

Biodiversity



Risk assessment



Overview

Grupo Éxito is committed to the protection of biodiversity of natural resources throughout the operations of its different business units, to strive for the growth of the Company in harmony with the environment, and contribute to the development of the country by articulating strategies following the superior purpose "**Nourishing Colombia with Opportunities**". Through its biodiversity policy, the Company promotes sustainable use of natural resources. It achieves sustainable supply chains and encourages and implements actions to avoid, minimize, restore, and compensate for the impacts on biodiversity, with a main emphasis on protected areas of high value for biodiversity.

For this reason, Grupo Éxito conducts its business operations in areas that comply with local regulations on biodiversity issues and territorial development plans. Likewise, the Company periodically performs a risk assessment related to biodiversity at the level of its direct operations for the dependencies of its different business units through different tools and geographic services in the public domain.

Definitions

Red List of Colombian Ecosystems: This assessment was carried out by the Pontificia Universidad Javeriana and Conservation International Colombia, where the threat status of Colombia's remaining ecosystems was evaluated and identified through the application of the Red List of Ecosystems methodology developed by the International Union for Conservation of Nature (UICN) (Etter, A. et al, 2017).

Protected areas: The geographically defined area that has been designated, regulated, and managed to achieve specific conservation objectives (Ministry of Environment, 2010).

National System of Protected Areas: Set of protected areas, social and institutional actors, and the management strategies and instruments that articulate them, which contribute as a whole to the fulfillment of the country's general conservation objectives (Ministry of Environment, 2010).

Single Registry of Protected Areas: Means by which declared, recategorized, or homologated protected areas are registered before the SINAP coordination to issue certificates of the existence of these protected areas in the national territory; this process is likewise applicable for Civil Society Natural Reserves (Presidency of the Republic of Colombia, 2015).

Strategic ecosystems: Corresponds to moorland areas, sub moors, water sources, and aquifer recharge areas that, being areas of special ecological importance, enjoy special protection (Presidency of the Republic of Colombia, 2015).

Tropical dry forest: Tropical dry forest can be found in areas where annual temperatures exceed 17°C and the amount of evapotranspiration is greater than precipitation (IAvH, 2014). According to IAvH (2014), globally there are about one million square kilometers of tropical dry forest remaining and more than half of this is in South America, specifically in Venezuela, Colombia, Ecuador, Peru, Bolivia, and

Brazil, however, different spatial analyses have shown that approximately 97% of the tropical dry forest is threatened by anthropogenic factors such as agricultural expansion, cattle ranching, and mining.

RAMSAR Wetlands: Refers to wetlands designated as internationally important under the Convention on Wetlands (RAMSAR, n.d.).

Important Bird Areas (IBAs): Areas that are part of the global initiative coordinated by BirdLife International that seeks to identify, document, and manage a global network of critical sites for bird and biodiversity conservation, considered irreplaceable and potentially vulnerable "hotspots" (IAvH, n.d.).

Taskforce on Nature-related Financial Disclosures (TNFD): A global initiative that seeks to develop and provide a framework for disclosure and management of nature-related risks to contribute to the mobilization of global financial flows towards actions that generate positive outcomes for nature (TNFD, 2023).

Biodiversity-Related Risk Roadmap

To contribute to the prevention of the loss of biodiversity worldwide, companies must establish goals to mitigate the impacts generated on biodiversity by their direct operations and throughout their supply chains. For this, a roadmap must be defined that articulates actions of analysis, measurement, prioritization, formulation of management plans, and establishment of commitments around biodiversity-related risks. For this reason, Grupo Éxito has aligned its roadmap of nature-related risks with the LEAP Methodology developed by TNFD. The roadmap for addressing biodiversity-related risks is shown in Figure 1.

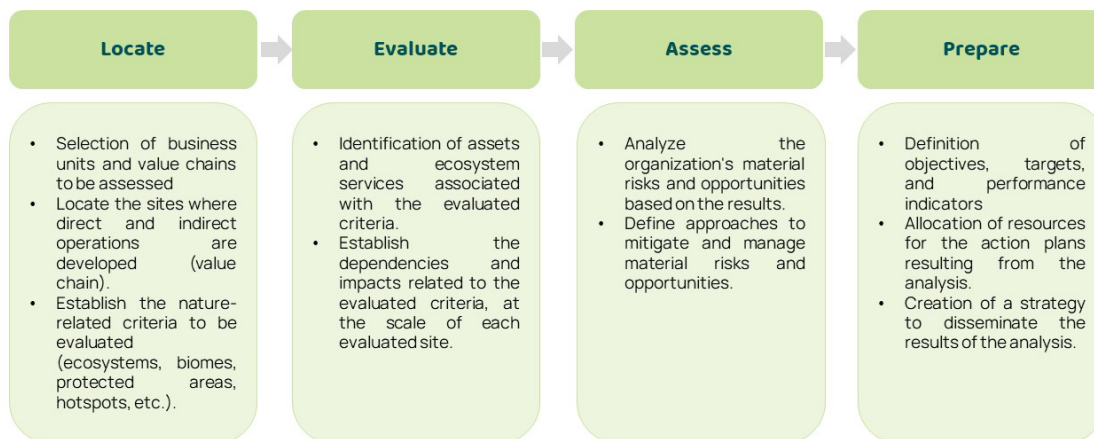


Figure 1. Flow of procedures for the analysis of risks related to biodiversity.

