



SUSTAINABILITY
REPORT

2014

Minerva Foods



SUSTAINABILITY

SUSTAINABILITY PERMEATES THE ENTIRE CYCLE OF MINERVA FOODS ACTIONS.IT IS THE GUIDELINE OF ITS PRACTICES, FROM ITS MANAGEMENT, LOGISTICS AND EMPLOYEE TRAINING, UP TO ITS CHAIN OF SUPPLIERS.

AND IT IS THIS COMMITMENT TO SUSTAINABILITY THAT PROMOTES THE GROWING ACCEPTANCE OF MINERVA AS A SUPPLIER OF BEEF AND BEEF BY-PRODUCTS TO OVER ONE-HUNDRED COMPANIES.

1. About the Report	4	8. Business Performance	40
2. The Minerva Foods	10	9. Human Resources	48
3. Letter from the Board Of Directors	18	10. Product Responsibility	60
4. Message from the CEO	20	11. Social and Environmental Responsibility	65
5. Management Model	22	12. GRI G4 Content	76
6. Corporate Governance	26	13. Credits	83
7. Risk Management	36		

1. ABOUT THE REPORT

RESULTS IN EVOLUTION

A panorama of Minerva Foods operations, challenges, achievements and perspectives.

This sustainability report for Minerva S.A. (Minerva Foods) contains an overview of the most relevant aspects of its economic, social and environmental performance and of corporate governance, for the period of January 1 to December 31, 2014. Notable achievements, challenges, the most important actions and their impacts on the Company's sustainable development are described based on the international guidelines of the Global Reporting Initiative (GRI). **GRI G4-3 | G4-28**

Published annually, this fourth edition of the sustainability report is based on the GRI G4 version, core "in accordance" option. The food processing sector supplement indicators were considered in the materiality process and those identified as relevant are included in the content. **GRI G4-29 | G4-30 | G4-32**

In addition to the GRI guidelines, this sustainability report follows the guidelines of the Brazilian Association of Publicly Held Companies (*Associação Brasileira das Companhias Abertas – Abrasca*). Any reformulations of information and the reasons for reformulation are described throughout the document.

The information and performance indicators reported herein were subject to analysis and received independent assurance from *BDO RCS Auditores Independentes* – a practice the Company has employed since the first publication – in a statement published on page 83, in relation to the following industrial units:
GRI G4-20 | G4-32 | G4-33

Araguaína (TO)
Barretos (SP)
Batayporã (MS)
Campina Verde (MG)
Janaúba (MG)
José Bonifácio (SP)
Mirassol D'Oeste (MT)
Palmeiras de Goiás (GO)
Rolim de Moura (RO)
Várzea Grande (MT)



Although the Paraguay and Uruguay industrial units, the Minerva Casings, Minerva Biodiesel, Minerva Leather and Minerva Live Cattle affiliates and the Minerva Fine Foods subsidiary are not part of the limit of this report, they will be mentioned throughout the text. These mentions will be accompanied with the appropriate highlights when they are made.

In a process of continual improvement, in accordance with feasibility, the report's scope will grow over the upcoming cycles, involving the other businesses under the Company's control.

Comments, criticism and suggestions related to this document should be sent by e-mail to ri@minervafoods.com, a channel that investors and other stakeholders can use to discuss other topics related to the Company. **GRI G4-31**

“ THIS PUBLICATION
IS BASED ON THE
G4 VERSION
OF THE GRI,
CORE 'IN ACCORDANCE' OPTION. ”



1.1. MATERIALITY MATRIX GRI G4-18 | G4-20 | G4-21 | G4-26

To define the most relevant topics for this report, in line with GRI G4, Minerva executed a wide-ranging consultative and analytical process that included members of the board of directors, Company officers, employees and outside stakeholders such as NGOs, the government, financial institutions, investors, shareholders, buy-side and sell-side analysts, suppliers, transporters, traders, customers, cattle ranchers and academic institutions. Over 150 people took part in the process.

GRI G4-24 | G4-25 | G4-27

Also included in the analysis of materiality, in addition to stakeholders, was analysis of relevant industry topics, which were identified in a wide-ranging survey involving GRI documents, reports by other players from both the meatpacking and the national and international food industries. Topics were also found through engagement with stakeholders, whether through direct channels of communication or through events promoted on a monthly basis for suppliers and investors and in which the Company took part, such as industry discussion forums.

THIS SURVEY PROCESS RESULTED IN THE CREATION OF A LIST OF 18 TOPICS, SPLIT INTO FOUR MAJOR ASPECTS, WHICH WERE ASSESSED IN RELATION TO IMPACT AND INFLUENCE: ECONOMIC PERSPECTIVES, OPERATION, PEOPLE AND ENVIRONMENT.



The Impact focus considered the economic, environmental and social dimensions of the organization and was built based on three assessments:

- Assessment of the topics' relevance in the view of Company officers;
- Assessment of the topics' relevance to managers, gauged using a panel meeting;
- Importance to food industry players.

The focus on the Influence of the topic in assessment and decisions by stakeholders was, in turn, based on four other assessments:

- Assessment of relevance based on one-to-one interviews (analysts, investors, specialists, NGOs, suppliers, cattle ranchers and industry associations);
- Assessment of relevance to stakeholders, done through an online questionnaire;
- Assessment of the topics' relevance to stakeholders, gauged using a panel meeting;
- Industry studies.

FLOW CHART OF MATERIALITY



GRI G4-19 | G4-27:

ECONOMIC OUTLOOKS

1	Anti-corruption	G4-S03, G4-S04, G4-S05
	Unfair competition	G4-S07
	Compliance	G4-S08
2	Economic performance	G4-EC1 G4-EC2
	Investments	G4-HR1
3	Product and service labeling	G4-PR8

ENVIRONMENT		
1	Water	G4-EN8
	Effluents and waste	G4-EN22
2	Materials	G4-EN2
	Effluents and waste	G4-EN25
	Products and services	G4-EN28
3	No relation to GRI aspects	
4	Aspects related to the Company's strategic vision and management in relation to this topic will be reported. Operational aspects, such as combating deforestation, are covered in other material topics	
5	Emissions	G4-EN20 G4-EN21
	Effluents and waste	G4-EN24
	Products and services	G4-EN27
	Overall	G4-EN31
	Environmental grievance mechanisms	G4-EN34
6	Energy	G4-EN3 G4-EN5
7	Biodiversity	G4-EN12
	Compliance	G4-EN29
	Indigenous rights	G4-HR8



OPERATION

1

Procurement practices	FP1, FP2
Supplier environmental assessment	G4-EN32, G4-EN33
Supplier assessment for labor practices	G4-LA14, G4-LA15
Freedom of association and collective bargaining	G4-HR4
Child labor	G4-HR5
Forced or compulsory labor	G4-HR6
Supplier human rights assessment	G4-HR10 G4-HR11
Human rights grievance mechanisms	G4-HR12
Supplier assessment for impacts on society	G4-S09 G4-S010

2

Customer privacy	G4-PR8
Compliance	G4-PR9

3

Product and service labeling	G4-PR3, G4-PR4, FP8
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4

Customer health and safety	G4-PR1, G4-PR2, FP5
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5

Animal welfare	FP9 FP11 FP13
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PEOPLE		
1	Labor relations	FP3
	Occupational health and safety	G4-LA5 G4-LA6 G4-LA7, G4-LA8
	Labor practices grievance mechanisms	G4-LA16
	Assessment	G4-HR9
2	Economic performance	G4-EC3
	Market presence	G4-EC5 G4-EC6
	Employment	G4-LA1 G4-LA2
	Diversity and equal opportunity	G4-LA12
	Equal remuneration for women and men	G4 LA13
	Non-discrimination	G4-HR3
	Security practices	G4-HR7
3	Training and education	G4-LA9 G4-LA10 G4-LA11
	Investments	G4-HR2

* Though it lacks aspects and indicators directly related to the G4-indicators EN29, EN32-G4 and G4-EN33 other material issues related to assist in providing this theme accounts.

** Due to the importance of the themes for the activities of Minerva Foods and expectations of stakeholders during the process of materiality, the Company decided to report, in addition to material issues, some of the related indicators.



2.1. PROFILE GRI G4-8 | G4-9

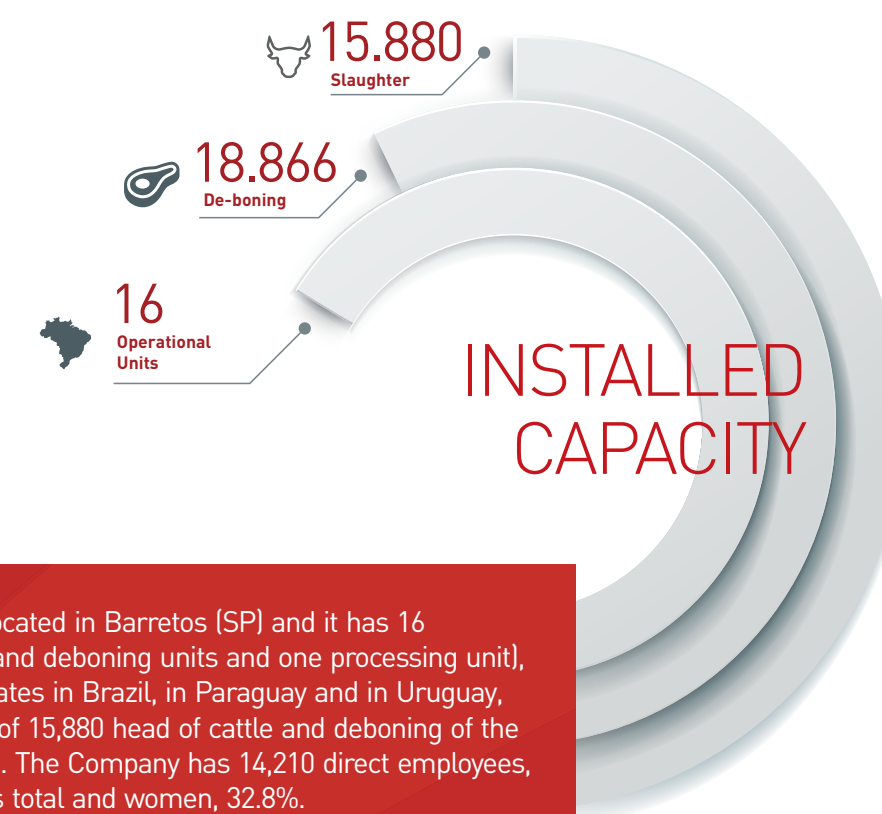
Minerva Foods is a company with international operations and is the second largest Brazilian exporter of fresh beef, a leader in live cattle exports in Brazil and one of the biggest players in the production and sale of beef, leather and cattle by-products in South America, with additional operations in the beef, pork and poultry processing segment.

As a publicly traded company created as a platform for production and purchase of raw materials, its brand is found in the markets of more than 100 countries, on five continents, operating out of nine international offices. In 2014, it had total net revenues of nearly BRL 7.0 billion, growing by 28.1% in relation to 2013. **GRI G4-7**

28,1%

Net Revenue Growth

The Company's headquarters is located in Barretos (SP) and it has 16 operational units – (15 slaughter and deboning units and one processing unit), –, strategically located in seven states in Brazil, in Paraguay and in Uruguay, providing daily slaughter capacity of 15,880 head of cattle and deboning of the equivalent of 18,866 head of cattle. The Company has 14,210 direct employees, with men making up 67.2% of this total and women, 32.8%. **GRI G4-5 | G4-6 | G4-10**



2. THE MINERVA FOODS

CONSOLIDATING FOR GROWTH

A global and growing Company, with nationally consolidated roots.



EMPLOYEES




Standing on Dec. 31, 2014
OWNER EMPLOYEES



 358  171  4131

 479  550 8521

Total Employees
14210

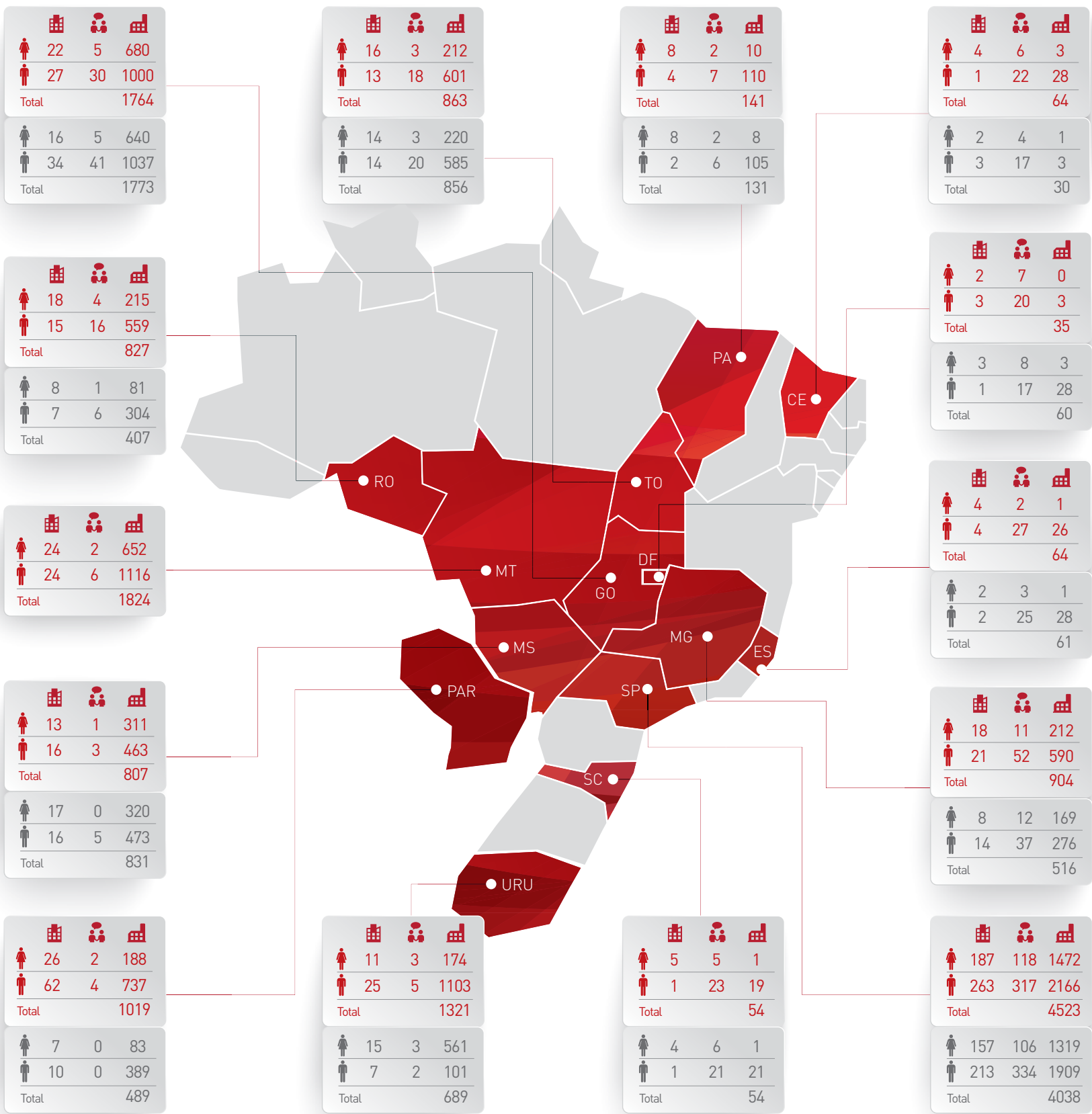
Standing on Dec. 31, 2013

 261  153  3407





 324  531 5259



Total Employees
9935

 ADMINISTRATIVE  COMMERCIAL  INDUSTRIAL/OPERATIONAL



THIRD-PARTY EMPLOYEES	2014	2013
Ceará	46	0
Distrito Federal	35	0
Espírito Santo	55	15
Goiás	127	30
Mato Grosso do Sul	12	9
Mato Grosso	79	0
Minas Gerais	205	78
Pará	0	0
Paraguay	40	51
Rondônia	17	19
Santa Catarina	0	11
São Paulo	187	185
Tocantins	36	31
Uruguai	0	0
TOTAL	839	429

OWNER EMPLOYEES FOR KIND OF CONTRACT GRI G4-10	2014			2013		
Gender			Total			Total
Administrative	358	479	837	261	324	585
Commercial	171	550	721	153	531	684
Industrial/Operational	4.131	8.521	12.652	3.407	5.259	8.666
Total employees	4.660	9.550	14.210	3.821	6.114	9.935

 EMPLOYEES STANDING ON DEC. 31, 2014
 EMPLOYEES STANDING ON DEC. 31, 2013

MINERVA FOODS ALSO HAS 13 DISTRIBUTION CENTERS (11 IN BRAZIL AND TWO IN PARAGUAY), WITH DOMESTIC MARKET SALES GEARED TOWARDS THE FOOD AND INGREDIENTS INDUSTRIES, WHOLESALE AND SUPERMARKET.

The Company serves approximately 40,000 small and mid-sized customers and food services, covering nearly every state in Brazil. From small to medium retailers, the domestic market main focus, Minerva Foods operates using the one-stop shop concept, Proving access to a diverse portfolio of perishable frozen and refrigerated products, made by the Company or by third parties. The Company has international sales offices in Algeria, China, Chile, Colombia, the USA, Italy, Iran, Lebanon and Russia, in addition to its live cattle export operations in Brazil, Chile, Colombia and Uruguay.

Listed on BM&FBOVESPA's *Novo Mercado*, Minerva Foods adopts best practices in corporate governance and considers the economic, social and environmental dimensions in all of its activities. It is also a member of the following organizations: Cold Goods Trade Association of São Paulo (*Sindicato da Indústria do Frio no Estado de São Paulo – SINDIFRIO*); Association of Brazilian Beef Exporters (*Associação Brasileira das Indústrias Exportadoras de Carne – ABIEC*); Brazilian Association of Publicly Held Companies (*Associação Brasileira das Companhias Abertas – ABRASCA*); Brazilian Roundtable on Sustainable Beef (*Grupo de Trabalho da Pecuária Sustentável – GTPS*); Brazilian Association of Animal Rendering (*Associação Brasileira de Reciclagem Animal – ABRA*); and Brazilian Association of Zebu Breeders (*Associação Brasileira dos Criadores de Zebu – ABCZ*).

GRI G4-16

Approximately
40k
customers in almost every
state in Brazil

-  INTERNATIONAL OFFICES
-  INDUSTRIAL UNITS



2.2. MISSION, VISION AND VALUES GRI G4-56

MISSION

To provide quality food worldwide with socioeconomic 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

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

VALUES

Integrity, commitment, responsibility, initiative and cooperation.

MINERVA FOODS DIVISIONS G4-4



Minerva S.A. is the parent company of Pul and Carrasco in Uruguay, Frigomerc and Friasa in Paraguay, and Minerva Dawn Farms (Minerva Fine Foods) in Brazil.

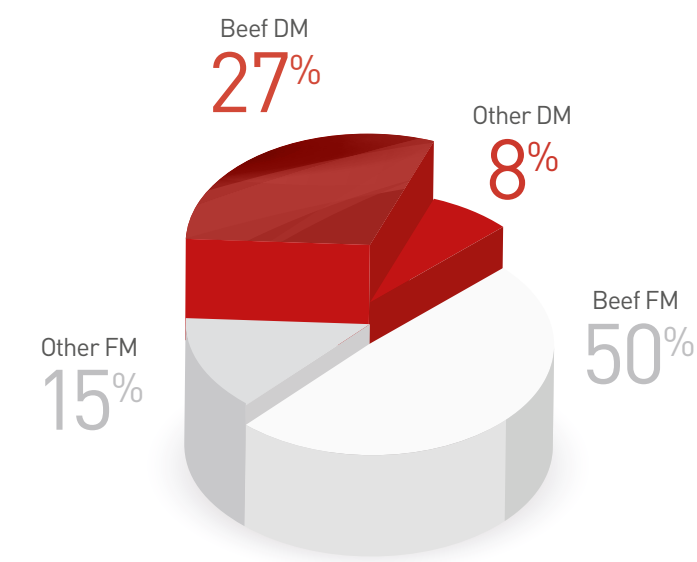
2.3. PRODUCT LINE GRI G4-4

Minerva Foods works with two product lines: commodities and value-added items. It processes and sells approximately 10,000 items.

2.3.1. COMMODITIES

At the end of 2014, the Beef division accounted for 77% of the Company's gross revenue.

