



# 2013

## SUSTAINABILITY REPORT

*Minerva Foods*

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## 2013 SUSTAINABILITY REPORT

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## LETTER FROM THE MANAGEMENT BOARD

## CONSISTENCY IN MANAGEMENT

*Steadiness and transparency reinforced by the engagement of our stakeholders highlight the position of Minerva Foods in the global food industry.*



Effective risk management, applicable to the business world, is essential to support consistent expansion and the longevity of an enterprise, especially one that has significant impact over society due to its large scale. The results from Minerva Foods in 2013 demonstrate that a solidly structured strategy, guided by risk management, establishes a solid path for decision-making amidst diverse scenarios, which results in sound decisions based on sophisticated techniques.

A trademark of Minerva, the steady and transparent management is reinforced by the engagement with stakeholders through the disclosure of reliable information about our business practices, highlighting the company's position in the global food industry.

In this third edition of our Sustainability Report, once again the results of this strategy of diversification become apparent, both on the cattle supplier base, and on the geographical location of the slaughtering facilities, installed on the main regions in Brazil, and also in Paraguay and Uruguay. This concentration in South America is a result of the projected competitive advantages offered by the region, which is consolidating as an outstanding platform for the global supply of red meat.

In 2013, export sales increased 29%, placing Minerva among the largest *in natura* beef exporters in the subcontinent. This good performance is also due to our quick assessments of importer movements, thanks to our efforts in providing increased efficiency to customer service channels in over 100 countries. The Company showed a capability to adapt in order to absorb high demands, amidst a scenario of decreased offer of beef in the international markets. Consumption has also increased dramatically in the local market, with a 17% increase in sales. Gross Sales increased 24% when both operations are added, a fully satisfactory indication that our strategy points to the right direction.

The sizable increase in the sales volume was supported by improvements made to Minerva's capital structure – a priority goal established by the Management Board. At the end of 2013, the Net Debt/EBITDA ratio decreased to 3.3x, representing a decrease in financial leveraging. With improved management of liabilities – even in an environment of deteriorating exchange rates – the cash position at the year-end was sufficient to amortize debts until 2022.

The financial health precedes and determines the options available to the Company when assessing opportunities for growth. This long-term guideline has allowed the investment plan, announced in 2012, to be carried out by opening two new Distribution Centers and enlarging the production capacity of Minerva Fine Foods (still underway). It also favored the acquisition of two facilities from BRF in Mato Grosso (through an Investment Agreement approved by the Federal Government's Administrative Council for Economic Protection – CADE). The prospects for increased demand, both internal and foreign, allow for this expansion policy to continue.

Within this context of achievement, it is worth mentioning the agreement with the IFC – International Finance Corporation, a member of the World Bank Group, which now holds a shareholding interest in the company. This investment will help Minerva to improve our environmental and social standards, as well as the traceability in our supply chain by implementing an action plan to support a more sustainable growth industry. This is a key feature management is pursuing in order to constantly improve internationally renowned practices. Short-term actions include the implementation of a socio-environmental management system, which will enable more sustainable management processes and greater involvement of the value chain as pillars of sustainability. Aware of its role as guardian of shareholder interests and other stakeholders, this Management Board is satisfied with the efforts made by all employees, led by the Executive Board, to achieve the consistent results that elevate the concept of Minerva S.A. as a quality food producer appreciated throughout the world. (GRI-1.1)

**Edivar Vilela de Queiroz**

President of the Management Board



**“The Company showed a capability to adapt in order to absorb high demand, in a scenario of decreased offer of beef in the international market.”**



## MESSAGE FROM THE PRESIDENT

## A TIME OF CONSOLIDATION

*Discipline, awareness, and focus – constant qualities of Minerva Foods throughout our 21 years of existence.*



In 2013 Minerva S.A. completed 21 years of business focusing in realizing our mission of creating value to our shareholders and to society with solid assets, stable employment, quality foods, and satisfied customers the world over. By joining boldness with prudence, Minerva is now facing the challenge of becoming a global company, taking studied steps in our highly competitive market while at the same time improving the art of servicing numerous clients and their diversified demands. Multiple tasks are being executed, stemming from the three pillars supporting the management of the Company: a) discipline in meeting the set goals; b) consistency in formulating strategies; and c) focus in developing profitable businesses.

Two converging maneuvers provided increased effectiveness to processes that underlie Company activities. Considering the form, the management restructuring was deepened, with the purposes to, among others, improve executive decision-making; and, regarding content, we intensified the verticalization of concepts to engage all management and production levels in sustainable practices, not only internally but also throughout the supplier chain.

The main business focus, always pointing towards exports, has led to the progression of Minerva's business policies. We also treated our specific expansion interests within South America with great care, since this region offers a privileged space and competitive conditions for production.

Our commitment with sustainability promotes the way to the increasing acceptance of Minerva as a supplier of beef and derivatives to over one hundred countries. A performance of excellence, as proven by international food safety certifications that were yet again renewed. The simplified traceability system is also a contributor to this performance, since it allows the purchase of cattle to be assessed, monitoring the value chain and thus assuring compliance with our own sustainable practices.

As a result of this commitment, we also multiplied the resources destined to the acquisition of control equipment, necessary to the application of efficient environmental management methods – a policy we intend to intensify going forward.

Crowning the process of improvement in these practices is the integration of the IFC – International Finance Corporation to Minerva's pool of institutional investors. Renowned by its investments in projects that support sustainable development in emerging markets, having this organization – a member of the World Bank – among our main stakeholders is a source of stimulation and learning, which are paramount to achieving consistent progress as a global company. This contact makes us increasingly more committed – today and in the future – with the precepts of rational use of natural resources in combination with respect for human rights and improvements to the quality of life.

The prospects of continuation in this trajectory are frankly positive. Cattle raising activities are undergoing favorable development – in quality, offer, and sustainability – in the three Mercosur countries where we own industrial units. In the internal market – which corresponded to around one third of Minerva's yearly incomes – we intend to expand personalized service to small and mid-sized retailers, reinforcing a new visual identity campaign with the end-consumer; we also increased the production capacity for value-add items, with the new Minerva Fine Foods processing line, aimed at the foodservices segment. We therefore are gearing up to prepare for the increased specialization we identified in this segment, which is showing signs of strong expansion in the short term.

In order to best take advantage of this scenario, Minerva will continue to invest strongly in human capital qualification, providing permanent incentives to horizontalization of meritocracy – an essential tool to provide a fair and equitable sharing of the natural benefits of positive performance. By recognizing our employees as the basis for Minerva's achievements, I invite the reader to appreciate, in this Sustainability Report, the results from a period that can aptly be called “a time of consolidation.” (GRI 1.1 – 1.2)

**Fernando Galletti de Queiroz**  
Director-president, Minerva Foods



**“We multiplied the resources destined to the acquisition of control equipment, necessary to the application of efficient environmental management methods – a policy we intend to intensify in the coming years.”**

## ABOUT THIS REPORT

# MORE GRI INDICATORS CONFIRM COMMITMENT

*Data and information about the operations, practices and relationship with stakeholders in 2013 reinforce sustainability.*



“This publication  
achieves a  
**B+**  
level of application  
of GRI indicators

This is the third Sustainability Report Minerva S.A. (Minerva Foods) publishes annually in sync with the Global Reporting Initiative (GRI) guidelines, following the 2012 edition, which was introduced to the organization’s publics of interest in November 2013. (GRI-3.1; GRI-3.2; GRI-3.3)

According to the GRI indicators - version 3.1, self-stated for the production of this Report, and to the other material information included, this publication achieves a B+ level of application, whereby the management forms of material aspects of Sustainability, as well as the performance as measured by indicators identified as material to the organization and stakeholders.

The data presented in this Minerva Foods 2013 Sustainability Report were object of analysis and assured by auditors BDO RCS Auditores Independentes, as per the statement published on page 82. (GRI-3.13)

The performance information refer to the period between January 1, and December 31, 2013, and relate to Minerva Foods’ Meat Processing Industrial Facilities in Brazil, including Rolim de Moura (RO), which is a controlled company. (GRI-3.1; GRI-3.11)

The data and indicators presented refer to the facilities located in the municipalities identified in the table below:

## INDUSTRIAL FACILITIES

Location
Araguaína (TO)
Barretos (SP)
Batayporã (MS)
Campina Verde (MG)
José Bonifácio (SP)
Palmeiras de Goiás (GO)
Rolim de Moura (RO)

Although not included within the boundaries of this Report, the industrial units in Paraguay (controlled companies Friasa S.A. and Frigomerc S.A.), and Uruguay (controlled company Frigorífico Pulsa S.A.), are mentioned throughout this document, in addition to affiliates Minerva Casings, Minerva Biodiesel, and Minerva Leather and their related data and information are identified for the purposes of consolidation. (GRI 3.6; GRI 3.8)

For the following cycles, Minerva Foods intends to assess the feasibility of increasing the boundary to include the other businesses it controls or has significant influence over, according to the GRI guidelines – Definition of Content, Quality, and Boundary (Scope) of the Report. (GRI-3.7)

The principles of this Report is structured around the main economic, social and environmental indicators, according to the GRI indicators, as well as the stakeholders, shareholders, investors, cattle breeders, clients, the press, and the internal public. (GRI-4.14)

## MATERIALITY

In 2011, the Company initiated the process of identifying relevant topics, and concentrated on those with material aspects to define the set of indicators reported herein, based on an internal survey involving Minerva’s administrative and operational sectors. Consultations made with the management areas within each sector helped identify the main demands from publics of interest, both internal and external to the Company. This Materiality process served as the basis for the 2011, 2012 and 2013 editions of the Minerva Foods Sustainability Report. The materiality test will be reviewed for the following edition.

In the materiality process, the constant engagement with stakeholders was also considered. This takes place in various forms throughout the year, such as in taking part in industry discussions with the civil society, monthly during events held for suppliers and investors, and others in which we take part. Minerva established a goal of formally mapping the stakeholders for 2015.



“The constant  
engagement with  
stakeholders takes  
place in various forms  
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in industry discussions  
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## PREPARATION OF THE REPORT

The Company hired Instituto Envolverde to serve as consultants on the achievement of GRI requirements, including defining “what to report.” Meetings were held between the retained organization and the Company Board, as well as the Sustainability Management, to decide on the materiality and contents of the document, based on the “Guidelines for Defining the Contents of the Report,” the related Principles, and the Technical Protocol – Application of Principles in the Content of the GRI Report.

After the submission of selected data from other internal areas, the Sustainability Management area compiled a list of the material aspects that were reported in a base document, which was submitted to external auditing. After the verification of the data by the auditors, the content was sent to final copywriting and design of the material. (GRI-3.5; 4.15; 4.16; 4.17)

Page 84 includes a table with the responses to GRI Indicators, related to both profile and specific. (GRI-3.12)

## THE TEAM

Complaints and suggestions  
[ri@minervafoods.com](mailto:ri@minervafoods.com)

The Minerva Foods 2013 Sustainability Report is the result of the work from numerous employees who provided information and indicators relating to the period of reporting. It is a reflection of the process of continued improvement and deepening of sustainability practices. Any reader comments, complaints and suggestions to this document are extremely valuable and should be sent to [ri@minervafoods.com](mailto:ri@minervafoods.com), which is a channel that investors and other stakeholders can use to deal with Company-related issues. (GRI-3.4; 4.16)

<http://portal.minervafoods.com/sustentabilidade>

In addition to the print version sent to some stakeholders, Minerva Foods provides the digital version of the Report to all who may be interested, which is available for download from the Company web site.

Enjoy your read!

Minerva Main Offices, Prolongamento da Av.  
Antônio Manço Bernardes, s/n.º, Rotatória  
Família Vilela de Queiroz, Bairro Chácara  
Minerva, Barretos/SP – CEP 14.781-545.  
(GRI-2.4)



UNIDADE  
BARRETOS

José Bonifácio SP  
Palmeiras de Goiás GO  
Batayporã MS

Araguaína TO  
Golanésia GO

Assunção PARAGUAY  
Rolim de Moura RO

Melo URUGUAY  
Campina Verde MG

Minerva Casings SP  
Minerva Fine Foods SP

Minerva Leather SP  
Live Cattle Exports PA





ABOUT MINERVA

GROWTH IN EXPORTS

*From a family business to one of South America’s most prominent food companies, Minerva Foods continues to expand in the local and international markets.*

Over 20 years of history, Minerva S.A. (Minerva Foods), headquartered in Barretos, in the state of São Paulo, (see address on the note on page 9), started as a family business to become one of South America’s most prominent producers and sellers of *in natura* beef, leather, exporter of live cattle and by-products. The Company is responsible for nearly 17% of Brazilian exports of these products to the five continents, in addition to also operating in meat, pork, and poultry processing. We are one of the Country’s three largest companies in this industry (GRI 2.1, GRI 2.2, GRI 2.4)

The Company started its successful trajectory in 1992, when the Vilela de Queiroz family – who since the end of the 1950’s was involved in businesses providing road transportation to cattle ranchers, purchased the bankrupt estate of Minerva do Brasil slaughtering unit, which today houses the Barretos unit and also Minerva’s headquarters. At the end of the same year, the operations Indústria e Comércio de Carnes Minerva Ltda. began.

Since then, the main focus of Minerva was the export market, where the Company achieved continued and consistent growth. Today we are structured in 12 industrial units throughout Brazil, and in Paraguay and Uruguay, which are strategically located near the ports from where our products are exported to over one hundred countries in all continents. Eight Foreign offices support this intense commercial activity. The Company also has offices in São Paulo (SP) and Belém (PA), performing administrative and commercial functions. (GRI 2.3, GRI 2.5, GRI 2.7)

HIGH PRODUCTIVITY

At the end of 2013, Minerva’s installed slaughtering capacity was 11,480 units/day; and boning capability was 23% above slaughtering. The average rate of use of this capacity in the year was 74.9% - a much higher rate than the industry average in Brazil, which was 65% according to an assessment by the Company based on data provided by the IBGE (Brazilian Institute of Geography and Statistics) and by Scot Consultoria.

INSTALLED CAPACITY

Slaughtering	Boning	Usage rate	Brazil average
11,480	+ 23%	74.9%	65%

MINERVA FOODS’ INTERNATIONAL VOCATION

Exports corresponded to about 70% of gross sales of BRL 5.8 billion in 2013.

The high percentage of growth in exports has greatly benefited from increased international demand, coming especially from developing countries (mostly China/Hong Kong and Middle-Eastern and North-African countries), and from the decreased offer of beef in the world market, since Brazil’s main competitors such as the US, Australia, and Europe, faced adverse conditions in 2013.

The Company maintained the position of Brazil’s second largest *in natura* beef exporter, with 18% of foreign sales, an equal share it holds in Paraguay. In Uruguay, the Company achieved 10% of product exports. (GRI 2.8)



Minerva services nearly

1200 clients in one hundred countries. (GRI-2.5)

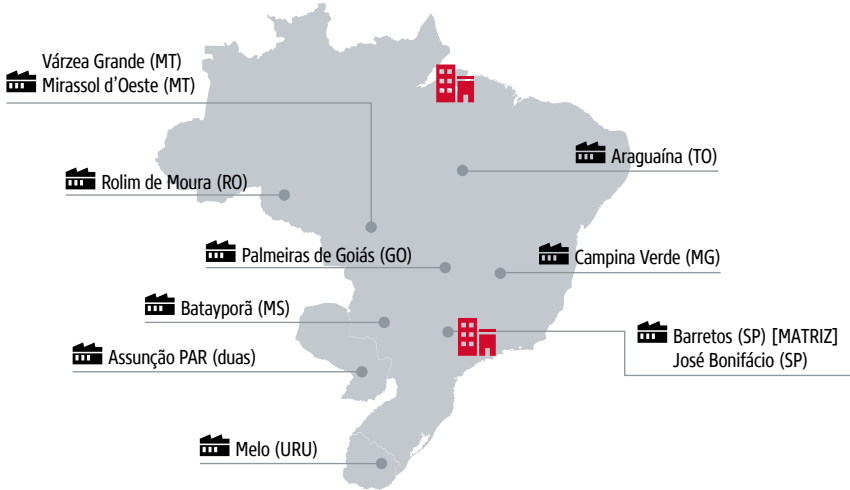
SHARE IN FOREIGN SALES

Brazil	18%
Paraguay	18%
Uruguay	10%

INTERNATIONAL OFFICES



MF OPERATING UNITS



ADMINISTRATIVE HEADQUARTERS  
Belém (PA)  
São Paulo (SP)

INDUSTRIAL UNITS  
Araguaína (TO)  
Barretos (SP) [MAIN OFFICE]  
Batayporã (MS)  
Campina Verde (MG)  
José Bonifácio (SP)  
Palmeiras de Goiás (GO)  
Rolim de Moura (RO)  
Várzea Grande (MT)  
Mirassol d'Oeste (MT)  
Assunção PAR (two)  
Melo (URU)



CONTINUED EXPANSION

Net sales increased 19% in 2013, to BRL 5.5 billion.

Minerva S.A. is a publicly traded corporation, classified as a large business according to the criteria issued by the BNDES (widely accepted in the Brazilian market), since its gross operating income is over BRL 300 million.

The Company closed the year employing nearly 10,000 people, in addition to 429 third-party contractors, including controlled companies in Brazil, and those in Paraguay and Uruguay (GRI-2.6 e 2.8).

The shareholder who holds direct control over Minerva Foods is VDQ Holdings S.A., who held on 31/Dec/2013, 35.26% of the voting capital of the Company. The share capital of VDQ is entirely held by members of the Vilela de Queiroz family. (GRI 2.8, GRI-4.1).



ON THE ROAD

Minerva maintains its own fleet of 49 trucks, with a strategic purpose of assuring continued road transportation in some regions, in addition to assessing the quality and price of third-party freight services – contracted for approximately **94%** of the cargo volume from our industrial units and distribution centers. (GRI 2.2, GRI 2.3)

CORPORATE EVENTS

On May 6, 2013, Minerva acquired shares of **Friasa S.A.**, becoming the owner of 100% of the share capital of the controlled company. (GRI 2.6, GRI-2.9)

On August 29, 2013, the Company incorporated controlled company **Brascasing Comercial Ltda.** This incorporation was performed without replacing the extinguished interest, since Minerva held 100% of the issued quotas of Brascasing. (GRI 2.6, GRI-2.9)

Also on August 29, 2013, the Company incorporated controlled company **Eurominerva Comércio e Exportação Ltda.** This incorporation was performed without replacing the extinguished interest, since Minerva held 100% of the issued quotas of Eurominerva. (GRI 2.6, GRI-2.9)

On 1/Nov/2013, Minerva S.A. announced an investment agreement between the company and BRF S.A. regulating the terms and conditions for the acquisition by Minerva of slaughtering and deboning assets and operations, then held by BRF, at the Várzea Grande and Mirassol D'Oeste facilities, both located in the State of Mato Grosso, with a total slaughtering capacity of 2,600 units/day and estimated Net Incomes of BRL 1.2 billion in 2012." (GRI 2.6, GRI-2.9)

PRINCIPAL AFFILIATED COMPANIES

Company	Location	Business area	Interest
Minerva Indústria e Comércio de Alimentos S.A.	Rolim de Moura (RO)	Slaughter of bovines and meat processing	98%
Minerva Dawn Farms Indústria e Comércio de Proteínas S.A (Minerva Fine Foods)	Barretos (SP)	Processing and sale of meat, pork and poultry products	99.99%
Pulsa S.A.	Melo, capital of the Province of Cerro Largo, Uruguay	Operates as meat processing, slaughtering and boning unit, with 85% of sales directed to exports, especially to the American and European markets	100%
Friasa S.A.	Asunción Paraguay	Operates as meat processing, slaughtering and boning unit	99.38%
Frigomerc S.A.	Asunción Paraguay	Operates as meat processing, slaughtering and boning unit	99.99%
Transminerva Ltda	Barretos (SP)	Carrier created to provide transportation to the Company and reduce freight expenses in Brazil	99.99%







## STRATEGIC RISK MANAGEMENT INCREASES EFFICIENCY

Continued improvement is the consequence of a concentrated effort in mitigation

Renowned professionals in the meat industry make up the experienced administrative team that implemented a conservative and efficient risk, financial and cash management policy. This combination has led to the results that distinguish the Company as a reference to the industry in terms of operational efficiency, risk management and financial discipline, which resulted in recognition by the market and improved capacity to attract and retain people.

