-

The new portfolios reinforce the presence of the brands and support synergies in promotional and distribution activities that allow faster progress in commercial development.

On the other hand, such diverse capabilities of these productive platforms complement the inter-company portfolios, allowing an exchange of products, giving Grupo Nutresa competitiveness and flexibility and expanding its portfolio options in the different markets.

#### Our internationalization model

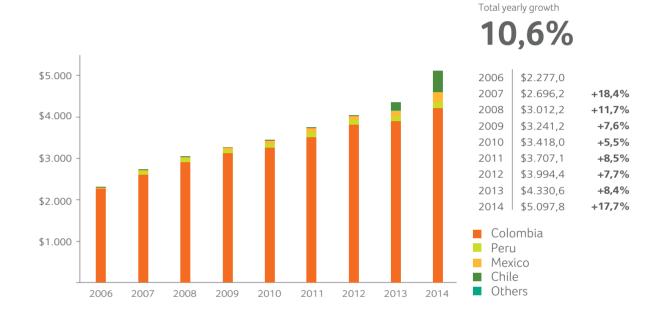
Since 2000, the international–market development has been part of the Grupo Nutresa strategic plan as a key to sustainable, profitable growth.

For this, we ensure the transfer of knowledge and good practices among the platforms through the Multi–Latina Agenda, which allows optimizing resources, capitalizing on experiences, creating joint activities, unifying criteria and developing a team that values cultural differences with the ability to act locally with a global vision, with openness to face challenges.

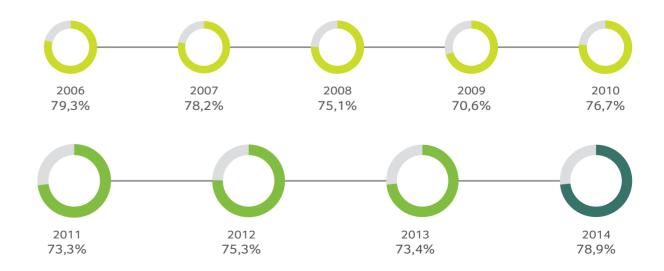
During 2014, we progressed in consolidating our internationalization model, adjusted to the needs of each market and each category. Thus, we incorporated the distribution-matrix tool into the Multi-Latina Agenda, One of the strengths of the Organization in the re- to accompany and monitor key sales and distribution of the international

Through the continuous evaluation of variables, such as market share, numeric and weighted distribution, average order, active inventory, number of references and percentage of depleted products, we seek to lead international operations to continuous optimization, making comparisons with a consolidated operation like that of Colombia.

Sales in emerging countries COP billions

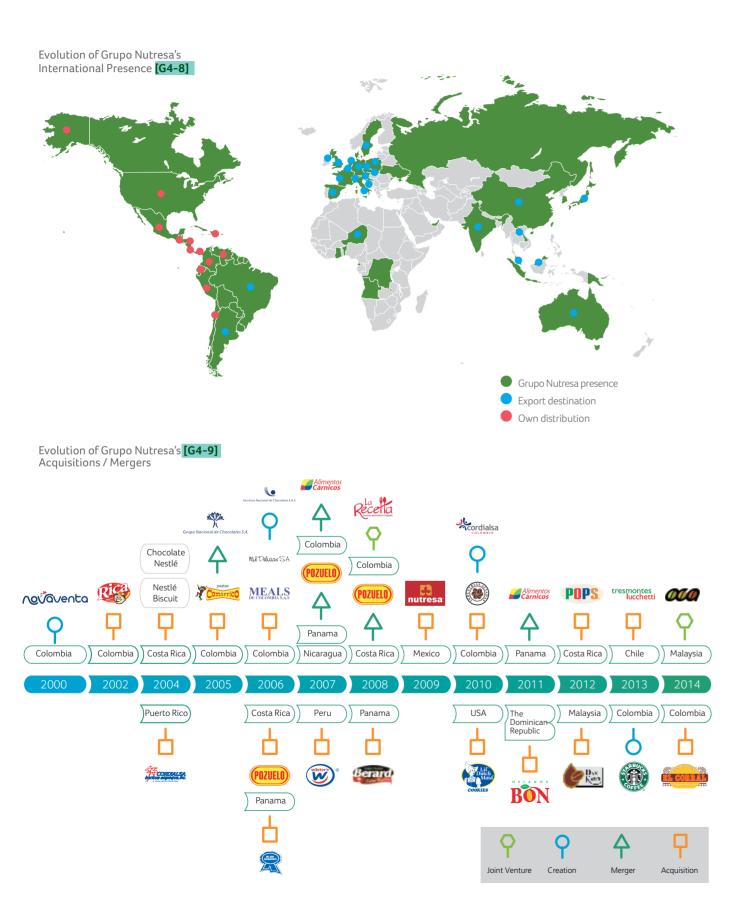


Summary of sales in emerging countries % Sales in emerging countries



60





How has Grupo Nutresa internationalization occurred?

#### Vision

• Market expansion in the strategic region

·

- diversification of destinations
- Long-term objectives
- Autonomy and strategic coherence



Internationalization strategies

- Our own international distribution
- Creation of the brand
- Acquisitions—productive platforms



Our own model– Autochthonous







Humility and an attitude to learn



Suitable teams.

Human quality and basic competencies

Development of people in specific competencies.



Innovation is key for Grupo Nutresa's international development. The markets in the strategic region present dynamics that demand being agile and effective in the innovation that is taken to the market; for this reason, the brand–management model consolidates this development.

From a clear understanding of the consumer, while managing innovation and accompanying the communication and positioning of new products, we become more effective in the market.

The prioritized, targeted allocation of investment resources in the leading brands has also permitted strengthening their presence in international markets with increases in participation,

improvements in the value for consumers, loyalty and household penetration, which maintains the leadership in biscuits in Costa Rica (62,2% share), cold instant beverages in Chile (63,2%), soluble coffee and mixes in Panama (share of nearly 50,0% by volume), and cocoas in Peru and Costa Rica (shares of 27,8% and 63,9%, respectively).

,

A work model was developed to achieve high standards of operation in the ice cream parlors and to empower the basis of the operation of the franchise system. Today we have Point of Sale (POS) in the majority of the ice cream parlors in the Dominican Republic, which allows a better reading of sales and know what our consumers buy every day and at every hour in the stores.

Leadership in:









## Integration of the sustainability strategy in the operations in the strategic region

In order to advance in the consolidation of the Grupo Nutresa sustainability strategy, during 2014 we advanced in understanding operations outside of Colombia; noteworthy is the disclosure of the Materiality Matrix, which allows companies to focus their management on the material issues of Grupo Nutresa. Likewise, we deepened the sustainability strategy in the strategic objectives of the Organization, as well as the internalization of the sustainability goals for 2020; we also established the work plans with each one of the operations to close the gaps in sustainability.

Grupo Nutresa 6



#### **Future vision**

One of the principal challenges is the cultural evolution toward micro–segmentation. Noteworthy are the following aspects:

- Structural changes in the population in terms of demographics (more adult, productive populations) and geographics (from rural to urban), among other changes.
- Social mobility and improved quality of life (by 2025, it is expected that the middle class will represent 75% of Latin America). This transforms the framework of decisions, which pass from restriction to economic availability and the large range of options.
- The effect of technology on the new consumer and buyer.
- The growing awareness of nutrition in health, wellness, and the new requirements that this implies.

#### Generalities about today's consumer

- Faced with the need to achieve a modern standard of living, consumers are looking for value propositions that are tuned to this cause.
- The consumer has understood that innovation, above all, has allowed him to gain access to other perceived high–value assets, such as mobile phones, televisions, and energy, among others.

#### Some initiatives

Focusing on the strategic definition of brand architecture
The Grupo Nutresa mega brand model permitted a growth of 14,4% between
2013 and 2014.

Growth of the mega brands











22,3%

19,6%

25,0%

10,1%

45,4%

10,0%



17,0%



0,8%



8,3%



5,9%

#### International market growth [G4-8]

To reach the Mega 2020, which seeks a level of sales double the 2013 sales and an EBITDA margin between 12% and 14%, market share outside Colombia is critical; we expect that 45% of the total 2020 sales will come from markets outside Colombia.

That's why the growth strategy in the region is aimed at seeking new business opportunities that help the minimum growth of 11% annually in each country with a Grupo Nutresa focus. Also, an integrated vision of a country with leveraged businesses, which promotes a cross–opening to incorporate a competitive portfolio and better business practices, will continue.

The focus will be on developing more productive export platforms, both inter–company as well as toward other markets, and in capturing opportunities in high–potential markets.

To be more competitive, we will continue working on the knowledge of buyers and consumers, to offer them products that meet their expectations, through a broad portfolio that satisfies their needs of wellness, pleasure and nutrition.

In the United States, under the scheme of multi–channel distribution, we will continue to increase attention to the Anglo and Hispanic markets with our brands, as well as develop high–potential clients in private and industrial brands for the Chocolate, Biscuit and Coffee Businesses.



Cold Cuts Business logistics employees at the Ibague distribution center.

#### Marketer Model / Cold Cut Business

The Cold Cut Business implemented a marketer model that works like a mirror of the attention scheme for the direct traditional channel, and allows taking the commercial, logistics and administrative practices of the Business to 45 Marketers, ensuring an economically sustainable model over time for both parties. Noteworthy are: Compliance of the 2014 budget: 105,4% with growth of 12,2%; 160.000 effective clients monthly, equal to 12.000 more than at the beginning of the project; numeric distribution of 73,0%, five points above the beginning of the project, as measured by Nielsen; and 1.650 direct employees in the marketers.

## Grupo nutres:

#### Architecture of the distribution networks

#### **Grupo Nutresa Networks**



The architecture of the Grupo Nutresa sales and distribution networks is comprised of massive, specialized and international networks. In this sense, the initiatives to hiqhlight are the following:

#### Massive networks

#### The marketer model

The Grupo Nutresa arrival model seeks to maximize the presence of our brands in clients, which ensures the delivery of a unique value proposition. For some types of clients or geographies, we have developed the marketer model with exclusive sales networks to complement distribution, consistent with the point–of–sale management model.

