

Minerva Foods



Sustainability
Report
2012





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"The remarkable recovery of 126.6% of the shares of Minerva SA in 2012 is the result of a whole existence of continuous expansion – an extraordinary feat for a company that reaches two decades of activities with a weighted annual growth of 39%. It is the reaction of the market to a consistent business path, built with care with management of financial instruments for the development of business, and marked for the boldness in conquering new customers and better suppliers."

Being cautious to conquer

The Board of Directors of Minerva SA is engaged, with renewed interest, in the analysis of information from the meatpacking industry in Brazil and the world, to provide business guidelines to the Board of Executive Officers, driven by technical subsidies and knowledge about the markets. The mission of the members is facilitated by the multifaceted profile of the Board, which brings together representatives of the main stakeholders of the Company to produce a global overview of the business, without losing touch with the regional roots of the livestock sector and the small food retailing, reflected in each of Minerva's operating units.

The experience and management skills of counselors are widely recognized and form a healthy complement to the vigorous daily activity of the Board of Executive Officers, which seeks the desired results by the shareholders with commitment and effectiveness.

The period over which this report focuses was especially rich in achievements. The remarkable recovery of 126.6% of the shares of Minerva SA in 2012 is the result of a whole existence of continuous expansion – an extraordinary feat for a company that reaches two decades of activities with a weighted annual growth of 39%. It is the reaction of the market to a consistent business path, built with care with management of financial instruments for the development of business, and marked for the boldness in conquering new customers and better suppliers.

These guidelines directed the acquisition of controlling interest of Minerva Dawn Farms and Brascasing in Brazil, the Frigomerc in Paraguay, and the successful integration of Frigorífico Pul, a meatpacking plant in Uruguay. Thus the company consolidates the leading position in the production of beef and by-products in South America – prime territory for the expansion of the global red protein industry.

However, this series of conquests does not deviate from conservative risk management policy defined by the Board which has the authority to prevent the compromise of the steps taken to secure the trajectory traced to generate value and protect shareholders' equity. The acquisition of the assets mentioned was held at the same time it has achieved a significant reduction in the level of financial leverage of the Company, according to guidance provided by the Board.

As part of the strategy, the excellent response to the initial public offering of the Company completed in November 2012 should be celebrated. The success of this operation has helped to significantly reduce the financial costs.

Minerva started a new cycle of investments with the expansion of value-added products, increasing the capacity of slaughtering and processing of cattle in Brazil, Paraguay and Uruguay.

It is worth noting also that throughout 2012 the process of sustainable management has advanced significantly. This is an action that the Board of Directors works to intensify in the coming periods, encouraging a healthier future perspective of the entrepreneurial spirit of employees, customers and suppliers of Minerva SA.

Edivar Vilela de Queiroz

Chairman of the Board of Directors



"We are a company that is gaining ground in the market with a different approach, focusing on the management of a wide range of variables, and seeks to build its results from information, knowledge and management. A food company must assume responsibilities that go beyond its financial results. It's needed too to be part of an equation that provides to society, besides employment and income, quality of life and food security."

2012, a year of results

Over the years, Minerva has built a reputation as a company focused on results, with a management able to offer the lowest risks in the markets where it operates. This primarily means an attitude of responsible growth, highlighting the benefit sharing with partners in our value chain and the quest to spread knowledge to society. We are a company that is gaining ground in the market with a different approach, focusing on the management of a wide range of variables, and seeks to build its results from information, knowledge and management.

A food company must assume responsibilities that go beyond its financial results. It's needed too to be part of an equation that provides to society, besides employment and income, quality of life and food security. Minerva's vision is comprehensive: from pastures and fields, where farmers are working to deliver a herd of good quality and within strict environmental controls, going through the whole logistics process and the arrival of cattle in our units, with care in relation the welfare of animals, to determine the type of cut that we offer our customers in more than 100 countries. To maintain this performance, the Minerva team is always encouraged to make decisions based on accurate risk analysis and focusing on maximizing results.

In parallel, our offices have managers and specialists working to understand each of these markets, seeking appropriate solutions and seizing the best business opportunities to ensure the competitiveness and growth of the Company, on a consolidated and healthy fashion. The focus of the companies in our market has always been about more fattening the cattle. Our strategy is different and has been giving good results. We always want to get the best results from each animal we process. It is important, for the results of Minerva strategy, understand that its product is a commodity, so, keep the costs down is essential part of this strategy.

The year 2012 has shown that we are right to maintain our focus on financial results with the best sustainability indicators. We were able to increase the profitability of the enterprise and we remain firm in our strategy to establish a territorial base in South America, where units operate in several states of Brazil, Paraguay and Uruguay. This region offers the best farmands and climate conditions for the production of high quality red protein.

It is also critical to the performance of Minerva the presence in all markets where its product is offered through its own offices or via local representatives. It is important to note here the choice we made to respect the business culture of each country and to always act with a local professional, and so we are able to interpret correctly the aspirations of our business partners.

Valuing our staff in all sectors of the Company is one of the factors that helps consolidate our leadership in management. We are also advancing in the very structure of our models of management and business, which increasingly seek to harmonize profitability with sustainability. Minerva works to be recognized as a firm of advanced practices in transparency and innovative management in the meat processing industry, but without losing its focus on a conservative risk management.

Fernando Galletti de Queiroz

Chief Executive Officer Minerva Foods

The advance of transparency

This is the second year in a row that Minerva Foods issues a Sustainability Report. The first edition had 2011 as the base year. The goal is to establish a routine of transparency in the organization and establish a corporate culture focused on sustainability. The reference period of the information reported is the year 2012. Here are recorded the experiences of employees of Minerva at all levels of management, as well as facts and events that constituted the Company's activities from January 1 to December 31. There was no significant change in scope or limits applied to this report compared to the 2011 edition.

Data collection refers to the activities of Minerva in Brazil, covering the eight industrial refrigeration

units installed in the cities of Araguaína (TO), Barretos (SP), Batayporã (MS), Campina Verde (MG), Goianésia (GO), José Bonifácio (SP), Palmeiras de Goiás (GO) and Rolim de Moura (RO). The Company operates two more units in Paraguay and one in Uruguay, which provided data and information for the consolidation of some performance indicators, duly notified to the reader throughout the report. We included qualitative and quantitative indicators based on the principles set by the Global Reporting Initiative – GRI. We sought to meet the guidelines for version 3.1 (GRI-3.1) of this international standard of reporting of economic, social and environmental performance of the actions and projects of sustainability of Minerva SA.

The Company expects that this publication meets the demand for information about the inclusion of sustainability in its operations among key segments of its universe of stakeholders - including investors, suppliers, customers, employees, authorities, NGOs and journalists.

Most of the information described in this document was obtained from interviews with key managers of the Company, supplemented by information submitted in response to questionnaires based on the GRI model to form a comprehensive picture of the profiles related to the management and governance of the Company under its social, economic and environmental aspects. The Sustainability Management of Minerva was responsible for the operational and performance informations, organizing the reports used by consultants of Instituto Envolverde,

the organization contracted to develop and write the Minerva Foods Sustainability Report, 2012 edition.

The efforts of many collaborators who contributed to the preparation of this document constitute an important basis for future editions to develop a consistent identification of the materiality – the formal principle adopted by GRI to refer to the priorities that the rapporteur Company must identify, by through some mechanism of consultation, as relevant impacts of its activities for the assessments and decisions of its stakeholders.

The limitations inherent to an organization that has grown rapidly led to the postponement of this process, defining the issues discussed as of the perception of the higher Administration officers at Minerva. Given this caveat of technical relevance, the Company expects that this publication meets the demand for information about the inclusion of sustainability in its operations among key segments of its universe of stakeholders – including investors, suppliers, customers, employees, authorities, NGOs and journalists.

It is important to note, when performing the comparison, that the 2011 edition reported figures for energy consumption in the megawatts default; in this edition, total consumption were converted to gigajoule, as recommended by the GRI standard.

After writing and editing, the text and tables that comprise this report were sent to BDO RCS Auditores Independentes to check materiality and qualification of indicators, in order to examine the requirement level in the standard GRI, ensuring the certification C+, equal to that obtained in 2011.

Performance indicators for 2012 showed improvement compared to those reported in 2011. However, by decision of the Administration officers of the Company remained this year the GRI C+ certification, which requires response to at least 10 Performance Indicators. At this level, the social, environmental and economic areas must be addressed with at least one answer.

The economic and financial data consolidate the performance of all business units, in accordance with international accounting standards and audited by BDO RCS Auditores Independentes. Some data on social and environmental actions refer to certain units, being duly identified as partial ones.

The GRI Reference Index, on page 56, provides the location of the information listed and offers helpful notes for understanding the contents of this report, available only in digital format (PDF), in bilingual presentation – Portuguese and English – available for viewing, downloading and printing on www.minervafoods.com.

In the coming years, the Company expects to report the progress in the implementation of a management model that seeks to evaluate consistently the environmental impacts of its activities, in order to offer increasingly significant contribution to generating value for society and the environment.

For more information about Minerva Foods or on the data contained in this report, contact the Minerva Foods Board of Investor Relations by email ri@minerva-foods.com (GRI-3.1, 3.2, 3.3, 3.4, 3.5, 3.6, 3.7, 3.8, 3.9, 3.10, 3.11, 3.13, 4.14, 4.15, 4.16 and 4.17).



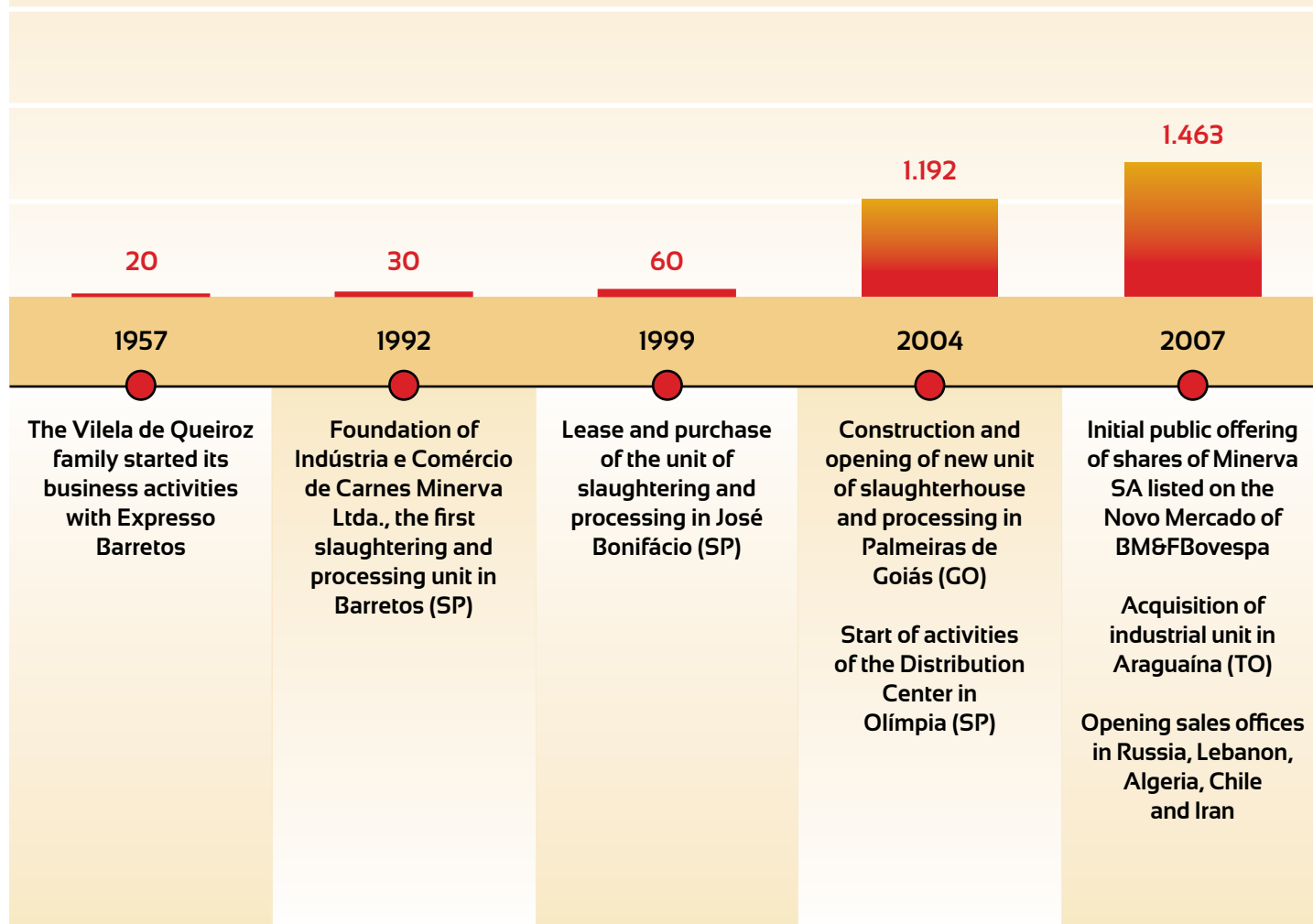
Sustained growth

Minerva SA (Minerva Foods) occupies a leading position in South America in the production and marketing of fresh beef, live cattle and their derivatives, also operates in the processing of beef, pork and poultry. The Company was founded in 1992 by initiative of the Vilela de Queiroz family, which since the late 1950s was already developing business activities in the field of freight transportation, serving cattle producers and retailers (GRI-2.1).

Since the beginning of its history, the main focus of the Company was targeted primarily for the export market, achieving a continuous and consistent expansion that led to the condition of the company with the best performance among meat processing companies traded on the stock exchange listed in 2012. A history marked by significant events that result from ongoing pursuit of economic efficiency essential to the perpetuation of the group of enterprises that today constitute its field of action. See in the chart the milestones of this path:

TWO DECADES OF CONTINUOUS EXPANSION

Net revenue (R\$ MM)

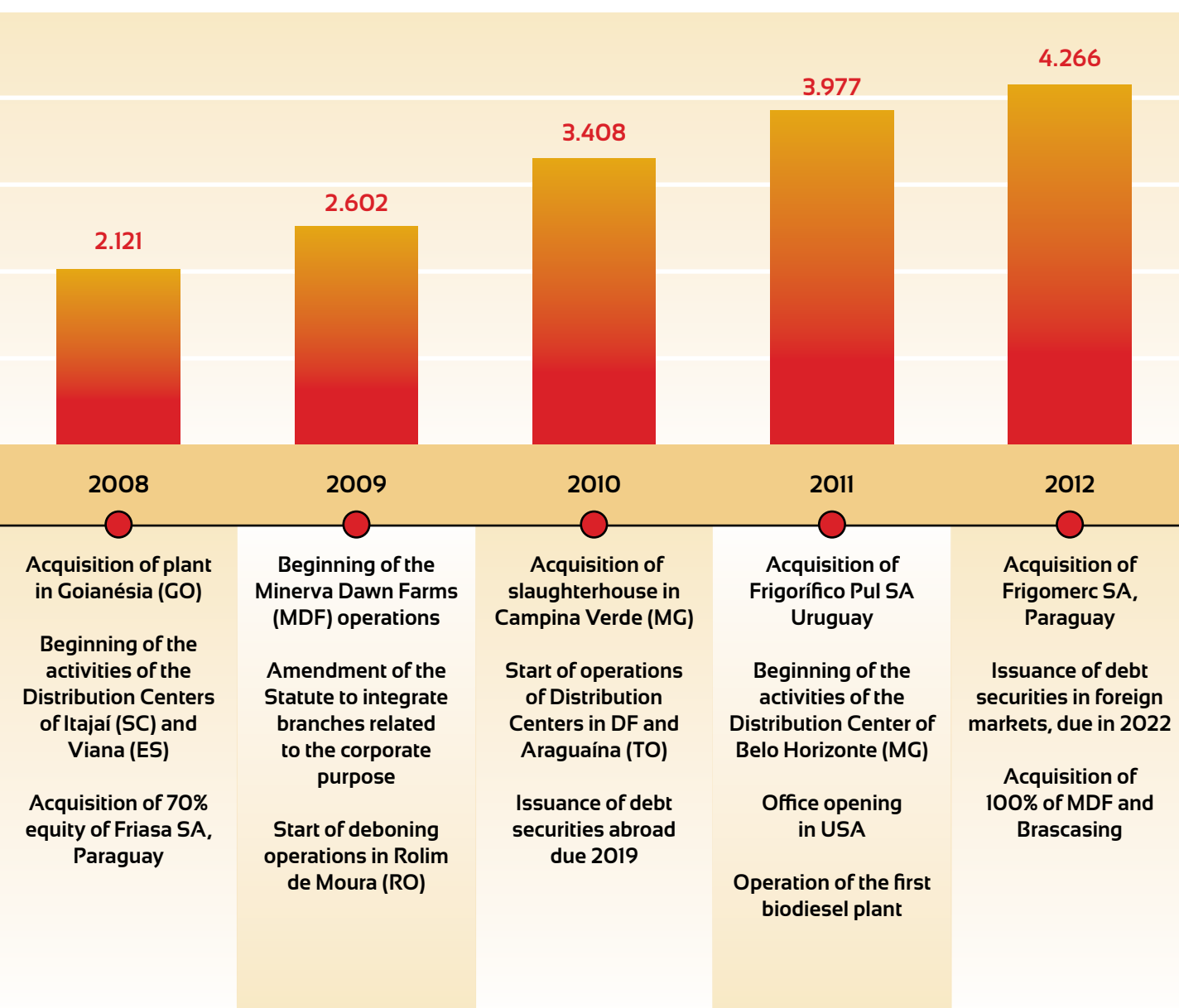


We are Minerva SA

Focusing mainly on the export of beef, the business of Minerva develop around the manufacturing and sale of 9,700 products, divided into two lines:

- **Commodities:** frozen beef, live cattle and hides, which accounted for 80.4% of gross revenue in the 12 months ended December 31, 2012; and
- **Value-added products:** chilled beef for export, portioned cuts, customized and ethnics, and a variety of baked and frozen products protein-based, which represented 19.6% of gross revenues in December 31, 2012 (GRI-2.2).

To know all catalogs of products sold by Minerva, in domestic and foreign markets, check the Products tab at www.ri.minervafoods.com.



