

2018

SUSTAINABILITY REPORT



Minerva Foods



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Approach Minerva Foods and Athena Foods

GRI 102-1, GRI 102-2, GRI 102-5, 102-7

Minerva Foods (Minerva S.A.) is a South American leader in the exportation of beef in natura and beef by-products, as well as processed meats. In August of 2018 the Board of Directors by means of a resolution, approved the required contribution necessary, in order to indirectly become a shareholder of the total share capital of Athena Foods S.A. a joint-stock company created in accordance with the regulations of Chile. Athena Foods S.A. has become responsible for the operations and trading of the business units located in Argentina, Colombia, Paraguay and Uruguay and it is responsible for more than 30% of the meat that is consumed in Chile. Athena Foods values the importance of a healthy diet and understands how to meet the most demanding levels of taste and quality demanded by the most sophisticated markets.

Together, Minerva and Athena have become a joint company operating 25 industrial units distributed throughout Brazil, Argentina, Colombia, Paraguay and Uruguay, with a slaughter capacity of 26,380 heads of cattle per day (11,880 by Minerva and 14,500 by Athena) able to meet the needs of millions of its clients. While Minerva is responsible for the operations of 11 plants located throughout Brazil (in seven states - Goiás, Mato Grosso, Mato Grosso do Sul, Minas Gerais, Rondônia, São Paulo and Tocantins), Athena manages the operations of five units in Argentina, one in Colombia, five in Paraguay and three in Uruguay.

The Company exports to more than 100 countries around the world by means of 13 commercial offices and 14 distribution centers, nine of which are operated by Minerva throughout Brazil, and five operated by Athena, of which one is located in Argentina, two in Chile, one in Colombia and one in Paraguay.

In order to manage its business operations, the Company was structured into three major operations: 1. Brazil Industrial Division: Operating out of Brazil, Minerva is responsible for the production of: beef in natura byproducts such as offal, tripe, tallow, bone meal, biodiesel and leather, as well as processed beef products such as specialty cuts and items produced by Minerva Fine Foods, all of which are sold in domestic and export markets.

2. Athena Foods: operating in Argentina, Colombia, Paraguay, and Uruguay, with distribution out of Chile, it is dedicated to the production of beef in natura, byproducts such as offal, tripe, tallow, bone meal, biodiesel and leather, as well as processed beef products such as specialty cuts, and items produced by Swift in Argentina, all of which are sold in domestic and export markets.

3. Trading Division: with extensive productive sources throughout South America and Oceania, expanding beyond bovine protein production into the segments of live cattle trading of protein in export markets, trading of protein and resale of third-party products in the domestic market, as well as power trading in the Brazilian market.

Sustainability integrates the pillars of the Company, which considers that providing food, preserving the planet and human value are essential concepts. Therefore, Minerva and Athena Foods have taken measures to guarantee a ranch to table sustainable growth model that respects the environment and encourages the development of all stakeholders of their productive chain.

By meeting and following the standards set by the International Financial Corporation (IFC), it is the only company of its sector in Latin America, to have received funding from IFC for its sustainable practices and for generating value along its productive chain.

Activities and brands

GRI 102-2

Businesses and products

The Company operates the divisions of Beef, Distribution, Trading and others. The Beef division presides over commodities and value added products within the units of Brazil (Minerva Foods) and international operations (Argentina, Chile, Colombia, Paraguay and Uruguay – Athena Foods).



Message from the Board of Directors

GRI 102-14

South America features a thriving industry outlook possessing the only cattle herd in expansion worldwide and an increased participation in world exports, solidifying itself as the region that is best able to meet the ever increasing global demand. Ever ready to continue to grow, we have prepared strategically in order to take advantage of this opportunity, having acquired the industrial plants in Mercosur in 2017 as well as having finalized the operational integration phase of all units over the last year.

Taking the lead in beef exports from South America, with 21% of the Market share, our revenues for 2018 from export markets increased by 40%, with the primary focus placed on emerging markets as well as operating in niche markets. In order to enable our strategy, we had the support of 13 international offices and we maintained a sales structure organized by means of three channels: Industry, Foodservice, and Retail.

We have also made achievements and have a good perspective on the domestic market with the Brazilian economy showing signs of improvement. In 2018 we have expanded into the food service, premium brands, and niche market segments. In addition, we recorded market share and profitability gains in addition to an 11% increase of our points of sale when compared to the previous year.

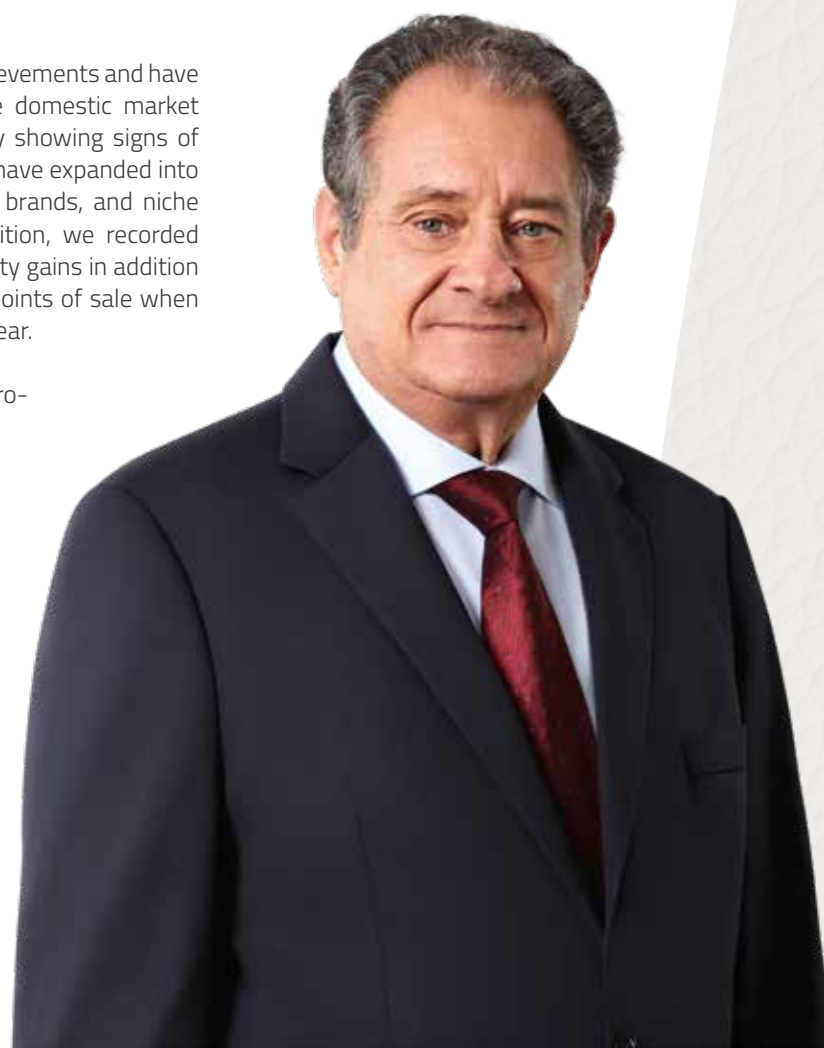
In our commitment to providing safe and high quality food, we have applied a series of initiatives, at various stages of the value chain, including steps for an increased efficiency in our procedures and traceability of our supply chain.

Starting from the origin of our raw material all the way to the tables of high end chefs to the household consumers worldwide these actions contribute to the socio-environmental and economic development of the places in which we operate, creating an added value for our stakeholders and strengthening our business sustainability.

We remain steadfast in strengthening ties with our stakeholders and expanding into markets worldwide, strategically and focused on maintaining an efficient operation and offering quality products.

Ibar Vilela de Queiroz

Board of Directors President



Message from Management

GRI 102-14

2018 proved to be yet another challenging year in the history of the Company bringing about significant achievements. We completed the integration of all facilities acquired in South America during the 2017 year, implemented an accelerated program for financial deleveraging, and created a new avenue for generating growth and value: Athena Foods, out of the region's most diverse operating platform, South America's leading beef export is born.

Our commodity and our operation strategy is based on large-scale production with efficient channels of distribution and risk management. Therefore, over the last year, we have worked to standardize the management procedures of our operations within the various countries, as well as the expansion of our marketing intelligence tool: Beef Desk which allows to strategically address the aspects of industry-specific prices and margins of foreign operations.

Achieving these results required planning, agility and discipline, on three closely interlinked work fronts: geographical diversification, growth and strengthening of distribution channels, and an operational strategy lead by efficient actions. A strategic diversification in South America, with a focus on new markets, permitted for business to be conducted at a global scale minimizing the dependency on domestic markets during periods of volatility and economic downturn.

Understanding how to take advantage of market conditions, our business growth has been driven by an increase in demand, all the while we continuously pursue ways to boost operational efficiency. The incorporation of technology and employee engagement in actions such as health and safety and efficiency are strategic for improving our productivity, the safety of our products and the quality of the work environment.

Gathered in 2018, the capacity utilization rate demonstrated a three percentage point increase when compared to 2017 and ended up at approximately 78%.

Fernando Galletti de Queiroz

Chief Executive Officer

By having a net revenue of R\$ 16.2 billion over the last year, equivalent to a 16% increase when compared to 2017, we exceeded the expectations for the period with a 22% return on invested capital.

We continue to focus our efforts on carrying out our business model with greater excellence and efficiency, searching for greater commercial expansion into domestic and export markets, greater geographical diversification in the sale of our own and third party products, and the integration of our continuous improvement programs, ever confident in the direction in which we are heading.

For 2019, our focus will continue to be to seek out the best results, confident that it is obtainable by means of operational efficiency and quality excellence.



Awards, certificates and recognition



Best in Agribusiness

For the second year in a row, the Company is proud of having received the award for Best in Agribusiness under the category Beef Industry, by the magazine *Globo Rural*, in partnership with Serasa Experian.

A la Exportación Argentina Award

An award from the magazine *Prensa Económica*, which chose Swift Argentina as the abattoir industry that exported the most in 2017.

The Best of *Dinheiro Rural*

The Best abattoir under the *Mega Empresa* category. This award was created by the magazine *Editora Três* to honor companies that have transformed Brazilian agribusiness into one of the most important in the world. The award is divided into two parts, contemplating the Best Companies in Agribusiness and Livestock Highlights.

Ranking FDC of Brazilian Multinationals

The Company placed 8th in the FDC Ranking of Brazilian Multinationals, which explores issues regarding the internationalization process of companies and generates observations regarding the trajectory of Brazilian multinationals, their international strategies and achieved results.

Época *Negócios* 360° Yearbook

Achieved third place in corporate management in the Foods and Beverages category. The *Época Negócios* yearbook, elects the best companies in the country using criteria such as financial performance, people, innovation, sustainability, forward-thinking and corporate management.

Institutional Investor Ranking

A survey developed by Institutional Investor recognized the best Executive Teams of Latin America of 2018. The ranking highlighted the best Chief Executive Officers (CEOs), Chief Financial Officers (CFOs) and investor relations professionals (IR) in addition to recognizing the top companies in Latin America in 12 sectors. Minerva Foods was featured under the Food & Beverage sector.

Category: Executive Team – General Ranking

The Best Investor Relations Professional:

Eduardo Puzziello (Investors Relations Director) – 2nd place

Category: Executive Team of Low Capitalization Companies

Best CEO: Fernando Galletti de Queiroz (President) – 2nd place

Best Investors Relations professional: Eduardo Puzziello (Investors Relations Director) – 1st place

Best Investors Relations Team: Minerva Foods – 1st place

Best Investors Relations Program: Minerva Foods – 1st place

Best Analyst Day: Minerva Foods (Minerva Day) – 1st place

100 most successful managers

José Amaral, Operations Manager in Colombia, awarded as one of the 100 best managers by the magazine *Gerente*.



Minerva Foods and Athena Foods

Locations of Operations

GRI 102-3, GRI 102-4

With industrial units and distribution centers, the Company operates out of six countries spread throughout Brazil, Argentina, Chile, Colombia, Paraguay and Uruguay, in addition to having a chain of international offices in 13 countries. Its 25 production units are strategically located near major ports of export and domestic markets, as well as a broad base of livestock suppliers.

The Company possesses a greater flexibility in regards to processing production due to its larger deboning capacity than that of its slaughter capacity. It can process cattle and third-party purchased carcasses, thus, maximizing the levels for profitability since beef processing is what generates greater added-value to beef.

Athena Foods

RELATED BUSINESS

Cartagena (Colombia)
Minerva Live Cattle
Santiago (Chile)
Minerva Live Cattle
Montevideu (Uruguay)
Minerva Live Cattle
Assunção (Paraguay)
Minerva Leather

DISTRIBUTION CENTERS

Bogotá (Colombia)
Concepción (Chile)
Santiago (Chile)
Assunção (Paraguay)
Pilar (Argentina)

MEAT PROCESSING UNITS

Pilar (Argentina)
Rosário (Argentina)

Minerva Foods

PRODUCTION UNITS AND TRADING DIVISION UNITS:

| | |
|-------------------------|-----------------------|
| Barretos (SP) | Campina Verde (MG) |
| Janaúba (MG) | Goianésia (GO) |
| Palmeiras de Goiás (GO) | Mirassol D'Oeste (MT) |
| Rolim de Moura (RO) | Belém (PA) |
| Araguaína (TO) | Pelotas (RS) |
| José Bonifácio (SP) | São Paulo (SP) |
| Várzea Grande (MT) | |
| Batayporã (MS) | |

DISTRIBUTION CENTERS

Aparecida de Goiânia (GO)
Araraquara (SP)
Belo Horizonte (MG)
Brasília (DF)
Cariacica (ES)
Fortaleza (CE)
Recife (PE)
São Paulo (SP)
Uberlândia (MG)

MEAT PROCESSING UNITS

Barretos (SP)

International

TRADING DIVISION

Murarrie (Australia)
Minerva Foods Asia

INTERNATIONAL OFFICES

Algeria, Australia, Chile, China, Egypt, United States, Hong Kong, England, Italy, Lebanon, New Zealand, Russia, Singapore.

Minerva Foods

Minerva Foods

Minerva Foods is a South American leader in the exportation of beef *in natura* and beef by-products as well as in the production of processed meat. Its wide product portfolio is produced in 11 industrial units that are distributed across seven states in Brazil, as well as one protein processing unit also located within the national territory. Its distribution network spreads out across Ceará, Espírito Santo, Goiás, Minas Gerais, Pernambuco and São Paulo, as well as the nation's capital *Distrito Federal*, enabling the distribution of its own and third-parties products within the domestic market. The Company also works in the trading market of beef protein, encompassing the segments of live cattle, protein trading in export markets, protein trading and resale of third-party products in the domestic market, in addition to electrical energy trading by means of *Minerva Energia*.

Athena Foods

Athena Foods is a Chilean Company with operations in Argentina, Colombia, Paraguay and Uruguay. Managed by Minerva S.A., Athena emerged as a leader in the global market of beef exports out of South America to the rest of the world. It is responsible for more than 30% of the meat consumed in Chile, ensuring that it meets the highest level of quality taste and health.

With industrial plants, processing units, and distribution centers strategically located in Latin America countries, the Company guarantees the most efficient delivery of a broad and complete line of animal proteins.

Minerva Fine Foods

The Company's Brazilian brand in the segment of processed meats. Since its initial beginnings up to the construction of the industrial unit, located within the city of Barretos (SP), everything was planned to ensure that the Company could offer the best and newest animal protein-based integrated products.

Minerva Fine Foods has the know-how, technology and experience to create, develop and produce items made from *in natura* meats that are cooked, baked, and grilled, from poultry, pork, and beef; using several processing technologies, catered to the needs and expectations of its customers. Create and develop are key-words in the work philosophy of the brand.

Minerva Live Cattle Exports

One of the largest live cattle exporters in the world, Minerva Live Cattle Exports began its operations in 2003, its path paved by the experience in the logistics of live cattle transport of Minerva Foods.

With operational centers strategically located in Brazil, Chile, Colombia, and Uruguay, the Company offers its customers the greatest diversification of cattle breeds and opportunities for price negotiation.

By means of specialized logistics, the Company operates in compliance with international regulations for animal welfare and is able to export to countries in Latin America, Asia, Africa and the Middle East, while maintaining a high quality standard for the handling, shipping and transport of its livestock.

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The Company operates out of six countries spread throughout Brazil, Argentina, Chile, Colombia, Paraguay and Uruguay, in addition to having a chain of international offices in 13 countries



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Minerva Foods invests daily in the modernization of its industrial units perform strategic acquisitions maintain a broad and personalized portfolio quality products, and has a distribution logistics integrated and efficient.



Minerva Leather

With more than 20 years in operation, Minerva Leather is recognized and respected worldwide in the leather industry for its superior quality and strength, making it today one of the main suppliers of leather in Latin America.

Minerva Foods leather division provides global companies with leather in the wet blue and semi-finished state, to be used in several industries, such as automotive, furniture, footwear and artisan crafts.

Minerva Casings

As a way to add value to its beef by-products, Minerva Casings produces and markets natural casings that meet international standards for quality, to be used for the production of sausages in the world's most demanding markets.

In addition to offering consistency in the production and uniformity of its casings, its products undergo the most rigorous sanitation and quality control procedures.

Minerva Energia

Minerva Energia was created to manage the exposure of the Company's facilities in the Brazilian power market, including the monitoring of power consumption, balancing its long and short term positions, and the management of the power purchase agreements in regulated and deregulated markets.

Ideal for the development of market activities, it offers its trading partners creative, structured, and customized products in Brazil's deregulated energy market, in order to reduce direct and indirect expenses with this resource.

Minerva Biodiesel

Minerva Biodiesel produces a renewable source of energy out of beef tallow that is certified with the Social Fuel Seal. A member of the *Programa Nacional de Biodiesel do Brasil* a Brazilian program in biodiesel, all its production is marketed at biofuel auctions organized by the *Agência Nacional de Petróleo (ANP)* a national agency for petroleum.