Nearly 60 businessmen, with a sales force of more than 1.250 vendors, are accompanied in the integral development of their business by defining the management and administrative parameters with them, while Grupo Nutresa conserves the control of the territory, the client and his information. This has been a key element to efficiently increase the numeric distribution of the categories, which is evidenced, for example, in Chocolate Candy, + 3 points; Nuts: + 7 points; and Pasta: + 3 points.

#### The massification strategy

This is a model that seeks to develop clients as the differentiating element of the value proposal that has a specialized commercial figure in its point of sale. This commercial developer guides the redesign of the businesses to maximize their market opportunities and keep them valid over time. The integral advice offered focuses on the work of the categories and, additionally, on the universe of the store or convenience store.

tresmontes lucchetti

This model has impacted more than 3.500 clients and has generated additional growth for the Organization of 31% above the average.

## Specialized networks Entrepreneur mothers

# This is a direct sale through an inclusive business proposal, the sales of which grew 25,1% with a network of 98.700 Entrepreneur Mothers, who reach 1.500.000 Colombian households are the same than a particular through the proposal sales.

thers, who reach 1.500.000 Colombian households every three weeks, with a portfolio classified by categories according to consumer needs.

Each product offered in the catalogue seeks to generate greater value and client service to bring the best quality products and leading brands of not only food but also a comprehensive supplementary portfolio to their homes. Novaventa finances the business of the Entrepreneur Mothers, with the possibility of building a credit history that serves as a commercial reference.



Business Mother visiting the Novaventa operations center in Carmen de Viboral, Colombia.

## International networks Empowerment of international platforms and networks

During 2014, work began on the mounting, expansion and remodeling of productive capacities in different countries and operations:

- The project to manufacture crackers in Texas, in the United States, will offer the possibility of competing in a high-potential market, with growth exceeding the total of the category and a temporary shortage situation by current manufacturers.
- The Tresmontes Lucchetti baked snack line in Chile was culminated, allowing it to begin participating in new categories in the Chilean market. Likewise, the production project in Mexico for pastas and Cold Instant Beverages (CIB), led by
- Tresmontes Lucchetti, will endow competitive capabilities and proximity to a high-consumption market.
- Helados POPS and Helados BON had representative advances in terms of remodeling and opening new stores in the Dominican Republic and Central America.
   More than 300 points of sale were remodeled and 22 additional ice cream parlors were created. The purchasing experience and visibility in the store improved, which was reflected in an increase in the consumer base, the frequency of visit and the average value of the purchase in each ice cream parlor.



BON ice cream shop in Santo Domingo, Dominican Republic.



Zuko brand sales promoter in a supermarket in Santiago de Chile.

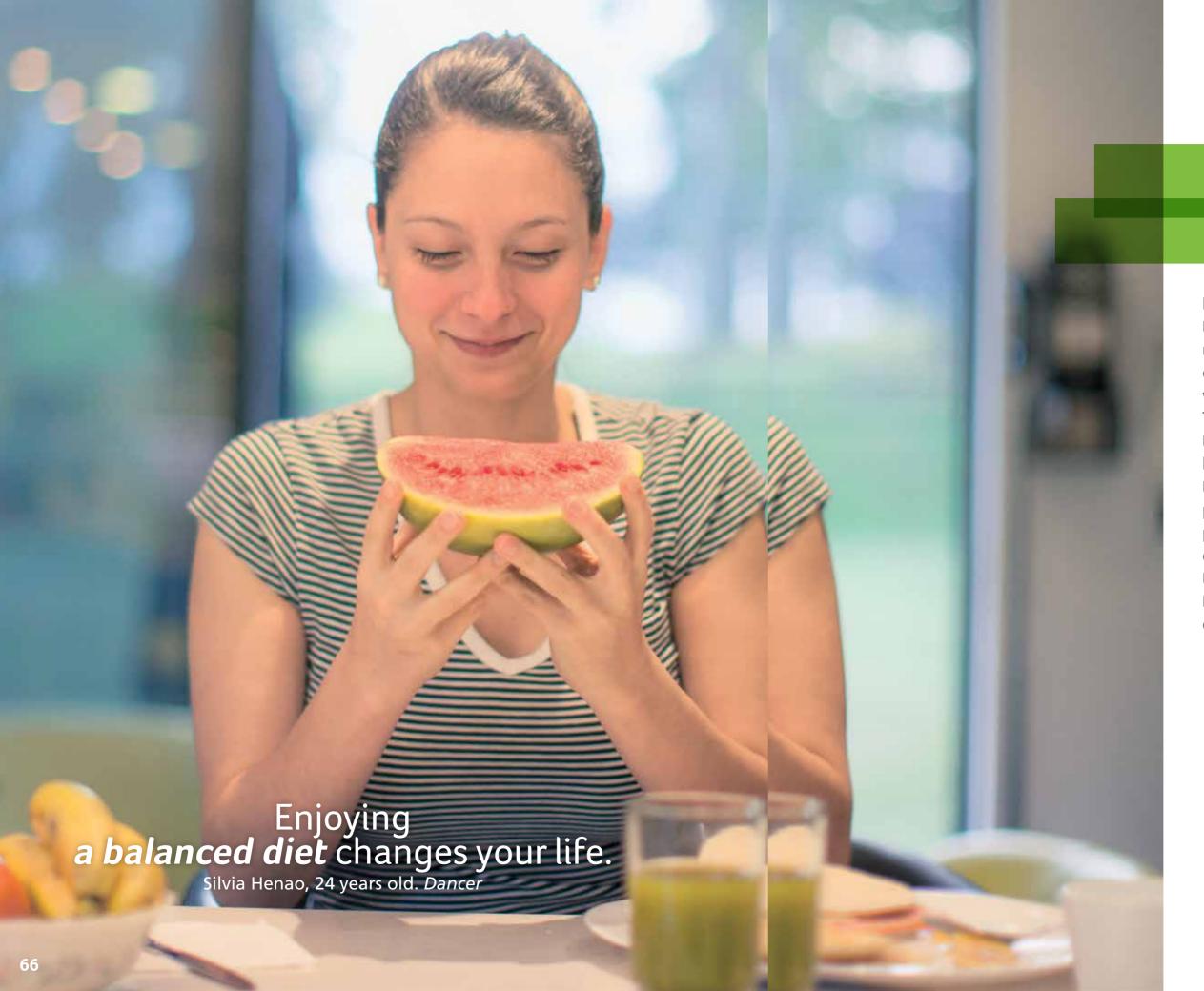
#### Commercial synergies among platforms

Learnings in innovation, development and activation of channels and brand building have allowed synergies to transcend commercial aspects and impact the understanding of the markets and channels where Grupo Nutresa companies participate. The entrance into the channel in local market places in Peru, supported by Zuko, allows products – such as Chocolisto, Cocoa Winter's, Colcafé Familiar and Ducales – to participate with presence in this type of client.

The distribution achieved through Tresmontes Lucchetti in Mexico strengthens the presence of the brands in the Chocolate platform in this country (Nutresa Mexico), to further sales in the traditional channel with attention to nearly 250.000 stores through the Tresmontes Lucchetti distributor network, as well as strengthen the performance in the wholesale grocer and supermarket channel.

#### **Development of international industrial channels**

The Chocolate and Coffee Businesses achieved outstanding advances in the international development of the industrial channel, consolidating and strengthening attention to relevant international companies. The proximity and joint work between client and supplier permitted innovating and developing specialized products for each one, to deliver products that meet the technical specifications required, accompanied by a supply network with a high level of service.



# Effective innovation

Innovation in Grupo Nutresa seeks to transversally strengthen the implementation of the strategic objectives of the Organization throughout the value chain.

Through innovation, there is a better reading of the environment; new business models are made possible; the commitment of the team of employee rises to identify or improve processes, ways of working and products; and the different capitals of the company are improved or transformed, through the implementation of ideas that generate better results.

To learn more abou the Grupo Nutresa Campaig "Enjoy a Healthy Life," visit ou Webpage www.nutresa.co



## Grupo nutres

## Research, development and innovation



The Vidarium Laboratory in Corporación Ruta N in Medellín.

## Purpose

Through the generation of capabilities and the creation of culture, build value founded on differentiation in the business model, products and processes.



## Strategies



Redefine the innovation strategy and the structuring of the governance model.



Launch the technological surveillance process and prospective as management tools.



Adopt and boost innovation programs: Innovative Success Stories, Exemplary Practices, Innovative Solutions and Out of the Box.



Strengthen the basic and applied research infrastructure.



Design a knowledge-management model.









## Progress on the strategies to 2014



Innovation sales reached a 17,7% share of total Grupo Nutresa sales.



Three prospective exercises concluded and we formed a network of technological watchers (vigías) in strategic topics for Grupo Nutresa.



Recognition was made to a total of **2.743 Innovative Success Stories,** for approximately **0,17 success stories per employee.** Likewise, we selected six Exemplary Practices and seven Innovative Solutions, while two radical–innovation projects are ongoing.



In partnership with Ruta N, we launched a new laboratory in Medellín to generate new research capabilities in the businesses.



We consolidated the Campus Nutresa social network, which has nearly 2.500 users and 200 communities.

#### Commitment to 2020

Achieve innovation sales equivalent to

15,0%

of the total Grupo Nutresa sales and reach

**0,3** Innovative Success Stories per employee.



## Perspective

Innovation models will strengthen the mechanisms to identify high–potential ideas that attend clients, shoppers and consumers in depth, while contributing to processes and technologies that attenuate risks and facilitate new business models.



## Recognition by External Entities

Leader in the food sector in Innovation Management, according to the Dow Jones Sustainability Index

Dow Jones
Sustainability Indices
In Collaboration with RobecoSAM (III)



68 Grupo Nutresa

# Responsible employer and citizen

Grupo Nutresa promotes the integral development of its people, seeking to have competent, committed employees in permanent improvement. This is why it supports the training and wellness programs to enhance the quality of life and skills of its human capital, so that it can adequately meet the challenges of productivity and competitiveness found in the food sector. Likewise. it maintains collective-labor relations in a framework of respect for and observance of human rights and the regulations of the countries where the Organization operates. As a corporate citizen, Grupo Nutresa strengthens the competencies of the communities with which it interacts to promote their opportunities and enable their growth and development. Thus, the Organization promotes social capital, improving its interaction with stakeholders.

In this strategic priority, Grupo Nutresa explains the progress and management of three material issues: Good labor practices, Human rights and Corporate citizenship.

