

Protection of biodiversity

Sustainable Livestock Declaration



Objective

Generate guidelines that promote the transition of the beef business towards a sustainable perspective in coordination with suppliers, considering productive activities harmonized with the conservation of natural ecosystems, and social development.

Specific objectives

- Offer guidelines to the beef business to include in its purchasing standards with sustainable criteria.
- Develop alliances with NGOs and independent organizations, not related to the business, for the monitoring and endorsement of the Sustainable Livestock criteria.
- Accompany the transformation process of Grupo Éxito's beef suppliers.
- Define standard monitoring activities that allow continuous improvement of the suppliers' production process.

Introduction

Beef contains essential nutrients such as protein, necessary for the maintenance of the muscles and tissues of the body, vitamins, and minerals, main vitamins of the B complex, related to the proper metabolism and use of energy from food, and Vitamin B12 and iron, important in the production of red blood cells and prevention of anemia.

Thanks to the aforementioned and its importance in nutrition, it is necessary to carry out a comprehensive review of the production process to mitigate and reduce the environmental and social impacts that may arise from this activity. Grupo Éxito, aligned with the concept of <u>diets based on the planet</u> developed by WWF, aims to promote a portfolio for the consumer that promotes conscious decisions at the level of healthy living, local and sustainable production.

Historically, traditional livestock farming, due to its occupation characteristics, regional economies, and cultural roots, has been the generator of development, social opportunities, and prosperity for many regions of the country; However, this agricultural activity can be associated on some occasions with negative impacts such as compaction and degradation of the soil, decrease in groundwater levels, loss of forest cover and/or damage to natural ecosystems (Ortiz, J & Ayala, K, 2019). It should be noted that the degradation of ecosystems in Colombia has additional drivers, with greater impacts such as crops for illicit use, land occupation, and multimodal poverty.



The average annual deforestation in Colombia between 2010 and 2015 was 143,494 hectares per year, in 2016 and 2017 that figure increased to 178,597 hectares and 219,973 hectares, respectively.

To curb this trend, Colombia signed the New York Forest Declaration in 2014 and acquires the commitment to: "Support the goal of eliminating deforestation from the production of agricultural raw materials such as beef, among others and help the private sector to meet it, recognizing that many companies have even more ambitious goals." Similarly, the international alliance Tropical Forest Alliance 2030 (TFA2030) stands out, a public-private initiative promoted between governments, the private sector, and civil society, whose objective is to reduce tropical deforestation related to agricultural raw materials. The Government of Colombia joined TFA 2030 in January 2017 and created the TFA2030 Colombia Alliance in December 2017 as the national chapter of the initiative, being Grupo Éxito a founding partner of the said initiative.

The productive practice of the livestock sector has developed in various departments of the country, generating economic development and opportunities for advancement for many families. The commitment of producers in the development of more efficient, better quality production practices with less impact on people and the planet contributes to implementing guidelines under sustainability criteria and outlining a long-term vision for the sustainable development of the meat business of Grupo Éxito beef.

Grupo Éxito recognizes that, in the long term, the livelihood of the Colombian rural sector will depend on the availability and quality of natural resources, as well as the health and well-being of all the people associated with the agricultural production systems of which we feed and that generate an impact on the quality of air, water, and natural ecosystems.

We understand that the adoption of sustainable production practices has shown that these are accompanied by increases in productivity. For example, the increase in forest cover provides higher levels of shade that allows livestock protection from weather conditions and diversification of income for producers. Additionally, sustainable livestock determines a better cost-benefit ratio, through an increase in the quantity and quality of meat per hectare, as well as a reduction in production costs associated with the increased efficiency of the system (Ortiz, J & Ayala, K, 2019).

Grupo Éxito develops and prioritizes products from responsible and sustainable agriculture, contributing to transparency towards the client and in turn, facilitating the development of suppliers in their production processes, working on the different fronts of sustainability.

Definitions

Sustainable livestock: Process by which live cattle are purchased for the subsequent transformation and commercialization of beef. This product is socially responsible, environmentally sustainable, economically viable, and committed to conservation.

Natural forest: "Land occupied mainly by trees that may contain shrubs, palms, cane, herbs and Liana, in which trees cover predominates with a minimum canopy density of 30%, a minimum canopy height (in situ) of 5 m at the time of its identification, and a



minimum area of 1.0 ha. Tree covers of commercial forest plantations (coniferous and / or broadleaved) are excluded." official definition provided by the Colombian Institute of Hydrology, Meteorology and Environmental Studies (IDEAM).

Deforestation: Deforestation is the direct and/or induced conversion of natural forest cover to another type of cover. The initial date to take into account deforestation in the meat chain in Colombia has been defined taking into account: a) the official information generated by the Forest Monitoring System in charge of the Institute of Hydrology, Meteorology and Environmental Studies (IDEAM), that identifies and counts the deforested area annually since 2010; b), the agricultural border defined by Resolution 261 of 2018 of the Ministry of Agriculture and Rural Development (MADR); and c), the Comprehensive Strategy to Control Deforestation and Forest Management. Based on the foregoing, it is considered that the areas covered by pastures or other similar ones for the tenure of cattle have led to deforestation if the change of cover from forest to nonforest occurred after January 1, 2011.

