



CEO Water Mandate 2014

Communication on Progress

Content



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About this report



Forest in the Novaventa branch in Carmen de Viboral, Colombia

Grupo Nutresa, presents the third edition of its results report to CEO Water Mandate to show its advances on behalf of the Organization in the most relevant issues regarding water: concessions, sanitation and discharges, water usage and conservation, water availability and water management in the value chain.

This communication contains the reporting period of time between January 1st to December 31st of 2014 and was prepared in accordance to the CEO Water Mandate publishing guide and the Global Reporting Initiative GRI G4 sustainability reporting guide.

The scope and coverage of the GRI indicators include water issues for Grupo Nutresa in Colombia, México, Perú, Costa Rica and Chile, which account for 80% of Grupo Nutresa's sales.

The GRI indicators presented in this report were verified by KPMG Advisory Services S.A.S., independent audit firm under the ISAE 3000 International Guidelines, whose report concluded that the information be presented accordingly under the GRI framework. <http://informe2014.gruponutresa.com/>

Grupo Nutresa restates its commitment to good water resource management and the Organization's conviction to continue along with the CEO Water Mandate as it shares its principles within the organization's philosophy and corporate action.

Materiality Analysis

Grupo Nutresa in 2015 conducted its first specific materiality analysis on water related issues in order to define the CEO Water Mandate Communication on progress. For this, it applied the G4 Reporting Framework of the Global Reporting Initiative and the CEO Water Mandate publishing guide. It defines material aspects as those that reflect the significant economic, environmental and social effects of the organization or those that have superlative weight in the evaluations and decisions of the stakeholders. The analysis was carried out in three stages:

Identification

The identification of topics and relevant issues was carried out through trend analysis in the food sector, Organization strategy, stakeholders' opinion, DJSI 2015 Questionnaire, CDP Water 2015, GRI G4, Waterstewardship Alliance, among others. The process identified 17 topics and these were grouped into 9 relevant issues.

Prioritization

Determining the degree of impact for the Organization was achieved by means of a qualitative analysis of the importance that the issue and its management have on the achievement of the strategic objectives of Grupo Nutresa. During this process, internal and external specialists were consulted in the valuation of the importance of each one of the topics and issues.

For the evaluation of the relevance to stakeholders, the 2015 Grupo Nutresa materiality study, the regulation of water related issues in Colombia, México, Costa Rica and Perú, and the evaluated risks in the DJSI and CDP in 2015 were all consulted. The materiality study gathered information from the available relationship channels.

Analysis and Validation

The water materiality matrix was discussed and validated in the Grupo Nutresa Vice Presidency of Sustainable Development, maximum governance organ within the Organization in the matter.



Water related challenges

Life on our planet depends on the quantity and quality of the water available to us, but due to several factors, we face an increasing challenge to access, use and conserve it. The increase in world population and the increasing demand of new or improved products and services, require high volumes of the resource and at the same time increase the risk of contamination. It is estimated that the main sectors in the demand for water are agriculture (86%) and industry (11%). Each day more and more border conflicts emerge over this resource and regulations strengthen towards consumption and quality of the discharged water. The changes in availability and quality of water are a consequence of climate change and require an adaptation of the existing infrastructure and transport sector. However, the biggest challenges are related to competition in ease of access to the resource, which will mark social relations and define restricted areas for the establishment of productive activities.

Grupo Nutresa is aware that its integral management of the resource is vital to all the actors in the value chain. Water is essential for agricultural production and the associated changes to its availability and quality affect raw materials and the communities that harvest and produce these resources. The industrial operations of the food sector require regular water availability with specific quality standards and some of the countries



Collaborators of the Ice Cream plant in Bogotá, Colombia

within the strategic region of Grupo Nutresa: Chile, México, and Perú, have been qualified as countries with high or very high water risk, making it necessary to incorporate sustainable water usage actions throughout all of its value chain as a strategic objective to ensure success.

Thus, under the strategic action framework, the Environmental Commitment and the Corporate Environmental Policy guidelines, a Water Policy has been developed to establish the vision and commitment of Grupo Nutresa to facing the derived risks and opportunities from its use.

Grupo Nutresa, among the implemented strategies, has developed the Water Policy with the clear objective of establishing the vision and commitment of Grupo Nutresa to facing the derived risks and opportunities from its use. It has also set as one of its strategic objectives, the goal to reduce water consumption ($m^3/t.p.$) in industrial operations by 30% for the year 2020.