Gross Revenue Breakdown



FM = Foreign Market | DM = Domestic Market



Pul Meatpacking Plant, in Uruguay, a company controlled by Minerva Foods

2.4. HISTORY

Founded in 1957, Expresso Barretos, the Vilela de Queiroz family's company, already had 35 years of experience in raising cattle and providing logistical services for cattle transport from ranches when it acquired its slaughter and processing unit in 1992, establishing Indústria de Carnes Minerva Ltda.

The model that defines Minerva Foods today began to take shape a little over 20 years ago, when the Vilela de Queiroz family acquired the bankrupt Minerva do Brasil meatpacking plant, the industrial unit in Barretos (SP) that is currently the headquarters of Minerva Foods.

Since then, the Company has created conditions to become an increasingly global organization, with a greater focus on exports, while still maintaining a strong presence in every region of Brazil – a combination that has resulted in average annual net revenue growth of 24% since 2004, thanks to a competitive beef production platform in South America.

2.5. AWARDS AND CERTIFICATIONS

Melhores & Maiores

The Minerva Rolim de Moura unit was named the best company in Brazil's Beef industry in the *Melhores e Maiores 2014* ranking, an annual publication put out by *Exame* magazine that relies on information gathered by Institute for Accounting, Actuarial and Financial Research Foundation (*Fundação Instituto de Pesquisas Contábeis, Atuariais e Financeiras – FINECAFI*).

LIDE Business Award

Minerva Foods was the winner in the Beef category, as an international reference in its segment.

APAS Promotion Action Award

The Minerva Foods stand won the APAS POPAI Brasil Award in the APAS 2014 Trade Show Activation category. APAS is the world's largest supermarket trade show, held by São Paulo State Supermarkets Association (*Associação Paulista de Supermercados – APAS*).

Chico Mendes Award

This award was created to encourage and spread application of new concepts of sustainable development and is given by Instituto *Socioambiental Chico Mendes*. Minerva received the award for the fourth time in a row in 2014, highlighting its Sustainable Livestock Program.

2.6. HIGHLIGHTS

Acquisitions

- Acquisition of the slaughter and deboning plant in Janaúba, Minas Gerais.
- Acquisition of the Frigorífico Carrasco, a Meatpacking company, in Canelones, Uruguay.

Approvals and Agreements

- Approval by the Administrative Council on Economic Defense (Conselho Administrativo de Defesa Econômica – CADE) for the acquisition of two plants in Mato Grosso, in an operation announced in November 2013.
- Admission of two members on the Board of Directors.

Openings

- Commercial office opened in China.
- Two members joined the Board of Directors.

Innovations

- Planning and adoption of the matrix management operating model, involving creation of four divisions coordinated by Chief Operating Officers (COOs), aimed at maintaining streamlined operations and autonomous decision-making, in addition to the Human Resources Division.
- Net revenue growth of 28.1% in relation to 2013, reaching a record of approximately BRL7.0 billion.
- First Exportation of Livecattle of Chile.

SUSTAINABLE GROWTH

Enhance operations to always advance with solidity, sustainability and excellence.

In recent years, Minerva Foods has grown significantly while maintaining a solid operational base and its bold vision of management, always in line with a commitment to transparency and appreciation of its human capital. In a little over 20 years of operations, the Company has built an operational and distribution network that is strategically mapped to serve the Brazilian and international markets. Moreover, it has diversified its products and, along with its employees, has developed a high-performance organizational culture. At the same time, investments have been made in modernization, adopting the highest standards of governance and continually enhancing the Company's risk management and its market intelligence.

In this sense, Minerva made great strides in 2014. In a year marked by adversity in the international scenario, especially by the devaluation of the Russian ruble and falling oil prices that affected major markets, such as Russia, the Company used its experience in risk management and seized market opportunities, bringing profitability to its operations.

Within this environment, acquisitions of Uruguay's Carrasco meatpacking plant and the slaughter and deboning unit in Janaúba, in the Brazilian state of Minas Gerais, have expanded Minerva Foods total production capacity. The new Uruguayan unit has reinforced the strategy of diversifying export markets, particularly the niche meat market in the USA. The unit acquired in the city of Janaúba, in turn, has given the Company access to a hugely important herd as well as great potential to open up new markets.

It is worth noting that these movements towards growth are in line with the operational growth plan in South America, introduced to the market in 2012, demonstrating the consistency of planning. In addition to its geographic diversification, the Company has used its distribution channels and loyalty work done with suppliers to also remain focused on two commercial areas – supplies and sales.



In tandem with enhancement of its management model, Minerva has continually evolved in its relations with its team and all of its other stakeholders, supporting development of its suppliers. It is also working in step with institutions and valuing its greatest asset: its employees.

Even with all of the changes that the markets in which the Company operates have undergone, it remains focused on producing quality beef in South American, the region with the best competitive advantages. That is why it has a working team committed to its principles and goals. It has been this ability to be flexible in revising its planning, while still keeping a clear direction that has allowed Minerva to grow significantly and sustainably.

THE YEAR 2015 WILL BE ONE OF CONSOLIDATION OF THE RESULTS OF GROWTH EXPERIENCED IN 2014, WITH GREATER INTEGRATION OF THE OPERATIONS AT UNITS ACQUIRED AND, PRIMARILY, OF THE MANAGEMENT CULTURE DEVELOPED INTERNALLY, WITH APPRECIATION OF HUMAN CAPITAL AND GAINS IN EFFICIENCY.

Like in 2014, we should face a challenging environment in the domestic market with opportunities to export. This is a result of smaller herd sizes in the USA and Australia, which are large beef producers and exporters, in combination with higher demand for beef products worldwide.

The Company expects to consolidate its presence in South America in the coming years and maintain a significant position in Brazil. In addition, Minerva will reinforce its excellence in acquiring raw materials, with a consistent focus on quality, so that it is able to continue moving forward with solidity, sustainability, transparency and permanent dialogue with everyone that, in some way, is a part of the history of Minerva Foods.

Edivar Vilela de Queiroz
Chairman – Board of Directors



“ IN TANDEM WITH
ENHANCEMENT OF ITS
MANAGEMENT MODEL, MINERVA
HAS CONTINUALLY EVOLVED
IN ITS RELATIONS WITH ITS
TEAM AND ALL OF ITS OTHER
STAKEHOLDERS, SUPPORTING
DEVELOPMENT OF ITS
SUPPLIERS.

DIVERSIFIED AND PROMISING

Minerva Foods quickly responds to fluctuations in the market, exceeding the expectations of the current scenario.

In the history of Minerva Foods, 2014 marks a time of implementation of the last stage of planning developed over the last three fiscal years, consolidating the growth strategy based on the Company's geographic diversification in South America. In addition to its geographic aspect, the outcome of this diversification also results in team integration, an exchange of experiences and learning between different cultures; and it will also give us a greater capacity to meet domestic and international demands with agility and flexibility. Today, we are the most diversified company in the beef sector in South America, which is the biggest and most promising platform for supplying beef to the global market.

Based on this business model, our coworkers have made the difference, responding to the challenges of an adverse scenario, as has been seen in the Brazilian economy, with speed and efficiency, seizing the opportunities that have come up in the international market. This combination has led to growth of 39.3% in domestic sales, with exports up by 19.4% in relation to 2013, putting net revenues at approximately BRL7.0 billion, 28.1% higher than the previous year.

Even with appreciation in the US dollar, causing a non-cash impact on higher debt, we have kept the Net Debt to Ebitda ratio steady, at the end of 2014, evidence of the efficiency of our risk management. We closed the year with BRL2.5 billion in cash, which places us in a comfortable position to face a more challenging market in 2015.

In 2014, we also saw major advancements, such as in corporate governance, through reformulation and migration of the organizational chart to a matrix management model, including creation of four Chief Operating Officer (COO) divisions. This change has proven successful in its goal of providing greater speed and flexibility to operations and greater autonomy to managers. Along with efficient personnel management, this new model allows the Company to grow while maintaining its identity, with a substantial impact on the ability to quickly react to changes in the market, in an effort to take advantage of the best business opportunities.



Domestic Sales

39,3%

Exports

19,4%

Net Revenue Growth

28,1%

This structure imbues decision-making with autonomy while at the same time intensifying integration between business units, lending greater solidity to application of the operating standard, fostering exchange of knowledge between Company professionals and keeping teams aligned with key proposals. In corporate governance, the two new independent members of the Board of Directors are notable and only enrich the development of the Company's organizational culture.

Sustainability is an essential vector across all Minerva Foods operations and in decision-making, having undergone even greater alignment after the partnership finalized in 2013 with the World Bank's International Finance Corporation (IFC), in line with the highest standards of performance of this institution. The Human Resources area was also restructured and now has its own division, improving employee relations. Work has moreover been intensified in support of Paraguayan suppliers, instituting registration criteria – a pioneering initiative for Minerva Foods, since this system is not required. The Company understands that sustainability is a constant evolution of relations with the value chain in which it operates.

Because of our sustainability criteria and standards of governance and management, Minerva is today an agent of improvement in the business environment of Latin America. Yet just as the Company has made contributions, it has also learned from the companies it has acquired and from the markets where it operates. We believe that this exchange of knowledge contributes to everyone's development and assures the success of integration.

Advancing further in this process is one of the challenges facing Minerva in the coming year, as is strengthening its position in South America and the global market, always through management based on market intelligence and low-cost and risk-mitigation policies.

In 2015, we believe that the export market will be more vibrant. Furthermore, the supply and demand scenario favors the opening of markets to South America, in a process led by Brazil. From this perspective, we are looking to act in new territories and in 2014, we opened a commercial office in China, allowing the Company to grow its sales to Southeast Asian countries even more. Consumption of beef in this region has been skyrocketing thanks to the process of urbanization, westernization of eating habits, increased income and public policies dedicated to consumption.

The work of recent years has provided the conditions needed to seize the opportunities that will make Minerva Foods an increasingly global company.

Fernando Galletti de Queiroz

CEO - Minerva Foods



“ THE WORK OF RECENT YEARS HAS PROVIDED THE CONDITIONS NEEDED TO SEIZE THE OPPORTUNITIES THAT WILL MAKE MINERVA FOODS AN INCREASINGLY GLOBAL COMPANY.



5. MANAGEMENT MODEL

GEOGRAPHIC DIVERSITY

A Company with strong bases and a strategy focused on global expansion of operations.

5.1. STRATEGIC VISION

In recent years, Minerva Foods has been dedicated to getting a business plan up and running that is focused on geographic diversification in South America, laying the groundwork for expansion at the global level. This stage of strategic planning took place after consolidation of its production structure in Brazil, with significant investments in modernization of operational units that raised the industrial complex to the “state-of-the-art” in terms of processes and quality of facilities and in expansion of the distribution network. More recently, with the purchase of a meatpacking plant in Paraguay and one in Uruguay, Minerva has established the bases for development of its strategy.

In the geographic diversity of its operations in Brazil, where it has 11 slaughter and deboning plants in seven states, in addition to two plants in Paraguay and two in Uruguay, the Company sees a fundamental design for exercising what it considers to be an important edge in its operations: to be, essentially, a commodities company. This characteristic presupposes significant and permanent attunement with the movements in the market throughout the meat chain, allowing for substantial streamlining to best decide where to buy, where to slaughter animals and whom to sell its products to, since the Company has a solidly built network in order to operate in different markets. This condition is the basis of a formal risk management structure, mitigating price volatility and maximizing margins. It is also one of the pillars of the Company’s development, along with efficiency in scale, to dilute fixed costs, and logistics, to be able to quickly and globally distribute production.

With expansion into other South American countries, this experience increases Minerva’s competitiveness at the global level, since the outlook points to continued supply shortages by major producers, such as the USA, Australia and European countries, in addition to hardships in Argentina, which opens up business opportunities for operations to be done beyond Brazil. These operations can be based in countries with better operating conditions and where it is harder for Brazilian meat to enter – as is the case with the USA, with which Uruguay has an established trade relationship.

IN MINERVA’S STRATEGY, SOUTH AMERICA IS REGARDED AS THE REGION WITH THE GREATEST POTENTIAL FOR EXPANSION INTO THE INTERNATIONAL MARKET, AND KNOWING HOW TO MAKE THE BEST OF THESE OPPORTUNITIES REQUIRES A COMBINATION OF EXCELLENCE IN RISK MANAGEMENT, SCALE GAINS AND A FIRM LOGISTICS STRUCTURE, WITH A FOCUS ON MARKET INTELLIGENCE.

Minerva understands that this geographic diversification in Latin America provides chances for synergy, an exchange of experiences and gains, in addition to integration of a culture of risk management, operational benchmarking and optimization of sales channels between its Brazilian and foreign units.

Therefore, there is an exchange of successful experiences, noting the features and particularities of each market, in an effort to best explore specific potentials and apply them in different places, when appropriate.

Minerva Foods believes that permanent action is fundamental to achieving solid and sustainable growth, always evolving. That is why it is aligned with the most advanced standards in corporate governance and social and environmental responsibility, consistently evolving in the use and exploration of natural resources and in the quality of its human resources policies. At the same time, continual improvement of the distribution network, selective management of investments and a focus on financial deleveraging continue to be priorities.

5.2. ETHICAL CONDUCT GRI G4-56 | G4-S04

GRI G4-DMA FREEDOM OF ASSOCIATION AND COLLECTIVE NEGOTIATION | G4-DMA ANTI-CORRUPTION | G4-DMA DISLOYAL COMPETITION| G4-DMA COMPLIANCE

Minerva Foods considers ethical conduct to be decisive to its credibility with its stakeholders and to the success of its business. Besides having its shares traded on the BM&FBOVESPA Novo Mercado, but the Company also has a Code of Ethics and Employee Manual, which are instruments containing guidelines on rights, duties and necessary procedures for employees to act responsibly at all times and in all activities, in the Company and in its relations with its stakeholders.

The main cornerstones of Minerva Foods are listed in its Code of Ethics:

- Respect and value employees, managers and society;
- Act with social responsibility and respect for the environment;
- Conduct business by complying with the legal determinations inherent to activities.

This document also shows employees the Company’s Mission, Vision and Values and demonstrates how these principles are translated into the day-to-day, with the adoption of integrity in work relations and personal conduct, in situations of conflict of interest, in handling confidential information and touching on other points. The Employee Manual, on the other hand, discusses labor relations, job duties, conduct for access to the Company, asset security, use of technology and quality control.

Employees are given both documents upon admission and watch a presentation on matters covered in the documents during the Company’s orientation process. Only after this process may they begin working.

Moreover, in 2014, 2,931 hours of Integration Process training courses were given. Matters are covered at these trainings, which is 100% of Minerva’s units, that involve ethical conduct procedures, information security, asset security, confidential information and reliable records, reinforcing the importance of fighting corruption among all Minerva employees. The Company also carries out frequent sample-based audits with its suppliers – a process executed by the Company’s own Audit department and that covers all units. GRI G4-S03



5.3. SUSTAINABILITY MANAGEMENT

GRI G4-DMA COMPLIANCE | G4-DMA ANIMAL WELFARE

The commitment to sustainability in all of its dimensions is consolidated in the organizational culture at Minerva Foods and has grown holistically stronger at every administrative and operational level of the Company.

In 2014, as the result of an agreement executed one year prior between the Company and the World Bank’s International Finance Corporation (IFC), alignment with best sustainability practices was enhanced, based on the IFC’s high-standard requirements for its partners. Today, sustainability is among the vectors that define decision-making for all Company managers.

In an industry that involves sensitive matters for most of society, such as the slaughter of animals and use of pasture areas, a commitment to respect for the environment and adoption of social responsibility criteria is vital to the brand’s reputation. Minerva Foods sees working in compliance with the law and creating tools to move forward in a sustainable matter, in production processes and in relations with livestock farmers and other stakeholders, is a priority condition to stand out at the global level.

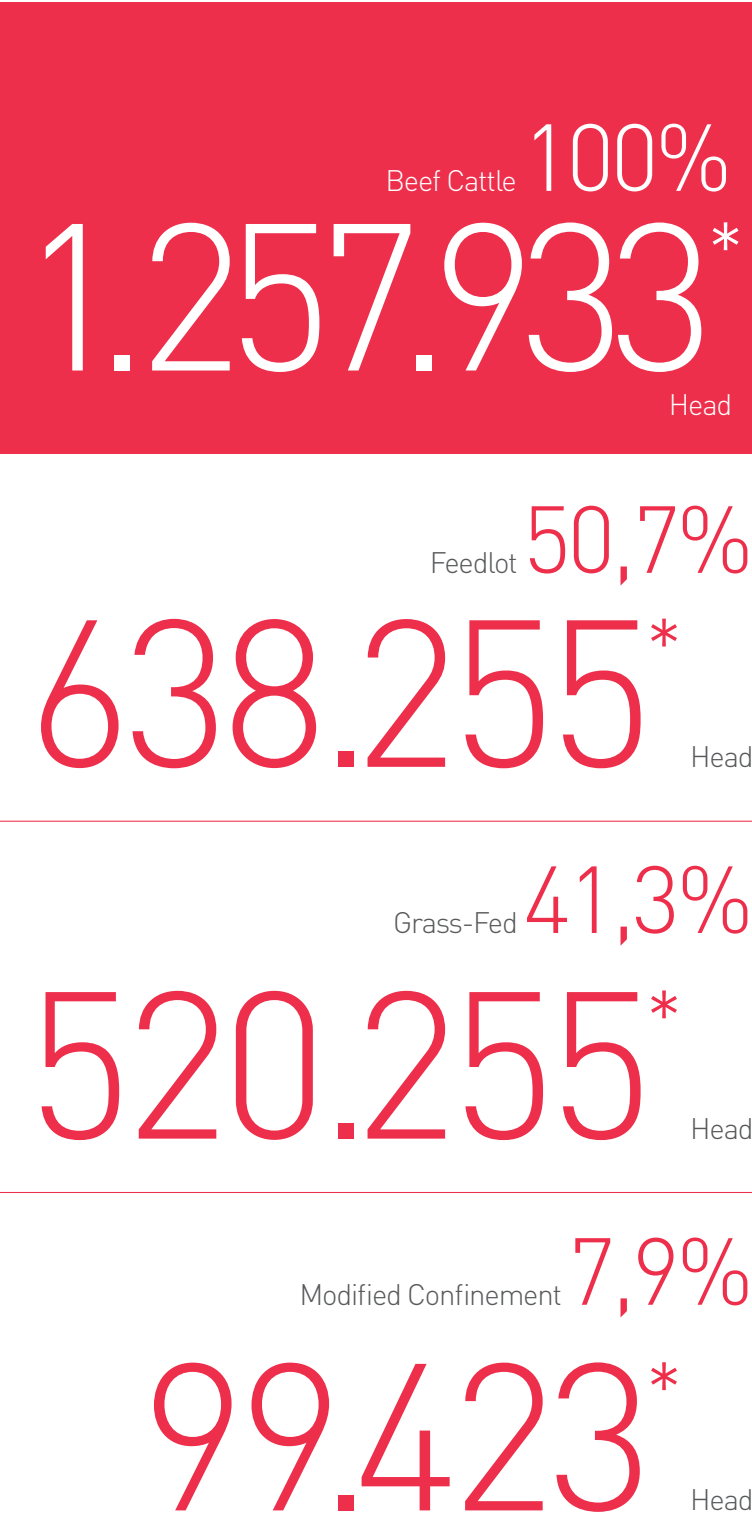
5.4. SUPPLIER RELATIONS

GRI G4-12 | FP9 | FP11 | G4-DMA ANIMAL WELFARE

Minerva Foods considers the quality of its relationships with suppliers to be a decisive component in applying its strategy successfully. To do this, it seeks to build a relationship of partnership, credibility and responsibility with livestock farmers, who supply its main raw material, livestock, supporting their development with constant oversight and providing guidance in adoption of techniques to improve productivity without expanding pasture areas. The Company also provides information and channels of communication to support them in developing sustainable practices.

All of the livestock acquired by Minerva for slaughter and processing (100%) are beef cattle, and in 2014, a total of 1,257,933 head went through units that are included in the scope of this report. Of this total, 50.7% were finished being raised on feedlots (638,255), 41.3% were grass-fed (520,255) and 7.9% were raised in modified confinement (99,423).

CATTLE TYPES AND TERMINATION



*Limit units



6. CORPORATE GOVERNANCE GRI 64-34

MATRIX MANAGEMENT MODEL

Minerva Foods underwent an organizational reformulation to maintain and guarantee the agility, efficiency and quality for which the Company is recognized.