Natural forest conservation and restoration agreement: The agreement for the conservation and restoration of natural forest in which the livestock owner, possessor, holder or occupant in good faith, exempt from the fault of the property (prior compliance with the law), undertakes to preserve the remaining natural forest areas in their property, and to carry out effective actions of ecological restoration, recovery, and rehabilitation of deforested areas from January 1, 2011 to December 31, 2018 towards natural areas or towards agroforestry and forest production systems according to the aptitude productive of each region. The agreements must have a monitoring mechanism to ensure compliance. The agreements can also be formulated at the village level by peasant associations, livestock committees, and community action boards, among others. They can be subscribed with government entities, beef buying and distributing companies, an NGO within the framework of an initiative, among others.

Ecological restoration: According to the National Plan for ecological Restoration, rehabilitation and Recovery of Degraded Areas (MADS, 2015), it is a type of restoration that must result in a self-sustaining ecosystem, guaranteeing the conservation of species, goods and services. In this case the ecosystem must return to a condition similar to how it was before degradation.

Rehabilitation: According to the National Plan for Ecological Restoration, Rehabilitation and Recovery of Degraded Areas (MADS, 2015), it is a restoration modality in which the rehabilitated systems must be self-sustaining, preserve some species and provide some ecosystem services, without the need to recover the original composition.

Natural Ecosystem: Native biological system made up of a community of living organisms and their physical environment where they interact. Example: Forests, wetlands, moors, among others.

Planet-based diets: Advantageous consumption patterns for those involved, with high health benefits for humans and low environmental impacts. They consist of sustainable





and healthy ingredients produced within planetary limits and adaptable to local contexts (WWF, 2020).

Agricultural border: According to the Ministry of Environment and Sustainable Development of Colombia, the agricultural border is the limit of the rural land that separates the areas where agricultural activities are allowed, from protected areas, those of special ecological importance and other areas in which agricultural activities are excluded by Colombian law.

Scope

Tier one beef suppliers of Almacenes Éxito S.A. for all *retail* formats.

Criteria sustainable livestock

Grupo Éxito recognizes as sustainable livestock, the processes that maximize productive efficiency in harmony with the ecosystem, based on the conservation and restoration of strategic areas and the preservation of ecosystem services. Those processes are framed in the expected minimums and/or the desired maximums, described below:

Expected minimums

Ecosystem conservation: Activities aimed at managing resources, respecting the national agricultural frontier, ensuring minimal pressure on ecosystems, protecting biodiversity, and ratifying the commitment to conservation.

Quality: Ensure product quality, compliance with quality and safety standards, such as age, fat coverage and performance, as applicable for each channel and different types of cut, governed by the Decree number 1500 of 2007 for refrigerators.

Animal welfare: Ensure that the animals are in satisfactory states of well-being in productive practices, verifying their health, comfort, nutrition and freedom to express their innate behavior, being governed by compliance with the applicable regulations.

Desired Maximums

Efficient management: Carry out activities aimed at planning, managing and monitoring the production process considering economic, environmental and social aspects.

Social development: Provide safe working conditions for workers and ensure respect for Human Rights and labor law.

Animal welfare: Ensure that animals enjoy the five freedoms of animal welfare: free from thirst, hunger and malnutrition, free from discomfort, free from pain and disease, free to express themselves and free from stress. (FA WEC, 2012,) abiding by the Good livestock practices of the Colombian Agricultural Institute - ICA for live cattle.

Constant improvement: Include action plans and a reliable commitment to meet the criteria and continually improve livestock practices.





Traceability: The suppliers have the ability to specify the conditions under which the production process was carried out from the time of the harvest to the packaging.

Packing: Working together with the industry, there will be eco-friendly packaging with the highest possible recyclability index and its respective eco-labeling, meeting quality and safety requirements.

To guarantee compliance with the above guidelines, Grupo Éxito will perform monitoring and verification through third parties not related to the business, authorized by prior agreement and direct contract with the supplier.

Monitoring is annual for the desired minimums.

Commitments:

- Founding partners of the <u>Tropical Forest Alliance 2030</u> alliance that ratifies the commitment to zero deforestation in the country.
- Members of the <u>Consumer Goods Forum</u>, a CEO-LED organization that helps the world's retailers and consumer goods manufacturers collaborate, along with other key players, to ensure consumer confidence and drive positive change, including greater efficiency.
- Members of the <u>Colombian agreement</u> for the zero-deforestation of the meat chain in Colombia, an agreement whose objective is to join forces that contribute to reaching the goal of zero net deforestation of natural forests in the country by 2030
- Members of the New York Declaration of Forests

Declarations:

- Grupo Éxito will commercialize only tier one supplier's beef that has compliance with zero deforestation and/or environmental restoration plans, which guarantee zero deforestation and meat quality on their farms.
- The properties of Grupo Éxito's loyal beef suppliers will be monitored under criteria of zero deforestation and respect for the agricultural frontier through an independent third party not related to the business whose monitoring includes the criteria defined as the minimum expected in this policy.
- All suppliers will be voluntarily invited to declare their conservation commitment of the natural ecosystems present on their farms/properties.
- Grupo Éxito will sell beef from loyal suppliers that meet the minimum desired criteria, guaranteeing the commitment to conservation, meat quality and animal welfare.
- Grupo Éxito will additionally commercialize, under a specific label, products derived from livestock that have been produced following principles framed in sustainability criteria (Maximum desired): conservation, respect for Human Rights, animal welfare, meat quality and livestock management, attending to traceability and transparency to the consumer defined as maximum expected in this statement.





- As of the release of this document, suppliers that refuse to assist with the implementation of this program will be excluded from the company's supply
- Annually communicate the results through the implementation of this statement to all the Company's stakeholders through the sustainability report.

Aligned with:









Allies for monitoring:









Allies for conservation:







References

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