Dispersion reduces risk

Industrial production is performed in 12 plants strategically located in six states (São Paulo, Minas Gerais, Tocantins, Goiás, Rondônia and Mato Grosso do Sul), two in Paraguay and one in Uruguay – near the ports where it exports its products and also near the main consumer centers of domestic markets. One of them, the Minerva Fine Foods, located in Barretos (SP), is dedicated exclusively to the processing of beef, pork and poultry. With this dispersion, the Company reduces the risk of suffering the impact of livestock diseases, as well as decreasing exposure to fluctuations in grain prices, especially the commodities corn and soybeans, that make up the diet of the herds.

These plants have installed capacity to slaughter 11,480 head/day. In the fourth quarter of 2012, the average capacity utilization was 71%, while the average of the beef sector in Brazil is 60.7%, according to the data provided by Instituto Brasileiro de Geografia e Estatísticas – IBGE and Scot Consultoria. The deboning capacity is 23% higher

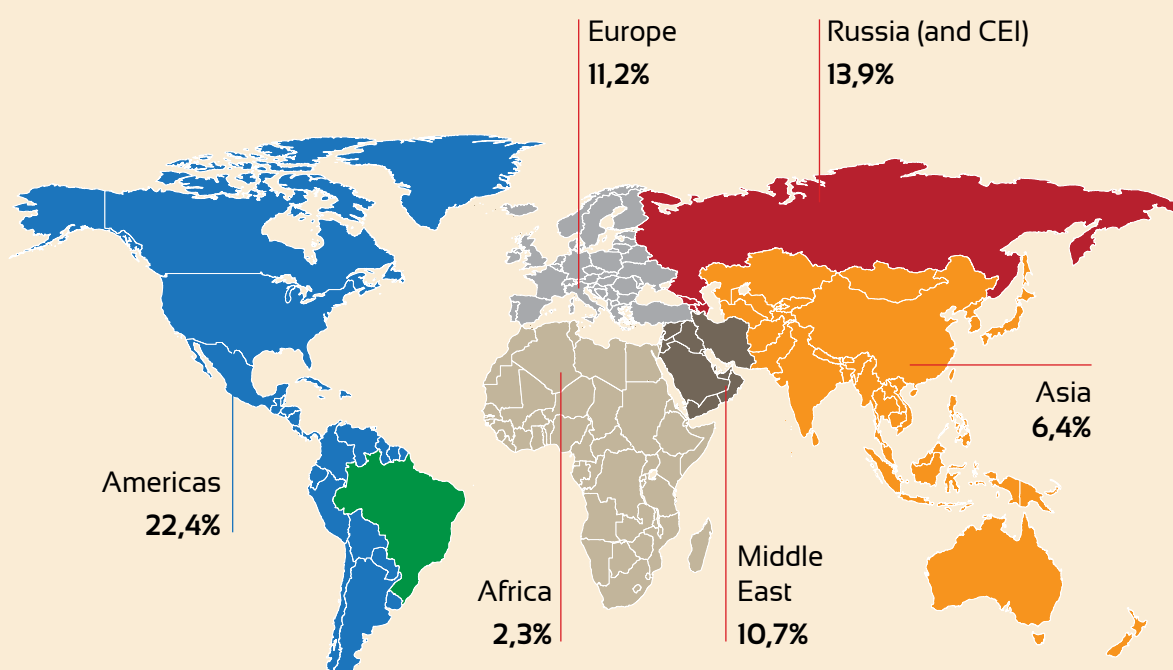
than the slaughter, which allows the Company to adjust the production line to market demands.

The Company maintains its own fleet of 55 trucks operated by Transminerva with the strategic purpose of ensuring the continuity of road transport to overcome the absence of such a service in some regions, and mark out the quality and price of the freight paid to third parties – these are hired to meet 94% of the cargo volume generated by industrial units and distribution centers.

Another booming business is developed by Brascasing subsidiary, headquartered in José Bonifácio (SP), which processes by-products from slaughtered cattle – the wraps for the industrialization of sausages and other products, with great acceptance in domestic and foreign markets (GRI-2.3).

Besides the administrative headquarters located in the city of Barretos, in the state of São Paulo, the Company has offices in the cities of São Paulo (SP) and Belém (PA), concentrating administrative and commercial functions.

PARTICIPATION OF THE REGIONS IN TOTAL SALES



Distribution and export

In the domestic market, Minerva operates Distribution Centers (DCs) in the states of Espírito Santo, Goiás, Santa Catarina, Minas Gerais, São Paulo, Tocantins, Ceará and Federal District (plus one in Paraguay). The DCs also resell third-party products, especially food products, making it easier to 27,000 small and medium retailers with whom it interacts the purchase of a variety of items in the model one-stop-shop. The operation covers 1,600 cities (GRI-2.7).

The company has three manufacturing units abroad, two in Paraguay and one in Uruguay. Due to its diversified export operations, the Company has offices in eight countries: Chile, USA, Russia, Italy, Iran, Saudi Arabia, Lebanon and Algeria. From these offices, the Company serves approximately 2,000 customers spread across a hundred countries (GRI-2.5).

About 67% of the gross sales of R\$ 4.6 billion of Minerva in 2012 were generated by this diverse import market, representing an increase of 28.9% in demand around the world as compared with 2011. The Company is the second largest exporter of fresh beef from Brazil (19.7%), most of Paraguay (20.6%) and reached 9.5% of external sales of Uruguay.

27,000

small and medium
retailers with whom
it relates

2,000

customers spread
across a hundred
countries

28.9%

increase in demand
in 2011

PRINCIPAL COMPANIES UNDER THE CONTROL OF MINERVA SA

Unit	Participation on December 21, 2012
Minerva Indústria e Comércio de Alimentos SA	98%
Minerva Dawn Farms SA (Minerva Fine Foods)	100%
Friasa SA (Paraguay)	92%
Frigomerc SA (Paraguay)	100%
Pul SA (Uruguay)	100%
Transminerva Ltda.	100%
Brascasing Comercial e Industrial Ltda.	100%

Minerva Foods is a publicly traded corporation, classified as a large company, according to the Banco Nacional de Desenvolvimento Econômico e Social – BNDES criteria (which are widely recognized in the Brazilian market), having gross revenues exceeding R\$ 300 million. In comparison with the previous year, the company achieved in 2012 an increase of 10.1% in net revenues, which reached R\$ 4.38 billion. It ended the year with a total of 9,930 employees, plus 740 outsourced, including the controlled companies and the units in Paraguay and Uruguay (GRI-2.6 and 2.8).

The direct controlling shareholder of Minerva Foods is VDQ Holdings SA, which owns 34.9% of the voting capital of the Company. The capital of

VDQ is wholly owned by members of the Vilela de Queiroz Family.

The main corporate events in 2012 were the following:

- the joint venture with the Irish company Dawn Farms was scrapped, and the Company assumed 100% of the share capital of the subsidiary, which will operate under the name Minerva Fine Foods;
- the Company became the parent company of Brascasing Comercial Ltda., holding 100% equity when it acquired 45% stake in the company;
- acquisition of 100% of the share capital of Frigomerc SA, meatpacking company in Asuncion, Paraguay, with a slaughtering capacity of 1,000 head of cattle per day (GRI-2.9).



Aerial view of the Company's headquarters in Barretos

Security in business

Minerva has achieved in 2012 the position of the best performance in the capital markets for a Brazilian company, among the meatpacking companies with shares traded on the stock exchange and with revenues above R\$ 3 billion a year. According to the renowned consulting firm Economática, the market valuation of the Company was 126.6%, an impressive result. The executives explain these results with one word: focus. The Administration has well defined goals and knows that its business is basically beef and derivatives. Together with a sharp conscience regarding the intrinsic characteristics of the food market, this policy has favored a very particular view of this enterprise.

The connection between food and life is a key concept for the development of the Company. There's a clear perception regarding the great responsibility towards life, in all levels – from the fields, where the raw materials come from, moving through a long value chain and reaching the end consumer of Minerva products. Employees, suppliers, partners, customers, authorities, and investors are the target of the trust and respect established in the Mission statement of the Company. The ground for evolution is a permanent search for operational excellence, through an effective management model that encourages a team motivated to the continuing improvement of operations.

The achievement of Corporate Guidelines is fulfilled through Corporate Governance practices applied to the development of the Company's activities.

Corporate guidelines

Minerva adopts the best corporate governance practices and advanced management procedures, following international standards. Being a publicly traded company, Minerva is subject to the rules of the CVM – Comissão de Valores Mobiliários (Securities and Exchange Commission of Brazil) and the policies of BM&FBovespa – Bolsa de Valores, Mercadorias e Futuros (Securities, Commodities and Futures Exchange). To comply with these rules, the Company relies on tools such as its charter and the Law of Corporations (Law 6404, of 1976, complemented by Law 11638/2007). The Company also adopts well defined corporate guidelines, which are known by all partners and managers. These guidelines conduct the relationships with the stakeholders and the way we do business (GRI-4.8).

MISSION

Provide high quality food globally, with socioeconomic and environmental responsibility. Minerva will operate with a high level of operational efficiency, fostering the team and valuing its partners, promoting respect and trust in the business areas in which it operates.

VISION

To be a most efficient company, always seeking to maximize the return on the capital invested in all its business segments, with adequate risk management policies.

VALUES

Integrity, commitment, responsibility, initiative and cooperation.

(GRI-4.8)

Governance framework

Sustainability is a growing factor in the global society, a reflex of the refinement of a world vision that owes its rising influence to the simplicity of the concept that states that human beings must learn to produce and share prosperity without squandering the environment, while showing transparency in the relationships with the stakeholders. Adherence to this concept occurs quickly and comprehensively in all fields of activity, representing an irreversible historical change in the cultural patterns of our time.

In 2012, Minerva Foods increased the pace in this direction, aiming to incorporate sustainability in all of its operations. The governance and management actions show in practical terms the depth of the Company's efforts to perpetuate the set of enterprises that form its field of action. This framework highlights the search for transparency and the balanced relationship with the stakeholders, and is formed by two councils: the Board of Directors, the highest body in operative matters, and the Fiscal Council. A Risk Committee assists the first. The executive-operational arm is in charge of the Board of Executive Officers (GRI-4.10).

Board of Directors

Minerva adopted the rules of BM&FBovespa's Novo Mercado (New Market) when it became a publicly traded company in 2007. To comply with the guidelines required to participate in this special listing, Minerva adopts corporate rules to increase shareholders' rights and promotes a more transparent and comprehensive information disclosure policy.

The board members are elected by the General Assembly of Shareholders without the influence of the Board of Executive Officers. Since 2007, the position of chairman of the Board of Directors is exercised by a non-executive member of the Company. The current term began on April 27, 2012. In December 31, 2012, had seven members, with a two-year unified term, renewable in accordance with the Bylaws. It meets once every quarter or when called by any member.

Represent minority shareholders 50% of the directors that are considered independent and participate in the decisions, taken by a majority vote, according to the Bylaws. The Novo Mercado Rules require a minimum of 20% of independent Directors. The term Independent Director means a director who:

The connection between food and life is a crucial concept to the development of the Company. The basis for evolution is the permanent quest for operational excellence, through an effective management model that encourages a motivated team to the continuing improvement.

(i) has no ties to the Company, except equity participation;

(ii) is not a controlling shareholder (as defined in Article 37 of the Bylaws), spouse or relative up to the second degree, is not or has not been, in the last three (3) years, linked to the Company or entity related to the controlling shareholder (except those related to public education and/or research);

(iii) was not, in the last three (3) years, an employee or officer of the Company, of the controlling shareholder or of a subsidiary of the Company;

(iv) is not a supplier or purchaser, direct or indirect, of services and/or products of the Company to an extent that could result in loss of independence;

(v) is not an employee or administrator of a company or entity offering or demanding services and/or products to the Company, to an extent that causes loss of independence;

(vi) is not a spouse or close relative up to the second degree of an administrator of the Company;

(vii) does not receive any remuneration from the Company other than as director (cash from interest on capital are excluded from this restriction).

MEMBERS OF THE BOARD OF DIRECTORS



Chairman

Edivar Vilela de Queiroz, lawyer, founder and former CEO of Minerva. Presides the SindFrio – Sindicato das Indústrias Frigoríficas do Estado de São Paulo (Union of the Refrigeration Industry of the State of São Paulo). Holds the Chair of the Board of Directors since May 2, 2007.

Vice-chairman

Antônio Vilela de Queiroz, officer partner of Barretos Express Ltda., agriculture and cattle producer and businessman. Was General Officer until May 2, 2007, when he joined the Board of Directors.



Director

Ibar Vilela de Queiroz, agriculture and cattle producer and businessman, officer partner of the Frota "C" Transportes de Gado Ltda., a livestock transportation company. Until 2011, he was Minerva's Director of Supplies, responsible for purchasing cattle. Member of the Board of Directors since May 2, 2007.

Director

José Luiz Rêgo Glaser, administrator, master by the Food Research Institute at Stanford University, USA. Was officer of Cargill Agrícola, member of the Boards of the Associação da Indústria de Óleo Vegetais (Association of Vegetable Oil Industry), Associação Nacional de Exportadores de Cereais (National Association of Grain Exporters), and the Associação Brasileira dos Terminais Portuários (Brazilian Association of Harbor Terminals). Since 2005, he is a member of the Board of Directors of the educational group Ibmecc.



Director

Alexandre Lahoz Mendonça de Barros, agronomist, Doctorate in Applied Economics, professor of Agricultural Economics at Fundação Getúlio Vargas since 2005. He is a member of the External Advisory Board of Embrapa Pecuária Sudeste and the Superior Council of Agribusiness of Fiesp – Federação das Indústrias do Estado de São Paulo (Federation of Industries of the State of São Paulo). He is a consulting partner of MB Agro, of agribusiness sector.

Director

Sérgio Carvalho Mandin Fonseca, production engineer, conducted extension courses and post-graduate courses in Brazil and abroad. He was officer of food retailing at Martins Comércio e Atacado, vice-president of internal market at Sadia, and member of the boards of directors of Apprimus and of Excelsior Alimentos. He is a member of the Deliberative Council of the Associação Comercial e Industrial de Uberlândia (Commercial and Industrial Association of Uberlândia) and owner-partner of a consulting company focused in strategy and business management.



Director

João Pinheiro Nogueira Batista, economist, was president of Bertin SA, co-president of Suzano Petroquímica, vice-president of Suzano Holding, CFO and DRI of Petrobras, managing director of Dresdner Bank Brazil. Chairman of the Board of Directors of Isolux Infrastructure SA, a member of the Board of Directors and senior consultant of Grupo Cerradinho, of the Latin American Agribusiness Development Corporation, and Swiss Re Corporate Solutions Seguros SA. He was also chairman of the Board of Directors of IBRI – Instituto Brasileiro de Relações com Investidores (Brazilian Institute of Investor Relations) and vice-chairman of the Board of Directors of IBGC – Instituto Brasileiro de Governança Corporativa (Brazilian Institute of Corporate Governance).

The chairman of the Board of Directors, Edivar Vilela de Queiroz, does not occupy any executive position or function in the Company (GRI-4.2).

It is also considered an Independent Director someone who is elected in accordance with Article 141, §§ 4 and 5 and Article 239 of the Law of Corporations. The qualification as independent must be expressly stated in the minutes of the General Meeting that elects the director.

The Board of Directors is responsible for setting periodically and monitor the implementation, by the Board of Executive Officers, of Minerva's business policies and guidelines, as well as to elect and remove officers, discriminate their assignments and supervise the management. The Board of Directors is also responsible for hiring independent auditors, in accordance with Law 6.404/76. Pursuant to this statute, deliberates on the convening of the General Assembly, when it deems convenient (GRI-4.1).

Fiscal Council

The Fiscal Council of Minerva, formed by three members and three alternates, is not a permanent body, as established in the Company's Bylaws. It is a corporate body independent of management and external auditors, with the mission of supervising the activities of management, review the Company's financial statements and report their findings to shareholders. It functions for a period of one year between the date of the election and the date of the following Ordinary General Meeting of Shareholders. The directors are remunerated with at least 10% of the average annual amount paid to officers of the Company, excluding benefits, representation fees and profit sharing, as provided by the Law of Corporations.

The Fiscal Council was elected on April 26, 2012, at the request of the Ordinary General Meeting of Shareholders that on the same date also elected members of the Board of Directors. It is formed as follows:

Fiscal Council

Effective Members

Dorival Antonio Bianchi,
economist;

Benedito da Silva
Ferreira, economist and
accountant;

João Verner Juenemann,
business administrator.

Alternates Members

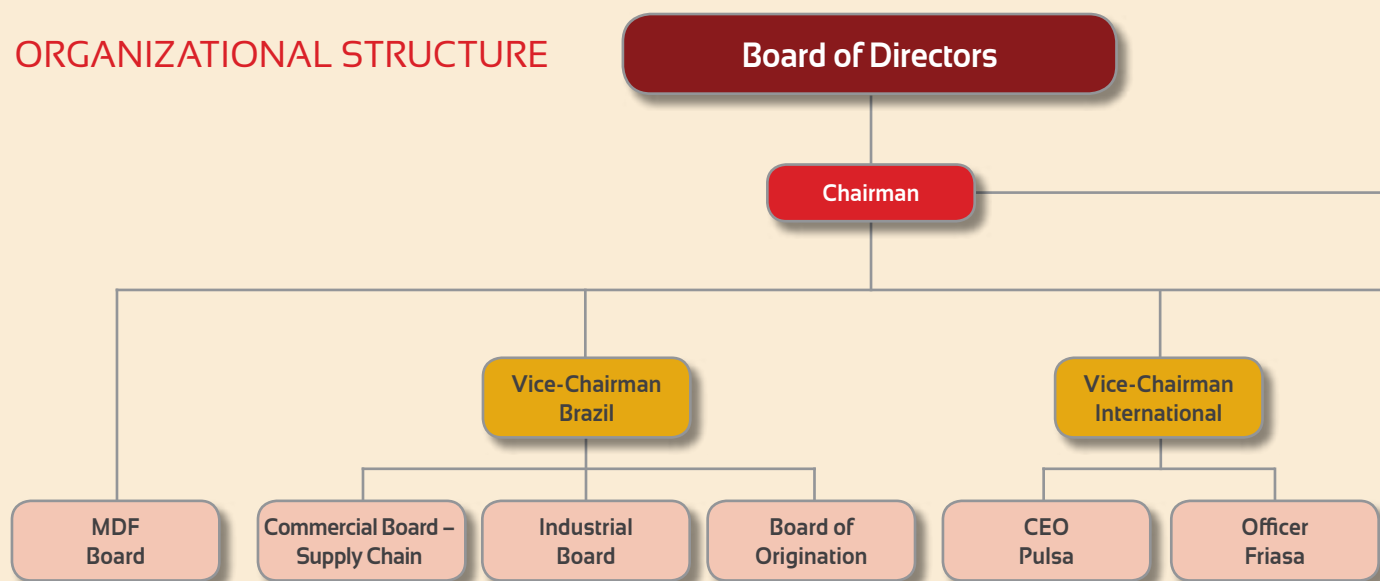
Marcelo Scaff Padilla,
lawyer;

Victor Branco de
Holanda, economist and
accountant;

Flávio Jarczun Kac,
production engineer.