The raw material comes from the Company's processing facilities in Brazil in addition to those from third-party producers, with the possibility of utilizing other sources such as soy, peanut and jatropha seeds.

With one hundred percent of its technology developed in partnership with Brazilian universities, Minerva Biodiesel adds to the value to a beef processing by-product, while at the same time strengthening its commitment to environmental sustainability.

Minerva Beef Shop

Minerva Beef Shop a flagship store for those who love meat, where people can find the best products for that day-to-day menu, special occasions and the traditional barbecue.

Located in Barretos, location of the Company's headquarters, the store is geared towards the retail market, adding value to the main ingredient in Brazilian dishes and providing an experience that engages the consumer in to the world of meat.

Minerva Foods Asia

Acquired in 2016, IMTP - established in Australia since 1973 as the supplier of premium meat for the global market, it was named Minerva Foods Asia, maintaining its culture while at the same time receiving a great boost of innovation in order to achieve the highest standards in business.

In 2018, the Brazilian company Intermeat, an importer and exporter of animal protein that had belonged to the Company since 2016, was incorporated into Minerva Foods Asia, broadening the performance of the Australian trading market in addition to integrating a wide range of experience in working with different cultures and traditions to the Company.

Minerva Ingredients

Minerva Ingredients is responsible for the production and marketing of ingredients related to the beef production process such as beef tallow, bone and blood meal, as well as bones for the pet food industry. Its primary material comes from the slaughter and deboning process of the Company's industrial units in Brazil.

Mission, Vision and Values

GRI 102-16

The Company's history is guided by a solid administration that is disciplined, consistent, and experienced, that seeks to operate in strategic markets through the use of risk management tools.

Mission

To provide quality foods around the world, while maintaining socioeconomic and environmental responsibility, Minerva Foods works with a high level of operational efficiency, promoting teamwork and employee appreciation, cultivating respect and trust in the areas of business in which it operates.

Vision

To be the most efficient company, always seeking to maximize its returns on capital investments in all its segments of business, along with the adequate policies for risk management.

Values

Integrity, commitment, responsibility, initiative, co-operation, simplicity and determination.

The history of the Company is based on a solid administration, disciplined, consistent and knowledgeable.

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Risk management and Corporate Governance

GRI 102-18

Working in a business that is both traditional and diversified, the Company and its subsidiaries are exposed to several different kinds of risk, from financial to socio-environmental. In order to manage these risks, a culture for decision making was developed, based on sound information, adopting internal policies and tools for the daily monitoring of data that support its strategy, as well as to address any issues.

In the scope of financial risk, the Company relies on the procedures established in Financial Risk Management that have been approved by its upper management, in cooperation with the Risk Committee that works to identify, assess, mitigate and mon-

itor such issues. It provides assistance to the Executive and Board of Directors in the implementation of necessary actions to mitigate risk factors which are constantly analysed. The Company also relies on a management tool called Beef Desk, which is a Market intelligence desk, essential for decision making.

Other dimensions of risk, such as environmental and operational, are addressed by several internal policies and procedures. Approved for each business, these documents outline the procedures that must be taken by company employees, outlining any possible risks that have been identified.



Beef Desk

Beef Desk functions as a trading desk for commodities, aimed at providing efficiency and assertiveness in decision making. Coordinated by the area of Market intelligence, it gathers several managers from various business segments of Commercial, Planning and Production, Cattle Purchasing, Treasury, Trading and Market Risk, for daily meetings in order to exchange information and strategic decisions based on the analysis of market forces and potential curve shifts, the prices of inputs and final products, outlining a short term operational strategy. Many resources are used in order to mitigate risks in price volatility, as well as to maximize margins.

The Company also has weekly meetings; Choice Meeting and Pricing, in order to define the projections for beef cuts according to the profitability of each market, based on the analysis of aspects such as labor cost, freight and taxes.

Minerva Day 2018, São Paulo



The Company is in line with the regulations of the Code of Best Corporate Governance Practices by the Brazilian Institute for Corporate Governance (IBGC), and guides its actions through the regulations of the Securities and Exchange Commission (CVM). These guidelines are integrated into the matrix management model, which makes the internal procedures more dynamic and ensures greater efficiency in responding to market demands.

As a member of the B3 segment (*Brazil, Bolsa, Balcão*) of the Stock Market in São Paulo, the Company maintains a strict standard on the disclosure of information of its guidelines: it submits quarterly operating results and holds annual

public meetings with analysts and those interested in the economic and financial performance, projects, and other perspectives issues.

At the center of the Company's structure of governance is the Board of Directors, aligned with Auditing. In 2018, the board went through changes of its Presidency, Mr. Edivar Vilela de Queiroz was replaced by Mr. Ibar Vilela de Queiroz, and Frederico Alcântara de Queiroz assumed the role of the Vice-Presidency.

The Board of Directors is accountable for the two Executive Boards, Statutory and Non-statutory that report directly to the CEO. They are responsible for coordinating, managing,

directing, and supervising executive and management tasks, in order to ensure that the mechanisms of internal control are in place to guarantee operational efficiency, the proper management of activities and businesses, as well as the assertive reporting of information that directly influence financial statements.

In addition to the Risk Committee, the structure of governance include the Ethics and Integrity Committee, in the rendering of concerns regarding conflict of ethics. In permanent advisory role as a consultant in order to assist the Board of Directors with any issues regarding risks related to the integrity and reputation of the Company.

The Company is based on the principles Fundamentals of Corporate Governance: transparency, fairness, accountability, and corporate responsibility.

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Minerva Foods

Foreign Initiatives and Affiliations

GRI 102-12, GRI 102-13

The Company is part of the *Associação Brasileira das Companhias Abertas* (Abrasca), *Associação Brasileira de Reciclagem Animal* (Abra), *Sindicato da Indústria do Frio no Estado de São Paulo* (Sindifrio); holds a seat in the *Conselho de Governança da Associação Brasileira das Indústrias Exportadoras de Carne* (Abiec); and is part of the *Conselho Diretor do Grupo de Trabalho da Pecuária Sustentável* (GTPS), internationally known as Brazilian Roundtable on Sustainable Livestock (BRSI).

In its international units, the Company is a member of the *Mesa Paraguaya de Carne Sostenible* (MPCS), and the *Mesa Argentina de Carne Sostenible* (MACS), in addition to being part of an association class with *Abiec* and the *Câmara de Carnes Paraguaia* in order to stay up to date on multi-stakeholder discussions and to offer its contributions on the sustainability of the meat supply chain. It is also participates in the *Mesa da Pecuária Sustentável of Colombia*, in which by means of a value chain approach strives to maintain a continuous improvement in quality, productivity and profitability of the sector as well as the preservation of ecosystems.

In Paraguay, the Company moved forward on a multi-stakeholder project, Forest Conservation Agriculture Alliance – *Alianza para el Desarrollo Sostenible*, in conjunction with; the United States Agency for International Development (USAID), International Finance Corporation (IFC), World Wildlife Fund (WWF), Wildlife Conservation Society (WCS), *Asociación de Municipios*

de Chaco Central and *Cooperativa Neuland*. In 2018, the project held a technical field activity in Estancia Montania in the Paraguayan Chaco, with the organization and leadership of the Company and the participation of hundreds of regional rural producers, who were able to share experiences and attend technical lectures on animal nutrition, global meat market, and the preservation of fauna in the Chaco biome.

The Company is a signatory to the following commitments:

- Pacto Nacional pela Erradicação do Trabalho Escravo (National Pact for the Eradication of Slave Labor)
- Padrão de Desempenho da IFC aplicáveis ao negócio (IFC Performance Standard for businesses)
- Compromisso Público da Pecuária (“Moratória da Carne”) (Public Livestock Commitment)
- Forest Conservation Agriculture Alliance (FCAA).



Ethics, compliance and transparency

GRI 102-17, GRI 205-1, GRI 205-2, 408-1, 409-1, 411-1, 412-2, 406-1

Ethics and transparency are unquestionable principles for the Company, which are highlighted in its Code of Ethics. It is a Guide of Conduct which states that it is the responsibility of all to ensure that each workday is filled with respect, courtesy, and professionalism, in compliance with the law, prohibiting any form of abuse, harassment, corruption and discrimination, as well as prohibiting employees from performing activities that may constitute conflicts of interest. No employee, regardless of their position or under any circumstances, has the power to request or take action contrary to the regulations established in the document, nor to omit in this regard.

From the moment an employee joins the Company or whenever there is an update in the rules of conduct, employees must read and sign the terms, as well as participate in training in this regard. In 2018, after the revision on the Code of Ethics – Guide to Ethical Conduct, training was conducted for employees regarding the revision. The same procedure took place regarding updates to Minerva S.A. policies on; Securities Trading, Anti-corruption and anti-bribery practices and Prevention of Conflicts of Interests, the last two encompassing corporate employ-

ees, as well as supervisors, coordinators and managers in all business units.

The Company checks the registry from the department of the Ministry of Labor and Employment for employers who have imposed conditions similar to slavery, terminating the relationship with any such partner or supplier identified. Furthermore, all the contracts have terms reinforcing the commitment to eradicating slavery and child labor that may hinder the continuity of employment relationship in cases where non-compliance of these terms are identified.

Having particular concern towards Indigenous Lands, the Company frequently sends letters of notification to the regions belonging to the *Fundação Nacional do Índio* (Funai) in order to identify new reports of invasions in these lands. However, within the last year the Company has not been informed of any evidence of expansion into these rural areas. In order to identify the probability of encroachment into areas beyond the boundaries by farmers and ranchers as outlined on documents made available by *Funai*, the Company uses an analysis methodology by use of satellite, a procedure that in 2018,



Edison Ticle

Chief Financial Officer

enabled the identification of a farmer who had infringe into indigenous land, therefore terminating negotiations.

The Company established *Conexão Minerva*, an ombudsman channel that listens to the internal and external public, ensuring anonymity and the privacy of information allowing for suggestions, praises and the reporting of possible violations to its rules of conduct or current legislation. The channel is available 24 hours per day, seven days a week, by internet, telephone, email and letters. The internal channel is for the exclusive use of the employees, they may still address their supervisors for assistance if needed; the external channel is open to the general public.

For the processing of cases received, there is an ombudsman who responds directly to the Ethics and Integrity Committee. The internal consequences may vary, depending on the severity and nature of the violation, from a simple warning up to termination or the termination of contracts with outside vendors, service providers, etc. Such measures do not substitute or exempt the offender of potential applicable legal action and related legal penalties.



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The Company
there is
responsibility
ethics and
integrity to all
the audiences of
the relationship.



Relationship with stakeholders

GRI 102-40, GRI 102-42, GRI 102-43, GRI 102-44

The Company believes in the importance of every stakeholder for the success of its operations, highlighting among their main stakeholders are the local communities, civil society, customers, shareholders and financial stakeholders, vendors, internal and external employees, unions and public agencies.

One of the primary forms of stakeholder engagement is through a survey of the most relevant topics which is the backbone of the annual Sustainability Report. This survey, developed through the use of questionnaires, interviews, research and analysis of the segment helps to map out the main subject matter for the Company's stakeholders and engage those involved in each topic.

In 2018, a revision of the Company's Materiality was performed, using a new engagement procedure for the identification of the most relevant topics, and the criteria selected by the stakeholder participants were the high level of demand on issues of sustainability and high legitimacy on their categories.

Cattle breeder, associations and labor unions

Always aware of the realities of its supply chain, the Company looks for ways to remain close to cattle breeders and their representing associations, through an active communication such as sending informative emails on the sector and promoting events on topics such as field efficiency, sustainability, animal health and welfare. The program *Falando de Pecuária*, a discussion roundtable, invites the cattle breeders for events focused on topics that interest them.

In Brazil and in other countries in which it operates, the Company is committed to the participation of groups of the segment such as GTPS (Roundtable for Sustainable Livestock), of which the Board is a member of and in the discussion boards with several key players of the sector. Including, *Mesa Argentina de Carne Sostenible*, and it participates in discussions with Non-Governmental Organizations (NGOs), such as the WWF in Paraguay, and government agencies as USAID.

Shareholders and Financial Stakeholders

The engagement with stockholders and financial stakeholders

is developed through topics such as the economic scenario, company strategy, in addition to the operational and financial performance of its domestic and foreign operations. Further engagement is carried out through organized events such as Minerva Day, in São Paulo and New York, and teleconferences to present quarterly and annual results.

In addition to maintaining financial information on its *website* available to the general public, and quick access to its open communication channels, the Company offers shareholders and financial stakeholders a direct link to its Investor Relations team.



Employees

As the employees are essential to the Company, several initiatives are organized to strengthen their engagement, exploring topics directly connected to their daily work life as well as health and family issues.

In 2018, the main highlight of employee engagement was the SGI Journey, that promoted awareness on topics in relation to *Sistema de Gestão Integrado* (SGI) (Integrated Management System), especially regarding the environment, health and safety, food safety and social responsibility. The journey included several of the Company's business units, including those in its international operations.

To commemorate special days such as Mothers' Day, Children's Day, Women's Day and employees birth-

days, the Company holds celebrations, hands out gifts and gestures of appreciation, such as massages that were offered on Women's Day at some of the business units. Christmas is an opportunity to spread solidarity, by collecting food, clothes and toys to be donated to charity organizations.

Employees health receives special attention through programs such as Project Maternity which promotes special care for expecting mothers and handing out information on pregnancy and the care of mother and child. Pink October promotes breast cancer prevention through lectures and awareness.

International Day of People with Disabilities is also a very important celebration. It promotes reflecting on the issue as well as the sharing of

ideas on how to include people with disabilities in the Company.

Local Community

One of the activities the Company has in order to engage with local communities is *Projeto de Assistência às Comunidades Rurais* (Pascor), which operates in Abaetetuba (Pará), in partnership with the *Sindicato dos Produtores Rurais* of Igarapé-Miri, *Federação da Agricultura e Pecuária* of Pará (Faepa) and the *Secretaria Estadual de Desenvolvimento Agropecuário e de Pesca* (Sedap). The Project supports the work of institutions involved with rural farming communities to help improve the income and quality of life of small family farms.

In 2018, these communities were able to participate in *Jornada SGI* (SGI Journey) through the activity of *Portas*

Abertas (Open Doors), organized with the objective to promote an integration between the Company and the communities in which it operates.

Suppliers

GRI 308-1, GRI 308-2,
GRI 409-1, GRI 414-1, GRI 102-9

The Company operates under strict criteria to ensure that its suppliers of cattle follow policies that reject the use of child, forced or slave labor, are not involved in rural violence and agrarian conflicts. In addition, relying on the assistance of the *Programa de Cálculo do Desflorestamento da Amazônia* (Prodes), from the *Instituto Nacional de Pesquisas Espaciais* (Inpe) it ensures ranchers do not promote the exploitation of embargoed, con-

servation and protected areas, encroachment on Indigenous Lands and deforestation of the Amazon biome. Therefore, it performs assessments based on socio-environmental criteria mentioned above, terminating commercial relations with those who break the law, until they are in complete compliance with the regulations.

Minerva Foods assesses all new registered suppliers, and conducts periodic assessments of all current registered suppliers, privately monitoring approximately more than 8 million hectares in the Amazon Biome. In 2018, Minerva negotiated for its prime material cattle, from over 5,232 suppliers with an additional 2,001 added to its supply chain. During this period, 162 cases of ineligibility were identified as high risk potential, of which 159 displayed inadequacies

identified by geospatial monitoring of their property, two had been black listed by the Ministry of Labor and Employment and one for having overlapped into indigenous land.

Exemplifying their commitment to sustainability in the industry, the Company participates in the *Grupo de Trabalho da Pecuária Sustentável* (GTPS), the first roundtable for sustainable beef in the world. Sustainable Livestock adds value to the business by allowing subsidizing purchase through land intelligence. It is possible to identify the exact location and type of cattle of each producer by production land management through accurate data collection, and above all geographical coordinates. This allows for more target specific purchases geared towards the final product, in addition to optimizing expenses on logistics.



Buying Cattle Convention 2018



Financial performance

GRI 103-2 GRI 103-3

A leader in South America in the exportation of beef *in-natura* and its by-products, and operations in the segment of processed meats, the Company is listed on the B3 (*Brasil, Bolsa, Balcão*) and has its *American Depositary Receipts* (ADR) negotiated in the United States over-the-counter market (OTC), thereby relying on the Nasdaq International program. The following is a presentation of the financial and operational information for 2018 according to the BR GAAP guidelines and the International Financial Reporting Standards (IFRS).

In 2018, the Company recorded free cash flow of R\$ 752 million, after financial expenses, capital expenses and working capital. The cash flow from operational activities reached R\$ 1.3 billion. The gross income was R\$ 17.2 billion, a record revenue of 33% higher than in 2017.

Last year, exports reached 62% of the gross income, consolidating the Company as the biggest exporter of beef in South America, with a Market participation of more than 21% in the region.

Adjusted earnings before interest and taxes, depreciation and amortization (Ebitda) for 2018 totaled R\$ 1.6 billion, with an adjusted Ebitda of margin 9.6%. Therefore the Company's cash position at the end of the year was R\$ 4.4 billion, having a net debt of R\$ 6.1 billion, while the financial leverage, measured from the multiple net debt/Ebitda of the last 12 months was 3.9x, resulting in 1.1x less than recorded in the third quarter of 2018.

On December 20, 2018, the Company completed an increase on its private capital totaling approximately R\$ 965 million. Using resources from the operation, an offer for early settlement of its perpetual bonds in the amount of U\$ 224.5 million was made, contributing to a reduction of its gross debt.

Gross income by division

Beginning with the first quarter of 2018, the Company adopted a new format for disclosing its income based on business operations with the objective of improving communications between the market, and to facilitate understanding of its business areas, which can be observed below:



Brazil Industry Division

In 2018, the gross income of the Brazil Industry Division reached R\$ 7.5 billion, an 8.5% higher than the results from 2017.

