

MINERVA S.A.

Report on verification of the Athena Foods' system for Monitoring of Cattle Purchases, included in the Term of Reference for audit by third party, denominated "BEEF3_AUDIT_PY_JUL19_FINAL"



Tel.: + 55 11 3848 5880
Fax: + 55 11 3045 7363
www.bdo.com.br

Rua Major Quedinho 90
Consolação - São Paulo, SP
Brasil 01050-030

6215i/21
São Paulo, December 30, 2021

To
Minerva S.A. ('Minerva')
Barretos - SP

Attn.: Corporate Sustainability Management

Ref.: Report on verification of the Athena Foods' system for Monitoring of Cattle Purchases, included in the Term of Reference for audit by third party, denominated "BEEF3_AUDIT_PY_JUL19_FINAL"

Minerva Foods

Minerva S.A.

Previously agreed procedures

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1. Introduction

1.1. Objective of the work

Our work aimed to verify the Athena Foods system for Monitoring of Cattle Purchases, included in the Term of Reference for audit by third party, denominated "BEEF3_AUDIT_PY_JUL19_FINAL" - Audit procedures for cattle supply chain in Paraguay, related to the period from December 01, 2019 to December 31, 2020, with issuance of report on previously agreed procedures, in accordance with our Proposal nº 4055-21.

1.2. Methodology

The adopted procedures consisted of analysis on documents and information, in accordance with the Standard NBC TSC 4400 - Previously agreed procedures on accounting information, approved by Resolution CFC nº 1.277/10. Main procedures applied in the work include:

- Documental inspection;
- Inquiries through interviews carried out with the Company's collaborators who operate the monitoring system and Information Technology; and
- Simulations of the existing tools related to Athena Foods system for monitoring of cattle purchases.

1.3. Scope of the work

The scope of our work on previously agreed procedures was determined on the basis of the Term of Reference for audit by third party denominated "BEEF3_AUDIT_PY_JUL19_FINAL", aiming verification of the Athena Foods system for monitoring cattle purchases in the cattle supply chain in Paraguay, related to the period from December 01, 2019 to December 31, 2020.

Our work was carried out at the head office of Athena Foods in Asunción, Paraguay, at the following address: Capitán José Domingo Lombardo, Asunción, Paraguay, and at BDO head office at the following address: Rua Major Quedinho, 90, Consolação district, in São Paulo/SP, CEP: 01050-030.

1.4. Scope limitations

Considering that the mentioned procedures are not an audit work or a limited review conducted in accordance with the audit Standards or review Standards applicable in Brazil, we are not expressing any assurance regarding the cattle purchases related to the period from December 01, 2019 to December 31, 2020.



In case we had applied additional procedures or carried out an audit or review on the financial statements in accordance with the audit or review standards applicable in Brazil (NBC TAs or NBC TRs), other matters could have come to our knowledge, which would have been reported.

Our report is exclusively destined for the purpose described in item 1.1 and to inform you and shall not be used for any other purpose or distributed to third parties that have not taken responsibility for the sufficiency of, or that have not agreed with the mentioned procedures. This report is exclusively related to the above-described items and is not extensive to the financial statements of Athena Foods.

2. Introduction - Description of the Company and of the process for monitoring of bovine cattle purchase

For performance of this previously agreed procedures work, we have followed the guidelines of the Term of Reference (TdR), which describes the audit procedures of cattle supply chain in Paraguay, in accordance with the document "BEEF3_AUDIT_PY_JUL19_FINAL".

Before presenting the performed tests and their results, it is important to demonstrate the meaning of the following abbreviations, which may be used throughout the report, besides a brief description of the Company and of the process for monitoring of bovine cattle purchase:

- ASP: Protected Wilderness Areas (Áreas Silvestres Protegidas);
- FAPI: "Federación por la Autodeterminación de los Pueblos Indígenas";
- IFC: "International Finance Corporation";
- RUC: "Rol Único de Contribuyentes";
- SEAM: "Secretaria del Ambiente";
- SENACSA: "Servicio Nacional de Calidad y Salud Animal"; and
- SMGeo: System for Geographical Monitoring.