(GRI-4.1)

ORGANIZATIONAL STRUCTURE



Risk Committee

The Administration of Minerva constituted additionally a Risk Committee to assist the CEO and Board of Directors in implementing the hedging policy (risks), and examining the Brazilian and world economic situation and their potential effects on the Company's financial position.

The Risk Committee is not a statutory structure and may have five to ten members, including the chairman and other members of the Board of Executive Officers, employees and external consultants; acts administratively since mid-2007 (GRI-4.1).

Board of Executive Officers

The Board of Executive Officers has six members elected by the Board of Directors for two-year terms, with the possibility of reelection. Besides being legal guardians, the officers are responsible for the internal organization, the deliberative process, daily operations and implementation of policies and guidelines periodically set by the Board of Directors, in accordance with the resolutions of the General Assembly of Shareholders.

A deep institutional-administrative reorganization held in 2012 changed the nomenclature and functions of the boards (see composition below) (GRI-4.1).

Qualifications and conflicts of interest

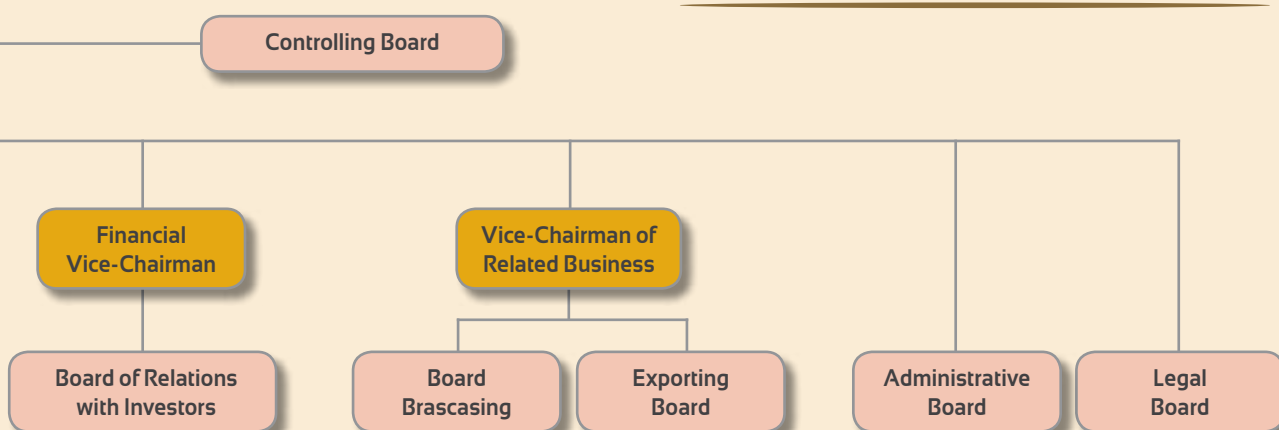
Minerva did not define processes for determining the qualifications and expertise of the members of the Councils and Board of Executive Officers on strategies related to economic, social and environmental issues that impact their business. Likewise, the Company does not carry out performance evaluations of its administrative units and Risk Committee, nor its individual members (GRI-4.7, 4.10).

The Company also takes no specific mechanism to identify conflicts of interests in general assemblies, or in the Board of Directors, by considering enough the relevant rules established by Brazilian law and the Novo Mercado (New Market) of BM&FBovespa (GRI-4.7).

Remuneration

Historically Minerva pays all employees, including members of the Board of Directors and Board of Executive Officers, only a fixed remuneration consisting of salary or pro-labore, and one indirect benefit represented by health (where applicable) and dental plans. The value of this compensation is agreed upon contract signature. This practice still proves effective in attracting, incorporate and retain qualified professionals, by its transparency, and by the fact that the Company's headquarters most branches are located in smaller cities, where low costs and high quality of life are also attractive.

Minerva Foods



More recently, the Company introduced stock options in addition to its historical practice, in order to better align the long term interests of the directors, officers and other key employees with the interests of the Company. This remuneration component is still at an early stage, since, to date, Minerva distributed stock options only once, in 2010, to some of its statutory and non-statutory officers, and the policy should still be adjusted in coming years until the Company finds its optimal level.

The Company does not adopt formal mechanisms for evaluating performance and its compensation practices are not structured to reflect specific performance indicators (GRI-4.5).

Best practices

Among the practices recommended by the Code of Best Practices of the IBGC – Instituto Brasileiro de Governança Corporativa (Brazilian Institute of Corporate Governance), besides the above mentioned, the Company also adopts the following:

- Company's share capital is divided into ordinary shares only, providing voting rights to all shareholders;
- maintenance and dissemination of the record containing the number of shares that each partner owns, identifying them by name;
- mandatory offer to buy the shares that results in a transfer of corporate control to all members and not just those who control block. All shareholders should have the option to sell their shares under the same conditions. The transfer of control must be made with a transparent price. In the case of the sale of the entire control block, the purchaser must address a public offer to all shareholders under the same conditions as the controller (tag-along);

- Fiscal Council established (during the General Assembly held on April 26, 2012), in accordance with the Novo Mercado rules;
- clear definition in the Bylaws (a) the manner of convening the General Assemblies, and (b) the manner of election, removal and term of office of members of the Board of Directors and the Board of Executive Officers;
- transparency in public disclosure of the annual report of the administration;
- free access to information and facilities of the Company by the Board of Directors;
- resolution of conflicts that may arise between the Company, its shareholders, its directors and members of the Fiscal Council, through arbitration, and
- General Assembly with jurisdiction over: (a) increase or reduction of capital stock and other reforms of the Bylaws, (b) the election or removal of board members and fiscal directors, at any time, (c) register the management accounts and approving the financial statements annually, and (d) transformation, merger, division, dissolution and liquidation of the corporation.

More details about the responsibilities of the Councils and the Board of Executive Officers and the profiles of its members can be viewed at www.minervafoods.com, on the Corporate Governance tab (GRI-4.4).

Transparency

Transparency in relation to investors and the market in general has gained a better instrument in 2012 with the refurbishment of the institutional site www.minervafoods.com.

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Among the content added, there are details on the Company's debt, corporate presentations and updated industry analysis, as well as all documentation that shall be published in accordance with the rules of the Novo Mercado of BM&FBovespa and the CVM – Comissão de Valores Mobiliários (Securities and Exchange Commission of Brazil) Ministry of Treasury. (More details in the publication Política de Divulgação e Negociação (Disclosure Policy and Negotiation) available on the website.)

Besides this information on the internet, in direct contact with investors the company is better able to respond to natural market demands. It also publishes information that is not mandatory, but important to increase the knowledge that the public has about the operational standards, sustainability and corporate governance of Minerva.

Restructuring

In 2012, the consolidation of the growth of Minerva determined the adoption of an institutional-administrative reorganization that gave more autonomy to executives. The goal is to give more flexibility to business decisions, and also promote a regional operation that expands the knowledge of local circumstances, so that the Company can exercise its social function taking into account the different characteristics of the communities where it operates. With the same economic and cultural

perspective, Minerva has adopted a policy of hiring local professionals in each importing country to monitor the export business. The relationship with the buyer gets facilitated when the Company's representatives know the particularities of the local culture.

The restructuring was the natural evolution of the process that began in 2007, when Minerva Foods held its IPO, ceasing to be a family business and becoming a publicly traded company. Since then, some positions were reassessed to better adapt to market demands. This period was marked by the professionalization of the Company, which began to attract experienced executives, from the financial sector and also the meatpacking industry.

In late 2011, the study requested by the Administration in the expansion was completed and the new organizational structure was formalized in April 2012. Minerva began operating with a clear organizational structure, so that everyone can understand how it works, mainly so that employees have a better view of how the Company operates, how decisions are made, and how the division of labor is established.

The image is a screenshot of the Minerva Foods website. The header features the Minerva Foods logo in a red banner. Below the logo is a navigation menu with links: Minerva Foods, Recursos & Minerva, Produtos, Relações com Investidores, Sites de Clientes, and Contatos. The main banner shows a cow in a green field with the text "Qualidade que Conquista O Brasil e o Mundo". Below the banner is a section titled "Sobre a Minerva Foods" which includes an aerial view of a large industrial facility and a text block describing the company's commitment to quality and sustainability. At the bottom of the page, there are logos for BRF, Fria, Minerva, and Pils.

Executive Board

From this point of view, for the purpose of internal organization – because they are not provided by in the Bylaws – four vice-chairmen have been created, which began operating complementary business divisions: International, Brazil, Related Business and Financial.

- **Internacional** is the Vice-Chairman created to concentrate efforts in the internationalization of the Company, after the purchase of plants in Paraguay and Uruguay. The creation of the position thus corresponds to the expected expansion of manufacturing operations in South America and the growing complexity of managing the export operations of Minerva.
- **Brazil** is the Vice-Chairman in charge of Industrial, Origination (purchase of livestock) and Commercial – Supply Chain boards, and is also responsible for Distribution and Regional Sales Centers. In the same branch of the organizational chart is the division MFF – Minerva Fine Foods.
- **Related Business** develops the operations of Live Cattle Export, Brascasing (natural casings) and Minerva Biodiesel.
- **Financial**, as its name says, is the Vice-Chairman responsible for managing the resources of the Company. The Officer of Relations with investors is subordinated to this vice-chairman.

In 2012, the Legal Board was included in the organizational chart of the Company directly linked to the Chairman, having the Sustainability Management subordinated to it. This structure is consequence of the priority that the Administration gives to sustainable practices.

Horizontalization

The restructuring caused a horizontalization of decisional instances within Minerva. This change had a direct impact on the application of more effective and measurable sustainability concepts in operational procedures, by multiplying the channels of communication and the relativization of powers between the sectors. As a complement, the Sustainability Management now reports to the Legal Board. Before, under the management of the Administrative Board, this Management had a

more specific focus. The change favored the greater permeability of the concepts and application of sustainability in all sectors of the company, as a result of legal support that the management of the subject gained in the new structure. (Read more about the integration of sustainability in the chapter about this subject)

Risk management

Minerva develops its business in a pattern of austerity and professionalism to reduce exposure to risk factors that may affect the interests of its stakeholders. An accurate and systematic analysis of these factors is performed in order to protect company assets and ensure compliance with its obligations, maintaining the Company prepared to face adversity and seize opportunities that may favorably impact their performance. Among the key risk factors, Administration discriminates the following:

1) Debt – The consolidated financial debt of the Company requires that a substantial portion of its cash flow be used to pay principal amount and interest related to debt. Cash flow and capital resources of the Company may be insufficient to make the required payments on its substantial indebtedness and future indebtedness.

On September 30, 2012, the total consolidated indebtedness of the Company was R\$ 2,613 millions, being 79% long term. The ability to generate cash to meet scheduled payments or to refinance its obligations with respect to the debt depends on the financial and operational performance which, in turn, is subject to economic and competitive conditions for the following financial and business factors, some of which may be beyond the Company's control:

- operational difficulties;
- increased operating costs;
- general economic conditions;
- decreased demand for its products;
- market cycles;
- tariffs;
- prices of its products;
- actions of competitors;
- regulatory developments;
- delays in the implementation of strategic projects.

BOARD OF EXECUTIVE OFFICERS MEMBERS

December 2012



Chief Executive Officer

Fernando Galletti de Queiroz, business administrator graduated at Fundação Getulio Vargas in São Paulo, presides Minerva since May 2, 2007. He was an intern within the Cotia Trading SA from 1987 to 1988, and a trader of Cargill Agrícola SA, from 1989 to 1992, year that he started to work in the Company founded by the Vilela de Queiroz

Financial Officer

Edison Ticle de Andrade Melo e Souza Filho, business administrator, master in finance and economics, began his career in 1999 at Banco Pactual. He also worked at Constellation Asset Management and Black River Gestão de Investimentos (Cargill). And at Banco Safra as head trader on Proprietary Treasury officer. Works in Minerva since February 2009.



Officer of Brazil

Luis Ricardo Alves Luz, 38, is an engineer of agro industrial production. He began his career in 1999 in the Company. He worked in various sectors, such as PCP (Planning and Control of Production) and Industrial Board. From August 2007 to December 2008 he worked at Perdigão. He returned to Minerva in 2009 as Officer of Logistics and Trade.



Officer of Related Business

Frederico Alcântara de Queiroz, business manager with an MBA in Management and Corporate Finances from Fundação Getulio Vargas and postgraduate courses in negotiation and foreign commerce. He began his career in 1998 in the financial market. Since 2003, he works in the exportation of live cattle at Minerva.



Officer of Relations with Investors

Eduardo Pirani Puzziello, graduated from Pontifícia Universidade Católica de São Paulo, with an MBA in Capital Markets by Universidade de São Paulo and Fipecafi, began his professional career in 1998 at AON Risk Services, also worked at BankBoston, Santander Bank, Brokerage Factor, Raymond James Bank, and Votorantim Brokerage. From June 2009 to May 2010 he served as Superintendent of Relations with Investors of the Company. He returned in November 2011 and, since then, he works as Officer of Relations with Investors.



Officer of Supplies

Wagner José Augusto is graduated in Business Administration. From 1978 to 1991, he worked with the Vilela de Queiroz family at Expresso Barretos Ltda. with livestock transport. From 1991 to 1996, he worked at the purchase of cattle for the meatpacking company Anglo. He work in the Company since 2000, eight years in commercial management, and then as manager of purchasing cattle. In December 2011, he became Officer of Supplies, responsible for cattle purchases.



To mitigate these risks, the Company is working to reduce the ratio of net debt and adjusted EBITDA, by (1) higher revenues (and consequently higher operating cash generation, measured by EBITDA Adjusted) with the start of new industrial units (Rolim de Moura (RO) and Campina Verde (MG) and the meatpacking plant Frigorífico Pul, in Melo, Uruguay, for example), and (2) the use of the resources from the increase of its capital for the payment of outstanding debts.

2) Supply of livestock – The supply and market price of cattle, the main raw material, which represents 70% to 80% of the cost of goods sold, depend on factors over which the Company has little or no control, including outbreaks of diseases such as FMD, costs related the feeding, economic situations and weather conditions.

To reduce the risk of diseases, all the cattle that the Company purchases is inspected by veterinarians and doctors from the SIF – Serviço de Inspeção Federal (Federal Inspection Service) of the MAPA – Ministério da Agricultura, Pecuária e Abastecimento (Ministry of Agriculture, Livestock

and Supply), which authorizes beef production and processing. In addition, the Company has a diversified operating base, which mitigates health risks and reduces the danger of a total blockage of commercialization of its production.

3) Suppliers – The Company does not foresee risks related to suppliers, as none of them accounts for over 5% of its gross income.

4) Consolidation of customers – The consolidation of the Company's customers may have negative impact on their business. Supermarkets, warehouse clubs and food distributors held consolidations in recent years, resulting in large sophisticated customers with greater purchasing power, and therefore better able to operate with lower inventories and demanding lower prices and products that are specifically customized.

To reduce this impact, the Company develops a diverse clientele and aims for a balanced growth of its businesses in domestic and overseas markets to mitigate concentration risk, if there is a consolidation of its customers in a given region.



All cattle that we purchase is inspected by veterinarians and doctors from the Federal Inspection Service

5) Exports – Accounted for two thirds of gross sales in 2012. The ability to export their products in the future may be materially adversely affected by factors that are beyond the Company's control, such as:

- currency fluctuations;
- downturn in the economy;
- imposition or increase of rates (including anti dumping), sanitary and/or unsanitary barriers;
- imposition of exchange controls and restrictions on foreign exchange transactions;
- strikes or other events that may affect the availability of ports and shipping;
- compliance with the different foreign laws;
- sabotage of its products.

To mitigate these risks, the Company's exports are distributed to approximately 2,000 customers, a hundred countries, including countries in Europe, Middle East, Africa and Asia.

6) Environmental standards – Compliance to environmental standards and other authorizations required to carry out their operations can produce substantial costs, and non-compliance with environmental regulations may result in administrative and criminal sanctions and liability for damages.

The Company reduces the exposure to this risk by adopting strict policy for the acquisition of cattle in order to meet key legal requirements, and seeks to obtain certifications that guarantee the quality standard that require target markets. Significant portion of the cattle slaughtered in Brazil for sale in domestic and overseas markets is tracked by the national livestock tracking system, Sisbov. In addition, the company's activity requires compliance with environmental and permit requirements, and the cost is within the standard costs of the Company.

The Company has a diversified operating base, which mitigates health risks and reduces the danger of a total blockage of commercialization of its production.

Market risks

7) Interest – The Company is exposed to risks arising from fluctuations in interest rates, which may adversely affect the financial situation and operational results. Some of the liabilities have floating interest rates, which generates exposure to market fluctuations. On September 30, 2012, the Company had a net debt of approximately R\$ 2,613 millions, of which 26.3% were subject to instruments linked to CDI and TJLP (internal financing) and Libor (external funding).

8) Exchange Rates – The Company is subject to fluctuations in exchange rates, which may adversely affect businesses, financial condition and operational results, as well as its capacity to make payments.

The Company is subject to the possibility of loss due fluctuating exchange rates that result in an increase in the value of loans in foreign currencies, as well as oscillations that decrease the balance

of accounts receivable denominated in foreign currencies. On September 30, 2012, approximately 67.7% of gross sales for the year were exports and approximately R\$ 2,112 millions of debt was denominated in foreign currencies, primarily U.S. dollars. Considering the volatility that the global economy is currently facing, it is not possible to predict the future evolution of the Brazilian Real against the major currencies in the international foreign exchange market.

9) Cattle price – The Company is exposed to price volatility related to the purchase of cattle, which may adversely affect businesses, financial condition and operational results. The variation in cattle prices, primary raw material, is due to factors beyond the control of the Administration, such as climate factors, volume of supply, transportation costs, agricultural and cattle raising policies and others.

The Company purchases cattle from more than 20,000 farmers in Brazil, Paraguay and Uruguay,



representing between 70% and 80% of the cost of products sold in the operation of cattle in the nine months ended September 30, 2012. In general, the Company purchases cattle in cash market operations.