The identification and analysis of risks to which the Company is exposed contributes to define the appropriate limits and controls, thus allowing these risks to be monitored, adhering to the limits. The Financial Board is responsible for managing risks.

The continued improvement of this management is the result of the concentrated effort to mitigate the main factors affecting the results from sales of commodities, especially the risk of foreign currency and raw material price fluctuations.

### Reduction of impacts

Two models comprise Minerva's market risk management:

- Statistical calculation risk known as "VaR – Value at Risk"; and
- Impact calculation system with the application of stress scenarios.

The Company also analyzes the Brazilian and global economic landscape to assess potential reflexes over its financial position. (GRI 4.9)

Minerva employs exchange instruments, interest rates and derivatives (in each case, without speculative purposes) to hedge the financial impact from exposure to market risks, providing partial protection to its operations against risks of exchange rate, interest rate and cattle purchasing price fluctuations.

The industry the Company operates in is naturally exposed to cattle prices, that undergoes impacts outside of Management control, such as climate factors, volume of offer, transportation costs, agricultural and cattle raising policies, and others. To assure inventories are realized within a price level, Minerva maintains a risk management strategy by acting on the control of physical supplies, including anticipated purchases, cattle confinement, and futures contracts (over-the-counter and stock exchange).

One way to mitigate this risk is to strategically distribute Minerva's industrial production over seven Brazilian states (São Paulo, Minas Gerais, Tocantins, Goiás, Rondônia, Mato Grosso, and Mato Grosso do Sul), in addition to Paraguay and Uruguay. The regional diversification contributes to reduce sanitary risks related to the business, in addition to spread the base of cattle ranchers

– another mitigation factor since this reduces the dependence on raw-materials producers. (GRI 4.9; GRI 4.11; EC2)

### Another State

In 2013 the Company continued to expand its operations, and in November announced the acquisition of two slaughtering and boning facilities in Mirassol D'Oeste and Várzea Grande, both in the State of Mato Grosso. With the acquisition of these units, previously owned by BRF, Minerva is now present in another Brazilian state, which corresponds to our expansion strategy focused on South America.

The deal was approved by Cade – the Administrative Council for Economic Protection during the preparation of this Report, in 2014, and this operation was approved in a Special General Meeting on 1/Oct/2014, when Minerva S.A. now operates the facilities, and therefore the results of both units are not reported here (more information on this deal on page 45). (GRI 2.9)

## RETAIL AND FOOD SERVICE

The Company operates twelve distribution centers located in the States of Espírito Santo, Goiás, Santa Catarina, Minas Gerais, São Paulo, Tocantins, Distrito Federal, Rondônia, and Ceará, and one in Paraguay. Two of those were inaugurated during the second half of 2013, in the municipalities of Rolim de Moura (RO) and Uberlândia (MG). (GRI-2.3)

With the support of a call center service, the regional sales offices sell Minerva products and also third-party products, providing facilities to the nearly 35,000 small retail and food service clients with whom the Company relates for the purchase of a variety of items as a one-stop-shop. The operation encompasses about 1,600 cities in the local market. (GRI-2.7)

## MINERVA DIVISIONS

### Beef Division

Divided into two segments: commodities and value-add products.

### Minerva Biodiesel

Produces biofuels from bovine fat and other renewable sources, officially approved by the Ministry of Agricultural Development.

### Minerva Casings

Produces and sells natural casings for the manufacture of sausage products.

### Minerva Leather (Leather Division)

Sells leather in wet blue and semi-finished states for furniture, shoe, and artifact manufacturers.

### Minerva Live Cattle Exports

Exports live cattle to various markets.

### Minerva Beefshop

Serving the retail market, sells the best Minerva Foods quality products.

### Minerva Logistics

Assures the distribution of Minerva Foods products to the national and international retail and wholesale markets. (GRI 2.3)



Approximately  
**10,000**  
items are  
industrialized and  
sold by Minerva

## PRODUCT LINES

Minerva's businesses develop around the industrialization and sale of approximately 10,000 items, comprised of frozen and cooled beef, in the local and foreign markets, in addition to the sale of meat by-products and the resale of third-party products divided into two lines: (GRI 2.8)

### Commodities

These are the traditional meat cuts and by-products, including frozen hindquarter and forequarter cuts; they represent 80% of the Company's gross incomes in the 12-month period starting on December 31, 2013; and

### Value-add Products

These are proportioned, *in natura* cuts of cooled and frozen meat, highly customized, such as steaks with defined weights and cooled products that undergo strict sanitary controls with a shelf life of up to 150 days. These products are sold at greater margins than traditional cuts, and are destined mainly to supply food companies and food service companies, such as fast food chains, catering services, traditional restaurants, hotels, and retail stores.

This group also includes *in natura* cooled beef for export, and cooked and frozen products manufactured by Minerva Fine Foods, which represented 20% of the Company's gross incomes as of December 31, 2013. (GRI 2.7)

## MINERVA NOVA MESA

On December 2013 Minerva launched the Nova Mesa line, a selection of beef with innovative cuts, fractioned according to each type of preparation (in portions ranging from 800 grams to 1.1 kg), and vacuum-packed. Easy suggested recipes are printed on adhesive paper, which consumers need only peel from the beef package and stick on their recipe books, for example. Initially, 10 options of beef cuts are available; this is part of a natural path to strengthen Minerva's brand in the retail sector.

This communication strategy for the line is integrated by a page on Facebook ([www.facebook.com/carnesnovamesa](http://www.facebook.com/carnesnovamesa)), which includes recipes, tips and information on cooking and conservation of food; a video series showing recipes being made in practice; and the web site [portal.minervafoods.com/minerva/receitas](http://portal.minervafoods.com/minerva/receitas), storing the entire contents.

During the first stage, products are being sold only in the interior of the State of São Paulo, in Ribeirão Preto, Barretos and surroundings. (GRI 2.2)



# MinervaFoods



## ACKNOWLEDGEMENT BY THE IFC

The consistent international demand was a key stimulus to allow Minerva to continuously strive to achieve higher levels of excellence in governance and sustainability. In 2013, an important recognition of this effort materialized in the form of the acquisition of Company shares by the International Finance Corporation (IFC) – the investment arm of the World Bank Group. According to the agreement between the parties, the IFC will also provide financing to the Investment Plan, in order to expand Company operations throughout South America in the coming years (more details on page 39 of this Report). (GRI 2.9)

## AWARDS

In 2013 Minerva was awarded for the third consecutive year the Chico Mendes International Award on Socio-Environmental Research and Responsibility, for its contribution towards the well-being of people and environmental equilibrium. The award is part of the Socio-Environmental Certification Program (Procet), linked to the Global Compact – the United Nations Global Pact. The Company was awarded in the Responsible Socio-Environmental Private Management. (GRI 2.10)

Minerva was also recognized for the second consecutive year at the annual assessment made by Institutional Investor magazine, earning five awards. (GRI 2.10)

A survey made by the same magazine named Minerva's CFO, Edison Ticle, amongst the three best CFO's in Latin America in the Foods and Drinks industry, while Investor Relations Statutory Director Eduardo Puzziello was listed among the three best IR directors in the industry. (GRI 2.10)



## GOVERNANCE AND MANAGEMENT

## MATURING AND CONSOLIDATION

*Best practices in Corporate Governance, based on transparency and risk management, create shareholder value and confidence from the market.*

According to the Brazilian Corporate Governance Institute (Instituto Brasileiro de Governança Corporativa - IBGC), Corporate Governance is the system by which organizations are led, monitored, and incentivized, and involves the practices and relationships between owners, the management board, the executive board, and control agencies. Good Corporate Governance practices convert principles into objective recommendations, aligning interests with the purpose of preserving and optimizing the value of the organization, facilitating its access to capital and contributing to its longevity<sup>1</sup>. Consult the table of recommendations from the IBGC:

### BASIC GOVERNANCE PRINCIPLES

The Basic Governance Principles listed by the IBGC are:

- **Transparency** – More than the obligation to inform is the desire to provide to stakeholders any information that is of their interest and not only those imposed by legal provisions or regulations. Adequate transparency results in an atmosphere of trust, both internally and in the relations between the company and third-parties. This should not be restricted to economic and financial performance, but should also include other factors (including intangible ones) that serve as guidance to management actions and lead to the creation of value.
- **Equity** – It is characterized by the fair treatment dispensed to all partners and other stakeholders. Discriminatory attitudes or policies, under any pretext, are entirely unacceptable.
- **Accountability** – The agents of Governance must be accountable for their actions, being fully responsible for the consequences of their actions and omissions.
- **Corporate Responsibility** – The agents of Governance must protect the sustainability of organizations, looking for their longevity, incorporating social and environmental concerns while defining businesses and operations.

The management of Minerva Foods is based on these principles that guide the standard of conduct and the relations with groups of external (shareholders, suppliers, clients, the community, among others) and internal stakeholders (members of the Management Board, Executives, and other employees).

<sup>1</sup> <http://www.ibgc.org.br/inter.php?id=18161>

## STRONG POSITION IN SOUTH AMERICA

Company contributes to the region with exports

The efficient management model that has been historically adopted by Minerva Foods consolidated and matured during 2013, with the main focus of business maintained on the segment of bovine slaughter, strengthening the Company's position, which significantly contributes to consolidating South America as one of the main beef exporting regions in the world.

## SEAL OF APPROVAL

The recognition that the Company is on the right path was the capital pay-in made by the International Finance Corporation (IFC) – a member of the World Bank Group, the largest global development institution servicing the private sector in developing countries. In addition to an equally significant loan, this investment – reported in detail on page 39 – represents a seal of approval to the governance and management practices we practice. (GRI-4.12)



Pulsa Meat Processing Unit in Uruguay, a company controlled by Minerva Foods.





## A HIGHER STANDARD OF DIFFERENTIATION

Information disclosure policy provides guidelines on business practices and the relations with stakeholders

Minerva follows the most advanced standards in corporate governance. We are a publicly traded Company subject to the rules set forth by the Brazilian Trade Commission (Comissão de Valores Mobiliários - CVM) and BM&FBovespa Stock Exchange, where we are listed in the New Market segment.

In order to comply with the New Market rules, which establish a high standard of differentiation in corporate governance, the Company utilizes not only instruments such as its By-Laws and the Listed Companies Law (Law 6.404, of 1976), but voluntarily adopted additional practices through corporate rules related to shareholder rights and a wide and transparent information disclosure policy, with well-defined guidelines widely known by managers and employees that guide our way of doing business and relating with stakeholders. (GRI-4.6; GRI-4.8)

## NEW MARKET RULES

The Company regards the rules established in BM&F Bovespa's New Market and the Brazilian legislation are adequate and sufficient to determine the qualifications and knowledge of Board and Executive Board members on the strategies related to economic, social and environmental issues affecting our business, and has not defined specific additional processes for performance assessment by its management bodies and by the Risk Committee, neither by their individual members. (GRI 4.7; GRI 4.10)

There is no specific mechanism to identify conflicts of interest at the highest governance body. In these cases, Minerva applies the rules established by BM&F Bovespa's New Market and by the Brazilian Legislation, which we consider adequate and sufficient. However, a provision related to this theme is included in the By-Laws.

The By-Laws establish access restrictions to information or participation in Management Board meetings to Members or their Substitutes who are involved in issues that may be construed as conflicting interests with the Company. (GRI 4.6)

There is no direct participation of Minerva Foods employees in commissions or other mechanisms of representation that have an effect on corporate governance decisions or processes. (GRI-4.4)

## CORPORATE GUIDELINES

### Mission

Globally supply quality foods, with socio-economic and environmental responsibility. Minerva will operate from a high level of operational efficiency, supporting the team and valuing our employees, cultivating respect and reliance in the business areas where we operate.

### Vision

Be the most efficient company, always looking to maximize return over invested capital on all business segments with adequate risk management policies.

### Values

Integrity, commitment, accountability, initiative, and cooperation. (GRI 4.8)

## GRADES OF RISK

**B1**

On January 2013, **Moody's Investors Service** consultants raised the Credit Risk Grade attributed to the Company to B1, with flat prospect.

**BB-**

In May, **Standard & Poors** also raised Minerva's Global Credit Risk Grade from B+ to BB-, while the local credit risk went from brBBB+ to brA-.



Aerial view of the Minerva Fine Foods unit in Barretos/SP.



## STRUCTURE OF GOVERNANCE

Two Boards are part of Minerva's governance structure, in accordance with best Corporate Governance practices: the Management Board, the highest-level decision-making organization, and the Fiscal Board. The former is supported by a Risk Committee. The operational arm will be in charge of the Executive Board. (GRI-4.8)

### Management Board

The Management Board represents the shareholders and is the collegiate deliberative body of the Company, responsible for determining its business policies and guidelines, such as long-term strategies. The role of the Management Board is to supervise the management of the Company, as well as to establish attributions, appoint and dismiss directors, in addition to retaining independent auditors – according to Law 6.404/76 and the By-Laws, in addition to other attributions.

The Board holds meetings once a month, and holds special meetings when summoned by any member. Members are elected under no influence from the Executive Board, in a General Shareholder's Meeting who has equal power to dismiss them at any time, with or without cause. (GRI-4.1)

The role of president of the Management Board is required to be held by a member with no executive role in the Company. (GRI-4.2)

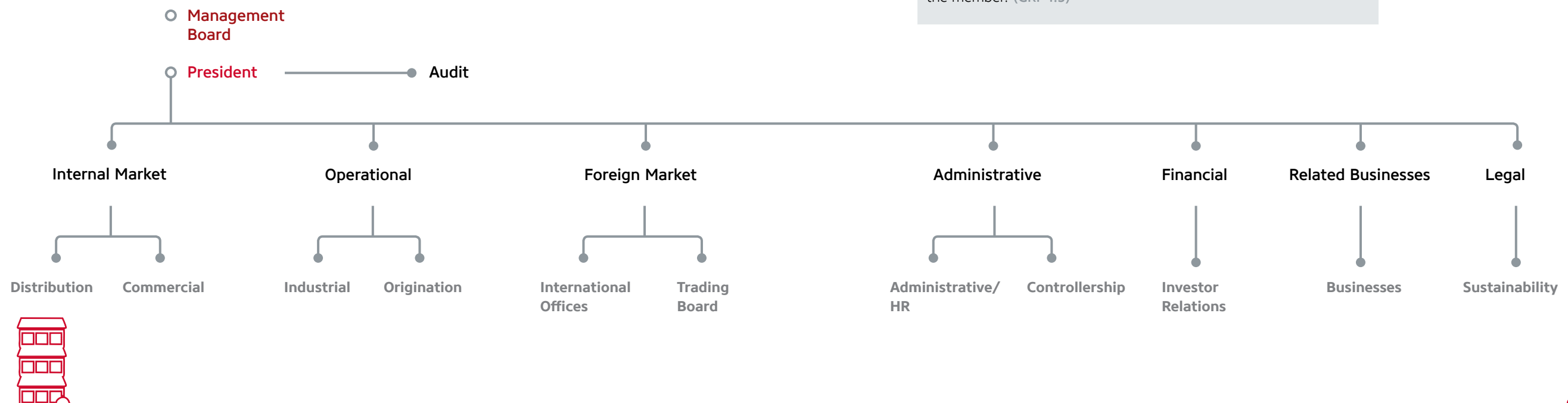
Mandates of members in force in 2013 began on April 27, 2012 and ended on April 2014, when a new cycle started which will end at the Ordinary General Meeting who will review the financial statements of the Company relating to the fiscal year ending on 31/Dec/2015. On December 31, 2013, the Board was composed of seven members, with unified two-year mandates, renewable according to the By-Laws; the mandate of one of them, elected on April 2013, was extended until the Ordinary General Meeting that reviewed the accounts related to the fiscal year ended on December 31, 2013, in addition to the election of members to a new mandate, the eight members then entering a unified term.

50% of members represent minority shareholders, who are considered independent and take part on deliberations, taken by majority vote as established in the Company By-Laws. The New Market Regulations require a minimum of 20% of independent members. See the opposite page for the term "Independent Member."

### WHAT IS AN INDEPENDENT MEMBER

- Has no ties with the Company, except a share interest in the capital.
- Is not a controlling shareholder (as defined in Article 37 of the By-Laws), neither is a spouse or relative to the second degree, or is not and has not been in the last 3 (three) years connected to the Company or to an organization related to the controlling shareholder (except those persons connected to public teaching and/or research organizations).
- Has not been, in the last 3 (three) years, an employee or director of the Company, of the controlling shareholder, or of a partnership controlled by the Company.
- Is not a supplier or purchaser, either direct or indirect, of services and/or products from the Company, at a scale that implies loss of independence.
- Is not an employee or manager of the partnership or organization offering or demanding services and/or products to or from the Company, at a scale that implies loss of independence.
- Is not the spouse or relative to the second degree of a manager of the Company.
- Is not remunerated by the Company other than as a member (cash proceeds from share capital are excluded from this restriction).

Persons elected under the terms of article 141, §§ 4 and 5 and article 239 of the Publicly Traded Corporate Law, are also considered Independent Members. Qualification as independent must be expressly stated at the minutes of the General Meeting electing the member. (GRI-4.3)



## BOARD MEMBERS AS OF 31/DEC/2013

### Edivar Vilela de Queiroz – President



Started his professional life at Banco do Brasil in 1962. In 1966, he founded Expresso Barretos Ltda., a company that operates to this day with road transportation of cattle. In 1992, with his brothers, he founded Indústria e Comércio de Carnes Minerva, where he held the position of Director President between 1992 and 2007. Since May 2007 he holds the position of President of the Management Board. He is also president of Sindfrio – the São Paulo State Meat Processing Industry Association, and was president of Abiec – the Brazilian Association of Meat Exporter Industries. He is a Law graduate from the Franca Municipal School. The president of the Management Board holds no executive position or function at the Company. (GRI-4.2)

### Antônio Vilela de Queiroz – Vice-president



Started his professional life in 1966 at Expresso Barretos Ltda., a private corporation operating in the transportation business, where he holds the position of partner and director since 1972. In 1976, he began his career as cattle rancher and founded Agropecuária Vilela de Queiroz Ltda. In 1983, also founded Agropecuária Pimenta Bueno S.A. He became a shareholder in Minerva in 1992, holding the position of General Director of the Company from 1992 until May 2, 2007, when he became a member of the Management Board.