During the on-site audit, performed at the head office of Athena Foods in Asunción, Paraguay, from December 06 to 09, 2021, analyses were made relating to the routine for cattle purchase and interviews with the main professionals in charge of this area, including Niceplanet, an outsourced company responsible for the geo-monitoring of the properties that supply to Athena Foods, and so it was possible to verify the involved processes.

In addition, in order to obtain further details, we have requested the procedures manual of the Geographical Monitoring System (SMGeo), denominated "SMGeo Gran Chaco - Operational Procedure", besides other support documents that substantiate the assumptions of the TdR.

Minerva Foods is leader in export of beef in South America and also operates in the industrialization segment, commercializing its products to more than 100 countries. Besides Brazil, Minerva Foods is present in Paraguay, Argentina, Uruguay, Colombia and Chile through its subsidiary Athena Foods, an exporting company of beef from South America to the world.

Minerva Foods serves 05 (five) continents selling bovine meat and meat derivatives and operates 25 (twenty five) slaughtering and de-boning plants, 14 (fourteen) international offices, 14 (fourteen) distribution centers and 03 (three) processing plants.

In 2013, the Company entered into a partnership with International Finance Corporation (IFC) and an Environmental and Social Action Plan was established, which includes, among other actions, the implementation of a verification system to monitor the supply chain in the Chaco region in Paraguay.

On December 06, 2021 we received from Minerva team the action plan, which details the criteria for management of its primary suppliers, environmentally protected areas, identified indigenous lands and deforestation monitoring data, when available. The platform denominated SMGeo, developed in a configurable way to meet the established requirements, is structured with data and official files, published and made available in websites of agencies and institutions and with complementary register information obtained by Minerva Foods and Athena Foods from its suppliers of bovine animals for slaughter.

Results of the analyses made available to Minerva for decision-makings are based on the crosschecking and analysis of data and official public documents and, as necessary, of complementary documents, which are required from suppliers during the animals trading operation.

The methodology applied for use of the information and provision of the analyses result is described below:

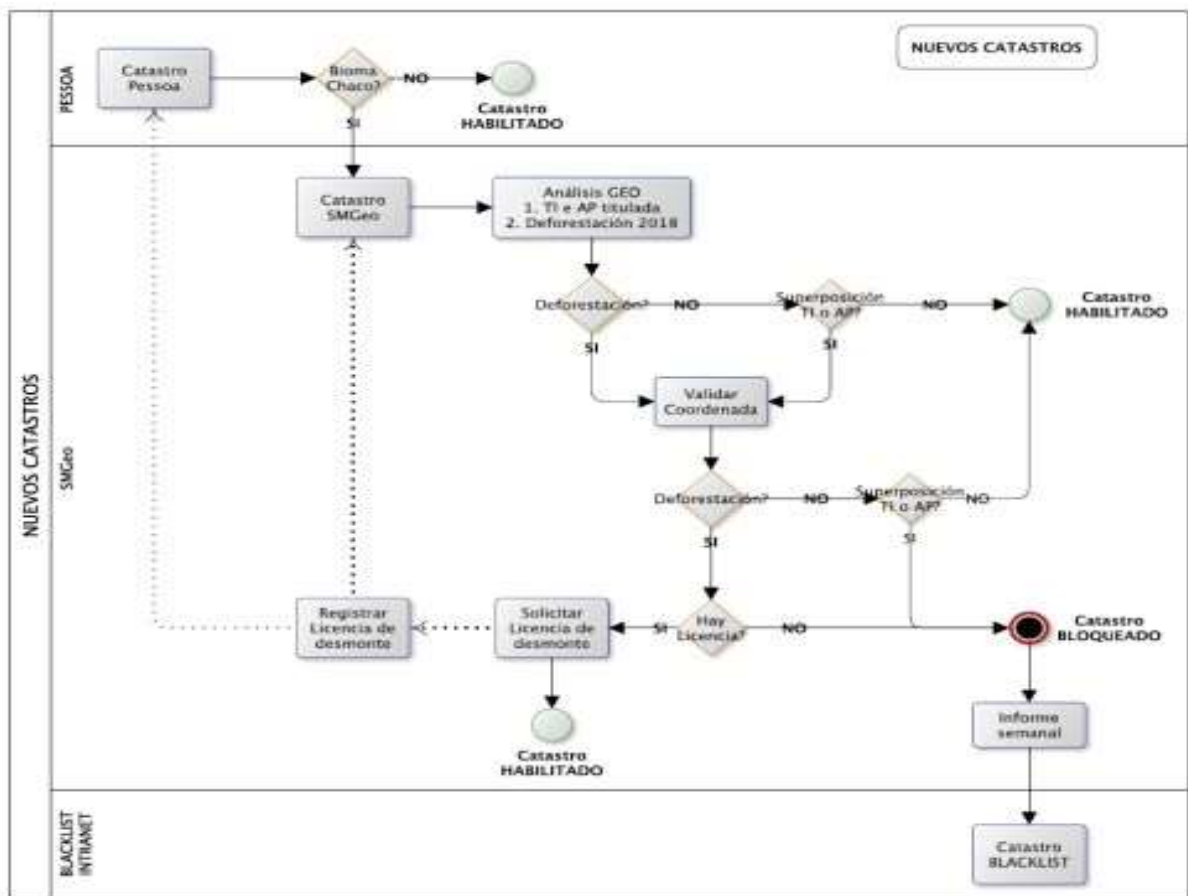
- Periodical update of the registers bases;
- Evaluation of new bovine cattle suppliers;
- Improvement in the system for register of suppliers;
- Update of the public information bases;
- Sanitization, validation and classification of the geographic coordinates of all suppliers included in the database, located in the Gran Chaco Americano biome, comprehending the states Alto Paraguay, Boqueron and Presidente Hayes;
- Comparison of the suppliers' geographical information with the public data for monitoring of deforestation and overlapping on Indigenous Lands and Protected Areas;
- Geospatial monitoring of the vegetation cover in the bovine cattle suppliers properties, for the Paraguay operations located in the Gran Chaco Americano Biome. In this case, the monitoring comprehends classification of the suppliers properties according to specification;
- Routines for analysis of social-environmental conformity of the suppliers;
- Generation of polygons in shapefile format and/or qualification of the geographic location of the cattle suppliers' properties. Shapefile is a popular format of file containing geospatial data in vector form, used by Geographic Information Systems; and
- Online support for users of the system.