10) Brazil – Economic and political conditions in Brazil and the perception of these conditions in the international market have direct impact on the Company's business and its access to international capital and debt markets, and may adversely affect the results of its operations and its financial condition.

The government frequently intervenes in the Brazilian economy and occasionally makes significant changes in policy and regulations. Businesses, operating results and financial condition

of the Company could be materially adversely affected by changes in government policies, as well as global economic factors, including:

- devaluations and other exchange rate movements;
- monetary policy;
- inflation rates;
- social or economic instability;
- shortage of energy;
- exchange controls and restrictions on remittances abroad;
- liquidity of domestic capital and credit markets;
- fiscal policy;
- diplomatic, political, economic, and social events in/or affecting Brazil.

The Company purchases cattle from more than 20,000 farmers in Brazil, Paraguay and Uruguay, representing between 70% and 80% of the cost of products.

Market risk management

The Company applies a risk management policy that guides decisions regarding the Company's maximum exposure to various risk factors.

Under this policy, the nature and general position of financial risk is managed by the Treasury Board, which is supervised and monitored by the Risk Committee, which is composed of members of the Board of Executive Officers, coworkers and external consultants, and is subordinate to the Chief Executive Officer and also to the Board of Directors.

In relation to credit risk, the Risk Committee is responsible for limiting the Company's exposure to credit risk by customer and market through its area of credit analysis and portfolio management of client assets. The market risk exposure is monitored by the Risk Committee, which meets regularly with the commercial areas for analysis and control of the portfolio.

The supervision and monitoring of the guidelines laid down by hedging policy are the responsibility of the Risk Executive Management, which is directly subordinated to the Chief Executive Officer and Risk Committee.

The hedging policy of the Company is approved by the Board of Directors and takes into account the two main risk factors: currency exchange and live cattle.

When exposures are identified by the Company, the Treasury, responsible for consolidating all parameters and seek protection with operations in stock market values, makes decisions in order to neutralize the risks to the Company, always following limits determined to its performance by the Board of Directors.

Risks are monitored daily to address any eventual additional exposures, and controls of margins and adjustments. The Treasury's discretion in determining the extent necessary to minimize the Company's exposure to currencies, interest rates and price of cattle is limited to the analysis parameters of VaR – Value at Risk from the derivatives portfolio.

The Risk Management of the Company is made by the Treasury, the policies and procedures for monitoring thereof are decided in the Risk Committee. The Risk Committee responds to the Chairman and the Board of Directors (GRI-4.9, 1.2 e EC2).



Minerva adopts best practices for export of beef

Consistent strategy

An exceptional combination of social, economic and political factors provides for two decades the array of opportunities that drives the expansion of the Brazilian slaughterhouse industry. Monetary stabilization set a new historical level of development of the economy, allowing Brazil's transition from a condition of an importer to an exporter of meat, with a positive response in the livestock sector. Internally, a big improvement in income for the classes of the base of the social pyramid increased food consumption, particularly animal protein, in a continuous process that has intensified over the last ten years.

This peculiar trajectory was still being drafted in 1992, when the Vilela de Queiroz family acquired the plant Frigorífico Minerva, in Barretos (SP), and reaped the opportunity to position the company correctly to win progressive and consistently a major share of the external and internal markets of consumption of beef. The focus of Minerva in the export business, already adopted in that period, is based on the recognition of the competitive advantages of South America, particularly of Brazil, compared to other producing blocs – particularly the United States, Europe and Australia. The international competitiveness of Brazilian producers stems from a large supply of skilled workforce, abundant natural resources, favorable climate and the availability of cheap land – advantages that were leveraged by the expertise in logistics in livestock transportation and

distribution of meat, accumulated in over 50 years by the family of entrepreneurs in the operation of the Expresso Barretos.

In 2012 the competent administration of this unique configuration consolidated the successful strategy that has amassed successes, and today carries the brand Minerva Foods. The record gross revenue of R\$ 4.6 billion – an increase of 9.4% over 2011 – was due to a series of results matching to decisions subject to this strategy. Exports grew 28.9% when compared to 2011, increasing from 58% to 66.9% the participation in the export market total sales in 2012. Minerva became the second largest exporter of beef from Brazil. It is the successful outcome of the systematic effort in recent years to conquer new markets, with emphasis on developing countries. The Company's branch offices placed in strategic areas – Algeria, Chile, USA, Italy, Iran, Saudi Arabia, Lebanon and Russia – are directly related to retail distribution channels in over 100 countries.

From the point of view of the industry scenario, the increased supply of cattle ready for slaughter also contributed to this result (+7.1% in the year) in Brazil due to the growth of the herd, which decreased by 4.6% the average nominal price of the "arroba" (14.69 kg) in 2012. Minerva believes that this trend of increased domestic supply with most competitive prices should persist in the coming years.

Minerva became the second largest exporter of beef from Brazil. The firm and respectful adherence to international standards of sustainability contributed to the continued growth of exports, in relation to the purchase and qualification of cattle and also the processes of industrialization of beef and meat products.



Aerial view of the Meat Processing Unit in Barretos

Tendencies

Likewise, the favorable trend should persist in the external environment for three main reasons:

a) reduced production of competitors United States (-3.8%), Australia (-3%) and Europe, facing climate (droughts) and economic hardship (high grain prices and withdrawal of subsidies from governments);

b) global demand growth, which was 15.3% in 2012 compared to the prior year as a result of heated economic activity in emerging countries, with a significant increase in beef consumption due also to the trend of westernization diet;

c) the increase in the average exchange rate of R\$ 1.67 in 2011 to R\$ 1.95 in 2012, favoring the improvement in export profitability.

The firm and respectful adherence of the Minerva to the international sustainability standards also contributed to the continued growth of exports, in relation to the purchase and qualification of cattle and also the processes of industrialization of beef and meat products.

The heated external demand determined the extraordinary performance of exports, absorbing production of the Company historically focused on the exploration of the international market, which has become even more attractive due to the improved profitability afforded by positive exchange variation. Besides the focus of Minerva in the foreign market, this reduction is also in part due to the weak performance of the Brazilian economy (GRI-1.2).

Beef and Other Products

The Beef Division grew by 4.8% in 2012, when it accounted for 78.3% of the Company's revenues to R\$ 3,646 millions.

The Other Products Division had revenues of R\$ 1,011 million – an increase of 30.2% compared to 2011. Businesses in four segments performed as follows:

MDF, a division of Minerva dedicated to meat processing with high added value, reported an increase of 50.5% in gross revenue in 2012. It significantly expanded its market share and margins in a year where, according to the Associação Brasileira de Franchising (Brazilian Franchise Association), the franchising supply expanded 17.6%, mainly to the major retail networks that are the preferred niche of this company, which since November has become totally controlled by the Company, changing its name to Minerva Fine Foods.

Livestock increased by 69.8% in demand, still favored by a more diverse customer base;

Leather is another segment that expanded strongly (44.7%), confirming the correctness of the tanneries outsourcing strategy adopted by the Company;

Brascasing grew impressive 130.2% as a result of efforts to improve the quality of operations through organic business growth.

Capital structure

The economic performance of Minerva in 2012 achieved the goals set by Administration. The Company raised net revenue (including proforma data from Frigomerc of Paraguay, acquired in October) in 15.6%, adjusted EBITDA margin, which was 8.7% in 2011, reached 10.3%.

The table Key Indicators presents further details about this performance.

Net debt at end of 2012 was R\$ 1,331 million; the level of leverage (expressed by net debt/EBITDA) fell from 3.65x in 2011 to 2.80x in 2012, setting an important improvement in the capital structure. This significant improvement is due to the free cash flow (cash flow arising from operating activities amounted to R\$ 417 million) and some passive stretching operations.

KEY INDICATORS

R\$ Million	2012	2011	Var.%
Slaughtering (thousands)	1,713.2	1,693.8	1.1%
Sales volume (1,000 tones)	403.4	417.3	-3.3%
Gross Revenue	4,657.1	4,257.1	9.4%
Internal Market	1,540.3	1,839.8	-16.3%
Exports	3,116.8	2,417.3	28.9%
Net Sales	4,595.9 *	3,977.0	15.6%
* EBITDA	494.2 *	327.7	50.8%
EBITDA margin	10.8%	8.2%	2.51
Adjusted EBITDA*	475.2 *	347.3	36.8%
Adjusted EBITDA Margin	10.3%	8.7%	1.61
Net Debt/Adjusted EBITDA	2.80	3.65	-0.85

* 2012 proforma figures with Frigomerc

The initial public offering of 37.8 million shares at a par value of R\$ 11/share decisively contributed to the acceleration of deleveraging. The result, according to what was planned by the Administration, has opened up a new investment cycle in the coming years, with the following points:

- (i) expansion of the operation of value-added products;
- (ii) growth of the distribution operation in the Brazilian domestic market by opening new Distribution Centers;
- (iii) improving the capacity of slaughtering and processing of cattle through expansions in Brazil (Mato Grosso), Paraguay and Uruguay.

The Administration of Minerva also works to improve the capital structure, allowing significant reductions in financial expenses and increasing cash flow available to the Company.

More opportunities, less risk

In the administration of Minerva, strategic decisions are taken on two pillars: focus on market research and excellence in risk management. These are two areas of knowledge that feed on volatile information and directly affect the cash flow and the negotiation of purchases, sales, financing and investments. With this formula, the Company seeks to reduce exposure to price volatility to purchase cattle, the main raw material, whose variation results from conditions beyond the control of management, such as climatic factors, volume of supply, transport costs, agricultural policies and others.

The main forum for this assessment is the Beef Desk - an innovation of Minerva for everyday management of risks and opportunities. It is a daily meeting of top executives and managers of the Company, in which are presented the figures, indicators, forecasts and market trends.

Careful analysis of data from finance, purchasing, sales, production and export is the framework for adjustment of short-term strategies to reduce risk and optimize economic return. Austerity directs financial decisions (cash flow hedge).

From the reviews of Beef Desk come out the weekly guidelines for industrial management, with the definition of the types of meat that each of the 11 units must provide. The intersection of information defines the types of cuts that each unit should produce, considering which one is more equipped to meet the specific demands of customers, through service to previous or supervisory requirements included in contracts for export markets that have specialized requirements, such as European Union, Russia, United States, Israel and Muslim countries.

Regarding opportunities, along with the environmental benefits already mentioned, there is still good margin available for increased productivity of the Brazilian cattle raising, creating an excellent factor for the expansion of the Minerva business. Here we highlight the technological advances such as pasture rotation, mineral supplementation, pasture fertilization and estrus synchronization, among other

relatively low-cost techniques that can be applied to increase production per unit area, regardless of the establishment kept on pasture. The disclosure of these techniques among the cattle producers who provide raw material to the Company is a preventive measure against the advance of grassland into forest reserves, especially in the Amazon, and thus contributes to the reduction of forest fires – the primary factor in emissions of greenhouse gases in Brazil (GRI-EC2).

Government funding

The growth of Minerva has a diversified funding portfolio. Among the sources of major investments in production capacity expansion and industrial improvements are fomentation lines provided by institutions maintained by the federal government. Contractual counterparts required by these institutions come from the Company's cash, formed by one's operating cash flow, among other lines of working capital. See the table below the main existing financial commitments with government agencies on December 31, 2012.

LINES OF FOMENTATION *(In thousands of Reais)*

Institution	Date	Amount	Due	Debt 2012
BNDES	February 26, 2009	R\$ 121,900	April 14, 2017	R\$ 75,500
Finep	January 18, 2010	R\$ 57,208	June 15, 2018	R\$ 36,064
Basa	December 21, 2007	R\$ 55,215	December 21, 2019	R\$ 55,215

Pension Plans

The remuneration policy and the Company do not offer pension plans to the members of the Board of Directors and executive officers. Also there are no contractual arrangements, insurance policies or other instruments that constitute mechanisms of compensation or compensation for directors in the event of dismissal or retirement. Employees, likewise, have no access to pension plans; any benefit relating to pension, retirement or additions follow the Brazilian social security legislation (GRI-EC3).

Added value

On the next page, the Statements of Added Value for the years ended December 31, 2012 and 2011, reflect this fruitful economic performance for shareholders and other stakeholders (GRI-EC1).

STATEMENTS OF ADDED-VALUE FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

(In thousands of Reais)

	Controlling Company		Controlling Company	
	2012	2011	2012	2011
Revenue	3,905,853	3,642,869	4,219,450	4,168,446
Sales of goods, products and services	3,865,719	3,619,933	4,167,466	4,143,832
Other income	40,134	22,936	51,984	24,614
Inputs acquired from third parties	(3,491,962)	(3,266,399)	(3,778,960)	(3,741,155)
(Includes tax values: ICMS, IPI, PIS and COFINS)				
Cost of products, goods and services sold	(2,742,367)	(2,676,314)	(2,939,850)	(3,063,103)
Materials, energy, outsourced services and other	(749,595)	(590,085)	(839,110)	(678,052)
Other (specify)	-	-	-	-
Gross added value	413,891	376,470	440,490	427,291
Depreciation, amortization and depletion	(37,799)	(33,628)	(51,013)	(45,379)
Net added value generated by the entity	376,092	342,842	389,477	381,912
Value added received in transfer	(43,985)	15,452	58,467	22,950
Equity income	(84,647)	(16,918)	-	-
Financial income	40,662	32,370	58,467	22,950
Others	-	-	-	-
Total value added to distribute (5 +6)	332,107	358,294	447,944	404,862
Distribution of value added	332,107	358,294	447,944	404,862
Personnel	223,956	217,987	294,796	238,327
Taxes and contributions	(71,784)	(192,477)	(99,767)	(194,188)
Remuneration of third party capital	374,031	255,098	451,733	279,388
Interest	360,452	245,113	424,031	268,569
Rent	13,579	9,985	27,702	10,819
Remuneration of own capital	(194,096)	77,686	(198,818)	81,335
Interest on own capital	-	20,560	-	20,560
Dividends	-	11,762	-	11,762
Retained profit / loss for the year	(194,096)	45,364	(194,096)	45,364
Minority interest in retained earnings (consolidation only)	-	-	(4,722)	3,649
Controlling Company Consolidated				

The accompanying notes are an integral part of this financial information.



Minerva Foods headquarters in Barretos

Evolution in strategy

The pursuit of sustainability is a commitment to improve the standards of human life on the planet. The role of the global industry of food products is critical in this direction: we need to produce more with fewer natural resources, health and environmental conditions recognized by science and society as healthy and economically viable. Throughout the year 2012, Minerva Foods engaged the best talent and redoubled efforts to transform sustainability into a conceptual axis capable of adding value to the products it offers to society and thus perpetuate their endeavors.

To meet this strategy, the Sustainability Management of the Administrative Direction migrated to the Legal Direction, as part of restructuring of the Company, as already described in the chapter on Governance and Management.

The change stems from the understanding that the legal situation that develops strategic dimension in all its complexity. The Legal Direction has the institutional duty to avoid conflicts and protect the best interests of Minerva in the business environment, invoking the letter of the law and the need to strengthen the credibility that comes from the fulfillment of what was agreed with governments and social organizations.

The pacts that Minerva assumed with the Brazilian society, its institutional obligations under international as well as national, state and local laws require the systematic and rigorous monitoring of the operations and contracts, so that the Company can fulfill such requirements and at the same time strengthen the respectability necessary to demand the same conduct for suppliers and guide the communities with which it interacts in the same direction.

The pacts that Minerva assumed with Brazilian society, institutional obligations under international as well as national, state and local laws impose strict systematic monitoring of the operations and contracts.

Solutions

Because of its primary function, the Legal Direction can act with greater fluidity in other areas, since it provides services to all of them. So it has the condition to support them so they can function in harmony, given the economic, social and environmental pillars.

This transversal action allows, with competence in other areas, not only to identify the necessary progress towards sustainability but also indicate

the tools available and recommend solutions to technical and legal support. This natural qualification gained consistency because, in the organization chart of the Company, the Legal Direction is directly linked to the Presidency of the Board of Executive Officers.

This direct link with the highest level corresponds to the operative strategic focus on sustainability set by the administration of Minerva Foods.



Minerva contributes to the conservation of the Amazon

Agreements include sustainability

There is a standardization of contracts that facilitates these procedures, but with flexibility to fit specific business demands.

A very simple procedure adopted in 2012 strengthened this standardization. This is a List of Documents that precedes the preparation of any contract: the applicant of any unit must make a preliminary check of compliance of the supplier of goods or services with the required documentation, in order to qualify the applicant to operate with Minerva. The adoption of this checklist, which updates the register and endorses these third parties, also gives importance to the economy of resources: hours of work, communications, roles, and time spent trying to make exceptions in situations that do not allow flexibility.

The cautious management of contracts, with discussion and adjustments previously made by agreement between the parties, drastically reduced the lawsuits because a contract established in this way is rarely breached (GRI-EC6).

In this aspect, it is important to emphasize that the contract drafts of Minerva predict the mandatory compliance, by trading partners, of the rules of environmental protection - locals, state, national - under penalty of termination. The contracts include the requirement for the parties to respect safety standards, environmental, health and safety and social responsibility. The responsibility of the parties is defined for obtaining and maintaining all valid licenses, permits and studies required for the full development of their activities, and they should adopt appropriate measures to prevent any aggression, danger or risk of environmental damage (GRI-HRI and HR2).

The clauses explicitly mention the declaration of compliance linked to the National Environmental Policy Act legislation, besides resolutions stipulated by CONAMA – Conselho Nacional do Meio Ambiente (National Council for the Environment) (GRI-4.12).

In all contracts, the parties also state they respect all restrictions against labor of minors, provided for in Article 402 and other provisions of CLT – Consolidação das Leis do Trabalho (Consolidation of Labor Laws) and the ECA – Estatuto da Criança e do Adolescente (Statute of Children and Adolescents) (GRI-HR.6). Likewise, the parties declare that they do not fund nor purchase livestock products from vendors included in the blacklist of slave labor issued by MTE – Ministério do Trabalho e Emprego (Ministry of Labor and Employment), in accordance with Decree 540/2004 of 10/15/2004 (GRI-HR7) and/or in respect of areas embargoed by the IBAMA – Instituto Brasileiro do Meio Ambiente e Recursos Renováveis (Brazilian Institute of Environment and Renewable Resources), in accordance with Ordinance No 19 of 07/02/2008 and Decree No. 6.321/2007, nor invaded indigenous reservations, according to information from FUNAI – Fundação Nacional do Índio (National Indian Foundation) (GRI-HRI).