Minerva Foods was only able to develop so consistently in Brazil and in the international market because it adopted the best corporate governance practices early on in its business. In 2014, it took another step in this direction by reformulating its organizational structure to adopt the matrix management model, aimed at decentralizing decision-making processes while still maintaining the integrated nature between the Company's levels. Challenged by its own growth in recent years, the Company sought to use this change to maintain agility and efficiency in meeting demand for its products and taking full advantage of business opportunities.

GRI 64-13

The new model involved creating four divisions, each under the coordination of one Chief Operating Officer (COO) who reports to the CEO. The new units account for the entire operational side and, with three divisions, they connect the executive board to the other departments. They are:

COO Beef Brazil

Responsible for Brazil operations, including origination, industries, Beef Brazil commercial operations and international offices.

COO Beef South America

Responsible for operations in Uruguay and Paraguay, including origination, industries and Beef Uruguay and Paraguay operations.

COO Distribution and Logistics

Responsible for the entire Group's distribution and logistics operations.

COO Other Business

Responsible for leather, live cattle, casings and biodiesel operations.

Within the new structure, the business units are accountable for alignment of the results with the Company's strategy, while all corporate areas work to provide support to operations. The main difference in relation to the previous model is that the managers acting at the end points of the business can have greater autonomy to decide on operations, according to the needs and particularities of the markets in which they work, provided they comply with the good practices adopted by the Company and its strategic planning.

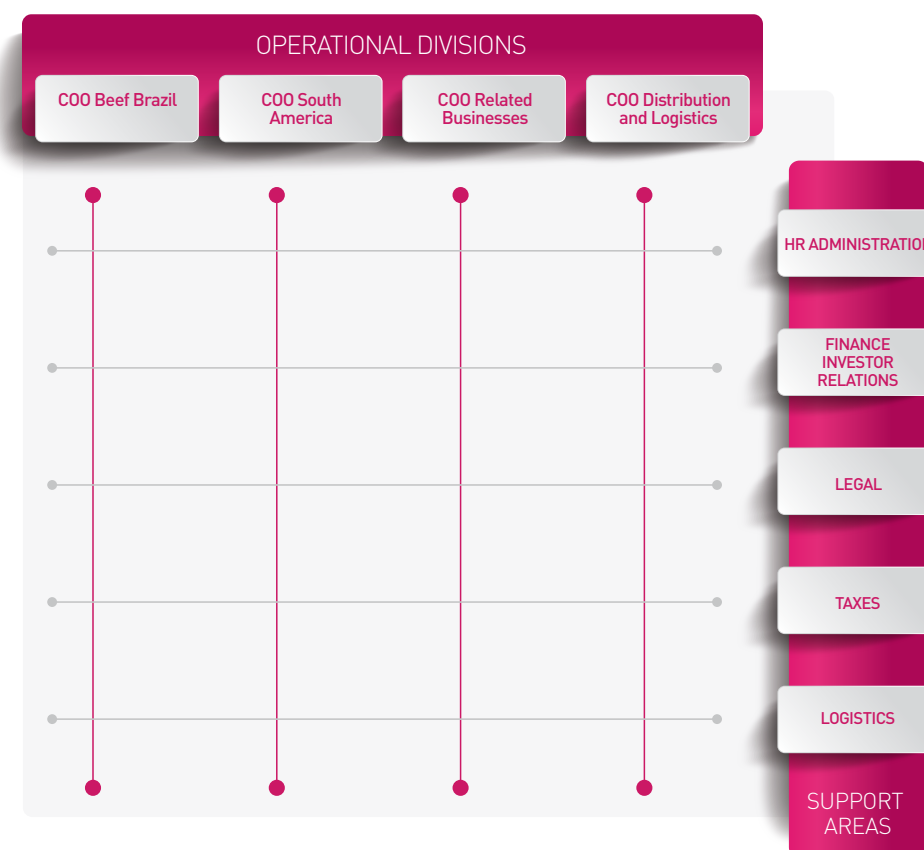
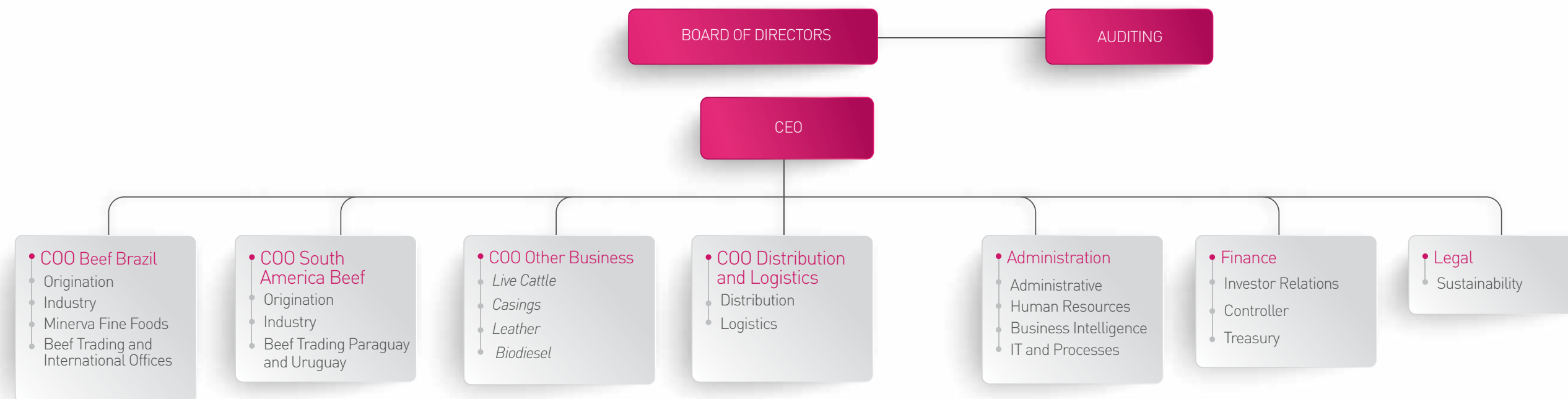


Managers work in an integrated manner in their respective units, contributing perceptions on the markets in which they work to the organization and presenting their proposals to make operations more efficient. In turn, this flow of information contributes to creation of the Group's strategies.

For the model to be effective, permanent investment is needed in qualification of professionals. This is one of the reasons why Minerva Foods reformulated the Human Resources department in 2014. Another gain expected from this measure is reinforcement and acceleration of the management model.

In addition to adopting the matrix model, another highlight in corporate governance was the addition of two independent members to the Board of Directors.

The participation of the new board members adds knowledge and experience, enriching the entire Company's work. See the hierarchical organizational chart and the new matrix management model that represents the operating structure of Minerva Foods.



As a member of BM&FBOVESPA's Novo Mercado listing, the Company believes that adhering to the listing's rules and to Brazilian law is fundamental to determine the qualifications of Committee and Executive Board representatives in relation to economic, social and environmental strategies that impact its business. That is why the Company understands that it is not necessary to adopt additional processes to assess the performance of its management bodies, the Risk Committee and its individual members.

Moreover, in identifying conflicts of interest at the highest level of governance, Novo Mercado rules and Brazilian law are applied and considered adequate and sufficient. Even so, this matter is covered in the Company's Articles of Incorporation, establishing restricted access to information or to participation in Board of Directors meetings by board members or alternates when matters are discussed that could result in conflicting interests between the member and the Company. Minerva Foods employees also do not take part in commissions or other representation mechanisms that could affect corporate governance processes or decisions.

6.1. BASIC PRINCIPLES OF GOVERNANCE

As a member of BM&FBOVESPA's Novo Mercado, Minerva Foods follows the strictest standards of corporate governance, complying with the following basic principles, as defined by the Brazilian Institute of Corporate Governance (*Instituto Brasileiro de Governança Corporativa – IBGC*):

Transparency

More than the duty to inform, it is the desire to provide stakeholders with information that is of interest, and not merely those imposed by laws or regulations.

Fairness

A fair treatment of all shareholders and other stakeholders. Discriminatory attitudes or policies, under any pretext, are entirely unacceptable.

Accountability

The agents of governance should be accountable for their actions, undertaking the full consequences of their acts and omissions.

Corporate responsibility

The agents of governance should watch over the sustainability of their organizations, to ensure their company's longevity, by observing social and environmental principles when identifying business deals and operations.

Minerva Foods also closely complies with Brazilian Securities and Exchange Commission (*Comissão de Valores Mobiliários – CVM*) and BM&FBOVESPA Novo Mercado rules, the Publicly Held Corporations Act (Law Nno. 6.404, of 1976) and its Articles of Incorporation. It voluntarily adheres to additional practices, such as corporate rules related to shareholder rights and a broad and transparent policy of reporting information on its guidelines, with instructions for managers and employees on how to do business and maintain relations with stakeholders.

MINERVA FOODS IS THE ONLY COMPANY IN ITS INDUSTRY IN LATIN AMERICA TO BE RECOGNIZED BY THE WORLD BANK'S INTERNATIONAL FINANCE CORPORATION (IFC) FOR EXCELLENCE IN ITS CORPORATE GOVERNANCE AND MANAGEMENT PRACTICES.

6.2. GOVERNANCE STRUCTURE

The governance structure at Minerva Foods consists of a Board of Directors, which is aided by a Risk Committee, Fiscal Committee and Executive Board.

6.2.1. BOARD OF DIRECTORS

As a shareholder representative, the Board of Directors is the authority responsible for, among other things, determining policies and guidelines that serve as the basis for the general orientation of the Company’s business. It is this body’s prerogative to supervise management of the Executive Board and decide on duties, appointments and removals. Board members meet on an ordinary basis at least once quarterly and when any member calls a meeting. They are elected, without influence by the Executive Board, at the Shareholders’ Meeting, which also has the power to remove them at any time, with or without cause.

HALF (50%) OF THE MEMBERS OF THE COMPANY’S BOARD OF DIRECTORS ARE CONSIDERED INDEPENDENT, PARTICIPATING IN RESOLUTIONS, DECIDED BY MAJORITY VOTE, AS STIPULATED IN THE ARTICLES OF INCORPORATION.

The term effective in 2014 for board members began on April 24, 2014 and will end at the Shareholders’ Meeting, where the financial statements related to fiscal year 2015 will be examined. On December 31, 2014, the Board of Directors had the following ten members.

Edivar Vilela de Queiroz
(Chairman)

With a career that started at Banco do Brasil, in 1962, he founded Expresso Barretos Ltda. four years later, with over-the-road transport of cattle, an operation that continues to today. In 1992, he founded Indústria e Comércio de Carnes Minerva with his brothers, of which he served as CEO. Since 2007, he has served as Chairman of the Board of Directors and has not occupied any executive job or position at the Company. He also presides over the Meatpacking Industries of the State of São Paulo Trade Association (*Sindicato das Indústrias Frigoríficas do Estado de São Paulo – SINDIFRIO*) and has presided over the Brazilian Association of Meat Exporting Industries (*Associação Brasileira das Indústrias Exportadoras de Carne – ABIEC*). He holds a Bachelor’s in Law from *Faculdade Municipal de Franca*.

Antonio Vilela de Queiroz
(Vice President)

He started his career in 1966 at Expresso Barretos Ltda., an over-the-road cattle transport company, where he has been a managing partner since 1972. He is also a rancher and the founder of Agropecuária Vilela de Queiroz Ltda., established in 1976, and of Agropecuária Pimenta Bueno S.A., created in 1983. He became a partner at Minerva in 1992, serving as Company CEO until May 2007, when he joined the Board of Directors.

Ibar Vilela de Queiroz
(member of the Board)

He started his career in 1966 at Frota C Transportes de Gado Ltda., an over-the-road cattle transport company, where he has been a partner and an executive officer since 1972. He started as a partner at Minerva in 1992, serving as Director of Supplies, in charge of cattle procurement from 1993 to 2011.

Norberto Lanzara Giangrande Jr (board member)

Managing partner and CEO of the Octo CTVM S.A. brokerage firm, he holds a degree in Agricultural Engineering from Luiz de Queiroz College of Agriculture (ESALQ), at USP, and a post-graduated degree in Finance from *Fundação Getulio Vargas (FGV)*. He was a manager at the Safic and Prosper S.A. brokerage firms, a member of the Board of Directors at the Brazilian Mercantile and Futures Exchange (BM&F) and of the Ethic Committee at the Brazilian Association of Financial and Capital Market Entities (*Associação Brasileira das Entidades dos Mercados Financeiro e de Capitais – ANBIMA*). He is currently a member of the Board of Directors at the Brazilian Commodities Exchange (*Bolsa Brasileira de Mercadorias – BBM*).

Dorival Antônio Bianchi
(board member)

An economist with a degree from University of São Paulo (USP), he served as director of Telecel Telecomunicações Ltda. and of Fashion Mall S.A. He is on the Board of Directors at Banco Mercantil de São Paulo, Net Serviços de Comunicação, BES Investimento do Brasil, Semp Toshiba Amazonas S.A., Banco Bradesco, Bradesplan Participações S.A, and Sadia. As a Bradesco representative, he served as an executive officer with Visa International as well as at Bradesco S.A. *Corretora de Valores Mobiliários*.

Alexandre Lahoz Mendonça de Barros
(independent member)

An Agricultural Engineer, he holds a PhD in Applied Economics from Luiz de Queiroz College of Agriculture (Esalq), at USP, where he was a professor in the Department of Economics, Business Administration and Sociology. He has been a professor of Agricultural Economics at *Fundação Getulio Vargas (FGV)* since 2005. He served on the Board of Directors at Fósfétil and is a member of the Board of Directors at Grupo Schoenmaker/Terra Viva and Grupo Otávio Lage. He is also a member of the External Advisory Committee at the Brazilian Agricultural Research Corporation (*Empresa Brasileira de Pesquisa Agropecuária – EMBRAPA*) and of the Senior Agribusiness Council at the Federation of Industries of the State of São Paulo (*Federação das Indústrias do Estado de São Paulo – FIESP*). He is a consulting partner at MB Agro and at Ruralcon *Consultoria em Gestão Agropecuária*.

José Luiz Rêgo Glaser
(independent member)

He holds a degree in Business Administration from *Fundação Getulio Vargas (FGV)* and a Master’s from the Food Research Institute at Stanford University (USA). He began his career in agribusiness in 1984 and was an executive officer at Cargill Agrícola S.A. He served as a member of the Board of Directors at the Brazilian Oilseed Processors Association (*Associação da Indústria de Óleos Vegetais – ABIOVE*), of the National Association of Cereal Exporters (*Associação Nacional de Exportadores de Cereais – ANEC*) and of the Brazilian Association of Port Terminals (*Associação Brasileira dos Terminais Portuários – ABTP*). Since 2005, he has been a member of the Board of Directors at the Brazilian Institute of Capital Markets (*Instituto Brasileiro de Mercado de Capitais – IBMEC*), an educational group.

Roberto Rodrigues
(independent member)

He holds a degree in Agricultural Engineering from Luiz de Queiroz College of Agriculture (ESALQ), at USP, and an honorary doctorate from São Paulo State University “Júlio de Mesquita Filho” (*Universidade Estadual Paulista “Júlio de Mesquita” – UNESP*). He was also a professor at UNESP. He is a former Minister of Agriculture, Livestock and Supply and Chairman of the Senior Agribusiness Council at the Federation of Industries of the State of São Paulo (*Federação das Indústrias do Estado de São Paulo – Cosag/FIESP*). He is a member of the Advisory Board at the Organization of Cooperatives of São Paulo State (*Organização das Cooperativas do Estado de São Paulo – OCESP*) and coordinator of the Agribusiness Center in the School of Economics at *Fundação Getulio Vargas (FGV)*.

Pedro Henrique Almeida Pinto de Oliveira
(independent member)

He holds a degree in Civil Engineering, with a Master’s in Business Administration. He is a managing partner at Porto BSB Engenharia Ltda., and also serves as an advisor to various investment funds. He has served as a member of the Board of Directors at Comgás and at Celesc and is currently a board member at Odebrecht Agroindustrial S.A.

Vasco Carvalho Oliveira Neto
(independent member)

He has a degree in Business Administration from *Fundação Getulio Vargas (FGV)* and a degree in Law from University of São Paulo (USP), as well as an Executive MBA from Fundação Dom Cabral. He was elected Chairman of the Board of Directors at AGV Holding S.A., a position he continues to hold. He also acts as a board member at the Saúde Criança São Paulo NGO and is president of Alta Louveira Empreendimentos e Participações Ltda.

6.2.2. RISK COMMITTEE

Minerva has a Risk Committee tasked with assisting the CEO and Board of Directors in implementing financial and hedging policies and in assessing the economic situation, highlighting its potential impacts on the Company's financial position.

This body is not a statutory structure and may be comprised of five to ten members, including the CEO and other Executive Board members, employees and outside consultants. On December 31, 2014, there were six Risk Committee members, as named below:

- Adriana Conceição Pedroza Machado
(manager of financial operations)
- Edison Ticle de Andrade Melo e Souza Filho
(CFO)
- Fernando Galletti de Queiroz
(CEO)
- Francisco Castro Rodrigues Ferreira da Silva
(risk executive manager)
- Jairo Ronan Ferreira
(finance executive manager)
- Luis Ricardo Alves Luz
(CCO of logistics and distribution)

6.2.4. EXECUTIVE OFFICERS

In accordance with the Articles of Incorporation, this body should have two to seven members, elected to a unified mandate of two years. They are legally liable for the Company and its operation, implementing policies and guidelines set by the Board of Directors and by the Shareholders' Meeting. On December 31, 2014, there were seven Executive Officers:

6.2.3. FISCAL COUNCIL

The Fiscal Council, which may be permanent, is tasked with auditing Management activities, reviewing the Company's financial statements and reporting its conclusions to shareholders. In the case of Minerva, this Council is not permanent, but is established and elected at the behest of shareholders during the Shareholders' Meeting. Council members serve re-electable mandates that run until the first Shareholders' Meeting held after their election. They receive at least compensation of 10% of the average annual salary of the Company's executive officers.

The Fiscal Council was established on April 24, 2014, at the request of the Shareholders' Meeting, and as of December 31, 2014, it had the following members:

FULL MEMBERS

- Luiz Manoel Gomes Júnior, attorney
- Benedito da Silva Ferreira, economist and accountant
- Luiz Claudio Fontes, administrator and accountant

ALTERNATES

- Marcelo Scaff Padilha, attorney
- Newton Klayton dos Anjos Mencinaukis, accountant
- Emerson Cortezia de Souza, attorney



Fernando Galletti de Queiroz
(CEO)

Started at Minerva in 1992 as CCO and has held the position of CEO since May 2007. He was previously a trader with Cargill Agrícola S.A and worked at Cotia Trading S.A. He holds a degree in Business Administration from the São Paulo School of Business Administration at Fundação Getulio Vargas (FGV).



Edison Ticle de Andrade Melo e Souza Filho (CFO)

His career began in 1999 at Banco Pactual. He also worked at the Constellation Asset Management and Black River Gestão de Investimentos (Cargill) investment management companies. He was head treasury trader at Banco Safra. In February 2009, he started at Minerva as treasurer. He took over his current position in 2010.



Luis Ricardo Alves Luz
(CCO and logistics officer)

He began his career at Minerva in 1999, having worked in several areas of the Company. He was the general director of Beef at Perdigão. He returned to Minerva in 2009 as Logistics Officer and, since October 2009, he has held his current position.



Eduardo Pirani Puzziello
(investor relations officer)

He holds a Business Administration degree from Catholic University of São Paulo (Pontifícia Universidade Católica – PUC-SP) and an MBA in Capital Markets from USP/FIPECAFI. He began his career at AON Risk Services and has also worked at Bank Boston, Banco Santander, Corretora Fator, Banco Raymond James and Votorantim Corretora. From June 2009 to May 2010, he served as superintendent of investor relations at Minerva, returning to the company in November 2011. He has served as investor relations officer since August 2012.



Wagner José Augusto
(supply officer)

He holds a degree in Business Administration. From 1978 to 1991, he worked with the Vilela de Queiroz family at Expresso Barretos Ltda. He has been with Minerva since 2000. He worked in the commercial department for eight years, later becoming the head of the cattle procurement department. In December 2011, he was appointed supply director.



Frederico Alcântara de Queiroz
(executive officer of other business)

He holds a degree in Business Administration and an MBA in Corporate Finance and Management from Fundação Getulio Vargas (FGV), in addition to completing additional studies in Negotiation and Foreign Trade. He started his career in the financial market in 1998. Since 2003, he has worked with the Company's live cattle exports.



Gabriel Inchausti Blixen
(administrative executive officer)

He holds a degree in Economics from University of the Republic (Universidad de la República) (Uruguay), with a specialization in Corporate Finance. He has developed his career at industry companies in Uruguay, Paraguay and Brazil. He is a consultant on economics and business to various companies in Uruguay, where he holds the position of general manager at a major communications conglomerate. He is a faculty member and a lecturer on topics related to economics and communications.