Classification of suppliers' properties may be made through the polygon of the area or based on geographic coordinates. Geographic information may be collected on-site, informed to the industry or through documents received at the time of bovine acquisition.

In parallel to the monitoring, there is the register of suppliers, which is made by the DUX system, where the following items for conclusion of the register are fulfilled:

- Complement: Identification of the operation market for foreigners;
- Physical: Nature of register - Individuals or Legal Entities;
- Sector of Activity: Description rural producer;
- Addresses: Data on location of the property, State, District, Country;
- Papers: Description of register link for suppliers and clients;
- Contacts: Data for telephone contact and e-mail;
- Peculiarities: RUC and Senacsa information;
- International Banks: Bank data;
- Documents: Information and personal documents

The procedures described below are oriented according to the following flowchart:



Source: SMGeo Gran Chaco - Operational Procedure

Coordinates and Radius

As there is not a system or public bases with information on the perimeters of the properties located in Paraguay that enables the performance of territory analysis of the bovine suppliers properties, it was developed mapping procedure through geographical coordinates, enabling the fulfillment of the commitment.

The coordinates are obtained through a survey via GPS at the farmhouse or gate of the property, remittance of the location via application that uses the Smartphone GPS or through information included in the register at "Servicio Nacional de Calidad y Salud Animal" (SENACSA).

With the input of coordinates in the register of the supplier property to the platform SMGeo, the analysis is made in an automated way using the coordinate as reference to generate a polygonal with buffer of 2 km radius until March 2020 and 3 km as from that date, enabling the analysis of overlapping in the region where the supplier property is located.

There are 02 (two) classifications for properties with validated mapping perimeters:

- CLEARED Property - Without intersection

This classification is adopted when the perimeter of the supplier property, already validated by the mapping criteria of coordinates, does not overlap indigenous lands, environmentally protected areas or polygons of deforestation.