Grupo Nutresa has proposed
to reduce by
30%
its water consumption
($m^3/t.p.$) in industrial
operations

Water related challenges



Collaborators from the
Biscuit plant in Medellín,
Colombia

As countries' economies advance, new challenges in the conservation of natural resources arise as well as opportunities to build on. Besides the constant concern for efficiency in water use in its production plants, during 2014 and 2015, Grupo Nutresa identified the material issues of great relevance: concessions and dumpings, use, conservation and water availability in watersheds where industrial operations are centered.

In Colombia, as well as in the Central and Southern American region, the general public values the disclosure of corporate sustainability management information. The collective consciousness of the rational and sustainable use of natural resources, is becoming more and more relevant among society and stakeholders, from investors to the general public.

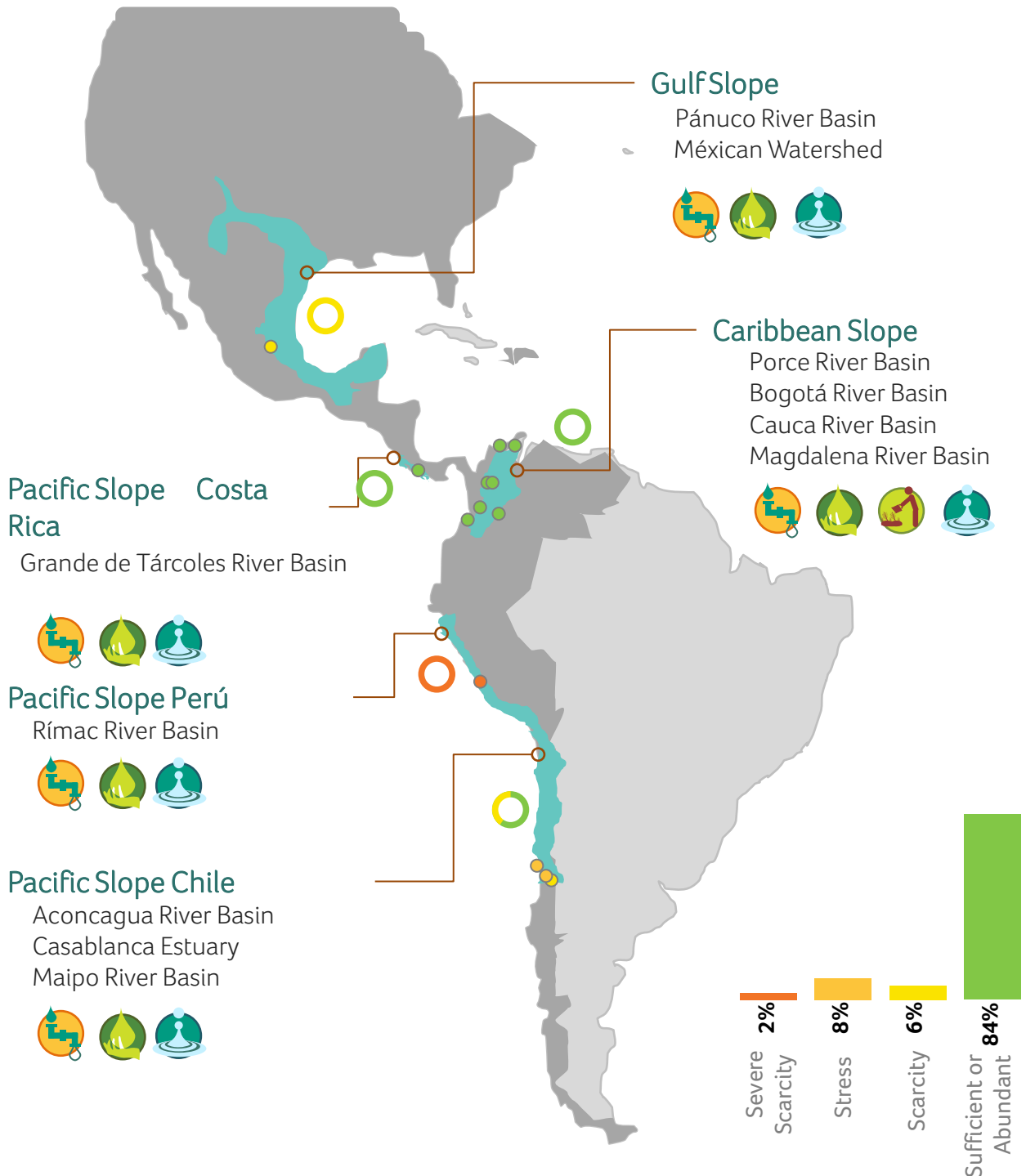
This awareness transcends the mandatory sustainability management reports. The communities, aware of their business purposes, expect a greater information flow to answer all concerns regarding the environment. The industrial sector acknowledges this need and

the important mission it accepts being the direct multiplier of best practices, manager of great ideas and agent of cultural transformation.