6.2.5. EXECUTIVE DIRECTORS

Legal Director:
Flavia Regina Ribeiro da Silva Villa

Human Resources Director:
Marlyse Di Donato Matheus

Brazil Exports Director:
Henrique Americano Carvalho de Freitas

Director of Casings:
Clerton Silva Queiroz

Director of Biodiesel:
Marcelo Alcântara de Queiroz

Director of Minerva Fine Foods:
José Noronha Neto

Administrative Director:
Roberto Alves de Almeida

6.3. COMPENSATION

GRI G4-DMA EQUAL REMUNERATION FOR WOMEN AND MEN
GRI G4-LA11

The Human Resources area at Minerva Foods was reinforced with the reformulation executed in 2014, and various projects began to be studied during the year. Many of them regarded proposals related to compensation policies, career plans, competency models and tools to assess professionals, in addition to other, related matters. Projects are expected to begin implementation in 2015.

As of December 2014, a fixed compensation policy, not connected to results, was mostly used for employees, board members and directors. The Company believes that maintaining significant variable pay, dependent on creation of results or performance, could lead employees to work with a greater focus on the short-term, therefore causing a negative impact on the development of its strategic plan.



In Minerva’s experience, the fixed compensation system has proven effective at attracting and retaining talent, with the advantage of being a more transparent model and having a significant impact on its employees’ gains, since its units are located in rural cities, where the cost and quality of living are better than in major urban centers.

IT IS A MODEL THAT JOINS A QUALIFIED STAFF WITH GREATER CONTROL OVER COMPENSATION COSTS. THAT IS BECAUSE, AMONG OTHER MEASURES, IT INCLUDES BONUSES FOR PERSONAL AND UNIT PRODUCTIVITY, WITHIN A STRUCTURE THAT TENDS TO BE MORE AND MORE VARIABLE.

6.4. BEST PRACTICES

In addition to the practices recommended by the Best Practices Code of the Brazilian Institute of Corporate Governance (IBGC), the Company also uses the following criteria:

- Capital is only split into ordinary shares, with voting rights for all shareholders;
- Registration and disclosure of the number of shares that each partner owns, identifying them by name;
- During share purchase offers, control must be equally transferred to all partners and not solely to controlling shareholders and all shareholders are entitled to sell shares under these same conditions. Transfer of control should occur at a transparent price and, in the case of sale of all controlling interest, the purchaser should offer a public bid to all shareholders under the same conditions as the controlling shareholder (tag-along);
- Fiscal Council established;
- Clear definition in the Articles of Incorporation of how to call the Shareholders’ Meetings and the procedure for electing and removing members of the Board of Directors and the Executive Board and the length of their terms;
- Transparency in public disclosure of the Management Report;
- Members of the Board of Directors have unfettered access to information and facilities;
- Conflicts between the Company, shareholders, administrators and members of the Fiscal Committee are resolved through arbitration;
- Shareholders’ Meeting is empowered to make decisions on: capital increases or decreases and other changes to the Articles of Incorporation, election or removal of board members at any time; management accounts and financial statements; and conversion, consolidation, merger, spin-off, dissolution and liquidation of the organization.

6.5. INVESTOR RELATIONS

Through its institutional (www.minervafoods.com), Minerva maintains direct contact with investors, disclosing non-mandatory information to stakeholders, financial results, industry analyses, corporate presentations and all content and documentation required by the provisions of the Novo Mercado and the Brazilian Securities and Exchange Commission (CVM).



One unique facet of the Company is that it provides financial analysts with easy access to the Finance Department, through e-mails, meetings and phone conferences, in addition to allowing investors to directly contact the Department.

Another highlight is the industry information the Company provides in analyses and presentations of its results, allowing investors to visualize the Company’s performance in the context in which it operates and in relation to market trends.

6.6. HIGHLIGHTS

In July and August, Minerva Foods carried out a Perception Survey with market analysts and investors, aimed at finding out how they assess the Company’s operations. All scores given to Minerva Foods in investor-related criteria were above average.

6.7. AUDITS

Minerva has a team with a direct connection to the CEO that executes internal audits as well as contracting external auditors to assess its procedures in regards to laws and commitments undertaken.



7. RISK MANAGEMENT GRI G4-2 | G4-14

GROWTH AND CONTROL

Growth has risks, but it also offers new opportunities and a permanent process of improvements.

GRI G4-DMA ECONOMIC PERFORMANCE

Minerva Foods is subject to a variety of risks due to factors such as adverse weather conditions, outbreaks of bovine illnesses, fluctuating raw materials costs and commodities prices, exchange rate variation, unfavorable economic situations, import restrictions by other countries, and others. The Company has developed tools in order to deal with any adversity on any one of these fronts, which are today part of an effective risk management model, keeping it in a permanent process of enhancement. The location of industrial units in every major cattle producing region in Brazil, as well as in Paraguay and Uruguay, also lowers the Company's exposure to various risk, including climate events and health outbreaks. **GRI G4-EC2**

The Company's strategy of geographic diversification is the main cornerstone of its risk management policy, whose results rely on the support of various resources. One of them is the Beef Desk, an innovative initiative in the Company's area of operation. With daily face-to-face meetings coordinated by the Business Intelligence area, the Beef Desk is the formal structure for managing commodities risks. The people responsible for those areas directly connected to results – cattle traders, foreign and domestic beef market traders, production, planning and control, business intelligence, treasury and financial risks, especially exchange rate risks, as well as participation by the CFO, COO Beef Brazil and Brazil exports director – discuss the scenario, analyzing the potential impact on price curves for supplies and end products. The goal is to define the best strategy for action in the short term.

Advancements were also made in the financial area in 2014, with more details included in creation of internal reports and improvements in risk manager meetings, contributing to even more rigor in financial and exchange rate controls. A core financial risk group was created in 2014, while in relation to internal reports, changes also include more wide-ranging information and greater frequency.

The growth experienced by Minerva Foods in recent years has meant new risks. In addition to expanding production capacity through acquisition of new plants, the Company promoted changes to its governance structure to prevent this growth from slowing an efficient reaction to market movements – a resource the Company considers to be one of its biggest differentials in its industry. The Human Resources area was also enhanced in an effort to increase attraction and retention of talent. **GRI G4-13**



Industrial and Biodiesel Unit / Palmeiras de Goiás



7.1. MARKET

Two models compose the market risk management used at Minerva: the Value at Risk (VaR) statistical calculation system and a system of calculating impacts based on application of stress scenarios.

These analyses also include the Brazilian and international economic situations and their potential impacts on the Company's financial position. To mitigate financial impact resulting from exposure to market risks, Minerva uses exchange rate instruments, interest rates and derivatives (not for speculative purposes), aimed at partially protecting its operations in the face of fluctuating exchange rates, interest rates and cattle prices.



7.2. INDEBTEDNESS

The Company's consolidated financial indebtedness makes it necessary for a substantial portion of its cash flow to be used to make payments on principal and related interest.

At the end of 2014, the Net Debt to Ebitda ratio, which indicates the number of years it would take to generate the cash needed to pay off debts, was at 3.7x. Lower leverage continues to be a target at Minerva Foods. The active hedge policy for the year and the capacity to generate free cash in the quarter helped to offset the effect of depreciation in the exchange rate on leverage.



7.3. COST OF RAW MATERIALS

Operating margins are defined by the ratio between the price to acquire raw materials and the sale price of products. One of the key resources at Minerva Foods for lowering the impacts of this risk is a reliance on strategically located plants and tools such as the Beef Desk, through which it can better arbitrate purchase positions for supplies and sale of its products according to the most favorable scenario.



7.4. CATTLE DISEASES

Outbreaks of diseases can affect fresh meat product exports and, consequently, operational results. To decrease this risk, the Company only acquires cattle inspected by veterinarians and doctors from the Ministry of Agriculture's Federal Inspection Service (Serviço de Inspeção Federal – SIF), which authorizes production and processing of beef in Brazil. In Paraguay and Uruguay, cattle are also subject to supervision by the respective health authorities.



7.5. CONCENTRATION OF CUSTOMERS

The concentration of customers at Minerva Foods can have a negative impact on its business. In recent years, supermarkets, wholesale clubs and distributors of foodstuffs have created associations that have transformed several of these players into large customers, with greater purchasing power and the ability to operate with less inventory, requiring better prices and more sophisticated products. The Company's strategy to ameliorate this impact is to work with a diversified portfolio and to use balanced management of its business in the domestic and foreign markets, in an effort to lower dependency on markets with significant concentration. In addition Minerva Foods operates using the one-stop shop concept. This provides customers with access, through a single supplier, to a diverse portfolio of perishable frozen or refrigerated products, made by the Company or by third parties.



7.6. EXPORTS

The foreign market accounts for the majority of gross sales revenues at Minerva Foods. Exports represented approximately 65% of gross revenues in 2014, compared to 67.3% in 2013 and 66.9% in 2012. The capacity to export products can be hindered by factors beyond the Company's control, such as: exchange rate variations; economic slowdowns; new or increased tariffs (including anti-dumping tariffs) and health and/or non-health barriers; new exchange rate controls and restrictions on exchange rate operations; strikes or other events that may affect the availability of ports and transportation; compliance with different foreign laws; and sabotage of products.

To mitigate these risks, the Company's exports are distributed to a hundred countries, including countries in Europe, the Middle East, Africa, Asia and the Americas. **GRI G4-8**

IN 2014, GREATER FOCUS WAS PLACED ON THE COMPLIANCE AND PROCESSES AREAS, ASSESSING THE COMPANY'S CRITICAL PROCESSES IN AN EFFORT TO ASSURE QUALITY AND REDUCE CONFORMITIES. THE COMPLIANCE AREA IS RESPONSIBLE FOR ASSESSING THE QUALITY OF THE PROCESS AND THE PROCESSES AREA MONITORS OPERATIONAL EFFICIENCY IN A SYSTEM THAT DEMONSTRATES THE MATURITY OF INTERNAL GOVERNANCE.



7.7. ENVIRONMENTAL STANDARDS

Compliance with environmental standards can have a huge impact on the Company's costs; yet non-compliance can result in administrative and criminal sanctions as well as liability for damages. The Company lessens exposure to this risk by adopting a strict cattle acquisition policy and by seeking to obtain certifications that guarantee the standard of quality required by the Brazilian and global markets. All of the Company's production units hold environmental licensing to operate, certifications to capture and release water and other authorizations necessary to legally exercise activities.



7.8. CREDIT

In relation to credit risks, the Risk Committee, along with the commercial area, periodically monitors control of the customer portfolio. This is done to limit the Company's exposure on the part of its customers and the market.



7.9. HEDGE POLICY

Supervision and monitoring of the guidelines established by the hedge policy are focused on the two main factors of risk – exchange rate and variation in the price of the arroba (a measuring unit equivalent to 14.69 kg, used in the Brazilian cattle market). The executive risk management division, which reports directly to the CEO and the Risk Committee, is responsible for this. Once any Company exposure has been identified, the treasury, which is responsible for consolidating all parameters and seeking protection through operations on the stock market, makes decisions in order to neutralize and/or mitigate the risks to which the Company is subject. This is always done in line with the limits established by the Board of Directors on the Treasury's actions.



8. BUSINESS PERFORMANCE

POSITIVE PERFORMANCE

All changes and enhancements made positively reflect on the Company's performance amid a scenario that is not very promising.

8.1. INDUSTRY CONTEXT

GRI G4-DMA ECONOMIC PERFORMANCE

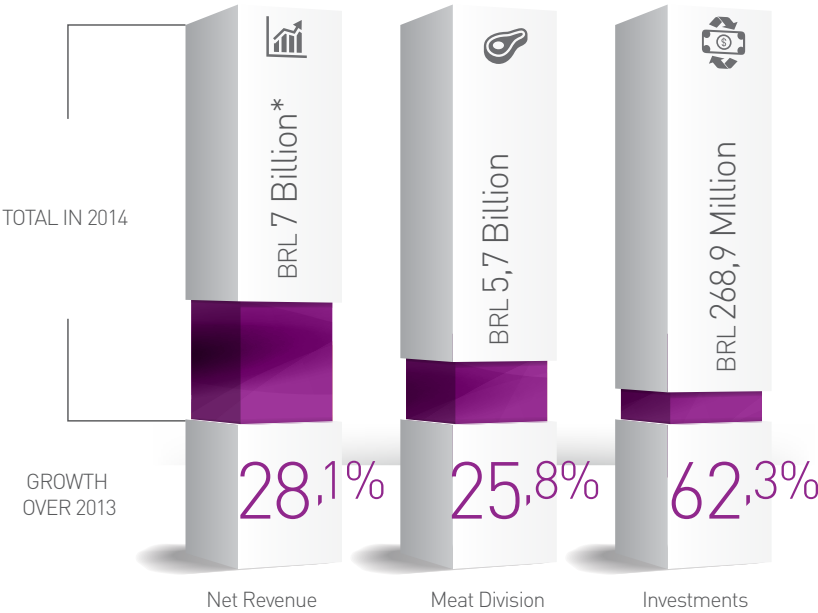
In 2014, Brazil's fresh meat industry confronted a scenario made difficult by high cattle prices, as a result of adversities. With an atypical drought during the harvest, little rain between harvests and a fast pace in slaughters, the average price of an arroba was 23% higher in 2014 compared to the year before. The price of meat rose proportionally, guaranteeing good margins for the industry and sustaining the high price of cattle. Foreign sales benefitted from less supply from large producers on the international market and a spike in the price in US dollars of Brazilian meat. The industry ended 2014 with record export revenues of USD7.2 billion, up 8% compared to the previous year. Records were also seen in relation to volume exported: 1.5 million tons, exceeding 2013 exports by 3%.

The main highlight in the year for foreign sales was a 5% rise in the average price in US dollars of Brazilian beef in relation to 2013. This performance is evidence of the importance of Brazilian producer in the international market and of their greater pricing power, the result of an environment with lower supply as well as of Brazil's competitiveness in relation to the top exporters. When annual depreciation of 9% in the Brazilian real in relation to the US dollar is added to this, export revenues in Brazilian reais grew by 17% in 2014 compared to 2013.

In Paraguay, where Minerva has two plants, the beef industry had positive performance, with the record high slaughter volume: 1.8 million head of cattle, 12% higher than in 2013. This movement was driven by exports. Growth in international demand for beef benefitted the industry in Paraguay, whose products had the best prices in the international market. Paraguay has become a more important international supplier of beef, with a great ability to open up new markets, such as Europe.

The beef industry in Uruguay, where Minerva operates two plants, performed spectacularly in 2014. Margins were up across the production chain, as the result of a combination of higher international demand and greater availability of animals. The country's export revenue was 10% higher in relation to 2013, with the USA accounting for a particularly large portion of sales, going from 12% in 2013 to 15% in 2014. Uruguay has an important differential when it comes to accessing niche markets in the USA and Europe, as well as in other important destinations like Canada and South Korea.

In the case of Minerva Foods, an upswing in the domestic market and record exports in Brazil, Uruguay and Paraguay helped push 2014 results in a positive direction. The Company had net revenues of approximately BRL7.0 billion, up 28.1% compared to 2013, with stable operating margins and a Return on Invested Capital (ROIC) of 21%, a benchmark rate in the industry. Cash flow from operating activities reached BRL341.4 million and the Company ended 2014 with BRL2.5 billion in cash, which leaves it prepared to face a more adverse macroeconomic scenario, as is expected by the Brazilian market in analyses related to 2015. This cash position is sufficient to amortize debt up to 2022. At the end of 2014, short-term debt corresponded to 13.6% of total debt. In the period, approximately 77% was exposed to exchange rate variation, in accordance with finance policy. The Net Debt to Ebitda ratio adjusted at the end of 4Q14 was 3.7x. The Company's financial management is based on three cornerstones: (i) debt maturing in the short-term cannot be over 20% of total debt; (ii) the percentage of debt in foreign currency should be near the proportion of exports in total revenue; and (iii) the minimum cash position should be equal to at least two months of supply purchases.



*Approximate amount

FOCUS ON EXPORTS



The gross revenue of the Meat Division was 25.8% higher compared to 2013, totaling BRL5.7 billion. The main highlight of the year was the performance of beef prices in both the domestic and export markets. Moreover, the Company has been making a series of adjustments to the distribution operation in the domestic market, simplifying the strategic direction, education and training of teams, with a greater focus on the food service segment and disciplined execution.

The behavior of exports was benefitted by increased demand, especially in developing countries, in line with lower international supply involving major producers, such as Australia and the USA. Accounting for approximately 65% of the Company’s total revenues, foreign sales were 19.4% higher in 2014 in relation to the year prior, highlighting the Company as one of South America’s biggest exporters.

In the domestic market, Meat Division revenue rose by 39.3%, driven by greater Company penetration in the small and mid-sized retail and food services segments. In fact, the food services segment has been growing steadily at an annual average of 14.7% for the last five years, according to data from the Brazilian Association of Food Industries (Associação Brasileira das Indústrias de Alimentação – ABIA). This rate is three times higher than the growth in Brazil’s Gross Domestic Product (GDP) in the same period and is in excess of the average annual growth in the retail food channel (10.8%). The Brazilian Institute of Public Opinion and Statistics (Instituto Brasileiro de Opinião Pública e Estatística – IBOPE) estimates that Brazilian out-of-home consumption reached 38% in 2014. Another point of note in the food service segment is that characteristically demand in this segment is less impacted by macroeconomic variations than other segments.

Exports
65%
of Total Revenue

Exports
19.4%

Meat Division in the Domestic Market

39.3%

FOOD RETAIL CHANNEL

Food Service in the Domestic Market

14.7%
per year

Out-of-home consumption Brazil

38%
Estimated growth

DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED* (BRL THOUSANDS) GRI 64-EC1

	Controlling Company			Consolidated		
	2014	2013	2012	2014	2013	2012
Revenues	5.576.007	4.349.105	3.905.853	7.168.735	5.547.460	4.219.450
Sale of goods, products, and services	5.566.780	4.278.962	3.865.719	7.142.632	5.461.786	4.167.466
Other revenues	9,227	70.143	40.134	26.103	85.674	51.984
Inputs acquired from third parties (including tax amounts – value-added tax – ICMS, tax on manufactured goods – IPI, social integration program – PIS, and social security finance contribution – COFINS)	(5.105.020)	(3.889.787)	(3.491.962)	(6.590.216)	(5.068.272)	(3.778.960)
Costs of products, goods and services sold	(4.474.580)	(2.945.185)	(2.742.367)	(5.736.836)	(3.922.290)	(2.939.850)
Materials, energy, third-party services, and others	(630.440)	(944.602)	(749.595)	(853.380)	(1.145.982)	(839.110)
Gross added value	470.987	459.318	413.891	578.519	479.188	440.490
Depreciation, depletion and amortization	(35.852)	(39.430)	(37.799)	(59.330)	(57.717)	(51.013)
Net added value produced by the organization	435.135	419.888	376.092	519.189	421.471	389.477
Value added received in transfer	(21.291)	(108.954)	(43.985)	76.722	51.236	58.467
Result of equity accounting	(67.328)	(150.125)	(84.647)	//	//	//
Financial income	46.037	41.171	40.662	76.722	51.236	58.467
Total value added for distribution	413.844	310.934	332.107	595.911	472.707	447.944
Distribution of value added	413.844	310.934	332.107	595.911	472.707	447.944
Personnel	296.737	262.750	223.956	360.765	356.097	294.796
Taxes, fees and contributions	(30.123)	(78.412)	(71.784)	(33.154)	(115.329)	(99.767)
Return on third-party capital	565.458	440.565	374.031	686.518	546.224	451.733
Interest	549.989	425.245	360.452	645.284	499.453	424.031
Rents	15.469	15.320	13.579	41.234	46.771	27.702
Emuneration of shareholders’ equity	(418.228)	(313.969)	(194.096)	(418.218)	(314.285)	(198.818)
Earnings withheld/losses for the fiscal year	(418.228)	(313.969)	(194.096)	(418.218)	(313.969)	(194.096)

8.2. OUTLOOKS

Minerva Foods believes that tight supply on the international market with a growing demand for beef will continue through the coming years. In the short term, the US Department of Agriculture (USDA) is forecasting an increase of around 10% in export volumes from the main producers in South America, while foreign sales in Australia and the USA, for instance, should drop to 10.4% and 2.9%, respectively. Moreover, the recently announced reopening of markets to Brazil, including mainland China, Saudi Arabia and the USA, should favor growth in export volumes and gains in pricing power for South American producers.