- BLOCKED Property - With intersection

This is adopted when the perimeter of the supplier property, already validated by the mapping criteria of coordinates, overlaps indigenous lands, environmentally protected areas or polygons of deforestation. Based on these classifications, there are parameters that are used in the social-environmental analysis in cases of areas with intersections: environmentally protected areas, indigenous lands and deforestation of vegetation cover.

1. Environmentally protected areas

These are areas of the country that have any usage restriction associated to a national Law or any other type of environment regulation (Decree or resolutions - national, state or municipal) depending on their classification, or that cannot be considered areas for supply of raw material for the beef industry.

The environmentally protected areas defined as high environmental risk are divided in two groups:

a) PROTECTED WILDERNESS AREAS (ASP): these are areas declared through some level of regulation that have restrictions or are of public domain. In Paraguay, there is a not lower number of protected wilderness areas, in other words, under public domain, even with restrictions of use by their owners. Likewise, there are ASP that are considered reserve of managed resources. Even if they are not national parks, in these areas there is some type of restriction for use and the owners are compelled to comply with the restrictions established by laws, decrees or specific regulations.

b) AUTARCHIC AREAS: These are under control and usage restriction of the bi-national entities Itaipu and Yacyretá. For purposes of the present classification, it has to be considered the areas not authorized for cattle supply.

Official files related to the perimeters of the protected areas used in the platform to overlap the supplier properties are available in the SEAM website.

Once it is observed that the property is overlapping some Protected Area, the platform SMGeo finalizes the register and it will be classified as BLOCKED.

Image charts are provided in the SMGeo platform for visualization of overlapping, indication of the area, overlapped percentage and certificates generated in the register of the analyzed suppliers.

2. Indigenous lands

Official files related to the perimeters of indigenous lands used in the platform to overlap the supplier properties are available at the Federación por la Autodeterminación de los Pueblos Indígenas (FAPI) website.

Once it is observed that the property is overlapping some indigenous land, the platform SMGeo finalizes the register and it will be classified as BLOCKED.

3. Deforestation of vegetation cover

The monthly monitoring of changes in the use of land in Gran Chaco Americano is a work that Guyra Paraguay develops since 2010. The Association Guyra Paraguay is a non-profit civil organization that works in defense and protection of the biological diversity of Paraguay and in the organized action of the population in order to guarantee the necessary living space so that future generations can know representative samples of the natural riches of Paraguay.

As from January 2018, the deforestation polygons provided by the monthly report will overlap the shapefiles of perimeters of the suppliers properties already registered at the SMGeo platform.

Once it is verified that the property is overlapping any deforestation polygon, the SMGeo platform finalizes the register and it will be considered as BLOCKED.

The interpretation of deforestation data is limited to the area where native vegetation cover was removed (deforested) without judging its legality or illegality. Therefore, the properties that have deforestation polygons overlapping its perimeters and have licenses or suppression authorization will be classified as CLEARED in compliance with the legal deforestation concepts until December 2021. In accordance with the Action Plan made with IFC, as from January 2022 the zero deforestation will be adopted.

The properties that have incidence of deforestation polygons, but do not present multi-temporal analyses of satellite images of deforestations indicated by the Guyrá, will be classified as CLEARED, characterizing the polygons as "False Positive" and the mapping charts will be provided by the SMGeo platform, evidencing the non-anthropization of the indicated area.

4. Information to the Blacklist

To all properties classified as "blocked - with overlapping", it is included the supplier number of the "Rol Único de Contribuyentes (RUC)" in the list of blocked at the purchase system of Athena, thus preventing future trades with them. The Company also blocks cattle breeders that appear in media with some type of environmental liability in order to prevent any interaction that may cause risk to its image.

As already mentioned, in case of indigenous lands and titled conservation areas, it is not possible to request licenses or authorization for suppression and the supplier is automatically included in the blacklist (blockage in the RUC). Only for deforestation it is possible to request the license for clearance of the property for purchase. After preventive blockage, the company makes a detailed analysis through satellite images, exploring individually each situation, with the objective of evaluating the possibility of regularizing these properties.