Grupo Nutresa is not foreign to this purpose and thus shares its vision on social and environmental responsibility, through the disclosure of the material issues, integral policies and mid and long term goals.

Grupo Nutresa understands the importance of processes for documenting, analyzing and sharing actions within the sustainable management framework. Therefore, the environmental report is consolidated with collective responsibility. The report is not an isolated managerial activity but rather the real disclosure of its business model, risk map, material issues and strategies being implemented to contribute, from different dimensions, to general business sustainability. This report is product of the organization's commitment to its elaboration and application.

Cuencas de influencia y alcance



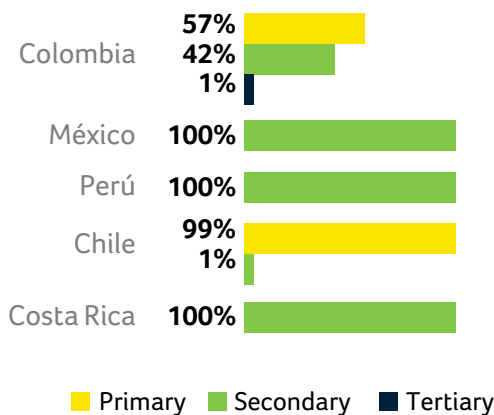
Concessions, sanitation and discharges

For the countries where Grupo Nutresa has direct operations, the uncertainty of the associated risks of water regulation and tariff regime are considered an important risk. The future changes in tariff regulation may affect the costs of sewerage services and retributive tariffs on discharges, which would ultimately impact operation costs.

As part of the risk related actions, Grupo Nutresa is constantly working on EcoEfficiency throughout all operations in order achieve the set reduction goal of using 30% less water by 2020. Accomplishing this goal, will allow to reduce the overhead water costs on sales and reduce from 0.16% to 0.11%, neutralizing the potential rise in tariffs (2% inflation).

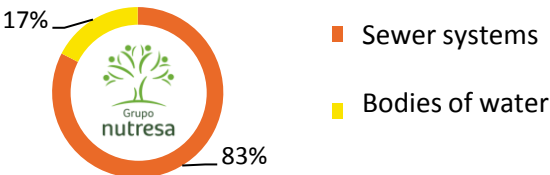
Type of Treatment of Discharged waters

G4-EN22



Discharged wter destination

G4-EN22



In compliance with Decree 1076 of 2015, Decree 3930 of 2010 and the Resolution 0631 of 2015, Grupo Nutresa has defined immediate actions and investments to improve the quality of the discharged water throughout its operations in Colombia. Regulation establishes permissible limits for more than 50 parameters in water quality being discharged into superficial bodies of water and the sewerage systems. Among the actions is the participation in the discussion tables of regulation application and the acquisition of necessary resources for monitoring and removal of organic material in discharges.

For Grupo Nutresa, wastewater treatment occupies an important place within the activities of planning, execution and research for alternative treatment, the resulting collaborative work and network construction helps to strengthen the definition of joint actions in the mitigation of negative environmental impacts. Additionally, Grupo Nutresa in an active contributor in academic events such as the "6th International Symposium on Wetland Pollutant Dynamics and Control Annual Conference of the Constructed Wetland Association, WETPOL 2015", held in New York and the United Kingdom, where Compañía Nacional de Chocolates presented the advances of the Constructed Wetlands for Industrial wastewater treatment research project.

Concessions, sanitation and discharges

In the case of Colombia, one of the most important parameters in water quality is the total BOD, which corresponds to the degradable organic load. According to the 2008 National Water Study, the domestic sector contributed 65% of the total contaminated load of BOD, the industry 29% and the coffee sector the remaining 6%.

A total of 73% of the BOD load was produced by 56 municipalities that discharge into the rivers of the hydrographical subzones of the 9 metropolitan areas of the country, where Bogotá, Medellín, Cali, Barranquilla, Cartagena and Miranda Cauca account for 36% of the grand total. Of the total chemical oxygen demand discharged into the bodies of water in 2008, the industry has contributed 39% and the domestic sector 58%.