To learn more about the Grupo Nutresa Campaign "Enjoy a Healthy Life," sit our Webpage <u>www.nutresa.com</u>





## Good labor practices



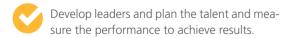
Employees of the Biscuits Business in Medellin.

## **Purpose**

Promote the integral development of employees who are competent and committed.

## Strategies





Adopt world–class standards related to labor

Accompany the management of third parties in labor practices.

Manage labor climate and safety.

## Progress on the strategies to 2014



The Grupo Nutresa leadership model and its ex-pat policy for executives were adjusted, while we implemented a new information and talent-management system.

We achieved nine certifications in the Grupo Nutresa businesses, including "Equipares" and "Family-Responsible Company."

We worked as a team with contractors, suppliers and clients to implement best labor practices.

We achieved an accident rate of 2,62%, better than the average of the industry.



#### Commitment to 2020

Manage excellence in the labor climate, maintaining a score of

**,3%.** Likewise, generate quality employment in a framework of respect for people's rights through safe work environments, and with accident rates lower than

#### Perspective

We will continue with the management to attract and retain the best talent, while promoting a culture that appreciates diversity and inclusion in all their forms.



Servicios Nutresa was one of the six Group companies certified as a Healthy Organization.



Chocolate Business employees in Peru.



as the best company to work in the food sector in Colombia.



**72** Integrated report 2014 Grupo Nutresa

## Grupo nutresa

## Human rights



## Purpose

Protect and respect human rights throughout the value chain and remedy the damages that are presented in this front.

## Strategies



Consolidate the Human Rights Tactical and Strategic Committees.



Identify risks in human rights.



Generate a culture of respect for and protection of human rights.



Training in human rights for Grupo Nutresa suppliers.

## Progress on the strategies to 2014



We adopted the recommendations of the **16 conversations in Human Rights** conducted, and we adjusted the policy to hire relatives.



We constructed the risk matrix in human rights for Grupo Nutresa.



We trained **1.099 employees and contractors** in human rights, and we reviewed the complaint mechanisms.

#### Commitment to 2020

Implement the highest standards in human rights in Grupo Nutresa, continuing to comply with and promote the principles of the United Nations Global Compact and be an active promoter in the value chain with our strategic allies.

#### Perspective

The management of human rights will continue to be a challenge in the medium and long term, for which we have a strategy for 2020 with action plans that involve the businesses, contractors, suppliers and marketers.

## Corporate citizenship



Girls from the Belencito Corazón Community, Medellin, Colombia.

## Purpose

Work for quality in education, contribute to solve the nutritional needs of the population, and ensure the generation of income and the promotion of entrepreneurship in communities through the development of capabilities.

#### Strategies



Strengthen our own programs to support education



Assist the management of Food Banks.



Generate income and promote entrepreneurship in communities.



Promote volunteer work and place it at the service of the community.

## Progress on the strategies to 2014



Through the implementation of the "XXI Century Leaders," "Oriéntate," "Aula," and "Nutresa Loves Children" programs, **778 institutions**, **1.127 rectors**, **11.366 students** and **202 communities** were benefitted.



**Assistance was provided to 19 Food Banks** in Colombia and improvement plans were defined for food banks in seven countries where Grupo Nutresa operates.



Thanks to an **investment of COP 17.282 Billion**, we supported the rural development of 2.400 farmers in seven Departments in Colombia.



We achieved **10.461 volunteer employees** in Grupo Nutresa in 11 countries in America.

## Commitment to 2020

Implement

**1.000** projects to develop capabilities in the communities with which Grupo Nutresa interacts.

#### Perspective

While we continue to qualify future generations, we will continue to promote partnerships and social and inclusion projects that improve the quality of life and the organizational capacity of the participants in the value chain.



#### Recognition by External Entities

Through Fundación Nutresa, Grupo Nutresa was recognized by CECORP in the category of Social Responsibility for its active, voluntary contribution to the social, economic and environmental improvement of the country through public relations and communication.

# Enjoying a balanced diet changes your life Silvia Henao, 24 years old. Dancer.

# Nutrition and healthy living

Grupo Nutresa has consumers and their quality of life at the center of its strategy, and for this, it offers portfolios of products with alternatives that satisfy their aspirations for nutrition, health and wellness. This strategic priority includes, among other matters, the global challenges of obesity and malnutrition; for this reason, it has incorporated in its 2020 strategy, doubling the portfolios with a healthy profile and becoming a more active corporate citizen in the manner of relating to consumers and transforming human and social capital to generate healthy habits and healthier lifestyles.

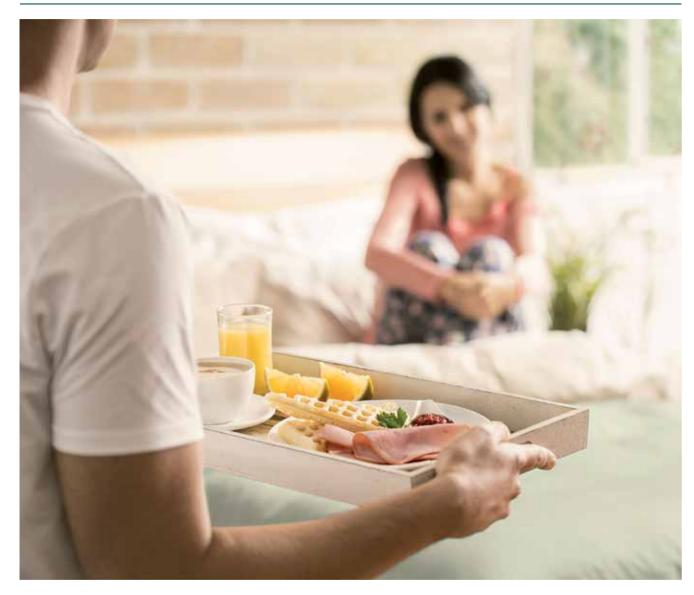
In this strategic focus, the Organization describes the progress and management of two material issues: Nutrition, health and wellness, and Responsible relationships with consumers.





## Grupo nutres:

## Nutrition, health and wellness



## Purpose

Offer portfolios of products and experiences to consumers that contribute to their quality of life and provide them alternatives that meet their expectations for nutrition, health and wellness.

#### Strategies



Promote Vidarium for the generation and management of knowledge in nutrition, healthy eating and wellness.



Define the nutritional profile of the Grupo Nutresa brands and ratify its commitment to reduce sodium, sugar and trans and saturated fats.



Generate awareness on healthy eating and healthy lifestyles.



Ensure permanent information to consumers on the nutritional contents of the Grupo Nutresa products.

## Progress on the strategies to 2014



We achieved progress in generating knowledge about obesity through Metabolic Syndrome (MetS) and intestinal microbiota studies, and their relationship with nutritional conditions.



We adjusted 298 references to the nutritional profile and reformulated 248 references regarding the sodium content, 140 in trans fats, 99 in sugar, and 71 in saturated fats. Altogether, **1.795 references have been reformulated since 2010.** 



In searching for optimal models to adopt healthy lifestyles in public schools, public partnerships were signed with 19 schools in Chile and Mexico. Additionally, the partnership with the Ministry of Education and UNICEF to design and implement educational and healthy lifestyle models in public schools in Colombia was consolidated.



We presented the "Enjoying life nourishes you" campaign while four companies were certified with the "Healthy Organizations" standard.



We implemented the Guideline Daily Amount (GDA) labeling format on the front panel of 2.905 references, equal to 71,1% of the products in the Grupo Nutresa portfolio.



## Hearts Festival in the Coffee Business, in Medellin, to promote healthy lifestyles.

## Commitment to 2020

Through innovation and renovation, double the portfolio of products that meet the healthy profile standards and **obtain certification as "Healthy Organizations"** in all Grupo Nutresa companies.

#### Perspective

In considering the growing importance of promoting healthy lifestyles, we will continue to reformulate products and reduce their content in fat, sugar and sodium. Likewise, we will continue developing affordable, safe and nutritious food and provide consumers with appropriate, comprehensive information on products.



#### Recognition by External Entities

First Place in the ACTA/Acufanud Food and Nutrition Category. XII International Congress of Food Science and Technology – CONACTA – with the work "Chronic coffee consumption improves the antioxidant capacity of plasma without affecting the lipid profile and vascular function. A clinical test."



## Grupo nutresa

## Responsible relations with consumers



## Purpose

Have management and assurance systems that offer trust to consumers on the products that they purchase and consume.

#### Strategies



Review and update the evaluation, qualification and monitoring model for suppliers.



Offer consumers relevant information for their decision making.



80

Strengthen the internal management systems to assure product quality and safety.

## Progress on the strategies to 2014



We adopted a new model to minimize risks related to quality, safety, the environment, people, infrastructure and information in the supply chain.



We reviewed and implemented the policy and protocol for promotional elements, as well as the policy on genetically modified organisms (GMOs).



We achieved different certifications regarding management systems: Hazard Analysis and Critical Control Points (HAC-CP) in ten operation centers; ISO 9001:2008 in 17 centers; ISO 14001:2004 in nine installations completing 18 certifications, and OHSAS 18001:2007 in eight.



#### Commitment to 2020

Maintain excellence in service and loyalty to clients and consumers

#### Perspective

With more connected, informed, demanding and global consumers, greater assertiveness of the brands and a greater commitment by Grupo Nutresa will be necessary to maintain them as the axis of corporate management.



We offer quality in all of our products.



Assistant in the Biscuits Business Distribution Center in Medellin.



## Recognition by External Entities

Grupo Nutresa is third in the list of companies with the best reputation in Colombia within the MERCO Empresas ranking and first in the food and beverage sector.



Grupo Nutresa

# Sustainable sourcing

Complementing the management of the supply chain through the incorporation of socio—environmental variables allows Grupo Nutresa to administer the impacts that occur outside its control, as part of a strategy to capitalize on opportunities and manage potential operational, financial or reputational risks. The management of this material issue creates financial and social capital for the Organization, by mitigating financial risks, generating efficiencies and building long—term relationships with farmers and other suppliers who depend, to varying degrees, on the purchases made by the Organization.







## Sustainable sourcing



#### Purpose

Incorporate socio-environmental variables in the management of the supply chain, which allows Grupo Nutresa to administer the effects and impacts outside its area of direct control.

## Strategies



Implement a strategic sourcing model.