Advances in the SMGeo Direto platform in the Gran Chaco Paraguay Biome - 2021

In 2021, the Company presented to IFC improvements in the monitoring system of Minerva, containing the advances in the SMGeo Direto platform in the Gran Chaco Biome of Paraguay. The platform SMGeo Direto was developed in a configurable way to adapt itself to the reality of the various types of countries. In this way it is possible its configuration to meet the social-environmental protocols existing in the process of analysis of direct suppliers of bovine cattle, national and international.

SMGeo Direto is directed in a way similar to the SMGeo Gran Chaco in the information needed for register of suppliers and properties, but the platform has a division for the mapping analysis process and the social-environmental analysis process. However, now it goes through an analysis made by an environmental technician, what was previously made through the automatic buffer. In this respect, the data existing in the platform SMGeo Gran Chaco for the analyses process was migrated again in the SMGeo Direto platform, on the basis of the same protocol previously defined, but with all technology and intelligence embedded in the new platform.

At the remittance of a request for analysis of the producer and its property in the SMGeo Direto platform, there will be the first interaction with the demand, at the phase denominated mapping analysis. In this phase it is verified, analyzed and refined the information of coordinates, occurring therefore a work with the information included by the industry. This process then includes, in some cases, a return for verification and analysis of data, assuring a higher level of assertiveness in the informed pair of coordinates. Considering the scenario previously described for the SMGeo Gran Chaco platform, the analysis in this phase was made considering an area of 2 km with automatic buffer, due to the scarcity of information bases with the perimeters of the properties. Therefore, with the purpose of improving the environmental and social action plan, it was discussed with the cattle purchase team of Paraguay and Corporate Sustainability team and IFC, bases that could be aggregated in the analysis process. With the objective of crossing the informed pair of coordinates with an official geographic basis, it could be chosen a perimeter with exact relation to the property area.

Therefore, it was integrated to the analysis process the use of the "Serviço Nacional de Cadastros" - SNC database, which is the institution in charge of keeping inventory of all real estates in the country. Its function is to keep updated, safe and available to public the data on real estates.

It was also integrated the use of information on perimeters of properties included in the “Instituto Florestal Nacional” - INFONA database, an environmental agency of the country. The integration of both databases has occurred with the purpose of being possible to have to maximum of geographic information on property areas present in Paraguay, through public and official information.

The process of mapping analysis enables the crossing of the provided pair of coordinates with the perimeters base of the SNC and INFONA agencies, electing therefore the exact perimeter of the supplier property. In case it is not possible to locate the perimeter in the informed coordinates, an analysis is made considering the process of buffer definition of 3 km.

After the mapping analysis, where the perimeter definition occurs, the request demand is passed to the phase of socio-environmental analysis, which counts on the embedded artificial intelligence named Niceplanet Inteligência Artificial (NIA). NIA detects the criteria defined in the adjusted social-environmental protocols, and with this automatically presents a monitoring result.

This process occurs through a number of questions that the artificial intelligence was improved to answer. When NIA identifies a question that needs interaction of an analyst, it takes the request to an assisted phase. In this process NIA verifies if there is intersection of the property with any of the mentioned liabilities. In case an intersection is detected, there will be the need of interaction of a social-environmental analyst.

The interaction of technical analyst occurs for verification and analysis of each interaction, being possible the description of technical ground for justification in relation to the liability. For deforestation of the Guyrá, this justification may occur using multi-temporal satellite images to observe if there was or not vegetation removal in the intersection area. If deforestation has not occurred, it is possible to prepare a technical piece as justification, thus orientating the result as CLEARED. In cases of deforestation in 2018, 2019 and 2020 it is still possible, in case of cutting, the comparison with the areas of use of INFONA, where there is information in the environmental agency in force that such area had authorization to be explored.

It has also to be highlighted that for this criterion, as from 2022 there is an action plan with the IFC that in case of cutting, even with observation of usage area of INFONA, or presentation of authorization documents, even so the intersection may be classified as applicable and the property prevented from trade and being classified as BLOCKED.

Regarding advances in its system, in 2021 the Company made various improvements in its monitoring system, locking and register system, as for example: daily indicators of the slaughtering scale, pop-up with indication of farms without coordinates and production control for authorized properties, farms with coordinates to the Mc Donald´s.