In the purchase of cattle, the requirements are more numerous, with great detail and rigor in terms of offense. Suppliers shall state in their contracts that they comply with the restrictions set out in the following pacts and commitments to which Minerva joined, expressly mentioned in the table below (GRI-EC6).

System of locking

For the meatpacking industry is essential buying cattle from ranchers aligned with sustainable practices. The Sustainability Management strengthened the necessary mechanisms to block or unblock suppliers – a system of locks on purchase transactions that have the decisive support of the Board, based on criteria that are exclusively for compliance with standards and agreements confirmed by the Company. Such rigor has led to the blocking of suppliers and in some cases pyramiding operations and the cost of raw material, but the

Statement of Commitment from the Greenpeace defines “Minimum Criteria for Operations with Cattle and Beef Products in Industrial Scale in the Amazon Biome” (signed on October 5, 2009) (GRI-4.12 and ENI4);

National Pact for the Eradication of Slave Labour lists a series of actions that signatories should promote in order to eradicate, from their supply chains, the companies who use workers in slave-like conditions (signed on May 19, 2009) (GRI-4.12 and HR7).

Minerva also voluntarily joined – even though committed no crime or objectionable practice – to the **Terms of Adjustment of Conduct for Sustainable Farming**, sponsored by the Public Prosecutor of Pará (signed on July 7, 2009). And it requires that suppliers in the region comply with the rules determined in this document (GRI-4.12).

Livestock Pact promotes Financing, Production, Use, Distribution, Marketing and Sustainable Consumption of Cattle Products from Amazon and for the city of São Paulo (signed October 1, 2009) (GRI-4.12 and ENI4);

With the same objective, the Company signed a **Letter of Intent with MAPA** – Ministério da Agricultura, Pecuária e Abastecimento (Ministry of Agriculture, Livestock and Supply), the Government of the State of Pará, the Agência de Desenvolvimento

Agropecuário do Estado do Pará (Agency for Agricultural Development of the State of Pará), the Associação Brasileira de Supermercados (Brazilian Supermarket Association), the Federação da Agricultura e Pecuária do Pará (Federation of Agriculture and Farming of Pará), the Banco Nacional de Desenvolvimento Econômico e Social – BNDES (National Bank for Economic and Social Development), and other industries, to implement the Animal Electronic Transit Georeferenced Guide – GTA Eletrônica, thereby contributing to reducing deforestation in the Amazon Biome, with the provision of the information contained in the MAPA database (GRI-ENI4).

The Company also assumes similar commitments in agreements with financial agents. The first-tier banks with which it operates today require environmental precautions to provide credit to the agricultural sector.

A continuous satellite tracking of the properties of all suppliers located in the Amazon Biome is performed to identify if they are located on indigenous land (GRI-HR9), if there is no illegal logging, or is within a conservation area – which can be a national park, national forest, state park, an environmental protection area or an area that does not have the proper licensing defined by law (GRI-ENI3, ENI4 and EC6).

reward is recognition of the quality of Minerva worldwide as a Company aligned with sustainability practices in a pioneering way.

Beyond the barriers mentioned above, any supplier involved in land conflicts and land disputes is also rejected. Minerva does not buy cattle in these situations, until the situation is not regularized (GRI-HR1 and HR2).

Official data

To use this restrictions system, the Company directly accesses the list of embargoed areas on the site of IBAMA and the list of denounced properties to the MTE for illegalities (child and slave labor, among others), which are periodically updated. The producers embargoed no longer participate in negotiations with Minerva because they were blacklisted by IBAMA in 2012. Also suspended were those reported by the MTE (GRI-HR2).

Embargoes for invasion of indigenous lands, protected areas and deforestation were monitored in 2012 by a specialized company. With the geographic coordinates and codes of these suppliers, the system mounts polygons that represent the properties on maps, processes images and performs the intersection with the databases of the Ministério do Meio Ambiente (Ministry of Environment) and ICM-Bio – Instituto Chico Mendes (Chico Mendes Institute), for conservation units, FUNAI – Fundação Nacional do Índio (National Indian Foundation), that monitors indigenous lands, and INPE – Instituto Nacional de Pesquisas Espaciais (National Institute for Space Research), which regularly releases reports of Amazon deforestation. These are all official sources, which ensure the validity of monitoring for increased safety of the Company, partners and consumers.

The relationship with suppliers with regard to sustainability is, however, not only restrictive and prescriptive. Sustainable livestock raising production concerns a supply chain committed to improving the capacity and simultaneously reducing impacts on the environment.

Also regarding the origin of the cattle, it is important to say that Minerva is directly involved in monitoring the farms where the cattle is fattened, until the animals are transported to the plants (GRI-HR1).

To ensure that these restrictions are fully respected, all purchasing managers of industrial units were trained to know in depth the criteria and procedures for the purchase of cattle in accordance with the terms of the commitments.

This essential training was conducted directly by the Sustainability Management during the year 2012 (GRI-HR3).

Auditing

Actions to encourage sustainable practices in the industry are part of the Minerva strategy to qualify the whole value chain. In the near future, sustainability will be the basic standard of all global economic output. Technological innovations focused on minimal use of natural resources are already determining the direction of supplying the material needs of the population. It is with this perspective that the Company hires independent auditors to measure compliance with certain commitments.

Qualification of suppliers

The relationship with suppliers with regard to sustainability is, however, not only restrictive and prescriptive. Sustainable livestock raising production concerns a supply chain committed to improving the capacity and simultaneously reducing impacts on the environment. To meet the commitments made public, Minerva monitors and instructs cattle producers in the implementation of techniques to improve the productivity of farms, without increasing grazing areas, thus deterring pressure on forests (GRI-EN13 and EN14).

The most direct contact with the cattle producer is performed by a field staff allocated to the various units. Among the functions of these employees are:

- check the quality of the herd and the farm;
- explain the required documentation to the cattle producer and how to obtain it;
- prospecting for new business;
- interview the vendor about future expectations;
- introduce the Company, its products and services;
- promote the extent of information sharing;
- buy cattle under the required conditions;
- advise on the qualifications of the herd.

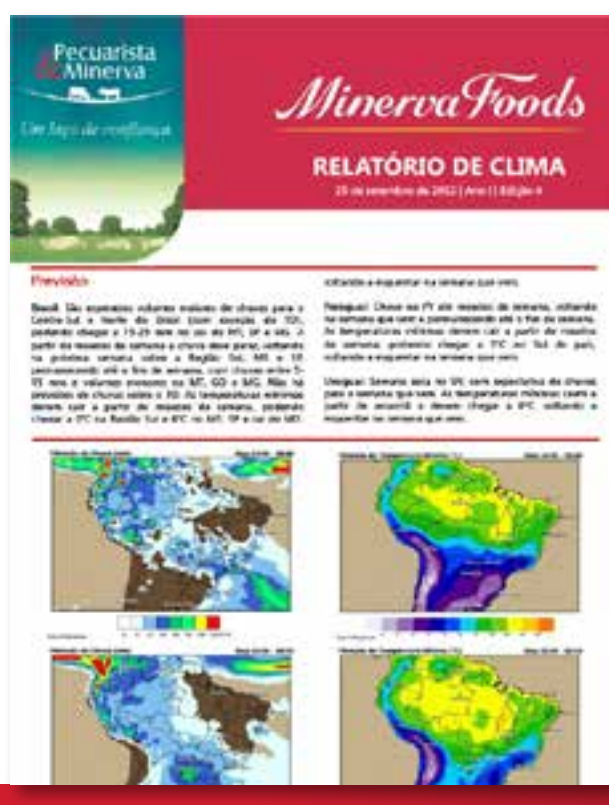
As part of this guidance, the cattle producer is instructed, for example, about the control of residues of anthelmintics, obedience to the expiration date of veterinary products, the importance of animal welfare to improve the quality and acceptance of meat etc. All this is done so that farmers understand that the documentation required by the field staff meets the need to adapt to the rules of sustainability that are not unique to Minerva, but arise from market demands. In 2012, 4,673 field visits were made, an increase of 234% over the number of 2011 (GRI-4.12 and EC6).

Online service

The cattle producer can also use the SAF – Serviço de Atendimento ao Fornecedor (Provider Care Service), created in 2012 to facilitate communication via Twitter (@minervaresearch) or email (pecuarista@minervafoods.com), and so ask questions and offer suggestions. This service is a responsibility of the department of Market Research of the Company, which has the powers to strengthen the relationship and promote the development of suppliers. In addition to direct contact, SAF produces and sends to registered some relevant information for the cattle raising activity:

- **Containment Research** – informs about trends in the growing market of cattle containment in each region, including the intention of farmers to maintain or increase this type of operation, according to data obtained by the extension agents;
- **Grain Report** – provides an overview of the conditions of production and prices of corn and soybean for guidance of the cattle producer, including analyzes of the international market;
- **Articles** – sectorial analyzes aimed at broadening understanding of the supplier about the market movements.
- **Results Report of Minerva** – informs the cattle producer how the Company acted on the market and got results.

Climate report – shows a summary of weather variations by region with emphasis on soil moisture conditions in an appropriate language to guide the cattle raising activity



These publications are tools to improve transparency in relations between Minerva and suppliers, breaking the historical distance between the two main agents in the cattle raising activity. They relate to the ongoing qualification of suppliers to meet the requirements of a consumer market that is becoming increasingly demanding. The sharing of information and analysis makes these two agents closer to each other, to the extent that knowledge of market conditions becomes a common heritage, enabling more agile and transparent negotiations with lower risk for everyone. The publications are hosted on the site (www.minervafoods.com) and are sent by email to cattle producers with a slogan that already clearly demonstrates the interest in overcoming this gap: "Cattle Producers & Minerva, a bond of trust."

The SAF is an important tool to promote sustainability with suppliers, with the aim of raising awareness of the real need the category of environmental commitment to maintaining the cattle raising activity at a level of high qualification in the country. A good example is the technical article "Cattle raising, a revolution is on the field," prepared by Bigma Consultoria. Sent to 1,673 suppliers in 21 September 2012, it explains the historical change from the extensive model to intensive one in cattle raising farming, which multiplied the productivity in recent years through the application of appropriate technologies. As a background, the reduction of deforestation corresponds to the demand for more sustainability in the activity (GRI-EN26).

Talking about cattle raising

The "Minerva Falando de Pecuária" (Minerva Talks About Cattle Raising) program complements the field visits. This is a lecture series promoted within the industrial units to groups of about 50 cattle producers talking about industry-related topics, such as "Market and modalities for negotiations", "Meat quality and market requirements", "Legal guidelines" to regularize the farms, etc. In the meetings, the public is informed about what the Company does with the product they provide us (or intends to provide), what is out of consumption standards, and what needs improvement. In 2012, the program included a specific lecture on sustainability, which shows the trends in social and environmental requirements and what Minerva demands of the supplier to fulfill them.

The demand for information on the subject has grown a lot in 2012. What occurs is that the cattle producer is heavily charged, targeted and pre-judged. Minerva then seeks to provide information, guidance and referrals to integrate him at the level of sustainability that became a requirement to participate in this economic activity (GRI-EN26).

Events

Active participation in events is also among the actions of relationship with suppliers. In 2012 the integration thereby gained more consistency and importance, based on criteria designed to strengthen the Company's presence, either by strategic needs or by regional interests, to establish a balance that ensures the best marketing results.

Minerva produces its own forums and lectures, sponsors third parties events, and also participates with panelists to share information and interact with other agents in the industry. The main focus of these actions is in the presentation of the Company's plans to improve production, qualify the market and encourage sustainability practices. One striking example of these actions was the Company's sponsorship for the 24th Agriculture, Livestock and Forestry Integration Forum, which had "Low carbon cattle raising" among its subjects. Minerva's suppliers had 50 free invitations for the event held September 21 in Bebedouro (SP). Over 300 people attended technical events with which Minerva has contributed during 2012.

Chico Mendes Award

Minerva received in 2012 for the second consecutive year, the Prêmio Internacional de Pesquisa e Responsabilidade Socioambiental Chico Mendes (Chico Mendes International Prize for Research and Environmental Responsibility), for its contribution to the welfare of the people and for the environmental balance. The award is part of the Social and Environmental Certification Program (ProCert), linked to the Global Compact – the Global Pact of the United Nations, which sets 10 sustainability principles observed by the signatory companies in their operations (GRI-2.10).

The prize and the approval of social organizations are also the result of the effort of awareness of internal and external audiences to the issue of social and environmental responsibility. The Company believes it is crucial to encourage awareness



of employees to the issue of sustainability in all activities, both in actual production and in individual habits that impact the recycling of materials, for example. In this particular, some units have monthly data on the volume collected and the revenue generated from it.

Employee awareness

Each employee is recognized as a multiplier of best practices. Therefore, since the integration, when the employee starts working at the Company, he is oriented on environmental issues such as water consumption, sorting and proper disposal of waste etc.

The Environment Week, in early June, has a very important dimension in the educational aspect. In 2012 this event has been expanded to cover five Distribution Centers, plus eight industrial units that had already promoted it in 2011. The Week presents lectures on sustainability for the families of employees on Company premises, which also receive visits from students. One theme that has more space on the agenda was conscious consumption. In some units, based in cities with fewer infrastructures, Minerva employees were invited to give lectures in schools and colleges, providing greater integration between the company and communities.

The same integrative focus extends to other activities. Areas schools and the families of employees also actively participate in environmental projects in units such as replanting of trees, cultivation of fingerlings, and repopulation of rivers – like the one held in Palmeiras de Goiás (GO). In 2012 over R\$ 22,000 was invested in the planting of 7,300 saplings in Campina Verde (MG) and Araguaína (TO) (GRI-EN26).

The Logbook

The environmental pillar of sustainability gained transversal dimension in the internal activities of Minerva in 2012, as a result of the consolidation of a team of supervisors responsible for the environment for all units, including Minerva Fine Foods and the units of Paraguay and Uruguay. They have superior training in the areas correlated to environmental management: they are chemists, environmental engineers and biologists who lead 10-15 employees. The formal structure of the team allowed the standardization of procedures and careful recording of indicators that show the evolution resulting from the application of more sustainable technologies. Supervisors fill the Log Book, the Environmental Management System developed by Corporate Environmental Management and deployed in 2010. It is a set of spreadsheets to track data and manage the environmental performance, including:

- Technical data of the unit and the wastewater treatment system;
- Data from the Environmental License, Grantings of Capture and Release and fulfillment of technical constraints;
- Monitoring KPIs (Key Performance Indicators) Environmental: water consumption, effluent generation, effluent quality, receiving water body quality, costs and revenues, recovery and assessment of oil and grease in physical-chemical treatment systems;
- Performance graphs (dashboard);
- Control of the generation and disposal of solid waste;
- Control of chemicals used in physical-chemical treatment systems;
- Control of biological products used in treatment systems;
- Control daily parameters of settleable solids in the biological treatment system.

Data are related to many variables and allow comparisons eco-efficiency between units and other recognized parameters. This tool has been improved in 2012, when it began to be applied in all Brazilian units and the Friasa unit of Paraguay. The Logbook provides technical support for establishing strategies and monetizing the investment in maintenance and corrective actions to ensure the efficient operation of systems and pollution control equipment. In 2012, the investment in this item was R\$ 848,722.00 in all units (GRI-EN18).

Programs to reduce environmental risks of company activities with preventive actions in 2012 were subject to total investment of R\$ 557,939.00 in all units (GRI-EN30).

The improvement of this control helps maintain strict compliance with the law that focuses on the operations of Minerva. In industrial units, the main rules are the CONAMA Resolutions – Conselho Nacional do Meio Ambiente (National Council for the Environment), for quality of effluents and air emissions from the stationary sources (for boilers, in this case).



The replanting of trees is one of the activities of the Environment Week

Water and wastewater

The quality of the water supply meets the ordinances of the Ministério da Saúde (Ministry of Health) and the regulations governing animal inspection of SIF – Sistema de Inspeção Federal (Federal Inspection System) of the MAPA. The Company has a Program to Reduce Water Consumption that works permanently and seeks to sensitize employees to comply with the procedures that contribute to this important factor in the sustainability of operations. At the same time, it seeks to upgrade facilities to improve the indicators. In the seven units monitored by the program it was recorded a decrease of 2.5% in total consumption (4,709,310 m³) of water in 2012 in comparison with 2011 (GRI-EN8).

ANNUAL WATER CONSUMPTION IN M³

	2011	2012
Araguaína	710,986	601,533
Barretos	702,402	691,797
Batayporã	541,535	522,311
Campina Verde	314,408	338,326
José Bonifácio	927,256	628,078
Palmeiras de Goiás	1,277,159	1,349,789
Rolim de Moura	354,489	577,476
Total	4,828,235	4,709,310

There are many variables that impact the management of wastewater, especially the market conditions that affect productivity, combined with the various techniques applied in the units, each one in a different period in recent decades. By managing all these factors, the Company reduced at the same rate of water consumption, ie by 2.5%, the disposal of wastewater in 2012 (4,473,845 m³), with monitoring of seven units, compared with 2011 (4,586,823 m³), when eight industrial units were monitored (GRI-EN21).

As Minerva is a food industry, it generates liquid effluents with organic loading, but without any heavy metals or toxic contaminants. The primary treatment technology favors the use of oils and greases from wastewater effluents from industrial processes, seeking continuous improvement of production technology, reducing the organic load and reuse of treated wastewater projects in fertirrigation. This environmental guideline also includes the Projeto Sangue Bom (Good Blood), a project that provides for the collection and proper disposal of bovine blood from the bloodletting to industrialization, thus optimizing the operation of the ETEs (Wastewater Treatment Plants) (GRI-EN21).

In another effort of continuous improvement of sustainable practices, in 2012 all units achieved the goal of reducing the organic load of the effluent (DBO) to 80%, which is the requirement of most states, although the CONAMA Resolution 430 have newly established national limits at 60% (GRI-EN21).

Most regulations require a quarterly sampling, sometimes a semi-annual one, considering that the effluent of a refrigeration plant has low organic load and is very stable. Even so, Minerva makes monthly samplings in all units for quality analysis, seeking to identify gaps and adopt best practices. For example, in January 2012 the unit of Rolim de Moura (RO) has released raw sewage in its own station in an amount equivalent to a city of 86,612 inhabitants, but after treatment, the effluent in receiving water body was the equivalent amount of a population of 3,573 inhabitants, therefore achieving efficiency of 95.87%.

Another good performance was presented by the Batayporã (MS) unit, which launched in February 2012, in its own sewage treatment plant, raw effluent equivalent in quality to that of a population of 60,364 inhabitants. After treatment, the receiving water body received wastewater equivalent in quality to that of a population of 1,546 inhabitants, reaching 97.44% removal efficiency of organic load.