Foreign market

The foreign market was responsible for 65.9% of the gross income of 2018. Exports generated an income of R\$ 4.927 billion to the division in 2018, reaching 13.3% above the previous year.

The primary markets for the Brazil Industry Division in 2018 were Asia and the Middle East, which respectively accounted for 27% and 25% of the total amount exported. The development of the division's export revenues by region, can be seen as follows:

- Africa: In 2018, the participation of Africa in the division of exports demonstrated an increase of two percentage points when compared to the previous year, accounting for 16% of the total amount exported.

- Americas: In 2018, of the total amount of exports for the division, the Americas accounted for 15%, an increase of seven p.p. when compared to 2017. The increase can be explained by a greater routing to the Chilean and Argentinian markets throughout the year.

- Asia: In 2018, the participation of Asia in the division of exports demonstrated five p.p. higher than the previous year, and the region was responsible for 27% of its exports, thereby becoming a principal destination.

- Commonwealth of Independent States (CIS): The participation of the CIS, represented chiefly by Russia, in exports for the division was 2% in 2018, which represents a reduction of seven p.p. compared to 2017. It is important to remember that in December 2017, Russia blocked the imports of beef from Brazil which remained in effect until October of the following year.

- Europe: Europe was the destination for 15% of the exports for the division in 2018, an increase of two p.p. compared to 2017.

- The Middle East: The second largest market for 2018. The Middle East accounted for 25% of the exports for the division, which represented a decrease of seven p.p. when compared to the previous year. Some of the beef cuts destined for this region were re-directed through the asian market.



Domestic market

In 2018, the domestic market was responsible for 34.1% of the gross income of the Brazil Industry Division. In a comparison between year 2018 and 2017, there was stability in performance, resulting in a gross income of R\$ 2.554 billion, 0.4% greater than that of 2017.

It is important to emphasize that in the first semester of the year, in addition to having had low performance due to the seasonal effect, ended up being impacted by the adverse conditions imposed by the trucks strike that took place in May, leading to an impact on the reduction of slaughter. However, the positive performance recorded in the second semester mitigated this effect. The key factors that boosted sales in the domestic market for 2018 were the optimization of the distribution model with an increase in distribution focused on more resilient markets; an increase in the confidence and purchasing power of the local consumer resulting in the economic revival of Brazil; and the positive seasonal effect due to vacation and end of the year holiday festivities.

Athena Foods

In 2018, the gross income of Athena Foods Division, consisting of the operations of the production units in Argentina, Colombia, Paraguay, Uruguay and the distribution in Chile, amounted to R\$ 6.907 billion, resulting in an 81.4% when compared to 2017.

Foreign Market

In 2018, the foreign market accounted for 72.3% of the gross income of Athena Foods Division. This performance represents a gross income of R\$ 4.994 billion in the year, resulting an 87.8% above the result reached in 2017.

Throughout the last year, the exports of Athena Foods Division were impacted mainly by the positive performance in Argentina, which had resumed exports to important markets, such as China, Europe and the United States. In Paraguay, whose exports demonstrated a great increase, especially to Russia, as a result of the embargo Russia had placed on Brazilian exports.

Below, it is possible to see in detail, the development of the division's export revenues by region between 2017 and 2018:

- Africa: In 2018, the participation of Africa in the exports of the division showed a decrease of two p.p., when compared to 2017, responding for one percent of the total amount exported.

- Americas: Of the total amount of exports for the division, the Americas had a participation of 19% in 2018, a decrease of 11 p.p. when compared to 2017. The result is a reflection of greater routing to the Russian market, with a reduction of focus on the Chilean market.

- Asia: In 2018, the participation of Asia the exports of the division, demonstrated an increase of 10 p.p. when compared to 2017, making it responsible for 36% of the total amount exported contributing to the region becoming its main export destination.

- CIS: The participation of CIS, represented chiefly by Russia, accounted for 22% of the exports of the division

in 2018, an increase of 16 p.p. greater than in 2017. As previously explained, with the block of imports from Brazil imposed by Russia, the demand was redirected to the Athena Foods Division, mainly to plants Paraguay.

- Europe: The exports to Europe accounted for 12% of the total exports by the division in 2018, a steady performance when compared to 2017.

- Region of the North American Free Trade Agreement (Nafta): In 2018, the Nafta region accounted for 5% of the exports of Athena Foods Division, which represented a decrease of four p.p. compared to the previous year.

- The Middle East: The Middle East was responsible for 5% of the exports from Athena Foods Division in 2018, a decrease of about nine p.p. when compared to 2017.

Domestic market

In 2018, the domestic market accounted for 27.7% of the gross income of the Athena Foods Division. Thus, the division had a gross income of R\$ 1.914 billion in the year, a 66.7% higher result when compared to 2017, a performance of 3.3% higher when compared to the same period in 2017.

It is worth mentioning that in 2018, the processed meats segment

reached a gross income of R\$ 630.6 million, about three times higher than in 2017. In order to achieve this positive performance, it was fundamental to optimize the distribution with in the internal market, looking to capitalize on the expansion of the food service segment, as well as the brand architecture in niche markets and an expansion of the product portfolio.

Trading Division

The Trading Division which comprises the results of the segments of live cattle, protein and energy trading, as well as third-party resales, reported a gross income of R\$ 2.838 billion, a 24.4% higher result than the previous year.

Foreign market

In 2018 the Trading Division obtained 26.6% of its gross income from the foreign market, which corresponds to R\$ 755.7 million.

Domestic market

In 2018, the domestic market accounted for 73.4% of the gross income of the Trading Division. The sales from the division in the domestic market reached R\$2.082 billion in the year, an increase of 23.3% when compared to 2017.



Trading Division

Reported a gross income of **R\$ 2.838 billion**, a **24.4%** higher result than the previous year.

In 2018, the domestic market accounted for **73.4%** of the gross income of the Trading Division

Athena Foods

In 2018, the gross income of Athena Foods amounted to **R\$ 6.907 billion**, resulting in an **81.4%** when compared to 2017.

In 2018, a gross income of **R\$ 4.994** billion in the year, resulting an **87.8%** above the result reached in 2017.

The division had a gross income of **R\$ 1.914 billion** in the year, a **66.7%** higher result when compared to 2017

Brazil Industry Division

The gross income of the Brazil Industry Division reached

R\$ 7.5 billion,

an **8,5%** higher than the results from 2017;

Foreign Market:

Exports generated an income of R\$ 4.927 billion to the division in 2018, reaching 13.3% above the previous year.

Domestic Market:

In a comparison between year 2018 and 2017, there was stability in performance, resulting in a gross income of R\$ 2.554 billion, 0.4% greater than that of 2017.

FINANCIAL PERFORMANCE

2017

Free cash flow
R\$ **388,8**
Million

A gross revenue was approximately **R\$ 13.0 billion**, **26.5%** higher than in 2016, making it a new all-time record.

2018

Free cash flow

R\$ **752**
Million

The gross income was **R\$ 17.2 billion**, a record revenue of **33%** higher than in 2017.

Exports reached 62% of the gross income, consolidating the Company as the biggest exporter of beef in South America, with a Market participation of more than 21% in the region.

MAIN ECONOMIC INDICATORS

Net Income - R\$ Million

2018



R\$ 16.214,9

2017



R\$ 12.103,8

2017



R\$ 14.033,5 (proforma)

EBITDA/Mg. EBITA - R\$ Million

2018



1.550,4 / 9,6%

2017



1.265,8 / 9,0%

Capital Goods- R\$ Million

2018



189,1

2017



1.386,1

Cash - R\$ Million

2018



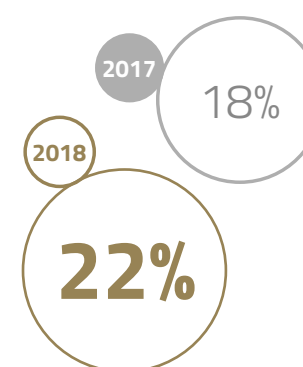
4.397,0

2017

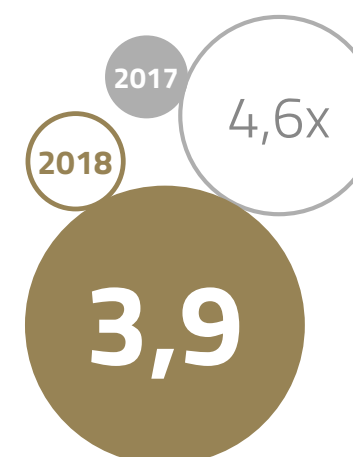


3.807,3

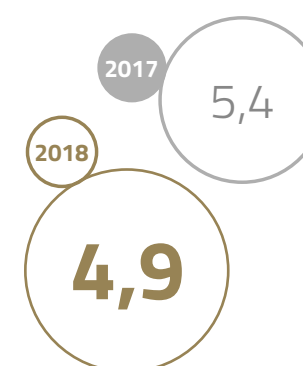
Return on
invested capital



Net Debt /
Ebitda LTM



Duration of Debt
(years)



Markets

GRI 102-6

The Company services small, medium and large clients, located on five continents and regionalized in the following markets: The North of Africa, Asia, the Americas, CIS, the Middle East, Nafta and the European Union.

The Company consolidates its flexibility to work in different geographical areas by integrating its business units in Brazil and in Latin America, thereby avoiding market restrictions imposed in certain regions. This competitive advantage favors the gaining of value through synergies, enabling the Company to reach its greatest goal for the following year: deleveraging and cash flow.

The Company is well-positioned to operate in a more assertive way within the global market of animal protein. It has a strong export strategy of integrating the operations of several business units in Latin America, a region with good natural conditions for agricultural production, and the only one in the world with an increasing herd of cattle. The Company accounts for approximately one fourth of the exports out of Latin-American, which has grown when compared to global exports.

The strengthening of this export strategy includes the establishment of a network of international offices and the work of a market intelligence division that works diligently to seek out opportunities around the world. Moreover, it is a strategy that has been favored in Brazil, due to the devaluation scenario of its exchange rate.

With 13 commercial offices, the majority in the Middle East and in Asia, the Company looks to benefit from the strategic advantage brought on by internationalization. Its network of offices is prepared to have a standardized operation, while at the same time it seeks to learn and respond to the needs of each country.

Centralized in South America, the Company has Asia and the Middle East as its main mar-

kets, while also serving the European Union. Last year there was a significant increase in the amount exported, and the goal is to attain an even higher growth through the diversification of sales channels and the standardization of commercial procedures.

In order to broaden its exports, the Company focuses on niche markets, identifying demands and offering value-added products, as well as in emerging markets. From its operating units in Argentina and Uruguay, the Company sees an opportunity to enter into the Australian market in which its livestock has been affected by adverse natural conditions over the last few years. In addition, it expanded its position with the opening of the United States market to Argentine beef and the opening of Japan to Uruguayan beef, both occurring towards the end of 2018. An increase in potential to access Chinese markets has been enhanced due to the difficulties of African production and swine flu. In addition, an opening of Indonesia and the reopening of the United States for Brazilian meat is expected.

Therefore, the Company awaits 2019 with expectations of having greater access to the main consumer markets in the world, enabling it to increase its client base and diversify its exports in each country.

Brazil

With the greatest numbers in livestock of South America and a 32% growth over the last ten years, in 2018, the operation in Brazil faced the challenge of losing both the United States and the Russian markets which had suspended the entry of meat produced in Brazil. For the Company, this loss was dealt by increasing the exports out of units from other countries. Even so, the Brazilian operation continued increasing its exports, and recovered a part of the Russian market. The operation maintained a high level of productivity in its plants by having more than 25% of the exports targeted towards Asia and maintaining between 20% to 25% to the Middle East.

Meat around the world

Brazil, India, Australia and the United State compose the main countries of export in the market of animal protein, while the United States, China, Japan and Hong Kong are among the largest importing countries.

Over the last two decades the greatest increase in meat consumption took place in Asia, with an increase of 70%, the Middle East with an increase of 42%. Africa's meat consumption increased by 23% and in South and Central America an increase of 17% was recorded, both being markets demonstrating potential for expansion. The CIS and Oceania had a decrease in meat consumption (of -26% and -12%, respectively), as well as in the European Union (-4%) and in North America (-2%).



Athena Foods:

In 2018, the gross income of Athena Foods Division, consisting of the operations of the production units in Argentina, Colombia, Paraguay, Uruguay and the distribution in Chile, amounted to R\$ 6.907 billion, resulting in an 81.4% when compared to 2017.

Mercado Externo:

This performance represents a gross income of R\$ 4.994 billion in the year, resulting in an 87.8% above the result reached in 2017.

Mercado Interno:

Thus, the division had a gross income of R\$ 1.914 billion in the year, a 66.7% higher result when compared to 2017, a performance of 3.3% higher when compared to the same period in 2017.

The increase of efficiency in industrial units is a fundamental theme in the operation, which helped to add sustainability to the business. In this sense, the efficiency program *Atitude Campeã*, allowed for an exchange of ideas and *benchmarking* to take place, making the employee feel a part of the Company. Created in 2016, the program is entering a new phase with the addition of more performance, such as an energy matrix which has presented great results; the Company produced 5% more, in volume, and reduced the use of available resources by 10%, in other words, it produced more efficiently and saw an opportunity to sell the contracted energy.

2018 was positive year in regards to teamwork, efficiency and sustainability. Through team engagement, the Brazilian operation advanced in the reflection of succession, at several levels, and in the delegation of responsibilities. Attention to efficiency gave more relevance to the legal aspects that are involved in the activities with positive results, for example in accident rates, the use of personal protective equipment, and the investments on productivity, which resulted in economy and sustainability. Health and safety concerns are an essential part of the business, so the issue of negligence is dealt with severely.

From an economic and political point of view, it was a year of uncertainty and currency volatility in Brazil, nonetheless the Company knew how to operate well in this scenario using as an advantage its export operations. With a significant investment on logistics for multimodal operations, it was possible to reach 25% of multimodal shipping, using trains and harbors, with logistic and environmental gains. Improvements on port operations led to an indirect reduction in energy use and carbon emissions.

Another important action that took place in 2018 was the separation of distribution as a business in Brazil. This action generated more opportunities and allowed for the strategic Brazilian plan to grow in regards to third-party products, such as fish and potatoes, which accounts for 35% of its distribution. Thus, distribution has gained a new role that enables profitability for the Company.

For 2019, the Brazilian operation will implement the *Programa de Eficiência de Carcaça* (Carcases Efficiency Program). This will allow for the tracking of what is done with each type of animal in the plant, thereby improving efficiency and allow for better pricing. In addition, it will also bring greater assertiveness in cattle selection based on the end objective and the market. The relationship with the rancher will yield gains, with the aid of an independent

ESTÂNCIA 92

internal and external statistical study, through bonuses and other incentives, which improves the sustainability of the supply chain.

Paraguay

Paraguay is a strategic market with a promising domestic scenario. Beef makes up one of the three main solid foundations of the local economy and the Company is the greatest producer and exporter in the country. Beef consumption in the country has also risen. According to the macroeconomic rates of the country, between 2013 and 2017, the consumption of beef *per capita* increased from 28 kg to 35 kg per year. The quantity of livestock has also increased by 36.5% between 2001 and 2018.

The Company has invested in technologies for greater efficiency in production and have strengthened their engagement with producers to increase the amount of livestock in the country, which has a low cost structure and a single tax policy. With a slaughter capacity of 5,400 heads of cattle per day, representing 37% of the capacity for Athena Foods. The Company abattoirs in Paraguay export mainly to Russia and Chile (38% and 31%, respectively, in 2018), with the expectation of opening markets in Europe and Taiwan.

Argentina

Having a government in favor of industrial activities and an incentive to export reestablished, Argentina demonstrates potential for the opening of new markets and enables an interesting value to the cattle, having its beef internationally well-known.

In 2018, the increase of the dollar above inflation was beneficial to the Company, which expanded its domestic market share by three points. Having a strategy for category and the brand rejuvenation, Swift Argentina launched its first home-made hamburgers for the domestic market, in addition, it created the gold marketing program, which brought the consumer closer to the product, with 35 thousand points of sales. Thus, it was possible to go beyond the concept of a meat processing industry, to one of a company that offers food to families. The Company's perspective is to increase its growth and offer quality products while focusing on its consumer needs.

Last year demanded discipline in regards cost management of the operation in Argentina, limiting non-operational expenses and paying attention to waste. In a critical period for the domestic market, in which the consumer had less purchasing power, the strategy was to analyse

Frigomerc

and identify the highest cost in the process, as well as review internal control. This was an important step in order to gain competitiveness and create a cost management culture.

A significant challenge last year was the consolidation of the integration process of industrialized products, establishing the same criteria for all plants. With the creation of the *in natura* and industrialized business unit, the Company was able to stimulate an organic growth of 6 thousand tons/year.

Chile

Chile has a domestic consumption larger than its production, seeking to supply its growth of the last few years through imports. With a projected increase in GDP of 3.4% for 2019, and a higher *per capita* GDP by Latin-American standards, the Chilean market offers good opportunities. In close proximity to South America's leading beef producers, the country offers access to the most profitable markets: the United States and Japan. To take advantage of these conditions, the Company maintains a channel structure to domestic markets, enabling to perform price segmentation.

Uruguay

With a beef consumption per capita of 48.6 kg per year, Uruguay has gone through economic difficulties, after many years of growth. In 2018, the country's meat exports decreased, affecting the amount of activity of abattoirs of the Company. Despite this less favorable economic scenario, the country has a livestock capable of supplying more profitable markets (such as NAFTA, the European Union and Japan), as it is free of foot-and-mouth disease and capable of providing product to niche markets such as organic.

The Company sustained its activities in Uruguay in 2018 by working assertively and increasingly tightening the transparent relationship established with its suppliers.

Athena Foods has been making efforts to focus on improving its operational efficiency, well aware of the challenges ahead.

Operational efficiency is intrinsically linked to the health and safety in the plants, as well as sustainability, a topic that has grown throughout the whole company and has become es-

sential to the Uruguayan operations. The Company should begin to see the benefits of placing importance on, not only the operational initiatives for an increase in efficiency and cost reduction but on all work that aids in raising awareness among employees.

