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**Date:** October 31, 2022.

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**To:** Rubens Carvalho, Earthsight.

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**Subject:** Reply to letter regarding beef exports to US.

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Minerva Foods is South America's largest beef exporter and one of the region's leading high quality beef producers. The Company operates in the production and sale of beef, processed foods and byproducts, operating out of Brazil, Argentina, Chile, Colombia, Paraguay, Uruguay and Australia, accessing markets in over 100 countries.

It is evident to the Company that the sustainability of its business depends on the sustainability of the ecosystems which support agricultural production. With this mindset, a commitment to the sustainable future of the planet's food supply is at the forefront of its objectives, and regards Sustainability among its company values, together with Results Driven, Commitment, Innovation, and Acknowledgement<sup>1</sup>.

To ensure the best prioritization of initiatives and in the development of partnerships, the Minerva Foods ESG (environmental, social and corporate governance) agenda was organized into three pillars: Dedication to the Planet, Prosperity of Our People, and Product Quality and Respect for Life<sup>2</sup>.

## Engagement and Recognitions

In 2021, Minerva Foods joined the United Nations (UN) Global Compact<sup>3</sup>, the greatest global movement towards sustainability. It consists of initiatives for companies committed to the development of strategic policies for their operations that include universal principles of Human Rights, Labor, the Environment, and Anti-Corruption, in addition to contributing to the fulfillment of the 17 Sustainable Development Goals (SDGs) established by the UN by 2030.

The movement is part of the company's strategy towards sustainability and reinforces the efforts undertaken over the past few years to promote the ESG agenda across all links of the chain.

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<sup>1</sup> More information at: <https://www.minervafoods.com/en/the-company/>

<sup>2</sup> More information at: <https://www.minervafoods.com/sustentabilidade/en/our-strategy/>

<sup>3</sup> More information at: <https://www.unglobalcompact.org/what-is-gc/participants/145646-Minerva-S-A>

Since 2005, the Company has been a signatory of the National Pact for the Eradication of Slave Labor, a Brazilian initiative that is developed based on ten commitments to combat labor analogous to slavery in its supplier network. The performance of these actions is monitored annually by the Instituto Pacto Nacional pela Erradicação do Trabalho Escravo (InPacto, in portuguese).

Minerva Foods actively participates in the Emerging Markets Investor Alliance initiative, the Global Roundtable for Sustainable Beef (GRSB), *Mesa de Ganadería Sostenible de Colombia*, *Mesa Paraguaya de Carne Sostenible* (MPCS) and the Grupo de Trabalho da Pecuária Sustentável (GTPS).

For the second consecutive year, the Company was listed in the 2021/2022 portfolios of the Carbon Efficient Index (ICO2)<sup>4</sup> and the Corporate Sustainability Index (ISE)<sup>5</sup>, held by B3. In 2022, Minerva Foods also joined the 2022/2023 portfolio of the CDP Brazil Climate Resilience Index (ICDPR70)<sup>6</sup>. These indexes are tools used to compare the performance of companies listed on the B3 with regard to corporate sustainability.

Minerva Foods ranks among the five best Brazilian companies according to Forest 500 ranking<sup>7</sup>. This assessment indicates that the Company is one of those with the lowest risks of linkage to deforestation or potential exposure to forest risk commodity supply chains. The ranking is conducted annually by Global Canopy and strives to accelerate progress towards a global deforestation-free economy - through greater transparency, innovative finance, and strategic communications. The ranking evaluates the overall approach to deforestation; strength of sustainability policy/commitment; social aspects, which analyzes its commitments to human rights; reporting and implementation of commitments made - criteria in which Minerva Foods presented positive results.

## **Dedication to the Planet – Commitment to Sustainability**

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<sup>4</sup> More information at: [https://www.b3.com.br/pt\\_br/market-data-e-indices/indices/indices-de-sustentabilidade/indice-carbono-eficiente-ico2-composicao-da-carteira.htm](https://www.b3.com.br/pt_br/market-data-e-indices/indices/indices-de-sustentabilidade/indice-carbono-eficiente-ico2-composicao-da-carteira.htm)

<sup>5</sup> More information at: <http://iseb3.com.br/carteiras-e-questionarios>

<sup>6</sup> More information at: <https://icdpr.net/empresas-do-indice/>

<sup>7</sup> More information at: <https://forest500.org/rankings/companies>

Upon the pillar Dedication to the Planet, the Company's focus is on acting now to prevent the worst effects of climate change, while supporting rural producers in the adoption of practices that sequester and store carbon, protect biodiversity, and increase resilience. To launch its efforts, Minerva Foods announced its Commitment to Sustainability<sup>8</sup> back in 2021, detailing initiatives focused on three key areas to achieve net zero emissions by 2035. The first is related to the environmental efficiency of its operations, the second aims to combat illegal deforestation, and the third is the Renove Program, which provides support to the production chain in the adoption of low carbon emission practices.