Manage commodities to reduce the negative impacts inherent to the markets.



Promote sustainability in the supply chain.

## Progress on the strategies to 2014



We implemented a strategic sourcing model in international platforms, with which we achieved savings for COP 6.913 Billion.



In order to leverage the competitiveness of the Grupo Nutresa purchases, we consolidated the purchase representation office in Shanghai, China.



Since October 2014, we have applied the strategic sourcing model to the Tresmontes Lucchetti (TMLUC) business, with savings in purchases of COP 338 Million.



Thanks to the implementation of a risk policy and the management of the Commodities Committee, we reduced the negative impacts in the coffee, cocoa and meat markets.



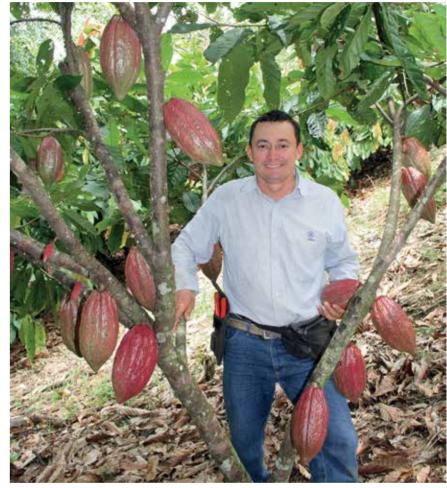
We updated the social and environmental risks in the supply chain through the analysis of 124 purchasing categories.



We launched the human rights policy with nearly 900 suppliers of goods and services. We trained 199 suppliers in to-



pics associated with management systems, including, among others: sustainable development, occupational safety and health, legal updating, money laundering and the financing of terrorism, human management and the development of being.



Cocoa crop at the Yariguíes farm in Santander.



#### Commitment to 2020

Achieve the objectives and the public goals associated with the sustainability of the supply processes, including a

12% reduction in the consumption of packaging material by 2020.

#### Perspective

The supply chain will continue to be managed as a Grupo Nutresa strategic priority, since a significant Commitment to 2020 portion of the risks and opportunities for a company in the food sector comes from this ecosystem.

# Environmental sustainability

The Grupo Nutresa corporate philosophy makes environmental performance – framed in rigorous legal compliance, continuous improvement and the responsible transformation of natural capital – allow its permanence over time and generates competitiveness through the opening of markets and the construction of long—term commercial relationships.

The efforts made around this strategic priority consider the proper administration of three material issues for the Organization: Climate change, Energy, and Water use and conservation. Grupo Nutresa's work on these issues is supported in the certification of its operations under regulations that ensure proper management, the result of which, during the year in question, was that nine sites and production plants obtained their certification in environmental management under standard ISO 14001:2004, to reach a total of 18 certified Grupo Nutresa sites and companies.

To learn more abou the Grupo Nutresa Campaigr "Enjoy a Healthy Life," visit ou Webpage www.nutresa.com



## Enjoying the outdoors changes your life

Carolina Amaya, 33 years old. Plastic artist



## Grupo nutres

## Water use and conservation



## Purpose

Administer the water resource throughout the value chain, in order to reduce risks of scarcity, permit its availability among the communities of influence and decrease the impact on the environment.

## **Strategies**



Optimize water consumption.



Reuse the water resource.



Reduce pollution through the appropriate handling of liquid waste.



Manage the water resource in the value chain and promote its responsible use.



Implement water valuation models to boost water–efficiency projects.

## Progress on the strategies to 2014



We achieved the efficient management of equipment and processes that permitted a 3,23% reduction in water consumption per ton produced, compared to 2013, and a 15,5% cumulative reduction since 2010.



We optimized the water–current recovery processes, with which we achieved a **4,93%** level of reutilization for Grupo Nutresa, equal to **74.599** m3/year.



We improved the operation of existing wastewater treatment plants and we built four new plants in Colombia.



Through the promotion of training spaces and the disclosure of good water–management practices, Grupo Nutresa, as an active member, supported the activities of the Cuenca Verde Water Fund.



We applied a model to incorporate a price for water in accordance with international standards in technological—updating projects, in order to accelerate the financial return.



#### Commitment to 2020

Reduce water consumption by 30% in the Organization per ton of food produced.

## Perspective

We will continue advancing in reducing the impact of the water footprint – direct and indirect – through internal water efficiency work and the development of project with third–sector organizations, water funds and suppliers.



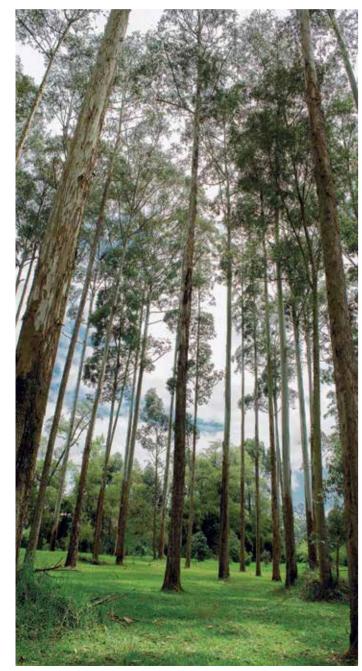
Residual water treatment plant in the Pasta Business at Mosquera, Colombia.

## Grupo nutresa

## Climate change

#### Purpose

Mitigate the impact and ensure adaptation to climate changes through the identification of vulnerability in direct operations and in the value chain.



Forest in the Novaventa premises at Carmen de Viboral, Antioquia

#### **Strategies**



Promote low-carbon productive development.



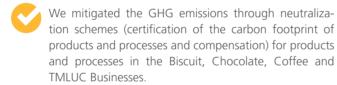
Mitigate greenhouse–gas emissions.



Implement internal valuation models to reduce carbon emissions, to accelerate emission–efficiency projects.

## Progress on the strategies to 2014





We began the development of a model to incorporate a price for carbon in order to value the emissions in technological–updating projects, to accelerate the financial return.



Commitment to 2020
Reduce the Organization's greenhouse—gas emissions by 33% (measured in tons of CO2 equivalent per ton of food produced).

## Perspective

The Organization will maintain the evaluation and management of the risk of climate change through the measurement and compensation of the impact and the implementation of adaptation measures.

## Energy



Purpose

Promote the use of cleaner energies and reduce the energy intensity of operations through the promotion of a culture of efficient use.

Operator in the Biscuits Business in Medellin

#### **Strategies**



Promote the rational, efficient use of energy.



Favor the use of cleaner energies.



Encourage energy efficiency in the value chain.

#### Progress on the strategies to 2014



We achieved an **18,2%** cumulative reduction in energy consumption per ton produced for the period 2010–2014, and 4,4% compared to 2013.



It was possible for **cleaner energies**, such as biomass, natural gas and electric energy, to represent **99,1%** of the Grupo Nutresa energy basket.



We carried out pilot projects with two **100%** electric distribution vehicles, a hybrid vehicle and ice cream freezers that operate with solar energy.



#### Commitment to 2020

# **Reduce the Organization's energy use by 25%** per ton produced and reach a 100% supply from cleaner energies.

## Perspective

We will continue working on the permanent reduction of energy consumption and the increase in the participation of alternative energies.



#### Recognition by External Entities

Tresmontes Lucchetti was recognized with the Energy Efficiency Seal from the Ministry of Energy in Chile. The seal identifies and recognizes those leading companies in the development of measures in this matter, in the framework of the Chile National Energy Strategy for 2012 – 2030.

# Financial statements

The notes to the Financial Statements may be consulted at

2014report.gruponutresa.com/notes-to-the-consolidated-financial-statements/

and at 2014report.gruponutresa.com/financial-statements-notes-basic/  $\,$ 

To learn more about the Grupo Nutresa Campaign "Enjoy a Healthy Life," visit our Webpage www.nutresa.com



#### **CONSOLIDATED** Financial statements

## Fiscal auditor's report

Grupo Nutresa S. A. **Shareholders' Assembly** 

February 26, 2015

I have audited the Consolidated Balance Sheets of Grupo Nutresa S. A. and its subsidiaries as of December 31, 2014 and 2013, and the corresponding Statements of Profits and Losses, Changes in Shareholders' Equity, Changes in the Financial Situation, and Cash Flows for the years ended on these dates and the summary of the principal accounting policies indicated in Note 2 and other explanatory notes.

Management is responsible for the proper preparation and presentation of these financial statements pursuant to the accounting principles generally accepted in Colombia and provisions issued by the Colombian Financial Superintendent. This responsibility includes designing, implementing and maintaining relevant internal control so that these financial statements are free of relatively important errors due to fraud or error; selecting and applying appropriate accounting policies, as well as establishing the accounting estimates that are reasonable in the circumstances.

My responsibility consists of expressing an opinion on these financial statements based on my audits. I have obtained the information necessary to perform my fiscal—auditing duties and I conducted my work in accordance with the accounting principles generally accepted in Colombia. These principles require that I plan and conduct an audit to obtain reasonable certainty that the financial statements are free of relatively important errors.

The financial-statement audit includes, among other things, conducting procedures to obtain auditing evidence on the values and disclosures in the financial statements. The procedures selected depend on the auditor's discretion, including the assessment of the risk of relatively important errors in the financial statements. In assessing these risks, the fiscal auditor considers the entity's relevant internal control to prepare and reasonably present the financial statements, in order to design auditing procedures that are appropriate under the circumstances.

An audit also includes assessing the appropriateness of the accounting policies used and of the accounting estimations made by the entity's management, as well as assessing the presentation of the financial statements as a whole. I consider that the auditing evidence that I have obtained provides a reasonable basis for me to support the opinion that I state below.

In my opinion, the above-mentioned financial statements that I have audited, which were faithfully taken from the consolidation ledgers, reasonably present, in all significant aspects, the financial situation of Grupo Nutresa S. A. and its subsidiaries as of December 31, 2014 and 2013, and its operating results, the changes in its financial situation and its cash flows for the year ended on these dates, pursuant to accounting principles generally accepted in Colombia and the provisions issued by the Financial Superintendent, which were applied on a uniform basis with that of the previous year.



Bibiana Moreno Vásquez Fiscal Auditor Professional Card No. 167200-T Member of PricewaterhouseCoopers Ltda.



#### **CONSOLIDATED** Financial statements



## Certification of the financial statements

The undersigned legal representative and the general accountant of Grupo Nutresa S. A.