Industrial unit in Palmeiras de Goiás

Solid waste

Plastic, scraps metal, cardboard and paper are the main recyclable waste operations units. There is generation of Class I (hazardous) waste in the areas of maintenance, infirmary and laboratories. All wastes receive environmentally appropriate disposal, certified by qualified companies. In some cases, such as Palmeiras de Goiás (GO), cooperatives perform sorting and separating materials that can be reused. Because they have high added value, such residues are sold to recyclers with proper disposal certificate (GRI-EN2).

The reduction in the use of recyclable solid waste by the Company in 2012 was 15.4% (1,939,805 kilograms), when seven industrial units were monitored. In 2011, with the same methodology, the seven Brazilian industrial refrigeration units, plus Friasa Paraguay and the processing unit Minerva Dawn Farms, which together generated 2,292,942 kilograms of recyclable solid waste were monitored. If discounted volumes generated by additional units monitored in 2011, the Company recorded a 4% increase in the use of recyclable solid waste in seven industrial units monitored in 2012 (GRI-EN22).

TOTAL RECYCLED IN KILOGRAMS

	2011	2012
Araguaína	60,047	42,958
Barretos	640,740	709,440
Batayporã	136,193	132,835
Campina Verde	137,523	102,796
José Bonifácio	373,390	425,971
Palmeiras de Goiás	449,843	415,244
Rolim de Moura	67,001	110,561
Friasa - Paraguay	127,475	
Minerva Dawn Farms	300,730	-
Total	2,292,942	1,939,805

The oily residues that originate in the mechanical workshops of the industrial units are sold for re-refining or burned in boilers. In 2012, we performed a program of training of teams to improve the recovery efficiency of oil and grease in Wastewater Treatment Systems in order to reuse the material as an alternative fuel in the boilers.

There was, in the year, an increase of 16.9% on the amount of oil (362,195 liters) recovered for use as an alternative fuel (GRI-EN26).

Now the company will also study how to fulfill the obligations under the National Plan for Solid Waste Act and its developments in states and municipalities where it has facilities.

Atmospheric emissions

The units located in Batayporã (MS), Campina Verde (MG) and José Bonifácio (SP) have quality monitoring of air emissions from stationary sources (boilers that burn eucalyptus wood or wood with certified origin), according to the requirement of the licensing process operation. Direct measurement was found that observed the emission standards of CONAMA Resolutions 382/2006 and 436/2011 (GRI-EN16).

Another sustainable practice is employed in Palmeiras de Goiás (GO) and in Paraguay: hot air from the boiler is used to dry the rumen contents of cattle, which serves as an alternative fuel in the boiler, generating maximum reuse (GRI-EN6, EN17 and EN20).

Energy efficiency

The energy consumed in various units is bought on the open market. It is up to the administration of each of them to manage this resource, accounting for the cost of the kilowatt/hour per kilogram of meat produced. The adoption of equipment and technologies that consume less energy has been consistent.

The annual electricity consumption in 2012 was 516,103 Gigajoules in the ten Company's plants in Brazil, another in Paraguay and one in Uruguay. In 2011, the consumption reached 417,607 Gigajoules, measured only at the Brazilian units (GRI-EN3).

Heavily used in the refrigeration industry, the Company began to buy compressors with gradual acceleration range, which reduces the load on the engine when cold chamber with temperature is sufficiently low, saving energy in the process. The

Company does not use equipments that operate with substances that destroy the ozone layer (GRI-EN19).

Good sense

Good judgment and simplicity are also a good source of savings. The MAPA determines that the lighting in the corrals must be 220 lux so the vet can perform a visual inspection of the animal health at night. The corrals were lit like football stadiums, but even then the shadow would disrupt the viewing of cattle.

What the company did was turn everything off, maintaining a basic lighting for the whole building and installing a spotlight for each corral with a switch which can be turned on by the veterinarian. It is even better for the welfare of the animal, which is quieter at night in the dark.

These specific practices are not yet a definite program of energetic efficiency, but improvements that the Company seeks to replicate, on favorable terms, in the largest possible number of plants.

Biodiesel

Minerva Biodiesel division only purchases the sebum from slaughterhouses of the Company if the price is convenient. It is an independent operation, which in 2012 had a great performance,

acquiring this raw material from other sources too. All production of biodiesel in the country is monitored by ANP – Agência Nacional do Petróleo, Gás Natural e Biocombustíveis (National Agency of Petroleum, Natural Gas and Biofuels), and made available at auctions for addition to diesel at subsidized prices. More importantly, however, is that the environmental gain is the use of sebum for biodiesel production: it is removing tailings of the production process from the environment for conversion into renewable fuel (GRI-EN6).

Besides sebum, Minerva Biodiesel plant processes complementary raw materials (soybean, peanut and jatropha) that are purchased from farmers in the Pronaf – Programa Nacional de Fortalecimento da Agricultura Familiar (National Program for Strengthening Family Agriculture), which provides technical assistance and training for the production of oilseeds. As a result of this action, in 2012 the Company received from the Ministério do Desenvolvimento Agrário (Ministry of Agrarian Development), the right to use the Social Fuel Seal, recognizing the Company as a promoter of social inclusion (GRI-SO9). It is an important recognition of another action toward sustainability that Minerva Foods implements in the field of social and environmental responsibility.



Biodiesel plant in Palmeiras de Goiás

The basis for the development

The Administration of Minerva believes that sustained growth depends on the development of the skills of its employees to achieve prosperity in an environment characterized by responsibility, commitment, initiative and cooperation. With this perspective, the Company adopts a human resources policy that strictly follows the labor laws and seeks also to provide conditions for the employees to reach their fullest potential. Minerva operates in an industry where demand for labor is intensive, and acting in different regions of Brazil and Mercosur requires flexibility in the procedures to retain and qualify human resources.

At the end of 2012, the Company and its subsidiaries had 9,930 employees recorded in the three areas listed separately in table below, which also identifies the evolution of the staff at the end of the years 2010 and 2011: (GRI-LAI).

The Company also operates with personnel outsourcing. At the end of 2012, there were 740 outsourced employees working in administrative, commercial and industrial/operational areas. The table below shows the evolution of the outsourced employees of the Company based on the activity performed at the end of the financial years ended on December 31, 2010, 2011 and 2012. The next map shows the geographical distribution of registered employees and outsources in those three years.

EVOLUTION OF STAFF

Registered employees

	2012	2011	2010
Administrative	1,036	709	689
Commercial	655	559	434
Industrial/Operational	8,239	8,694	7,369
Total	9,930	9,962	8,492

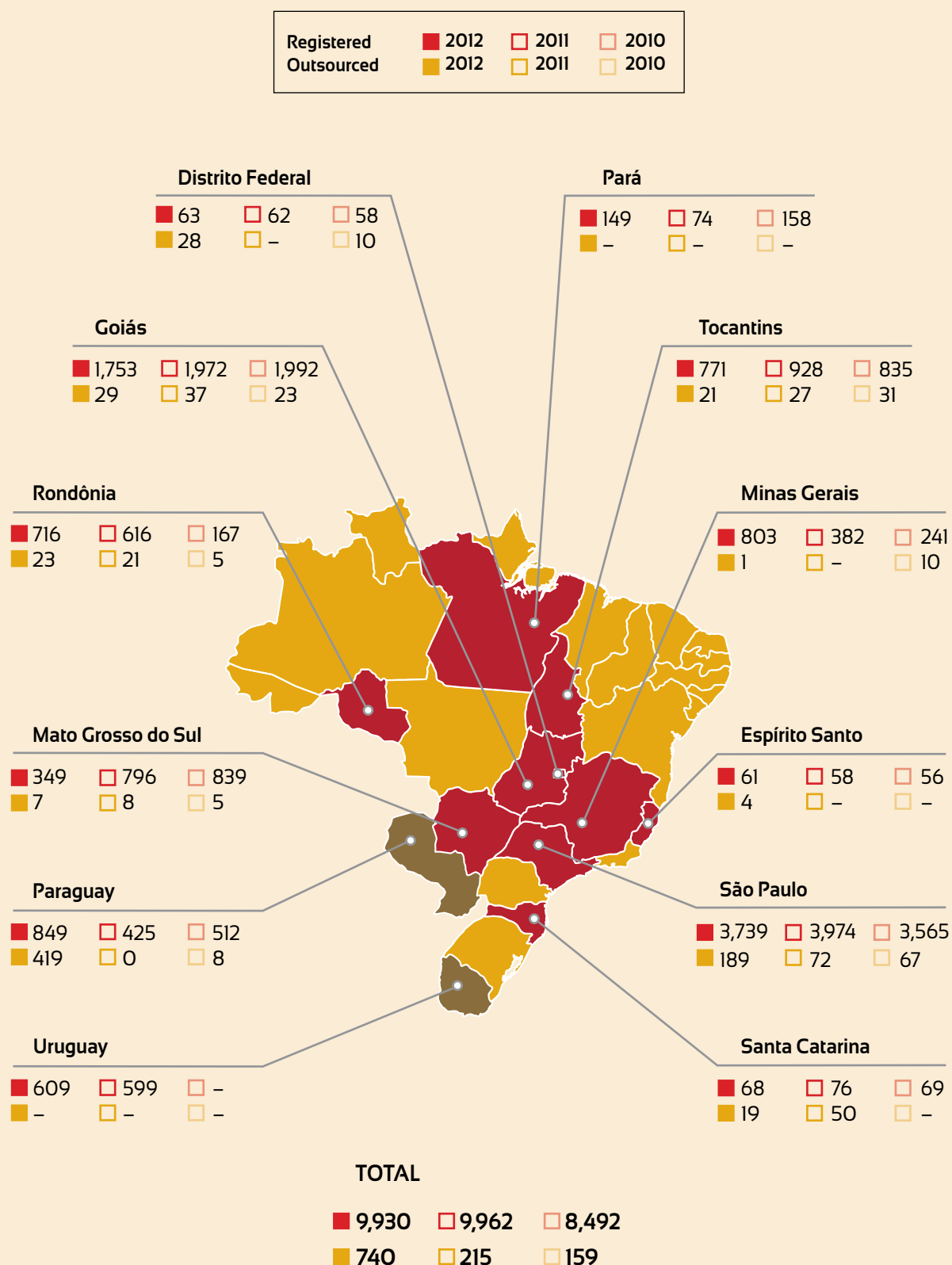
Outsourced

	2012	2011	2010
Administrative	57	1	16
Commercial	10	3	1
Industrial/Operational	673	211	142
Total	740	215	159

Over the past three years there has been an increase of about 1,800 employees within the Company. This increase was primarily due to the following factors:

- Implementation of deboning activities during the night shift at the plant in Palmeiras de Goiás (GO);
- Beginning of slaughter and deboning operations at the plant in Rolim de Moura (RO);
- Beginning of activities in the distribution center at Brasília (DF);
- Beginning of the activities of the plant in Campina Verde (MG);
- Expansion of sales area in the Distribution Center at Itajaí (SC);
- Beginning of the activities in the plant in Melo, Uruguay (GRI-LAI).

GEOGRAPHICAL DISTRIBUTION OF STAFF



The pattern of Minerva procedure determines that the area of recruitment and selection presents to the requesting sector a minimum of 3 candidates per open position in all units. The available positions and their profiles are available on the Company website.

There are different tools to define the profile of each job and the degree of difficulty and specificity for selection. All resumes received are forwarded to the requesting area, which defines whether the candidate will be called or if the curriculum will be directed to register.

The workforce of Minerva, contemplating the eight plants located in Brazil, presented the end of 2012 a predominantly young profile (about 65% in the range 18 to 35 years). About 30% have incomplete elementary schooling. Men are the majority (62%). See the composition of the staff of the Company for various categories of profile on the tables (GRI-LA1).

Compensation and benefits

Employees receive fixed remuneration of Minerva. The values for the various positions are defined according to the qualification, skills and effort of each professional, and everyone can see clearly what steps (technical and behavioral) that need to be met for the remuneration is an increasing constant, as the Career Plan is widely reported. In other words, the evolution of wages is a function of individual employee performance and economic viability of the Company. Salary surveys are conducted annually for comparison with values paid in the market, besides the meritocracy. Incentive plans are implemented according to the growth of income in specific areas.

Grant a decent remuneration and compatible with the responsibilities assumed is part of the valuation of our employees' policy. The values in the table below express the total of salaries and social security contributions paid by Minerva in the years 2011 and 2012: (GRI-LA3).

Remuneration and social charges (amounts in Brazilian Reais)

Salaries

	2012	2011
Total amount of gross wages paid by the company	128,294,079.20	120,083,035.56

Social Charges

Social and labor taxes paid by the employer (INSS, FGTS, indemnities etc.)	57,469,887.84	52,632,651.40
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TOTAL	185,763,967.04	172,715,686.96
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Directors, managers and superintendents considered key executives are eligible to participate in the restricted stock option plan of the Company (as described in the chapter on Governance and Management) (GRI-EC5).

Productivity bonuses are offered and helped improve the retention of much of the most qualified employees. But at the base of the pyramid is that the meat industry has greater difficulty establishing a meritocracy.

Careful measurement and the development of indicators in the bottom of the pyramid of human capital is a goal of Minerva in 2013.

The annual increases in salaries and compensation package offered to employees of the Company, including non-wage and benefits, respect the statements made in collective agreements.

All direct employees (100%) have the option to be members of trade unions and nearly all participate in collective negotiation agreements. The unions representing employees of the Company are:

- Sindicato dos Trabalhadores nas Indústrias de Carne e Derivados de Goiás e Tocantins (Union of Workers from Meat and Byproducts Industries of Goiás and Tocantins);
- Sindicato dos Trabalhadores nas Indústrias de Alimentação de Nova Andradina e Região (Union of Workers from Food Industries of Nova Andradina and Region);
- Sindicato dos Trabalhadores nas Indústrias de Alimentação de São José do Rio Preto (Union of Workers from Food Industries of São José do Rio Preto);

- Federação dos Trabalhadores nas Indústrias de Alimentação de São Paulo (Federation of Workers from Food Industries of São Paulo);
- Sindicato dos Trabalhadores nas Indústrias de Alimentação de Olímpia (Union of Workers from Food Industries of Olímpia);
- Sindicato dos Trabalhadores nas Indústrias de Alimentação de Barretos (Union of Workers from Food Industries of Barretos);

- Sindicato dos Trabalhadores nas Indústrias de Alimentação de Rolim de Moura (Union of Workers from Food Industries of Rolim de Moura);
- Sindicato dos Trabalhadores nas Indústrias de Alimentação de Bauru (Union of Workers from Food Industries of Bauru) (GRI-LA4).

Minerva offers equal opportunities in work and pay for all employees in their policies, practices and procedures. There is no distinction of race, gender or physical condition.

Investment in health benefits (amounts in Brazilian Reais)

	2012	2011
Medical Health Plan	239,939.11	180,973.97
Dental Health Plan	270,808.5	149,597.01

Benefits

Offering health plans only became feasible for some units in 2012. A part of the company's units are installed in areas where the only provision of medical services is the Sistema Único de Saúde – SUS, which is the public system. The Dental Plan was implemented in all units in 2012.

Was an indication of the target set by the Climate Survey (see next page). In the table below, check the amounts invested by the Company in health benefits.

To attract and retain staff in various units, the Company offers restaurants in the workplace, food vouchers, meal allowance, variable compensation and transportation, besides other benefits provided

by law and by collective agreements with the labor unions.

The Company also signs agreements with institutions in the cities it operates, to offer discounts and differentiated forms of payment to employees. Among these establishments are pharmacies, gas stations, butchers, dentists, hairdressers and others. Such benefits are extended to only a part of outsourced and temporary employees, according to the type of contract (GRI-LA3).

Workplace safety

In the following table, see the main related to Labors' Health and Safety indicators registered in 2012 and 2011:

INDICATORS OF HEALTH AND SAFETY (GRI-LA7)

General Indicators (amounts in Reais)

	2012	2011
Total investment	605,459.27	756,619.83
Man/hours worked	13,399,306.00	13,283,359.00
Accidents with leave of the employee (un)	91	121
Accidents without leave of the employee (un)	04	13
Accident Frequency Rate (TFA)	7.09	10.09
Severity Frequency Rate (TFG)	377.78	427.00
Excused by a medical certificate (h)	179,053.3	216,945.0
Unjustified absences (h)	218,395.3	256,094.9

Improvement programs

To prevent absences, occupational diseases and accidents, the Company invests in programs to provide optimal conditions so that employees can perform their duties in a safe environment, with the lowest rate risks of accidents of any order:

PPRA	Programa de Prevenção de Riscos Ambientais (Environmental Risk Prevention Program)
PAE	Plano de Atendimento a Emergências (Emergencies Care Plan)
PGR	Programa de Gerenciamento de Riscos (Risk Management Program)
PCA	Programa de Controle Auditivo (Auditory Control Program)
PPR	Programa de Proteção Respiratória (Respiratory Protection Program)
BEM	Brigada de Emergência Minerva (Minerva's Emergency Brigade)

The Company also perfected an Ergonomics Program, with the application of new methodology in 2012 that reduced the rate of injury in some units. Deployment to all units in 2013 is a priority.

Another action in developing performs the individual adaptation of equipment, in response to a claim that seeks to improve the comfort of the employees in the execution of their duties (GRI-LA7).

The Company has CIPA – Comissão Interna de Prevenção de Acidentes (Internal Commission for Accidents Prevention) in all units in operation in Brazil. It is composed of representatives of the employees, chosen in a direct election, and representatives indicated by the employers. The CIPA meet regularly and promote specific events, such as Sipat – Semana Interna de Prevenção de Acidentes do Trabalho (Internal Accident Prevention Week) in all units located in Brazil (GRI-LA6).

Assistance and prevention

The concern with the health and well-being of the workforce of Minerva is also expressed through the provision of programs and assistance and prevention campaigns:

Combating tobacco addiction – Employees interested in quitting smoking may acquire a medication that helps in reducing dependence. The

medicine is charged below the market price and is deducted directly from the paycheck;

Workplace gymnastics – The program aims to reduce the incidence of occupational diseases and improve the quality of life of employees. The program is implemented in all sectors, according to the professional activities of different groups;

Prevention of breast and cervical cancer – The Company signed partnerships with medical institutions to ensure that female workers can get their exams done in mobile units, or in the institutions during office hours (GRI-LA8).