### **Dedication to the Planet – Fight Against Illegal Deforestation – Monitoring of Direct Suppliers**

Minerva Foods utilizes the best available technology in its traceability practices to ensure compliance with environmental, labor and land tenure regulations within its portfolio of producers, with a focus on topics such as biodiversity and human rights. With regard to the environment, the Company pioneered the wider application of geospatial monitoring technology to 100% of direct suppliers in all biomes of Brazil (Amazon, Cerrado, Pantanal and Atlantic Forest). In 2021 the implementation of monitoring for 100% of purchases in Paraguay was concluded. The objective is to achieve the same range of coverage for Colombia (2023), Uruguay (2025) and all other countries in which Minerva operates in South America (2030). Early progress results demonstrate more than 40% of direct suppliers are being monitored in Colombia and 90% in Argentina<sup>9</sup>.

Geospatial monitoring tracks the condition of the ranches, ensuring that cattle purchased by Minerva Foods do not originate from properties with illegally deforested areas; possess environmental embargoes (punitive measures issued by inspection and control agencies that stop production activities that degrade the environment); are

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<sup>8</sup> More information at: <https://minervafoods.com/sustentabilidade/en/commitment-to-sustainability/>

<sup>9</sup> More information at: <https://minervafoods.com/sustentabilidade/en/commitment-to-sustainability/> and <https://www.minervafoods.com/sustentabilidade/en/dedication-to-the-planet/#supply-chain-management>

overlapping with indigenous lands and/or traditional communities and conservation units; and are not associated with the use of labor analogous to slavery.

In other words, this means that there is no illegal deforestation, use of labor analogous to slavery or child labor and environmental embargoes in the Minerva Foods supply chain. Should any non-conformity be detected of the socio-environmental criteria, the supplier is blocked until the situation is corrected.

Audit of the monitoring system is conducted annually, with Minerva Foods achieving outstanding results. The Company maintains the best performance, among major players in the market for the third consecutive year, in the third-party audit carried out by the Federal Public Prosecutors's Office in Pará, the main and most reliable tool for social and environmental verification of the Brazilian production chain<sup>10</sup>. The results for the audit conducted in 2020 demonstrated that of the totaled 113,520 animals purchased, 100% originated from properties that are in compliance with all criteria of the Termo de Ajustamento de Conduta (TAC) under the Federal Public Ministry. This took into account transactions carried out by Minerva Foods between January 2018 and June 2019. The Company has maintained a 100% compliance, since 2013, on audits of the Livestock Public Commitment. In Paraguay, a third-party audit was conducted following the guidelines aligned with the International Finance Corporation (IFC) for monitoring purchases in the country. For the third consecutive time, the performance attained was 100% compliance. Audit reports are public and can be accessed on the Minerva Foods website<sup>11</sup>.

### **Dedication to the Planet – Fight Against Illegal Deforestation – Monitoring of Indirect Suppliers**

Monitoring of the indirect suppliers is the greatest challenge in this sector. It requires investment in the tools and technology, in addition to the engagement of the entire value chain to ensure complete cattle traceability.

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<sup>10</sup> More information at: [http://www.mpf.mp.br/pa/sala-de-imprensa/documentos/2021/apresentacao\\_auditorias\\_cadeia\\_pecuaria\\_pa\\_07-10-2021.pdf](http://www.mpf.mp.br/pa/sala-de-imprensa/documentos/2021/apresentacao_auditorias_cadeia_pecuaria_pa_07-10-2021.pdf)

<sup>11</sup> More information at: <https://www.minervafoods.com/sustentabilidade/en/dedication-to-the-planet/#supply-chain-management>

As a pioneer in the industry, Minerva Foods began to test and integrating<sup>12</sup> into its internal systems, Visipeç<sup>13</sup> a traceability and monitoring tool for indirect suppliers in the Amazon. The tool cross-references information from a property's Rural Environmental Registry (CAR, in portuguese) with public databases to track cattle movements during their production cycle. Visipeç was developed by the National Wildlife Federation (NWF) in partnership with the Gibbs - Land-Use and Environment Lab at Wisconsin-Madison University. It is currently managed by the NWF. Early trials indicated more than 99% compliance with the good practice criteria defined by the Indirect Suppliers Working Group (GTFI)<sup>14</sup>.

Minerva Foods understands that joint efforts must be made to improve traceability in the value chain. Through the app SMGeo Prospec<sup>15</sup>, Minerva Foods has taken the next step to engage the entire livestock chain by transferring its monitoring technology, which has ensured the Company the best traceability results among major players in the industry, to the hands of the rural producers. Minerva Foods, in partnership with Niceplanet Geotecnologia developers of the application, is making it easier for the rural producers throughout Brazil to verify compliance within their own supply chain. The app allows producers to monitor their own suppliers and map risks before carrying out any commercialization<sup>16</sup>.