In order to guarantee its activity, the beef industry works with two essential groups: employees and suppliers. The cattle supplier is such an essential partner for the Company that it strives to maintain a close relationship, dedicating a department especially committed to providing support and building the bonds of trust.

For 2019, the expectations for the operations in Uruguay are to establish a partnership with Asian countries, produce for Japan and Qatar, increase the plan for providing organic meat the United States and Sweden, and to obtain the important markets of Saudi Arabia and Malaysia. The Company is always seeking new types of products, controlled servings, and chilled products, aiming to get its products into supermarkets, representative of the improvements made to the entire operational structure in Uruguay.

Colombia

The livestock in Colombia has a great potential for expansion, with the foremost opportunities in the aspects of nutrition and management along with the possibility of making significant advancements. Home to a livestock of good quality cattle and at a size similar to Australia (approximately 23 million heads), unfortunately the country is still faced with the challenge of sanitation as foot-and-mouth disease still affects its animals, which in turn restricts exports.

Around 97% of the Colombian meat production serves the domestic market, which is considered irregular, when compared to other countries in the region. With beef consumption *per capita* at 15 kg per year, well below Latin-American standards, this market is seen as an opportunity by the Company, given its potential development.

Exports from the country, although small, have conditions which draw in the need for expansion, such

as access to both the Pacific and Atlantic oceans, a unique feature in South America, as well as a participant in the free trade agreement with the United States. This highlights how essential it is to regain FMD-free status, through vaccinations, before the World Organization for Animal Health.

The Company is the largest exporter in Colombia, accounting for 75% of its exports, with a significant share going to the Russian and the Middle Eastern markets. The Company contributes to 6% of the slaughter that takes place in the country. These numbers are achievements obtained in the last year, through the merging of expanding capacity and the optimization of production. As a result, in addition to increasing the market of the Company, it was possible to consolidate its brand and to organize an institution agenda geared towards promoting exports and opening markets.

The Company has been working arduously to overcome the occurrence

of foot-and-mouth disease in the herd, which has led to a reorganization of production and the destination of its products, additionally taking part in a joint effort with the Colombian Government. This action allowed the Middle East markets to remain open and the recovery of the Russian market a short period of three months, demonstrating the performance in disease control and monitoring fulfilled all the necessary requirements. The Company takes part in the recovery of the country's sanitary status and to maintain a policy of sanitary standards with other countries, aiming towards the opening of their markets.

The good results achieved in 2018 by the operations in Colombian, given the challenges posed, are the result of hard work and determination of the team, which with only one plant in operation, managed to consolidate the Company and its brand as industry leaders in the country.



Operational efficiency

GRI 102-11, GRI 103-2, GRI 103-3

In order to control the socio environmental impact of its operations, the Company take steps to ensure pollution control and develop productive eco-efficient programs. Highlighting such programs, the Company maintains a procedure of preventative and routine maintenance of all its equipment. It strictly follows the legal requirements that demand regular monitoring of emissions for air quality, as well as the proper management, treatment, and proper disposal of liquid and solid waste generated from industrial operations in according to the regulated restrictions.

Periodically, the environmental performance indicators of the Company's procedures and operations are assessed by a team of trained professionals and specialized consultants, in order to identify the relevant environmental aspects and impact. In 2014, the Integrated Management System (SGI) was implemented, which promotes the management of the environmental and occupational health and safety indicators, seeking to comply with all standards and limits specified in current legislation. In addition, the program has helped to develop efficiency in production processes and avoid or mitigate potential aspects and impacts on the environment due to operational ac-

tivities in local communities. The Company also maintains, in all its industrial units, the corporate program *Gerenciamento de Aspectos e Impactos Ambientais*, having an online system for monitoring the action plans dedicated to minimizing significant environmental interferences.

With regards to the local communities, the Company has a good system in place for the management, treatment, control and monitoring of socio environmental indicators, in order to avoid and/or diminish potential risks and impacts. This system includes an emergency action plan that outlines the response to emergencies such as fire, chemical leaks, medical emergencies, as well as a list of emergency contacts, communication procedures, protective equipment, and emergency response procedures. Moreover, it constantly invests in safety for the ammonia storage areas and refrigeration systems, using leak detectors (inside areas of operation and equipment rooms), secondary containment, ventilation systems, proper warning signs, and equipment for emergency response.

In 2018, the Company invested in extensive work to standardize operations at its

Animal welfare



As one of the major players of beef production in the world, the Company recognizes the importance of integrating animal welfare along with its practices as a necessity for sustainability and increased competitiveness in a market that is increasingly demanding.

As evidence to commitment to this topic, the Company has received the certification of the Professional Animal Auditor Certification Organization (PAACO), an internationally recognized organization in the area of animal welfare. Its industrial units go through annual auditing aimed at verifying compliance.

Europe's most demanding food production standard is prepared by the British Retail Consortium (BRC) and establishes quality and safety standards for food production. Minerva has accreditation for the units in Araguaína (TO), Barretos and José Bonifácio (SP), Janaúba (MG), Mirassol d'Oeste (MT), Palmeiras de Goiás (GO), Rolim de Moura (RO); Frigomerc, Mussa, San Antonio, IPFSA and Belen (Paraguay); Carrasco, Pul and Canelones (Uruguay); Pilar and Rosário (Argentina).



different units and offices, standardizing commercial, corporate and operational processes. Through manuals, procedures and other tools, it was possible to align the management processes for the benefit of operational efficiency and quality. Another significant investment over the last year was in regards to the SAP system, with improvements in management tools.

All inputs used in the factories undergo an approval process that includes a document analysis, product/input migration reports, pilot testing and final approval. In addition, the Company maintains a management system for packaging consumption that is based on the amount of animals to be slaughtered at the unit, which then generates the ideal consumption for each sector. Monitoring of the correlation between the planned use and actual use, along with reporting of the waste and scrap produced in the sector is done at the end of each day, and the managers are held responsible accordingly.

For 2019, the Company has planned to increase investments in improvement projects to increase efficiency, optimize production and improve pricing. The program *Atitude Campeã* will be expanded to Paraguay, which will help to improve the efficiency of the operation. Opportunity mapping and expansion of the program to all countries has been scheduled to take place in the upcoming years.

Cattle purchasing

Brazilian agriculture is a field under continuous improvement and an increase in the addition of the use of technology has allowed for a significant increase in productivity and animal quality. An ongoing challenge for the industry is to advance the production of younger animals, with a better finishing weight and fat content at slaughter.

For an exporting company, the search for the best animal requirements to meet their client portfolios is

growing. In 2018, as market demand increased, the Company was committed to procure the best raw-material, obtaining positive results, allowing for a greater efficiency in plant operations.

Relationship with the suppliers is an essential element for the Company's operations, which strives to understand the supply chain and to support the development of its partners.

The Company strongly values the relationship with its suppliers, maintaining relationship structures of commitment and various opportunities for interaction. Participation in technical events is frequent and the presence of the Cattle Purchase team favors a closer interaction with the producer.

The portfolio of suppliers is made according to the portfolio of each unit. The profile mapping of each cattle



rancher is done by the Market Intelligence team and sent to the field technicians to have a closer relationship with the ranchers. At the end of 2018 the *Programa de Eficiência de Carcaça* was launched, in partnership with the animal nutrition company Phibro. Through this program, which recognizes better carcasses through quality grids, it will facilitate a better engagement with ranchers and a closer alignment to their expectations, in a way that will add value to all parts of the production chain.

For 2019, the focus is to find the best result. To achieve the best results, there will be changes in the pricing model of the Company, with the objective of setting the right price for the cattle according to the carcass profile, thereby adding value to cattle with the best quality and capable of generating better results for the industry and penalizing those with low results. The *Programa de Eficiência de Carcaça* will help to identify the best animals to meet all portfolios in the market.

Talking about livestock

The program *Falando de Pecuária* (Talking about Livestock) offers gatherings, lectures and field visits to cattle breeders. The work is carried out with the help of technicians, veterinarians, zootechnists, and agronomists, with the objective of engaging and discussing the regional peculiarities.

In 2018, the main topic was animal health, specifically the question on vaccination, suppliers were urged to use the vaccines correctly to prevent loss. Cattle breeders were able to learn the best techniques for a safe and proper management in order to meet health requirements, as well as learn about animal nutrition, opportunities for greater profitability, sustainability and the market for cattle.

Within the last year, the initiative was carried out in 8 states of Brazil, with the participation of approximately 400 cattle breeders.

Efficiency programs

The following efficiency programs, were essential for the Company's good performance in 2018: *Bíblia*, *Ossos Branco* e *Atitude Campeã*. Its objectives include process standardization, increase in yield and productivity, and a reduction in volatility in the operating results. They also provide greater employee engagement and ensure better conditions to consistently and quickly turn challenges into achievements. These programs provide greater employee engagement and guarantee better conditions to consistently and quickly turn challenges into achievements.

Established in Brazil, the Company's efficiency programs may be expanded to the units of Athena Foods.

Bíblia

The project *Bíblia* is dedicated to standardizing the procedures throughout the different production sites and in obtaining operational synergies. Through this program, the Company identifies and registers the best practices of its units, subsequently making them standard for all other units. By identifying and creating universal best practices, the project is able to achieve productivity and efficiency gains, as well as economic and financial benefits.

The *Bíblia* is a requisite for and is measured by the program *Atitude Campeã*.

Ossos Branco

Through the *Ossos Branco* project, the Company aims maximizing its deboning capacity, ensuring that the least amount of product as possible

“
Its objectives include process standardization, increase in yield and productivity, and a reduction in volatility in the operating results.”

remains on the bone, thereby increasing the profitability of the units by better usage of each carcasse.

Initiated in 2015 and solidified in 2016, the application of the program is widespread, being a requisite for and is measured by the program *Atitude Campeã*.

Atitude Campeã

The efficiency program *Atitude Campeã* focuses on the application of initiatives and operational procedures described in the project *Bíblia*, as well as fostering innovation and the dissemination of best practices. Encouraging healthy competition between the units, offering a financial bonuses for those who best apply the practices. In this way, the Company extends to each employee the culture and the spirit of ownership.

Based on the best practices observed in the different units, the program aims to set an ambitious operating goal for the entire processing unit, leading each unit to seek out the best standard for the performance indicators. In the form of an annual competition, it awards monthly top performers with a special lunch, trophy and a drawing for prizes (such as computers and televisions). At the end of the year, employees from the unit and departments with the most points receive additional bonuses.

The program *Atitude Campeã* has potential for exponential gain, allowing the Company to uphold certain values, such as discipline, focus and determination.



Social performance

GRI 102-8, GRI-102-41

Supporting the professional and personal development of its employees, as well as the development of the communities where it operates, is part of the Company's principles, which seeks to not only create job opportunities throughout the various locations in which it operates, but to also offer a healthy and enriched work environment, thereby strengthening its ties with the community. To this end, the Company invests in trainings and campaigns, seeking to guide its employees towards safer and more sustainable practices, handing out information on personal health and development, in addition to carrying out initiatives dedicated to bringing the Company closer to the community.

Operating in a universe of vast territorial breadth and great diversity, the Company seeks to understand and respect local diversity, while proposing the standardization of best practices and the dissemination of beneficial initiatives to employees and the community that are impacted by its operations and always respecting the legal provisions in force in each country.

Employees

The Company ended the 2018 year with 17,535 employees, of which 13,336 are men and 4,199 are women, demonstrating its position as a generator of jobs, while providing professional and personal opportunities throughout several locations.

Its staff is composed of full time employees, with the exception of members of the *Jovem Aprendiz* program, whose working shift follow the labor requirements dictated by legislation.

The entire staff of the Company is assisted by trade unions, with which the Company maintains an open dialogue for negotiations and resulting in collective bargaining agreements.

Training

GRI 404-1

The Company provides to its employees, in a regular and comprehensive manner, training in various technical and behavioral areas. In 2018, the main topics addressed at all units were: health and safety (*Normas Regulamentadoras - NRs*), quality assurance, good manufacturing practices, ethics, equipment maintenance, environment (solid waste management) and leadership development.

In order to meet the needs of both regional and of the individual units, the trainings are designed and tailored for each of the different operations of the Company.

Minerva Foods - Brazil

To ensure adherence to a strict system of management in regards to the health and occupational safety standards, the main trainings offered in the Brazilian operation



are designed to address the regulatory norms, which determine the requirements and procedures related to work occupational health and safety. Efforts are made to address safe work behavior through leadership coaching on safety, risk perception and the Golden Rules for safety. In addition to the SGI Journey, in 2018, the operations in Brazil recorded a total of 1,875 training sessions, resulting in over 9,044 hours of training in health and safety, the environment, quality, and social responsibility.

Regulatory Norms

NR09: Environmental Risk Prevention Program; NR10: Safety in facilities and Electrical services; NR12: Machinery and Equipment Maintenance Safety

NR13: Boilers, Pipes and Pressure vessels and; NR16: Hazardous activities and operations; NR17: Ergonomics; NR33: Working in Confined Spaces; NR35: Working at Heights; and NR36: Health and Safety at Work in Slaughter Houses and Processing Meat and Derivatives; NR 23: Fire protection.

- Safe Behavior: Daily Safety Dialogues (DDS); Monthly Management Safety Dialogue (DMS); behavior observation ; regular safety inspections; golden rules; risk perception; leadership coaching on safety.

- Food quality and safety: good manufacturing practices; operational sanitary procedure; operational hygiene procedure; hazard analysis and critical control points; animal welfare; hygienic conditions; foreign objects; allergens; biosafety; cross-contamination.

- Others: solid waste management; hazardous waste; infectious diseases and leadership development.

Argentina

In Argentina, the objective of the training was to focus on integrating and standardizing the correct use of personal protection equipment, including responsibility for maintenance and cleaning, chemical products labeling, evacuation drills, emergency response, operation of forklifts and

self-elevating platforms, and unsafe acts and behaviors.

Colombia

The Colombian operation offered training in:

- Quality: good production practices; regulations; records processing; protocols for maturity of channels; monitoring cuts cooling; frozen products; containers.

- Environmental: management of hazardous waste; management of risk specific material; integrated pest control.

- Human Resources: Family and personal habits; climate organization; assertive communication; human relations; organizational culture.

- Occupational Health and Safety: working at heights; personal protection; safe behavior; unsafe actions and behaviors; emergency response.



Paraguay

In regards to the training in the operations in Paraguay, with the objective for greater integration and standardization of procedures, the following were offered throughout the year:

- Occupational health and safety: personal protective equipment use and maintenance; fire extinguisher handling; Emergency brigade

- Quality: good manufacturing practices; cleaning and sterilization of surfaces, chemical dilution; animal welfare; handling of containers.

- Environment: responsible water use.

- Corporate: instructions for new employees; Leaders Academy; social responsibility.

Uruguay

For the Uruguayan operation, training was focused on:

- Health and safety: working at heights; noise risk; refresher training in proper use of self-contained breathing apparatus; use of defibrillator; accident investigation retraining for supervisors; Emergency Plan - evacuation exercises; protection measures against weather phenomena;

- Quality: SGI for supervisors and all those involved.

- Environment: waste sorting and responsible use of water (for all personal).

Work health and safety

The Company considers the safety as a top priority for its employees in its operations, not only in ensuring compliance with current legislation, but also with the adoption of several safety initiatives. To raise awareness that the involvement of each employee and manager is fundamental for a safe operation, the Company conducts preventive training and maintains procedures to ensure that all involved behave safely, correctly and standardized in the performance of their daily activities.

Minerva Foods - Brazil

In 2018, the Workplace Health and Safety workshop was highlighted in the Company's Brazilian operation, focused on the development of topics related to management and technical knowledge. The program started with leadership training, and was followed by a discussion on statistics, performance indicators, health programs, steps of implementing the Golden Rules, critical risks action plan and

implementation of the group pillar, aimed at strengthening teamwork.

The event was an opportunity to agree on strategies, discuss and answer questions, learn about the best practices used in the units and define common actions in order to strengthen the global team. It included the participation of all the engineers and technical professionals from the units in Brazil, Argentina, Colombia, Paraguay and Uruguay.

The acquisition of a software for the management of routines and health and safety activities in the Brazilian operations, was another important step in safety for 2018.

The following safety campaigns were a significant strategy for employee engagement in health and safety throughout the year:

Carnaval

The campaign focused on personal health and safety issues such as prevention of sexually transmitted; sun and heat protection; alcohol and drug use while driving; fire safety and burn care; vaccinations; and periodic health testing.



Mãos Seguras

Held between March and April, the goal of the campaign was to educate employees on hand safety, emphasizing the importance of personal protective equipment.

Passos Seguros

The campaign, held between May and June, focused on raising employee awareness on the need to pay attention when walking along the Company's facilities to prevent workplace accidents.

Comportamento Seguro

Held between July and August, the campaign seeks to make employees aware of the safety measures necessary to prevent workplace accidents.

Dia Nacional do Trânsito

The campaign was held between September and October, aimed at employee awareness of traffic safety.

Argentina

To ensure safety in its activities, the Company's operation in Argentina began a series of measures towards monitoring, standardization and employee awareness.

In 2018, actions for monitoring included the measurements for noise, vibrations, light, particulates, heat stress, hypothermia, and ionizing radiation, and grounding.

In order to ensure a safe response in the event of an emergency a revision of the Emergency Action Plan

was performed, in addition to ensuring that measures for equipment maintenance and inspection of emergency lighting and evacuation drills are in place. In addition, a review and acquisition of the necessary clothing and equipment for emergency rescue and response. The pressure vessels and the safety mechanical devices were also subjected to inspection and coordination with firefighters was enhanced.

Preventive fire-related measures taken last year included the maintenance of a range of equipment and installations, such as the pump house, fire extinguishers and hydrants, fire detection systems as well as flow and pressure testing of fire suppression water pumps and inspection of emergency cabinets.