### Ibar Vilela de Queiroz – Member of the Board



Started his professional life in 1966 at Frota “C” Transportes de Gado Ltda., a private corporation operating in cattle transportation, where he holds the position of partner and director since 1972. He became a shareholder of the Company in 1992. From 1993 to 2011 he held the position of Director of Supplies at Minerva, being responsible for the purchases of cattle.

### Norberto Lanzara Giangrande Jr – Member of the Board



Founding partner and director general of Octo CTVM S/A brokerage firm and executive director of Link Investimentos CTVM S/A. An agronomics engineering graduate from Esalq – Luiz de Queiroz Superior Agriculture School, under USP – the São Paulo University, and post-graduated in Finance at the Getúlio Vargas Foundation. He held management positions at brokerage firms Safic and Prosper S/A. A former Member of the Board of Management at BMF – the Mercantile and Futures Exchange, and of the Anbima Ethics Committee, and is currently a Member of the Board of Management of BBM – the Brazilian Mercantile Exchange.

### Alexandre Lahoz Mendonça de Barros – Member of the Board



Agronomical Engineer graduated from Esalq – Luiz de Queiroz Superior Agriculture School, under USP – the São Paulo University (1990) with a Doctorate in Applied Economics by Esalq/USP (1999). He was a professor in the Department of Economics, Business Administration and Sociology of Esalq/USP, in the areas of Macroeconomics, Economic Development and Agricultural Economics since 1995. He is currently an Agriculture Economics professor at Getúlio Vargas Foundation since 2005. He was a member of the Board of Management of Fosfertil, and is a

Member of the Management Boards of Schoenmaker/Terra Viva Group, a private corporation in the agricultural sector, and Otávio Lage Group, a private corporation in the agribusiness sector. He is also a Member of the External Auditing Committee of Embrapa Pecuária Sudeste. He is a Member of the Upper Agribusiness Board of Fiesp – the São Paulo State Industry Federation. He is a Consulting Partner to MB Agro, a company operating in the agribusiness sector, and to Ruralcon Consultoria em Gestão Agropecuária, a private corporation providing consultancy services.

### João Pinheiro Nogueira Batista – Member of the Board



Educated as an economist, he held positions as president of Bertin S/A, co-president of Suzano Petroquímica, vice-president of Suzano Holding, CFO and DRI of Petrobras, Managing Director of Dresdner Bank Brasil. He holds the position of President of the Board of Management of Isolux Infrastructure S/A, a member of the Board of Management and Senior Consultant to Cerradinho Group, of the Latin American Agribusiness Development Corporation, and of Swiss Re Corporate Solutions Seguros S/A.

He also held the position of President of the Board of Management of Ibri – the Brazilian Institute of Investor Relations, and Vice-President of the Board of Management of IBGC – the Brazilian Institute of Corporate Governance.

### José Luiz Rêgo Glaser – Member of the Board



Educated as a business manager at the Getúlio Vargas Foundation (1977) and with a master's degree at the Food Research Institute from Stanford University, the US. He works in agribusiness since 1984 and held the position of director at Cargill Agrícola S.A, a private corporation producing and selling food, agricultural, financial and industrial products internationally. He held the positions of member of the Boards of Management of Abiove (the Vegetal Oil Industry Association), Anec (the National Association of Cereal Exporters), ABTP

(the Brazilian Association of Port Terminals), and since 2005 he is a member of the Board of Management of the Ibmecc educational group.







### Fiscal Board

The Fiscal Board is non-permanent, and elected and installed solely at the request of shareholders in a General Meeting.

The Fiscal Board, as determined by the Public Corporation Law, is a corporate body independent from management and from external auditors, with the mission of inspecting the management activities, reviewing financial statements of the Company, and reporting its findings to the shareholders, and may operate both permanently and non-permanently.

Minerva's Fiscal Board, as established in the By-Laws, is a non-permanent body installed and elected solely at the request of Company shareholders in a General Meeting.

It operate for a period of one year between the date of election and the date of the next Shareholder Ordinary General Meeting. Members are compensated with at least 10% of the amount paid annually to Company directors, not including benefits, representation allowances and profit sharing, as established in the Public Corporation Law. (GRI-4.5)

The Fiscal Board was installed on April 26, 2013 at the request of the Shareholder Ordinary General Meeting held on December 31, 2013, with the following composition:

#### EFFECTIVE MEMBERS OF THE FISCAL BOARD

##### EFFECTIVES

- **Dorival Antonio Bianchi**, economist;
- **Benedito da Silva Ferreira**, economist and accountant;
- **Luiz Claudio Fontes**, business manager and accountant;

##### SUBSTITUTES

- **Marcelo Scaff Padilha**, attorney;
- **Luiz Manoel Gomes Júnior**, attorney
- **Newton Klayton dos Anjos Mencinaukis**, accountant

Additional information on the fiscal board members of Minerva Foods, at its current composition, as well as the Executive Board and Management Board, are available at <http://ri.minervafoods.com>.

Compensation of board members is made with a fixed salary or pro-labore, annually adjusted according to collective negotiation, and a single indirect benefit – a health plan.

The Company believes that, albeit simple, this compensation policy fulfills the desired objectives. (GRI-4.5)

### RISK COMMITTEE ASSESSES THE PANORAMA

Additionally, Minerva's management established a Risk Committee to support the Director President and the Management Board in the implementation of a hedging and financial policy, as well as assessing the Brazilian and global economic panorama, and its potential reflections in the financial position of the Company.

The Risk Committee is not a statutory structure, and may be comprised of five to ten members, including the President and other members of the Executive Board, employees and external consultants, with election dates since 2007. (GRI-4.1)

On December 31, 2013, the Risk Committee was comprised of six members:

#### MEMBERS OF THE RISK COMMITTEE

- Adriana Conceição Pedroza Machado (Manager, Financial Operations);
- Edison Ticle de Andrade Melo e Souza Filho (Finance Director);
- Fernando Galletti de Queiroz (Director President);
- Francisco Castro Rodrigues Ferreira da Silva (Executive Risk Manager);
- Jairo Ronan Ferreira (Executive Financial Manager);
- e Luis Ricardo Alves Luz (Commercial and Logistics Director)

### Statutory Executive Board

The Company is managed by the Executive Board, and, according to its By-Laws, will be comprised of 02 to 07 Directors, who may be elected or dismissed by the Management Board at any time. Directors will be elected for unified two-year mandates, and may be reelected.

Positions have a specific designation: Director President, Finances Director, Investor Relations Director, Commercial and Logistics Director, Executive Director, and Director of Supplies, with occupation of the positions of Director President and Investor Relations Director being mandatory.

In addition to the specific attributions described for each Position in the By-Laws, directors are legally responsible for the Company, with the responsibilities for, among other things, to take any actions required for the regular operation of Minerva and the consecution of the social object, implementing the policies and guidelines as they are defined from time to time by the Management Board, according to the deliberations of the General Meeting of Shareholders.

As of December 31, 2013, the Statutory Executive Board was comprised of six members, as shown in the following pages.



## MEMBERS OF THE STATUTORY EXECUTIVE BOARD

### **Fernando Galletti de Queiroz** **Director President**

Entered Minerva in 1992 as Commercial Director and holds the position of Director President since May 2007. Before joining the Company, between 1989 and 1992 he worked as a trader for Cargill Agrícola S.A., a private corporation producing and selling food, agricultural, financial and industrial products and services internationally, and from 1987 to 1988 was an intern at Cotia Trading S.A., a private corporation operating in international logistics. He is a business management graduate from the São Paulo School of Business Management – FGV – Getúlio Vargas Foundation.

### **Edison Ticle de Andrade Melo e Souza Filho** **Financial Director**

Started his professional life in 1999 at Banco Pactual, at the time a private capital bank. Have also worked for investment manager firms Constellation Asset Management, a manager of funds and other private assets, and Black River Gestão de Investimentos (Cargill), a manager of funds and other private assets from the Cargill group. At Banco Safra, a private corporation, he held the position of Head Trader at the Proprietary Treasury. In February 2009, he entered Minerva, in the position of Treasurer. From 2010, he accumulated the position of Finances Director, responsible for cash flow, proprietary investments, financial risk and fundraising management for the Company. He is also responsible for treasury operations in futures markets in fixed income, derivatives, and commodities.

### **Luis Ricardo Alves Luz** **Commercial and Logistics Director**

Started his professional life in 1999 at Minerva, where he worked in various areas, such as cost, PCP (Production Planning and Control), international logistics, as Industrial Director, and finally, as Director of Logistics. Between August 2007 and December 2008 he worked as General Director, Bovines, for Perdigão, a publicly traded company operating in the production, slaughtering of poultry and pork, and processing of prepared and frozen meat products. He returned to Minerva in January 2009 as Director of Logistics, and since October 2009 holds the position of Commercial and Logistics Director.

### **Eduardo Pirani Puzziello** **Investor Relations Director**

A Business Management graduate from PUC – Pontifical Catholic University of São Paulo, with an MBA in Capital Markets from USP/Fipecafi. He started his professional career in 1998 at AON Risk Services, a private corporation providing risk, benefits and insurance program consultancy and management services. He also worked for Bank Boston, an American bank operating in Brazil as a private corporation; Banco Santander, a Spanish bank operating in Brazil as a publicly traded corporation; Corretora Fator, a private capital securities broker; Banco Raymond James, a private capital subsidiary of an American company providing diversified financial services; and for Votorantim Corretora, a private capital securities broker for the Votorantim Group, where for the most part of his tenure held the position of Sell-Side market analyst for various sectors. From June 2009 to May 2010 he held the position of Investor Relations Superintendent at Minerva. He returned to the company in November 2011, and in August 2012 was elected for the position of Investor Relations Director.

### **Wagner José Augusto** **Supplies Director**

A Business Management graduate, who between 1978 and 1991 worked with the Vilela de Queiroz family at Expresso Barretos Ltda., in cattle transportation. Between 1991 and 1996 he worked in cattle purchasing at the former Anglo meat processing unit. He works for Minerva since 2000. During eight years he worked in commercial management, then held the position of cattle purchasing manager, and on December 2011 was appointed as Supplies Director, being responsible for the cattle purchasing department.

### **Frederico Alcântara de Queiroz** **Executive Director**

A Business Management graduate with an MBA in Corporate Management and Finance from the Getúlio Vargas Foundation (FGV). Complementary academic education in negotiation and foreign trade. Started his professional life in 1998 in the financial market. Since 2003 he works in the live cattle exports section of the Company. And, on April 2012, was appointed as Executive Director.



**Restructuring of the Executive Board**

In addition to the Statutory Board, Minerva also implements a Non-Statutory Board. The Non-Statutory Board underwent a first restructuring process in 2012, providing increased autonomy to executives and more agility to business decision-making. In 2013 new changes were made to allow these processes to become even more streamlined and adequate to market demands.

The four vice-president positions established in the previous year (International, Brazil, Related Businesses, and Finance) were renamed and reorganized. This resulted in the establishment of seven Departments (Directories) reporting directly to the President. These are as follows:

**NON-STATUTORY BOARD**

- Chief Executive of Distribution
- Chief Executive of Operations, Beef
- Chief Commercial Executive, Beef
- Chief Administrative Executive
- Chief Financial Executive
- Chief Executive, Related Businesses
- Chief Executive, Legal

This restructuring is a translation of the natural progression of a process that began in 2007 when Minerva Foods executed its IPO (Initial Public Offering), resulting in a period of intensified professionalization of the Company. (GRI-2.9)



 Employee remuneration is not linked to the economic-financial results of Minerva, neither with our socio-environmental performance

**REMUNERATION**

The Company mainly adopts a fixed remuneration to employees, Board Members and Statutory Directors. Albeit simple, this practice of remuneration fulfills the objective of attracting and retaining qualified professionals in the market, whether due to its transparency, or to the fact that the main offices and most branches are located in mid-sized cities where cost of living and quality of life are also considered as points of attraction. Employee remuneration is not linked to Minerva’s economic-financial results, neither with our socio-environmental performance.

What can be perceived as a result from this practice is the fact that our employees and managers usually move to these cities with their family members and work for the Company for many years, which affords Minerva to rely on qualified persons while simultaneously maintaining tight control over remuneration costs.

The Company also has a variable compensation program, and a common share option purchase plan directed to statutory and non-statutory directors, vice-presidents, and superintendents, approved on May 13, 2013.

The fact that a significant portion of the remuneration is closely linked to results achieved, and to share performance, could lead executives to focus their actions more intensely on short-term results.

Currently, the Company does not adopt performance assessment practices that establish uniform means of assessing performance and the consequent attribution of benefits corresponding to each level of performance within our Management bodies or to assess the performances of their respective members. (GRI 4.5)







## BEST PRACTICES

More details on the attributions of Advisory Boards and the Management Board, and on the profiles of their members can be found on the “Corporate Governance” tab at [www.minervafoods.com](http://www.minervafoods.com). (GRI 4.4.)

In addition to the practices recommended by the Best Practices Code issued by the IBGC – Brazilian Institute of Corporate Governance – that were already mentioned, the Company also adopts the following:

- The share capital of the Company is divided only into common shares, providing voting rights to all shareholders.
- Maintenance and disclosure of a record of the number of shares each partner holds, identifying them nominally.
- Mandatory condition during share purchase offers to transfer control equally to all partners and not only to those who hold the control block. All shareholders should have the option to sell their shares under the same conditions. Transfer of control should take place under transparent pricing. In the case of divestiture of the entire control block, the purchaser will issue a public offer to all shareholders under the same conditions as to the controller (tag-along);
- Operational Fiscal Board (currently at the General Meeting held on April 24, 2014, during the period of the Report, was installed during the General Meeting held on April 26, 2013), as provided for in the New Market.
- Clearly defining in the By-Laws (a) the form of summons for General Meetings; and (b) the form of election, dismissal and term of mandate of Management Board and Executive Board members.
- Transparency in the public disclosure of the annual management report.
- Free access to Company information and facilities to members of the Management Board.
- Conflict resolution by arbitration of any conflicts that may arise between the Company, its shareholders, Managers, and members of the Fiscal Board; and
- General Meeting with competence to deliberate on: (a) increase or decrease of equity or other reforms to the By-Laws; (b) election or dismissal at any time of members of the advisory boards or fiscal boards; (c) annually assess the managers accounts and deliberate on the financial statements; and (d) transformation, merger, incorporation, split, dissolution and liquidation of the corporation. (GRI-4.4)

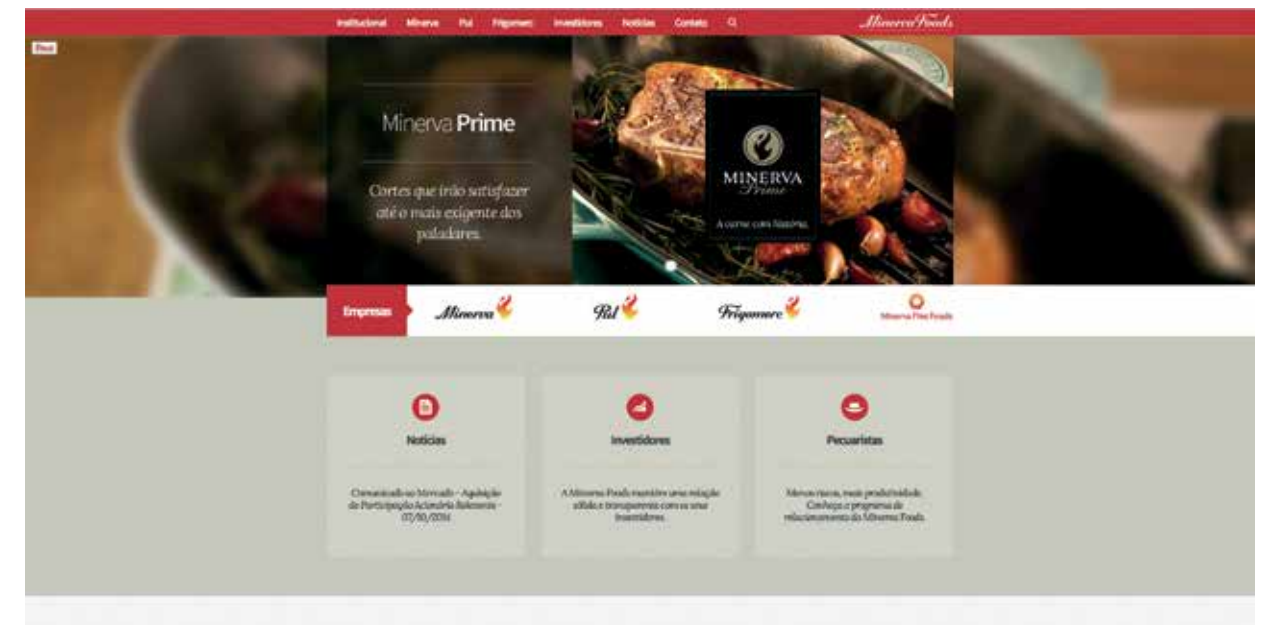
## TRANSPARÊNCIA



More details can be found on the “Disclosure and Negotiation Policy” available at the web site.

Minerva’s main communications tool with our stakeholders is the institutional web site located at [www.minervafoods.com](http://www.minervafoods.com). The contents available in this portal include detailed information about Company indebtedness, corporate presentations, and updated industry analyses, in addition to all documentation of mandatory publication according to BM&FBovespa’s New Market rules and the Ministry of Revenue’s Securities Trade Commission.

In addition to those information on the Internet, the company is better able to respond to natural demands from the market while in direct contact with investors. Therefore we also publish non-mandatory but important information that allows for an increased public knowledge of the operating, sustainability and corporate governance standards adopted by Minerva.



Institutional web site with up-to-date industry analyses and mandatory disclosure documentation



RISK MANAGEMENT

Management has well-defined goals and works towards making risk management an effective tool to help achieving the planned results.

Minerva does business with professionalism and competence, reducing our exposure to risk factors that may compromise our interests and those of our stakeholders. A accurate and systematic assessment of these factors is made with the purpose of protecting company assets and assuring the fulfillment of our obligations, thus keeping the Company prepared to face any adversities and take advantage of opportunities that may favorably impact our performance.

The Company publishes this Sustainability Report annually, which serves as an instrument to assess our sustainability performance. However, there is no formal assessment of this type of performance by managers and members of the Management Board. (GRI 4.9)

The Company is exposed to certain risk factors, including the following:

Indebtedness

The consolidated financial indebtedness of the Company requires a significant portion of our cash flow to be used to pay the principal and interest related to indebtedness. As of December 31, 2013, the total consolidated financial indebtedness of the Company was BRL 3,429.3 million, and from this amount 85.0% was long-term.

Diseases

Outbreaks of Foot-and-mouth disease (FMD) or any outbreaks of this or any cattle diseases that may affect the exports of **in natura** meat products, and consequently their operational results. In order to reduce the risk of disease, all cattle purchased by the Company is inspected by veterinarians and physicians from the Federal Inspection Service (Serviço de Inspeção Federal - SIF) from the Brazilian Ministry of Agriculture, the agency who authorizes the production and industrialization of cattle beef.