The biggest hurdle in overcoming this challenge is due to the lack of access to or even the existence of official data for verification along other links of the value chain. Nevertheless, Minerva continues to focus its efforts on training its suppliers on the importance of using the tool through workshops, field visits and sending out guidance materials, as well as actively participating in working groups that discuss this topic.

## **Dedication to the Planet – Brazilian Landscape and Minerva Foods**

Minerva Foods is driven by the international market, with 68% of its revenue deriving from exports (2021). It is renowned globally for its premium products in the meat and

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<sup>12</sup> The integration was completed in August 2021, four months ahead of schedule in the Commitment to Sustainability.

<sup>13</sup> More information at: <https://www.visipeç.com/>

<sup>14</sup> More information at: <https://gtfi.org.br/en/>

<sup>15</sup> The app release can be reviewed at: <https://www.youtube.com/watch?v=ROw9y2uTrg4>

<sup>16</sup> The application was launched in October 2021, two months ahead of schedule in the Commitment to Sustainability.

meat products sector, serving more than 100 countries that demand the highest standards in terms of traceability, food safety, animal welfare and compliance with environmental and labor legislation, as well as the highest standards of its customers. To meet the most rigorous export requirements of countries such as the United States, EU members, China, and others, it is essential Minerva acquire cattle from ranchers that invest in cattle of distinguished genetics and breed, adopt the highest animal welfare and management practices, ensure pasture and soil management, and maintain environmental and labor compliance in their operations. This prime commodity has a higher aggregated value by offering qualities that cannot be achieved in the industrial process (maximum age, minimum weight, breed, pH, nutrition, etc.), the quality originates on the field. This sort of supplier is certainly unique in the country, due to the high investment required.

Cattle ranchers who have made efforts and investments to meet these requirements and access higher yield markets have extremely high standards for a profitable business in cattle ranching and do not see illegal deforestation, encroachment on protected areas and/or indigenous lands and traditional communities, and non-compliance with labor legislation as beneficial, but rather as risks to their investment and the sustainability of their business.

In 2021, according to data from the Associação Brasileira das Indústrias Exportadoras de Carne (ABIEC, in portuguese)<sup>17</sup> of the total meat produced in the country, only 25.51% of it was for export. In contrast to the overseas market, due to the country's economic and social challenges, the main factor in the selection of meat by the local consumer is the price. The social and environmental threats are largely tied to domestic consumption, which lacks the same level of controls and requirements. Minerva Foods operates mainly in the food service segment within this market, providing to a niche in which quality standards are more valued and, consequently, demand a product similar to that destined for the foreign market.

These aspects highlight the measures in which social and environmental risk are mitigated within the Minerva Foods value chain. Through the monitoring processes

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<sup>17</sup> More information at: <http://abiec.com.br/en/publicacoes/beef-report-2022-2/>

implemented by the Company, supported by the best results among the major players in the external audits.

## **Earthsight Report**

According to the report sent, which cites Fazenda Cristo Rei and Fazenda Rio Azul properties, it was not possible to carry out a detailed analysis within the Minerva Foods data base, as sufficient information was not provided to carry out the research, such as: CAR (Cadastro Ambiental Rural, in Portuguese) number, municipality of location, name of owners and identification number (CPF/CNPJ) or geographic coordinates of the properties. Therefore, it is not possible to conclude the analysis for this case and for the other citations made in the report.

## **Minerva Foods maintains its commitment to transparency.**

Minerva Foods has a tradition of transparency in the release of information regarding its ESG agenda. For 11 years, the Company has annually reported its advances through the Sustainability Report, and continually develops new ways to present the best sustainability content to its stakeholders.

This year, Minerva Foods' 2021 Sustainability Report received two important international recognitions for the quality of information, clarity and transparency. The Company won the Best Sustainability Report award, organized by ESG Investing, in the consumer goods category and was among the top two in the Best in the World award, promoted by the Hallbars Sustainability Research Organization.

Learn more about our operation and ESG initiatives at the Minerva Foods website<sup>18</sup> and in the Sustainability Reports<sup>19</sup>. More details about the Company's financial performance can be found on the Investor Relations website<sup>20</sup>.

Sustainability Board

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<sup>18</sup> More information at: <https://www.minervafoods.com/en/home-en/>

<sup>19</sup> More information at: <https://www.minervafoods.com/sustentabilidade/en/sustainability-reports/>

<sup>20</sup> More information at: <http://ri.minervafoods.com/en/>

## Board of Investor Relations