The Company's work accident management is supported by the records and statistics control on the theme. The Company investigates all accidents, followed by measures for corrective and preventive action.

Working together along with the employees is essential for the Company's safety activities. The Argentinian operation includes its employees when procedures are reviewed and updated, after an accident and during bimonthly meetings with the employee safety representative.

Colombia

In 2018, the Company's operation in Colombia began to hold daily health

and safety meetings at the beginning of each day, which had a positive impact on the overall management of health and safety. In addition to workplace awareness, the personal protective equipment in all areas have been enhanced by adopting high-strength protection material and technology.

Engineering measures were adopted, such as the installation of stop barriers set at each end of the track rails for the rolling pulley meat hooks, allowing for greater control of the rolling hooks, thereby eliminating accidents due to carcasses falling off the ends of the track rails. The track rails were further extended out to the washing area, improving the movement and convenience of the system, as well as reducing the ergonomic stress. The floor surface of the dismantling area was improved, resulting in a greater adhesion to the floor and less prone to causing incidents due to slips and falls.

Paraguay

At the Company's operations in Paraguay, the year of 2018 was also one for investments in health and safety at the various units, in addition to the different types of training offered to the employees. Investments were made in personal protective equipment, ammonia leak detection, fire prevention and control, and fall protection. In addition, inspections of boilers and pressure vessels, as well as the calibration of the safety valves were completed.

Uruguay

In 2018, the Company carried out in its Uruguayan operations, some of the previously mentioned campaigns carried out in Brazil, such as Safe Hands and Safe Steps, as well as training on safe elevator use, fire management, emergency evacuation and training for fire suppression brigades among others.

Regarding Health and Safety Prevention Programs, the following measures were taken, ergonomic assessments of the deboning procedures as well as the initiation of psychosocial assessments following internationally recognized methodologies.

Further measures were also taken for the improvement of the facilities, such as the installation of lactating/breastfeeding rooms; conveyor belts to facilitate the lifting and manual maneuvering of the load; changing the dimensions of work platforms to improve safety; improvement on emergency lighting signage; installations of fire containment doors and emergency alarms; improvements in chemical handling rooms and instal-

lations of new restrooms and changing facilities, for the well-being of the employees.

Benefits

GRI 401-1, GRI 401-2, GRI 401-3

The Company's compensation policy seeks to maintain an internal and external competitive balance and meritocracy-based short- and long-term incentives, providing conditions for attracting, incorporating and retaining qualified professionals, in compliance with the legislation and professional market of each country. Employees in Brazil receive a fixed monthly income that is adjusted annually according to the percentages established in collective bargaining agreements. The Company also offers additional benefits to its employees, which vary by country.

In all of the operations in Brazil, the following benefits are offered: restaurants; transportation; medical assistance; dental assistance; life insurance; funeral assistance; food vouchers and consigned loans¹.

For all the employees in the operations in Argentina, after the training period, the following benefits are offered: cafeteria; medical assistance; day-care; at work medical assistance; life insurance.

In Colombia the following benefits are offered: health insurance (for foreign workers and their families); life insurance (preferred value deducted from payroll, optional); restaurant (main meal compensated by the Company); business transport (does not apply to operational employees); transport subsidy (for the employees in the distribution center); blood bank agreement for donation in case it is needed; discount on optical products, paid through payroll deduction; maternity leave of 4 months and 15 days, and paternity leave of up to 8 working days.

⁽¹⁾ Except for South American Livestock Company unit - Buritama CSAP



The operations in Paraguay offer the following benefits to its employees: meal subsidy; meal tickets; private medical insurance with preferential rate; school aid; authorized leave for final exams (university/ masters).

In Uruguay the following benefits are offered: access to dental care at a lower rate, with the possibility of financing through the dental care cooperative Codaoc (extended to members of the employee's family); discount at local gym; distribution of school supplies for the children of employees once classes begin.

Community

GRI 413-1

With operations in several different countries, the Company contributes to local development by directly employing more than 17,000 people, the majority in small towns. This positive impact leads not only to the creation of direct and indirect jobs but also to the development of commerce and the economy of these locations, transmitting into significant effects on the Human Development Index (HDI) of these communities.

In this regard, the Company seeks to undertake initiatives to build and engage with the community, support local development and help spread social related information through projects, programs, events and donations to nonprofit groups, among others.

A great initiative that happened in 2018, that involved the operations of the Company in all five countries, was the SGI Journey. In its fourth year, it was organized based around the theme "By valuing people, we grow", encompassing 20 industrial units (Brazil, Argentina, Colombia, Para-

guay and Uruguay), eight distribution centers, six business related companies (Minerva Fine Foods, Minerva Leather, Minerva Biodiesel, Minerva Casings, CSAP Barretos and Minerva Live Cattle) and two corporate offices. The event registered the participation of 16,648 people and highlighted the importance of each employee towards the Company's growth.

Among the several activities, the following can be highlighted: the participants were hosted to a healthy breakfast; an area for health examinations was prepared for those wishing to take part in preventive tests; access to informative boots and daily talks centered around a variety of topics; a virtual game simulator for the identification of job hazards and food safety. Two other important activities took place that involved the employees and the communities around: *Café Sensorial* and *Portas Abertas*.

Café Sensorial was a hands-on experience dedicated to raising awareness on the inclusion of people with disabilities or special needs in the work environment. Simulations of disabilities were made on participants, who were then invited to perform ordinary daily activities, thus allowing them to get a feel for the barriers and challenges that are faced by people with special needs each day.

Portas Abertas invited the community around the Company to get to know its facilities, manufactured products and some of the processes in each area. Through partnerships with local universities, technical schools and health departments, the event provided information and services to attendees, the Human Resources staff assisted in the creation of resumes, as well as screening for possible employment opportunities within the Company. *Portas Abertas*

coincide with and joined in the celebration of the Children's Day, offering games, fun and educational activities to the children of employees and children of the community.

Brazil

In 2018, seeking to reinforce its commitment to social responsibility and volunteer work, the Company's operations in Brazil conducted a campaign called *Natal Solidário*. Charity soccer matches, food collections and gifts for children, teenagers and seniors from local institutions were organized, and a day of special activities in a nursing home (haircut, manicure, makeup, games of domino, among others). These actions were made possible through the dedication of the teams from each of the Company's businesses.

Another significant initiative was the *Programa de Inclusão de Pessoas com Deficiência*, which includes training strategies in order to form qualified professionals ready to join the workforce, according to the market needs. Since 2016, in partnership with the City of Barretos, the Company has opened two classrooms, built at the *Centro Municipal de Reabilitação Solange Lana de Ávila* Rehabilitation Center, in order to offer free professional training courses for people with motor disabilities. In addition to sponsoring the initiative, the Company expects to contract part of its graduated professionals.

The Brazilian operation has many other campaigns and events to help promote topics of social interest:

Dia da Mulher (Women's Day)

The celebration revolved around special activities catered to the well-being of the employees. Women employees received information on nutrition and talks on women's health,

[403-2] Types and rates of injury, occupational disease, days missed, absenteeism and amount of deaths¹

| Country/unit | Number of diseases | Days missed | Death related to work | Hours-men worked | Attendance rate | Severity rate |
|--------------|--------------------|-------------|-----------------------|------------------|-----------------|---------------|
| 2017 | | | | | | |
| Argentina | N/D | N/D | N/D | N/D | N/D | N/D |
| Brazil | 43 | 2.259 | 0 | 13.996.088,89 | 5 | 161 |
| Paraguay | N/D | 249 | 0 | 2.610.620,82 | 17,24 | 95 |
| Uruguay | N/D | 3.257 | 0 | 2.150.151,95 | 50,23 | 1514,8 |
| Colombia | N/D | 535 | 0 | 1.394.123,56 | 56,67 | 384 |
| 2018 | | | | | | |
| Argentina | N/D | 1.731 | N/D | 3.217.945,93 | 162,22 | 537,92 |
| Brazil | 25 | 710 | 0 | 15.569.231,22 | 1,54 | 45,60 |
| Paraguay | N/D | 669 | N/D | 5.329.411,32 | 14,26 | 125,53 |
| Uruguay | 0 | 2.365 | 0 | 1.905.929,34 | 20,04 | 1.893,91 |
| Colombia | 0 | 907 | 0 | 1.371.075,09 | 80,23 | 661,52 |

⁽¹⁾ The data from 2016 was not included (for comparison).



in addition to a meal with special decorations, relaxing massages and gifts.

Padrinhos & Amigos

This Project seeks to facilitate the integration and adaptation of new employees by offering them “godparents”, employees who have been chosen based on their knowledge of the area, good performance and demonstrate company pride. These trainings take place monthly and are taught to various classes.

Dia das Crianças (Children’s Day)

To celebrate Children’s Day, the Company conducted activities geared towards the children of its employees and community. The event offered toys, treats, fun activities such as games, facial painting and train rides.

Campanhas Outubro Rosa e Novembro Azul (Pink October and Blue November Campaigns)

The Company participates in these well-known awareness campaigns on the prevention of breast cancer in women and prostate cancer in men.

Semana de Conscientização e Sensibilização sobre a Pessoa com Deficiência

In 2018, the Company devoted a full week to address the issue of inclusion and diversity in the workplace, with a special focus on people with disabilities, through discussions and video presentations on the subject.

Campanha do Agasalho

Last year, the *Campanha do Agasalho*, a campaign dedicated to the collecting of winter clothing for donation was carried in all of the units in Brazil during the month of June. The purpose was to collect as many clothes, shoes, jackets and blankets as possible, which were then donated to needy families living in the communities surrounding the Company.

Projeto Maternidade

Aimed at providing support and guide to the expectant mothers of the Company, the Project is composed of a multidisciplinary team that organizes informative lectures with healthcare professionals on issues regarding the different

phases of pregnancy. At six months of pregnancy, the Company’s employees also receive a personalized bag containing items for the baby’s care. Post birth, the team will arrange social visits accompanied by an administrator after the baby is one month old.

Doação de sangue (Blood donation)

The Company encourages blood donation, seeking to raise awareness among employees about the importance of this life-saving act of solidarity.

Programa Jovem Aprendiz

The Company offers monthly training for the professional development of apprentices with topics focused on the needs of the group

Programa PCD

Designed to provide training for people with disabilities for the job market, the program offers a dual module course; theoretical and practical. These classes are held in Barretos twice a year. In addition to providing training, the

Company can later contract the students according to job openings within the Company.

Argentina

In the Argentinian operation, the main initiative towards the community, in 2018, was the corporate sponsorship of the community center *Manos en Acción (Hands in Action)*, through a monthly monetary donation. This organization operates for the social inclusion and human development of children and families in need, looking to promote equal opportunities in order to improve the quality of life for families.

The Company’s contribution helped to fund food aid for more than 400 children, more than 600 hours of school support and over 400 hours of adult literacy and family orientation workshops. It also aided in the opening of a game room for more than 500 hours, along with the development of more than 1,000 hours of sports activities, and broadened the scope

of services to the community by incorporating a health center.

The event *Ahora Usted También Forma Parte de Ésta Historia*, carried out in February, is part of the Company’s integration campaign into the newly acquired units in Argentina. The event was attended by Alta Gestão, celebrating 25 years of Minerva Foods trajectory and 110 years of Swift Argentina, and aligning the perspectives for 2018.

Colombia

In 2018 the Colombian operation offered aid to the *Fundação de Crianças Vulneráveis*, an organization developed to help needy children, through monthly donations of toys and food.

Paraguay

In 2018, the Company’s operation in Paraguay undertook a series of initiatives to strengthen its ties with the community and highlight social issues. Thus, a program for schools to tour the Company’s plants was im-

plemented as a way to bring the community closer to the organization. For its employees, celebrations were held with participation from their families, on dates such as Children’s Day and Christmas, as well as informative talks on topics such as Social Responsibility, breast cancer awareness, smoking and alcoholism.

Uruguay

In 2018, the Company’s operation in Uruguay had provided support the community in the field of education. It offered support to five schools from the *Fundação Niños*, located in poor and dangerous neighborhoods. It also contributed donations to *Escola do Sagrado Coração de Jesus*, an institution located within the area of influence of the Carrasco production plant.

In order to contribute to the training of young professionals and attract talent to the organization, the operation conducts an internship program that allows university students to carry out the practical part of their training at the Company.



Environmental performance

GRI 103-2, GRI 103-3

In 2018, the Company's environmental team was restructured, strategic positions and functions were developed in order to better perform interdisciplinary projects and provide a better monitoring of environmental procedures and controls.

Through *Sistema de Gestão Ambiental* (SGA), an environmental management system, the Company performs documented controls with the support of the SGI, which allows for the standardization of processes in Brazil's industrial plants. For the newly acquired plants in Argentina, Paraguay and Uruguay, this process of standardization has begun. Published documents are available for consultation on the Fluig system, a custom platform that gives employees access to internal regulations, procedures and policies.

The Company complies with all legal requirements applicable to its operation in all units by means of the necessary tools for the management of solid waste, liquid effluents and atmospheric emissions. For operational management, the supervisors use the *Diário de Bordo* a log that together with the action manager, compiles all data to unite the monitoring and control of the operation. In addition to all these controls, weekly conferences

are held with the units to discuss and report on environmental processes and indicators.

Water

GRI 303-1, GRI 303-2, GRI 303,3

Water is a precious and limited resource, which must be used and managed responsibly, from the raw nature to its finished product. The operational procedures of the Company depend to a large extent on water availability, which ensures the sanitary standards of its processes and products, as well as the sanitation of areas, equipment and utensils. It is, therefore, an input transversal to all other actions.

Most of the Company's units are supplied by surface water that, before industrial use, passes through treatment facilities. Water consumption is managed by corporate guidelines and reduction goals aimed towards a conscious use of the resource and encompassing the entire water cycle. In 2018, the Company set a reduction target of 5% over the previous year.

Water consumption is monitored and managed daily by environmental supervi-



Janaúba industry
(Minas Gerais - Brazil)

sors through calibrated water meter measurements, the data of which is reported to plant and corporate area managers. This procedure ensures an integration between the areas, aiming at the responsible use of the resource. In the managing platform the environment monitoring is recorded.

In 2018, as a means of preventing leaks and adopting modern water resources management equipment, the Company promoted the replacement and / or installation of pressure reducing nozzles, especially in the areas of sanitary barriers and sinks in general, of the industrial units. Another rational use measure is the reuse of water (from the defrosting of cooling chambers, rain, backwashing of water treatment plants, among other sources). Last year, the implementation of the reuse of water collected from defrost, in the industrial unit of Janaúba (MG) was highlighted.

In the search of ways to establish a more efficient and conscious water consumption, the Company also invests in the engagement of its employees, community and value chain, through training and awareness campaigns.

World Water Day

To celebrate this day, activities were developed to encourage the responsible use of water, increasing employee awareness of the importance of water as a resource for survival and well-being.

Talks were given addressing topics such as the water cycle and global, national and unit water consumption. There were also presentations of projects made by the Company in the area, such as wastewater reuse, through the exhibition of photos, dialogues and demonstrations.



Arbor Day

In celebration of Arbor Day, in 2018, the Company took actions to encourage tree planting and raising awareness amongst its employees and the community on the preservation of trees and the environment for the survival and well-being of all. Informative materials were distributed and actions were carried out in the community, with the cooperation of schools, NGOs, environmental agencies, and local government.

Among the activities carried out were the delivery and planting of native seedlings, as well as the restoration of natural areas that had been possibly degraded, aiming at the preservation of springs and the installation of water distribution systems via solar energy.



World Environment Day

The event to celebrate the World Environment Day in 2018 had as its theme 'Vá de Bike', to encourage transportation by bicycle. Environmental information material was handed out along with lectures by environmental professionals, student visits to industrial units to learn about the Company's environmental and recycling processes, seedling planting and competitions, among other activities.

Waste

GRI 306-2, GRI 306-4

The *Plano de Gerenciamento de Resíduos Sólidos Industriais* (PGRSI), a waste management plan responsible for ensuring the environmentally sound management of waste generated by the Company, providing the specific destination required by each category of waste once separation between reusable materials and those that must be decontaminated or discarded has been completed. The waste management of the operating units is performed through document registration, such as the Waste Transport Man-



ifest, a checklist of the truck that makes the transportation, invoices, certificates of destination and licenses of the waste collecting companies, places of destination, among others.

In the Brazilian units, recycled waste is sold to specialized companies, while non-recycled waste is sent off to a licensed landfill. At the Argentine units, it was determined that the waste is to be temporarily stored at the plant and subsequently removed by a waste treatment provider, who is responsible for disposal, recovery or recycling, according to the characteristics of each waste. In Colombian operations, waste is collected, transported and disposed of by legally qualified and authorized waste treatment companies.

In 2018, the Company disposed of 2,810.20 tons of waste. The main material discarded was paper and cardboard.

Effluents

GRI 306-1

The liquid effluents generated in the Company's operations undergo physical-chemical and biological treatments, and are monitored through sampling, which allows the verification of the system effectiveness and identify areas for improvement. Going through primary treatment and subsequent conduction to stabilization ponds, its quality must meet what is recommended by current legislation and IFC monitoring indicators. At the Brazilian units, monthly analyzes are performed to monitor the efficiency of the system. All the units have Effluents Treatment Stations, with primary and secondary systems.

The management of effluents resulted, in 2018, in a satisfactory

Diário de Bordo

The Diário de Bordo is an efficient management tool that allows the supervisors to daily record the environmental information of the operation. The following information is recorded:

- 1 Technical data of each unit and on the wastewater treatment system;
- 2 Data on environmental licenses, permits for water collection and discharges of treated liquid effluents, and compliance technical conditions;
- 3 Monitoring of environmental indicators: water consumption, wastewater generated, receiving body quality, operating costs and revenues, recovery of oils and greases from physical-chemical treatment systems;
- 4 Performance charts (dashboards);
- 5 Control of solid waste generated and disposal;
- 6 Control of biological products used in the treatment systems;
- 7 Control of daily parameters of sedimentary solids in the biological treatment system.



accomplishment of the goals by the local teams, with a 3.32% reduction in effluent generation in the Brazilian units. In the same year, the Company invested on improvements to the treatment plants of the Barretos (SP) and Rolim de Moura (RO) units, with prospects of improvements in the systems of the other industrial units over the next two years.