In general terms, the maximum contaminants indicators for the different subzones are associated to the great urban concentrations, gathering about 70% of the total population of the country.

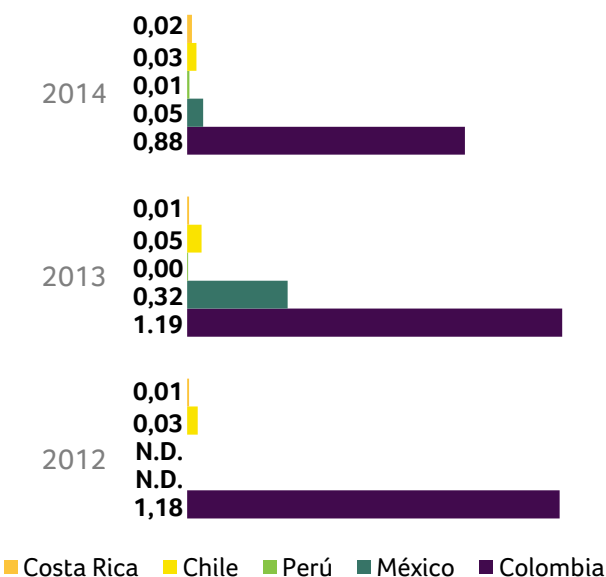
Implementation of ISO 14001

It is worth mentioning that 2014 was an important year in environmental strengthening for the Grupo Nutresa operations outside Colombia, produced by the integration of the management systems and environmental parameters for all operations within the strategic region. Also, as a reflection of the appropriate commitment and environmental management during 2014, the ISO 14001 Environmental Management Systems certification was awarded in nine branches and companies, completing a total of 18 certificates in which 16 are production plants.

 **16** Certified plants
ISO 14001

Total discharge in kg BOD 5/t.p.

G4-EN22



Wastewater treatment related investments

Grupo Nutresa, in order to anticipate the effective date of Resolution 631, has made important investments to improve the quality of the discharges. Reason as to why in some production centers, Grupo Nutresa carried out optimization projects in the existing wastewater treatment plans (WWTP). In other areas, constructed plants, including the Ice Cream business in Manizales, Pasta business in barranquilla and the Coffee business in Santa Marta. The outstanding construction of the WWTP of the Meat business in Bogotá that required a 1.458 Million COP investment and the implementation of an anaerobic contaminant removal system in the Rionegro plant, with an investment close to 1.4000 M COP.

Water use and conservation

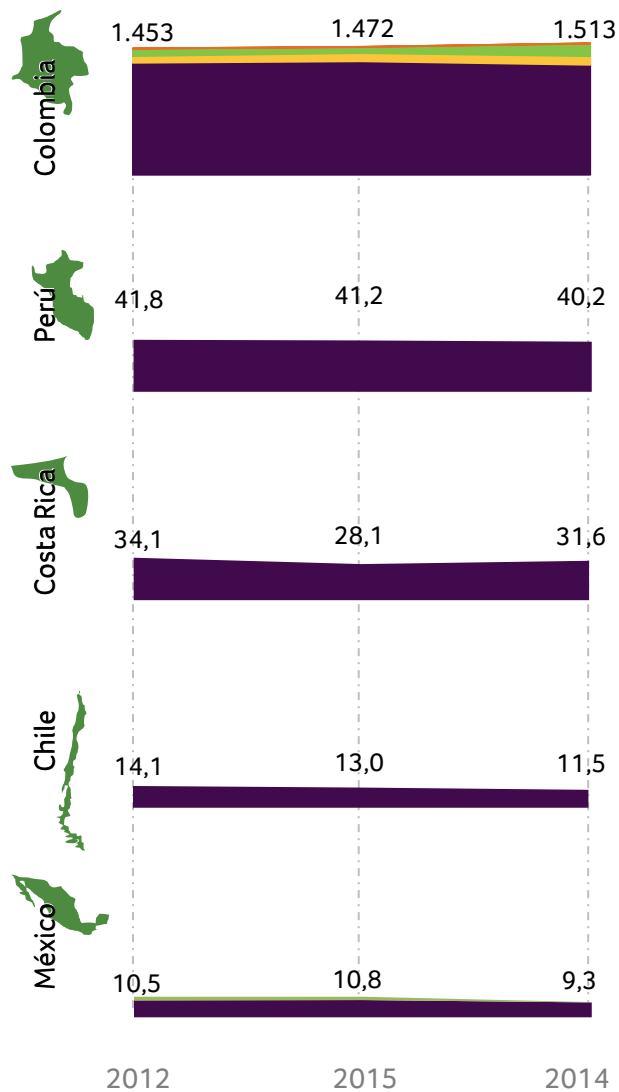
The management and control of the efficient use and consumption of water guaranteeing its quality and avoiding its degradation allows Grupo Nutresa the continuance and generates competitiveness. With the implementation of efficient management practices, water consumption has been reduced by 3.2% per produced ton in regards to 2013, which contributes to an accumulated reduction of 15.5% in regards to the indicator of 2010.