Cost of Raw Materials

Operational margins depend on the price of acquisition of raw materials, and of the selling price of our products. Prices may fluctuate significantly as a result of various factors, such as the offer and demand of meat and other protein products, including poultry and pork, among others



Consolidation of clients

The consolidation of clients could have a negative impact on our business. Supermarkets, wholesale clubs, and food distributors have undergone consolidation in recent years, which resulted in large-scale, sophisticated clients with increased purchasing power, and therefore, more able to operate with lower inventories, demand lower prices and specifically designed products.

In order to reduce this impact, the Company develops a diversified client base and works towards a balanced growth of our business in the local and foreign markets, to mitigate the risk of concentration in case there is concentration of our clients in a certain region.

Exports

These represent a significant portion of our gross sales incomes. In the fiscal years ended on December 31, 2013 and 2012, exports corresponded to 67.3% and 66.9% respectively, of the gross incomes. The capacity to export our products in the future could be adversely affected in a relevant way by factors beyond the control of the Company, such as:



Exports  
corresponded to  
**67.3%**  
of the gross  
incomes in 2013

RISK FACTORS FOR EXPORTS

- Exchange fluctuations;
- Economic slowdown;
- Imposition or increase in tariffs (including anti-dumping), sanitary and/or non-sanitary barriers;
- Imposition of exchange controls and restrictions to exchange operations;
- Strikes or other events that may affect the availability of ports and transportation;
- Fulfillment of various foreign legislations; and
- Sabotage of our products.

In order to mitigate these risks, Company exports are spread to approximately 1,200 clients in 100 countries, including countries in Europe, the Middle East, Africa, and Asia.





### Environmental standards

**Rigorous cattle acquisition policy contributes to reduce exposure to environmental and operational risks**

Compliance to environmental standards and other permits required to our operations may result in significant costs, and default in compliance to such environmental standards may result in administrative and criminal sanctions, as well as liability for damages.

The Company reduces the exposure to these risks by adopting a rigorous policy for acquiring cattle, in order to fulfill the main legal requirements, and looks to obtain certifications that assure the quality standards demanded by end markets. (GRI-1.2; GRI-4.9)

Regarding credit risks, the Risk Committee is responsible for limiting the Company's exposure from its clients and the market, by taking advantage of a credit analysis department as well as client portfolio management. Monitoring of the market by means of analyses and portfolio control are performed by the Committee in periodic meetings with the commercial area.

Supervision and monitoring of the guidelines established under the hedging policy are the responsibility of Executive Risk Management, directly subordinated to the Director President and to the Risk Committee.

The Company's hedging policy is approved by the Management Board, and takes into consideration the main risk factors: exchange rates and raised cattle.

Once the exposures of the Company are identified, the Treasury – responsible for consolidating all parameters and looking for hedging with stock exchange operations, makes decisions to neutralize and/or mitigate the risks to which the Company is exposed, always within the limits established by the Management Board. (GRI-1.2; GRI-4.9)

### Beef Desk

Within the risk management strategy, the Company also has a formal structure to manage commodities risks, called the Beef Desk, which is coordinated by the Market Research area. In daily meetings, the commercial, planning and production, cattle purchase, treasury, and market risk discuss the market forces and any potential influences on price curves for supplies and end products, which guides short-term operations. Various strategies are used to mitigate the risk of price volatility, as well as to maximize margins. During these meetings, decisions on operational, commercial, and financial aspects (cash flow hedging) are made. (GRI-1.2; GRI-4.9)



Industrial unit and main offices in Barretos/SP



**For more information on Risk Factors the Company is exposed to, please go to: <http://ri.minervafoods.com>**

(GRI-1.2; GRI-4.9)





BUSINESS PERFORMANCE

SCENARIO FAVORS STRATEGY

*24 per cent Growth in Gross Incomes, and 19 per cent in Net Incomes validate strategy based on geographical diversification and shareholder value creation.*

Minerva’s strategy rests on geographical diversification, which is at the core of the Company’s current investment plan, allied to the creation of value to shareholders, financial discipline, and on the use of risk management instruments, as well as on a continued deleveraging process.

The presence of industrial units on all important cattle producing regions in Brazil lessens the exposure of the Company to various risks, such as climate events and sanitary outbreaks. (DMA-EC; GRI-EC2)

In 2013, Minerva improved the capital structure with liability management, and closed the year with BRL 1.6 billion in cash – an amount sufficient to support impacts from adverse macroeconomic conditions and assure continuity to operations in the occurrence of credit shortages.

The outstanding results of 2013 stem from this successful strategy, allied to a favorable scenario, as can be seen from the data related to Company expansion over 2012.

STRONG EXPANSION IN 2013 (GRI-2.8)

Indicator	Total in 2013	Growth compared to 2012
Gross Incomes	<b>BRL 5.8 billion</b>	<b>24%</b>
Net Incomes	<b>BRL 5.5 billion</b>	<b>19%</b>
Volume of slaughtering	<b>2 million units</b>	<b>17%</b>
Usage of installed capacity	<b>74.9%</b>	<b>5 percentage points</b>

IFC, A SEAL OF CONFIDENCE FOR SUSTAINABILITY

In line with the expansion strategy and the investment plan, on September 2013 Minerva announced that the International Finance Corporation (IFC) – the World Bank branch for investing in the private sector – acquired a 2.9% interest in the Company, valued as BRL 46.9 million, and became a Company shareholder. (GRI 2.9)

This operation represents a seal of confidence for governance and sustainability, which will facilitate Minerva’s access to new markets.

The Company also established a loan agreement with the IFC, of BRL 137.7 million, at a 10-year maturity. The resources will be used to finance our expansion plan, by increasing our cattle slaughtering and processing capabilities in South America. Part of these funds will be invested in expanding the distribution operation in Brazil, focusing on small and mid-sized retail, by opening new distribution centers.

Previously to this agreement, the IFC performed a Socio-Environmental Assessment of Minerva’s operations to determine the main risks and impacts of the Development Project, and the Main Mitigation Measures, based on the IFC Performance Standards applicable to Minerva, as described below.

PERFORMANCE STANDARDS

PD1	Assessment and Management of Risks and Socio-Environmental Impacts
PD2	Employment and Working Conditions
PD3	Efficiency of Resources and Pollution Prevention
PD4	Community Health and Safety
PD6	Conservation of Biodiversity and Sustainable Management of Live Natural Resources

The assessment resulted in a plan of action, which was initiated in 2013 and will be executed throughout the project.



The World Bank investment branch acquired a **2.9%** share interest in Minerva



## INTERNATIONAL PANORAMA

### Brazilian exports grew 25% with the demand from emerging countries

The year 2013 was marked by a strong performance in Brazilian exports of *in natura* meat, achieving a historic record of sales.

Exports from Brazil	Incomes	Volume
Total 2013	<b>US\$ 5.4 billion</b>	<b>1.2 million tons</b>
Growth 2013/2012	<b>19%</b>	<b>25%</b>

Among the main factors favoring the positive performance in exports is the strong demand from emerging countries. The highlight of the year was the 93% growth in export incomes from Brazil to China/Hong Kong, from 2012 to 2013. The share of this region in the mix of Brazilian exports went from 11% in 2012 to 18% in 2013, thus consolidating it as the second largest importer of Brazilian meat. Russia maintained the first place with 22%; Venezuela, Egypt, Chile and Iran also had relevant shares as key destinations of Brazilian meat.

Another factor was the reduction in the shares of important players in foreign trade. According to the US Department of Agriculture – a country that historically is amongst the largest meat producers in the world, there has been a 2% retraction in the production in 2013 as a result of structural problems related to grain prices, reduced stocks, climate changes, among others. Important producers, such as the European Union, have also been losing competitiveness due to macroeconomic reasons, allowing South American exporters – especially Brazil – to increase sales.

The valuation of the Dollar (US\$) over the Real (BRL) and other currencies was also a decisive factor for the increase in competitiveness of the Brazilian industry. In 2013 the average Dollar valued 11%, which contributed to an increase in meat prices in Real and the better pricing of Brazilian cattle over our main global competitors.

#### Americas

Countries in the American continent had in 2013 a smaller share in exports, as a result of the Company decision to reduce – for political and economic reasons – our exposure to Venezuela. This effect was partially offset by increased sales to Chile.

2012	2013
<b>17.8%</b>	<b>15.1%</b>

## EXPORTS

### Diversification of destinations offsets market fluctuations

In 2013 the Company maintained its position of leadership amongst the beef exporters to countries where we operate. In Paraguay, we consolidated our share with 18% of the market after the acquisition of Frigomerc at the end of 2012. In Uruguay, our share was increased to 10%. And in Brazil, we held the second position with 18% of Brazilian beef exports. (GRI-2.5; GRI-2.8)

In the year, exports accounted for approximately 70% of the total Company sales. (GRI-2.5; GRI-2.8)

#### Europe

The Company developed specific meat cuts, with increased profitability, for European consumers. As a result, share of Minerva's exports to this region increased 1%.

2012	2013
<b>9.4%</b>	<b>10.4%</b>

#### Community of Independent States (CIS)

Member countries, especially Russia, have been historically the main destination of Minerva exports. However, in 2013 their share was reduced. This reduction was a result from the Company decision to redirect part of the volumes – previously directed to Russia – to markets with better margins, especially the Middle East.

2012	2013
<b>30.3%</b>	<b>26.3%</b>

#### Northern Africa

Share of this region in the Company exports decreased in 2013 as a consequence of reduced purchases from Egypt, which resulted from Minerva's risk management strategy, of maximizing return of operations while directing sales to more profitable countries.

2012	2013
<b>17.5%</b>	<b>15.7%</b>

#### Middle East

The increased share of the region in Company exports is explained mainly due to the reduced international commercial sanctions to Iran, which was capable of increasing its volume of purchases. Other highlights included Lebanon and Israel, who demanded more value-added cuts, and the focus of exports from Paraguay to Kuwait.

2012	2013
<b>16.4%</b>	<b>18.0%</b>

#### Asia

The Asian market showed strong growth in the imported meat volume, and as a consequence, its share in Minerva exports nearly doubled in 2013.

2012	2013
<b>6.6%</b>	<b>12.1%</b>



## HEATED DEMAND RAISES CATTLE PRICES



An arroba was  
**8%**  
more  
expensive

### Minerva benefits from the geographical distribution of our units

An arroba (a measuring unit equivalent to 14.69 kg, used in the Brazilian cattle market) of cattle was 8% more expensive in 2013 over the previous year. This fluctuation was the result from the increased internal demand simultaneously to exports (a record in Brazil since 2007), which determined an increase of approximately 11% in the total volume of slaughtered units.

The cost of raw materials (cattle) is significant to the Company. The price of the arroba varies according to the region and the ratio between offer and demand. The good geographical distribution of our units, together with the possibility of regional arbitration, allows Minerva to originate raw materials at the lowest possible cost.

In general, the Company purchases cattle through cash market operations; we also use instruments from the futures market (BM&F) to establish cattle prices, thus protecting both ourselves and cattle ranchers in the case of market fluctuations. The average price per arroba of cattle in the local market was BRL 102.60, at the end of the fiscal year ended on December 31, 2013, according to data from Cepea (São Paulo Base – Cash Value).

Another strategy to improve the local purchasing price is to spread the supply: no producer has individually provided the Company with more than 3% of the cattle acquired throughout the fiscal year ended December 31, 2013. (GRI-EC6)



Total  
slaughtered  
units increased  
**11%**

## COMPETITIVE PRICE FAVORS EXPANSION

### BRAZIL MARKET

There was a significant increase in the consumption of beef in the local market. According to data from Scot Consultoria, the growth in per capita consumption was 8.3%, from 43.5 kg in 2012 to 47.0 kg in 2013. The fluctuation results from the increased purchasing power from the “C” and “D” income classes, and also from the strong raise in the prices of competing proteins (especially pork), which resulted from an adjustment to the production of raw materials. This movement in the market made the price of beef more competitive in relative terms, and therefore favored the switch between proteins. (GRI-2.5; GRI-2.8)

Minerva's incomes from the local market in 2013 were 17% greater than in 2012, especially due to the increase in sales of *in natura* beef (+13.9%). (GRI-2.5; GRI-2.8)

### PARAGUAY

Cattle slaughtering in Paraguay reached the highest historical level on record, influenced especially by the strong exports, which volume increased 30% over 2012. The accumulated cattle price level for the year remained at levels still lower than the period previous to the outbreak of foot-and-mouth disease, which took place in 2011, which confirmed the continuance of a good offer of units, even in a year of accelerating slaughter.

### URUGUAY

In Uruguay, on the other hand, the year began with a period of staggered slaughter, which pressed the operational margins of the industry, forcing some local facilities to interrupt production. Recovery began in the fourth quarter of 2013, after an increase in the volume of slaughtered units as a consequence of lowered cattle prices.

## CAPITAL STRUCTURE

Even in an environment of deteriorating exchange rates, Minerva was able to generate sufficient free cash flow to offset the effects of the exchange rate on the dollar-denominated debt.

The Company ended 2013 with a cash position equivalent to approximately BRL 1.6 billion, sufficient to amortize debts until 2022. The short-term debt corresponded to 15% of this total. Approximately 67% of indebtedness were exposed to exchange rate fluctuations, according to the financial policy.

The EBITDA accrued to BRL 551.4 million, 16% over the reported at the end of 2012. In the year, the margin remained flat at 10.1%.

The positive result achieved by the Company translated into the strong creation of operating cash, of BRL 475.2 million. The creation of free cash flow to shareholders totaled BRL 13.5 million.

Investments totaled BRL 165.6 million in the year, around BRL 95 million allocated to maintenance, and BRL 71 million to expanding operations.



The EBITDA  
accrued to  
**BRL 551.4  
million,**  
**16% over**  
the reported  
at the end  
of 2012.  
In the year,  
the margin  
remained  
flat at

**10.1%**

## VALUE ADD STATEMENTS (GRI-EC1)

Fiscal years ended on December 31 2013 and 2012

(in thousands of real)

	Parent Company		Consolidated	
	2013	2012	2013	2012
<b>Income</b>	4,349,105	3,905,853	5,547,460	4,219,450
Sales of merchandise, products and services	4,278,962	3,865,719	5,461,786	4,167,466
Other incomes	70,143	40,134	85,674	51,984
<b>Supplies acquired from third-parties</b>	(3,889,787)	(3,491,962)	(5,068,272)	(3,778,960)
(Includes tax amounts – ICMS, IPI, PIS and COFINS)				
Cost of products, merchandises and services sold	(2,945,185)	(2,742,367)	(3,922,290)	(2,939,850)
Materials, energy, third-party services and others	(944,602)	(749,595)	(1,145,982)	(839,110)
Other (specify)	–	–	–	–
<b>Gross value add</b>	<b>459,318</b>	<b>413,891</b>	<b>479,188</b>	<b>440,490</b>
<b>Depreciation, amortization, and exhaustion</b>	(39,430)	(37,799)	(57,717)	(51,013)
<b>Net value add produced by entity</b>	<b>419,888</b>	<b>376,092</b>	<b>421,471</b>	<b>389,477</b>
<b>Value add received in transfer</b>	(108,954)	(43,985)	51,236	58,467
Results from equity equivalence	(150,125)	(84,647)	–	–
Financial incomes	41,171	40,662	51,236	58,467
Other				
Total value add to distribute (5+6)	<b>310,934</b>	<b>332,107</b>	<b>472,707</b>	<b>447,944</b>
<b>Distribution of value add</b>	<b>310,934</b>	<b>332,107</b>	<b>472,707</b>	<b>447,944</b>
<b>Personnel</b>	262,750	223,956	356,097	294,796
<b>Tributes, taxes and contributions</b>	(78,412)	(71,784)	(115,329)	(99,767)
<b>Third-party capital remuneration</b>	440,565	374,031	546,224	451,733
Interest	425,245	360,452	499,453	424,031
Rent	15,320	13,579	46,771	27,702
	(313,969)	(194,096)	(314,285)	(198,818)
<b>Remuneration from own capital</b>				
Retained profits / losses in the year	(313,969)	(194,096)	(313,969)	(194,096)
Share of non-controlled in retained profits (consolidation only)	–	–	(316)	(4,722)

Explanatory notes are an integral part of the accounting information.





FINANCING OF EXPANSION

The expansion of the production capacity and industrial improvements of Minerva originate from line of financing, especially from financial institutions such as the National Economic and Social Development Bank - BNDES, Bank of the Amazon – Basa, the Amazon Development Superintendent – Sudam, and the Studies and Projects Financing Body – Finep. The Company provides matching fund from its cash generated from operations, among other sources of turnover.

Below the financial commitments with those financial institutions are shown, as of December 31, 2013. (GRI-EC4)

LINES OF FINANCE (in thousands)

Institution	Date	Amount	Due Date	2013 Debit
BNDES	26/Feb/2009	R\$ 121,900	15/Apr/2017	75,636
Finep	18/Jan/2010	R\$ 57,208	15/Jun/2018	35,854
Basa	21/Dec/2007	R\$ 55,215	21/Dec/2019	51,326



Industrial units now installed in seven Brazilian states

MINERVA PURCHASES TWO FACILITIES FROM BRF

On November 1, 2013, Minerva announced the acquisition of two slaughtering and boning facilities from BRF in Mato Grosso – a State where it had no previous operations. The business includes the units of Várzea Grande and Mirassol D'Oeste, with a total slaughtering capacity of 2,600 units/day, and estimated net incomes of BRL 1.2 billion in 2012.

To match, BRF will receive 29 million new shares issued by Minerva (BEEF3), and will hold 15.2% of the total equity of the Company, considering the full conversion of debentures for mandatory conversion into shares on June 2015. (GRI-2.9)

An agreement for the supply of beef for industrialization was also established between Minerva and BRF, at market conditions, with the start of supply linked to the completion of the operation, thus assuring part of the production to be placed at the acquired units.

The operation was approved by the Administrative Council for Economic Protection on August 20, 2014, during the preparation of this report, and submitted to the appreciation of Minerva's general shareholders meeting, and approved on 1/Oct/2014.



Acquired units provide an increase of **23%** on the Company's installed slaughtering capacity, which is currently **14,080** units/day.

ACQUISITIONS

New unit acquisitions are part of Minerva's expansion plan, which provides for a strategy of enlarged presence of the Company in various Brazilian states, thus reducing the risks inherent to geographical aspects and increasing our competitiveness, by means of logistic facilities, in the regions where we are installed.



## SUSTAINABILITY

## A NEW MANAGEMENT MODEL

*Responsibility over the product, continued monitoring and investment in processes to produce more with less environmental impact, creates increased shareholder value.*

Sustainable development was innovatively defined in 1987, on the “Our Common Future” report issued by the World Commission on Environment and Development, known as the Brundtland Commission<sup>1</sup>, which proposes that, in order to be sustainable, it is necessary to create mechanisms that fulfill present needs without preventing future generations from providing for their own needs.

Later, John Elkington<sup>2</sup> created a concept that proposes the harmonizing between the economic, social, and environmental pillars, the so-called sustainability tripod, or *triple bottom-line*. This tripod refers to all relations between society, organizations, and their interests.