#### **CERTIFY:**

February 26, 2015

That we have previously verified the statements contained in the Consolidated Financial Statements, as of December 31, 2014 and 2013, pursuant to regulations, and they have been faithfully taken from the financial statements of the Parent Company and its duly certified and audited subsidiary companies.

In accordance with the above, regarding the above-mentioned financial statements, we state the

- 1. The assets and liabilities do exist and the transactions recorded were made during the corresponding years.
- 2. All economic transactions that were made have been acknowledged.
- 3. The assets represent the rights obtained by the companies; the liabilities represent the obligations obtained or that are the responsibilities of the companies.
- 4. All elements have been acknowledged in the appropriate amounts, in accordance with generally accepted accounting principles.
- 5. The economic transactions that affect the companies have been correctly classified, described and disclosed.
- 6. The financial statements and their notes do not contain defects, errors or material inaccuracies that affect the financial situation, shareholders' equity and operations of the companies. Likewise, adequate procedures and financial information disclosure and control systems have been established and maintained, for the adequate presentation to third-party users of such information.

Carlos Ignacio Gallego Palacio

President



Jaime León Montoya Vásquez General Accountant - Professional Card 45056-T

#### **CONSOLIDATED** Financial statements

## Certification of the financial statements Law 964 of 2005

Grupo Nutresa S. A. Shareholders Medellín

The undersigned Legal Representative of Grupo Nutresa S. A.

#### **CERTIFIES:**

February 26, 2015

That the consolidated financial statements and operations of the Parent Company and its subsidiary companies as of December 31, 2014 and 2013, do not contain defects, inaccuracies or errors that prevent knowing their true financial situation.

This is stated to comply with Article 46 of Law 964 of 2005.

As evidence, this is signed on the 26th day of the month of February, 2015.

Jan.

Carlos Ignacio Gallego Palacio President

#### **CONSOLIDATED** Financial statements

## Grupo nutresa

## Consolidated balance sheet

As of December 31 (Values expressed in COP Million)

|   | NOTES |    | 2014                 |    | 2013        |
|---|-------|----|----------------------|----|-------------|
| ASSETS                                      |       |    |                      |    |             |
| Current assets                              |       |    |                      |    |             |
| Cash and cash equivalents                   | (6)   | \$ | 374.060              | \$ | 415.478     |
| Net debtor accounts                         | (7)   |    | 909.123              |    | 829.822     |
| Net inventory                               | (8)   |    | 865.567              |    | 725.323     |
| Deferred assets and other assets            | (9)   |    | 37.520               |    | 47.694      |
| Total current assets                        |       |    | 2.186.270            |    | 2.018.317   |
| Non-current assets                          |       |    |                      |    |             |
| Net permanent investments                   | (10)  |    | 380.790              |    | 357.830     |
| Debtor accounts                             | (7)   |    | 30.858               |    | 27.477      |
| Net property, plant and equipment           | (11)  |    | 1.625.659            |    | 1.456.074   |
| Net tangible assets                         | (12)  |    | 2.054.699            |    | 2.038.332   |
| Deferred assets and other assets            | (9)   |    | 64.866               |    | 70.031      |
| Valuations                                  | (22)  |    | 5.187.750            |    | 4.612.437   |
| Total non-current assets                    |       |    | 9.344.622            |    | 8.562.181   |
| TOTAL ASSETS                                |       | \$ | 11.530.892           | \$ | 10.580.498  |
| LIABILITIES                                 |       |    |                      |    |             |
| Current liabilities                         |       |    |                      |    |             |
| Financial obligations                       | (14)  | \$ | 450.795              | \$ | 407.588     |
| Suppliers                                   | (15)  |    | 298.022              |    | 299.136     |
| Accounts payable                            | (16)  |    | 393.665              |    | 339.570     |
| Taxes, levies and rates                     | (17)  |    | 128.889              |    | 159.523     |
| Labor obligations                           | (18)  |    | 124.526              |    | 131.144     |
| Estimated liabilities and allowance         | (19)  |    | 9.516                |    | 8.241       |
| Deferred charges and other liabilities      | (20)  |    | 4.249                |    | 3.159       |
| Total current liabilities                   | (20)  |    | 1.409.662            |    | 1.348.361   |
| Non-current liabilities                     |       |    |                      |    |             |
| Financial obligations                       | (14)  |    | 1.672.214            |    | 1.589.149   |
| Accounts payable                            | (16)  |    | 167                  |    | 167         |
| Labor obligations                           | (18)  |    | 7.091                |    | 7.234       |
| Estimated liabilities and allowances        | (19)  |    | 47.907               |    | 45.943      |
| Deferred charges and other liabilities      | (20)  |    | 171.346              |    | 159.573     |
| Total non-current liabilities               | (20)  |    | 1.898.725            |    | 1.802.066   |
| TOTAL LIABILITIES                           |       | \$ | 3.308.387            | \$ | 3.150.427   |
| MINORITY STAKE                              |       | 7  | \$23.731             | ٠  | \$19.209    |
| EQUITY                                      |       |    | 323.731              |    | \$15.205    |
| Company stock                               |       |    | 2.301                |    | 2.301       |
| Capital surplus                             |       |    | 546.831              |    | 546.831     |
| Reserve                                     | (21)  |    | 1.464.035            |    | 1.282.573   |
| Revaluation of assets                       | (21)  |    | 815.898              |    | 761.782     |
| Financial statement conversion effect       | . ,   |    |                      |    |             |
|   | (5)   |    | (193.586)<br>377.571 |    | (173.546)   |
| Fiscal period results                       | /22\  |    |                      |    | 380.235     |
| Valuation surplus                           | (22)  |    | 5.185.724            |    | 4.610.686   |
| Total equity                                |       | \$ | 8.198.774            |    | \$7.410.862 |
| TOTAL LIABILITIES + EQUITY + MINORITY STAKE |       | \$ | 11.530.892           | \$ | 10.580.498  |
| Memorandum accounts                         | (4.2) | _  | (F.004.740)          | *  | (4.004.053) |
| Debtor memorandum accounts                  | (13)  | \$ | (5.891.718)          | \$ | (4.981.064) |
| Credit memorandum accounts                  | (13)  |    | 1.690.590            |    | 1.921.088   |

The notes are an integral part of the consolidated financial statements



Jaime León Montoya Vásquez
General Accountant - Professional Card No. 45056-T
(See attached certification)

Carlos Ignacio Gallego Palacio

arlos Ignacio Gallego Palacio President (See attached certification)

Bibiana Moreno Vásquez Fiscal Auditor - Professional Card No. 167200-T Member of ProewaterhouseCoopers Ltda.

## Consolidated profit and loss statement

From January 1 to December 31 (Values expressed in COP million)

|   | NOTAS | 2014            | 2013            |
|---|-------|-----------------|-----------------|
| Operating income  | (23)  | \$<br>6.461.752 | \$<br>5.898.466 |
| Sales cost  |       | (3.591.978)     | (3.260.968)     |
| Gross profit  |       | 2.869.774       | 2.637.498       |
| Operating expenses for:                                   |       |                 |                 |
| Administration  | (24)  | (408.021)       | (347.578)       |
| Sales   | (25)  | (1.703.834)     | (1.505.166)     |
| Production  | (26)  | (119.579)       | (134.527)       |
| Operating profit  |       | 638.340         | 650.227         |
| Net other income (other outlays)                          |       |                 |                 |
| Income from dividends and financial income                | (27)  | 136.488         | 81.465          |
| Financial expenses  | (28)  | (202.635)       | (121.689)       |
| Net other income and outlays                              | (29)  | (28.525)        | (54.865)        |
| Total non-operating other income (outlays)                |       | (94.672)        | (95.089)        |
| Profit before allowance for income tax and minority stake |       | 543.668         | 555.138         |
| Allowance for income tax and CREE:                        | (17)  |                 |                 |
| Current   |       | (119.636)       | (124.231)       |
| CREE  |       | (32.467)        | (35.569)        |
| Deferred  |       | (11.583)        | (14.687)        |
| Profit before minority stake                              |       | 379.982         | 380.651         |
| Minority stake  |       | (2.411)         | (416)           |
| Net profit  |       | \$<br>377.571   | \$<br>380.235   |
| Net profit per share (in COP)                             |       | 820,59          | 826,38          |

The notes are an integral part of the consolidated financial statements

Jaime León Montoya Vásquez General Accountant - Professional Card No. 45056-T (See attached certification) Carlos Ignacio Gallego Palaci President (See attached certification)

**Bibiana Moreno Vásquez** Fiscal Auditor - Professional Card No. 167200-T Member of PrigewaterhouseCoopers Ltda.

#### **CONSOLIDATED** Financial statements

## Grupo nutresa

# Consolidated statement of changes in shareholders' equity

From January 1 to December 31 (Values expressed in COP million)

|   |         |                        |                       | RESERVES               |                |                          |  |                             |                           |              |
|---|---------|------------------------|-----------------------|------------------------|----------------|--------------------------|--|-----------------------------|---------------------------|--------------|
|   | Capital | Stock-Placing<br>Bonus | Mandatory<br>reserves | Occasional<br>Reserves | Total reserves | Revaluation of<br>Equity | Effect for conversion of financial statements (Note 5) | Profit for fiscal<br>period | Surplus for<br>valuations | Total Equity |
| Balances as of December 31, 2012                  | 2.301   | 546.831                | 206.034               | 823.822                | 1.029.856      | 795.117                  | (162.791)  | 345.507                     | 4.852.137                 | 7.408.958    |
| Dividends decreed (Note 33)                       |         |                        |                       |                        | 0              |                          |  | (182.617)                   |                           | (182.617)    |
| Transfer to profits and reserves                  |         |                        | 6.446                 | 156.444                | 162.890        |                          |  | (162.890)                   |                           | 0            |
| Adjustment for valuation and other concepts       |         |                        |                       | 89.827                 | 89.827         | (33.335)                 |  |                             | (228.924)                 | (172.432)    |
| Minority stake                                    |         |                        |                       |                        | 0              |                          |  |                             | (12.527)                  | (12.527)     |
| Adjustment for conversion of financial statements |         |                        |                       |                        | 0              |                          | (10.755)   |                             |                           | (10.755)     |
| Net profit in 2013                                |         |                        |                       |                        | 0              |                          |  | 380.235                     |                           | 380.235      |
| Balances as of December 31, 2013                  | 2.301   | 546.831                | 212.480               | 1.070.093              | 1.282.573      | 761.782                  | (173.546)  | 380.235                     | 4.610.686                 | 7.410.862    |
| Dividends decreed (Note 33)                       |         |                        |                       |                        | 0              |                          |  | (198.773)                   |                           | (198.773)    |
| Transfer to profits and reserves                  |         |                        | 4.028                 | 177.434                | 181.462        |                          |  | (181.462)                   |                           | 0            |
| Adjustment for valuation and other concepts       |         |                        |                       |                        | 0              | 54.116                   |  |                             | 574.763                   | 628.879      |
| Minority stake                                    |         |                        |                       |                        | 0              |                          |  |                             | 275                       | 275          |
| Adjustment for conversion of financial statements |         |                        |                       |                        | 0              |                          | (20.040)   |                             |                           | (20.040)     |
| Net profit in 2014                                |         |                        |                       |                        | 0              |                          |  | 377.571                     |                           | 377.571      |
| Balances as of December 31, 2014                  | 2.301   | 546.831                | 216.508               | 1.247.527              | 1.464.035      | 815.898                  | (193.586)  | 377.571                     | 5.185.724                 | 8.198.774    |