3. Performed procedures

Firstly we evidence the actions described in the Socio and Environmental Action Plan (ESAP), comprehending specific provision of Supply Chain Management in Paraguay, as per the document "Minerva&IFC 2021_July":

1. Monitoring Criteria

- 1.1. Minerva will verify the compliance of each farm, and not in the high risk municipalities, using the coordinates to check its suppliers in the Chaco biome.
- 1.2. In each farm coordinate it will be applied a 2 km buffer until March 2020 and 3 km as from that date to analyze geographical data.

2. Mapping

- 2.1. Minerva will collect 250 coordinates of farms in the Chaco biome per year, using January 01, 2018 as cut date.

3. Purchase restrictions

- 3.1. Minerva will not have as suppliers the farms in the Chaco biome overlapped to polygons that have illegal deforestation, using January 01, 2018 as cut date.
- 3.2. Minerva will not have as suppliers the farms in the Chaco biome located in protected areas, officially recognized and with titles granted by the Paraguay government.
- 3.3. Minerva will not have as suppliers the farms in the Chaco biome located in indigenous areas, officially recognized and with titles granted by the Paraguay government.
- 3.4. As from January 01, 2022.
 - 3.4.1. Minerva will not have as suppliers the farms in the Chaco biome that overlaps legal and illegal deforestation polygons, using January 01, 2022 as cut date.
4. Minerva will incorporate issues of slave/child work in the system for management of the supply chain, as soon as it has an official reliable basis to the public.

5. Minerva will continue to participate in the “Mesa Redonda Paraguuaia para Carne Sustentável” and other initiatives of the sector. This will continue until the sustainable management of the bovine beef sector is in force.

(parts of text obtained from the document “Paraguay Cattle Supply Chain Audit Procedures”)

In order to evidence the fulfillment of the Term of Reference, the procedures below were performed:

3.1. Monitoring criteria

Assess if the geographical coordinates are applied in the geo-spatial monitoring system of Minerva to identify cattle breeders. If the Company does not meet the criteria, describe how the different farmers are identified in the monitoring system.

Assess if in each coordinate of the farm is applied a 2 km buffer until March 2020 and 3 km after that date, to analyze geographic date. If the company does not meet the criteria, describe the buffer distance applied to each coordinate.

Observed aspects

The procedures adopted in this phase consisted of analysis on documents and information, including receipt of the suppliers list, monitoring report of the SMGeo system from December 2019 to December 2020, evaluation of the coordinates for analysis of geographic data and understanding of the suppliers register.

After receipt of the spreadsheet containing the Monitoring Report, the understanding of the coordinates´ evaluation was made. The obtaining of the coordinates is made through survey via GPS at the main house or gate of the property, remittance of the location via APP that uses the Smartphone GPS or through information contained in the register at SENACSA.

The coordinates are included in the register of the supplier property to the SMGeo platform, which is a system for Geographic Monitoring, as already detailed in this Report. The analysis is made in an automated way, by using the coordinate as reference to generate a polygonal with buffer of 2 km radius until March 2020 and 3 km as from that date, enabling analysis on the overlapping in the region where the supplier property is located.

Thus, through analysis made on the SMGeo system, regarding the farms where the collection of coordinates was already made, it was applied a 2 km buffer until March 2020 and 3 km as from that date for analysis of the geographic data.

3.2. Mapping

Describe how many coordinates in the Chaco biome were collected at each year, in accordance with the criteria 2.1., for the 250 coordinates of farms per year.

(parts of text obtained from the document "Paraguay Cattle Supply Chain Audit Procedures")

Observed aspects

The remittance of the spreadsheet containing the Monitoring Report of the farms and inclusion of the collected coordinates was shared via e-mail on December 07, 2021, by the Corporate Sustainability team of Minerva Foods and Athena Foods.

It was collected up to now, from January 2019 to December 2020, 1.055 (one thousand and fifty five) coordinates of farms, being 270 (two hundred seventy) collected in 2019, from which 05 (five) were collected and analyzed in December 2019, and 785 (seven hundred and eighty five) collected and analyzed in 2020, exceeding, therefore, the minimum quantity of 250 (two hundred fifty) coordinates collected by year.