Attraction and engagement

The Company identifies a level of employee turnover above expectations and works to reduce it, facing this challenge in a very competitive landscape. There is an offer of benefits and wages without criteria for the primary labor force, stimulating the exchange of stable employment for positions in seasonal activities that offer slightly higher salaries; social benefits related to discharge and unemployment also attract some of those workers.

Turnover rate

Year	2012	2011
Turnover	5.59%	3.62%

By identifying this trend of increased turnover, the Board of Executive Officers has elected 2012 as the year of Human Resources. This formula was also applied to verticalize the process of administrative restructuring of the Company, as related in the chapter on Governance and Management (GRI-LA2).

Organizational climate survey was one of the instruments used in the diagnosis and identification of indicators to support the restructuring of the Human Resources area.

The career plan was structured based on the results of the survey, so that employees could more easily understand where they are and where they can get within the Company. The system deployed from the research presents many opportunities for growth and internal development of employees. A review of salaries and positions was also made, which were reduced from 570 to 376 across the Company at the end of 2012.

Training and development

Several capacitation, training and retraining programs are available for all levels of staff. It is a fundamental incentive offered to employees to improve their skills in order to contribute to the development of the Company and the professional status of each employee.

The levels of leadership and supervision, for example, we invested in improving the ability to manage people. Are those employees who are in day-to-day contact with the plant floor, with the largest base of the pyramid of human capital. They have better conditions to show other employees what are the procedures of Minerva, including continuous improvement that integrate the Company's sustainability policies.

The leadership development program was implemented throughout the year 2012. Divided into 19 classes, 390 leaders were trained in People Management, Knowledge Management and Management Skills to make the correct assessment of 7,358 employees, by predefined criteria. This marathon was crucial to avoid a common situation on the shop floor: the promotion of an excellent cutter (the employee who makes the cuts of meat in the refrigeration unit) normally led him to become sector leader even if he did not have the skills for this position (GRI-LA11).

Pure excellence is the qualification program through which passed 70,000 employees of the base of the pyramid, at the various stages of the program in 2012. This program seeks to train the primary workforce to keep a high level of quality in industrial production.

Dedo de Prosa (Informal Talk, in a loose translation) is the integration program that facilitates dialogue between management, leaders and other employees, providing meetings for informal conversations without the rigidity of hierarchies. Under these conditions the coworker feel more comfortable to present problems and solutions that envisions to improve his own performance, and industry colleagues. As a note of respect to the interest of each program managers in the units are geared to take care to give the feedback of the suggestions discussed.

The program also extends this informal contact to families, in particular, to identify any situations that are negatively impacting the performance of the employee and thus help this employee as best as possible.

Family Budget is the program that teaches financial education tools to the coworker, so he can make better choices in the administration of his or her money. Literally, the coworkers learn to "do the math" to figure out how much they afford to pay in installments for a payroll loan, or if there are cheaper options to acquire the money or the product. The family is integrated into the management process: the employee's wife is also invited to understand the family bills. In some cases, she is also invited to become a coworker of the Company to increase the family income.

The financial education program has shown effective results on the base of the pyramid, where employee retention is more difficult. It is an instrument of social nature offered by Minerva. Thus, the Company also faces the challenge of reducing the high turnover of human resources (GRI-LA8).

INVESTMENT IN TRAINING AND CAPACITATION OF EMPLOYEES

Training done	2,668	Investment in training	R\$ 811,538.42
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Total Training done by Type

Behavioral	1,329	Technical	56	Operational	1,211	Others	72
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Percentage of investment in relation to total personnel expenses	0.32%
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Hours of training per employee/year	102,708	Hours for "individual employees"/year	114
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Scholarships awarded	5	Investment in scholarships	R\$ 30,284.72
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* Concept "individual employees": regardless of the number of times an employee attended training during the year, it is considered a single participation (GRI-LA10).

Expansion with quality

The adoption of more sustainable models in supply chains is an increasingly widespread demand among market participants – customers, investors, and financial institutions. It was the long trajectory of Minerva focused on exports that anticipated, at least in part, the preparation of processes and products for compliance with standards of sustainability. Somehow this pioneering implied an imbalance in terms of economic competitiveness in the meatpacking industry for a long period, but the remarkable evolution of the entire market has already established a higher level of demand for trade relations. In this scenario, the Company became more proactive than reactive to government regulations and the demands of stakeholders.

Was remarkable, in 2012, the intensification of the demand for information on the inclusion of sustainability in business. In significantly greater numbers than in 2011, financiers and investors began to request documentation or schedule site visits to verify the practices of the Company. Many investors, especially foreigners, ask for the Sustainability Report. This report was much sought, for example in presentations preceding the IPO completed on November 2012. And this became the key statement piece for the transparency of Minerva, informing the market about activities related to social and environmental responsibility.

That is why Minerva took the unilateral decision to invest heavily in qualifying the value chain (more details in the chapter on Sustainability), encouraging the adaptation of suppliers to meet sustainability requirements that become universal by law or demands the market. In the origination of raw beef, there are over 20,000 registered cattle producers (with 30,000 properties) – a wide variety of suppliers that allows the Company to be independent under any circumstances. No cattle producer supplies more than 1% of purchases made

by the Company. This feature meets the working philosophy of the Company, which aims to mitigate risks of all kinds, especially health, environmental, political and logistical (GRI-EC6).

Live Cattle

Stiffness in risk management is also applied in the segments of Related Business. In Live Cattle division, 100% for export, all purchased animals are inspected and identified with earrings that take a sequence of numbers. The suppliers of cattle necessarily go through the same scrutiny of traceability adopted in other operations of Minerva: they can not be in conflict areas, areas where illegal logging occurs, indigenous lands, properties denounced due to slave labor, etc.

After getting the earrings, the cattle are sent to quarantine on a farm belonging to the Company, distant an hour from the harbor of Vila do Conde, near Belém (PA). This property is called EPE – Estabelecimento de Pré-Embarque (Pre-Shipment Establishment) and it meets the requirements of the conditions for export of live cattle as prescribed in Instruction No. 13/2010, from Ministério da Agricultura, Pecuária e Abastecimento (Ministry of Agriculture, Livestock and Food Supply).

The short distance between the EPE and the harbor is part of the procedure of well-being, to ensure that the animals arrive well rested to the ship. It is a very delicate and complex operation, because obviously you can not transmit any disease to the importing country, the livestock can not get hurt in shipping or in land, from the farms to the EPE, and from there to the port. Specially adapted to carry such cargo, vessels undergo thorough inspection before boarding the cattle.

Over
20
thousand
registered cattle
producers

In the Live
Cattle division,
100%
of production
is exported



URUGUAY, A NATURAL COUNTRY

The integration of the operations of the meatpacking plant Frigorífico Pul in Uruguay, a country that strives for accuracy in caring for the environment and use of natural resources, is adding to the administration of Minerva valuable knowledge about the application of a more qualified sustainability standard. A stable population and a small territory facilitate the dissemination of this collective interest: it is much more difficult for deforestation or contamination not to get noticed, with swift denouncement, punishment and reparation.

Most slaughterhouses are cleared for sale to the strictest markets, including the United States and Europe, and passes through the sieve of many international inspections, also relating to animal welfare. Reflecting the culture of environmental protection, the suggestive slogan "Uruguay, a natural country" is stamped on 70% of the exports of meat it produces. Much of it goes into very demanding niches, such as international fast food chains and upscale restaurants.

Pul has ISO 9000 and ISO 22000 certifications for more than 15 years and is able to export fresh beef, including organic, to the United States. With this level of sustainability, Minerva reached 9.5% of participation on the export of meat from Uruguay in 2012.

THE LARGEST PRODUCER OF PARAGUAY

In Paraguay, Minerva's market share reached 20.6% in revenue from beef exports, after the acquisition of Frigomerc in 2012 – which became the largest producer in the country.

At year end, the modernization of another plant of the Company, the Friasa, was completed in Asuncion, to better match production practices to standards for social and environmental responsibility, a culture that is not yet widespread in Paraguay.

In both units, Minerva seeks not only to comply with local environmental protection rules, but also offers intensive training programs for human resources at all levels of production. One of the main contents encourages the application of modern production techniques; another program reinforces the need to implement procedures to maintain the health and hygiene of the industrial units in accordance with international standards.

Local Producers, suppliers of Cattle must be in compliance with labor laws, they should also take notice and make commitments to practices of animal welfare indispensable to the expansion of the potential markets for the export production of Minerva units in Paraguay (GRI-EC6).



Brascasing

The same concern exists in Brascasing, the arm of the Minerva that exports natural casings derived from guts of slaughtered animals. The certification of origin of the product is made with the same rigor.

Restrictions on competition

Minerva understands that all requirement scientifically based is legitimate. Aside questionable exceptions, the company recognizes the need to be adequately prepared to argue when receiving a well structured importer demand that imposes an exacting standard, as fast food chains, for example. These rules are being strictly implemented in South America, natural territory for expanding the production of red protein – which for economic or climate issues is reaching its limits in other regions of the world – but still has plenty of room in the subcontinent. What remains is to prepare the Company's representatives to understand the demands and counter-argue competently, becoming thus valid interlocutors.

It is what is done in Uruguay. Inspections of the Pul customers are received by a team led by a chemical engineer. She is current with scientific updates – as a seminar on the bacterium *Escherichia coli* that recently occurred in the United States – to respond adequately the questions of the most demanding importers, from a technical standpoint.

Diversity of markets

The healthiest approach Minerva uses to avoid too much exposure to these market changes is to increase the maximum diversity of markets to which the Company sells its products. That is why among the tasks of the Quality Control teams in industrial units is the checking methods of slaughtering and cutting appropriate for different countries, and monitoring the external audits to ensure that facilities are approved for export to all markets (read more about the international certifications of the Company forward).

- **Russia:** some units are qualified, others are not;
- **European Union:** the industries can be approved, but the cattle must come from farms specifically qualified for export to Europe;
- **Chile:** maintains inside the factories inspectors that typify the animals according to a series of requirements, such as age, type of carcass and others.
- **Israel:** sends technicians to monitor the killing and ensure that certain restrictions of health and religious character are respected. If for any reason there is no commercialization for six months, the qualification process starts from scratch again;
- **Iran:** maintains staff in the slaughterhouse to ensure compliance with the Muslim religious rites, from slaughter to shipping.

NO CROSS-SUBSIDIES

Business transacted between different companies or segments of Minerva does not imply the existence of subsidies or any kind favoritism between them. The internal policy of the Company is to keep the conduction of various businesses completely independent, avoiding cross-subsidies between different platforms.

The market value of the product is paramount at any stage. Each segment must ensure their own profitability without considering any other unit of Minerva as a privileged buyer or seller.

This approach ensures a more professional and realistic assessment of the strengths, weaknesses and opportunities of each project.

GLOBAL CERTIFICATIONS OF FOOD SECURITY [GRI-4.12 and PR 1]

Rigid standards are adopted worldwide as indispensable procedures to ensure quality, hygiene and food safety. Models or systems are recognized by international bodies that oversee the implementation and update of these rules for the benefit of human consumption. The application of this regulation is annually audited by authorized certification companies like SGS Systems & Services Certification and WQS – World Quality Services. Minerva's industrial units have the following global certifications:

HACCP is a system of Hazard Analysis and Critical Control Points of threats to human health in industrial processes, according to the International Code of General Principles of Food Safety. Minerva units in Rolim de Moura (RO), Batayporã (MS), Araguaína (TO) and Palmeiras de Goiás (GO) are HACCP certified.

BRC Food is a set of standards of quality and safety for the production of food prepared by BRC – British Retail Consortium, an organization that represents 80% of the enterprises of retail trade in the United Kingdom. It is one of the BRC Global Standards, which establish quality standards met by the industrial sector in that country and have been adopted worldwide. The Global Standard for Food Safety, from BRC Food, is recognized by GFSI – Global Food Safety Initiative, a foundation created in 2000 to stimulate the establishment of international standards for food safety with the support of industry, retail, universities, governments and international organizations. Minerva units in José Bonifácio, Barretos and Palmeiras de Goiás are BRC Food certified.



GRI 3.1 Index

Subject/Indicator		Reported	Remarks	Page
1 STRATEGY AND ANALYSIS				
1.1	Statement from the most senior decision maker of the organization (e.g., CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy.	YES		4 a 7
1.2	Description of key impacts, risks, and opportunities.	YES		27, 30
2 ORGANIZATIONAL PROFILE				
2.1	Name of the organization.	YES		10
2.2	Primary brands, products, and/or services.	YES		11
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	YES		12
2.4	Location of organization's headquarters.	YES	The Company's headquarters are located in Barretos (SP), at the Extension of Avenida Antonio Manço Bernardes, s/n, Rotatória Família Vilela de Queiroz, Chácara Minerva, in the city of Barretos, State of São Paulo, CEP 14781-545	56
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	YES	The Company maintains sales offices in Algeria, Chile, Lebanon, Russia, Italy, Iran, United States, Saudi Arabia, Brazil, Paraguay and Uruguay.	13
2.6	Nature of ownership and legal form.	YES	The Company is a Publicly Traded Corporation.	13
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	YES	Minerva SA, a leader in the production and marketing of beef, leather, export of live cattle and by-products in South America, is among the three largest Brazilian exporters in the sector in terms of gross sales, and also operates in the segment of processed beef, pork and poultry, exporting to over 100 countries.	12 e 13
2.8	Scale of the reporting organization.	YES		13
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	YES		13
2.10	Awards received in the reporting period.	YES		40

Subject/Indicator		Reported	Remarks	Page	
3 REPORT PARAMETERS					
REPORT PROFILE	3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	YES	January 1 to December 31, 2012	8 e 9
	3.2	Date of most recent previous report (if any)	YES	September, 2011	8 e 9
	3.3	Reporting cycle (annual, biennial, etc.)	YES	Annually	8 e 9
	3.4	Contact point for questions regarding the report or its contents.	YES	ri@minervafoods.com	8 e 9
REPORT SCOPE AND BOUNDARY	3.5	Process for defining report content.	YES	Partially reported. The Company examines the possibility and relevance of the organization of a materiality process more comprehensive to stakeholders.	8 e 9
	3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers).	YES	The indicators presented refer to eight plants located exclusively in Brazil, in the cities of Araguaína (TO), Barretos (SP), Batayporã (MS), Campina Verde (MG), Goianésia (GO), José Bonifácio (SP), Palmeiras de Goiás (GO) and Rolim de Moura (RO).	8 e 9
	3.7	State any specific limitations on the scope or boundary of the report.	YES		8 e 9
	3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	YES		8 e 9
	3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the indicators and other information in the report.	YES	The data of the Sustainability Report come from various internal corporate systems and from the control and registration documents. Indicators with specific measurements have their own sources.	8 e 9
	3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	YES		8 e 9
	3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	YES		8 e 9
GRI CONTENT INDEX	3.12	Table identifying the location of the Standard Disclosure in the report.	YES		56
ASSURANCE	3.13	Policy and current practice with regard to seeking external assurance for the report.	YES		8 e 9

Subject/Indicator		Reported	Remarks	Page	
4 GOVERNANCE, COMMITMENTS, AND ENGAGEMENT					
GOVERNANCE	4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	YES		16
	4.2	Indicate whether the Chair of the highest governance body is also an executive officer (and, if so, their function within the organization's management and the reasons for this arrangement).	YES		17
	4.3	For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.	YES		16
	4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	YES		20
	4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	YES	Remuneration of employees is unrelated to the economic and financial results nor with the environmental and social performance of the company.	20
	4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	YES	The Company does not have a specific mechanism to identify conflicts of interests on the Board of Directors and the General Assemblies, applying the assumptions contained in the rules in the Brazilian legislation and the Novo Mercado of BM&FBovespa, considered adequate and sufficient by the Company. Conflicts of interest are identified under the Law of Corporations in Brazil and managed by the Chairman of the Board of Directors.	56
	4.7	Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity.	YES		19
	4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	YES		14 e 15
	4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	YES		26 e 27

	Subject/Indicator	Reported	Remarks	Page
	4.10 Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance. Commitments to External Initiatives	YES		19
COMMITMENTS TO EXTERNAL INITIATIVES	4.11 Explanation of whether and how the precautionary approach or principle is addressed by the organization.	NO	Not applicable. There are no restrictions or concerns about the effects of animal protein intake to human health.	
	4.12 Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	YES		37 e 55
	4.13 Memberships in associations (such as industry associations) and/or national/international advocacy organizations.	YES	The Company participates in the Grupo de Trabalho da Pecuária Sustentável – GTPS, known internationally as BRSL – Brazilian Roundtable on Sustainable Livestock, which aims guarantee the origin of the raw material, through the implementation of systems and procedures for the purchase of cattle, ensuring, among other stipulations, not buying cattle from areas embargoed by IBAMA, or whose farms are listed in the Register of Employers who have kept workers in slave-like conditions, established by the Ministry of Labor and Employment –MTE. The company also participates in ABIEC – Associação Brasileira das Indústrias Exportadoras de Carne (Association of Brazilian Beef Export Industries).	56
STAKEHOLDER ENGAGEMENT	4.14 List of stakeholder groups engaged by the organization.	YES	Partially reported. Consulting firm hired for the analysis of GRI indicators and sustainable practices had no access to data or processes of materiality and/or engagement appropriate to the GRI standards.	8 e 9
	4.15 Basis for identification and selection of stakeholders with whom to engage.	YES	Partially reported. Consulting firm hired for the analysis of GRI indicators and sustainable practices had no access to data or processes of materiality and/or engagement appropriate to the GRI standards.	8 e 9
	4.16 Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	YES	Partially reported. Consulting firm hired for the analysis of GRI indicators and sustainable practices had no access to data or processes of materiality and/or engagement appropriate to the GRI standards.	8 e 9
	4.17 Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	YES	Partially reported. Consulting firm hired for the analysis of GRI indicators and sustainable practices had no access to data or processes of materiality and/or engagement appropriate to the GRI standards.	8 e 9

Subject/Indicator		Reported	Remarks	Page
5 PERFORMANCE INDICATORS				
ECONOMIC PERFORMANCE				
ASPECT: ECONOMIC	EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	YES	32
	EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	YES	27 e 32
	EC3	Coverage of the organization's defined benefit plan obligations.	YES	32
	EC4	Significant financial assistance received from government.	YES	32
ASPECT: MARKET PRESENCE	EC5	Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.	YES	Partially responded (See item Compensation and Benefits). 48
	EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	YES	Partially answered. The Company promotes initiatives with the supply chain, but this is not a formal corporate policy. 52
	EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation.	YES	The Company, where possible, promotes the recruitment of senior management in the communities in which it operates, but does not have a formalized Human Resources practice to the matter. 56
ASPECT: INDIRECT ECONOMIC IMPACTS	EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	NO	The Company did not promote such investments in 2012. 56
	EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	NO	The Company has no records that identify and describe such impacts and their extent. 56
ENVIRONMENTAL PERFORMANCE				
ASPECT: MATERIAL	EN1	Materials used by weight or volume.	YES	Partially reported. 41 a 55
	EN2	Percentage of materials used that are recycled input materials.	YES	Partially reported. 41 a 55
ASPECT: ENERGY	EN3	Direct energy consumption by primary energy source.	YES	Partially reported. 41 a 55
	EN4	Indirect energy consumption by primary source.	NO	Not material.
	EN5	Energy saved due to conservation and efficiency improvements.	NO	Not material.