Methodological Development

In 2022, Grupo Éxito evaluated exposure to risks related to biodiversity for the units of the retail business lines, shopping centers, service stations, and distribution centers. Additionally, the agricultural properties of the priority raw materials suppliers for private label and non-brand products were included in this analysis, grouped in the sub-business lines of fruits and vegetables, meat, consumer

products, and textiles. Table 1 shows the Company's own-brand business units within the scope of this analysis, and Table 2 shows the number of sites evaluated in our supply chains.

Table 1. Information on business units of direct operations that are within the scope of the analysis of risks related to biodiversity.

Business units	Number of sites	Area (hectares)
Stores (retail)	501	84.32
Shopping malls	14	108.50
Fuel station	23	0.49
Distribution centers	10	25.95
Total	548	219.26

Table 2. Information on locations and agricultural units that are within the scope of the biodiversity risk analysis.

Subline	Number of sites
Fruits and vegetables	224
Meat products	91
Mass consumption products	13
Textiles	78
Total	416

The analysis of risks related to biodiversity allows for an inventory of risks and opportunities at the level of the evaluated site in terms of impacts on natural resources and surrounding ecosystems, as well as serving as a baseline for the formulation of management plans. This analysis is carried out annually and considers any updates that may exist in the inputs and geographic services used for the risk analysis process.

To carry out the process, different tools, inputs, and geographic services of the public domain that organizations and research institutes support are used, such as the Environmental Information System of Colombia (in Spanish, SIAC), the Single Registry of Protected Areas (in Spanish, RUNAP) and the geographic viewer I2D Geonetwork belonging to the Alexander von Humboldt Institute (IAvH). Using geographic information processing software, an intersection is made between the maps of criteria of high importance for biodiversity covered within the analysis and the locations of the evaluated sites; likewise, areas with a proximity of up to 2 km from each map of the criteria addressed are identified. The description and origin of the maps included in this analysis are shown in Table 3.

Table 3. Parameters evaluated for the analysis of risks related to biodiversity for the direct operations of Grupo Éxito.

Parameters evaluated	Source
Red List of Colombian Ecosystems	Etter, A. et al (2017)
Protected areas	(RUNAP, 2022)
Moorlands	Resolution 0886 of 2018 (Ministry of Environment, 2018) and SIAC (n.d)
Tropical Dry Forest	(IAvH, 2015)
RAMSAR Wetlands	SIAC (n.d)
Important Bird Conservation Areas (IBAs)	(IAvH, 2015)

Actions Plans

Since the sites of Grupo Éxito's direct operations are located in urban centers and are the Company's primary type of economic activity, impacts on the surrounding biodiversity are minimal. Therefore, biodiversity protection strategies are focused on the supply chain.

Being aligned with the LEAP methodology set forth by TNFD (2023), Grupo Éxito adopts a risk mitigation hierarchy when addressing nature-related risks material to the Company identified in its analysis, which applies, in a sequential manner, actions aimed to avoid, reduce, restore, and regenerate.

Avoid

Through the Ethics Charter, Grupo Éxito performs the due diligence process for its suppliers, covering social, legal, environmental, and animal welfare aspects for the parties' commercial relationship. Within the ecological elements, criteria of optimization in water use, waste management, commitments of priority raw materials, and promotion of strategies related to climate change are considered.

On the other hand, Grupo Éxito recognizes that some raw materials are more susceptible to being linked to more significant impacts on biodiversity, either by the necessary and/or traditional practices for developing productive activity or by different regional socio-cultural phenomena that can trigger more significant consequences. For this reason, the Company decided to adhere to the Zero Deforestation Agreements for beef and palm oil and to establish commitments to avoid affecting the ecosystems surrounding the agricultural production units of the suppliers of these two raw materials, which are as follows:

1. Satellite monitoring of 100% of the tier one suppliers of live cattle evaluated according to criteria of agricultural frontier and tree cover.
2. Guarantee that 100% of own-brand products containing edible palm oil in their formulation have RSPO, Rainforest Alliance, or ISCC certification.

Reduce

The primary strategy implemented by Grupo Éxito to reduce impacts on biodiversity and natural resources is its Sustainable Livestock Model, which seeks to maximize productive efficiency in harmony with ecosystems. This is ensured through the

verification of three pillars (minimum expected) in the farms of the suppliers of live cattle, among which is the pillar of ecosystem conservation that includes respect for the agricultural frontier and conservation of tree cover.

Likewise, live cattle suppliers with outstanding production practices (desired maximums) may begin the certification process with the GANSO Endorsement, which considers additional verification criteria for the environmental pillar, such as water management and climate strategy.

Restore and regenerate

As part of Grupo Éxito's Sustainable Livestock strategy, the alliance "Sustainable Consumption and Livestock: An Alliance for Colombia's Biodiversity" was created by the government of the United Kingdom through its UK PACT program, WWF and Grupo Éxito. This partnership seeks to transform the beef retail trade and its value chain through a positive approach to nature, maximizing the potential for biodiversity conservation in live cattle farms and strengthening good production practices.

The different actions implemented must be adapted to the specific needs of each of the evaluated farms, such as conservation, restoration, creation of ecological connectivity corridors, and species protection, for which it is necessary to develop field visits and use different geographic services to help identify conservation potentials and management measures.

Currently, 10 pilots are being developed within the framework of the project on farms that supply live cattle.

Related Documents

- Biodiversity Policy
- Sustainable supply chain management
- Sustainable livestock declaration

Reference

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