3.3. Purchase restrictions

Using the SMGeo monitoring system, Minerva extracts the report on blocked farms and assess the farms in which the radius corresponding to 2 km until March 2020 and 3 km as from that date, overlaps a deforestation polygon, using January 01, 2018 as date of cut, determining and providing evidence that the date of cut used for the evaluation was January 01, 2018. Regarding cases with indication of deforestation overlapping, analyze if an environmental license was presented by the farm's owner, to verify the compliance with the forestry code of Paraguay and the applicable laws for conversion of lands (legal deforestation). The farms having environmental licenses will be considered in compliance with the forestry code of Paraguay for legal conversion of lands (deforestation) and, therefore, are in conformity with Minerva's ESAP.

Regarding cases with indication of deforestation by overlapping corresponding to a radius of 2 km until March 2020 and 3 km as from that date and lack of environmental license, assess if the described farm and/or their owners are included in the blacklist of Minerva. Describe the non-conformities considering the coordinates that overlaps the deforestation polygons, after the agreed deadline, with lack of Environmental License, that are not included in the blacklist of Minerva.

Using the SMGeo monitoring system of Minerva, extract the report on blocked farms and evaluate if the farms for which the radius corresponding to 2 km overlaps the Protected Areas and/or Indigenous Areas, as described in the ESAP.

In cases with indication of overlapped protected areas and/or indigenous areas, evaluate if the described farm and/or their owners are included in the blacklist of Minerva. Describe the non-conformities, considering farms that overlap Protected Areas and/or Indigenous Areas that are not included in the blacklist of Minerva.

(parts of text obtained from the document "Paraguay Cattle Supply Chain Audit Procedures")

Observed aspects

In order to meet this requirement, on December 07, 2021 we received via email the spreadsheet containing the Monitoring Report, shared by the Corporate Sustainability team of Minerva Foods and Athena Foods.

The database shared by the team of Minerva Foods and Athena Foods had a total of 100 (one hundred) suppliers blocked in the SMGeo system. All of them were included in the blacklist due to intersection with indigenous areas, protected areas, deforestation and slave work and are duly blocked in the system of register and purchase of cattle of Athena Foods.

The DUX system (register) is not integrated via API to the SMGeo system (monitoring). For this reason, the inclusion of owners in the blacklist and their consequent blockage are manually made.

There aren't public lists available in Paraguay that support consultations about suppliers regarding work conditions similar to slave work. Regarding deforestation, it was possible to monitor through the media in Paraguay, which is currently the only information vehicle, but since June 2018 the publications of lists and analysis has ceased, what makes difficult the follow-up by Athena Foods.

Finally, only in respect to indigenous lands, there is an official government website that provides lists for consultation, which is the FAPI.

3.4. Purchases restrictions: Minerva will incorporate labor issues/child work in the system for management of supply chain, as soon as a feasible official database is available to the public

By using a feasible official database, available to the public, evaluate if the mentioned farms and/or their owners are included in the blacklist of Minerva. Describe the non-conformities, considering farms and/or their owners that are not included in the blacklist of Minerva. If a feasible official base is not available to the public, the criteria will not be considered as non-conformity.

(parts of text obtained from the document "Paraguay Cattle Supply Chain Audit Procedures")

Observed aspects

In relation to labor issues/child and slave work there aren't official lists disclosed by apt agencies. Only if there is communication of such events or some news in the media, the Company will make a preventive blockage of the property.

The fact of not existing official lists disclosed by apt agencies jeopardizes the tests and conclusion regarding the criteria established in the above-mentioned items.

3.5. Paraguayan Roundtable and other initiatives of the sector

Examine if the Company is formally registered and represented in the Paraguayan Roundtable for Sustainable Beef and in any other initiative of the sector.

(parts of text obtained from the document "Paraguay Cattle Supply Chain Audit Procedures")

Observed aspects

In order to meet this requirement, Athena Foods participates in various work groups, which discuss initiatives of the sector, as for example:

- Work Group of Sustainable Cattle Raising (GTPS) (Grupo de Trabalho de Pecuária Sustentável -GTPS), in Brazil;
- Colombian Table (Mesa Colombiana);
- Paraguayan Table of Sustainable Beef (Mesa Paraguaia de Carne Sustentável); and
- Global Roundtable for Sustainable Beef (GRSB).