Subject/Indicator			Reported	Remarks	Page
ASPECT: ENERGY	EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	YES		45
	EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	YES	Partially answered. The Company promotes several actions but has no data available that may actually demonstrate the results. The actions undertaken in 2012 include: • Water: Program of reducing water consumption, modernization of the units and raise awareness among employees. • Fossil fuels: Training of staff for operational improvements in treatment systems, increasing recovery of oil and grease and consequent use of these sources as an alternative fuel in the boilers.	56
ASPECT: WATER	EN8	Total water withdrawal by source.	YES		42
	EN9	Water sources significantly affected by withdrawal of water.	NO	Not material.	
	EN10	Percentage and total volume of water recycled and reused.	YES	Partially reported. The units of Barretos (SP) and Campina Verde (MG) are conducting innovative projects to reuse of water originating from the backwash of filters of their treatment plants. The volume, once intended for effluent treatment stations, can be reused after reprocessing, in the washing of corrals and cattle trucks. Other initiatives for recycling or reuse of industrial water may be deployed on other units.	56
ASPECTO: BIODIVERSIDADE	EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	NO	Not material.	
	EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	NO	Not material.	
	EN13	Habitats protected or restored.	YES	In its units located in rural areas, the Company has areas of permanent preservation and legal reserve areas, considered protected or restored habitats, reaching a total of 80.96 ha on record. The Company respects the environmental legislation and is conducting the suitability of areas within the deadlines set by environmental agencies.	38

		Tema/Indicador	Report.	Observ.	Pág.
	EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	YES		37 a 39
	EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	NO	Not material.	
ASPECT: EMISSIONS, EFFLUENTS, AND WASTE	EN16	Total direct and indirect greenhouse gas emissions by weight.	YES	Partially answered. The total emission is not reported because there is no total measurement of gases, only the established by local law.	44
	EN17	Other relevant indirect greenhouse gas emissions by weight.	YES	Partially answered. The total emission is not reported because there is no total measurement of gases, only the established by local law.	44
	EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	YES	Partially answered.	42
	EN19	Emissions of ozone-depleting substances by weight.	YES	Partially answered.	45
	EN20	NOx, SOx, and other significant air emissions by type and weight.	YES	Partially answered. The total emission is not reported because there is no total measurement of gases, only the established by local law.	44
	EN21	Total water discharge by quality and destination.	YES	Partially answered.	42 e 43
	EN22	Total weight of waste by type and disposal method. Total number and volume of significant spills.	YES	Partially answered.	44
	EN23	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	NO	Not material	
	EN24	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	YES	Minerva does not perform the transport, import or export of waste of any kind, especially those considered dangerous.	56
	EN25	Aspect: Products and Services	NO	Not material	
ASPECT: PRODUCTS AND SERVICES	EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	YES		44
	EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	NO	Not material	
ASPECT: COMPLIANCE	EN28	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations.	NO	Not material	
ASPECT: TRANSPORT	EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	NO	Not material	
ASPECT: OVERALL	EN30	Total environmental protection expenditures and investments by type.	YES	Partially answered.	42

Tema/Indicador			Report.	Observ.	Pág.
SOCIAL PERFORMANCE: LABOR PRACTICES AND DECENT WORK					
ASPECT: EMPLOYMENT	LA1	Total workforce by employment type, employment contract, and region, broken down by gender.	YES		46 a 48
	LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	YES		50
	LA3	Benefits provided to full-time employees that are not provided to temporary or parttime employees, by significant locations of operation.	YES		48 e 49
	LA15	Return to work and retention rates after parental leave, by gender.	NO	Not material	
ASPECT: LABOR/ MANAGEMENT RELATIONS	LA4	Percentage of employees covered by collective bargaining agreements.	YES	Partially answered.	49
	LA5	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements.	NO	Not material	
ASPECT: OCCUPATIONAL HEALTH AND SAFETY	LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	YES	Partially answered.	50
	LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender.	YES	Partially answered.	49 e 50
	LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	YES		50 e 51
	LA9	Health and safety topics covered in formal agreements with trade unions.	NO	Not material	
ASPECT: TRAINING AND EDUCATION	LA10	Average hours of training per year per employee by gender, and by employee category.	YES		51
	LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	YES		51
	LA12	Percentage of employees receiving regular performance and career development reviews, by gender.	NO	Not material	
ASPECT: DIVERSITY AND EQUAL OPPORTUNITY	LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	NO	Not material.	

Tema/Indicador		Report.	Observ.	Pág.
ASPECT: EQUAL REMUNERATION FOR WOMEN AND MEN	LA14	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	YES There is no differentiation in pay between genders or discrimination of any kind in the operations and Human Resources at Minerva Foods.	56
SOCIAL PERFORMANCE: HUMAN RIGHTS				
ASPECT: INVESTMENT AND PROCUREMENT PRACTICES	HR1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening.	YES Partially answered.	37
	HR2	Percentage of significant suppliers, contractors, and other business partners that have undergone human rights screening, and actions taken.	YES Partially answered.	36 e 37
	HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	YES	38
ASPECT: NON-DISCRIMINATION	HR4	Total number of incidents of discrimination and corrective actions taken.	YES There were no occurrences of this type in 2012.	56
ASPECT: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING	HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights.	YES In 2012, no incidents or complaints were recorded in which the right to exercise freedom of association and collective bargaining was threatened or compromised. The relationship of Minerva with the unions and other organizations representing the workforce is friendly and guided by the labor legislation of the locations where it operates.	58
ASPECT: CHILD LABOR	HR6	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.	YES The Company distributes publications for internal circulation to ensure that employees have knowledge about issues related to human rights. The training of the team from purchase cattle is also oriented to ensure that cattle do not come from farms using slave labor, child labor or that breach any of the minimum criteria set by the company.	37 e 56

Tema/Indicador			Report.	Observ.	Pág.
ASPECT: CHILD LABOR	HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.	YES	The Company distributes publications for internal circulation to ensure that employees have knowledge about issues related to human rights. The training of the team from purchase cattle is also oriented to ensure that cattle do not come from farms using slave labor, child labor or that breach any of the minimum criteria set by the company.	37 e 56
	ASPECT: FORCED AND COMPULSORY LABOR	HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human.	NO	Not material.
ASPECT: INDIGENOUS RIGHTS	HR9	Total number of incidents of violations involving rights of indigenous people and actions taken. Aspect: Assessment	YES	There were no occurrences of this type in 2012.	56
ASPECT: ASSESSMENT	HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	NO	Not material.	
ASPECT: REMEDIATION	HR11	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms.	NO	Not material.	
SOCIAL PERFORMANCE: SOCIETY					
ASPECT: LOCAL COMMUNITIES	SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	NO	Not material.	
	SO9	Operations with significant potential or actual negative impacts on local communities.	NO	Not material.	
	SO10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.	NO	Not material.	
ASPECT: CORRUPTION	SO2	Percentage and total number of business units analyzed for risks related to corruption.	NO	Not material.	
	SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	NO	Not material.	
	SO4	Actions taken in response to incidents of corruption.	YES	There were no occurrences of this type in 2012.	56

Tema/Indicador			Report.	Observ.	Pág.
ASPECT: PUBLIC POLICY	SO5	Public policy positions and participation in public policy development and lobbying.	YES	Partially answered. The Company has long experience in the relationship with the public administration, especially with regard to environmental agencies overseeing its activities. This relationship has always been given in a respectful manner and in accordance with the highest ethical values. The Company has never had any significant problem with any of these authorities.	56
	SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	NO	Not material.	
ASPECT: ANTI-COMPETITIVE BEHAVIOR	SO7	Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes.	NO	Not material.	
ASPECT: COMPLIANCE	SO8	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations.	YES	There were no occurrences of this type in 2012.	56
PRODUCT RESPONSIBILITY					
ASPECT: CUSTOMER HEALTH AND SAFETY	PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	YES		55
	PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	YES	There were no occurrences of this type in 2012.	56
ASPECT: PRODUCT AND SERVICE LABELING	PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	YES	Minerva ensures that all information contained in labels, tags and packaging are according to the law of the country and approved by the responsible agency (MAPA – Ministério da Agricultura, Pecuária e Abastecimento – Ministry of Agriculture, Livestock and Food Supply, in Portuguese). Nutritional information on labels, date of manufacture, method of preservation, expiration date, product name, company name, trade name, SIF of producer, are presented among others. Any additional information requested, provided it falls within the Brazilian standards, are addressed in a way that meets the expectations of the direct and end customers. The plastic packages have tags and labels, thus respecting the requirements of MAPA.	56
	PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	YES	There were no occurrences of this type in 2012.	56

Tema/Indicador			Report.	Observ.	Pág.
	PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction. Aspect: Marketing Communications	YES	Partially answered. The Company promoted, in 2012, a program of exploratory research with hundreds of consumers to establish marketing strategies for the year 2013.	56
ASPECT: MARKETING COMMUNICATIONS	PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	YES	The company undertook actions to educate the final consumer and the trade on the beef category. Aspects such as the best way of consumption, recipes, organization of the category at the point of sales, evaluation of the cuts and their many uses that will be the base of the new marketing policy to the final consumer during 2013.	56
	PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	YES	There were no occurrences of this type in 2012.	56
ASPECT: CUSTOMER PRIVACY	PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	NO	Not material.	
ASPECT: COMPLIANCE	PR9	Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services.	YES	There were no occurrences of this type in 2012.	56

MINERVA FOODS 2012 - MANAGEMENT APPROACH (DMA)

Dimension	Reported	Location in the report
Economic Dimension	YES	41 a 45
Environmental Dimension	YES	41 a 45
Social Dimension	YES	46 a 51
Labor Practices and Decent Work	YES	46 a 51
Human Rights	YES	35 a 41
Society	YES	35 a 41
Product Responsibility	YES	Index (56-67)

Glossary

Financial Leverage

Financial Leverage corresponds to growth of profitability of Equity Capital invested, by increasing the level of debt, when its cost is lower than the return on Invested Capital.

Animal welfare

Set of practices and rational management strategies designed to generate direct and indirect productivity gains and quality of the final product, avoiding stress and unnecessary suffering, which directly affect the meat for consumption.

Composting

Set of techniques applied to control the decomposition of organic materials, in order to obtain, as soon as possible, a stable material rich in humus and mineral nutrients.

Rumen contents

Rumen content is the food in process of digestion in ruminants.

Financial Deleveraging

Deleveraging is the process of reducing leverage.

EBITDA

EBITDA stands for "Earnings Before Interest, Taxes, Depreciation and Amortization", and it represents the sum of funds a company generates through its operations, excluding taxes and other financial purposes.

Ecoefficiency

Ratio between the use of materials and energy resources required to produce a given product and its production volume. It expresses the productivity from an environmental standpoint.

Energy efficiency

Rational use of energy to maximize its benefits.

Fertirrigation

Fertilization technique that uses irrigation water to carry nutrients to the cultivated soil.

Greenhouse Gases (GHG)

Gases or substances that cause the greenhouse effect (warming) in the atmosphere, identified by the equivalence in carbon dioxide (CO₂).

GRI

Global Reporting Initiative, an international non-governmental organization that creates, develops and disseminates global standard methodologies for reporting on economic, social and environmental performance used voluntarily by companies worldwide.

Joint venture

Joint venture is an association of companies, for profit, to explore certain business. A joint venture may be permanent or not, and neither company loses its identity.

Novo Mercado of BM&FBovespa

The Novo Mercado (New Market) of the BM&FBovespa SA – Bolsa de Valores, Mercadorias e Futuros (Securities, Commodities and Futures Exchange) is a listing of companies who commit themselves, on a voluntary basis, with the adoption of corporate governance practices, in addition to the legal obligations. The entrance of a company in the Novo Mercado requires adherence to a set of rules for “good corporate governance”, present in the Regulamento de Listagem do Novo Mercado (Listing Rules of the New Market), by signing a contract.

One-stop-shop

The concept of one-stop-shop can be translated as ‘sole provider’. By acquiring a wider range of products with a single distributor, the retailer achieves better prices and simplifies administrative procedures and logistics.

Origination

The origination system ensures that the process of buying cattle properly records all information relating to each animal purchased, including all its commercial, geographical and veterinarian history.

The Global Pact

Initiative developed by the United Nations with the aim of mobilizing the international business community to adopt fundamental and internationally accepted values in the areas of human development, labor relations, environment and anticorruption.

Low Carbon Cattle Raising

Concept that identifies practices to reduce emissions of greenhouse gases by cattle raising, generically identified by the equivalence in carbon dioxide (CO₂). These concepts are based on technologies that improve the efficiency of livestock productivity and the evolution of the herd, including best practices in nutrition, pasture management, health management, waste management and recycling of nutrients and energy.

Portioned cuts

Meat products with differentiated treatment to facilitate their preparation or consumption, including special cuts for specific dishes or pre-defined menus.

Re-refining

Industrial process applied to used or contaminated lubricating oils, with the intention of removing the contaminants, degradation wastes and additives, giving to the product obtained in the process the same features of basic lubricating oil, which is the final product for commercialization.

Stakeholders

Stakeholder means strategic public or public of interest. It is a word widely used in communications, administration and information technology, and means the people and groups most important for a strategic plan or business plan, ie the interested parties.

Report of Limited Assurance from the Independent Auditors

To the Board of Directors and Shareholders of
Minerva SA – São Paulo - SP

Introduction

We were hired by Minerva SA to present our limited assurance report on the information contained in the Sustainability Report of the Company for the year ended December 31, 2012.

Responsibilities of the Administration of the Company

The Administration of Minerva SA is responsible for preparing and presenting appropriately the information in the Sustainability Report 2012, according to the criteria determined by the GRI (Global Reporting Initiative), in its version 3.1, for application level C+ and for such internal control as management determines is necessary to enable the preparation of information free of material misstatement, whether due to fraud or error.

Responsibility of Independent Auditors

Our responsibility is to express conclusions on the information contained in the Sustainability Report 2012 of Minerva SA, based on limited assurance engagement conducted in accordance with the Technical Bulletin CTO 01/12, approved by the Conselho Federal de Contabilidade (Federal Council of Accounting) and drawn from the NBC TO 3000 – Trabalho de Asseguração Diferente de Auditoria e Revisão (Assurance Work other than Audit and Review), issued by the CFC, which is equivalent to the international

standard ISAE 3000, issued by the Federação Internacional de Contadores (International Federation of Accountants), applicable to non-historical information. Those standards require that we comply with ethical requirements, including independence requirements and that the work is performed in order to obtain limited assurance that the constants in the Sustainability Report 2012 of Minerva SA information, taken together, are free from misstatements.

A limited assurance engagement conducted in accordance with the NBC TO 3000 (ISAE 3000) consists primarily of inquiries of Administration of the Company and other professionals of the Company who are involved in preparing the information included in the Sustainability Report 2012 of Minerva SA, so and the application of analytical procedures to obtain evidence that allows us to conclude in the form of limited assurance on the information contained in the Sustainability Report 2012 of the Company. A limited assurance engagement also requires the implementation of additional procedures when the auditor becomes aware of matters that lead to believe that the constants information in the Sustainability Report 2012 of Minerva SA, taken together, may present relevant distortions.

The procedures selected were based on our understanding of aspects relating to compilation and presentation of information in the Sustainability Report 2012 of Minerva SA and other conditions of work and our consideration of areas where misstatements could exist. The procedures were:

(a) planning of the work, considering the materiality, the volume of quantitative and qualitative information and operational systems and internal controls that were the basis for the preparation of the information contained in the Sustainability Report 2012 of Minerva SA;

(b) the understanding of the calculation methodology and procedures for the compilation of indicators through interviews with the managers responsible for preparing the information;

(c) the application of analytical procedures on the quantitative and qualitative information about the questions and their correlation with indicators disclosed in the information constant in the Sustainability Report 2012 of Minerva SA;

(d) the comparison of the financial indicators with the financial statements and/or accounting records.

The works of limited assurance also included adherence to the guidelines and criteria of structure preparation of Sustainability Reports in standard GRI, in its version 3.1, application level C+, applicable in preparing the information contained in the Sustainability Report 2012 of Minerva SA.

We believe that the evidence obtained in our study is sufficient and appropriate to base our conclusion on a limited basis.

Scope and limitations

The procedures applied in limited assurance engagement is substantially less extensive than those applied in assurance engagement that aims to give an opinion on the information in the Sustainability Report 2012 of Minerva SA.

Consequently, these do not enable us to obtain assurance that we would become aware of all the issues that would be identified in an assurance engagement that aims to give an opinion. If we run a job in order to give an opinion, we have identified other matters and any distortions that may exist in the information in the Sustainability Report 2012 of Minerva SA. Thus, we do not express an opinion on such information.

Non-financial data is subject to more inherent limitations than financial data, given the nature and diversity of the methods used for determining, calculating or estimating such data. Qualitative interpretations of materiality, relevance and accuracy of data are subject to individual assumptions and judgments. Additionally, we did not perform any work on data reported for prior periods, or data related to future projections and targets.

Conclusion

Based on the procedures performed, described in this report, nothing has come to our attention that leads us to believe that the information in the Sustainability Report of Minerva SA were not compiled, in all material respects, in accordance with the GRI 3.1 guidelines, level C+ and in accordance with the assumptions and methodologies of Minerva SA.

São Paulo, November 11, 2013



BDO RCS Auditores Independentes

CRC 2 SP 013846/O-1

Mauro de Almeida Ambrosio

Accountant CRC 1 SP 199692/O-5



Editorial Board

Overall Coordination **Minerva Foods**

Legal Direction

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Photos **Clóvis Fabiano**

Minerva Foods Stock Images

Auditing **BDO RCS Auditores Independentes**



Minerva Foods