Domestically, Minerva Foods sees Brazil’s political scenario as continuing to influence economic performance, with a negative impact on investor confidence and the confidence of the public at large, resulting in an economic slowdown and greater volatility in securities issued abroad by Brazilian companies. Nevertheless, the Company believes it is prepared to face difficulties in 2015 similar to those faced in 2014.

In 2014, Minerva Foods expanded its production capacity in Brazil by approximately 40% and was positioned at around 60% of the national cattle herd, growing its competitiveness. Plants acquired in 2013 and 2014 are expected to operate at the same operational standard as all of the Company’s other plants in the second half of 2015. This is due to investments in optimization of logistics and in distribution channels, in addition to a series of other measures providing flexibility and agility to take advantage of opportunities in all markets in which Minerva operates.

8.3. CHALLENGES

Recent acquisitions of operating plants in Brazil and abroad – in 2014, a Kaiowa meatpacking plant in Brazil and the Carrasco meatpacking plant in Uruguay – along with the purchase of two BRF plants the year before, have given Minerva Foods the challenge of integrating all of its units into a single operating standard. Yet this needs to be done while still maintaining the particularities of the markets in which each plant operates. In 2015, this process of integration is entering its final stage.

Another major challenge for the Company is financial deleveraging, which it intends to promote with the maturation of investments made in recent years and through the cornerstones of competitiveness that it adopts, based on operational efficiency, efficient logistics, internal and external distribution channels and excellence in risk management.



SLAUGHTER: JANAÚBA/MG AND CANELONES/URU

MINERVA INVESTED

+1.800
Heads/day

268,9
millions in 2014

8.5. INVESTMENTS

Minerva invested BRL268.9 million in 2014, mostly in maintenance and expansion of operations. Funds also went to acquisition of the Janaúba (MG) and Carrasco (Uruguay) plants. Of total investments, BRL188.9 million was allocated to maintenance and expansions, with the remaining BRL80 million going to acquisitions.

8.6. ACQUISITIONS

In February, Minerva Foods acquired a slaughter and deboning plant in the city of Janaúba, in the Brazilian state of Minas Gerais, with slaughter capacity of 900 head of cattle/day. The unit had been closed, with the purchase being made through judicial auction of assets from the bankrupt Kaiowa group. In May 2014, Minerva began to make the investments needed to revitalize the plant, with operations starting in September 2014.

Also in May, the Company finalized its purchase of the Carrasco meatpacking plant, in Montevideo, Uruguay, which has a slaughter capacity of 900 head of cattle/day. Under Minerva’s management, operations began that same month.

8.4. EXPORTS

STRONG UPWARD DEMAND KEPT THE INTERNATIONAL MARKET DYNAMIC

The beef shortage among the world’s major players and stronger demand made the international market quite dynamic in 2014. Minerva Foods knew how to seize these opportunities, reinforcing its positions in Brazil, Uruguay and Paraguay, therefore expanding the boundaries of its operations abroad.

With this strategy, it stayed among the biggest beef exporters in the countries where it operates, ranking second among Brazilian companies and accounting for around 16% and 15% of total foreign sales in Uruguay and Paraguay, respectively. In 2014, the Company grew its market share in Asia, Europe and the NAFTA region (USA, Canada and Mexico).

SHARE OF FOREIGN SALES IN 2014

Brazil	16%
Paraguay	15%
Uruguay	16%

Americas

The Company’s share of exports in this region remained at 16% in 2014, unchanged from 2013. Most of these sales are to Chile, Brazil and Venezuela. Exports to Venezuela are done through letters of credit backed by the Latin American Integration Association (ALADI), with payment guaranteed by Brazil’s Central Bank or paid 100% in advance. In 2014, sales to that country accounted for 5% of total export revenues for Minerva Foods.

NAFTA

The share of exports to the NAFTA region (USA, Canada and Mexico) was 4% higher in 2014, with a notable focus on Uruguayan operations in the North American niche market for USDA-approved organic products, with unique profitability.

Europe

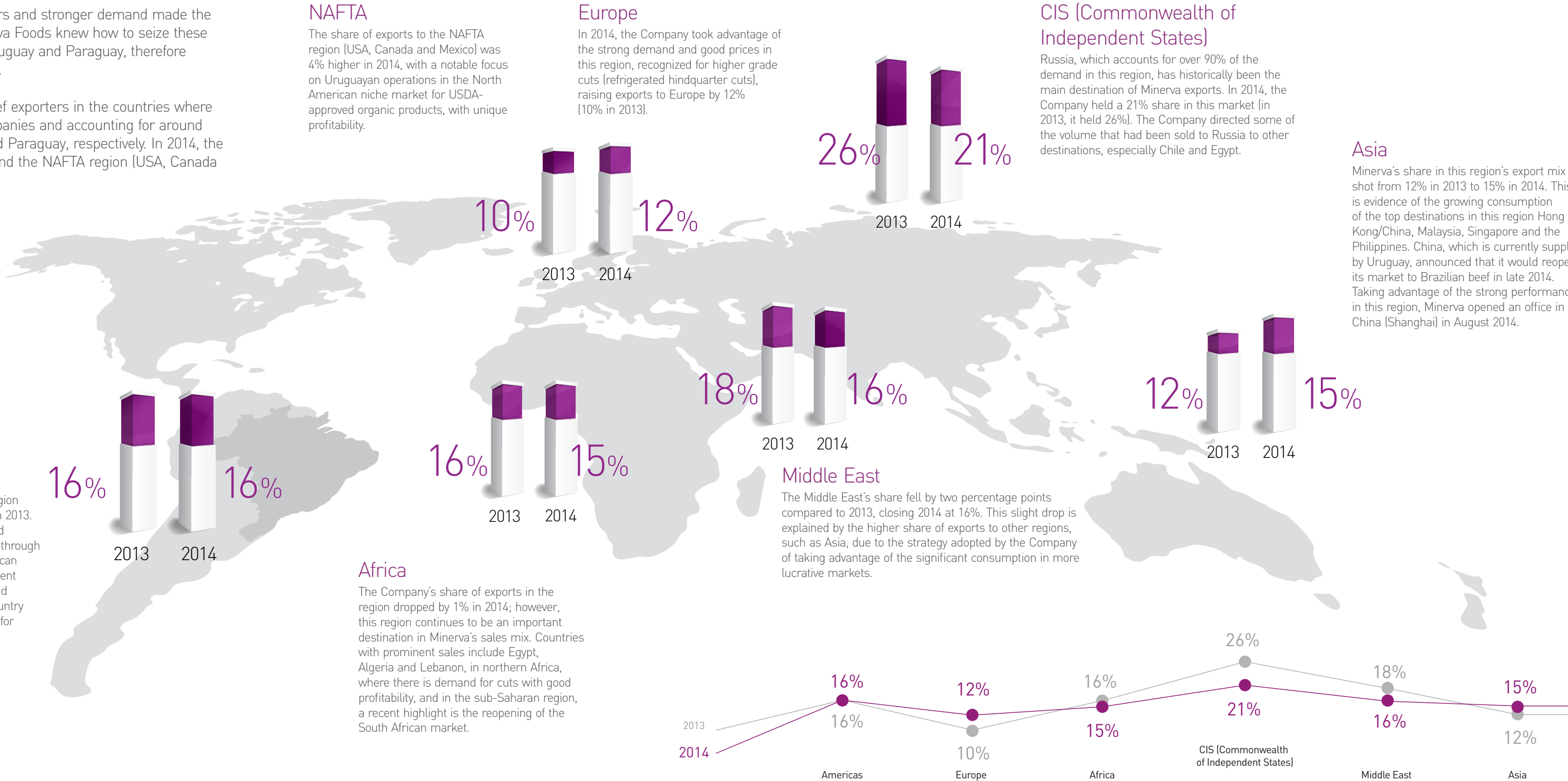
In 2014, the Company took advantage of the strong demand and good prices in this region, recognized for higher grade cuts (refrigerated hindquarter cuts), raising exports to Europe by 12% (10% in 2013).

CIS (Commonwealth of Independent States)

Russia, which accounts for over 90% of the demand in this region, has historically been the main destination of Minerva exports. In 2014, the Company held a 21% share in this market (in 2013, it held 26%). The Company directed some of the volume that had been sold to Russia to other destinations, especially Chile and Egypt.

Asia

Minerva’s share in this region’s export mix shot from 12% in 2013 to 15% in 2014. This is evidence of the growing consumption of the top destinations in this region Hong Kong/China, Malaysia, Singapore and the Philippines. China, which is currently supplied by Uruguay, announced that it would reopen its market to Brazilian beef in late 2014. Taking advantage of the strong performance in this region, Minerva opened an office in China (Shanghai) in August 2014.





9. HUMAN RESOURCES

APPRECIATION OF HUMAN CAPITAL

Following a review of management policies, HR is in sync with the Company’s strategic plans.

GRI G4-DMA EMPLOYMENT | G4-DMA OCCUPATIONAL HEALTH AND SAFETY
G4-DMA TRAINING AND EDUCATION | G4-DMA EQUAL REMUNERATION FOR
WOMEN AND MEN | G4-DMA LABOR/MANAGEMENT RELATIONS

A Company that works to make a difference in the Brazilian and global markets through excellence in its operations needs to rely on employees that are finely attuned to its organizational culture, happy with their working conditions and encouraged to take on challenges related to internal strategic planning.

Minerva Foods has been working to advance more and more in this direction, promoting a complete overhaul in 2014 of its Human Resources division, with the Executive Board placing value on personnel management and launches of human resources programs, in response to demands that have arisen during the substantial growth of recent years.

The first stage of this reengineering occurred at the end of 2013, under the auspices of strategic planning review. At that time, the Company was found to have evolved in recent years in various strategic cornerstones, striving towards firm and sustainable development. However, to gain success in every cornerstone, the capacity to attract and retain talent needed to grow, promoting improvements in qualification of its professionals and integration among them, aimed at building and strengthening the Company’s own organizational culture, in line with the goal of being a reference for quality in its industry.

From there, changes were made in an effort to get the Human Resources area in sync with the Company’s strategic plans and create conditions for HR to work to spread a culture of personnel management to every level of the organization. This work included the deployment of tools to make the new system viable. This included definition of a model of competencies that allows resources to be adopted for professional assessment, establishment of career plans and creation of compensation policies.

This change demanded expansion of the HR structure and attraction of professionals with experience in the new model, in addition to creation of projects involving all related aspects, such as recruitment and selection, occupational health and safety and internal communications.

Actions began to be put into practice in mid-2014 and are expected to end in two years.



AT THE END OF THE FISCAL YEAR, THE HUMAN RESOURCES DIVISION HAD FOUR DEPARTMENTS: COMPENSATION; SPECIALIZED SERVICE IN SAFETY ENGINEERING AND OCCUPATIONAL MEDICINE (SESMT), INVOLVING HEALTH, SAFETY, ENVIRONMENT AND QUALITY; PERSONNEL MANAGEMENT; AND ORGANIZATIONAL DEVELOPMENT.

In addition, the division includes a business partner department, connecting HR to the Company’s business divisions, mapping what is needed to put strategic planning into practice and directing demands to the Human Resources area, which contributes with proposals, making it so that projects can be defined with an integrated as well as global vision.

9.1. EMPLOYEE PROFILE GRI G4-HR12 | G4-LA1

GRI G4-DMA EMPLOYMENT | G4-DMA DIVERSITY AND EQUAL OPPORTUNITY | G4-DMA LABOR PRACTICES GRIEVANCE MECHANISMS
G4-DMA HUMAN RIGHTS GRIEVANCE MECHANISMS
G4-DMA NON-DISCRIMINATION

At the end of 2014, considering industrial units located in Brazil, the Company employed 10,381 direct employees. All of these workers' contracts are governed by the Consolidated Labor Laws (Consolidação das Leis do Trabalho – CLT). Of them, 62.6% were men and 37.4%, were women, aligned with a policy of valuing and respecting differences.

TO DO THIS, MINERVA HAS A SUGGESTION BOX AVAILABLE, WHERE DISCRIMINATION-RELATED COMPLAINTS CAN ALSO BE DEPOSITED. THE DEADLINE FOR PROVIDING A RESPONSE TO THE PERSON REPORTING THE GRIEVANCE IS DETERMINED BY THE PROCEDURES GOVERNING THIS TOOL.

However, diagnosis of the event may extend to a period of time which the Communicating with Minerva Committee deems necessary to obtain information in the most credible manner and take the appropriate measures. In 2014, there were 21 cases of discrimination at the affiliates covered in this report. Four hundred and thirty (430) messages were received through suggestion boxes.

GRI G4-HR3 | G4-LA16

The Company received various forms of reports. Those identified as discriminatory are analyzed by the affiliate's Committee at the location and through use of other instruments of analysis, such as exit interview, and submitted for consideration to the Corporate Communication Committee, which performs analysis and recommends the plan of action adopted by the affiliate.

Minerva also computes the number of grievances related with human rights impacts that are submitted through the suggestion box. The same time span for providing a return is used as in cases of discrimination. In 2014, there were 31 cases at the affiliates covered in this report. GRI G4-HR3 | G4-HR12

10.381*

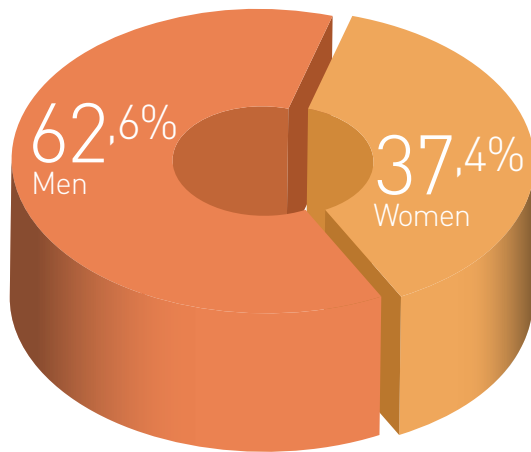
Employees at the end of 2014.

*Limit units

OWNER EMPLOYEES

G4-10 | G4-LA12

BY GENDER



			Total
2014	6.504	3.887	10.381*
2013	6114	3.821	9.935

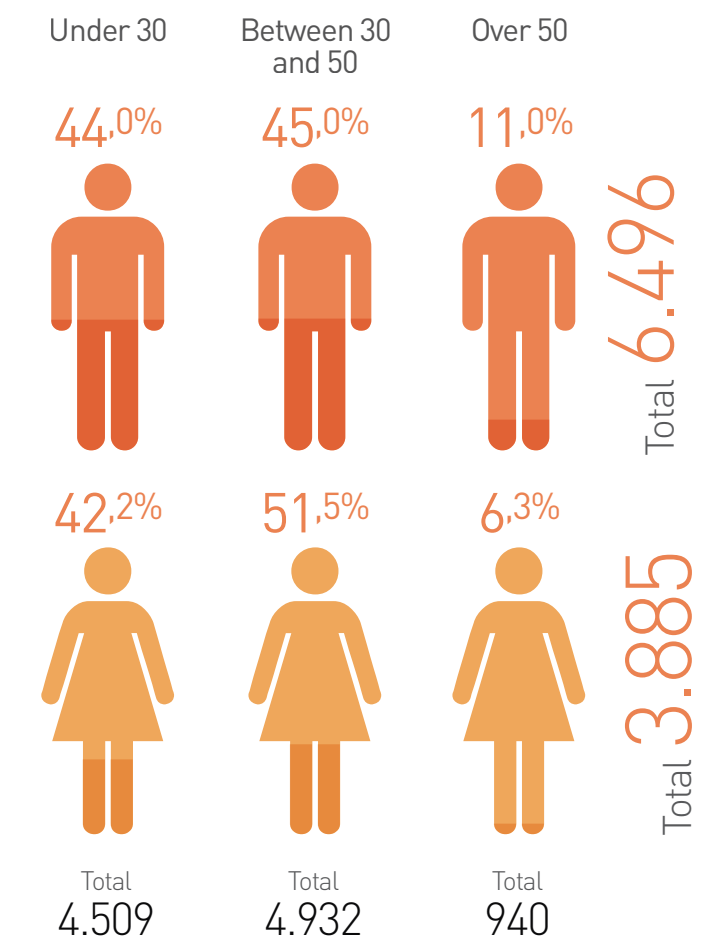
* Regards operational units in Brazil.

LABOR FORCE



EMPLOYEES BY AGE GROUP G4-LA12

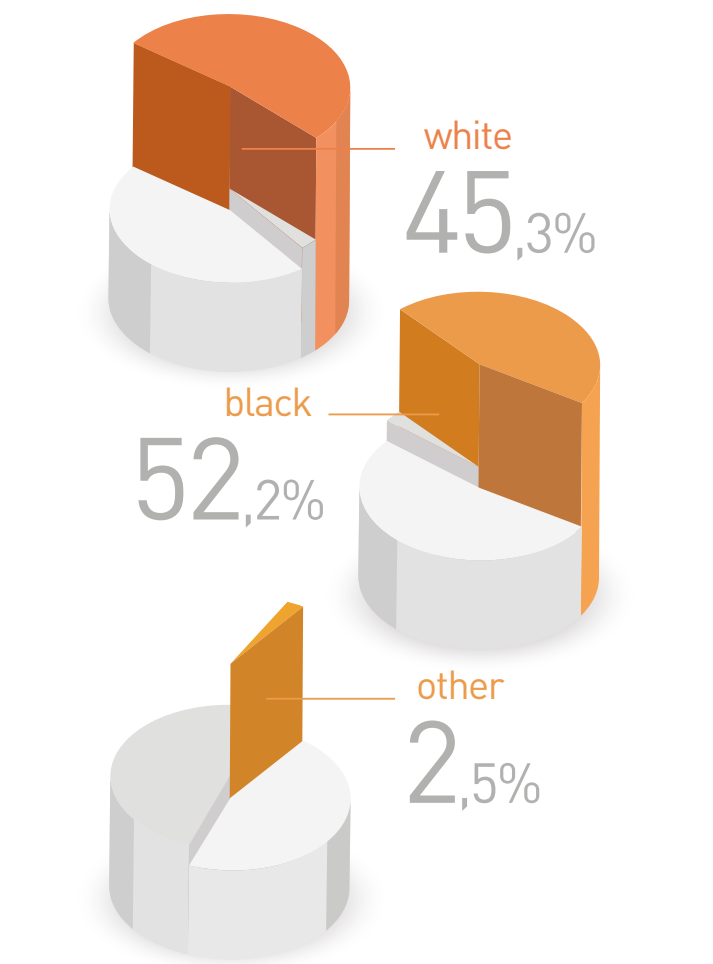
2014



	M	H
Under 30	1.642	2.867
Between 30 and 50	2.000	2.932
Over 50	243	697
TOTAL	3.885	6.496