The activities of process optimization and water source recovery in production processes allow to maintain a reused water level of 4.93% of the total water used in all operations in Colombia, which is the equivalent of 74.599 m3/year.

Efficient water use projects

- Water reuse projects in the Pasta business in the Mosquera Plant, advanced along its third stage, allowing to use treated industrial wastewater within the indirect cooling processes, reducing the consumption of drinking water.
- The continuity of the Coffee business in the project of Steam and Distilled Water Condensate Recovery in the evaporation process.
- Continuity of the Meat business in the recovery and reuse of autoclave water.
- The Ice Cream business, in the Bogotá Plant, implemented an improvement process to reuse the water from pasteurization equipment, recovering the liquid used to sterilize equipment and store it for reuse in mixture fabrication. The recovery of high pressure water in order to reduce the WWTP load, allowing to save 240 m3/year.

Total Water Consumption (miles m³) G4-EN8



■ Aqueduct
 ■ Underground
 ■ Superficial
 ■ Rainfall

Water use and conservation

- Wastewater treatment plant in Pasta business in Mosquera.

- In the Biscuit business, Medellín plant, installation of 77 modern sanitation units and water-saving devices that allow for a 50% water reduction in consumption to previous consumption rates, accounting for total savings of 5,492 m3/year.

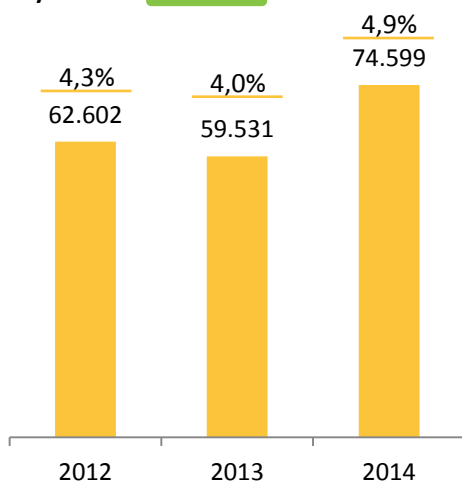
- The capture of direct water, from superficial sources, underwater and rainwater, is maintained under 16% of the total capture, where the municipal sewer system provides 84% of the total capture for industrial operations.

- All water captures of water that are not provided by aqueduct systems must adjust to the requirements provided by environmental authorities in regards to quantities that must be extracted from each one of the sources. In this manner, the Organization does not significantly affect any of the sources that serve its operations.



Collaborator from the Coffee plant in Medellín, Colombia

Percentage and total volume of reused and recycled water **G4-EN10**



Real price of water

Several concepts were developed under this strategy in regards to the human right to water access and to the importance of promoting responsible consumption, getting ahead of shortage risks and low water quality. The real price of water frames an analysis tool which allows to estimate a resource value in variable conditions of shortage and includes all the associated wastewater treatment and required infrastructure costs to remove the organic components and reach discharge parameters. The real price of water analysis allows for an improved perspective on the economic return on environmental investments and alerts on the variable impact on the conditions of availability and quality throughout all the different operations.

Water use and conservation



Volunteers planting trees in El Santuario, Colombia

Considering the advance and commitment in the matter of Sustainable Development and particularly the sustainability and management of water resources, Grupo Nutresa is part of the United Nations Global Compact CEO Water Mandate, a public-private initiative, designed to assist companies in the development, implementation and disclosure, to stakeholders, of sustainable policy and practice related information in the usage of water.



Part of the
**CEO Water
mandate**
since 2012.