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The notes are an integral part of the consolidated financial statements



Jaime León Montoya Vásquez General Accountant - Professional Card No. 45056-T (See attached certification)



Bibiana Moreno Vásquez Fiscal Auditor - Professional Card No. 167200-T Member of PrivewaterhouseCoopers Ltda.

## Consolidated statement of changes in the financial situation

From January 1 to December 31 (Values expressed in COP million)

| FINANCIAL RESOURCES PROVIDED FROM:  | NOTES | 2014       | 2013         |
|---|-------|------------|--------------|
| NET PROFIT  |       | \$ 377,571 | \$ 380.235   |
| Plus (minus) debits (credits) to operations that do not affect              |       |            | ,            |
| the working capital:  |       |            |              |
| Depreciations   | (30)  | 130.308    | 113.107      |
| Amortization of intangible assets, deferred assets                          | (31)  | 95.609     | 69.492       |
| and other assets  | (51)  | 95.009     | 09.492       |
| (Recuperation) Amortization of retirement pensions                          |       | (465)      | (469)        |
| Provision for property, plant and equipment, intangible assets              | (11)  | 2.589      | 4.359        |
| and other assets  | (11)  | 2.303      | 4.333        |
| Net profit in sales and withdrawal of investments and property,             | (34)  | (449)      | (14.606)     |
| plant and equipment   | ,     | ` '        | ` '          |
| Income due to change in investments   |       | (3.864)    | ` '          |
| Minority stake Adjustment for inflation in Venezuela                        |       | 5.407      |              |
| Adjustment for innation in venezuela  |       | 5.407      | 39.300       |
| FINANCIAL RESOURCES PROVIDED FROM OPERATIONS                                |       | 609.117    | 591.620      |
| Plus:   |       |            |              |
| Income obtained from disposal of property, plant                            | (34)  | 13.353     | 19.499       |
| and equipment Increase in financial obligations and other long-term credits |       | 83.065     | 927.029      |
| Increase in long-term accounts payable                                      |       | 83.003     |              |
| Increase in estimated liabilities and allowances                            |       | 2.429      |              |
| Increase in deferred liabilities and other liabilities                      |       | 11.773     |              |
| Increase in minority stake  |       | 4.522      |              |
| FINANCIAL RESOURCES PROVIDED BY SOURCES OTHER                               |       |            |              |
| THAN OPERATIONS   |       | 115.142    | 966.310      |
| TOTAL FINANCIAL RESOURCES PROVIDED FROM                                     |       | 724.259    | 1.557.930    |
| FINANCIAL RESOURCES USED IN:  |       |            |              |
| Dividends declared  | (33)  | 198.773    | 182.617      |
| Equity from the acquisition of companies                                    | (3)   | 0          | 163.420      |
| Effect from conversion and changes in equity                                |       | 34.431     | 55.190       |
| Acquisition of permanent investments  |       | 23.197     | 27.557       |
| Goodwill acquired   | (3)   | 183        | 972.146      |
| Acquisition of intangible assets and deferred assets                        |       | 7.731      | 1.338        |
| Acquisition of property, plant and equipment and other assets               | (32)  | 349.768    | 191.496      |
| Decrease in long-term financial obligations                                 |       | 143        |              |
| Decrease in taxes levies and rates  |       | 0          |              |
| Increase in long-term debtor accounts                                       |       | 3.381      |              |
| TOTAL FINANCIAL RESOURCES USED  |       | 617.607    | 1.615.956    |
| Working capital received through acquisition of new companies               | (3)   | 0          | (52.041)     |
| INCREASE (DECREASE) IN WORKING CAPITAL                                      |       | \$ 106.652 | \$ (110.067) |
| THE TOTAL (DECRETOR) IN TOTAL INC.  |       | 100.032    | (110.007)    |

The notes are an integral part of the consolidated financial statements



Jaime León Montoya Vásquez General Accountant - Professional Card No. 45056-T (See attached certification)





#### **CONSOLIDATED** Financial statements

## Grupo nutresa

# Consolidated statement of changes in the financial situation (continued)

From January 1 to December 31 (Values expressed in COP million)

| FINANCIAL RESOURCES WERE PROVIDED BY:      | 2014           | 2013      |
|--|----------------|-----------|
| INCREASE (DECREASE) IN CURRENT ASSETS      |                |           |
| Cash and cash equivalents                  | \$<br>(41.418) | 123.666   |
| Debtor accounts                            | 79.301         | 171.950   |
| Inventories                                | 140.244        | 169.527   |
| Deferred and other assets                  | (10.174)       | 15.479    |
| INCREASE IN CURRENT ASSETS                 | \$<br>167.953  | 480.622   |
| (INCREASE) DECREASE IN CURRENT LIABILITIES |                |           |
| Financial obligations                      | (43.207)       | (310.926) |
| Suppliers                                  | 1.114          | (128.488) |
| Accounts payable                           | (54.095)       | (80.114)  |
| Taxes, levies and rates                    | 30.634         | (40.308)  |
| Labor obligations                          | 6.618          | (28.773)  |
| Estimated liabilities and allowances       | (1.275)        | (2.682)   |
| Deferred liabilities and other liabilities | (1.090)        | 602       |
| INCREASE IN CURRENT LIABILITIES            | \$<br>(61.301) | (590.689) |
| INCREASE (DECREASE) IN WORKING CAPITAL     | \$<br>106.652  | (110.067) |

The notes are an integral part of the consolidated financial statements



Jaime León Montoya Vásquez General Accountant - Professional Card No. 45056-T (See attached certification)



Bibiana Moreno Vásquez Fiscal Auditor - Professional Card No. 167200-T Member of PrigewaterhouseCoopers Ltda.

## Grupo nutresa

## Consolidated cash-flow statement

From January 1 to December 31 (Values expressed in COP million)

| NOTES CASH FLOW PROVIDED FROM OPERATIONS   | 2014       | 2013             |
|--|------------|------------------|
| NET PROFIT   | \$ 377.571 | \$ 380,235       |
| Plus (minus) debits (credits) due to operations that do not affect cash:                 | 377.371    | <b>J</b> 3001233 |
| Depreciations (30)   | 130.308    | 113.107          |
| Amortization of intangible assets, deferred assets and other assets (31)                 | 95.609     | 69.492           |
| (Recovery) Amortization of retirement pensions   | (465)      | (469)            |
| Allowance property, plant and equipment (11)   | 2.589      | 4.359            |
| Net profit on sales and withdrawal of investments and property, plant and equipment (34) | (449)      | (14.606)         |
| Allowance and/or sanctions of net debtor accounts  | 7.049      | 7.261            |
| (Recuperation) allowance of inventories  | (1.096)    | 2.144            |
| Difference in change of investments in shares  | (3.864)    | (500)            |
| Adjustments for inflation in Venezuela   | 5.407      | 39.586           |
| Minority stake   | 2.411      | 416              |
| Changes in operating assets and liabilities  |            |                  |
| Debtor accounts  | (89.731)   | (11.183)         |
| Inventories  | (139.148)  | (41.497)         |
| Deferred assets and other assets   | 3.619      | (18.923)         |
| Suppliers and accounts payable   | 52.981     | 126.245          |
| Taxes, levies and rates  | (11.646)   | 36.487           |
| Payment of Equity tax  | (18.988)   | (19.006)         |
| Labor obligations  | (6.761)    | 25.990           |
| Estimated liabilities and allowances   | 3.704      | (40.433)         |
| Deferred liabilities and other liabilities   | 12.863     | 14.412           |
| NET CASH PROVIDED BY OPERATIONS  | 421.963    | 673.117          |
| CASH FLOW PROVIDED FRO INVESTMENT ACTIVITIES:  |            |                  |
| Equity from the acquisition of companies   | 0          | (163.420)        |
| Effect for conversion and changes in equity  | (44.745)   | (53.779)         |
| Acquisition of permanent investments   | (23.197)   | (27.557)         |
| Goodwill acquired (3)  | (183)      | (972.146)        |
| Acquisition of property, plant and equipment and other assets (32)                       | (349.768)  | (191.496)        |
| Decrease (acquisition) of intangible assets  | (1.176)    | 5.344            |
| Income obtained from disposal of property,<br>plant and equipment (34)                   | 13.353     | 19.499           |
| NET CASH USED IN INVESTMENT ACTIVITIES   | (405.716)  | (1.383.555)      |
| CASH FLOW FROM FINANCING ACTIVITIES:   |            |                  |
| Dividends paid (33)  | (194.062)  | (177.201)        |
| Increase in financial obligations  | 126.272    | 996.866          |
| Increase in minority stake   | 4.522      | 2.915            |
| NET CASH USED IN FINANCING ACTIVITIES  | (63.268)   | 822.580          |
| (Decrease) net increase in cash and cash equivalents                                     | (47.021)   | 112.142          |
| Effect of changes in the type of exchange rate on cash and cash equivalents              | 5.603      | (1.411)          |
| Cash and cash equivalents received in acquisitions (3)                                   | 0          | 12.935           |
| Cash and cash equivalents at year opening  | 415.478    | 291.812          |
| CASH AND CASH EQUIVALENTS AT YEAR CLOSE  | \$ 374.060 |                  |

The notes are an integral part of the consolidated financial statements



Jaime León Montoya Vásquez General Accountant - Professional Card No. 45056-T (See attached certification)





BASIC Financial statements

## Fiscal auditor's report

Grupo Nutresa S. A. Shareholders' Assembly February 26, 2015



I have audited the Balance Sheets of Grupo Nutresa S. A. as of Grupo Nutresa S. A. as of December 31, 2014, and its operating December 31, 2014, and the corresponding Statements of Profits results, the changes in its financial situation and its cash flows for nancial Situation, and Cash Flows for the years ended on this date and the summary of the principal accounting policies indicated in Note 2 and other explanatory notes. The Grupo Nutresa S. A. financial statements as of December 31, 2013, were audited by another public accountant, employed by PricewaterhouseCoo-Based on the results of my auditing tests, in my opinion: pers, who, in his report on February 28, 2014, expressed an unqualified opinion thereon.