EMPLOYEES BY GROUPS G4-LA12

2014



White	4.700
Black	5.417
Other*	264 ¹
TOTAL	10.381 ²

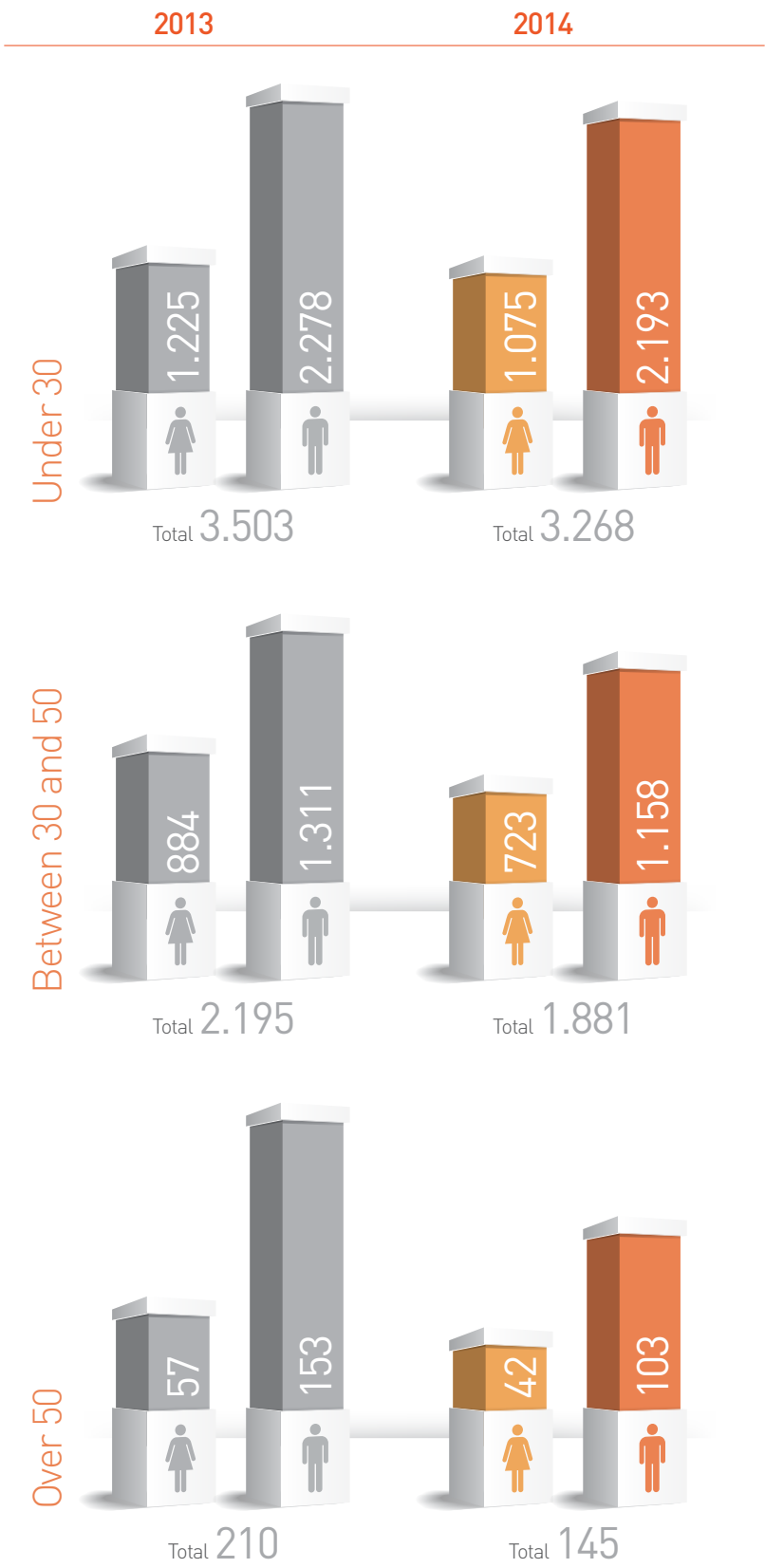
2013

White	5.067
Black	4.155
Other*	242 ¹
TOTAL	9.464 ²

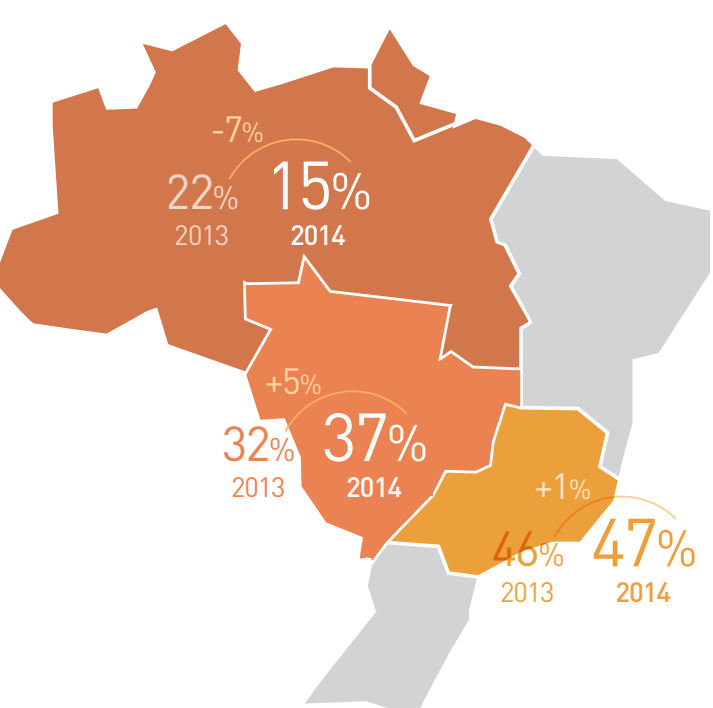
1. Other: mixed race, Amerindian and Asian.
2. Regards operational units in Brazil.

NEW HIRES G4-LA1

AGE



REGION



	M	H	TOTAL
Southeast	938	1.575	2.513
Central West	718	1.246	1.964
North	184	633	817

2013

	M	H	TOTAL
Southeast	1.178	1.536	2.714
Central West	624	1.268	1.892
North	364	938	1.302

9.2. ATTRACTION AND RETENTION OF TALENT

Minerva Foods relies on a series of resources to attract professionals and make them feel satisfied and recognized for their work. The Company believes that it is responsibility, engagement, the ability to take initiative and the cooperation of employees that paves the way for their strategic actions to have the desired effect, benefitting everyone. To stimulate this commitment on its teams, Minerva tries to offer a pleasant workplace, chances for professional enhancement, attractive pay and benefits, engagement actions and programs aimed at the health and well-being of its employees. This work was intensified with the restructuring of the Human Resources division in 2014.

One initiative was the creation of a diagnosis on personnel turnover at the Company, identifying the reasons, by unit, leading employees to leave the Company and the areas where this most occurs. Next, programs to avoid resignations were intensified and efforts were made to reduce turnover. Minerva Foods considers 5% to be a high level and believes it is necessary to advance in working to retain professionals. **GRI G4-LA1**

Turnover Rate (%)	
2014	2013
5,34	4,88

The Company also performs comparative analysis between positions and where its employees are from, considering the local community to be the entire area covering the state the worker is from. Considering all affiliates, on average there are 134 cases where upper management members at operating units were hired from the local community, which represents around 56% of the staff hires for this level. Considering only the meatpacking industrial units, on average there are 120 cases where upper management members were hired from the local community, which represents around 65% of the staff hires for this level. **GRI G4-EC6**

9.3. TRAINING AND DEVELOPMENT GRI G4-HR2 | G4-HR7

G4-LA9 | G4-LA10

GRI G4-DMA TRAINING AND EDUCATION | G4-DMA INVESTMENT

G4-DMA SECURITY PRACTICES

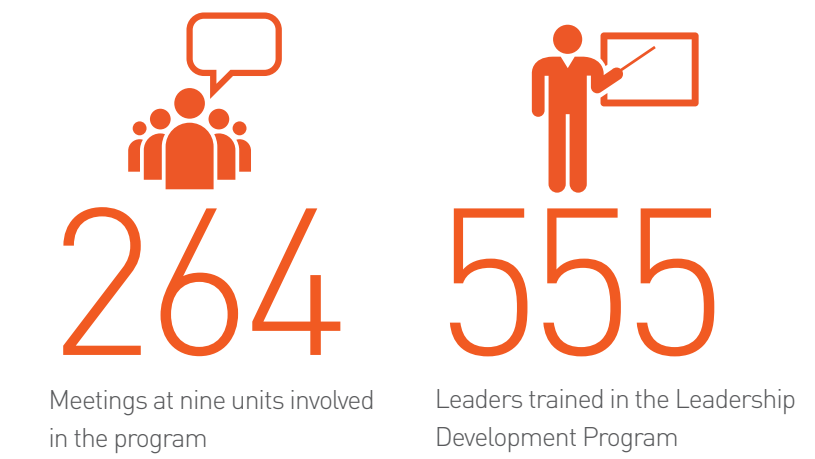
Minerva Foods continually invests in initiatives to develop its leaders, such as the Leadership Development Program (*Programa de Desenvolvimento de Lideranças – PDL*), which involves corporate and executive managers, and the School of Leaders (*Escola de Líderes*), dedicated to all managerial staff at units. Technical and operational training is also promoted, aimed at refreshing specific knowledge for employees’ work, with a view to production and sale of safe and quality products. Notable among topics are Good Manufacturing Practices and the refresher courses stipulated in the Ministry of Labor’s Regulatory Standards, as well as Institutional Integration.

IN 2014, CONSIDERING THE TOTAL HOUR LOAD PER EMPLOYEE AND THE GROUP’S NUMBER OF ACTIVE EMPLOYEES, MINERVA FOODS HAD A RATE OF 22.39 TRAINING HOURS PER EMPLOYEE, WITHOUT DISTINCTION TO GENDER IN TRAINING PROVIDED.

There were 2,931 hours of Integration and Integration Refresher courses given, involving 7,952 employees, or rather, over 76% of the total staff at industrial units in Brazil. In these training sessions, all matters regarding human rights covered – relevant to the organization’s operations.

School of Leaders

The School of Leaders is geared towards coordinators, supervisors and leaders in the administrative and operational areas of all units and the corporate area and also involves industrial unit managers. The project is focused on Personnel Management, Knowledge Management and Competency Management tools. In 2014, 264 meetings were held at nine units involved in the program, with a total of 1,880 training hours given to 555 leaders.



Project Excellence

A development program focused on leadership, aimed at enhancement of technical, behavioral and personnel management competencies. The Company’s goal is to continually improve the professionals that are at the head of operations and teamwork.

Executive development

The Leadership Development Program (PDL) is geared toward corporate and executive managers. The project is aimed at training corporate and executive managers so that they perform better in the role of agents of transformation, promoting integration between the Company’s strategy and execution. In 2014, 58 professionals were trained, in a total of 92 hours, covering management and leadership development, technical and behavioral training and continuing education in the most varied sectors of the Company.

Family budget

A financial education initiative offered to any employees and their spouses who are interested in learning to better manage household funds, monitoring their income and expenses in an effort to assess how much could be compromised in a consigned loan, for instance, without negative impacting financial accounts. Financial education has effective results at lower salary levels, where greater difficulty is found in retaining talent. It has contributed to preventing turnover in addition to being socially relevant.

9.4. INTEGRATION

Dedo de Prosa

This is a program which uses informal meetings to facilitate dialogue between the administration, leaders and other employees. The idea is the make the employee feel more at ease to discuss problems and talk about solutions to improve their own performance and the performance of co-workers and the industry, with feedback of suggestions examined. Meetings are open for employees’ families to identify any situations that are negatively impacting the employee’s performance and, therefore, help the employee to overcome the difficulty. Approximately 90 meetings were held in 2014.

Integration Day

Actions where industrial, administrative and Human Resources (HR) managers at industrial plants share the results of programs such as School of Leaders, Climate Survey and other indicators, in an effort to foster participation by all employees in defining Plans of Action and Strategies at Minerva.

9.5. HEALTH AND WELL-BEING

Anti-Smoking

Minerva Foods holds campaigns to raise awareness of the harmful effects of smoking during internal engagement events, such as Internal Occupational Accident Prevention Week and Environment Week.

Partnerships with Municipal Health Secretariats

The Company has partnered with Secretariats to promote events dedicated to health and quality of life, such as vaccination campaigns, health and lifestyle diagnoses, and others.

Occupational Exercise

Directed towards all Company sectors, its aim is to lower the rate of occupational illnesses and improve employees' quality of life.



9.6. COMMUNICATIONS AND ENGAGEMENT

Lunch with Management

These luncheons are an informal opportunity for employees to discuss suggestions for improvements in relation to Company processes. Approximately 60 meetings were held in 2014.

Communicating with Minerva Foods

All units have suggestion boxes with forms where employees can express opinions, report situations and provide compliments and criticism, which may also be done anonymously. In 2014, 430 reports were received through this mechanism at the units included in this report.

Jornal Conexão Newsletter

This goal of this publication is to inform employees and their families of the Company's main news. Printed on recyclable paper, it is produced every two months in Spanish and Portuguese and delivered via mail to the homes of all employees in Brazil, Paraguay and Uruguay.

DISC Thomas Tool

Minerva acquired this tool in 2013 to execute the Behavioral Profile, aimed at strengthening and enhancing international development and selection processes, promoting allocation of the right people to the right places, finding and leveraging talent. In 2014, this tool was widely used for internal development, applied at the School of Leaders and at the Leadership Development Programs, with approximately 382 reports issued.

Fostering Voluntary Work

Minerva identifies local needs and fosters social responsibility initiatives among employees at units.

9.7. COMPENSATION AND BENEFITS

GRI G4-EC5 | G4-DMA MARKET PRESENCE

Dignified pay that is in line with the responsibilities undertaken is part of the employee appreciation policy. There is no variation between the lowest monthly wage (BRL788.00) paid by Minerva Foods to employees working 220 hours per month and the current national minimum monthly wage (BRL788.00 on January 1, 2015). Salaries are readjusted annually along with the compensation package offered to Company employees, including bonuses and benefits, pursuant to collective bargaining agreements and the law. All direct professionals hired under the Consolidated Labor Laws (CLT) regime are able to freely join unions within their trade and are represented by these organizations during collective bargaining.

GRI G4-11

Minerva also offers opportunity of membership a corporate health plan and, at all units, a dental plan at less than market cost. In relation to meals, the Company has cafeterias in the workplace, with subsidized prices. In some locations it also provides food vouchers, meal vouchers, variable compensation and transportation, in addition to benefits required by law, by agreements and by collective bargaining agreements executed. GRI G4-LA2

The Company has agreements with establishments in the many locations where it operates to obtain discounts and convenient payment for employees and for its third-party and temporary employees, depending on contract type. This includes agreements with pharmacies, gas stations, butcher shops, beauty salons, and others.

Minerva's compensation and benefits policy does not include a pension plan for employees or members of the Board of Directors. Minerva does not have a private pension plan. Only official social security pensions are guaranteed to all employees under CLT-regime contracts. There are also no contractual arrangements, insurance policies or any other instruments that contain compensation or indemnity mechanisms in the event of removal from position or retirement. All benefits related to pensions, retirements or additional benefits are compliant with Brazil's social security laws. To ensure fair pay that is compatible with employee jobs, the Company performs salary surveys of the market, used as a reference for both base salaries and adjustments. GRI G4-EC3

The table below shows the amount paid by Minerva by way of benefits in 2014.

COST OF BENEFITS

(medical care, meals, etc. – BRL millions)

2014
38.470.765 ^{,81}
2013
31.535.747 ^{,46}



15.752.434,⁵²

9.8. HEALTH AND SAFETY

GRI G4-DMA OCCUPATIONAL HEALTH AND SAFETY

Occupational health and safety are relevant themes at the Company, where forecasts are done related to working conditions in the collective bargaining agreements executed with unions that represent worker classes. Minerva’s goal is to comply with and respect the legally established safety standards, implementing collective measures and training and supplying Personal Protective Equipment (PPE) in an effort to guarantee a safe and healthy workplace and prevent the occurrence of accidents/illnesses related to employees’ work. **GRI G4-LA8**

FURTHERMORE, MINERVA MANAGES OCCUPATIONAL HEALTH AND SAFETY (OHS) RISKS IN COMPLIANCE WITH NATIONAL AND LOCAL REGULATIONS. IN DOING THIS, THE COMPANY INVESTED BRL15,752,434.52 IN 2014.

All industrial units have a team of OHS managers trained by an OHS engineer, OHS technicians, nurses, doctors and physiotherapists, in addition to an HR analyst providing support to employees in cases of illness in the family, for instance. This work is aimed at reducing the incidence of occupational accidents and at monitoring illnesses and time away from work for medical reasons. To prevent chronic illnesses, symptomatic employees are sent for visits with the physiotherapist, who reviews ergonomic conditions so that employees do not suffer from repetitive strain injuries.

The Company also offers an individual health monitoring program, where employees can have periodic check-ups and are advised on safe procedures for performing their activities, as well as on the appropriate use of equipment.

An Internal Committee for Accident Prevention (*Comissão Interna de Prevenção de Acidentes – CIPA*) is maintained at all units operating in Brazil. The Commission is made up of employee representatives, chosen through direct elections, and of employer representatives, who are appointed. CIPA members meet regularly and promote specific events such as the Internal Occupational Accident Prevention Week (*Semana Interna de Prevenção de Acidentes do Trabalho – SIPAT*), with talks, training, medical assessments, playful activities and others. All employees are also represented on formal health and safety committees, made up of workers who help to monitor and provide advice on occupational health and safety programs. **GRI G4- LA5**

Occupational health and safety indicators GRI G4-LA6			
Number of occupational illnesses	Days lost	Absenteeism rate	Work-related fatalities
5	5202	2,69	2



Overall indicators	2014	2013	2012
Total investment (BRL)	15.752.434,52	1.476.868,81	605.459,27
Hours/man worked	16.798.549,60	18.913.625,51	13.399.306,00
Accidents with suspension	114	75	91
Accidents without suspension	25	5	4
Accident Frequency Rate (AFR)	8,27	4,23	7,09
Seriousness Frequency Rate (SFR)	1.024,02	379,83	377,78
Absences justified by doctor’s note (h)	249.468,20	139.393,39	179.053,30
Non-justified absences (h)	313.848,66	279.528,45	218.395,25



10. PRODUCT RESPONSIBILITY

GUARANTEED QUALITY AND SATISFACTION

Our biggest commitment is to customer satisfaction.

GRI G4-DMA CUSTOMER HEALTH AND SAFETY | G4-DMA PRODUCT AND SERVICE LABELING | G4-DMA CUSTOMER PRIVACY | G4-DMA COMPLIANCE
G4-DMA ANIMAL WELFARE

Minerva understands that the success of its business depends on the satisfaction of its customers. That is why it makes strides to understand and meet their real needs through requests, suggestions and complaints that are carefully registered, analyzed and processed. Products and processes are developed, improved and/or implemented with the same goal. To measure the degree satisfaction, the Company uses questionnaires; monitoring of existing contracts; opening of new contracts; and new business projects through planning that involves participation of customers and suppliers.

GRI G4-PR5

Minerva Foods is a signatory on various commitments to develop sustainable livestock farming, adopting strict criteria from the start to the end of the production chain, starting with the purchase of cattle, its chief raw material. All acquisitions are only made after checking the cattle's origin, in compliance with the requirements stipulated under the social, environmental and labor aspects, in addition to assessing the quality of the animals. With managers trained to have an in-depth understanding of the commitments undertaken by the Company, purchases are preceded by consultations of the property records of the supplier of the cattle, as found on the Brazilian Institute of Environment and Renewable Natural Resources (*Instituto Brasileiro do Meio Ambiente e dos Recursos Naturais Renováveis – IBAMA*) and the Ministry of Labor and Employment (*Ministério do Trabalho e Emprego – MTE*).

At the same time, the Company has a blacklist system through which it performs daily monitoring of lists of areas placed under embargo either by IBAMA because they do not fulfill sustainability criteria or by the Ministry of Labor and Employment because they use slave labor. With this tool, all irregular suppliers are blacklisted from the Company's procurement system.

Minerva Foods also has a geospatial monitoring system in the Amazon biome, obtaining maps provided by satellite images from the National Institute for Space Research (*Instituto Nacional de Pesquisas Espaciais – INPE*). Placement of these maps over maps of rural properties allows areas of deforestation and invasion of Indigenous Lands or environmental Conservation Units by potential suppliers to be found, eliminating these suppliers as procurement options.

Moreover, all Company operations – processing, packaging, storage, distribution, publicity, product labeling and food safety standards – are subject to extensive regulation and supervision by the Ministry of Agriculture, Livestock and Supply and by local and foreign authorities.

MINERVA PRODUCTS ARE ASSOCIATED NEITHER WITH SLAVE LABOR AND EMBARGOED AREAS NOR WITH ILLEGALLY DEFORESTED AREAS IN THE AMAZON BIOME AND ENCROACHMENT ON INDIGENOUS LANDS, CONSERVATIONS UNITS AND ENVIRONMENTAL PROTECTION AREAS.

Another method Minerva uses to assure quality and responsibility in relation to products is by adopting humanitarian slaughter and animal welfare measures. The Company adheres to the Animal Welfare Program (*Programa de Bem-Estar Animal – BEA*) and, in relation to transport, handling and/or slaughter practices, it follows the guidelines of IN 03/2000, of EU Regulation no. 1099-2009, of Circular no. 550/2011/CGPE/DIPOA and of the McDonald's suppliers audit protocol. Even so, in 2014 there were 21 incidents on record of non-compliance with laws and regulations which resulted in warnings, with 51 cases identified of non-compliance related to transportation, handling and/or slaughter. These incidents were also the result of 72 fines, penalties and warnings. **GRI FP13**

The Company also adopts measures for the welfare of animals in shipping. In the livestock sector, the ships are fitted with separation of lots in corrals to provide greater comfort to the animals, as well as greater productivity per animal power distribution on the way to other countries.



Sanitary conditions follow international standards.

10.1. TRACEABILITY

The Minerva Foods tracking system monitors the entire value chain, from cattle procurement to delivery of the final product, to verify compliance with sustainable practices. In distribution, not only is the entire trajectory of the product monitored, this resource also allows for organization of outbound ordering, making it so that the first product produced is also the first product to be transported. Moreover, it allows any item to be located in real time in the distribution chain.