With the roundtable Athena aims to increasingly assure the sanitation requirements of the consumer market, of quality and type of the offered meat and guarantee the safety of the food and of the consumer.

3.6. Exam on Minerva Foods Blacklist - analysis of the system for blockage of non-conformity suppliers

Using the purchases system of Minerva (Cattle Purchase), evaluate the efficacy of the blockage system (blacklist) for non-conformity suppliers, simulating a purchase procedure to be made by the purchases team overseen by an independent auditor. For each criterion of purchases restriction, randomly select a representative sample (in conformity with the international standard for audit sampling) of blocked suppliers to be tested.

In cases when a farm and/or its owner are listed in the blacklist and it is possible to carry out a purchase procedure in the purchases system of Minerva (Cattle Purchase), describe as non-conformity.

(parts of text obtained from the document "Paraguay Cattle Supply Chain Audit Procedures")



Observed aspects

Aiming to meet this requirement, on December 07, 2021 we received via e-mail the spreadsheet that contains the Monitoring Report, shared by the Corporate Sustainability team of Minerva Foods and Athena Foods.

The database shared by Minerva Foods and Athena Foods team contained a total of 100 (one hundred) blocked suppliers in the SMGeo system. Therefore, through the statistical software denominated IDEA, we have selected 25 (twenty five) properties to perform the blockage tests.

We have performed the blockage test on the 25 (twenty five) suppliers through a purchase simulation, informing their RUC code to the professional in charge of purchases at Athena Foods and following up the process in the system on December 09, 2021.

From these suppliers, 16 (sixteen) are registered in the register system of Athena Foods and 09 (nine) are not registered in the system, but the RUC code is preventively included in the blacklist, aiming to prevent the register and purchase from them. The system has blocked 22 (twenty two) suppliers, not being possible to continue with the purchase. For 03 (three) suppliers, the Company presented the results of social-environmental analyses as justifications for clearance of the supplier's RUC in its purchase system.



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

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

Annexes

Table 1 - Coordinates in Chaco Biome

	Calculations	
Total number of farms with purchases in Paraguay (period from Dec/2019 to Dec/2020)	N/A	N/A
% of farms with coordinates in relation to total purchases in Paraguay, analyzed in SMGEO system	N/A	N/A
Total number of farms with purchases in Chaco biome (period from Dec/2019 to Dec/2020)	1,238	
% of farms with coordinates in relation to total purchases in Chaco Biome, analyzed in SMGEO system	85%	85%
Total number of cattle heads purchased in Paraguay (period from Dec/2019 to Dec/2020)	N/A	N/A
% of cattle heads with coordinates in relation to total purchases in Paraguay, analyzed in SMGEO system	N/A	N/A
Total number of cattle heads purchased in Chaco biome (period from Dec/2019 to Dec/2020)	382,819	
% of cattle heads with coordinates in relation to total purchases in Chaco Biome, analyzed in SMGEO system	79%	79%

Table 2 - Non-conformities found in the audit period

Non-conformity	Total farms in non-conformity (Chaco biome)	% of farms in non-conformity in relation to total number of supplier farms in the period (Chaco biome)	% of farms in non-conformity in relation to total number of supplier farms in the period (Paraguay)	% cattle in non-conformity in relation to total supplier cattle in the period (Chaco biome)	% cattle in non-conformity in relation to total supplier cattle in the period (Paraguay)
Minerva shall not have as suppliers any farms in the Chaco Biome overlapping with illegal deforestation polygons, using the cut-off date of January 01, 2018.	0	0%	0%	0%	0%
Minerva shall not have as suppliers any farms in the Chaco Biome located in officially recognized protected areas owned by the Government of Paraguay.	0	0%	0%	0%	0%
Minerva shall not have as suppliers any farms in the Chaco Biome located in officially recognized indigenous land owned by the Government of Paraguay.	0	0%	0%	0%	0%
Minerva shall not have as suppliers any farms in the Chaco Biome overlapping with legal and illegal deforestation polygons, using the cut-off date of January 01, 2022.	N/A	N/A	N/A	N/A	N/A
Minerva will include labor / child labor matters in the supply chain management system as soon as an official viable database is available to the public.	N/A	N/A	N/A	N/A	N/A