Climate change

GRI 201-2, GRI 305-1, GRI 305-2

In relation to climate change, the Company identifies risks of direct impact, which may affect its costs and business continuity, and indirectly, reach the production chain. Among the first for example, the increase in operating costs due to water scarcity and a reduction in cattle supply. In the chain, it is possible to identify a potential withdrawal of suppliers from the agricultural business. Accordingly, the Company systematically monitors suppliers that operate in deforested areas in the Amazon biome or that are on the embargo list of IBAMA. Throughout the years, the Company has privately monitored more than eight million hectares of the Amazon biome, blocking more than 2,000 direct suppliers for non-compliance of the adopted sustainability criteria. Through this initiative, the Company guarantees the integrity of its operations with the sustainable management of its supply chain. Thus, interested in mitigating these risks, the Company seeks to improve its management through research and analysis of the sector and chain, as well as promoting good practices. Monitoring the consumption of resources in its direct operations is essential, as well as the establishment of internal actions, such as the creation of the *Inventário de Gases de Efeito Estufa*, an inventory of greenhouse gases that published every two years. There are



also actions specifically focused on the chain, such as *Falando de Pecuária*, and the sharing of informative emails, with climate data and guidelines for better business management.

An important impact prevention initiative was the development of the *Sistema Online de Gestão Integrada* (SOGI) an online management system which compiles all environmental and health and safety legislation, from which action plans can be created to ensure compliance. In 2018, the Company performed an internal audit of its operations located in Brazil, in order to verify the execution of the plans and compliance with legal requirements. That same year the emission for the operation in Brazil was 290,919.455 CO₂eq (Scope 1) and 13,246.094 CO₂eq (Scope 2). while the consolidated emissions from all units of the Company were 340,413.47 CO₂eq (scope 1) and 16,514.82 CO₂eq (scope 2).

Electric Power

GRI 302-1

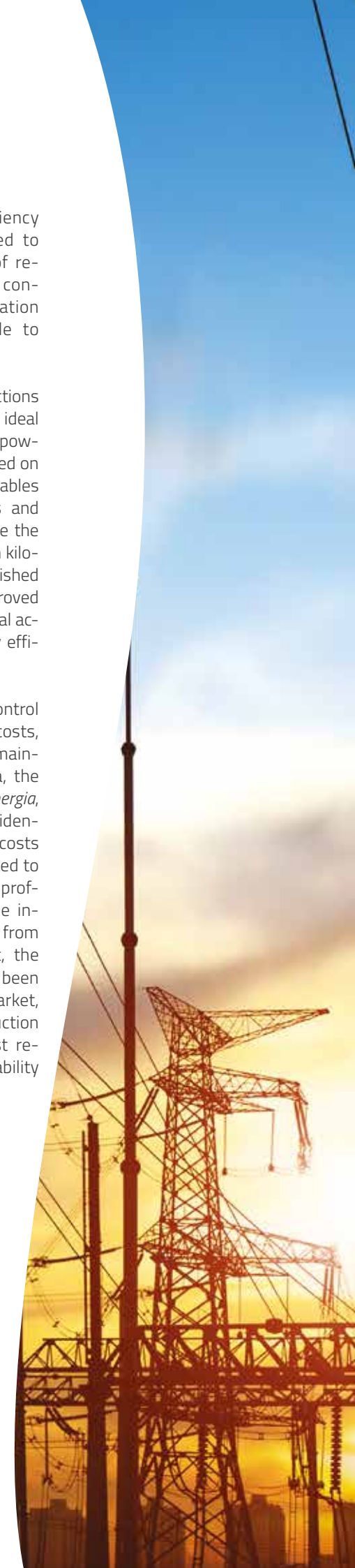
After cattle, electrical energy as the main input consumed by its operations, it is a resource that receives great attention from the Company. The management of electrical energy is the responsibility of the Engineering sector, being conducted by the industrial units themselves, whose managers provide daily data on their consumption.

Interested in raising energy efficiency - including considering that energy consumption interferes with fundamental activity indicators, such as the value of deboned product per kilo, the Company maintains targets for reducing consumption, and investment in renewable energy and energy efficiency, seeking to increase this efficiency, which contributes to the reduction of greenhouse gas emissions.

Most of the energy efficiency actions undertaken are related to the cold chain (preservation of refrigeration conditions in the conception, storage and transportation of the product), indispensable to the activities.

One of the most relevant actions in 2018 was the creation of the ideal consumption curves for electric power consumption in the units, based on the internal *benchmark*, which enables the identification of deviations and the creation of actions to reduce the consumption of electric power in kilowatt-hours per tons of the finished product (kWh/TPA). This improved control has led to new operational actions and procedures for energy efficiency and product quality..

Interested in advancing control and management over energy costs, since 2016 the Company has maintained a specific business area, the *Minerva Comercializadora de Energia*, a department responsible for identifying opportunities to reduce costs and mitigate relevant risks related to the electricity market, bringing profitability and efficient use of the input, as well as trading in energy from renewable sources. Through it, the Brazilian production units¹ have been purchasing energy in the free market, according to the annual production forecast, which has led to cost reductions and increased profitability of the Company.



GRI Appendix

[102-8] Number of employees, by gender

| | 2018 | | 2017 | |
|-------|--------|-------|--------|-------|
| | Men | Women | Men | Women |
| | 13,336 | 4,199 | 13,622 | 4,437 |
| Total | 17,535 | | 18,059 | |

[102-8] Number of outsourced employees, by gender

| | 2018 | | 2017 | |
|-------|-------|-------|-------|-------|
| | Men | Women | Men | Women |
| | ND | ND | ND | ND |
| Total | 1,071 | | 1,364 | |

[102-8] Number of employees, by region and gender

| Region | 2018 | | | 2017 | | |
|-------------|-------|-------|--------|-------|-------|--------|
| | Women | Men | Total | Women | Men | Total |
| North | 488 | 1,405 | 1,893 | 504 | 1,393 | 1,897 |
| Northeast | 15 | 55 | 70 | 14 | 45 | 59 |
| Center-West | 1173 | 2,602 | 3,775 | 2,736 | 1,181 | 3,917 |
| Southeast | 1453 | 3,190 | 4,643 | 1,595 | 3,294 | 4,889 |
| South | 1 | 3 | 4 | 1 | 11 | 12 |
| Total | 3,130 | 7,255 | 10,385 | 3,295 | 7,479 | 10,774 |

[401-3] Return to work and retention rate after maternity and paternity leave

| Gender | Argentina | Brazil | Colombia | Paraguay | Uruguay |
|--|-----------|--------|----------|----------|---------|
| Total number of employees entitled to leave | | | | | |
| Male | 1,851 | N/D | 675 | 1,934 | 1579 |
| Female | 174 | N/D | 47 | 531 | 306 |
| TOTAL | 2,025 | N/D | 722 | 2,465 | 1885 |
| Total number of employees that took the leave | | | | | |
| Male | 70 | N/D | 40 | 99 | 61 |
| Female | 8 | N/D | 3 | 34 | 3 |
| TOTAL | 78 | N/D | 43 | 133 | 64 |
| Total number of employees who returned to work after the leave | | | | | |
| Male | 70 | N/D | 40 | 99 | 61 |
| Female | 5 | N/D | 3 | 34 | 3 |
| TOTAL | 75 | N/D | 43 | 133 | 64 |
| Total number of employees who stayed in the job for 12 months after returning from the leave | | | | | |
| Male | 68 | N/D | 36 | 99 | 60 |
| Female | 5 | N/D | 3 | 34 | 3 |
| TOTAL | 73 | N/D | 39 | 133 | 63 |
| Return rate (%) | | | | | |
| Male | 100.00 | N/D | 100.00 | 100.00 | 100.00 |
| Female | 62.50 | N/D | 100.00 | 100.00 | 100.00 |
| Male + Female | 96.15 | N/D | 100.00 | 100.00 | 100.00 |
| Retention rate (%) | | | | | |
| Male | 97.14 | N/D | 90.00 | 100.00 | N/D |
| Female | 100.00 | N/D | 100.00 | 100.00 | |
| Male + Female | 97.33 | N/D | 90.70 | 100.00 | 100.00 |

Employees represented by official committees on health and safety

GRI 403-1

The Company’s operations maintain formal health and safety committees, organized according to local practices and in accordance with the legislation of the respective country in which it operates.

In Brazil, the health and safety committees are represented by the *Comissões Internas de Preven-*

ção de Acidentes (Cipa) an accident prevention committee, and by *Serviços Especializados em Engenharia de Segurança e em Medicina do Trabalho (SESMT)*.

The operations in Uruguay rely on the *Comisión Bipartita*, which combines the safety team and occupational health in order to prevent on the job accidents and illnesses.

The operations in *Colombia have the Comité Paritario De Seguridad Y Salud En El Trabajo (Copasst)*, an occupational health and safety committee,

as well as SESMT, a safety engineering, and occupational health service provider. Both working throughout the entire organization.

In Argentina, all the units have an Occupational Health and Safety team, which relies on the support of three occupational accident and illness prevention committees: *Comité Mixto, Comité Ejecutivo de Seguridad, and Comité Operativo.*

In Paraguay, the Company’s operation relies on the Occupational Health and Safety team.

[403-4] Health and safety topics covered by union formal agreements

| Units | Collective Agreement | Include topics related to Health and Safety | Total amount of Clauses | Amount of clauses that include health and safety | Health and Safety Clauses | % of clauses that include health and safety |
|---|----------------------|---|-------------------------|--|---|---|
| Araguaína | Yes | Yes | 18 | 1 | 2nd (Emergency Services/Medical Statement) | 6% |
| Barretos | Yes | Yes | 55 | 3 | 35nd(Medical Statement); 40th (Development Courses); 47h (Accident Report) | 6% |
| Janaúba | Yes | Yes | 26 | 3 | 19th (cleanliness of restrooms, water fountains, etc.); 20th (Regarding Security Standards); 25nd (Medical and Physiotherapy Departments) | 13% |
| José Bonifácio | Yes | Yes | 24 | 4 | 17th(cleanliness of restrooms, water fountains, etc.); 18th (Medical and Physiotherapy Departments); 19th (Regarding Security Standards); 20th (Medical Statement) | 19% |
| Palmeiras de Goiás | Yes | Yes | 19 | 1 | 2nd (Emergency Services/Medical Statement) | 5% |
| Rolim de Moura | Yes | Yes | 34 | 2 | 18th (Periodic Medical Examinations); 33rd(Work Relationships – Conflict Resolutions) | 6% |
| Várzea Grande | Yes | Yes | 59 | 7 | 21st (Inspection, Examination, Trainings); 4 1st (EPI = Personal protective equipment); 42nd (CIPA = Internal Accident Prevention Commission); 43rd (Policies for Prevention of Diseases); 44th (Periodic Medical Examinations); 45th (Medical Statements); 46th (First-aid - on-duty outpatient); 48th (Periodic Supervision-Inspection) | 12% |
| Mirassol d'Oeste | Yes | Yes | 37 | 2 | 15th (Medical statement delivery deadline); 20th (Medical Examination) | 5% |
| Difference between ACT's with or without health and safety provisions | | | 0% | | | |

[404-1] Average number of training hours , by employee category * - Brazil

| Employee category | Number of Company employees by category | Number of training hours offered to each category | Average training hours, by category |
|-------------------|---|---|-------------------------------------|
| Administration | 334 | 536.05 | 11.41 |
| Commercial | N/D | N/D | N/D |
| Leadership | 1,556 | 638.74 | 5.19 |
| Operational | 13,437 | 4,830.99 | 4.85 |
| Mixed | 14,307 | 3,038.26 | 4.48 |
| Research field | 0 | 0,00 | 0,00 |
| Total | 29,634 | 9,044.04 | 4.82 |

* The Company does not maintain the data by gender for 2018 for operational units of Minerva Foods (Brazil).

[404-1] Number of average training hours, by category - Brazil

| 2017 | | | |
|-------------------|---|---|-------------------------------------|
| Employee category | Number of Company employees by category | Number of training hours offered to each category | Average training hours, by category |
| Management | 474.00 | 1,013.63 | N/D |
| Commercial | 118.00 | 44.00 | N/D |
| Leadership | 2,088.00 | 566.19 | N/D |
| Operational | 14,686.00 | 3,329.67 | N/D |
| Mixed | 11,439.00 | 3,151.95 | N/D |
| Research field | 2.00 | 0.33 | N/D |
| Total | 28,807.00 | 8,105.77 | N/D |

[404-1] Number of average training hours, by category * - Argentina

| 2018 | | | |
|----------------|---|---|-------------------------------------|
| Category | Number of Company employees by category | Number of training hours offered to each category | Average training hours, by category |
| Administration | 132 | 588.00 | 360.00 |
| Commercial | 54 | 214.00 | 134.00 |
| Leadership | 143 | 1,207.00 | 675.00 |
| Operational | 1,552 | 6,455.00 | 4,003.05 |
| Mixed | 137 | 581.00 | 359.00 |
| Research field | 20 | 192.00 | 106.00 |
| Total | 2,038 | 9,237.00 | 5,637.50 |

| Gender | Number of Company employees by gender | Number of training hours offered to the employees, by gender | Average training hours, by gender |
|--------|---------------------------------------|--|-----------------------------------|
| Male | 1862 | 8,195.00 | 5,028.50 |
| Female | 176 | 1,042.00 | 609.00 |
| Total | 2038 | 9,237.00 | 5,637.50 |

* The Company does not maintain the data for 2017 and 2018. This is the first report for operations in Argentina.

[404-1] Average number of training hours, by category * - Colombia

| 2018 | | | |
|-------------------|--|---|-------------------------------------|
| Employee category | Number of Company employees, by category | Number of training hours offered to each category | Average training hours, by category |
| Administration | 23 | 20.00 | 2.00 |
| Commercial | 9 | 5.00 | 1.00 |
| Leadership | 1 | 4.00 | 1.00 |
| Operational | 567 | 260.00 | 1.30 |
| Mixed | 0 | 0.00 | N/D |
| Research field | 0 | 0.00 | N/D |
| Total | 600 | 289.00 | N/D |

* The Company does not maintain the data by gender for 2017 and 2018. This is the first report for operations in Colombia.

[404-1] Average number of training hours, by category * - Paraguay

| 2018 | | | |
|-------------------|---|--|-------------------------------------|
| Employee category | Number of Company employees by category | Number of training hours offered to each category | Average training hours, by category |
| Administration | 213 | 2,362.00 | 11.00 |
| Commercial | N/D | N/D | N/D |
| Leadership | N/D | N/D | N/D |
| Operational | 2,252 | 8,748.00 | 3.90 |
| Mixed | N/D | N/D | N/D |
| Research field | N/D | N/D | N/D |
| Total | 2,465 | 11,110.00 | 4.50 |
| Gender | Number of Company employees by category | Number of training hours offered to employees, by gender | Average training hours, by gender |
| Male | 1934 | 8,406.00 | 4.35 |
| Female | 531 | 2,688.00 | 5.00 |
| Total | 0 | 11,094.00 | 4.50 |

* The Company does not maintain the data for 2016 nor the total amount for the year of 2017 for the units in Paraguay.