Management is responsible for the proper preparation and presentation of these financial statements pursuant to the accounting principles generally accepted in Colombia and provisions issued by the Colombian Financial Superintendent. This responsid) There are adequate internal–control measures for the conserbility includes designing, implementing and maintaining relevant internal control so that these financial statements are free of relatively important errors due to fraud or error; selecting and applying appropriate accounting policies, as well as establishing the accounting estimates that are reasonable in the circumstances.

My responsibility consists of expressing an opinion on these financial statements based on my audits. I have obtained the information necessary to perform my fiscal-auditing duties and I conducted my work in accordance with the accounting principles generally accepted in Colombia. These principles require that I plan and conduct an audit to obtain reasonable certainty that the financial statements are free of relatively important errors.

The financial-statement audit includes, among other things, conducting procedures to obtain auditing evidence on the values and disclosures in the financial statements. The procedures selected depend on the auditor's discretion, including the assessment of the risk of relatively important errors in the financial statements. In assessing these risks, the fiscal auditor considers the entity's relevant internal control to prepare and reasonably present the financial statements, in order to design auditing procedures that are appropriate under the circumstances. An audit also includes assessing the appropriateness of the accounting policies used and of the accounting estimations made by the entity's management, as well as assessing the presentation of the financial statements as a whole. I consider that the auditing evidence that I have obtained provides a reasonable basis for me to support the opinion that I state below.

In my opinion, the above–mentioned financial statements that I have audited, which were faithfully taken from the ledgers, reasonably present, in all significant aspects, the financial situation of Member of PricewaterhouseCoopers Ltda.

and Losses, Changes in Shareholders' Equity, Changes in the Figenerally accepted in Colombia and the provisions issued by the Financial Superintendent, which were applied on a uniform basis with that of the previous year.

- a) The Company accounting has been conducted pursuant to legal standards and the accounting technique.
- b) The operations recorded in the books and the actions of management meet the Bylaws and the decisions of the Assembly.
- c) The correspondence, accounting vouchers and Books of Minutes and Share Registration are kept and preserved properly.
- vation and custody of the assets of the Company and those of third parties that are in its power.
- e) The regulations established in External Circular 062 of 2007, through which the Financial Superintendent established the obligation to implement mechanisms to prevent and control money laundering and the financing of terrorism from illicit activities through the market, have been met.
- There is agreement between the financial statements that accompany this opinion and the management report prepared by the administrators. The administrators provided evidence in this management report that they did not hinder the free circulation of the invoices issued by vendors or suppliers.
- g) The information contained in the statements of liquidation of the contributions to the Comprehensive Social Security System, in particular concerning the affiliates and their income as a contribution base, has been taken from the accounting records and supports. The Company is not in arrears for the concept of contributions to the Comprehensive Social Security System.



Bibiana Moreno Vásquez Fiscal Auditor

Professional Card No. 167200–T

**BASIC** Financial statements



## Certification of the financial statements

The undersigned Legal Representative and the General Accountant of the Grupo Nutresa S. A.

#### HEREBY CERTIFY:

February 26, 2015

That we have previously verified the statements contained in the financial statements of the company, as of December 31, 2014 and 2013, pursuant to regulations, and they have been faithfully taken from the financial statements of the Parent Company and its duly certified and audited subsidiary companies.

In accordance with the above, regarding the aforementioned financial statements, we state the

- 1. The assets and liabilities of Grupo Nutresa S.A. do exist and the transactions recorded were made during the corresponding years.
- 2. All economic transactions performed have been acknowledged
- 3. The assets represent the rights and the liabilities obtained by, or under the responsibility of, the Companies.
- 4. All elements have been acknowledged in the appropriate amounts, in accordance with generally accepted accounting principles.
- 5. The economic transactions that affect the companies have been correctly classified, described and disclosed.
- 6. The financial statements and their notes do not contain defects, errors or material inaccuracies that affect the financial situation, shareholders' equity and operations of the Company. Likewise, adequate procedures and financial information disclosure and control systems have been established and maintained, for the adequate presentation to third-party users of such information.

Carlos Ignacio Gallego Palacio President

Jaime León Montoya Vásquez General Accountant - Professional Card 45056-T

## Certification of the financial statements Law 964 of 2005

Shareholders Grupo Nutresa S. A. Medellín

The undersigned Legal Representative of Grupo Nutresa S. A.

#### **CERTIFIES:**

February 26, 2015

That the consolidated financial statements and operations of the Company as of December 31, 2014 and 2013 do not contain defects, inaccuracies or errors that prevent knowing their true financial situation.

This is stated to comply with Article 46 of Law 964 of 2005.

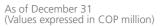
In witness whereof signed on the 26th day of the month of February, 2015.

Carlos Ignacio Gallego Palacio

President

**BASIC** Financial statements

Balance sheet





|                              | NOTES | 2014              | 2013              |
|------------------------------|-------|-------------------|-------------------|
| ASSETS                       |       |                   |                   |
| Current assets               |       |                   |                   |
| Cash and cash equivalents    | (3)   | \$<br>70          | \$<br>58          |
| Debtor accounts              | (4)   | 24.498            | 17.798            |
| Expenses paid in advance     |       | 42                | 60                |
| Total current assets         |       | \$<br>24.610      | \$<br>17.916      |
| Non-current assets           |       |                   |                   |
| Net permanent investments    | (5)   | 4.453.792         | 4.126.523         |
| Debtor accounts              | (4)   | 391               | 393               |
| Intangibles                  |       | 4.204             | 4.434             |
| Other assets                 |       | 118               | 118               |
| Valuations                   | (5)   | 3.802.056         | 3.357.714         |
| Total non-current assets     |       | \$<br>8.260.561   | \$<br>7.489.182   |
| TOTAL ASSETS                 |       | \$<br>8.285.171   | \$<br>7.507.098   |
| LIABILTIES                   |       |                   |                   |
| Current liabilities          |       |                   |                   |
| Accounts payable             | (7)   | \$<br>69.037      | \$<br>70.544      |
| Taxes, levies and rates      | (8)   | 918               | 2.299             |
| Labor obligations            |       | 1.164             | 932               |
| Deferred revenue             | (9)   | 0                 | 9.622             |
| Total current liabilities    |       | \$<br>71.119      | \$<br>83.397      |
| Non-current liabilities      |       |                   |                   |
| Accounts payable             | (7)   | 157               | 157               |
| Total non-current liability  |       | 157               | 157               |
| Total liabilities            |       | \$<br>71.276      | \$<br>83.554      |
| EQUITY                       |       |                   |                   |
| Company stock                | (10)  | 2.301             | 2.301             |
| Capital surplus              |       | 1.710.134         | 1.542.805         |
| Reserve                      | (11)  | 1.671.478         | 1.490.355         |
| Equity revaluation           | (12)  | 650.473           | 650.473           |
| Fiscal period results        |       | 377.453           | 379.896           |
| Valuation surplus            |       | 3.802.056         | 3.357.714         |
| Total equity                 | (5)   | \$<br>8.213.895   | \$<br>7.423.544   |
| TOTAL LIABILITIES AND EQUITY |       | \$<br>8.285.171   | \$<br>7.507.098   |
| Memorandum accounts          | (6)   |                   |                   |
| Debtor memorandum accounts   |       | \$<br>(4.709.126) | \$<br>(3.995.132) |
| Credit memorandum accounts   |       | 1.711.526         | 1.929.579         |

The notes are an integral part of the financial statements



General Accountant - Professional Card No. 45056-T (See attached certification)



Fiscal Auditor - Professional Card No. 167200-T Member of PrigewaterhouseCoopers Ltda.

## Profit and loss statement

From January 1 to December 31 (Values expressed in COP million)

|   | NOTAS | 2014          | 2013          |
|---|-------|---------------|---------------|
| Income equity method (1)                | (5)   | \$<br>323.884 | \$<br>344.939 |
| Food equity method                      |       | 508.615       | 466.608       |
| Financial expenses interest             |       | (135.867)     | (80.206)      |
| Goodwill amortization                   |       | (78.657)      | (48.737)      |
| Exchange difference                     |       | 28.616        | 7.121         |
| Investment costs                        |       | 1.110         | 69            |
| Dividends                               |       | 67            | 84            |
| Profit (loss) on investments            | (14)  | 640           | (176)         |
| Investment costs                        | (17)  | 1.081         | 88            |
| Third party investment costs            |       | (441)         | (264)         |
| Dividends                               | (5)   | 52.950        | 39.426        |
|   |       |               |               |
| Other operating income                  |       | 17.097        | 14.465        |
| Administration operating expenses       |       | (18.583)      | (13.551)      |
| Administration expenses                 | (13)  | (18.583)      | (13.551)      |
| Operating profit                        |       | 375.988       | 385.103       |
| Other income and expenses               |       | 1.686         | (2.771)       |
| Total non-operating income and expenses |       | 1.686         | (2.771)       |
|   |       |               |               |
| Income before provision for income tax  |       | 377.674       | 382.332       |
| Provision for income tax and CREE       | (8)   |               |               |
| Current                                 |       | (169)         | (1.632)       |
| CREE                                    |       | (52)          | (804)         |
| Net profit                              |       | \$<br>377.453 | \$<br>379.896 |
| Net profit per share (2)                |       | 820,33        | 825,64        |

<sup>(1)</sup> The items that make up the income from equity method are included in the financial statements of the companies where the Grupo Nutresa S.A. registers the participation method.
(2) Expressed in Colombian pesos.

