

Sustainable

Livestock model

Declaration



Objectives

Generate guidelines that promote the transition of the beef business towards a sustainable perspective in conjunction 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 their purchasing standards, considering sustainable criteria.
- Develop partnerships with independent civil society organizations not involved in the business for the monitoring and endorsement of Sustainable Livestock criteria.
- Accompany the transformation process of beef suppliers for Grupo Éxito.
- Define monitoring activities of the standards that allow continuous improvement of the suppliers' production process.

Introduction

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

Due to the aforementioned and its importance in nutrition, it is necessary to conduct 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 planet-based diets developed by WWF, aims to promote a consumer portfolio that encourages conscious decisions at the level of healthy living, local and sustainable production.

Historically, traditional livestock farming, due to its characteristics of occupation, regional economies, and cultural roots, has been a generator of social development and prosperity for many regions of the country; however, this agricultural activity can sometimes be associated with negative impacts such as soil compaction and degradation, decreased water table levels, loss of forest cover, and/or impact on natural ecosystems (Ortiz J & Ayala K, 2019). It is worth noting that ecosystem degradation in Colombia has additional drivers with greater impacts such as illicit crop cultivation, land occupation, and multimodal poverty.

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

To curb this trend, Colombia subscribes to the New York Declaration on Forests 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 assist the private sector in fulfilling it, recognizing that many companies have even more ambitious goals." Similarly, the international alliance Tropical Forest Alliance 2030 (TFA2030), a public-private initiative promoted among governments, the private sector, and civil society, whose object is to reduce tropical deforestation related to agricultural raw materials, is highlighted. The Government of Colombia has adhered since January 2017 to the TFA 2030 and created the TFA2030 Colombia Alliance in December 2017 as the national chapter of the initiative, with Grupo Éxito being a founding partner of said initiative.



The productive practice of the livestock sector has developed in various departments of the country, generating economic development and opportunities for progress for many families. The commitment of producers in developing more efficient, higher quality, and lower impact production practices for people and the planet contributes to implementing guidelines under sustainability criteria and tracing a long-term vision for the sustainable development of Grupo Éxito's beef business.

Grupo Éxito recognizes that in the long term, the livelihood of the rural sector in Colombia will depend on the availability and quality of natural resources as well as the health and well-being of all people associated with agricultural production systems from which we feed and that have an impact on air quality, 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, increasing forest cover provides higher levels of shade that allows cattle to take refuge from weather conditions and diversifies income for producers. Additionally, sustainable livestock farming determines a better cost-benefit relationship through an increase in the quantity and quality of meat per hectare as well as a reduction in production costs associated with increasing the 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 customer and, in turn, facilitating the development of suppliers in their production processes, working on different fronts of sustainability.






Definiciones

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Sustainable Livestock: Process by which live cattle are purchased for subsequent transformation and commercialization of beef. This product is officially responsible, environmentally sustainable, economically viable, and committed to conservation.
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Natural Forest: "Land primarily occupied by trees, which may contain shrubs, palms, guaduas, herbs, and lianas, where tree cover predominates with a minimum canopy density of 30%, a minimum canopy height (in situ) of 5 m at the time of identification, and a minimum area of 10 ha.

Tree covers of commercial forest plantations (conifers and/or broadleaf) are excluded." Official definition provided by the 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 consider 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), which identifies and accounts for the deforested area annually since 2010; b) the agricultural frontier defined by Resolution 261 of 2018 of the Ministry of Agriculture and Rural Development (MADR); and c) the Comprehensive Strategy for Deforestation Control and Forest Management. Based on the above, it is considered that areas with pasture coverage or similar for cattle holding have led to deforestation if the change in coverage from forest to non-forest occurred after January 1, 2011.
- **Agreement for Conservation and Restoration of Natural Forest:** An agreement for conservation and restoration of the natural forest is one in which the cattle rancher, owner, possessor, holder, or occupant in good faith, exempt from guilt of the property (prior compliance with the law), acquires the commitment to preserve the remaining natural forest areas on their property and to carry out effective actions of ecological restoration, recovery, and rehabilitation of deforested areas from January 1, 2011, towards natural areas or towards productive agroforestry and forestry systems according to the productive aptitude of each region. The agreements must have a monitoring mechanism to ensure compliance. Agreements can also be formulated at the village level by associations of peasants, committees of cattle ranchers, community action boards, among others. They can be signed with government entities, meat purchasing

and distributing companies, an NGO within the framework of an initiative, among others

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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 should result in a self-sustaining ecosystem, ensuring the conservation of species and the goods and services they provide. In this case, the ecosystem must return to a condition similar to how it was before degradation..
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Rehabilitation: According to the National Plan for Ecological Restoration, Rehabilitation, and Recovery of Degraded Areas (MADS, 2015), it is a type of restoration 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.
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Natural Ecosystem: A native biological system composed of a community of living organisms and their physical environment where they interact. Examples include forests, wetlands, highlands, among others.
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Planet-Based Diets: Consumption patterns that are advantageous for the involved parties, 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).
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Agricultural Frontier: According to the Ministry of Environment and Sustainable Development of Colombia, the agricultural frontier is the limit of rural land that separates areas where agricultural activities are allowed from protected areas, areas of special ecological importance, and other areas where agricultural activities are excluded by Colombian law.