Minerva understands sustainability as a new model for corporate management, with day-to-day application of the concept developed by John Elkington, to fulfill the following mission: “To globally supply quality foods, with socio-economic and environmental responsibility,” which is being improved upon year over year. (DMA-EN)

The Company maintains high standards of governance and transparency. We manage operations in order to avoid, mitigate, and manage impacts and risks, always looking for operational efficiency, employee safety and health, environmental control, quality of industrialized products under adequate sanitary conditions, in compliance with international standards, keeping animal well-being always in mind. (DMA-EN; GRI-1.2)



Sanitary conditions comply with international standards

Minerva Foods fully complies with the standards issued by regulatory agencies, as well as the applicable legislation, and thus looks to uphold the environmental management principles and criteria, with responsibility and commitment, on all units. (DMA-EN)

In order to assure food quality and hygiene, Minerva adopts best practices in its operations and processes. Due to this policy, we received global food safety certifications (HACCP and BRC Food), that assure that the entire production at certified units fulfills the requirements in these standards. Annual audits performed by WQS – World Quality Services authorized certification agents confirm the adherence to international standards. (GRI-4.12)

### GLOBAL CERTIFICATIONS

**HACCP** – Hazard Analysis and Critical Control Points for the threats to human health in industrial line processes under the General Food Safety Principles international code. HACCP certified units are Rolim de Moura/RO, Batayporã/ MS, Araguaína/TO.

**BRC Food** – A set of quality and safety standards for the production of foods prepared by the BRC – British Retail Consortium. BRC Food certified units are Barretos/SP, José Bonifácio/SP and Palmeiras de Goiás/GO). (GRI-4.12; GRI-PR1)



1 <http://www.onu.org.br/a-onu-em-acao/a-onu-e-o-meio-ambiente/>  
 2 [http://www.amigosdolivro.com.br/lermais\\_materias.php?cd\\_materias=8484](http://www.amigosdolivro.com.br/lermais_materias.php?cd_materias=8484)




# SUPPORT FROM SUPPLIERS

*Knowledge of market conditions is a shared asset*

Cattle is the main raw material of Minerva Foods, so making suppliers our partners is key. The Company monitors and instructs cattle ranchers in the application of techniques to improve ranch productivity without increasing pasture areas. Field research is also conducted to optimize the use of natural resources by ranchers. In order to achieve this, we provide suppliers with the necessary information tools to sustainably qualify raw materials. Some of these tools are described below.

## Online service

Minerva's partners have direct communications channels with the Company at their disposal, such as the Supplier Service Channel (Serviço de Atendimento aos Fornecedores - SAF), through which cattle ranchers can get answer to their questions and send suggestions. In 2013, SAF received 82 questions, issues, complaints or suggestions from producers.

Cattle ranchers can tap the SAF  
via twitter  @minervaresearch or  
e-mail [pecuarista@minervafoods.com](mailto:pecuarista@minervafoods.com)

The service is run under the responsibility of the Market Research department, who amongst its attributions is tasked with establishing closer ties with suppliers and help them to develop. The SAF also produces and sends information sheets relevant to cattle ranching.

## TIES OF CONFIDENCE

121 reports were sent by e-mail throughout 2013, regarding climate and market trends, confinement research, event invitations, disclosure of results, and other information. Over 41 cattle ranchers were included in Minerva's mailing list during the period, increasing the number of registered suppliers systematically receiving information to 2040.

Sending analyses and information brings the Company closer to our suppliers, as knowledge of market conditions becomes a shared asset, and makes negotiations more transparent and agile with lower risks to all. Publications hosted at the web site ([www.minervafoods.com](http://www.minervafoods.com)) and sent by e-mail to cattle ranchers carry a slogan that clearly demonstrates the Company focus of establishing a closer relationship with suppliers: "Rancher & Minerva, a tie of confidence." (GRI-4.16)

## SHARED INFORMATION

**Confinement Research** – provides information on the trends in the growing confinement market per region, including trends on ranchers intentions to keep or increase this type of operation, according to the information gathered by extensionists;

**Term cattle report** – grown cattle, protein, competitors and grain market trends

**Articles** – these are industry analyses that serve to enlarge supplier understanding regarding market movements

**Minerva Results Report** – quarterly reports disclosed in simplified language and summarized terms

**Climate Report** – presents climate variations per regions, in summary form, with emphasis on soil humidity conditions, in a language appropriate to provide guidance to cattle ranching activities.

## INTERACTION INCREASES INFLUENCE

### Permanent contact with cattle ranchers helps qualify production

The program "Minerva talking about Ranching" ("Minerva Falando de Pecuária") is another important tool to interact with suppliers. These are speeches who complement field visits, held at industrial units, for groups of around 50 cattle ranchers. During those meetings, themes such as "Market and modalities of negotiation," "Beef quality and market demands," "Legal guidance to regularize farms," "Sustainability," among others.

In 2013, seven meetings were held. Minerva worked to become more assertive regarding the issues discussed, adapting the themes to regional realities. For that, we structured diagnoses made by purchasers containing suggestions sent by the ranchers themselves.

This program is especially relevant to Minerva, since speeches are also an opportunity to the Company to share what it does with the product this public supplies (or intends to supply), what is outside of the consumption parameters, and what needs to be improved. In addition, it is a way to keep these producers up-to-date regarding market requirements, providing subsidies for them to become more competitive. (GRI-4.16; GRI-4.17)





## PARTICIPATION IN EVENTS

Minerva regards the active participation in events as an important tool to improve the interaction with suppliers and with the other agents in the industry. The Company organizes speeches and our own forums, sponsors third-party events, and participates by sending speakers to share their experiences, especially those related to sustainability practices, and thus influence the segment.

This strategy was strengthened in 2013: Minerva was present in 30 cattle ranching-related events, having organized seven of them. An estimated total of 9,000 persons had access to events held in eight States (São Paulo, Minas Gerais, Goiás, Mato Grosso do Sul, Tocantins, Pará, Mato Grosso, and Rondônia), resulting in a sizable increase over the 2012 public, an estimated 300 people.

In addition to sustainability, themes included increasing cattle ranching productivity, beef quality, access to markets, and modes of negotiation, especially term cattle. (GRI-4.16; GRI-4.17)

## FEICORTE CIRCUIT

Minerva was one of the sponsors of the Feicorte Nutrition for Tomorrow 2013 Circuit, an event that brings information and technology to ranchers. Five cities integrate the circuit: Cuiabá/MT, Campo Grande/MS, Palmas/TO, Ji-Paraná/RO, and Paragominas/PA. Debated themes included the world beef market, climatic influence on ranching, performance enhancing technology, animal well-being, and ethics. (GRI-4.16; GRI-4.17)

## ENVIRONMENT WEEK

An increasingly prestigious event in the Company is the Environment Week, which in 2013 focused on awareness campaigns to reduce the use of water in industrial units, complementing the periodic training related to this issue. In Palmeiras de Goiás (GO) and Batayporã (MS), students from municipal schools were stimulated to participate in photography contests showing the habits that lead to water wastage. The same contest was held amongst employees in Rolim de Moura (RO).

In Paraguay, Frigomerc has trained their leadership who relayed their knowledge to their teams using tools such as videos and presentations. Events were held at Company facilities, who were also visited by students. (GRI-4.14; GRI-4.16; GRI-SO1)

## PRESENCE AT THE COWBOY FEAST (FESTA DO PEÃO)

According to professor Amélia Hamze, educator at Unifeb/Cetec and Fiso in Barretos<sup>3</sup>, the traditional and world renowned Cowboy Feast (Festa do Peão de Boiadeiro) is the largest in the São Paulo state, creating a large number of direct and indirect jobs, and opening new social prospects due to the regional economic and cultural development.

Minerva takes advantage of this feast to intensify the relationship with our stakeholders, in special events promoted during the feast:

- Minerva Day for investors, with speeches and video presentations;
- Cattle Rancher Day, especially designed to welcome our main suppliers and their family members;
- Minerva Logistics, reserved to some of our service providers. (GRI-4.14; GRI-4.16)



Minerva holds special events during the Cowboy Feast (Festa do Peão de Barretos)

3 <http://educador.brasilecola.com/trabalho-docente/peao-boiadeiros.htm>



# FIELD INSTRUCTION


Team instructs ranchers on the best sustainability practices

  
Over  
**25,000**  
registered cattle  
ranchers

Another important tool used by the Company is the work performed by field teams, allocated to each industrial unit. The fact that suppliers are, on average, located around 300 km away from our industrial units has allowed this work to develop and consolidate, providing instruction to cattle ranchers on, for example, control of vermifuge residues, abidance to dates of validity of veterinary products, the importance of animal well-being to improve the quality and acceptance of meat by consumers, etc.

**TEAM ROLES**

- Verify herd and farm quality;
- Explain to ranchers the documentation required to make it regular and how to obtain it;
- Prospect new business;
- Interview suppliers on their expectations of the future;
- Foster an extended sharing of information;
- Purchase cattle;

  
**FIELD VISITS**  
**4597**  
farms in 2013

**4673**  
farms in 2012

Additionally, field teams help the sustainability department to increase the awareness of cattle ranchers to the criteria established by the Company, which are listed below, in addition to the information and documents required to supply cattle. (GRI-PR1)

**PRODUCTIVITY REDUCES DEFORESTATION**

The Company instructs and monitors cattle ranchers on the application of techniques to improve ranch productivity without increasing pasture areas, thus curbing the pressure on native forests.

## SUSTAINABLE CATTLE RANCHING

Since cattle is the raw material of Minerva’s industrial and commercial operations, it is only natural that Sustainable Cattle Ranching is a priority issue. Sustainability Management, subordinated to the Legal Department, is responsible for managing, among other issues, actions related to Sustainable Cattle Ranching and also for fulfilling publicly held Pacts and Commitments (see table of Commitments).

**COMMITMENTS**

<b>Greenpeace Term of Commitment</b>	“Minimum Criteria for Industrial-Scale Cattle and Bovine Product Operations in the Amazon Biome” (signed on 05/Oct/2009). (GRI-4.12; GRI-EN14)
<b>National Pact to Eradicate Slave Labor</b>	Lists a series of actions signatories implement to eradicate companies or persons who hire workers under conditions analogous to slavery from their productive chains (signed on 19/May/2009). (GR-4.12; GRI-HR7)
<b>Term of Adjustment of Conduct for Sustainable Cattle Ranching</b>	Sponsored by the Pará State Office of the Public Prosecutor (signed on 07/Jul/2009). (GR-4.12; GRI-EN14)
<b>Cattle Ranching Pact</b>	Establishing restrictions to the Financing, Production, Use, Distribution, Sale and Sustainable Consumption of Bovine Cattle Ranching Products Originated from the Amazon and Destined to the city of São Paulo (signed on 1/Oct/2009). (GRI-4.12; GRI-EN14)
<b>BNDES 1854 Resolution</b>	Compliance to the Socio-Environmental Guidelines and Criteria to support the BNDES System for the bovine cattle ranching industry. (GRI-4.12; GRI-EN14)

In line with our commitments to sustainable cattle ranching, and to ensure our cattle is originated from responsible sources, Minerva only acquires raw materials that do not originate from suppliers involved in deforestation, slave and child labor, areas under embargo by Ibama, violated indigenous lands or conservation areas (protected areas), or areas where there is agrarian conflict or rural violence.



## MONITORED ORIGIN OF CATTLE

*Improved system blocks suppliers who do not comply with our commitments*

In 2013 a total of  
**148**  
producing units were  
blocked for not complying  
with the criteria established  
by the Company.  
(GRI-HR2; GRI-HR7; GRI-HR9)

All purchases made by any of our operating units in the country have only taken effect after a consultation to the records of the producing unit originating the cattle on the Internet database maintained by Ibama – Brazilian Institute of the Environment and Renewable Resources, and the MTE – Ministry of Labor and Employment. (GRI-HR10)

In addition, the Company implemented a sophisticated geospatial monitoring system which is constantly evolving. It was upgraded in 2013, and became more practical and effective, helping to identify purchases originated from the Amazon biome. This monitoring allows the Cattle Purchasing and Sustainability areas to verify whether the supplier is aligned to the cattle purchasing criteria set forth by Minerva.

The system uses satellite images supplied by INPE – National Space Research Institute, and overlaps them with rural property maps. Maps can be compiled by a third-party provider to allow monitoring, and also to feed the system from the CAR – Rural Environmental Record, or another document that allows the coordinates of the property to be verified and the data to be cross-referenced with official public data, in order to ensure that no cattle is being supplied from deforested areas or areas linked to violations of indigenous land or conservation areas (protected areas). (GRI-HR9; GRI-HR10)

The results from the analyses made by this third-party provider are made available through the system to allow the commercial purchasing process to proceed. All sources of verification are official, which validates the monitoring and increases the Company, partners and consumer security. (GRI-HR9; GRI-HR10)

Suppliers not complying with the established criteria are blocked in the Company records until they submit evidence or documents demonstrating compliance to these criteria. (GRI-HR7; GRI-HR9)

In addition to the assessment made at every purchase, Minerva applies a pre-blocking, blacklisting system for suppliers not complying with established criteria. Daily, the Company uploads the list of areas under embargo by Ibama. Likewise, all updates of the Slave Labor list issued by the MTE are also uploaded.

## MANAGERS UNDERGO PURCHASING TRAINING

The system automatically blocks any acquisition from these suppliers, which represents an additional level of security, since regardless this system consultations are made for each purchase.

In order to assure these procedures are in place, cattle purchasing managers located at industrial units and their respective teams are trained in-depth on the purchasing criteria and procedures according to the commitments made. In 2013, 15 employees were trained, including managers, and purchasing and sustainability team members. (GRI-HR3)

Although there is no established formal mechanism for complaints, the Company has not recorded reports from our industrial units on human rights violations during 2013. (GRI-HR11)

## CONTRACTS ENSURE COMMITMENT

**Clauses establish suppliers are aligned to the various restrictions**

In order to ensure the fulfillment of Minerva's commitments related to Human Rights, all contracts established by the Company include clauses specific to this issue, and also require the compliance with the legislation on the environment and occupational safety, under penalty of early termination among others. (GRI-HR1)

These also include provisions to obtain and maintain the validity of all licenses and permits applicable, as well as the assessments required, for the full performance of contractor activities.



**ENVIRONMENTAL DAMAGES**  
Contractors must adopt the applicable measures to prevent any aggression, hazard or risk of environmental damages in their operations





## RIGOROUS RESTRICTIONS

There are also clauses imposing compliance to legal restrictions on employment of minors, as established in Article 402 and following of the CLT – Consolidated Labor Law, as well as the ECA – Child and Adolescent Statute. Contractors must also declare they do not finance and/or acquire bovine products from sources that are under these restrictions:

- Slave labor blacklist from the MTE – Ministry of Labor and Employment (Executive Law 540/2004, of 15/Oct/2004);
- List of areas under embargo by Ibama – Brazilian Institute of the Environment and Renewable Resources (Ibama Ordinance # 19, of 02/Jul/2008 and Decree # 6.321/2007);
- List of indigenous areas declared as violated by Funai – National Indigenous Foundation. (GRI-HR6; GRI-HR7)

Requirements are more numerous for cattle purchases, detailing violation conditions more rigorously. Suppliers are required to declare under contract that they comply with the restrictions established in the pacts and commitments to which Minerva has adhered, as mentioned above. (GRI-HR1)

## AUDITS

An internal specialist team reporting directly to the President, performs the internal audits on procedures; additionally, Minerva also retains external auditors to assess the compliance of part of the commitments made.

The Public Report of findings is available from the Company web site, and relates to the Term of Commitment established with Greenpeace for *Industrial-Scale Cattle and Bovine Product Operations in the Amazon Biome*.

## INDUSTRY ORGANIZATIONS

We as a Company are aware of our role in the industry and take part in industry organizations such as Abiec – Brazilian Association of Meat Exporter Industries, and Abrasca – Brazilian Association of Publicly Traded Companies.

We also integrate GTPS – Sustainable Cattle Ranching Task Force, where principles, standards and practices to be adopted throughout the industry are discussed and formulated, to develop a cattle ranching industry that is sustainable, socially fair, environmentally correct, and economically feasible.

We also participate on Ibama's Task Force to improve the list of embargoes. (GRI-4.13)

## MITIGATING RISKS WHILE LOOKING FOR OPPORTUNITIES

### Best practices contribute to the sustainable development

The Company is undergoing an accelerated process of development and in 2013 treated socio-environmental impacts to mitigate risks and look for the best opportunities. Amongst Minerva's main concerns are the following: workplace health and safety, climate and the environment, people and society.

For each of these issues, the Company is actively looking to implement best practices according to the following topics:

- comply the current legislation, enforce the Code of Ethics and the Employee Manual;
- comply, responsibly and committedly, the socio-environmental principles and criteria on all our activities;
- contribute to the sustainable development of the society where we are installed;
- follow the guidelines set forth by the competent agencies when implementing new facilities and on licensing proceedings. (DMA-LA; DMA-EN; DMA-SO; DMA-PR; DMA-HR; DMA-EC)



Minerva Fine Foods facilities comply with the guidelines issued by competent agencies



PERFORMANCE MONITORING TOOL

Since 2010 the environmental pillar has been acquiring a transversal dimension on Minerva's internal activities. This year, corporate environmental management implemented a tool to monitor and manage environmental KPI's (Key Performance Indicators). Environmental performance is assessed by the management team in each unit, who reports the indicators to the Executive Board. (GRI-4.9)

These are a set of worksheets filled by environmental managers that help track the data indicated below.

LOGBOOK CONTENTS

- Technical data from the unit and from the wastewater treatment system; (GRI-EN21)
- Data from Environmental Licenses, Water Capturing Permits, and Release of Treated Liquid Effluents, and compliance to technical conditions;
- Monitoring of Environmental KPIs (Key Performance Indicators): water consumption, effluent generation, quality of liquid effluents, quality of receiving body, operating costs and incomes, recovery of oils and greases in physicochemical treatment systems; (GRI-EN21; GRI-EN8)
- Performance graphs (dashboard);
- Control of the generation and disposal of solid waste;
- Control of chemical products used in physicochemical treatment systems;
- Control of biological products used in treatment systems; and
- Control of daily parameters of sedimentation solids in the biological treatment system.

The data gathered provide the basis for establishing strategies and recoup the investment made in the maintenance and corrective actions, thus assuring the efficient operation of the environmental pollution control systems and equipment.

In 2013, investments in these items amounted to BRL 819,934.80 including all industrial units, which resulted in an improved monitoring of effluents released, atmospheric emissions, and management of solid waste, in addition to a reduction in the release of organic loads to receiving water bodies and underground water tables. Management is a form of assuring all standards and limits specified in the current legislation are followed, in addition to mitigating potential impacts of the business to the local communities surrounding our industrial units in Brazil. (GRI-SO9; GRI-SO10)

INVESTMENTS IN ENVIRONMENTAL CONTROL SYSTEMS AND EQUIPMENT (in BRL) (GRI-EN30)

Program Achieved	Objective	Reach (Public Reached)	Specific Investment (BRL)		Results
			2013	2012	2013
Maintenance and corrective actions to environmental control systems and equipment	Maintain efficient operation of environmental pollution control systems (air, water and soil)	Brazil Industrial Units	R\$ 819,934.80	R\$ 848,722.00	Release of effluents, constant monitoring of underground water table, atmospheric emissions, all maintained within the standards specified by the current legislation.
Totals			819,934.80		

INVESTMENTS IN ENVIRONMENTAL MANAGEMENT AND QUALITY (in BRL) (GRI-EN30)

Program	2013	2012
Total Investment	2,558,059.78	R\$ 1,406,661.00
Investment in Operational Environmental Programs	684,410.78	
Activity-RELATED	1,873,649.00	

Note: these values are not inclusive of investments in Quality.