HACCP - A system that identifies threats to public health in industrial processes, in line with the international code on General Principals of Food Safety. The HACCP certified units are Araguaína (TO), Batayporã (MS), Rolim de Moura (RO), Friasa* (Paraguay), Frigomerc* (Paraguay) and Pul* (Uruguay).



BRC FOOD - A set of quality and safety standards for food production issued by the British Retail Consortium (BRC). The following units are BRC Food certified: Barretos (SP), José Bonifácio (SP), Palmeiras de Goiás (GO), Carrasco* (Uruguay) and PUL* (Uruguay).



ISO 22000 - The first international food safety management system standard, covering interactive communication, systems management and risk control. The Pul* (Uruguay) meatpacking plant is ISO 22000 certified.



ISO 9001 - A set of technical standards establishing a quality management model. The Pul* (Uruguay) meatpacking plant is ISO 9001 certified.

*These units are not part of the scope of this report.

10.2. FOOD SAFETY AND HYGIENE

GRI G4-PR1 | G4-PR2 | G4-PR3 | G4-PR4 | FP2 | FP5 | FP8 | GRI G4-DMA
CUSTOMER HEALTH AND SAFETY | G4-DMA PRODUCT AND SERVICE LABELING

Not only is the Company current with all health controls involving the food industry – such as the permanent presence of Federal Inspection Service inspectors at its facilities and participation in the National Waste and Contaminant Control Plan, Minerva Foods also maintains its own control program, aimed at identifying chemical residue in animals while they are still on the farm, preventing them from being transferred to the finished product and, consequently, to the end consumer. All (100%) product categories are assessed throughout the entire production chain, allowing for guaranteed safety and legal compliance. Nevertheless, nine notices of violation were sent to the Company in 2014 by Federal Inspection Service of the Brazilian Ministry of Agriculture, Livestock and Supply, which also issued 853 reports of non-compliance.

REGARDING LABELING, 100% OF PRODUCTS ARE LABELED. LABELS AND TAGS ARE APPROVED BY THE INSPECTION SERVICE AT THE BRAZILIAN MINISTRY OF AGRICULTURE, LIVESTOCK, AND SUPPLY AND BY SIMILAR AUTHORITIES IN IMPORTING COUNTRIES. THERE WERE NOT, THEREFORE, ANY CASES OF NON-COMPLIANCE IN RELATION TO THIS ASPECT DURING THE YEAR.



SGI – Integrated Management System

In 2014, Minerva began studies on aspect and impact, hazards and risks at its operating units aimed at structuring its Integrated Management System. With the motto of “moving towards excellence,” the Company integrated Food Safety, Social Responsibility, Health & Safety and Environment in four management links.





11. SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

SUSTAINABILITY IN EACH ACTION

Only Company in the industry, in Latin America, to be recognized by the International Finance Corporation.

GRI G4-DMA MATERIALS | G4-DMA ENERGY | G4-DMA WATER | G4-DMA BIODIVERSITY | G4-DMA ENVIRONMENTAL GRIEVANCE MECHANISMS

Minerva Foods understands sustainability as being a basic condition for executing its activities. It is present at the Company in an integrated manner throughout all operations and decision-making. The Company adopts strict criteria to only work with sustainable livestock farming. It also has an advanced industrial complex in terms of efficiency in the use of natural resources and has technological tools to ensure that production processes are executed under criteria of social and environmental responsibility.

In 2014, these mechanisms of sustainable development were enhanced as the result of an agreement executed in September 2013 with the International Finance Corporation (IFC), the World Bank’s investment arm, which acquired a 2.9% stake in Minerva Foods. This partnership also involved a contract for BRL137 million in financing for the Company.

Before finalizing this agreement, the IFC performed a social and environmental assessment of the Company’s operations to determine the main risks and impacts of the development project and main mitigating measures, based on the institution’s performance standards which apply to the Company. This work resulted in an action plan, implemented in 2013 and applied throughout 2014, which will continue to be on-going throughout the ten-year financing project.

TAKEN BY ITSELF, THE PARTNERSHIP WITH IFC SPEAKS TO THE COMPANY’S SOCIAL AND ENVIRONMENTAL RESPONSIBILITY, AS THE ONLY COMPANY IN ITS INDUSTRY IN LATIN AMERICA TO BE RECOGNIZED BY THE INSTITUTION.

Moreover, performance of regular audits also indicates the adoption of an internal process of continual improvement.





11.1. SUSTAINABLE CATTLE RANCHING

GRI G4-12 | GRI G4-DMA ANIMAL WELFARE

Minerva Foods is a signatory to various protocols, agreements and contracts with civil, government and non-governmental entities as part of its commitment to sustainable livestock farming.

GRI G4-15

- Cattle Ranching Pact coordinated by Instituto Ethos, which establishes restrictions on sustainable financing, production, use, distribution, sale and consumption of beef products coming from the Amazon and going to the city of São Paulo.
- Greenpeace Term of Commitmen, which establishes minimum criteria for cattle and beef operation on an industrial scale in the Amazon biome.
- The National Compact for the Eradication of Slave Labor, articulated by Instituto Ethos in conjunction with the International Labour Organisation (ILO) and the Repórter Brasil NGO, defining actions for signatories to take aimed at preventing companies or people that use slave-like working conditions from accessing signatories’ production chains.
- Term of Adjustment of Conduct for Sustainable Cattle Ranching with the Federal Public Prosecutor’s Office of the state of Pará.
- Adhesion to the Brazilian Roundtable on Sustainable Livestock (BRSL), known in Brazil as Grupo de Trabalho da Pecuária Sustentável (GTPS).

In relation to raw material from the Amazon biome, the Company works with a geospatial monitoring system, eliminating supplier properties from its portfolio that are centers of illegal deforestation or that encroach on Indigenous Lands, Conservation Units and Environmental Protection Areas. **GRI G4-EN12**

11.2. RELATIONS WITH CATTLE FARMERS

GRI G4-12 | G4-DMA ACROSS ALL ASPECTS OF SOURCING

The commitments undertaken by Minerva Foods to sustainable livestock farming also involve field work to advise cattle ranchers on the appropriate procedures and techniques to achieve objectives. The Minerva Foods teams that go to cattle farmers, with whom they raise awareness in relation to the criteria adopted by the Company based on commitments it has executed, are tasked with the following:

- Check the quality of the herd and farm;
- Promote technical collaboration and acceleration of the productivity of the property;
- Explain the documentation required to be in good social and environmental standing to the farmer and how to obtain this documentation;
- Prospect for new business;
- Interview suppliers on future expectations;
- Promote extension of shared information;
- Purchase cattle.

The Company also advises cattle farmers on the application of techniques to increase productivity without expanding grazing areas and covers matters aimed at quality and sustainable livestock farming in the Minerva Talking about Ranching (*Minerva Falando de Pecuária*) program. This project supplements work done in the field and uses talks held at the Company’s industrial units to discuss topics such as meat quality and market demands, legal guidelines for farms to be in good legal standing, sustainability, and others. Six meetings were held in 2014. **GRI G4-EN33**

Initiatives are part of the Rancher & Minerva, a tie of confidence (*Pecuaristas & Minerva, um Laço de Confiança*) program, created to strengthen the Company’s relations with its suppliers.

Minerva Foods suppliers also rely on the Supplier Service Channel (*Serviço de Apoio ao Fornecedor – SAF*), a communication channel for receiving advice and making suggestions on topics in their interest, including those related to sustainable livestock farming. The SAF can be accessed on twitter at minerva@research or by email at pecuarista@minervafoods. They may also access Minerva’s website (www.minervafoods.com), where livestock farmers can also find information on the Minerva Talking about Ranching (*Minerva Falando de Pecuária*) cycle and the Company’s calendar of events.

All purchases made in 2014 were from suppliers classified as “compliant” by the Company’s system, according to criteria for sustainability of cattle purchases, in compliance with the MTE’s slave labor list and IBAMA’s listing of embargoed areas. Additionally, in the Amazon biome, maps with deforestation hotspots, provided by the National Space Research Institution (Instituto Nacional de Pesquisas Espaciais – INPE), are compared with maps of Indigenous Lands, Conservations Units and Environmental Protection Areas.

11.2.1. A TIE OF CONFIDENCE

In 2014, under the auspices of the Rancher & Minerva program, cattle farmers received e-mails with 161 reports containing information and analyses on the Company’s results, market and climate trends, confinement studies and invitations to events, among other things. The registry of suppliers to whom these e-mails are sent was supplemented with registrations by 248 cattle farmers at the start of the year, bringing total registrations in 2014 to 2,048.

IN ADDITION, A SLAUGHTER REPORT, ALSO KNOWN AS A PACKING LIST, WAS DEVELOPED. IT INCLUDES ADDITIONAL INFORMATION AND GUIDELINES FOR SUPPLIERS REGARDING THE ANIMAL SLAUGHTERED, ITS FAT COVER CLASS AND AGE, AND OTHER ASPECTS, CONTRIBUTING TO CONTINUAL IMPROVEMENT OF THE FATTENING AND FINALIZATION PROCESS FOR ANIMALS.

11.2.2. CONTRACTS

GRI G4-DMA SUPPLIER ASSESSMENT FOR LABOR PRACTICES | G4-DMA CHILD LABOR | G4-DMA FORCED OR COMPULSORY LABOR | G4-DMA INDIGENOUS RIGHTS | G4-DMA ASSESSMENT | G4-DMA SUPPLIER HUMAN RIGHTS ASSESSMENT | G4-DMA SUPPLIER ASSESSMENT FOR IMPACTS ON SOCIETY | G4-DMA SUPPLIER ENVIRONMENTAL ASSESSMENT

All Minerva Foods contracts contain specific clauses on human rights and requirements that include compliance with environment, health and occupational safety laws, as well as stipulations for obtaining and keeping valid all licenses and other requirements, under penalty of termination of contract and other penalties. Suppliers should also state that they comply with the commitments undertaken in the compacts, agreements and contracts to which Minerva is a party. Based on all registrations made in 2014, 35% were new suppliers, none of which are on any slave labor list (MTE) and 1% of which have properties under IBAMA embargo. Of new suppliers, 100% undergo registration assessment that includes environmental and social matters. **GRI G4-EN32 | G4-LA14 | G4-LA15 | G4-HR6 | G4-HR10 | G4-HR11 | G4-S09 | G4-S010**

In 2014, there were four pre-registrations that were found to be in violation of indigenous rights. These suppliers were placed on the blacklist. One measure the Company takes is to send official letters every six months to all regional coordination offices of the National Indigenous Foundation (*Fundação Nacional do Índio – FUNAI*), certifying that there are no conflicts in areas with Minerva suppliers. **GRI G4-HR6 | G4-HR8**

In relation to labor issues, contract clauses impose restrictions on employing minors, as established in the Consolidated Labor Laws (CLT) and the Statute of Children and Adolescents (*Estatuto da Criança e do Adolescente – ECA*). In addition, suppliers must state that they do not finance and/or acquire farming products from people or companies that are included on the following lists:

- Brazilian Ministry of Labor and Employment’s slave labor black list (Ordinance nº. 540/2004, dated Oct. 15, 2004).
- List of areas under IBAMA embargo (IBAMA Ordinance nº. 19, dated July 2, 2008 and Decree nº. 6.321/2007).
- FUNAI list of invaded indigenous areas.

11.3. USE OF NATURAL RESOURCES

G4-EN31 | G4-DMA WATER | G4-DMA EFFLUENTS AND WASTE
G4-DMA PRODUCTS AND SERVICES | G4-DMA OVERALL

Through constant monitoring of all of its operating units, Minerva Foods establishes measures and actions to assure continual enhancement in optimizing use of natural resources. This monitoring is done by supervisors connected to the Corporate Environment Department, who report data to the Executive Board, providing information that supports creation of strategies and definition of enhancement measures. The managers responsible for each unit complete spreadsheets with the following information:

- Technical data on the unit and wastewater treatment system;
- Environmental licensing information, permissions for water use, discharge of treated liquid effluents and compliance with technical restrictions;
- Monitoring of Environmental Key Performance Indicators (KPIs): water consumption; generation of effluents; liquid effluent quality; receiving body quality; operational costs and revenues; recovery of oils and greases in physical-chemical treatment systems;
- Performance charts (dashboards);
- Control of generation and disposal of solid waste;
- Control of chemical products used in physical-chemical treatment systems;
- Control of biological products used in treatment systems;
- Control of daily parameters of settleable solids in the biological treatment system.

Investments in the environmental area in 2014 totaled BRL3,803,857.02, earmarked for both operational improvement to the system and studies to enhance it. Under this aspect, all units execute atmospheric emissions and air quality analyses and analyses of effluents. They have also begun to carry out bathymetry studies and to use a bioremediator to reduce solids and increase efficiency in removing organic matter in liquid effluents.

Total environmental investment (BRL) GRI G4-EN31		
2014	2013	2012
R\$ 3.803.857,02	R\$ 2.558.059,78	R\$ 1.406.661,00

11.3.1. WATER

At Minerva, water is predominantly consumed in production and equipment sterilization activities. That is why the Company continually does work to prevent leaks and tries to use modern and more efficient equipment in using water resources. In terms of quality, the criteria established by Brazil's Ministry of Agriculture, Livestock, and Supply (MAPA) are followed.

Units are supplied with surface water and groundwater which, prior to being sent for industrial use, are duly treated at Water Treatment Stations. Management of water consumption is done by Environment supervisors at the industrial units and is passed on to factory managers, who work directly with each consumer sector. This allows for integration and engagement on the factory floor in actions to improve consumption and for preventive and corrective maintenance of leaks.

In 2014, water consumption at all Company units was 4,845,950 m³, a volume 1.9% higher than the previous year's total. This increase is a result of the start-up of new units. The volume of surface water consumed totaled 3,512,398 m³, with 1,333,552 m³ of groundwater consumed. **GRI G4-EN8**

Water Consumption (m³)		
2014	2013	2012
4.845.950	4.756.516	4.709.310



Rolim de Moura (RO) industrial unit.

- At the Araguaína (TO), Barretos (SP), Batayporã (MS), Campina Verde (MG), José Bonifácio (SP, including Casing), Palmeiras de Goiás (GO, including Biodiesel), Rolim de Moura (RO) and Leather, measurements were taken daily throughout 2014.
- At the Janaúba (MG) unit, measurements were taken starting in September 2014, when activities began.
- At the Várzea Grande (MT) and Mirassol D'Oeste (MT) units, Minerva activities began in October. Measurements therefore occurred as of this date. Prior to October, all consumption controls for these two units were executed by the BRF company.

11.3.2. EFFLUENT TREATMENT

Liquid effluents dispensed in operations are subject to physical, chemical and biological treatment at the Wastewater Treatment Stations (*Estações de Tratamento de Efluentes – ETEs*), later undergoing monitoring by sample to verify the efficacy of the system and points for improvement. At units where these effluents are used for irrigation, the soil is also monitored, as are groundwater and bodies of water that have been impacted by water generated at Company operations, always in accordance with environmental licensing requirements.

The Company recovered 2,560,926 liters of animal oil (tallow acid) from its effluents at industrial units. This volume is less than the previous year, as a result of significant improvement in the by-products factory (rendering plant) at the Palmeiras de Goiás unit as of June 2014, which increased meal production efficiency. Improvements were also made to the production process at the Biodiesel plant. Therefore, tallow waste that would have been recovered at the ETE is reused. At other units, work is done to raise awareness about reducing organic matter sent to the ETE. In addition, with the water shortage, all training has been intensified in relation to cutting water consumption – a topic covered during Environment Week. **GRI G4-EN27**

In 2014, Minerva disposed of 4,336 million cubic meters of treated effluents according to the standards required by Brazilian law. An average of around 88.85% of organic load was removed for units with lower reduction, with this number around 98% for more efficient units. **GRI G4-EN22**

11.3.3. WASTE DISPOSAL

Activities at Minerva Foods result in disposal of several kinds of solid waste. Each category of these materials has a specific destination so that they can be reused, eliminated or decontaminated, in order to leverage sustainable use.

In the case of recyclables (plastic packaging, hard plastics, paper, paperboard, scrap metal and used oil), Minerva separates material according to category and sells it to licensed companies, gaining a source of revenue from these sales. In 2014, the volume of solid waste recycled at industrial units reached 2,006,517 tons, up 1.81% in relation to 2013. Companies that receive this waste are in good legal standing, as are the landfills to which some materials are sent. In the case of waste deposited on agricultural soil, analyses are done of the material as well as the soil.

Volume of recycled material (kg)			
Industrials units	2014	2013	2012
Araguaína (TO)	127.401	35.167	42.958
Barretos (SP)	594.180	615.150	709.440
Batayporã (MS)	11.430	175.247	132.835
Campina Verde (MG)	36.197	83.198	102.796
José Bonifácio (SP)	312.270	405.035	425.971
Palmeiras de Goiás (GO)	557.497	490.270	415.244
Rolim de Moura (RO)	173.536	166.675	110.561
Leather	41.056	-	-
Janaúba (MG) ¹	50.420	-	-
Várzea Grande (MT) ²	52.370	-	-
Mirassol D'Oeste (MT) ²	50.160	-	-
Total	2.006.517	1.970.742	1.939.805

1. With activity starting on September 17, 2014.
2. With activities starting on October 1, 2014.

Materials considered hazardous, such as light bulbs and batteries, which are used in lab areas, infirmaries and maintenance at Minerva, are sent for special and appropriate transport to duly licensed companies, while oils dispensed in production processes are reused or burned in boilers.

11.3.4. GOOD BLOOD

The Good Blood (*Sangue Bom*) Project involves collection and appropriate disposal of cow blood from the bleeding process used in meat processing, optimizing Treatment Station (ETE) operations. The blood is sold to the plasma extraction industry.

11.4. ENERGY EFFICIENCY

Each unit at Minerva is responsible for its own energy maintenance and provides accountability of the kilowatt/hour cost per kilo of meat produced, always working with the goal of gaining the greatest possible efficiency. The Company purchases energy on the free market for the Araguaína (TO), Barretos (SP), José Bonifácio (SP), Mirassol d'Oeste (MT) and Palmeiras de Goiás (GO) units, while at units such as Araguaína (TO), Batayporã (MS), José Bonifácio (SP) and Palmeiras de Goiás (GO) it generates indirect energy using steam created in its production operations by burning tallow acid that comes from treatment of effluents. The Company also invests in equipment and technology with lower energy consumption.

In 2014, electric power consumption at Minerva units was 644,021.4319 GJ, 18.5% higher than the previous year, as a result of the acquisitions made by the Company.

Consumption of electric power and energy intensity GRI G4-EN3 G4-EN5		
Industrials units	2014	2013
Total electric power consumption (GJ)	644.021,4319	543.298,7808
Rate of energy intensity (GJ/Kg deboned)	0,0018	0,0015

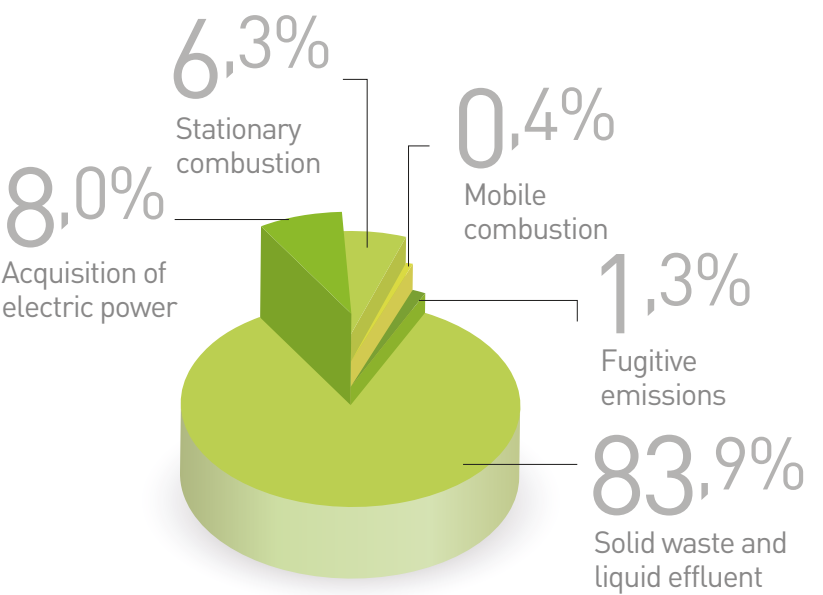
11.4.1. BIODIESEL

The Company also invests in clean energy and has a specific division, Minerva Biodiesel, that purchases beef tallow from Minerva's industrial units, which are then used to produce renewable fuel. Because of its environmentally sustainable nature, this process also has the advantage of adding value to the by-products from the slaughter of cows at the Company. In 2014, the Company consolidated biodiesel production technology using 100% beef tallow. Minerva Biodiesel also purchases supplementary raw materials, such as soybeans, Barbados nuts and peanuts from family farmers, for whom it develops a technical support and training program, contributing to qualification of farmers and their social inclusion. This work resulted in Brazil's Ministry of Agricultural Development granting Minerva the Social Fuel seal in 2012.

