



**FUNDAMENTALS OF THE MATTERS TO BE SUBMITTED FOR CONSIDERATION BY THE  
SHAREHOLDERS AT THE REGULAR AND SPECIAL SHAREHOLDERS' MEETING OF CENCOSUD S.A.  
TO BE HELD ON APRIL 30, 2019**

**VOTING SYSTEM FOR BOTH MEETINGS**

The shareholders will be proposed to approve the voting system by voice, in which case only those shareholders who oppose and those who abstain from voting on the relevant matter in the agenda must raise their hands, taking note of their names and shares they represent, in such a way that the proposal shall deem to be approved by the rest of the shareholders present or represented.

**Fundamentals:** Pursuant to Article 62 of Law No. 18,046 on Corporations ("LSA") and General Applicability Rule No. 273 dated January 13, 2010, of the Securities and Insurance Commission ("SVS", now Financial Market Commission, "CMF"), matters submitted to a decision of the shareholders' meeting must be put to the vote individually, unless, by unanimous agreement of the shareholders present with the right to vote, the vote on one or more matters may be omitted and the vote proceeded by acclamation. All voting at a meeting must be carried out by means of a system that ensures the simultaneous casting of votes or by secret ballot, with the scrutiny to be carried out in a single public act, and in both cases, with subsequent public knowledge of how each shareholder voted. By means of Ordinary Official Letter No. 4948 dated April 6, 2010, the SVS (today CMF) considered that the unanimity of the shares present with voting right could determine a form of simplified voting, that is to say, that it be by show of hands or by voice, in which the votes that abstain or reject the matter subject to scrutiny are recorded or that they voted in favor if rejected.

**I. REGULAR SHAREHOLDERS' MEETING**

**ANNUAL REPORT, BALANCE SHEET, FINANCIAL STATEMENTS AND REPORT OF THE EXTERNAL  
AUDIT FIRM FOR THE YEAR ENDED DECEMBER 31, 2018.**

In accordance with article 75 of LSA, SVS General Applicability Rule No. 30 and SVS Circular Letter No. 444 dated March 19, 2008, the Company has made available to shareholders on its institutional website [www.cencosud.com](http://www.cencosud.com), under the section "Investors", "Financial Information", sub-sections "Quarterly Reports" and "Annual Reports", a copy of the balance sheet and annual report as of December 31, 2018, respectively. Likewise, a sufficient number of copies of the Company's annual report and balance sheet as of December 31, 2018 will be available at the Company's offices located at Avenida Kennedy 9001, 4<sup>th</sup> floor, borough of Las Condes, Santiago. Likewise, the audited consolidated annual financial statements of the Company as of December 31, 2018 with their explanatory notes and the report of the external auditing company are available to its shareholders on its institutional website [www.cencosud.com](http://www.cencosud.com), in the "Investors" section.

**DIVIDEND DISTRIBUTION.**

At the Company's Regular Board of Directors meeting held on March 29, 2019, it was agreed to propose to the Regular Shareholders' Meeting, to distribute a Final Dividend of \$10 (ten pesos) per



share, with a charge to the 2018 profits, hereinafter the "Dividend". Likewise, it was agreed at the aforementioned Regular Board of Directors meeting to propose to the Regular Shareholders' Meeting that said Dividend be made available to the shareholders as of May 13 of this year.

#### **DIVIDEND POLICY PROPOSAL.**

At the Company's Regular Board of Directors meeting held on March 29, 2019, it was agreed to propose at the next Regular Shareholders' Meeting to maintain the current general dividend distribution policy that the Company expects to comply with in future years, which consists of distributing at least 30% of the annual net profits.

#### **ELECTION OF DIRECTORS.**

The list of candidates for the position of director of the Company who accept their nomination and declare that they are not disqualified for performing the position, together with information relating to the experience and professional profile of each candidate who up to that moment has provided such information to the Company, will be made known to the shareholders through publication on the website [www.cencosud.com](http://www.cencosud.com), section "Investors", section "Information of Interest", subsection "Information for the Shareholders' Meeting", at least two days prior to the holding of the Shareholders' Meeting.