The notes are an integral part of the financial statements.

General Accountant - Professional Card No. 45056-T (See attached certification)

Carlos Ignacio Gallego Palacio President (See attached certification)

Fiscal Auditor - Professional Card No. 167200-T Member of PrigewaterhouseCoopers Ltda.

**BASIC** Financial statements

## Statement of changes in shareholders' equity



From January 1 to December 31 (Values expressed in COP million)

|   |       |         |                        |                          |       |                     |                    | RESER                                       | VES                |                |                |                          |                             |                             |              |
|---|-------|---------|------------------------|--------------------------|-------|---------------------|--------------------|---|--------------------|----------------|----------------|--------------------------|-----------------------------|-----------------------------|--------------|
|   | Notes | Capital | Stock-Placing<br>Bonus | Equity method<br>surplus | Legal | For legal provision | For share buybacks | Available to the<br>highest company<br>body | Future investments | Other reserves | Total reserves | Revaluation of<br>Equity | Profit for fiscal<br>period | Surplus for valu-<br>ations | Total equity |
| Balances as of<br>December 31,<br>2012            | Notas | 2.301   | 546.831                | 816.261                  | 2.711 | 1.076               | 82.400             |   | 862.332            | 220.104        | 1.327.080      | 650.473                  | 345.484                     | 3.733.696                   | 7.422.126    |
| Dividends decreed                                 | (15)  |         |                        |                          |       |                     |                    |   |                    |                |                |                          | (182.209)                   |                             | (182.209)    |
| Transfer to profits and reserves                  |       |         |                        |                          |       |                     |                    |   | 383.203            | (219.928)      | 163.275        |                          | (163.275)                   |                             | 0            |
| Adjustment for<br>valuation and<br>other concepts |       |         |                        |                          |       |                     |                    |   |                    |                |                |                          |                             | (375.982)                   | (375.982)    |
| Application of equity method                      | (5)   |         |                        | 179.713                  |       |                     |                    |   |                    |                |                |                          |                             |                             | 179.713      |
| Net profit in 2013                                |       |         |                        |                          |       |                     |                    |   |                    |                |                |                          | 379.896                     |                             | 379.896      |
| Balances as of<br>December 31,<br>2013            |       | 2.301   | 546.831                | 995.974                  | 2.711 | 1.076               | 82.400             | 158.457                                     | 1.245.535          | 176            | 1.490.355      | 650.473                  | 379.896                     | 3.357.714                   | 7.423.544    |
| Dividends decreed                                 | (15)  |         |                        |                          |       |                     |                    |   |                    |                |                |                          | (198.773)                   |                             | (198.773)    |
| Transfer to profits and reserves                  |       |         |                        |                          |       |                     |                    |   | 181.123            |                | 181.123        |                          | (181.123)                   |                             | 0            |
| Adjustment for<br>valuation and<br>other concepts |       |         |                        |                          |       |                     |                    |   |                    |                |                |                          |                             | 444.342                     | 444.342      |
| Application of equity method                      | (5)   |         |                        | 167.329                  |       |                     |                    |   |                    |                |                |                          |                             |                             | 167.329      |
| Net profit in 2014                                |       |         |                        |                          |       |                     |                    |   |                    |                |                |                          | 377.453                     |                             | 377.453      |
| Balances as of<br>December 31,<br>2014            |       | 2.301   | 546.831                | 1.163.303                | 2.711 | 1.076               | 82.400             | 158.457                                     | 1.426.658          | 176            | 1.671.478      | 650.473                  | 377.453                     | 3.802.056                   | 8.213.895    |

The notes are an integral part of the financial statements



General Accountant - Professional Card No. 45056-T (See attached certification)



Fiscal Auditor - Professional Card No. 167200-T Member of PricewaterhouseCoopers Ltda.

## Statement of changes in the financial situation

From January 1 to December 31 (Values expressed in COP million)

| FINANCIAL RESOURCES PROVIDED FROM:  | NOTES | 2014          |    | 2013      |
|---|-------|---------------|----|-----------|
| NET PROFIT  |       | \$<br>377.453 | \$ | 379.896   |
| Plus (minus) debits (credits) to operations that do not affect the working capital: |       |               |    |           |
| Amortization of goodwill  |       | 230           |    | 170       |
| Recuperation of the investment and other assets allowance                           |       | (17)          |    | (34)      |
| Profits from applying the equity method   | (5)   | (323.884)     |    | (344.632) |
| Recuperation of allowance from applying the equity method                           | (5)   | 0             |    | (307)     |
| FINANCIAL RESOURCES PROVIDED FROM OPERATIONS  |       | 53.782        |    | 35.093    |
| Plus:   |       |               |    |           |
| Dividends from branches and subsidiaries  | (5)   | 167.204       |    | 158.476   |
| Decrease in long-term debtors   |       | 2             |    | 0         |
| RESOURCES DIFFERENT FROM OPERATION  |       | 167.206       |    | 158.476   |
| TOTAL FINANCIAL RESOURCES PROVIDED FROM   |       | \$<br>220.988 | \$ | 193.569   |
| FINANCIAL RESOURCES USED FOR:   |       |               |    |           |
| Dividends declared  | (15)  | 198.773       |    | 182.209   |
| Increase on long-term debtors   |       | 0             |    | 393       |
| Decrease in tax payable   |       | 0             |    | 168       |
| Acquisition of investments in shares and other investments                          |       | 3.243         |    | 11.968    |
| Increase in goodwill  |       | 0             |    | 4.604     |
| TOTAL FINANCIAL RESOURCES USED  |       | \$<br>202.016 | \$ | 199.342   |
| Increase (decrease) in working capital  |       | \$<br>18.972  | \$ | (5.773)   |
| Analysis of Changes in Working Capital  |       |               |    |           |
| INCREASE (DECREASE) IN CURRENT ASSETS   |       |               |    |           |
| Cash and cash equivalents   |       | \$<br>12      | \$ | (17)      |
| Debtor accounts   |       | 6.700         |    | 2.876     |
| Expenses paid in advance  |       | (18)          |    | 60        |
| TOTAL INCREASE IN CURRENT ASSET   |       | \$<br>6.694   | \$ | 2.919     |
| (INCREASE) DECREASE IN CURRENT LIABILITIES  |       |               |    |           |
| Financial obligations   |       | 0             |    | 7         |
| Accounts payable  |       | 1.507         |    | (5.619)   |
| Taxes, levies and rates   |       | 1.381         |    | (1.810)   |
| Labor obligations   |       | (232)         |    | (451)     |
| Deferred income   |       | 9.622         |    | (819)     |
| TOTAL DECREASE (INCREASE) IN CURRENT LIABILITIES                                    |       | \$<br>12.278  | \$ | (8.692)   |
| INCREASE (DECREASE) IN WORKING CAPITAL  |       | \$<br>18.972  | S  | (5.773)   |

The notes are an integral part of the financial statement

Jaime León Montoya Vásquez
General Accountant - Professional Card No. 45056-T
(See attached certification)

Carlos Ignacio Gallego Palacio President (See attached certification)

Bibiana Moreno Vásquez Fiscal Auditor - Professional Card No. 167200-T Member of PridewaterhouseCoopers Ltda. **BASIC** Financial statements

## Cash flow statement

From January 1 to December 31 (Values expressed in COP million)



|  | NOTAS |    | 2014      | 2013            |
|--|-------|----|-----------|-----------------|
| CASH FLOW PROVIDED FROM OPERATIONS                         |       |    |           |                 |
| NET PROFIT   |       | \$ | 377.453   | \$<br>379.896   |
| Plus (minus) debits (credits) for operations that          |       |    |           |                 |
| do not affect the cash:                                    |       |    |           |                 |
| Amortization of goodwill                                   |       |    | 230       | 170             |
| Recovery of allowance from other assets                    |       |    | (17)      | (34)            |
| Profits from applying the equity method                    | (5)   |    | (323.884) | (344.632)       |
| Recuperation of allowance from applying the equity method  | (5)   |    | 0         | (307)           |
| Changes in operating assets and liabilities:               |       |    |           |                 |
| Dividends received from affiliates and subsidiaries        | (5)   |    | 167.204   | 158.476         |
| Debtor accounts  |       |    | (6.698)   | (3.269)         |
| Expenses paid in advance                                   |       |    | 18        | (60)            |
| Account payable  |       |    | (6.218)   | 548             |
| Taxes, levies and rates                                    |       |    | (1.213)   | 1.810           |
| Equity tax payment   |       |    | (168)     | (168)           |
| Labor obligations  |       |    | 232       | 451             |
| Deferred liabilities                                       |       |    | (9.622)   | 819             |
| NET CASH PROVIDED FROM OPERATIONS                          |       | \$ | 197.317   | \$<br>193.700   |
| CASH FLOWS PROVIDED FROM                                   |       |    |           |                 |
| INVESTMENT ACTIVITIES                                      |       |    |           |                 |
| Acquisition of investments in shares and other investments |       |    | (3.243)   | (11.968)        |
| Acquisition of goodwill                                    |       |    | 0         | (4.604)         |
| NET CASH USED IN INVESTMENT ACTIVITIES                     |       | \$ | (3.243)   | \$<br>(16.572)  |
| CASH FLOW FROM FINANCING ACTIVITIES:                       |       |    |           |                 |
| Payment of dividends                                       | (15)  |    | (194.062) | (177.138)       |
| Paid financial obligations                                 |       |    | 0         | (7)             |
| NET CASH USED IN FINANCING ACTIVITIES                      |       | \$ | (194.062) | \$<br>(177.145) |
| Increase (decrease) in cash and cash equivalents           |       |    | 12        | (17)            |
| Cash and cash equivalents at year opening                  |       |    | 58        | 75              |
| CASH AND CASH EQUIVALENTS AT YEAR CLOSE                    |       | \$ | 70        | \$<br>58        |
|  |       | -  |           |                 |

The notes are an integral part of the financial statements



Jaime León Montoya Vásquez General Accountant - Professional Card No. 45056-T (See attached certification)



Bibiana Moreno Vásquez Fiscal Auditor - Professional Card No. 167200-T Member of PrifeewaterhouseCoopers Ltda.