



HSJ ENVIRONMENTAL AND SOCIAL ACTION PLAN (ESAP) AND ASSOCIATED TARGETS

HSJ is committed to the sustainable expansion of their cattle production model in the Orinoquía Region.

HSJ's commitments related to implementation of the LPP are reflected in the ESAP:

- A. Strategic actions for the sustainable upscaling of their cattle production model, with a description of the milestones and respective timelines;
- B. Environmental and social returns, expected to result from the implementation of the LPP, with quantitative targets and respective timelines; and
- C. Environmental and social management system (ESMS) improvements expected to be implemented by HSJ in order to achieve compliance with IFC Performance Standards, with quantitative targets and priority actions.

HSJ will report progress against the milestones and targets laid out in this ESAP, and further detailed in the LPP, to &Green on a (bi-)annual basis. An annual review of the progress will be carried out by an external expert.



Sustainable upscaling targets

The action plan in Table 1 contains contractually binding targets with expected deliverables, due dates and verification methods. The “*external audit report*” refers to the annual external review of the targets in this document.

Table 1. A. : Sustainable upscaling targets

#	SYSTEM/SCALE CHANGES	TARGETS (DELIVERABLES IN BOLD)	DUE DATE	VERIFICATION DURING THE LOAN PERIOD
1	Implementation of NDPE Policy	Risk map developed and implemented to guide purchasing of heifers in HSJ’s initial upscaling phase towards low-risk areas. Risk map finalized, and implemented for external purchase of all heifers until NDPE grace period expires on 1 January 2025, after which full NDPE compliance is required.	12/2022	External audit report
2	Publication of NDPE Policy	NDPE Policy signed and published on website	Upon investment	Policy is publicly accessible at HSJ’s website (no report needed).
3	Governance and Capacity	Sustainability Committee established. Charter approved by &Green and signed by HSJ Board, Environmental specialist and Social specialist assigned as ESAB members, first meeting held	12/2022	Charter, meeting minutes
4	Governance and Capacity	E&S person hired, GIS expertise secured. Job description reviewed by &Green. Person with appropriate qualifications hired within 3 months after signing loan agreement.	3/2022	Org chart
5	Sustainability certification	Demonstrate continued certification against the RA cattle standard, Aval GANSO Standard or equivalent.	Ongoing throughout loan tenor	Sustainability certificate
6	Sustainability certification	In anticipation of the discontinuation of the RS cattle standards, define the next sustainability certification standard, in agreement with &Green.	12/2022	Confirmation from HSJ
7	Sustainability certification	Become member of Roundtable of Sustainable Beef	12/2022	Membership confirmation
8	Land acquisition	The Land Acquisition Tool should be fully integrated in HSJ’s systems, staff trained and governance structure in place to manage the implementation of the tool. The tool should be completed prior to the first land acquisition and used for every acquisition thereafter.	12/2022	Internal and external audit report confirming correct implementation of LAP.
9	Biodiversity	In consecutive management blocks of > 10,000 hectares, at least 2% of natural savanna land is conserved, additional to the restoration and conservation areas, in such a way that connectivity is maintained in the landscape	Ongoing throughout loan tenor	External annual audit report



Environmental and Social Returns

HSJ commits to achieve expected environmental and social returns through implementation of the ESAP. The quantitative targets related to the ESAP items are presented in Table 2, with the contractually binding targets highlighted in green.

Table 2. ESAP: Targets on Environmental and Social Returns

KPI	TARGET	UNIT	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
1A. Forest Conserved	Natural forest conserved covering at least 7% of total area under HSJ's management	ha	331	745	1,242	2,070	2,898	3,726	4,554	5,382	6,210	7,452	8,694	13,632
1B. Wetlands conserved	Inundated grassland conserved covering at least 2% of total area under HSJ's management	ha	90	202	337	561	786	1,010	1,235	1,459	1,684	2,020	2,357	3,615
1C. Forest Restored	Natural forest restored with active or natural regeneration covering at least 7% of total area under HSJ's management	ha	331	745	1,242	2,070	2,898	3,726	4,554	5,382	6,210	7,452	8,694	13,632
2A-C. Sustainable Intensification	All productive expansion area, excluding protection areas, under sustainable intensified cattle management.	ha	4,360	9,810	16,350	27,250	38,150	49,050	59,950	70,850	81,750	98,100	114,450	179,921
3A. Community benefits	# individuals benefitting through (i) access to education, (ii) access to improved cattle farming practices through knowledge sharing, (iii) access to improved cattle farming through resource sharing, (iv) access to improved fire management, (v) local business development, (vi) gender programs (skills training for women), (vii) access to cultural services.	# people	684	699	714	729	744	759	774	789	804	819	834	849
3B. Jobs	# direct jobs provided (fte equivalent), of which at least 35% to local people and at least 10% to women	# jobs	19	43	71	119	166	214	261	309	356	428	499	570



Compliance with IFC Performance Standards

HSJ commits to increasing its IFC PS compliance levels year on year and achieve a minimum of 90% compliance with all applicable Performance Standards three years after signing the loan agreement. An IFC PS gap assessment carried out by external experts concluded that seven of the eight IFC Performance Standards on Environmental and Social Sustainability should be considered. PS8 - Cultural Heritage is not applicable. Colombia's eastern plains ("Llanos") are scantily populated and historically are not known for extensive habitation or cultural assets. The eastern llanos of Colombia inhabited by semi-nomadic and autonomous chieftains until 750 b.p. These dispersed and mobile groups of hunter-gatherers had trade-based integration with more sedentary communities in the Western Highlands and there are no registered archaeological sites in Vichada or eastern Meta. Tuparro National Reserve (100 kilometers to the south of HSJ) is a registered

HSJ will complete the priority actions in 2022 as per Table 3. Other recommended actions, derived from the IFC PS gap assessment, are provided in the IFC PS Compliance Matrix and serve as a guidance to the company in its compliance processes. The external audit will comprise a full review of HSJ's compliance against the IFC PS, resulting in an updated IFC PS compliance matrix.

Table 3. ESAP: Targets on IFC PS Compliance

THEME	TARGET	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
IFC PS1: ESMS	90% by year 2024 and, by end 2022: - External Grievance Mechanism - Stakeholder Engagement Plan - Monitoring Plan - Annual Sustainability Report	51%	70%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%
IFC PS2: Health, safety, labour	90% by end 2024 and, by end 2022: - Internal Grievance Mechanism - Retrenchment Policy - Incident monitoring and evaluation	68%	80%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%
IFC PS3: Water, air, land	90% by year 2024 and, by end 2022: - Integrated Pest Management Program	61%	75%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%
IFC PS4: Communities	90% by year 2024 and, by end 2022: - Emergency Preparedness and Response system	83%	85%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%
IFC PS5: Displacement	90% by year 2024 and, by end 2022: - Operationalized LAT	50%	70%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%
IFC PS6: Biodiversity	90% by year 2024 and, by end 2022: - Certification standard selected - Monitoring Plan for biodiversity, soil, water, invasive species (to monitor 'No Net Loss') - Biodiversity Conservation Plan for expansion areas	61%	75%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%



THEME	TARGET	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
IFC PS7: Indigenous Peoples	90% by year 2024 and, by end 2022: - Informed Consultation and Participation (ICP) process - IP Grievance Mechanism	72%	80%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%