ENVIRONMENTAL RISK MANAGEMENT

One of the concerns of the Industrial Executive Board is to effectively manage environmental risks. Preventive programs and actions that provide for reduced risks from Company activities received in 2013 investments of **BRL 1,873,649.00**, relating to industrial units in Brazil.



# USE OF NATURAL RESOURCES

*Monitoring of consumption and adequate disposal to the environment follow rigorous standards*

The water consumed by Minerva’s is used mainly for cleaning of production areas and sterilization of equipment. The quality of supply water complies to the guidelines established by the Ministry of Health and to specific resolutions issued by the Ministry of Agriculture and Cattle Ranching and Supply.

In order to save this precious resource, the Company continuously performs preventative maintenance to reduce leakages, and whenever possible replaces equipment by more modern, less consuming units. In 2013, Minerva’s industrial units consumed a total of 4,756,516 m³ of water, a volume 1% greater than the industrial consumption in 2012. (GRI-EN8)

**ANNUAL CONSUMPTION OF WATER (in m³)**

2013	2012	2011
4,756,516	4,709,310	4,828,235

**Liquid Effluents**

Every liquid effluent generated by industrial activities within Minerva’s units goes through Effluent Treatment Plants (ETP’s), where it is subjected to physical, chemical, and biological treatment. Products generated by this process have a specific destination; the sludge (resulting from centrifugation) is sent to composting; animal oils or “acid fat” is sent as alternate fuel to the boiler burners; and water is sent to secondary treatment in biological tanks.

Among the Company’s environmental programs is Projeto Sangue Bom (Good Blood Project), which provides for the adequate collection and destination of bovine blood originated from the industrial bleeding procedure, optimizing ETP operation. The collected blood is sold to the specialist industry, for plasma extraction.

All units operate with an 80% reduction goal for the Biochemical Demand of Oxygen (BDO), which represents the average organic load on liquid effluents. This is a requirement in most States, despite the nationwide limit of 60% established by Resolution 430 of the Conama – National Council of the Environment.

# EFFICIENT TREATMENT OF EFFLUENTS

**Monthly monitoring provides for continuous improvement**


All liquid effluents released by Minerva to the environment are monitored monthly by sampling to allow the Company to follow the effectiveness of our treatment systems, and to apply continuous improvement measures to our processes. Underground waters and receiving water bodies impacted by these releases are also monitored monthly, or according to the requirements established in the Environmental Permits. The soil is also monitored on units that perform soil irrigation with treated, nutrient-rich liquid effluents. In 2013, a total of BRL 102,000 were invested in this project at Company industrial units.



Aerial view of Minerva Indústria e Comércio de Alimentos, in Rolim de Moura (RO), showing the effluent treatment tanks

The Treatment Plant at Araguaína, for example, received in September 2013 raw effluents with organic loads equivalent to the domestic waste produced by a population of 135,230 inhabitants (Population Equivalent). After undergoing physicochemical and biological treatment, the organic load was reduced in 98.54%, which is equivalent to the domestic waste load produced by a population of 1,969 inhabitants. (GRI-EN21)

In 2013 the Company disposed of a total volume of **4.518.690 m³** of effluents treated according to the standards required by the current legislation, from our industrial units in Brazil. (GRI-EN21)

 **Effluent treatment in Araguaína reduced the organic load in 98.54%**





# DESTINATION OF WASTE

*Recycling and reuse are used throughout our industrial units*

All solid waste generated at Minerva’s units are separated according to categories, and correctly discarded (see table). (GRI-EN22)

**DESTINATION OF EACH TYPE OF RESIDUE**

Type of residue	Class	Type of Destination
Plastic packages in general, hard plastics, paper/carton, metallic scrap (iron, stainless steel, copper, aluminum, etc.) (kg)	Class II B	Recycling
Boiler ash and green line sieve residues – rumen (kg)	Class II	Incorporation into agricultural soil
Construction rubble (kg)	Special residues	Disposal to specialized landfill
Fluorescent lamp and batteries (units)	Class I	Decontamination/ Recycling
Tri-decanter sludge, organic waste from refectory, waste (kg)	Class II A	Rendering Plant
Used oil (l)	Class I	Re-refining
Red line sieve residues (kg)	Class II A	Rendering Plant
Tri-decanter Acid Fat (l)	Class II A	Boiler burner

Recyclables – especially plastic, metallic scrap, paper and carton – are sold to licensed companies and generate income to the Company. In 2013 over 1,970 tons of solid waste were recycled at the industrial units, an increase of 1.6% in volume over 2012. The cost for adequate collecting, treating and final discarding was over BRL 265,000. (GRI-EN2; GRI-EN22)

Class I (hazardous) residues are generated in the maintenance, infirmary and laboratory areas. These are sent to licensed companies (using proprietary and adequate transportation), and receive environmentally adequate, certified destination. Oily residues originated from mechanic workshops located in industrial units are sold to re-refining or burned at the boilers. (GRI-EN24)

Oil originated from treatment facilities, used at the boilers as alternative fuel, reduces the consumption of timber as well as the volume of disposal sent to industrial landfills, thus assuring these sub-products are reused and the operation is more sustainable. (GRI-EN26)



Materials recycling processes are widely used throughout Minerva’s units

**RECYCLED RESIDUES (in Kg)**

Unit	2013	2012	2011
Araguaína	35,167	42,958	60,047
Barretos	615,150	709,440	640,740
Batayporã	175,247	132,835	136,193
Campina Verde	83,198	102,796	137,523
José Bonifácio	405,035	425,971	373,390
Palmeiras de Goiás	490,270	415,244	449,843
Rolim de Moura	166,675	110,561	67,001
Total	1,970,742	1,939,805	1,864,737



INVESTMENT IN PROCESS IMPROVEMENTS (in BRL)

Program	Objective	Start	Reach (Public Reached)	Specific Investment (BRL)		Results Achieved
				2013	2012	2013
Monitoring of liquid effluents	Monitoring of effluent quality	Monthly methodology standardized on Jan/2011	All production units	BRL 102,624.02	BRL 126,000.00	By following the efficiency of treatment systems, it is possible to observe how effective is the treatment, allowing immediate measures to be taken to improve the system.
Monitoring of atmospheric emissions	Monitoring of emission quality from stationary sources (boilers)	According to specific conditions for each Operating License	Units: Batayporã, Campina Verde, and José Bonifácio	BRL 32,900.00	BRL 27,500.00	Analyses made for monitoring and compliance with Conama Resolutions 382/2006 and 436/2011
Cost with PCA, RCA, PRUA etc. (*)	Legal compliance	According to the licensing, enlargement or renovation procedure	Campina Verde, José Bonifácio, and Rolim de Moura		BRL 95,500.00	
Cost with destination of waste	Legal compliance		All units	BRL 265,875.43		Residues were discarded to licensed landfills, imposing no compromises to air, soil or water quality.
Totais				BRL 401,399.45 BRL 249,000.00		

\* PCA – Environmental Control Plan.  
RCA – Environmental Control Report.  
PRUA – Water Usage Reduction Plan.

ATMOSPHERIC EMISSIONS

Minerva invests in atmospheric emissions monitoring as part of our sustainability policy. The Batayporã, Campina Verde and José Bonifácio facilities have an atmospheric emissions quality monitoring system implemented for stationary sources (boilers burning eucalyptus timber or certified timber). Direct measurements showed the standards required by Conama Resolutions 382/2006 and 436/2011 were met. In 2013 the Company invested BRL 32,900 in measurements at these units. (GRI-EN30)

MITIGATION

As a joint action to mitigate emissions and provide employee awareness, the 2013 Environment Week included planting of native seedlings at the units of Batayporã, Campina Verde, Araguaína, and Palmeiras de Goiás. (GRI-SO1; GRI-EN26)



José Bonifácio (SP) Unit has an atmospheric emissions monitoring system in place



## INVESTMENT IN ENERGY EFFICIENCY

*Units are responsible for independently managing this resource*

 In 2012, this consumption was 516,103 Gigajoules, a **5%** difference over 2013. (GRI-EN3; GRI-EN5; GRI-EN7)

The energy consumed on the various units is purchased from the free market. Management at each unit is responsible for managing this resource, being accountable for the cost of kilowatt/our costs per kilogram of beef produced. The Company policy is to invest in equipment and technologies that consume less energy.

Electricity consumption in 2013 was 543,298 Gigajoules including Minerva's industrial units in Brazil, one in Paraguay and one in Uruguay. In 2012 this consumption was 516,103 Gigajoules, around 5% less than in 2013. (GRI-EN3; GRI-EN5; GRI-EN7)

The Company generates indirect energy – steam used in our production processes – at the Palmeiras de Goiás/GO, José Bonifácio/SP, Araguaína/TO, and Batayporã/BP Units, with boilers burning acid fat which is the product of the physicochemical effluent treatment process. In 2013, the Company burned 3,347,472 liters of acid fat, generating 33,772.647 t of steam at these units. (An average of 11.21 kilograms of steam result from each liter of fat). (GRI-EN4)



Minerva Biodiesel plant located at the Palmeiras de Goiás unit

## BIODIESEL PRODUCTION IS INDEPENDENT

*Division purchases oilseeds from family farmers*

The Company invests in biodiesel production, which is considered a source of renewable energy that replaces petroleum-based fuels. Minerva Biodiesel uses bovine fat from by-product facilities, also called “meat rendering facilities” from meat processing facilities, adding value to animal by-products when converting it to renewable fuel. (GRI-EN6)

The Minerva Biodiesel division purchases fat from other industrial units of the Company at market prices, using the most convenient model for its own business – an independent operation started in 2011. Confirming this independence, in 2013 the division also purchased raw materials from other sources.

In addition to fat, Minerva Biodiesel processes complementary raw materials (soy beans, peanuts, and pine nut) purchased from planters registered with Pronaf – National Family Agriculture Strengthening Program, to whom we provide technical assistance and training to produce oilseeds.

As a consequence of these actions, in 2012 the Company received from the Ministry of Agrarian Development the right to bear the Social Fuel Seal, which qualifies us as a promoter of social inclusion. In 2013, the Company acquired soybeans from **3,555 family farmers** from the States of Goiás and Rio Grande do Sul, in compliance with the minimum percentage of acquisition of raw-materials originated from family farming to maintain the Social Fuel Seal, according to Executive Law # 60/2012 issued by the Ministry of Agrarian Development. (GRI-SO 19).

### ANP AUCTIONS

All biodiesel produced in the Country is monitored by the ANP – National Petroleum, Natural Gas and Biofuels Agency – and made available through auctions established by the Agency.





## HUMAN RESOURCES

## RETAINING TALENTS

*Company growth depends on developing our employees*

Minerva's Management believes sustainable growth depends not only on continued development to our facilities, on the technologies being applied, on the organizational structure based on strategic planning, but rather, on the aggregation of these factors around one essential link: our employees.

Under constant evolution, the Human Resources area of the Company works to offer employees an increasingly better working environment, since we understand that characteristics such as accountability, commitment, initiative, and cooperation, are together capable of increasing organizational efficiency around common goals. To this end, we look to develop the capabilities and competences of our employees by investing in structured programs at the various functional levels, which results in the Company being able to attract and retain the market's best professionals. (DMA-LA)

Minerva invests in the continued qualification and dissemination of practices that are key to the good performance of our business and to the continued improvement of management, and of the products and services we offer. This includes capability, training and professional recycling programs offered to certain functional levels. (GRI-LA10; GRI-LA11; GRI-LA12)



Structured programs help develop employee capabilities and competences

## TRAINING AND INTEGRATION

*Programs improve professional standards and include employee families*

## School of Leaders

Held on all units of the Company, the Leadership Development Program (Programa de Desenvolvimento de Lideranças - PDL) is directed to coordinators, supervisors, and leaders on administrative and operational areas, and is also extended to industrial unit managers, focusing on tools for People Management, Knowledge Management and Management by Competencies. In 2013 a total of 182 meetings were held in 8 units involved in the program, totaling 1,504 training hours provided to 355 leaders.

## “Dedo de Prosa” Chat Meetup

This Integration Program establishes an easier dialogue between management, leaders, and other employees, through meetings where conversation is informal. In these meetings, employees can be more at ease to voice problems and present any solutions they may have to improve their own performance, that of their colleagues and their area, and get the feedback from their suggestions after examination.

This program also provides an extended contact between the Company and employee family members, allowing us to identify possible situations that may be negatively affecting employee performance and thus help our employees in the best way possible. In 2013 approximately 290 Program meetings were held.

## Family Budget

This Financial Literacy program is offered to all employees who are interested in better managing family finances. In it, employees literally learn to “add things up” to find out how much of their income they can set aside for payday loans, for example, or if there are cheaper options to get the money or item they desire. Family is integrated into the management process: the employee's spouse is also encouraged to study the accounts, and in some cases, is also invited to become an employee to increase family income.

Financial Literacy has effective results at the basis of the pyramid, where greater difficulty to retain talents is seen. The program became an effective instrument to retain talents to the Company, and has relevant social character. (GRI-LA8)



PDL held

182

meetings at  
eight units;  
1,504 training  
hours and

355

leaders formed



### Integration Journey

These are actions where Industrial, Administrative and Human Resources (HR) Managers working at industrial facilities share the results from programs such as School of Leaders, Climate Survey and other indicators surveyed, in order to foster the participation of all employees in defining Minerva's Plans of Action and Strategies.

### Project Excellence

This is a development program focusing on leadership, where specific programs are developed to assess the needs for competence improvements, whether technical, behavioral, or in leadership management. The Company's goal is to achieve a continued improvement within this group of professionals who is at the forefront of the operation and working teams. (GRI-LA8)

### Executive Development

A program that allows corporate managers to develop and apply tools to better fulfill their roles of transformative and integrative links between the Company strategy and its execution. In 2013, 31 professionals were trained.

In 2013, training hours totaled 7,100 hours, 700 of which focused on managerial and leadership development. The remaining training hours were divided between Technical Training (53%), Behavioral Training (25%) and Continued Education on the various Company areas (22%).

**7,100 horas**  
of training, being 700  
focused on management  
and leadership  
development.

### INVESTMENT IN TRAINING AND CAPACITY BUILDING

	2013	2012
<b>Invested amount (in BRL thousands)</b>	BRL 1,587,279.00	BRL 811,538.42
<b>Training hours per employee/year</b> Considering total course load x number of participants	295,808	102,708
<b>Training hours per employee/year</b> Considering the calculation of h/MT	709	114
<b>Number of Trainees</b>	34,666	70,082

\*This table shows the concept of "single employees," i.e., regardless of the number of times one participated in trainings during the year, a single participation is counted.

## HEALTH AND WELL-BEING

### Assistance programs and prevention campaigns

#### Smoking Prevention

Motivational and awareness smoking prevention campaigns are held during employee engagement events, such as the Workplace Accident Prevention Week, and the Environment Week, to help employees become aware of the deleterious effects of smoking. (GRI-LA8)



#### Breast and Cervical Cancer Prevention



Partnerships with institutions are established to allow female employees have examinations in mobile units or at the institutions themselves, during their shift hours, to help prevent breast and cervical cancer. (GRI-LA8)

#### Partnerships with Municipal Secretaries of Health

According to the action timeline, Minerva establishes partnerships with Government Secretaries to promote health and quality of life events, such as vaccination campaigns, health and lifestyle diagnoses, among others. (GRI-LA8)



#### Workplace Gymnastics



Reduces the incidence of occupational diseases and improves the quality of life of employees. The program is implemented on all areas, according to the professional activities of the various groups. (GRI-LA8)



Workplace Gymnastics is a program implemented on all areas, with the type of activity being adapted to each professional group



# ENGAGEMENT ACTIONS

*Company uses integration tools to retain talents*

## Climate survey

An important instrument for the diagnostic and identification of indicators to assess Minerva's relationship with our employees. In 2013 100% of employees were interviewed. Starting on 2014 the survey will no longer be performed by the Human Resources team, but by third-party consultants. This change will strengthen the governance process even more. The progress of some indicators from the Survey for 2012 and 2013 are shown below.

### CLIMATE SURVEY (in %)

Year	2013	2012
Company identity	61	60
Satisfaction with the company	51	52
Recognition by the company	52	45
Satisfaction with leadership	65	58

## Lunch with Management

In 2013 approximately 280 lunches were held; an informal opportunity to allow employees to present suggestions for improvements to Company processes.

## Communicating with Minerva Foods

Implemented on June 2013, this is a space for employees to express themselves and strengthen their ties with the organization. Suggestion boxes are provided on all units of the Company, with forms where employees can express their opinions, make denunciations, compliments and complaints, either anonymously or not, at their choice. In 2013 no complaints related to human rights were recorded through this instrument. (GRI-HR11)

## Connection Newsletter

The Connection Newsletter (Jornal Conexão) was created on November 2013 with the purpose of informing employees and their families on the main news from the Company. With versions in Portuguese and Spanish, it is issued bi-monthly on recyclable paper and delivered by post at the homes of all employees in Brazil, Paraguay, and Uruguay. (GRI-LA8)

## Disc Thomas Tool

Minerva acquired this tool in 2013 for the Behavioral Profile Inventory to strengthen and improve employee selection and development processes in the Company, by fostering the allocation of the right people at the right places, finding and empowering talents.

## Fostering Voluntary Work

Minerva works to identify local needs and fosters social responsibility actions amongst unit employees. Highlights of the projects implemented with this objective include the following:

- Christmas Action at the Campina Verde Unit, where some employees visited the city's rest home;
- Solidary Christmas in Barretos where Christmas kits were distributed to children in hospitals in the region;
- Children's Day at José Bonifácio, during which employees held an event at the Main Square, in partnership with Rotary's, to around 3,000 people;
- Solidary blood donation campaign held by Friasa and Frigomerc for an employee who suffered an accident.



 In 2013 approximately  
**200**  
projects  
were implemented to  
foster Voluntary Work





## GUIDANCE TO PREVENT INAPPROPRIATE CONDUCT

*Code of Ethics and Employee Manual serve as Governance instruments*

Minerva adopts a Code of Ethics and Employee Manual as important Corporate Governance instruments to serve as guidance to our responsible actions. These documents set corporate rights and duties towards our stakeholders, and provide essential information to employees, such as our mission, vision, Company values, our socio-environmental positions, norms of conduct, etc.

Minerva revised these documents in 2013 and our goal is to review them again in 2014, so these tools – which are true “description of values” – may be increasingly effective in preventing undesirable situations and maintain the good reputation of the Company.

The Employee Manual introduces the history of Minerva, in addition to information about labor relations such as the work contract, functional identification, uniform, among other data from the SESMT – Specialized Safety Engineering and Workplace Medicine Service. It also lists the functional duties, conducts of access to the company, quality control, security, use of technology, and provides legal guidance.

The Code of Ethics publicizes the message from the President and states the founding principles of Minerva Foods: our mission, vision and values, standards of ethical conduct, general principles in relating with stakeholders, management and respect to the environment and sustainability, in addition to guidelines on how to report non-compliant conduct.