11.4.2. ATMOSPHERIC EMISSIONS GRI G4-DMA EMISSIONS

Minerva regularly monitors air quality in boilers and Greenhouse Gas (GHG) emissions. In 2014, the Company invested BRL 50,965.00 in performing analyses of atmospheric emissions from boilers as well as air quality analyses, finding that the standards required by Conama Resolution nº. 382/2006 and nº. 436/2011 were complied with. **GRI G4-EN21**

In its first GHG inventory, Minerva Foods hired a specialized company to compile data related to 2014, considering all production units in Brazil, Paraguay and Uruguay, in addition to the Distribution Centers in Brazil and Paraguay. The results were positive and will guide actions to reduce GHG emissions as of the next inventories, in addition to creating a historical record of the Company's emissions. This work was developed according to the intersectorial tool of the Brazilian GHG Protocol program, under Scopes 1¹ and 2², and the final result can be seen in the figure below.



1. Scope 1 is related to direct emissions from the company inventoried, that is, they come from sources that belong to or are controlled by the organization.
2. Scope 2 is related to emissions coming from electric and thermal power acquired by the inventoried company. Acquired power is understood as power brought to the organization. These are indirect emissions, since physical emissions occur where the power is produced.

Total emissions (tCO ₂ e) GRI G4-EN21		
Source of emission (tCO ₂ e)	Total emissions Scopes 1 and 2	Total emissions of biomass ¹
Stationary combustion	20.608,49	240.272,49
Mobile combustion	1.444,45	544,81
Fugitive emissions	4.216,46	-
Solid waste and Liquid effluents	273.096,41	-
Acquisition of electric power	26.071,60	-
TOTAL	325.437,42	240.817,30

1. Emissions resulting from biomass combustion are treated differently than those coming from fossil fuels. CO² released in biomass combustion is the same as CO² removed from the atmosphere during the photosynthesis process and, therefore, can be considered "carbon neutral." CO² emissions coming from biomass combustion should be excluded from Scopes 1, 2 and 3 and reported separately, a requirement that provides consistency with the national inventory.

11.4.3. DISTRIBUTION AND LOGISTICS

Efficient and integrated distribution logistics is one major differential of Minerva Foods. With industrial units and distribution centers in optimal locations to flexibly and quickly serve the entire Brazilian market and the markets in any country with trade relations with Brazil, Uruguay and Paraguay, the Company has accumulated vast experience in this area year-to-year, as occurred in 2014.

IN TERMS OF ENVIRONMENTAL SUSTAINABILITY, THE LOGISTICS AND DISTRIBUTION AREA FOLLOWS THE SAME STANDARDS OF EFFICIENCY AS THE ENTIRE COMPANY AND ALSO PROMOTES CONSTANT IMPROVEMENTS.

In 2014, one highlight was a lesson learned through experience operating in Paraguay. Containers with 27 tons of meat capacity are used in that market, while the standard in Brazil is to send 25 tons per unit. By incorporating the sending of 27 tons per container in its network, Minerva gained not only in productivity, but also reduced GHG emissions in the use of highway and maritime transport.

Another major advancement was the use of multimodal transport, expanded in 2014. This change involves expansion of the B-train trucks, cutting emissions in the transportation of containers. The Company plans to do a survey to verify the economic and environmental impact of this new position. Another major change was the increased use of trucks with the capacity to transport two containers, instead of just one. Today, most of the trucks carrying Minerva products use the B-train setup, with two trailers attached to each other, carrying two containers as cargo. Moreover, this increases productivity while lowering gas emissions.

Rationalization in over-the-road transportation management also moved forward with new planning, deployed as a pilot project in 2013 and expanded in 2014. When most of the trucks are returning to the ports, they make stops at input suppliers to supply raw materials. Compared to conventional transport, where trucks return to port empty and suppliers make a new trip to take supplies to their vehicles, this change has contributed to less pollutant emissions.

In relation to the foreign market, logistics chain is also concerned with sustainable development. Minerva works with a logistics chain by contracting its own storage, transport and insurance service, with strong partnerships with shipowners and port terminals in Brazil, obtaining significant operational efficiency to assure the high quality of its products and on-time delivery. The Company uses chartered shipping and containers, in addition to directly exporting its products to end consumers. With an efficient structure, Minerva is able to sell refrigerated beef products to a wide variety of foreign markets, including Europe, Asia, the Middle East and Africa.

11.5. COMMUNITY RELATIONS

Application of strict sustainability criteria at Minerva Foods operating units contributes to maximum reduction of the environmental impact on surround communities. The Company also adopts measures and procedures to participate in development of the regions where it operates.

One example is the Minerva Internship Program, which offers students with chances to receive additional education, identifying talents that can join its staff. These internships are geared towards students from areas compatible with the segments in which the Company operates and last one year, with the possibility for extension for another 12 months, in compliance with current law.

FOR 2015, MINERVA IS DEVELOPING A
STAKEHOLDER MAPPING PROJECT AND
DEVELOPMENT OF ENGAGEMENT PLANS
AT 22 BUSINESS UNITS, IN ACCORDANCE
WITH IFC PERFORMANCE STANDARDS.

The result of this measure is stronger communication and engagement initiatives with communities affected by the business units, as well as with other site stakeholders.

The Company also promotes an annual Environment Week, which involves campaigns to raise awareness regarding the use of natural resources, geared mostly towards students and employees. In 2014, the event took place in conjunction with the Internal Occupational Accident Prevention Week (Sipat) at some units, contributing to greater integration between the Environment and Occupational Health and Safety departments.

USE OF NATURALS RESOURCES AND
ENERGETIC EFFICIENCY IN 2014



3.803.857,02
in the environmental area

644.021,4319 GJ
of energy consumed

WATER CONSUMPTION



EFFLUENT TREATMENT

Discarded 4.336 billion cubic meters of treated effluents.



THE COMPANY RECOVERED FROM ITS EFFLUENTS

2.560.926 l Animal fat

WASTE DISPOSAL
1,81%

Greater in relation to the previous year.



VOLUME OF RECYCLED SOLID WASTE

2.006.517 kg



DISTRIBUTION AND LOGISTICS

↑ PRODUCTIVITY
↓ GHG EMISSIONS

27

TONS/CONTAINER



SANGUE BOM

The Sanguê Bom Project involves collection and suitable disposal of bovine blood resulting from the bleeding process during processing.

100%

PRODUCED WITH BEEF TALLOW



BIODIESEL

The Company invests in clean energy and has a specific division, Minerva Biodiesel, that purchases beef tallow from Minerva's industrial units, which is then used to produce renewable fuel.



ATMOSPHERIC EMISSIONS

THE COMPANY INVESTED BRL

50.965

In performing analyses of atmospheric emissions for both boilers and air quality, with findings showing that the required standards were met.

MORE INDICATORS ANSWERS

GRI CONTENT INDEX GRI G4-32

GENERAL STANDARD DISCLOSURES		
GENERAL STANDARD DISCLOSURES	PAGE	EXTERNAL ASSURANCE
STRATEGY AND ANALYSIS		
G4-1	18, 20	✓
G4-2	36	✓
CORPORATE PROFILE		
G4-3	4	✓
G4-4	15, 16	✓
G4-5	11	✓
G4-6	11	✓
G4-7	11	✓
G4-8	11, 38	✓
G4-9	11	✓
G4-10	13, 50	✓
G4-11	57	✓
G4-12	25, 66	✓
G4-13	27, 37	✓
G4-14	36	✓
G4-15	66	✓
G4-16	14	✓

GRI CONTENT INDEX G4 GRI G4-32

GENERAL STANDARD DISCLOSURES		
GENERAL STANDARD DISCLOSURES	PAGE	EXTERNAL ASSURANCE
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES		
G4-17	The list of entities included in the financial statements are at http // ri.minervafoods.com	✓
G4-18	6	✓
G4-19	8	✓
G4-20	4 and 6	✓
G4-21	6	✓
G4-22	There was no re-statement of information provided in earlier reports.	
G4-23	There were no significant changes from previous reporting periods in the scope and material aspect boundaries.	
CSTAKEHOLDER ENGAGEMENT		
G4-24	6	✓
G4-25	6	✓
G4-26	6	✓
G4-27	6, 8	✓
REPORT PROFILE		
G4-28	4	✓
G4-29	4	✓
G4-30	4	✓
G4-31	5	✓
G4-32	4, 76	✓
G4-33	4	✓
GOVERNANCE		
G4-34	26	✓
ETHICS AND INTEGRITY		
G4-56	15, 24	✓

PECIFIC STANDARD DISCLOSURES

MATERIAL ASPECT	DISCLOSURES ON MANAGEMENT APPROACH AND INDICATORS	PAGE	OMISSIONS	EXTERNAL ASSURANCE
CATEGORY: ECONOMIC				
Economic performance	G4-DMA	37 and 41		
	G4-EC1	43		✓
	G4-EC2	37		✓
	G4-EC3	57 Benefits for pensions, retirements and additions of Minerva follows the Brazilian social security legislation. Thus, the level of participation of its employees is required.		✓
Market presence	G4-DMA	57		
	G4-EC5	57		✓
	G4-EC6	54		✓
CATEGORY: ENVIRONMENTAL				
Materials	G4-DMA	65 until 75		
	G4-EN2	Minerva does not use recycled materials in its operations.		
Energy	G4-DMA	65 until 75		
	G4-EN3	70		✓
	G4-EN5	70		✓
Water	G4-DMA	65 until 75		
	G4-EN8	68		✓
Biodiversity	G4-DMA	65 until 75		
	G4-EN12	66		✓
Emissions	G4-DMA	70 and 71		
	G4-EN20	Ozone-depleting substances are not used.		
	G4-EN21	70, 71		✓
Effluents and waste	G4-DMA	68		
	G4-EN22	69		✓
	G4-EN24	There were no significant spills that created environmental impact at any Minerva unit.		
	G4-EN25	Minerva does not monitor the total weight of such hazardous waste for now, but will manage them.		

CATEGORY: ENVIRONMENTAL

Products and services	G4-DMA	68		
	G4-EN27	69		✓
	G4-EN28	Because of the specificity of Minerva's industry, packaging is not reclaimed.		
Compliance	G4-DMA	25		
	G4-EN29	None of Minerva's units received any sanctions resulting in significant fines in the year 2014.		
Overall	G4-DMA	68		
	G4-EN31	68		✓
Supplier environmental assessment	G4-DMA	67		
	G4-EN32	67		✓
	G4-EN33	66		✓
Environmental grievance mechanisms	G4-DMA	65 until 75		
	G4-EN34	The Company does not yet have formal environmental grievance mechanisms, but these mechanisms are in the phase of implementation of mapping by stakeholders, which will culminate in implementation of a formal grievance mechanism. Currently, in the event that a complaint is made, it is handled by the unit's administrative manager.		
CATEGORY: SOCIAL				
SUBCATEGORY: Labor practices and decent work				
Employment	G4-DMA	50 to 52		
	G4-LA1	50, 52 and 54		✓
	G4-LA2	57		✓
Occupational health and safety	G4-DMA	49 until 59		
	G4-LA5	58 100% of employees are represented in formal health and safety committees.		✓
	G4-LA6	58	Partially	✓
	G4-LA7	There are no workers with a high incidence or high risk of diseases related to their occupation.		
	G4-LA8	58		✓
Training and education	G4-DMA	54		
	G4-LA9	54	Partially	✓
	G4-LA10	54		✓
	G4-LA11	34	Partially	

GRI CONTENT INDEX G4 GRI G4-32

CATEGORY: SOCIAL				
SUBCATEGORY: Labor practices and decent work				
Diversity and equal opportunity	G4-DMA	50 until 52		
	G4-LA12	50, 51	Partially	✓
Equal remuneration for women and men	G4-DMA	34		
	G4-LA13	There is no differentiation in pay between the sexes or discrimination of any kind in wage and Human Resources Minerva Foods operations.		
Evaluación de proveedores en prácticas laborales	G4-DMA	67		
	G4-LA14	67		✓
	G4-LA15	67		✓
Mecanismos de quejas y reclamos relacionados a prácticas laborales	G4-DMA	50 until 52		
	G4-LA16	50	Partially	✓
SUBCATEGORY: Human rights				
Investments	G4-DMA	54		
	G4-HR1	There were no significant investment agreements and contracts.		
	G4-HR2	54		✓
Non-discrimination	G4-DMA	50 until 52		
	G4-HR3	50		✓
Freedom of association and collective bargaining	G4-DMA	24		
	G4-HR4	No cases registered.		
Child labor	G4-DMA	67		
	G4-HR5	The company abolishes and eradicates operations and suppliers identified as posing a risk for cases of child labor. The Code of Ethics and the Recruitment and Selection procedure are the measures taken to contribute to effective eradication of child labor. Child labor is not used, in accordance with law, which only allows employment of minors when they are included in a “Young Apprentice” program.		
				✓
Forced or compulsory labor	G4-DMA	67		
	G4-HR6	67		✓
Security practices	G4-DMA	62		
	G4-HR7	54		✓

GRI CONTENT INDEX G4 GRI G4-32

CATEGORY: SOCIETY				
SUBCATEGORY: Human rights				
Indigenous rights	G4-DMA	67		
	G4-HR8	67		✓
Assessment	G4-DMA	67		
	G4-HR9	100% of registrations done by the Company are subject to human rights assessments.		
Supplier human rights assessment	G4-DMA	67		
	G4-HR10	67		
	G4-HR11	67		
Human rights grievance mechanisms	G4-DMA	50 until 52		
	G4-HR12	50	Partially	✓
SUBCATEGORY: Society				
Anti-corruption	G4-DMA	24		
	G4-S03	24		✓
	G4-S04	24		✓
	G4-S05	There are no confirmed incidents of corruption.		
Anti-competitive behavior	G4-DMA	24		
	G4-S07	There were no occurrences of this nature in 2014.		
Compliance	G4-DMA	24		
	G4-S08	There were no occurrences of this nature in 2014.		
Supplier assessment for impacts on society	G4-DMA	67		
	G4-S09	67		✓
	G4-S10	67		✓
SUBCATEGORY: Product responsibility				
Customer Health and Safety	G4-DMA	62		
	G4-PR1	62		✓
	G4-PR2	62		✓
Product and Service Labeling	G4-DMA	62		
	G4-PR3	62		✓

GRI CONTENT INDEX G4 **GRI G4-32**

SUBCATEGORY: Product responsibility				
Product and service labeling	G4-DMA	61 until 63		
	G4-PR4	62		✓
	G4-PR5	61	Partially	✓
Customer privacy	G4-DMA	61 until 63		
	G4-PR8	The Company does not have formal grievance mechanisms, although these mechanisms are in the implementation phase. Nevertheless, there are no records of any breach of customer privacy and loss of customer data.		
Compliance	G4-DMA	61 until 63		
	G4-PR9	The Company did not have any significant fines for non-compliance with laws and regulations concerning the provision and use of products and services in 2014.		
FOOD PROCESSING SECTOR SUPPLEMENT				
Across all aspects of sourcing	G4-DMA	66		
	FP1	FP1 In 2014 there were 26,085 purchases made, comprising units of Araguaína Barretos, Batayporã, Campina Verde, frangipani, Jose Bonifacio, Mirassol D'Oeste, Palmeiras de Goiás, Rolim de Moura and Lowland Grande, as well as the Live Cattle, Bethlehem . Within this volume, there are 4,669 suppliers conform to our system (following criteria Ibama and MTE), ie, the CPF is referred to each purchase. Thus, the percentage of suppliers comply with procurement practices policy of the company is 100%.		
	FP2	62		✓
Labor/Management Relations	G4-DMA	49 until 59		
	FP3	The Company does not account for working time lost due to industrial disputes, strikes and/or lock-outs.		
Customer Health and Safety	G4-DMA	61 until 63		
	FP5	62	Partially	✓
Product and Service Labeling	G4-DMA	61 until 63		
	FP8	62		✓
Animal welfare	G4-DMA	25		
	FP9	25		✓
	FP11	25		✓
	FP13	61		✓

LIMITED ASSURANCE REPORT ISSUED
BY INDEPENDENT AUDITORS

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

INTRODUCTION

We have been engaged by Minerva S/A (“Company”) to submit our limited assurance report on the information contained in the 2014 Company Sustainability Report, relative to the year ended on December 31, 2014.

RESPONSIBILITIES OF THE COMPANY’S MANAGEMENT

The Management at Minerva S/A is responsible for preparing and adequately presenting the information contained in the 2014 Sustainability Report, pursuant to the “core” reporting option of version G4 of the GRI (Global Reporting Initiative) guidelines and for internal controls that management determines necessary to enable preparation of this information free from material misstatement, regardless of whether due to fraud or error.

INDEPENDENT AUDITORS’ RESPONSIBILITY

Our responsibility is to express a conclusion on the information in the Minerva S/A 2014 Annual Sustainability Report, based on the limited assurance work conducted according to Technical Notice CTO 01/12, issued by Brazil’s Federal Accounting Board (CFC) and prepared based on NBC TO 3000 - Assurance Engagements Other Than Audits and Reviews, issued by Brazil’s Federal Accounting Board (CFC), which is equivalent to international standard ISAE 3000, issued by the International Federation of Accountants, applicable to non-historical information.

These standards require compliance with ethical demands, including requirements of independence, and that work be executed with the goal of gaining limited assurance that the information contained in the Minerva S/A 2014 Sustainability Report, taken as a whole, is free of material misstatements.

A limited assurance engagement conducted according to NBC TO 3000 (ISAE 3000) consists mostly of making inquiries of the Company’s management and other Company professionals involved in preparing the information contained in the Minerva S/A 2014 Sustainability Report, as well as applying analytical procedures for finding evidence that allows us to make limited assurance conclusions regarding the information contained in the Company’s 2014 Sustainability Report. A limited assurance engagement also requires the execution of additional procedures, when the independent auditor is made aware of matters that lead him to believe that the information contained in the Minerva S/A 2014 Sustainability Report, considered as a whole, may present material misstatements.

The procedures selected are based on our understanding of aspects related to compilation and presentation of the information contained in the Minerva S/A 2014 Sustainability Report and on other circumstances of the engagement and our consideration regarding the areas where material misstatements may exist. Procedures included:

- (a) Planning of work, considering the relevance, volume of quantitative and qualitative information and operational and internal control systems that served as the basis for preparing the information contained in the **Minerva S/A** 2014 Sustainability Report;
- (b) Understanding the methodology for calculations and procedures for compiling indicators through interviews with the managers responsible for preparing information;
- (c) Application of analytical procedures concerning quantitative information with inquiries regarding the qualitative information and its correlation with the indicators reported in the information contained in the **Minerva S/A** 2014 Sustainability Report;
- (d) Comparison of financial indicators with accounting statements and/or accounting records.

The limited assurance engagement also included adherence to the preparatory guidelines and criteria for Sustainability Reports contained in version G4 of the GRI standard, applicable to preparation of the information contained in the **Minerva S/A** 2014 Sustainability Report.

SCOPE AND LIMITATIONS

The procedures applied in a limited assurance engagement are substantially less detailed than those applied in an assurance engagement aimed at issuing an opinion on the information contained in the **Minerva S/A** 2014 Sustainability Report.

Therefore, we were unable to obtain assurance that we would become aware of all matters that would be identified in an assurance engagement where the objective is to issue an opinion. If we had performed an engagement with the objective of issuing an opinion, we might have identified other matters and possible misstatements that may exist in the information contained in the **Minerva S/A** 2014 Sustainability Report. Accordingly, we do not express an opinion on this information.

Non-financial data are subject to more inherent limitations than financial data, given the nature and diversity of the methods used to determine, calculate or estimate these data. Qualitative interpretations of materiality, relevance and accuracy of the data are subject to individual assumptions and judgments. Furthermore, our engagement covered neither data reported in prior periods nor future projections and targets.

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 2014 Sustainability Report has not been compiled, in all material respects, according to version G4 of the GRI (Global Reporting Initiative) guidelines and according to the premises and methodologies used by **Minerva S/A**.

São Paulo, October 27, 2015.



BDO RCS Auditores Independentes
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