#### **SETTING DIRECTORS' REMUNERATION.**

It will be proposed to fix the remuneration of the Directors and the Chairman of the Board of Directors for fiscal year 2019. It is hereby stated that, in proposing these remunerations, account will be taken of the work, responsibilities and management of the Directors, as well as market conditions. In consideration of the foregoing, it shall be proposed to maintain the remuneration of the Directors in the amount of 330 Chilean Indexation Units (*Unidades de Fomento*) per month, and double this amount for the Chairman of the Board of Directors.

#### **REMUNERATION OF MEMBERS OF THE DIRECTORS' COMMITTEE AND THEIR OPERATING EXPENSE BUDGET AND THAT OF THEIR ADVISORS.**

In accordance with current regulations, the Company has appointed a "Directors' Committee", which is composed of three members. In accordance with article 50 bis of LSA, the Regular Shareholders' Meeting must approve the remuneration of the members of the Directors' Committee and a budget of expenses for its operation during the period 2019. It is noted that, in proposing remuneration and the budget, account will be taken of the work, responsibilities and management of the Directors within the Directors' Committee, as well as market conditions. It shall be proposed to the Shareholders' Meeting to maintain the amount of 110 Chilean Indexation Units (*Unidades de Fomento*) per month for each member of the Directors' Committee.

In addition, it is proposed for the approval of the Shareholders' Meeting the amount of 2,500 Chilean Indexation Units (*Unidades de Fomento*) per year as a budget for the operating expenses of the Directors' Committee for fiscal year 2019.



### **APPOINTMENT OF AN EXTERNAL AUDIT FIRM FOR THE YEAR 2019.**

At this Regular Shareholders' Meeting, the appointment of the Company's external audit firm for fiscal year 2019 will be subject to the Company's knowledge and resolution.

The variables that the Company's Directors' Committee and Board of Directors have considered as key aspects of the election and proposal that will be made to the Shareholders' Meeting, given the characteristics of Cencosud Group, hereinafter "Cencosud", its size, industries and/or sectors in which it operates, complexity of its businesses and regional presence, are the following:

#### I.- Key variables:

- Size of the audit firms, hereinafter the "Firms", in terms that are capable of serving clients as Cencosud.
- Presence of the Firms in all the countries where Cencosud operates, by means of own offices and not mere representations and relative positioning in them.
- Experience in the industries or businesses operated by Cencosud in each country and effective coordination of the audit with national and foreign affiliates.
- Characteristics of the work teams that each firm normally assigns to clients of Cencosud's relative importance, especially considering their experience, training, market recognition and track record.
- Benchmarks and references of level and quality of service of the Firms in each country.
- The understanding of the risks of the businesses in which Cencosud is engaged and support in the strengthening of their processes and controls.
- Availability of the professionals of the audit firm.
- Evaluation of the services provided by the external auditors.
- Relevant experience in internal control review applicable to the businesses in which Cencosud operates.

Regarding to the fees each firm charges for its services, it has been concluded that, in general, the Firms operate within a range of similar hourly rates. However, we stress that the hourly rate factor is not a key factor in the decision making process.

#### II.- Results of the analysis:

In relation to the analysis variables, it has been concluded that the Firms whose size and characteristics are suitable to serve Cencosud are: /i/ EY; /ii/ PwC; /iii/ KPMG and; /iv/ Deloitte. All of the above have the necessary resources and areas for adequate attention to the requirements of Cencosud, as well as global methodologies, with similar standards of execution of the work required.

For each one of them, an assessment has been carried out assigning a weighting factor to each variable, according to the importance defined by Cencosud.

Based on this analysis and evaluation, PwC obtained the highest weighted score, followed by KPMG, EY and Deloitte respectively.