The water policy

Under the framework of strategic action and committed to sustainable development, water resource management is a fundamental requirement to ensure the sustainability of our Organization and the communities with which we coexist and interact. Our commitment towards the issue and the sustainability of water consists on developing our corporate action and businesses by focusing on the following fundamental principles:

- 1** Promoting the human right to water, with special emphasis on basic sanitation and access to safe drinking water.
- 2** Guaranteeing the efficient management of water in our direct operations, incorporating practices of technological efficiency for its use, reuse and recycling, and the reduction in water consumption and the optimal treatment of discharges.
- 3** Actively participating in watershed-management programs that are related to our operations, motivating conservation projects of diversity and equilibrium in the ecosystems.
- 4** Promoting culture and practices that encourage companies, employees and society in general in good sustainable water use practices.
- 5** Participating in public-policy dialogues to promote actions oriented to water sustainability.
- 6** Managing relations with our direct suppliers to motivate and create awareness in regards to the use of good practices in water management, the relationship between parties, mutual knowledge and the sharing of experiences.

Water availability

Hydrologists usually evaluate shortage through observation of the population-water equation by means of the water stress index, which considers that the national threshold to satisfy the water requirements of agriculture, industry, energy and environment are 1,700 cubic meters per person. It is understood that the availability below the 1,000 cubic meters represents a “scarcity” level status and below 500 cubic meters “severe scarcity”. According to the previous, some critical availability values were defined per capita as summarized below

Availability Index per capita

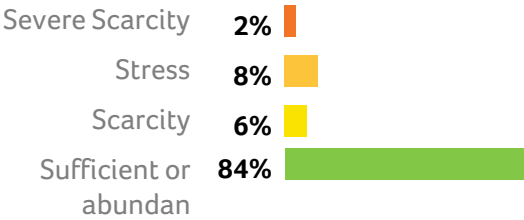
Category	Index Value (person/year)
Stress	1.700m ³ – 1.001m ³
Scarcity	1.000m ³ – 501m ³
Severe scarcity	Equal or below 500m ³

Exposure to water shortage risk

Grupo Nutresa, evaluated at watershed level, the related risks to water availability and its direct operations with the Global Water Tool from the World Business Council for Sustainable Development.

Water shortage risk was evaluated in 27 plants in Colombia, México, Costa Rica, Perú and Chile; the results of the Global Water Tool at current watershed level indicate water availability for all evaluated plants in Colombia and Costa Rica, with stress in two plants, scarcity in three plants and severe scarcity in one plant.

The same results were obtained when making the projection for the year 2025. The data of this report corresponds to the production percentage by classification of the scarcity index.



Additionally, the AQUEDUCT global water risk mapping tool from the World Resources Institute was applied, which allows companies, investors, governments and other users to understand where and how the water risks and opportunities emerge around the world. The results evidence the hydrological stress situation of the six previously mentioned plants.

The water offer in Colombia fluctuates between 34,400 m3/per person per year for rain periods and 26,700 m3/per person per year for dry periods. This shows, according to the definition of the UNEP (United Nations Environmental Program), the country does not present any water stress conditions.

For further analysis of the specific conditions of the influenced areas by the Grupo Nutresa production plants in Colombia, a water usage intensity analysis was implemented in the areas which contains the corresponding watershed usage index. See page 23 of the National Policy for Integral Management of Water Resources, elaborated by the IDEAM – Hydrology, Meteorology and Environmental Studies of Colombia.

Water in the Value Chain

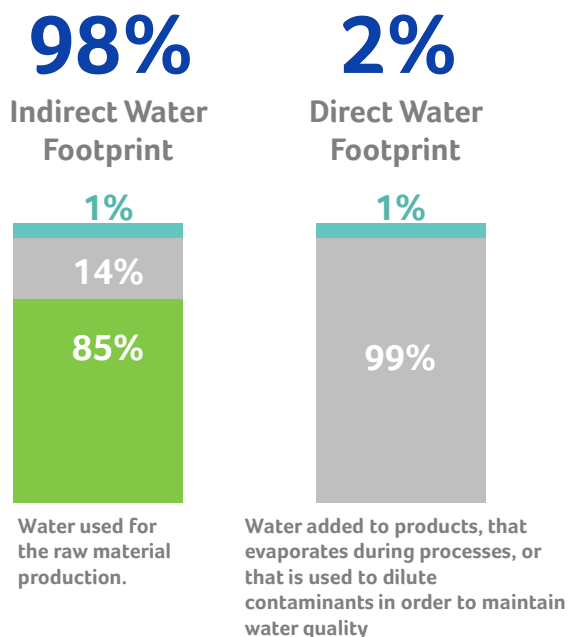
Corporate Water Footprint

In 2012, Grupo Nutresa carried out the calculation of the Corporate Water Footprint of all the plants in Colombia in order to identify the most significant impacts within the Group in terms of water and thus formulate a response strategy to reduce, mitigate and compensate for the impacts. The study was carried out by GAIA Environmental Services and was presented for certification by the Water Footprint Network and verifies that, it correctly applies the established global standards in The Water Footprint Assessment Manual. This was one of the first studies carried out in Latin America.