[404-1] Number of training hours, by category ** - Paraguay

| 2017 | | | |
|-------------------|---|--|-------------------------------------|
| Employee category | Number of Company employees by category | Number of training hours offered to each category | Average training hours, by category |
| Operational | N/D | N/D | 12.30 |
| Supervisor | N/D | N/D | 13.70 |
| Assistant | N/D | N/D | 33.60 |
| Manager | N/D | N/D | 7.50 |
| Salesperson | N/D | N/D | 7.00 |
| Director | N/D | N/D | 7.00 |
| Total | N/D | N/D | 13.20 |
| Gender | Number of Company employees by category | Number of training hours offered to the employees, by gender | Average training hours, by gender |
| Male | N/D | N/D | 11.40 |
| Female | N/D | N/D | 11.70 |
| Total | N/D | N/D | 13.20 |

** The employees' categories were adjusted for the report of 2018.

[404-1] Average number of training hours, by category * - Uruguay

| 2018 | | | |
|-------------------|---|--|-------------------------------------|
| Employee category | Number of Company employees by category | Number of training hours offered for each category | Average training hours, by category |
| Administration | 151 | 566.5 | 3.75 |
| Commercial | N/D | N/D | N/D |
| Leadership | N/D | N/D | N/D |
| Operational | 1772 | 7979.75 | 4.5 |
| Mixed | N/D | N/D | N/D |
| research field | N/D | N/D | N/D |
| Total | 1923 | 8546.25 | 4.4 |
| Gender | Number of Company employees by category | Number of training hours offered to the employees, by gender | Average training hours, by gender |
| Male | 1611 | 6991.5 | 4.33 |
| Female | 312 | 1441.5 | 4.62 |
| Total | 1923 | 8433.0 | 4.38 |

*The Company does not maintain the data for 2016 nor the absolute numbers for 2017 for the units in Uruguay Carrasco

[404-1] Average training hours, by category ** - Uruguay Carrasco

| 2017 | | | |
|-------------------|---|--|-------------------------------------|
| Employee category | Number of Company employees by category | Number of training hours offered to each category | Average training hours, by category |
| Operational | N/D | N/D | 2.70 |
| Supervisor | N/D | N/D | 5.10 |
| Assistant | N/D | N/D | N/D |
| Manager | N/D | N/D | 9.00 |
| Sales person | N/D | N/D | N/D |
| Director | N/D | N/D | N/D |
| Total | N/D | N/D | N/D |
| Gender | Number of Company employees by category | Number of training hours offered to the employees, by gender | Average training hours, by gender |
| Male | N/D | N/D | 2.40 |
| Female | N/D | N/D | 5.40 |
| Total | N/D | N/D | 2.70 |

**The functional categories were readjusted for the report of 2018.

[404-1] Average number of training hours, by category ** - Uruguay Pul

| 2017 | | | |
|-------------------|---|--|-------------------------------------|
| Employee category | Number of Company employees by category | Number of training hours offered to each category | Average training hours, by category |
| Operational | N/D | N/D | 7.70 |
| Supervisor | N/D | N/D | 16.60 |
| Assistant | N/D | N/D | 8.90 |
| Manager | N/D | N/D | 15.40 |
| Salesperson | N/D | N/D | 8.00 |
| Director | N/D | N/D | 8.00 |
| Total | N/D | N/D | N/D |
| Gender | Number of employees hired directly, by gender | Number of training hours offered to the employees, by gender | Average training hours, by gender |
| Male | N/D | N/D | 8.20 |
| Female | N/D | N/D | 8.90 |
| Total | N/D | N/D | 8.30 |

**The functional category was readjusted for the report of 2018.

[403-1] Percentage of employees represented by formal health and safety committees

| | |
|-----------|------|
| Argentina | 3.00 |
| Brasil | 3.50 |
| Colombia | 3.10 |
| Paraguay | 1.00 |
| Uruguay | 1.7 |

[401-1] New employee hires and turnover by age group, gender and region - Brazil*

| 2018 | | | | | 2017 | |
|------------------------|---------------------|-----------------------|-------------------------------|--------------------|---------------------|-------------------------------|
| Gender | | | | | | |
| | Number of new hires | Rate of new hires (%) | Number of dismissed employees | Turnover rates (%) | Number of new hires | Number of dismissed employees |
| Male | 1942 | 3,25 | 2140 | 3,04 | 2933 | 2118 |
| Female | 659 | 2.77 | 787 | 3.41 | 1100 | 881 |
| Total | 2601 | 3.11 | 2927 | 3.31 | 4033 | 2999 |
| Age group | | | | | | |
| Under 30 years old | 1455 | 4.14 | 1424 | 4.10 | 2299 | 1511 |
| Between 30 to 50 years | 1087 | 2.54 | 1380 | 2.88 | 1635 | 1329 |
| Over 50 years old | 59 | 1.07 | 123 | 1.65 | 99 | 159 |
| Total | 2601 | 3.11 | 2927 | 3.31 | 4033 | 2999 |
| Region | | | | | | |
| Center-West | 1117 | 3.58 | 1269 | 3.82 | 2362 | 1322 |
| Northeast | 297 | 3.06 | 267 | 2.90 | 0 | 0 |
| North | 606 | 3.04 | 618 | 3.07 | 618 | 479 |
| Southeast | 552 | 2.48 | 751 | 2.93 | 1053 | 1198 |
| South | 29 | 7.18 | 22 | 6.31 | 0 | 0 |
| Total | 2601 | 3.11 | 2927 | 3.31 | 4033 | 2999 |

* Turnover rates refers to industrial units only

[401-1] New hires and turnover by age group and gender - Paraguay*

| 2018 | | | | | 2017 | | | |
|------------------------|-----------------------|-----------------------|-------------------------------|-------------------|---------------------|-----------------------|-------------------------------|------------------|
| Gender | | | | | | | | |
| | Rate of new hires (%) | Rate of new hires (%) | Number of employees dismissed | Turnover rate (%) | Number of new hires | Rate of new hires (%) | Number of employees dismissed | Turnover rate(%) |
| Male | 654 | 26.85 | 940 | 45.02 | 114 | - | 194 | - |
| Female | 159 | 6.52 | 266 | 45.35 | 12 | - | 24 | |
| Total | 813 | 33.38 | 1206 | 38.36 | 126 | 10.70 | 218 | 13.70 |
| Age Group | | | | | | | | |
| Under 30 years old | 407 | 16.70 | 437 | 67.81 | 70 | - | 100 | - |
| Between 30 to 50 years | 373 | 15.30 | 656 | 45.99 | 54 | - | 107 | - |
| Over 50 years old | 33 | 1.35 | 113 | 48.37 | 2 | - | 11 | - |
| Total | 813 | 33.38 | 1206 | 38.36 | 126 | 13.70 | 218 | - |

* The Company reported the data from 2016 and data on new hires and turnover rates by gender, age group and region in 2017 for the units in Paraguay

[401-1] New hires and turnover by age group and gender - Uruguay*

| 2018 | | | | | 2017 | | | |
|------------------------|---------------------|-----------------------|-------------------------------|-------------------|---------------------|-----------------------|-------------------------------|--------------------|
| Gender | | | | | | | | |
| | Number of new hires | Rate of new hires (%) | Number of employees dismissed | Turnover rate (%) | Number of new hires | Rate of new hires (%) | Number of employees dismissed | Turnover rates (%) |
| Male | 81 | 12.63 | 94 | 15.83 | 58 | - | 68 | - |
| Female | 22 | 3.43 | 23 | 22.59 | 12 | - | 15 | - |
| Total | 103 | 16.06 | 117 | 19.21 | 70 | 6,0 | 83 | 6.6 |
| Age group | | | | | | | | |
| Under 30 years old | 69 | 10.75 | 43 | 45.76 | 46 | - | 35 | - |
| Between 30 to 50 years | 33 | 5.14 | 39 | 9.47 | 23 | - | 29 | - |
| Over 50 years old | 0 | 0,00 | 12 | 4.83 | 1 | - | 19 | - |
| Total | 102 | 7.9 | 94 | 20.02 | 70 | - | 83 | - |

* O cálculo de rotatividade refere-se apenas as unidades industriais

[401-1] New hires and turnover by age group and gender - Argentina

| 2018 | | | | |
|--------|---------------------|----------------------|-------------------------------|-------------------|
| Gender | | | | |
| | Number of new hires | Rate of new hires(%) | Number of employees dismissed | Turnover rate (%) |
| Male | 302 | - | 252 | 14.96 |
| Female | 45 | - | 25 | 20.11 |
| Total | 347 | - | 0 | 15.41 |

*Turnover rates refers to industrial units only

[401-1] New hires and turnover by age group and gender - Colombia

| 2018 | | | | |
|--------|---------------------|----------------------|-------------------------------|-------------------|
| Gender | | | | |
| | Number of new hires | Rate of new hires(%) | Number of employees dismissed | Turnover rate (%) |
| Male | 181 | - | 99 | 22.43 |
| Female | 14 | - | 5 | 20.43 |
| Total | 195 | - | 104 | 22.15 |

* Turnover rates refers to industrial units only

[302-1] Consumption of Electric Power - GJ

| Country/Unit | 2018 | 2017 |
|--------------|-------------|------------|
| Argentina | 92621.9844* | - |
| Brazil | 591,421.64 | 574,775.45 |
| Colombia | 36140.742 | 31353.8868 |
| Paraguay | 133,628.42 | 756,224.90 |
| Uruguay | 103086.39* | 86,417.48 |

(*) Data from July, 2018

In 2018 the consumption of electric power in the operations of Minerva Foods reached 591,421.64 GJ.
For the units of Athena Foods the consumption was 365,477.54 GJ

[306-1] Total water disposal, categorized by quality and destination

| Country/ unit | 2018 | 2017 | Destination |
|---------------|-------------------------------------|--------------|--|
| | Total volume of water disposal (m³) | | |
| Argentina | N/D | N/D | N/D |
| Brazil | 4,312,613.00 | 4,470,070.00 | Recipients and fertigation |
| Colombia | 199,496.70 | | Surface water |
| Paraguay | 606,565.00 | 764,632.00 | Discharge to watercourse/ municipal collecting system |
| Uruguay | 1,254,244.00 | 1,013,556 | Return to downstream |

(303-1) Total of water withdrawal, by source

| Country/ unit | 2018 | 2017 | Sources |
|---------------|---------------------------------------|--------------|----------------------------------|
| | Total volume of water withdrawal (m³) | | |
| Paraguay | 512,858.00 | 764,632.00 | Surface water |
| Uruguay | 1,582,821.00 | 1,013,556 | Surface water |
| Brazil | 6,478,855.7 | 4,827,362.00 | Surface water and groundwater |
| Colombia | 239,388.00 | N/D | Groundwater and municipal supply |
| Argentina | 3,925,211.00 | N/D | Groundwater and surface water |

[306-2] Total weight of waste, by type and disposal method – Minerva Foods

| Hazardous waste | | | | Non-hazardous waste | | |
|--|-------------|-------------|--|---------------------|--------------|---|
| Disposal method | Weight (kg) | Weight (t) | Waste type | Weight (kg) | Weight (t) | Waste type |
| | 2017 | 2018 | | 2017 | 2018 | |
| Recycling | | | Non-applicable | 32,161,997 | 2,810.00 (t) | Paper and cardboard, clear plastics, mixed plastics, containers and drums, raffia bags, ferrous metal, non-ferrous metal, pallets and grease waste. |
| Composting | | | Non-applicable | 48,025 | 0.02586 (t) | Ruminal waste and organic waste from cafeteria. |
| Recovery, including energy recovery | 33,106 | 0.02165 (t) | Batteries, electronic waste, light bulbs, used vegetable oils and other used oils. | 38,150 | 0.052 (t) | Tallow acid |
| Incineration (burned material) | 4,384 | 0.53 (t) | Waste from health services, used personal protective equipment, cloth and objects saturated with chemicals or oils and grease. | Non-applicable | | Non-applicable |
| Landfill | 410 | 155.0 (t) | Containers from toxic chemicals. | 2,864,218 | 2,698.00 (t) | General waste. |
| Others (to be specified by the organization) | N/D | N/D | N/D | 393,820 | 0.104 (t) | Sludge from tricanter. |

[306-2] Total weight of waste, by type and disposal method - -Athena Foods

| Hazardous waste | | | Non-hazardous waste | |
|--|-----------------------------------|--|---|---|
| Disposal method | t | | t | |
| | 2018 | Type of waste | 2018 | Type of waste |
| Recycling/ Reusing | UY: 0,00343 (t) ARG: 10.86 (t) | | PY: 0.138089 (t) UY: 0.287 (t) ARG: 49.77 (t) COL: 39.17 (t) | Paper and cardboard, clear plastics, mixed plastics, containers and drums, raffia bags, ferrous metal, non-ferrous metal, pallets and grease waste. |
| Composting | N/D | | PY: 7.57 (t) UY: 11,011 (t) ARG: 11.28 (t) | Ruminal waste and organic waste from the cafeteria. |
| Recovery, including energy recovery | N/D | Batteries, electronic waste, light bulbs, used vegetable oils, and other used oils. | PY: 0.217 (t) UY: 0 ARG: 0.05 (t) | Tallow acid |
| Incineration (burn of material) | COL: 2.21 (t) | Health service waste, used equipment for individual protection, cloth and objects impregnated with chemical products or oils and grease. | PY: 0.117 (t) UY: 67 (t) ARG: 4.8 (t) | Pallets. |
| Landfill / local storage | COL: 1.83 (t) | Recipients for toxic chemical products. | PY: 0.122 (t) UY: 0.249 (t) ARG: 2.555.39 (t) ARG: 461.9 (t) | General waste. |
| Others (to be specified by the organization) | N/D | N/D | N/D | Sludge from tricanter |

[306-4] Transport of hazardous waste (t)

| Unit/Country | 2018 | 2017 |
|--------------|---------------|----------------------------------|
| Argentina | 15.800 (kg) | N/D |
| Brazil | N/A | N/A |
| Colombia | 2.2100 (kg) | N/D |
| Paraguay | 3,221.00 (kg) | 4.694 (kg) (only plants 2 and 8) |
| Uruguay | 8153 (kg) | 2357 (Kg) |

[FP 13] Total number of incidents regarding non-compliance to laws and regulations and non-adherence to voluntary standards related to the transport, handling and slaughter of terrestrial and aquatic animals - Brazil

| | |
|--|-----|
| Total incidents of non-compliance to laws and/or regulations that resulted in penalties. | 683 |
| Total incidents of non-compliance to laws and/or regulations that resulted in warning. | 41 |
| Total incidents | 724 |

[GRI FP2] Percentage of volume purchased subject to verification in accordance to internationally recognized responsible production standards, broken down by standards

| Country | Type of purchased food product/ responsible production regulation | Type of purchased food product/ responsible production regulation |
|-----------|--|--|
| Paraguay | Cattle - Beef | 100% |
| Uruguay | Cattle – organic beef | 9,09% |
| Argentina | Cattle - Beef | 100% |
| Brazil | Cattle - Beef | 100% |
| Colombia | Cattle - Beef | 100% |

[GRI FP 5] Percentage of production volume manufactured in operating units certified by an independent organization in accordance with internationally recognized standards for food safety management system.

| Production operational units/ country | Scope of certification obtained by operational units | Total volume of production in identified units | Volume of production in certified identified units | Percentage of volume of production in certified units |
|--|--|--|---|--|
| Uruguay | | 86,303.00 | 9,810.00 | 92,4% |
| Paraguay | BRC – Slaughtering process, maturation and packaging of frozen or refrigerated beef, bone-in or boneless. | 92,957,434.00 | 92,957,434.00 | 100% |
| Brazil | | 4,034,257,980.00 | 4,034,257,980.00 | 100% |
| Argentina | | - | - | 100% |
| Colombia Accreditation HACCO | | 26,112,108.13 | 26,112,108.13 | 100% |

Notes: Minerva Fine Foods, which industrializes products such as bacon, chicken and ready-made food, also has accreditations from its own clients, as Burger King, Subway and YUM, that represents KFC, Taco Bell and Pizza Hut. *Accreditation gained by independent organization in compliance with regulations internationally renowned in the management system of food safety.

[GRI FP 9 e GRI FP 11] Percentage and total of animals raised and/or processed, by type and form of raising– Brazil

| Type of breed | Total animals | Percentage of animals bred and/or processed by type of breeding system. |
|------------------------|---------------|--|
| Confinement in pasture | 305,564.00 | 10.52 |
| Confinement | 1,528,904.00 | 52.66 |
| Pasture | 605,807.00 | 20.87 |
| Semi confinement | 463,095.00 | 15.95 |
| Total of animals | 2,903,370.00 | 100.00 |

[FP9] Percentage and total of animals raised and/or processed, by type and form of raising – – Minerva Foods (Brazil)

| Identify, individually in each field, the species or type of animal breeding and/or processed*. | Present the breeding practices and genetics used. | Total of animals | Total of animals from the previous year | Percentage of total animals related to the ones reported the previous year |
|--|--|---------------------|---|---|
| Type of breeding: Confinement in pasture | Female: 18,780 Young male: 18 Castrated Male: 34,594 Whole male: 155,694 Male: 96,478 Calf:0 Bull: 0 Cow: 0 | 305,564 | 143,665 | 47,02 |
| Confinement | Female: 154,492 Young male: 0 Castrated male: 49,496 Whole male: 486,079 Male: 838,317 Calf:198 Bull: 47 Cow: 275 | 1,528,904 | 656,160 | 42,92 |
| Pasture | Female: 181,824 Young male: 52 Castrated male: 96,153 Whole male: 203,234 Male: 124,500 Calf:0 Bull: 29 Cow: 15 | 605,807 | 425,398 | 70,22 |
| Semi- Confinement | Female: 99,846 Young male: 0 Castrated male: 32,690 Whole male: 138,023 Male: 192,374 Calf:0 Bull: 3 Cow: 159 | 463,095 | 299,471 | 64,67 |
| TOTAL | | 2,903,370 | 1,524,694 | 52,51 |

* For instance, poultry, cattle, dairy herd, pork, sheep, goats and aquatic animals

Notes: All the data are compiled, in an internal system of the Company, and daily monitored by the corporate team of Compra de Gado (Cattle purchase) – Operação Beef Brasil (Operation Beef Brazil).

[FP11] Percentage and total of animals bred and/or processed, by species and type of breeding - Minerva Foods - Brazil

| Present, individually, the types of raising form* used for raised and /or processed | Present the type or form of raising** of animals bred and/or processed. | Total of animals raised and/or processed by form of raising | Percentage of animals raised and/ or processed by form of raising |
|---|---|---|---|
| Confinement in pasture | Female Young male Castrated male Whole male Male | 305,564 | 10.5 |
| Confinement | Female Castrated male Whole male Male Calf Bull Cow | 1,528,904 | 52.7 |
| Pasture | Female Young male Castrated male Whole male Male Bull Cow | 605,807 | 20.9 |
| Semi-confinement | Female Castrated male Whole male Male Bull Cow | 463,095 | 16.0 |
| TOTAL | | 2,903,370 | 100.0 |

**This may include, among others, breeding system for poultry, cattle, dairy herd, aquatic animals, etc

[FP13] Total number of incidents regarding non-compliance to laws and regulations and non-adherence to voluntary standards related to the transport, handling and slaughter of terrestrial and aquatic animals - Minerva Foods - Brazil

| Incidents of significant non-compliance to laws and regulations related to transport, handling and/or slaughter described | |
|---|-----|
| Total number of incidents of non-compliance to laws and/or regulations that resulted in fines or penalties. | 683 |
| Total number of incidents of non-compliance to laws and/or regulations that resulted in warnings. | 41 |
| Total number of incidents | 724 |

Notes

The Company has the accreditation Professional Animal Auditor Certification Organization (PAACO), and this is an internationally renowned institution in the area of animal welfare, formed by five American organizations expert in best practices and scientific knowledge in the meat industry and accredited by American Meat Institute – AMI.

Annually, audits are carried out in the sites, aiming at checking the accreditation support.

Minerva Foods has daily procedures that ensure the welfare of the animals that are sent to slaughter. It counts on proper vehicle and properly trained drivers. The sites are proper and aim at ensuring the comfort of the animals during their stay in the site, thus avoiding stress.

In all its units, the Company has programs for animal welfare implemented, and provides its employees qualification, which is carried out by specialized companies expert in the area, such as WPA, BEA Consultoria and SPT.