Scope

Tier one suppliers of live cattle to Almacenes Éxito S.A. for all retail formats.

Sustainable Livestock Criteria

Grupo Éxito recognizes as sustainable livestock those processes that maximize productive efficiency harmoniously with the ecosystem, based on the conservation and restoration of strategic areas and the preservation of ecosystem services. Such processes are framed within the minimum expected and/or the maximum desired as described below.

Mínimum Expected

Pillars that 100% of direct live cattle suppliers comply with.

- **Ecosystem conservation:** Activities aimed at resource management, respect for the national agricultural frontier, ensuring minimal pressure on ecosystems, protecting biodiversity, and reaffirming the commitment to conservation.
- **Quality:** Ensure the quality of the product, compliance with quality and safety standards such as age, fat coverage, and yield as applicable for each channel and different types of cuts, governed by Decree number 1500 of 2007 for slaughterhouses.
- **Animal welfare:** Ensure that animals are in satisfactory states of welfare in production practices, verifying their health, comfort, feeding, and freedom to express their innate behavior, governed by the compliance with applicable regulations.

Máximo Desierd

Additional and voluntary criteria for direct live cattle suppliers certified by [Aval GANSO](#).

- **Efficient management:** carry out activities aimed at planning, managing, and monitoring the production process taking into account economic, environmental, and social aspects.
- **Social development:** Provide safe working conditions for workers, ensure respect for Human Rights and labor legality.
- **Animal welfare - BPG:** Ensure that animals enjoy the five freedoms of animal welfare: free from thirst, hunger, and malnutrition, free from discomforts, free from pain and disease, free to express themselves, and free from stress. (FAWEC 2012)
- **Continuous improvement:** Have action plans and a reliable commitment to compliance with the criteria and continuous improvement of livestock practices.
- **Traceability:** Have the ability to specify the conditions under which the production process was carried out from raising to packing.
- **Packaging:** In line with the industry, the company's packaging and container guidelines are adopted, and the GANSO second-party certification logo is included for meat sold under the "POMONA Ganadería Sostenible " brand."

Additionally, for suppliers with GANSO Aval, there are criteria for information management, biodiversity management, and satellite monitoring.

To ensure compliance with the above guidelines, Grupo Éxito conducts monitoring and verification through an independent third party not involved in the business, authorized after prior agreement and direct contract with the supplier. For the minimum desired, monitoring is annual..

Working with Stakeholders:

- Signatories to the voluntary agreement for zero-deforestation of the meat chain in Colombia, an agreement whose objective is to join efforts that contribute to achieving the goal of net zero deforestation of natural forests in the country by 2030.
- Signatories of the New York Declaration on Forests.
- Members of the National Sustainable Livestock Table.
- Early adopters of the Taskforce on Nature-related Financial Disclosures (TNFD).
- International cooperation projects with WWF and UK Pact.

Commitments:

- Grupo Éxito will only purchase live cattle from direct suppliers who meet the desired minimum criteria, guaranteeing the commitment to conservation, meat quality, and animal welfare.
- The land coverages of the premises of the direct live cattle suppliers of Grupo Éxito will be monitored satellite each year to review the loss and gain of tree coverage (net deforestation) and respect for the agricultural frontier through an independent third party not involved in the business whose monitoring includes the criteria defined as minimum expected in this declaration.
- All suppliers will be voluntarily invited to declare their commitment to the conservation of the natural ecosystems present on their farms/premises.
- Grupo Éxito will also market under a specific label product derived from livestock that have been produced following additional 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 declaration.

- From the publication of this document, suppliers who refuse to collaborate with the implementation of this program will be excluded from the company's supply chain.
- Communicate annually the results through the implementation of this declaration to all interested parties of the Company through the sustainability report.

For more information regarding the management carried out in the sustainable livestock model, consult the following link:

<https://www.grupoexito.com.co/es/modelo-de-ganaderia-sostenible-de-grupo-exito>

Aligned with:



Allies for monitoring:



Allies for conservation:



Continuous Improvement

The company recognizes the importance of continuous improvement; for this reason, the Sustainable Livestock Declaration is updated every two years, thus ensuring that the objectives and goals set remain relevant and effective over time. In order to include in the scope of this declaration the indirect suppliers, the company commits to continue working with stakeholders to resolve the bottlenecks of the meat sector in the country..

Referencias

Políticas Relacionadas:

- Sustainability Policy
- Environmental Policy
- Biodiversity Policy