The total water footprint is 4,868 m³/year, of which 98% corresponds to the indirect water footprint associated to the supply chain, principally crops and raw material production: milk, sugar, meat, coffee, cocoa and wheat.

The remaining 2% corresponds to the direct water footprint. The indirect water footprint associated to the raw material supply chain is one aspect that is not under direct control of the Organization, however the Group motivates and participates in water efficiency related initiatives.

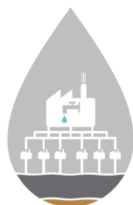
Two main strategies were designed for the reduction of the water footprint: reduction in water consumption in processes and the reduction of the grey water footprint through the optimization of wastewater treatment processes. These treatment system strategies are aligned with the corporate objective of reducing the water consumption by 30% by the year 2020.



Blue Water Footprint:
Superficial or underground water that is used in processes and evaporates or is incorporated into product.



Green Water Footprint:
Rainwater incorporated into the crops and stored in the ground as moisture



Grey Water Footprint:
Water required to dilute the contaminants of a discharge until reaching local regulation quality.

Risk and opportunities in the agricultural sector

The geographical, topographic and socioeconomic conditions in Colombia have led it to be catalogued, by the UN and World Bank, as the third most vulnerable country in the world against climate change. The situation generated the government and corporate need to formulate adaptation and improvement strategies in crops for climate change, in order to ensure possible stability in the supply chain of agricultural and livestock products.

Water in the Value Chain

Aware of this reality, Grupo Nutresa decided to elaborate an analysis of the climate change derived risks and the alterations in the hydrological regimes produced by this phenomenon over two of its main raw materials grown in Colombia: cocoa and coffee. With the implemented methodology, the study tried to determine how the change in temperature may affect the evapotranspiration of the coffee and cocoa crops in the biggest producing departments of the country.



Cocoa grains from producers of Norte del Cocó.

Rainfall season time series projected an approximate increase of

0,8°C

for the year 2040 which means an increase of

2%

in the evapotranspiration of coffee and cocoa crops, without representing a severe risk in the production levels of these crops in Colombia.

Major crop production areas were identified for the application of the methodology, the study estimated the monthly average rainfall in the departments as well as the expected average annual temperature increment. This information was applied to the CROPWAT model and produced the evapotranspiration of each crop in each department for the years 2020, 2030 and 2040 considering all temperature changes for each year set.

The modelling allowed to establish that in the most extreme scenario, the evapotranspiration in these two crops could increase by 2%, product of an increase in temperature of 0.8°C, without representing any significant impact for their production.

Even though there is no significant increase in the evapotranspiration of the crops, it is possible that the increase in temperature may have some kind of influence on the migration of the crops or the associated vegetation which may lead to an eventual affection that may possibly have to be evaluated within the analysis. It is still undetermined if the increment may affect fauna migration and positively or negatively impact the coffee and cocoa crops.

Water in the Value Chain

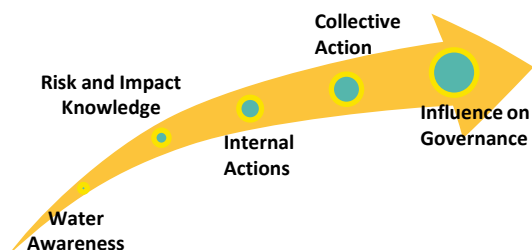


Artificial Lake at Novaventa in Carmen de Viboral, Colombia

Alliance with WWF

During 2015, Grupo Nutresa signed an alliance with WWF NGO in order to join efforts to develop projects in water resource management throughout the value chain. Particularly, WWF will be the ally to structure the water custody model that Grupo Nutresa expects to strengthen for 2016. This model is focused on five stages and is expected to collect all the company driven initiatives to harmoniously articulate all actions and achieve a positive impact on the environment.