Until the end of December 2013, Minerva had no record of Code of Ethics violations. (GRI-SO4; GRI-HR4)

All employees receive the Code of Ethics and the Employee Manual upon being hired, and watch a presentation about the document during their integration, which precedes the start of performing their functions at the Company. At the end of the presentation each employee completes an assessment. In case of performance below the expectations, the employee undergoes the integration process again. (GRI-4.8)

## GROWTH MULTIPLIES OPPORTUNITIES

*Company looks to attract talents in the regions we operate*

The growth of the Company has been creating new employment opportunities in the industry. According to the best practices, the process of hiring a professional begins in the recruitment and selection area, who is responsible for submitting to the requesting area at least three candidates per vacancy on all units. Vacancies and the respective profiles are listed on Minerva's web site.

There are various tools to help define the profile of the vacancy, and the degree of difficulty and specificity required for selection. All CV's received are forwarded to the requesting area, who defines whether each candidate will be called upon or if the CV will be stored on record. During the selection processes held in 2013, Minerva held about 30,000 interviews.

There is no formal policy to hire local labor, including management and executive positions. The Company is interested and makes an effort to hire workers and managers from the regions where we operate industrial and administrative units. (GRI-EC7)

In the last three years the staff increased on around 1,440 employees, as a result of the Company's growth process, with new units being opened and others acquired.



In 2013 the Company performed around **30,000** interviews

### INTERNSHIP PROGRAM

Minerva's Internship Program offers complementary educational opportunities to students, and in addition it helps to identify and develop talents that may, in time, come to integrate our staff.

The internship is 12 months in length, which are extendable for an additional 12. Opportunities are offered to students in various areas compatible with the activities of the Company.

Interns perform their roles during working hours, according to the legal six hour/day workload.

#### INTERNS IN 2013 (individuals)

Total	Effective	Candidates per vacancy
37	25	10



## YOUNGSTERS ARE THE MAJORITY

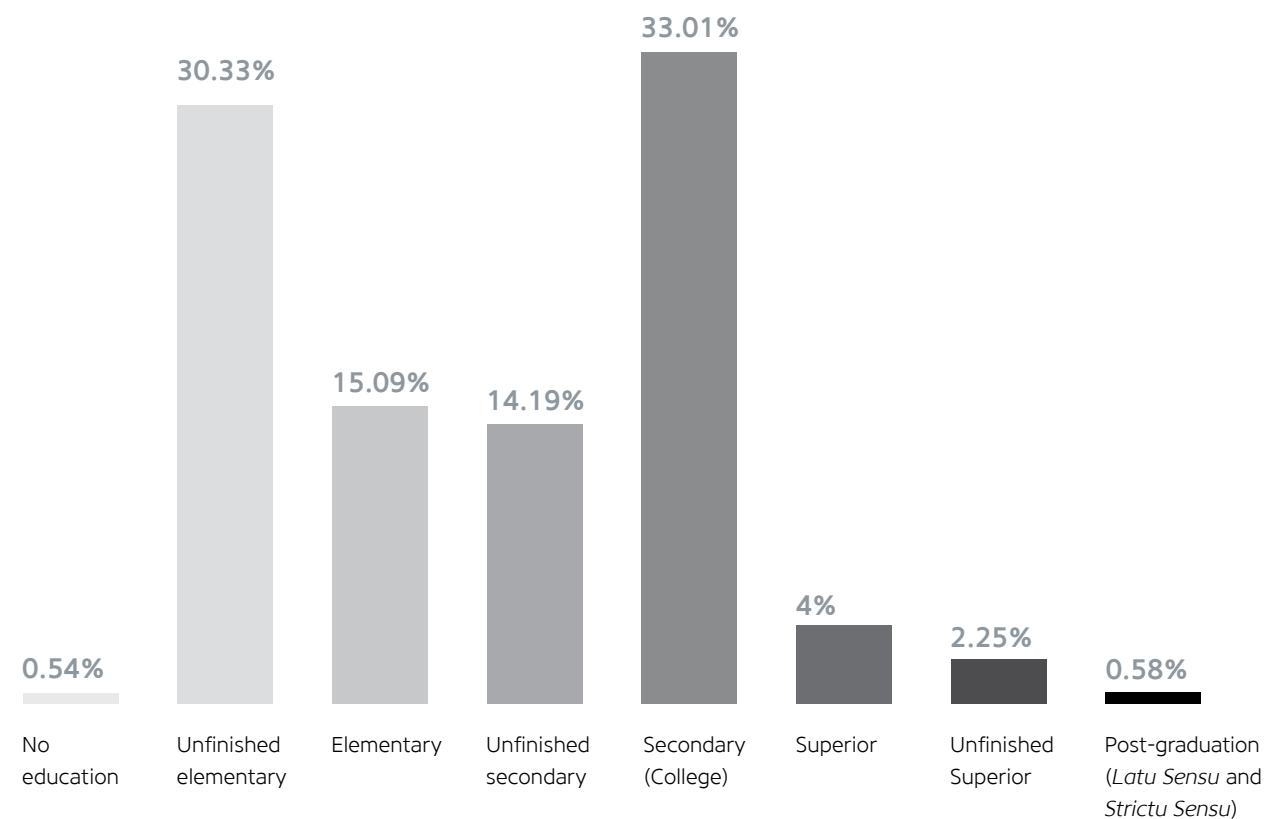
*Two thirds of employees at our industrial units are male*

At the end of 2013, the Company and its subsidiaries employed 9,935<sup>1</sup> direct employees in the administrative, commercial, industrial/operational areas, and distribution centers. Of the 9,464<sup>2</sup> employees at industrial units in Brazil and abroad, 68% were male and 32% female. (GRI-2.8; GRI-LA1; GRI-LA13)

Considering the eight meat processing industrial units located in Brazil, Minerva's staff showed a predominantly young profile at the end of 2013 (around 65% between 18 and 35 years), of which approximately 33% had completed secondary education. The tables below show the composition of Company staff per age and level of education as of December 2013. (GRI-LA1)

### LEVEL OF EDUCATION (in %)

Total: 7906\*



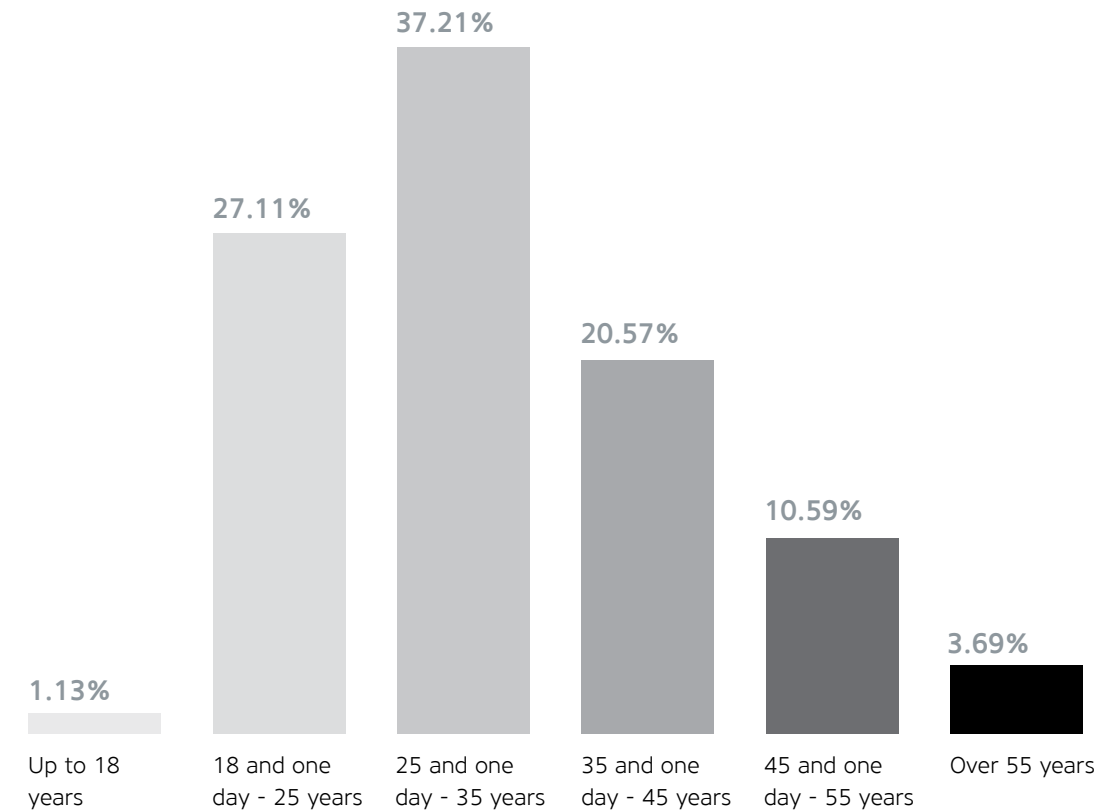
\*Note: amount relating to industrial units in Brazil. (GRI-LA1; GRI-LA13)

1 The total of 9,935 includes data from Minerva S.A. and subsidiaries, which extrapolates the limit of this report.

2 Information related to industrial units in Brazil, Paraguay, and Uruguay.

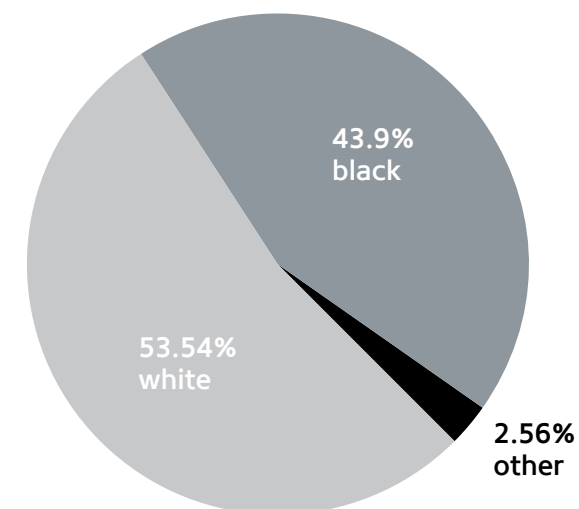
### AGE GROUP<sup>2</sup> (in %)

Total: 9464



### RACE DISTRIBUTION (in %) (GRI-LA1; GRI-LA13)

Total: 9464



Race groups	2013
White	5067
Black*	4155
Other	242
<b>TOTAL</b>	<b>9464**</b>

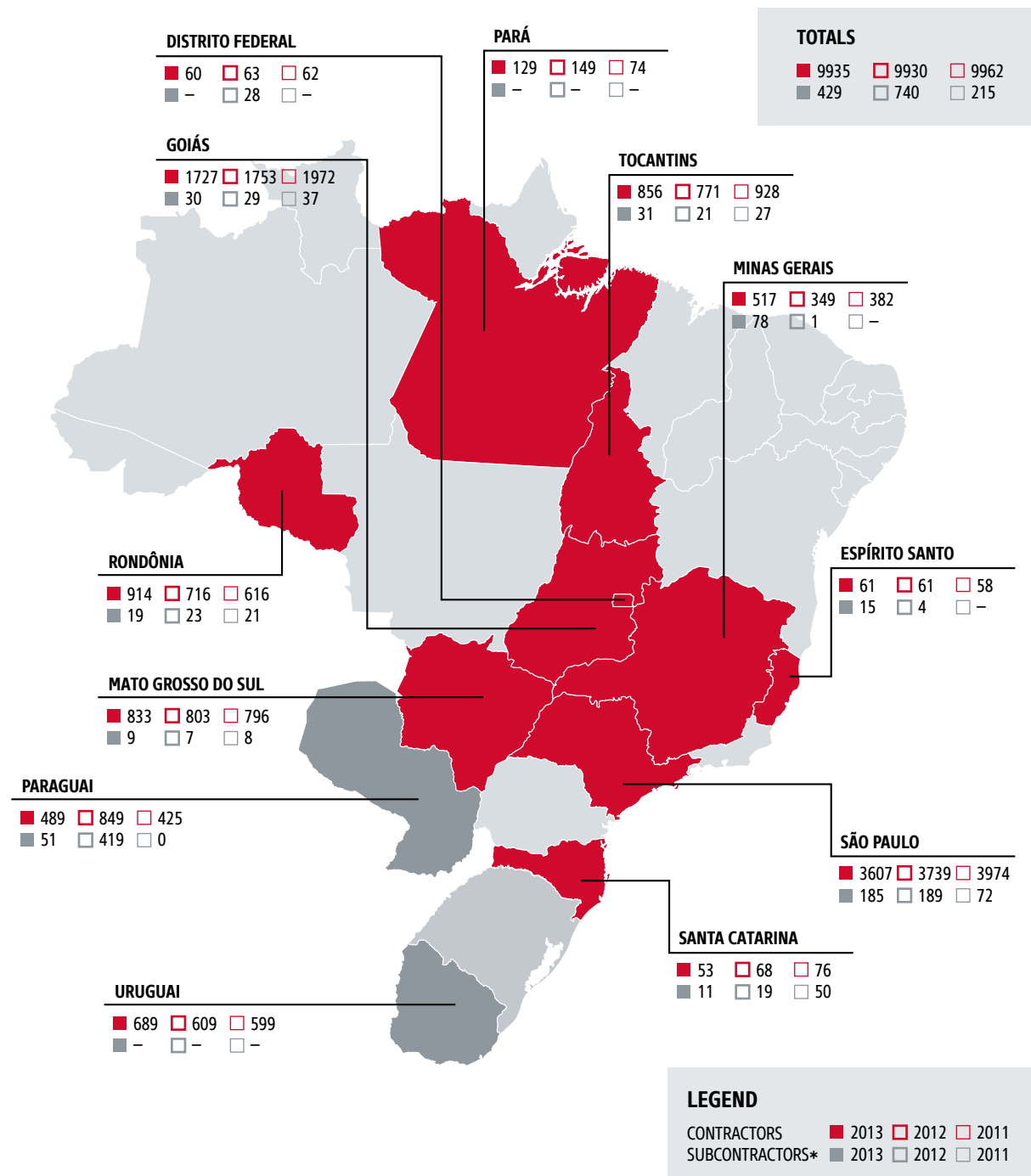
\* The "black" category is comprised of "blacks" and "browns."

\*\* Number related to industrial units in Brazil and industrial units in Paraguay and Uruguay.



### Contractors and subcontractors

The Company also operates with third-party personnel. At the end of 2013, a total of 429 employees were subcontracted. The tables below show the progression of contractors and subcontracted personnel working for the Company from 2011 to 2013. (GRI-LA1; GRI-LA2)



(\*) Total Minerva S.A. and affiliates.

### Remuneration

Provide deserving remuneration compatible with the responsibilities of the employee is part of the employee valuing guidelines.

Annual wage adjustments and the set of compensations offered to Company employees, including extra-salary and benefits, comply with the collective agreements and the legislation.

All direct employees, hired under the Consolidated Labor Law (CLT) system, are free to affiliate themselves to unions and are represented by Unions in their categories during collective negotiation agreements. (GRI-LA4)

The numbers on the table express total wages, social charges, and profit sharing paid by Minerva in 2013. (GRI-LA3)

### REMUNERATION AND SOCIAL CHARGES (in R\$)<sup>3</sup>

<b>Wages</b>	174,641,855.99
<b>Social Charges</b>	65,323,054.50
<b>Benefits</b> (medical assistance, food, etc.)	31,535,747.46
<b>Profit Sharing (PL)</b>	1,128,741.05
<b>Total in 2013</b>	<b>272,629,399</b>

### Benefits

Since 2012, Minerva offers employees the opportunity to adhere to the corporate health plan and dental plan – this latter offered to all units. In proposed models, employees pay a reduced fee over the market price to have access to the benefit.

The Company maintains refectories at the workplaces, offering subsidized meals. We also provide, on some locations, food tickets, meal tickets, variable compensation and transportation tickets, in addition to the benefits established by law and at the collective agreements with class unions.

Conventions with establishments at the various locations where we operate offer discounts and special forms of payment accessible to employees. These establishments include drugstores, gas stations, meat houses, hairdressers, and others. Only part of the third-party contractors have access to this type of benefit, according to the type of contracting. (GRI-LA3)

<sup>3</sup> Information relating to the industrial units in Brazil, Paraguay, and Uruguay.







### Private Pension Fund

The Company  
recorded a  
**5.59%**  
reduction in  
turnover in 2012 to  
**4.88%**  
in 2013. (GRI-LA2)

Minerva's remuneration and benefits policy does not offer pension funds to employees or members of the Management Board. Only the official Pension Fund is assured to all employees under the Consolidated Labor Laws (CLT).

There are also no contractual arrangements, insurance policies or other instrument to structure compensation or indemnification mechanisms in case of discharge or retirement.

All benefits related to pensions, retirement funds or complements complies with the Brazilian pension legislation. (GRI-EC3)



Rigorous inspection of safety equipment on all operational units of Minerva Foods

### Workplace Health and Safety

Minerva manages workplace health and safety (EHS) risks in compliance with national and local regulations. In order to fulfill this objective, in 2013 the Company invested BRL 1,476,868.81, an amount 144% above the previous year.

All industrial units have an EHS management team in place, including an EHS engineer, EHS technicians, nurses and physiotherapists. Each unit also employs an HR analyst to offer additional support to employees in the case of family illnesses, for example, in order to prevent injuries, reduce the occurrence of workplace accidents, and monitor illnesses and time off for medical reasons.

Investments in  
Workplace Health and  
Safety grew  
**144%**  
in 2013

### INDIVIDUAL HEALTH MONITORING

To prevent chronic diseases, employees showing early related symptoms are sent to consultations with a physiotherapist, who will review the ergonomics conditions so that workers may not suffer repetitive strain injuries. Complementary to this measure, Minerva develops an individualized health monitoring program, including periodic clinical examinations and specific procedures on the safe forms to perform labor-related activities, in addition to individually adapt equipment to offer employees adequate ergonomics to allow them to perform their functions. (GRI-LA7)

The Company maintains a CIPA – Internal Commission on Accident Prevention – on all units operating in Brazil. It is formed by employee representatives selected by a direct vote, and by appointed representatives of the employers. CIPAs meet regularly and on all units in Brazil promote specific events such as the Sipat – Internal Week on Workplace Accident Prevention. (GRI-LA6)

Sipat aims to make employees aware of the importance of preventing workplace diseases and accidents. Activities such as speeches, training sessions, medical evaluations, games, among other activities are held during the week. The investment on the 2013 Sipat was BRL 33,000 with employees from all areas participating. There was a reduction on the frequency of accidents on 63% of units; on the others, the levels of the previous years remained.

In order to assess unit performance on EHS, the Company established an internal performance indicator, formed by a combination of accident rates, turnover rates, absenteeism, occupational diseases linked to lost workdays. Additionally, Minerva reports any accidents resulting in lost workdays to the Ministry of Labor.

The following table shows the main Workplace Health and Safety indicators recorded on 2012 and 2013.

### WORKPLACE HEALTH AND SAFETY INDICATORS<sup>4</sup> (GRI-LA7)

General Indicators (amounts in BRL)	2013	2012
Total investment	BRL 1,476,868.81	R\$ 605,459.27
Worked man/hours	18,913,625.51	13,399,306.00
Accidents w/ time off (unit)	75	91
Accidents w/o time off (unit)	05	04
Accident Frequency Rate (AFR)	4,23	7,09
Severity Frequency Rate (SFR)	379,83	377,78
Absences justified w/ medical certificate (h)	139.393,39	179.053,3
Absences without justification (h)	279.528,45	218.395,25

4 Information relates to industrial units in Brazil



# LIMITED ASSURANCE REPORT OF INDEPENDENT AUDITORS

To the Board of Directors and Shareholders of Minerva S/A – São Paulo - SP

## INTRODUCTION

We were retained by Minerva S.A. to present our limited assurance report on the information contained in the Company's Sustainability Report for the year ended December 31, 2013.