### III.- Other relevant analysis factors:

Together with the abovementioned variables, the following aspects were taken into consideration:

- Good level of service
- Knowledge of the company and the industry
- Formal registration process of the subsidiary Cencosud Shopping S.A. in the Financial Market Commission
- Change costs
- Knowledge of internal control systems

### IV.- Change of the Audit Partner:

There is no express requirement of change of the audit firm by Chilean legislation. The firm PwC has provided audit services to the Company since 2002. During this period the team of auditors as well as the partner in charge have changed on average every 3 years. This is in line with Chilean legislation, which provides for the change of the Partner in charge of the account every 5 years.

### V.- Conclusions and proposals:

In view of the foregoing and bearing in mind the registration process of the subsidiary Cencosud Shopping S.A. in the Financial Market Commission, the Company's Directors' Committee and the Board of Directors have decided to recommend to the shareholders the hiring of one of the previously singularized audit firms, establishing that in accordance with the analysis carried out, the highest score obtained corresponded to PwC.

In accordance with the foregoing and within the alternatives proposed to the Shareholders' Meeting, both the Directors' Committee and the Board of Directors agreed that the renewal of PwC's services appeared to be the best option, considering especially for them that the referred audit firm presents the following additional advantages: /i/ Good level of service; /ii/ Knowledge of the Company and the industry; /iii/ Presents adequate levels of independence and team rotation policy every 5 years is in line with global standards.

Finally, it is necessary to report certain aspects that contribute to a high standard audit for Cencosud: /i/ the work team with technical expertise, including, a central partner specialized in retail, the Firm's Technical Partner and IFRS reviewer appointed by the technical group based in London for Chile. There is also a specialized retail partner for each country, with the corresponding support of the tax and systems audit teams integrated to them; /ii/ it presents a multidisciplinary approach to the work; /iii/ there is a centralized coordination from Chile with supervision over the other countries and periodic visits during the planning, interim and final review stages; /iv/ in terms of quality control, an independent Quality Control Partner was incorporated as of 2010; /v/ Cencosud was included in a mandatory annual review program (and not on a selective basis) by the IFRS specialized central group based in London; and /vi/ the work programs have been expanded in terms of including additional procedures to those foreseen by the Auditing Standards for each quarter. In addition, the Financial Statements of the international technical teams for IFRS are being reviewed.



**APPOINTMENT OF RISK RATING AGENCIES FOR 2019.**

The Board of Directors agreed to propose to the Regular Shareholders' Meeting to maintain "Feller Rate Clasificadora de Riesgo Limitada" and "Clasificadora de Riesgo Humphrerys Limitada" as Risk Rating Agencies for the 2019 period.

**DESIGNATION OF THE NEWSPAPER IN WHERE SOCIAL PUBLICATIONS WILL BE MADE.**

It will be proposed to the Regular Shareholders' Meeting to maintain "El Mercurio" newspaper of Santiago, to carry out the publications ordered by the legal, regulatory and statutory rules applicable to the Company, in view of its recognized track record and wide national circulation, together with the fact that it has traditionally been the newspaper in which the Company's publications have been carried out and, therefore, the shareholders are used to this communication means.

**II. SPECIAL SHAREHOLDERS' MEETING**

**AUTHORIZATION FOR SHARES BUY-BACK WITH THE PURPOSE OF BEING DELIVERED TO EXECUTIVES UNDER A RETENTION PLAN**

Long-term incentive plans for Executives are a common practice in the market in the five countries where Cencosud operates. The Company had incentive plans until 2016, in the form of stock options through shares resulting from different capital increases. Stock option plans are no longer in use in the market, evolving into promises of future delivery of real shares to participating executives. During 2019, Cencosud will establish stock plans for senior executives and critical positions, strengthening the retention of these employees through the delivery of incentives until October 2021.

**THE CHAIRMAN**