Stages of the WWF Water Custody Model



Collective Action and Public Policy

One of the elements of the Grupo Nutresa Water Policy is to promote active participation in operation related water management programs. This motivated Grupo Nutresa to participate as founding partner of the Cuenca Verde Corporation (Green Basin), water fund dedicated to preserve the environmental services in the supply basins of the dams that supply the Aburrá Valley in Antioquia. These dams supply 90% of the water for 3.5 million people the city of Medellín and its surrounding municipalities and which contains 4 of the major production plants for the Meat, Coffee and Biscuit businesses. During 2014, Cuenca Verde (Green Basin) promoted training spaces and best practice sharing together with companies from different sectors.

Additionally, continues to be commitment to the “Pact for the Forests in Antioquia” biodiversity preservation program, participating in the ecological and preservation studies of the Andean ecosystems led by the Botanical Garden of Medellín, in the municipality of Jardín, Antioquia, taking place in a plot donated by the Coffee Business.

Water management with suppliers

Coffee. The traditional benefit coffee process in Colombia is carried out through small coffee growers within their own facilities, characterized by artisanal conditions that lead to bad practices in regards to water usage. This means, that the water consumption under this traditional model oscillates between 30 – 40 liters of water per kilogram of benefitted coffee. Additionally, requires extra work of the land which the coffee grower must do to commercialize the product.

Water in the value chain

In order to reduce the water impact in this activity, improve the life conditions of the coffee growers and optimize coffee quality which is greatly determined by the benefitted process, Grupo Nutresa through the Coffee business decided to carry out a joint construction project of a benefit coffee central with the Andes Coffee Growers Cooperative in the municipality of Ciudad Bolívar in the Antioquia Department. This benefit central will start operations before the end of 2015 and is expected to reach the use of 3-4 liters of water per kilogram of coffee, as well as reduce an average of four to five hours of work a day that the task demands of coffee grain growers.

Cocoa. With the purchase and promotion areas of the Chocolates business, applied research to cocoa crops is being carried to make improvements with the farmer groups. The projects that have been developed have helped to improve performance in the collection of cocoa per hectare of up to 70% (growing from 400kg/hectare to 1,500kg/hectare), which means greater production with the same amount of water, increasing efficiency and contributing to the indirect water footprint of the production of the raw material.



Grupo Nutresa owned pig farms, Meat Business.

Meat. The Meat Business of Grupo Nutresa has its own pig farms or others under alliance models with third parties to supply an important part of its meat demand. With the support of the Green Basin Water Fund (Fondo de Agua Cuenca Verde), in 2015, Grupo Nutresa developed a pork producer engagement process located along the water basins that supply the Riogrande and La Fe Dams, which supply water for the city of Medellín.

The process' objective is to reduce the environmental impact of the basins caused by water diffused discharges from pig farms. Even though these waters are treated under the established Grupo Nutresa environmental standards and the Colombian legal framework, the project carries out additional interventions along the marginal zones of the rivers to reduce possible impacts. The intervention consists on developing source water enrichment actions, hillside forest preservation, riverbank reforestation with native species and the construction of septic tanks and bridges for livestock crossing and thus avoiding the contamination of water sources. All of this, under the process of raising people's awareness of appropriate water management practices.

Water and Community

Water is a fundamental resource for the development of social projects that Grupo Nutresa supports through its Foundation. This resource allows to encourage nutritional recovery initiatives guaranteeing good manufacturing practices in the washing and handling of food. From Foundation, knowledge is transferred and Food Banks and Soup Kitchens are trained in the good use of the resource to guarantee correct nutrition in early childhood, young and older adults. Additionally, the Income Generation and Entrepreneurship line develops production projects in which water management plays an important role in the generation of food for daily consumption and the production of agricultural raw materials that allow employment generation in the agricultural sector, all under efficient agricultural premises and the respect for the environment.

Grupo Nutresa Volunteers hand over artisanal water well for the communities of La Guajira



Grupo Nutresa volunteers, join to race the social and environmental issues in La Guajira due to rain shortage. More than 650 collaborators donated 18.000.000 COP allowing the construction of an artisanal water well of more than 10 meters deep.



Children from the healthy space program, Chile.

This work was carried out with the support of Compañía Nacional de Chocolates and the Afrocolombian Farmer Family Association, which have a long -term joint development project that includes the technical and social strengthening of cocoa growers in the area. This well was finished with a water storage tank and a hose distribution system to the houses.



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