## MANAGEMENT'S RESPONSIBILITIES

The Administration of Minerva S.A. is responsible for the preparation and presentation in an appropriate form of the information in the Sustainability Report 2013 in accordance with the criteria determined by the GRI (Global Reporting Initiative), version 3.1, for application level B+ and for such internal controls as management determines to be necessary to enable the preparation of information free from material misstatements, whether due to fraud or error.

## RESPONSIBILITY OF THE INDEPENDENT AUDITORS

Our responsibility is to express a conclusion on the information in the Minerva S/A 2013 Sustainability Report, based on the work of limited assurance conducted in accordance with Technical Bulletin CTO No. 01/12, approved by the Federal Accounting Council and based on NBC TO 3000 - Assurance Engagement Other than Audit and Review, issued by the Federal Accounting Council (CFC), which is equivalent to the ISAE 3000 international standard, issued by the 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 information contained in the Minerva S/A Sustainability Report 2013, taken together, are free of relevant distortions.

A limited assurance engagement conducted in accordance with NBC TO 3000 (ISAE 3000) consists primarily of inquiries to the Company and the Company's other professionals who are involved in

the preparation of the information contained in the Minerva S/A 2013 Sustainability Report, as well as the application of analytical procedures to obtain evidence that allow us to conclude in the form of limited assurance on the information contained in the Company's 2013 Sustainability Report. A limited assurance engagement also requires the implementation of additional procedures if the auditor becomes aware of issues that lead you to believe that the information contained in the Minerva S/A 2013 Sustainability Report, taken together, may present relevant distortions.

The procedures selected were based on our understanding of aspects related to the compilation and presentation of information in the Minerva S/A Sustainability Report 2013 and other conditions of the engagement and our consideration of areas where misstatements could exist. The procedures comprised the following:

- (a)** The planning of works, considering the relevance, 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 Minerva S/A Sustainability Report 2013;
- (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 for the quantitative and qualitative questions about the information and its correlation with the performance indicators disclosed on the information in the Minerva S/A Sustainability Report 2013;
- (d)** The comparison of the financial indicators against the financial statements and/or accounting records.

The limited assurance work comprised also the adherence to guidelines and criteria of the preparation structure of the Sustainability Reporting according to the GRI standard, version 3.1, application level B+ applicable in the preparation of the information in the Minerva S/A Sustainability Report 2013.

We believe that the evidence gathered on our work is sufficient and appropriate to base our conclusion on a limited basis.

## SCOPE AND LIMITATIONS

The procedures applied in a limited assurance engagement are substantially less extensive than those applied in assurance work that aims to give an opinion on the information contained in the Minerva S/A Sustainability Report 2013. Consequently these do not enable us to obtain an assurance that we would become aware of all the issues that would be identified in an assurance engagement that aims to arrive at an opinion. In case we had performed work to give an opinion, we could have identified other issues and possible distortions that may exist in the information contained in the Minerva S/A 2013 Sustainability Report. Thus, we do not express an opinion on such information.

Non-financial data are subject to more limitations than financial data, given the nature and the diversity of the methods used to determine, calculate or estimate these data. Qualitative interpretations of the materiality, relevance and accuracy of the data are subject to individual assumptions and judgments. Additionally, we did not perform any work on data reported for prior periods, or in relation to future projections and goals.

## CONCLUSION

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

São Paulo, November 19, 2014.



BDO RCS Auditores Independentes  
CRC 2 SP 013846/O-1

Mauro de Almeida Ambrosio  
Accountant CRC 1 SP 199692/O-5

Viviane Alves Bauer  
Accountant CRC 1 SP 253472/O-2

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ADDITIONAL COMPLETED INDICATORS

*In this Report, Minerva Foods advances towards the B+ application level, which results from the commitment of the Company with progress on data and information collection criteria.*

Minerva Foods, based on the GRI guidelines version G3.1, complies to the requirements for application level B+ for the disclosure of performance information on economic, social and environmental aspects – with external verification – and submits the self-declaration assessment according to the criteria defined in the info-graphic below: (GRI-3.12)

Report/ Application Level	C	C+	B	B+	A	A+
Profile/ Disclosures	1.1 2.1 – 2.10 3.1 – 3.8, 3.10 – 3.12 4.1 – 4.4, 4.14 – 4.15		Report on all criteria listed for Level C plus: 1.2 3.9, 3.13 4.5 – 4.13, 4.16 – 4.17		Same as requirement for Level B	
Disclosures on Management Approach	Not Required	Report Externally Assured	Management Approach Disclosures for each Indicator Category	Report Externally Assured	Management Approach disclosed for each Indicator Category	Report Externally Assured
Performance Indicators	Report fully on a minimum of any 10 Performance Indicators, including at least one from each of: social, economic, and environment.**	Report Externally Assured	Report fully on a minimum of any 20 Performance Indicators, at least one from each of: economic environment, human rights, labor society, product responsibility.***	Report Externally Assured	Respond on each core and Sector Supplement* indicator with due regard to the materiality Principle by either: a) reporting on the indicator or b) explaining the reason for its omission.	Report Externally Assured

Fonte: www.globalreporting.org  
\* Sector supplement in final version  
\*\* Performance Indicators may be selected from any finalized Sector Supplement, but 7 of the 10 must be from the original GRI Guidelines  
\*\*\* Performance Indicators may be selected from any finalized Sector Supplement, but 14 of the 20 must be from the original GRI Guidelines

STANDARD DISCLOSURES PART I

1. Strategy and Analysis		Report	Pages/Comments
1.1	Statement from the most senior decision-maker of the organization	FULLY REPORTED	2, 4
1.2	Description of key impacts, risks, and opportunities	FULLY REPORTED	4, 36, 37, 46
2. Organizational Profile		Report	Pages/Comments
2.1	Name of the organization	FULLY REPORTED	10
2.2	Primary brands, products, and/or services	FULLY REPORTED	10, 12, 16
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures	FULLY REPORTED	10, 12, 14, 15
2.4	Location of organization's headquarters	FULLY REPORTED	9, 10
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.	FULLY REPORTED	10, 11, 41, 42
2.6	Nature of ownership and legal form.	FULLY REPORTED	12, 13
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	FULLY REPORTED	10, 15, 16
2.8	Scale of the reporting organization.	FULLY REPORTED	11, 12, 16, 38, 41, 42, 76
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	FULLY REPORTED	13, 15, 17, 30, 39, 45
2.10	Awards received in the reporting period.	FULLY REPORTED	17
3. Report Parameters		Report	Pages/Comments
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	FULLY REPORTED	6
3.2	Date of most recent previous report (if any).	FULLY REPORTED	6
3.3	Reporting cycle (annual, biennial, etc.)	FULLY REPORTED	6
3.4	Contact point for questions regarding the report or its contents.	FULLY REPORTED	8
3.5	Process for defining report content.	FULLY REPORTED	8



3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	FULLY REPORTED	7
3.7	State any specific limitations on the scope or boundary of the report (see FULLY REPORTEDness principle for explanation of scope).	FULLY REPORTED	7
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.	FULLY REPORTED	7
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. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.	FULLY REPORTED	Any changes regarding the text from previous years, changes on the basis for calculation or on techniques applied to indicators, are indicated throughout the text and tables.
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).	FULLY REPORTED	Any changes regarding the text from previous years, changes on the basis for calculation or on techniques applied to indicators, are indicated throughout the text and tables.
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	FULLY REPORTED	6
3.12	Table identifying the location of the Standard Disclosures in the report.	FULLY REPORTED	8, 84
3.13	Policy and current practice with regard to seeking external assurance for the report.	FULLY REPORTED	8 There has been external verification of data related to GRI indicators by BDO RCS Auditores Independientes. Economic-financial data are in accordance with the Financial Statements, which were also audited by BDO RCS Auditores Independientes.

4. Governance, Commitments, and Engagement		Report	Pages/Comments
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.	FULLY REPORTED	12, 22, 27
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	FULLY REPORTED	22, 24
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.	FULLY REPORTED	23
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	FULLY REPORTED	20, 32

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).	PARTIALLY REPORTED	26, 31
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	PARTIALLY REPORTED	20
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.	PARTIALLY REPORTED	20
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.	FULLY REPORTED	20, 21, 22, 46, 74
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.	PARTIALLY REPORTED	14, 15, 34, 36, 37, 58
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	PARTIALLY REPORTED	20
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	PARTIALLY REPORTED	15
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	FULLY REPORTED	19, 47, 53
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic.	FULLY REPORTED	56
4.14	List of stakeholder groups engaged by the organization.	FULLY REPORTED	7, 50, 51
4.15	Basis for identification and selection of stakeholders with whom to engage.	FULLY REPORTED	8
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	PARTIALLY REPORTED	8, 48, 49, 50, 51
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.	PARTIALLY REPORTED	8, 49, 50

STANDARD DISCLOSURES PART II:  
DISCLOSURES ON MANAGEMENT APPROACH (DMAS)

Dimension		Report	Pages/Comments
DMA-EC	ECONOMICS	PARTIALLY REPORTED	20, 40, 59
DMA-EN	ENVIRONMENT	PARTIALLY REPORTED	20, 48, 49, 59
DMA-SO	SOCIETY	PARTIALLY REPORTED	20, 59
DMA-LA	LABOUR PRACTICES AND DECENT WORK	FULLY REPORTED	20, 59, 70
DMA-HR	HUMAN RIGHTS	FULLY REPORTED	20, 59
DMA-PR	PRODUCT RESPONSIBILITY	PARTIALLY REPORTED	20, 59

STANDARD DISCLOSURES PART III: ECONOMIC PERFORMANCE INDICATORS

ASPECT: ECONOMIC PERFORMANCE			Report	Pages/Comments
CORE	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.	FULLY REPORTED	43
CORE	EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	PARTIALLY REPORTED	15, 38
CORE	EC3	Coverage of the organization's defined benefit plan obligations.	FULLY REPORTED	80
CORE	EC4	Significant financial assistance received from government.	FULLY REPORTED	44
ASPECT: MARKET PRESENCE			Report	Pages/Comments
CORE	EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	FULLY REPORTED	42
CORE	EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	FULLY REPORTED	75

ENVIRONMENTAL PERFORMANCE INDICATORS

ASPECT: MATERIALS			Report	Pages/Comments
CORE	EN2	Percentage of materials used that are recycled input materials.	FULLY REPORTED	62
ASPECT: ENERGY			Report	Pages/Comments
CORE	EN3	Direct energy consumption by primary energy source.	FULLY REPORTED	66
CORE	EN4	Indirect energy consumption by primary source.	FULLY REPORTED	66
ADD	EN5	Energy saved due to conservation and efficiency improvements.	FULLY REPORTED	66
ADD	EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	FULLY REPORTED	67
ADD	EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	FULLY REPORTED	66
ASPECT: WATER			Report	Pages/Comments
CORE	EN8	Total water withdrawal by source.	FULLY REPORTED	58, 60
ASPECT: BIODIVERSITY			Report	Pages/Comments
ADD	EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	FULLY REPORTED	53
ADD	EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	FULLY REPORTED	There is no record in the areas maintained by Minerva Foods, of the species listed in the IUCN Red List or on Brazilian conservation lists on habitats in areas affected by our operations, according to the level of endangerment.
ASPECT: EMISSIONS, EFFLUENTS AND WASTE			Report	Pages/Comments
CORE	EN21	Total water discharge by quality and destination.	FULLY REPORTED	58, 61
CORE	EN22	Total weight of waste by type and disposal method.	FULLY REPORTED	62
CORE	EN23	Total number and volume of significant spills.	FULLY REPORTED	No leaks were recorded in the period of the report.
ADD	EN24	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.	FULLY REPORTED	62

ASPECT: PRODUCTS AND SERVICES			Report	Pages/Comments
CORE	EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	PARTIALLY REPORTED	62, 65
ASPECT: COMPLIANCE			Report	Pages/Comments
CORE	EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	FULLY REPORTED	Minerva Foods did not receive, during the period of the report, penalties of significant amounts resulting from non-compliance with environmental laws or regulations.
ASPECT: OVERALL			Report	Pages/Comments
ADD	EN30	Total environmental protection expenditures and investments by type.	FULLY REPORTED	59, 65

LABOUR PRACTICES AND DECENT WORK PERFORMANCE INDICATORS

ASPECT: EMPLOYMENT			Report	Pages/Comments
CORE	LA1	Total workforce by employment type, employment contract, and region, broken down by gender.	FULLY REPORTED	76, 77, 78
CORE	LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	PARTIALLY REPORTED	78, 80
ADD	LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	FULLY REPORTED	79
ASPECT: LABOR/MANAGEMENT RELATIONS			Report	Pages/Comments
CORE	LA4	Percentage of employees covered by collective bargaining agreements.	FULLY REPORTED	79
CORE	LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	FULLY REPORTED	All employees are covered by collective negotiation agreements. They are also represented by Unions, distributed according to location. Notices on any operational changes are publicized with antecedence, however there are no minimum time frames defined by the Company regarding notices.

ASPECT: OCCUPATIONAL HEALTH AND SAFETY			Report	Pages/Comments
ADD	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.	FULLY REPORTED	81
CORE	LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender.	PARTIALLY REPORTED	83
CORE	LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	FULLY REPORTED	69, 70, 71, 73
ASPECT: OCCUPATIONAL HEALTH AND SAFETY			Report	Pages/Comments
CORE	LA10	Average hours of training per year per employee by gender, and by employee category.	PARTIALLY REPORTED	68
ADD	LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	FULLY REPORTED	68
ADD	LA12	Percentage of employees receiving regular performance and career development reviews, by gender.	PARTIALLY REPORTED	68
ASPECT: DIVERSITY AND EQUAL OPPORTUNITY			Report	Pages/Comments
CORE	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.	PARTIALLY REPORTED	76, 77
ASPECT: EQUAL REMUNERATION FOR WOMEN AND MEN			Report	Pages/Comments
CORE	LA14	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	PARTIALLY REPORTED	"There are neither gender-based differentiations of remuneration nor discrimination of any kind on operations and Human Resources of Minerva Foods."



HUMAN RIGHTS PERFORMANCE INDICATORS

ASPECT: INVESTMENT AND PROCUREMENT PRACTICES			Report	Pages/Comments
CORE	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.	FULLY REPORTED	55, 56
CORE	HR2	Percentage of significant suppliers, contractors and other business partners that have undergone human rights screening, and actions taken.	FULLY REPORTED	54
CORE	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.	PARTIALLY REPORTED	55
ASPECT: NON-DISCRIMINATION			Report	Pages/Comments
CORE	HR4	Total number of incidents of discrimination and corrective actions taken.	FULLY REPORTED	74
ASPECT: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING			Report	Pages/Comments
CORE	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.	FULLY REPORTED	In 2013 no occurrences or denouncements were recorded regarding the right to freedom of association and that collective negotiation was threatened or compromised. Relationship between Minerva and unions and other entities representing the labor force are amicable and based on the labor legislation on the locations where we operate.
ASPECT: CHILD LABOR			Report	Pages/Comments
CORE	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.	FULLY REPORTED	56 The Company issues internal circulation materials to ensure employees receive knowledge about human rights related issues. Training for the Cattle Purchasing team is also geared towards ensuring cattle does not originate from ranches employing labor analogous to slave labor, child labor, or that violate any of the minimum criteria established by the company.

ASPECT: FORCED AND COMPULSORY LABOR			Report	Pages/Comments
CORE	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.	FULLY REPORTED	53, 54, 56
ASPECT: INDIGENOUS RIGHTS			Report	Pages/Comments
ADD	HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	FULLY REPORTED	54 No occurrences of this kind were reported in 2013.
ASPECT: ASSESSMENT			Report	Pages/Comments
CORE	HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	FULLY REPORTED	54
ASPECT: REMEDIATION			Report	Pages/Comments
CORE	HR11	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms.	FULLY REPORTED	55, 72 No occurrences of this kind were reported in 2013.

SOCIAL PERFORMANCE INDICATORS

ASPECT: LOCAL COMMUNITIES			Report	Pages/Comments
CORE	SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	PARTIALLY REPORTED	50, 65
CORE	SO9	Operations with significant potential or actual negative impacts on local communities.	FULLY REPORTED	58
CORE	SO10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.	FULLY REPORTED	58
ASPECT: CORRUPTION			Report	Pages/Comments
CORE	SO4	Actions taken in response to incidents of corruption.	FULLY REPORTED	74 No occurrences of this kind were reported in 2013.

ASPECT: PUBLIC POLICY			Report	Pages/Comments
CORE	SO5	Public policy positions and participation in public policy development and lobbying.	FULLY REPORTED	The Company has a long experience relating with public administration, notably regarding environmental agencies inspecting our activities. This relationship has always taken place respectfully and in accordance with the highest ethical standards. The Company has never had relevant issues with any such authorities.
ADD	SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	FULLY REPORTED	No occurrences of this kind were reported in 2013.
ASPECT: ANTI-COMPETITIVE BEHAVIOR			Report	Pages/Comments
ADD	SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	FULLY REPORTED	No occurrences of this kind were reported in 2013.
ASPECT: COMPLIANCE			Report	Pages/Comments
CORE	SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	FULLY REPORTED	No occurrences of this kind were reported in 2013.

PRODUCT RESPONSIBILITY PERFORMANCE INDICATORS

ASPECT: CUSTOMER HEALTH AND SAFETY			Report	Pages/Comments
CORE	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.	FULLY REPORTED	47, 52
ADD	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.	FULLY REPORTED	No occurrences of this kind were reported in 2013.

ASPECT: PRODUCT AND SERVICE LABELING			Report	Pages/Comments
CORE	PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	FULLY REPORTED	Minerva assures all the information contained in labels, tags and packages are in accordance with the country's legislation in force and approved by the responsible agency (MAPA – Ministry of Agriculture, Cattle Ranching and Supply). Labels show nutritional information, date of manufacture, mode of conservation, date of validity, product denomination, corporate name, business name, producer's SIF number, among other information. Any additional information that may be required, provided it is within the Brazilian standards, will be complied with according to the expectations of direct and end clients. Plastic packages include tags and labels, according to the requirements set forth by the same Ministry.
ADD	PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	FULLY REPORTED	No occurrences of this kind were reported in 2013.
ASPECT: COMUNICAÇÕES DE MARKETING			Report	Pages/Comments
CORE	PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	PARTIALLY REPORTED	The Company promoted end consumer and trade educational actions regarding the beef category. Aspects such as best form of consumption, recipes, category organization at the point of sale, assessment of cuts and their various uses.
ADD	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.	FULLY REPORTED	No occurrences of this kind were reported in 2013.
ASPECT: COMPLIANCE			Report	Pages/Comments
CORE	PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	FULLY REPORTED	No occurrences of this kind were reported in 2013.

## **PUBLISHING INFORMATION**

OVERALL COORDINATION **MINERVA FOODS**

LEGAL DEPARTMENT

SUSTAINABILITY MANAGEMENT

EDITORIAL PRODUCTION **INSTITUTO ENVOLVERDE**

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