[GRI 201-1] Statements of value-added for the years ended December 31, 2018, and 2017 - (In thousands of Reais)

| | Parent Company | | Consolidated | |
|---|----------------|-------------|--------------|--------------|
| | 31/12/2018 | 31/12/2017 | 31/12/2018 | 31/12/2017 |
| Revenue | 7,804,259 | 6,592,827 | 16,058,321 | 12,158,401 |
| Sales of goods, products and services | 7,693,390 | 6,556,140 | 15,830,193 | 12,067,854 |
| Other revenue | 110,869 | 36,687 | 228,128 | 90,547 |
| Inputs acquired from third parties | (7,833,299) | (5,833,979) | (15,802,523) | (10,807,290) |
| (Includes tax amounts - ICMS, IPI, PIS and COFINS) | | | | |
| Costs of products, goods and services sold | (6,319,946) | (4,974,437) | (12,700,138) | (9,384,842) |
| Materials, energy, outsourced services and others | (1,513,353) | (859,542) | (3,102,385) | (1,422,448) |
| Gross Added Value | (29,040) | 758,848 | 255,798 | 1,351,111 |
| Depreciation, depletion and amortization | (98,549) | (75,659) | (221,732) | (145,020) |
| Net added value produced by company | (127,589) | 683,189 | 34,066 | 1,206,091 |
| Received added value from transfers | 6,071 | (48,560) | 85,958 | 104,216 |
| Equity in Earnings | (60,743) | (125,375) | - | - |
| Financial Revenue | 66,814 | 76,815 | 85,958 | 104,216 |
| Total added value to distribute (5+6) | (121,518) | 634,629 | 120,024 | 1,310,307 |
| Distribution of added value | (121,518) | 634,629 | 120,024 | 1,310,307 |
| Personnel | 205,691 | 248,687 | 368,965 | 448,674 |
| Taxes, fees and contributions | (485,930) | 110,436 | (472,881) | 134,976 |
| Third party capital returns | 1,423,503 | 556,529 | 1,488,722 | 1,007,340 |
| Interest | 1,411,353 | 544,598 | 1,466,029 | 963,353 |
| Lease | 12,150 | 11,931 | 22,693 | 43,987 |
| Return on own capital | (1,264,782) | (281,023) | (1,264,782) | (280,683) |
| Losses form activities | (1,264,782) | (281,023) | (1,264,782) | (281,023) |
| Non-controlling interest in retained earnings (consolidated only) | - | - | - | 340 |

The accompanying notes are an integral part of these financial statements.

About the report

GRI 102-10, 102-50, GRI 102-51,
GRI 102-52, GRI 102-54, GRI 102-56

The Company annually publishes its sustainability report. It is based on the Global Reporting Initiative (GRI) Standards Essential model, this document reports all operations and business of the Company - Minerva Foods and Athena Foods - for the 2018 year. Information regarding operations in Brazil (both performance indicators and qualitative data) has been submitted to Grant Thornton Brasil Ltda. an independent auditor, for analysis and assurance and published in the Summary of this report.

With the resolution from the Board of Directors in August, 2018, Minerva became the sole shareholder of Athena Foods S.A., forming one company.

Materiality

GRI 103-1, GRI 102-46, GRI 102-47, GRI 102-49

In 2019, in order to identify the most relevant economic, environmental and social aspects for stakeholders and the Company, a new stakeholder consultation was conducted following the GRI Standards version guidelines. The results of this procedure led to the selection of the content for the Minerva Foods Sustainability Report 2018.

By offering qualitative and not quantitative results, the main objective of this task was to allow the elaboration of a more concise report aligned with the reading expectations of stakeholders.

Developed on the GRI guidelines, strategic concepts of the Company and in relevant issues from the sector, the questionnaire was organized around four themes: Business, Products, Environment, and Social. Seven subjects had to be organized under each theme,



according to their degree of importance. In this manner, the opinions of the interest groups on 28 different issues were analyzed, whose reporting parameters are on all the operations and businesses of the Company.

The seven subjects considered most relevant were validated. Among them, three in relation to the theme "Business"; two on the theme "Environmental"; one on the theme "Social"; and one on, "Products". Highlighted where the subjects on Ethics and compliance and Portfolio, the two new items added to the materiality of the Company.

Water consumption (Environment): awareness on the monitoring of water consumption by the Company and the impact of livestock on water sources.

Portfolio (Products): Getting to know the availability of high quality products of the Company, as well as its reliability and variety, as well as the other businesses of the group (distribution, energy, industrialized products, live cattle exports, leather, casings, bio-diesel and other by-products).

Financial Results (Business): a transparent view of the economic performance and the main financial results of the Company.

Well-being and quality of life (Social): to learn about the ways in which the Company values its employees, strengthens their skills and provides a motivating work environment.

Energy consumption (Environment): awareness on the Company's actions to promote the rational use of energy, as well as the use of renewable sources (such as biofuel production from beef tallow).

Efficiency and management (Business): get to know the investments and activities made in innovation, technology and efficiency projects.

Ethics and compliance (Business): become familiar with the steps taken by the Company to guarantee an ethical and responsible business conduct in their business practices and with partners, as well as anti-corruption/anti-bribery practices).



| GRI Standards | Disclosure | | Observations | Page in report | Audited |
|-----------------------------------|------------------------|---|---|----------------|---------|
| GRI 101: FOUNDATION 2016 | | | | | |
| CONTEÚDOS GERAIS | | | | | |
| GRI 102: GENERAL DISCLOSURES 2016 | ORGANIZATIONAL PROFILE | | | | |
| | GRI 102-1 | Name of the organization. | | 4 | ✓ |
| | GRI 102-2 | Activities, brands, products, and services. | | 4, 7 | ✓ |
| | GRI 102-3 | Location of headquarters. | | 14 | ✓ |
| | GRI 102-4 | Location of operations. | | 15 | ✓ |
| | GRI 102-5 | Nature of ownership and legal form of the organization | | 4 | ✓ |
| | GRI 102-6 | Markets served. | | 50 | ✓ |
| | GRI 102-7 | Scale of the organization. | | 4 | ✓ |
| | GRI 102-8 | Information on employees and outsourced workers. | | 68 | ✓ |
| | GRI 102-9 | Supply chain. | | 38 | ✓ |
| | GRI 102-10 | Significant changes to the organization and its supply chain. | | | ✓ |
| | GRI 102-11 | Precautionary Principle. | | 60 | ✓ |
| | GRI 102-12 | External initiatives. | | 28, 29 | ✓ |
| | GRI 102-13 | Membership of associations. | | 28, 29 | ✓ |
| STRATEGY | | | | | |
| | GRI 102-14 | Message from the CEO. | | 8, 9, 10, 11 | ✓ |
| | GRI 102-15 | Key impacts, risks, and opportunities. | | | |
| ETHICS AND INTEGRITY | | | | | |
| | GRI 102-16 | Values, principles, standards, and norms of behavior. | | 22 | ✓ |
| | GRI 102-17 | Mechanisms, for advice and concerns about ethics. | | 30 | ✓ |
| GOVERNANCE | | | | | |
| | GRI 102-18 | Governance structure. | | 24, 25 | ✓ |
| STAKEHOLDER ENGAGEMENT | | | | | |
| | GRI 102-40 | List of stakeholder groups. | | 34, 35 | ✓ |
| | GRI 102-41 | Collective bargaining agreements. | | 68 | ✓ |
| | GRI 102-42 | Identifying and selecting stakeholders. | | 34, 35 | ✓ |
| | GRI 102-43 | Approach to stakeholder engagement.. | | 34, 35 | ✓ |
| | GRI 102-44 | Key topics and concerns raised. | | 34, 35 | ✓ |
| REPORTING PRACTICE | | | | | |
| | GRI 102-45 | Entities included in the consolidated financial statements. | The operations of the Company (Minerva S/A: Minerva Live Cattle Exports; Athena Foods; Minerva Foods Chile; Pul Argentina; Red Cárnica; Red Industrial; Frigomerc; Frigorífico Carrasco; Pulsa; Swift Argentina; BEEF Paraguay; Frigorífico Canelones; Industria Paraguaya Frigorífica; Minerva Dawn Farms; CSAP – Companhia Sul Americana de Pecuária; Minerva Comercializadora de Energia; Minerva Log; Transminerva Ltda; Minerva Foods Asia Assessoria; Minerva Colombia; Friasa; Minerva Middle East; Minerva Luxembourg; Lytmer; Minerva USA; Minerva Meats USA; Minerva Europe; Minerva Overseas; Minerva Overseas II; Minerva Australia Holdings Pty; Minerva Foods Pty). | 136 | ✓ |
| | GRI 102-46 | Defining report content and topic Boundaries. | | | ✓ |
| | GRI 102-47 | List of material topics. | | | ✓ |

| | | | | | |
|---|------------|--|--|---------|---|
| | GRI 102-48 | Restatements of information. | There was no restatement of information | | |
| | GRI 102-49 | Changes in Reporting. | | | |
| | GRI 102-50 | Reporting period. | | | ✓ |
| | GRI 102-51 | Date of most recent report. | | | ✓ |
| | GRI 102-52 | Reporting cycle. | | | ✓ |
| | GRI 102-53 | Contact point for questions regarding the report. | | | ✓ |
| | GRI 102-54 | Claims of reporting in accordance with the GRI Standards. | | | |
| | GRI 102-55 | GRI content index. | | | ✓ |
| | GRI 102-56 | External assurance | | | ✓ |
| MATERIAL TOPICS | | | | | |
| WATER CONSUMPTION | | | | | |
| GRI 103: MANAGEMENT APPROACH 2016 | GRI 103-1 | Explanation of the material topic and its Boundaries. | | | |
| | GRI 103-2 | The management approach and its components. | | 84 a 89 | ✓ |
| | GRI 103-3 | Evaluation of the management approach. | | 84 a 89 | ✓ |
| GRI 303: WATER AND EFFLUENTS 2016 | GRI 303-1 | Water withdrawal by source. | Minerva does not have 2018 water withdrawal. Water consumption is monitored and managed daily by environmental supervisors, through calibrated water meter measurements, which data are reported to plant and corporate area managers. | 86 | ✓ |
| | GRI 303-2 | Management of water discharge-related impacts. | For operations in Brazil, the Company did not identify water sources affected by water withdrawal. In operations in Argentina Paraná River and the Puelches Aquifer are affected by the withdrawal of water. | 86 | ✓ |
| | GRI 303-3 | Water withdrawal. | The Company does not recycle/reused water. | 86 | |
| PORTFOLIO | | | | | |
| GRI 103: MANAGEMENT APPROACH 2016 | GRI 103-1 | Explanation of the material topic and its Boundaries. | | | |
| | GRI 103-2 | The management approach and its components. | | 4, 7 | ✓ |
| | GRI 103-3 | Evaluation of the management approach. | | 4, 7 | ✓ |
| GRI 102: GENERAL APPROACH 2016 | GRI 102-2 | Activities, brands, products, and services. | | 4, 7 | ✓ |
| GRI 416: COSTUMER HEALTH AND SAFETY 2016 | GRI 416-2 | Incidents of non-compliance concerning the health and safety impacts of products and services. | Cases of non-compliance to regulations that resulted in penalties: 52. Cases of non-compliance to regulations that resulted in warnings: 683. | | |
| GRI 417: MARKETING AND LABELING 2016 | GRI 417-1 | Requirements for product and service information and labely. | For any input to be used in the plants – they all go through approval procedure, including analysis of documentation of the Company, migration reports on the product/input, pilot test and final approval. Besides that, Minerva has a management system for packaging consumption, named MRP. This program is based on the amount of animals to be slaughtered in the unit and generates the ideal consumption for each sector. At the end of each day it is compared: the planned usage x the real usage, as well as generating a report on waste from the input of each sector. At the end of the day, the managers are asked about the right usage according to the technical file of the product and the MRP system, as well as about the waste. | | ✓ |
| | GRI 417-2 | Incidents of non-compliance concerning product and service information and labeling. | In 2018 the Company did not have penalties, nor warnings related to information and labeling of products and services. | | |

| FINANCIAL RESULTS | | | | | |
|--------------------------------------|-----------|---|---|--------|---|
| GRI 103: MANAGEMENT APPROACH 2016 | GRI 103-1 | Explanation of the material topic and its Boundaries. | | | |
| | GRI 103-2 | The management approach and its components. | 40 | ✓ | |
| | GRI 103-3 | Evaluation of the management approach. | 40 | ✓ | |
| GRI 201: ECONOMIC PERFORMANCE 2016 | GRI 201-1 | Direct economic value generated and distributed. | | ✓ | |
| | GRI 201-2 | Financial implications and other risks and opportunities due to climate change. | Information not available: the Company does not specifically inform the values reversed to the theme, but is working to make these values available for the next reports. | 90, 91 | ✓ |
| WELL-BEING AND LIFE QUALITY | | | | | |
| GRI 103: MANAGEMENT APPROACH 2016 | GRI 103-1 | Explanation of the material topic and its Boundaries. | | | |
| | GRI 103-2 | The management approach and its components. | 76 | ✓ | |
| | GRI 103-3 | Evaluation of the management approach. | 76 | ✓ | |
| GRI 401: EMPLOYMENT 2016 | GRI 401-2 | Benefits provided to full-time employees that are not provided to temporary or part-time employees. | | 76 | ✓ |
| | GRI 401-3 | Parental leave. | | 76 | |
| GRI 404: TRAINING AND EDUCATION 2016 | GRI 404-2 | Programs for upgrading employee skills and transition assistance programs. | Leadership School: training for the qualification of a leadership team for high performance, including content that develop the employees to be reference and excellence in their sectors. Young Apprentice follow-up: follow the Young apprentices for their professional and personal development. Sponsors and Friends: techniques for assertive communication, the power of professional communication, techniques on learning how to listen, asking powerful questions and communication efficiency with the team, Always aimed at new employees – those who have been working for the Company for longer are responsible for teaching and guiding the new employee. | | ✓ |
| ENERGY CONSUMPTION | | | | | |
| GRI 103: MANAGEMENT APPROACH 2016 | GRI 103-1 | Explanation of the material topic and its Boundaries. | | | |
| | GRI 103-2 | The management approach and its components. | 92, 93 | ✓ | |
| | GRI 103-3 | Evaluation of the management approach. | 92, 93 | ✓ | |
| GRI 302: ENERGY 2016 | GRI 302-1 | Energy consumption within the organization. | | 92, 93 | ✓ |
| | GRI 302-2 | Energy consumption outside of the organization. | Information not available: the Company does not report the external consumption of electric power at the moment | | |
| | GRI 302-4 | Reduction of energy consumption. | Information not available: the Company does not report the reduction on electric power consumption at the moment. | | |
| EFFICIENCY AND MANAGEMENT | | | | | |
| GRI 103: MANAGEMENT APPROACH 2016 | GRI 103-1 | Explanation of the material topic and its Boundaries. | | | |
| | GRI 103-2 | The management approach and its components. | 60 | ✓ | |
| | GRI 103-3 | Evaluation of the management approach. | 60 | ✓ | |

| ETHICS AND COMPLIANCE | | | | | |
|--|-----------|--|---|----|---|
| GRI 103: MANAGEMENT APPROACH 2016 | GRI 103-1 | Explanation of the material topic and its Boundaries. | | | |
| | GRI 103-2 | The management approach and its components. | 30 | ✓ | |
| | GRI 103-3 | Evaluation of the management approach. | 30 | ✓ | |
| GRI 205: ANTI-CORRUPTION 2016 | GRI 205-1 | Operations assessed for risks related to corruption. | | 30 | ✓ |
| | GRI 205-2 | Communication and training about anti-corruption policies and procedures. | | 30 | ✓ |
| | GRI 205-3 | Confirmed incidents of corruption and actions taken. | | | |
| | | | | | |
| GRI 307: ENVIRONMENTAL COMPLIANCE 2016 | GRI 307-1 | Non-compliance with environmental laws and regulations | On October 6, 2015 the ship that would do the living cattle export from Porto de Vila do Conde, in Barcarena (PA), tilted. Even though the shipping Company hired is totally responsible for the load, the Company was accused in a Public Civil Action , suit n.º 0035481-71.2015.4.01.3900, going on at Nona Vara Federal (Ninth Federal Court), in the state of Pará. Its total amount is R\$ 71.4 million. The agreement was of R\$ 5 million, totally paid by the Company. Six infraction notices were given for the verification of environmental damage supposedly caused by the Company, being the most relevant one the Administrative process under the n.º 33175/2015, brought by Secretaria de Meio Ambiente e Sustentabilidade do Pará (Semas) (Environment and Sustainability Secretary of Pará), involving R\$ 15.9 million, which eliminated the amount of R\$ 23 million as it had double charge. On December 31, 2016, the Company became the opposing party in the administrative process going on before the Companhia Ambiental do Estado de São Paulo (Cetesb)(Environmental Company of the State of São Paulo), because of na incidente with amônia that happened on August 31, 2016, in the unit of Barretos (SP). The amount of penalty totals approximately R\$ 12.5 million. On February 14, 2017, Hierarchical Appeal was registered. On November 17,2017 the appeal was judged and the reduction of the penalty was given, based on the principles of reasonability and proportionality, reducing the amount to R\$ 4 million, Having the possibility of 30% reduction, taken by the Company, that made the respective payment on December 14, 2017. | | |
| | GRI FP 13 | Total number of incidents of significant non-compliance with laws and regulations, and adherence with voluntary standards related to transportation, handling, and slaughter practices for live terrestrial and aquatic animals. | | | |

| SPECIFIC INDICATORS | | | | | |
|---|-----------|---|---|--------|---|
| ENVIRONMENTAL SECTOR | | | | | |
| GRI 305: EMISSIONS 2016 | GRI 305-1 | Direct (Scope 1) GHG emissions. | | 90, 91 | ✓ |
| | GRI 305-2 | Energy indirect (Scope 2) GHG emissions. | | 90, 91 | ✓ |
| | GRI 305-3 | Other indirect (Scope 3) GHG emissions. | The organization does not report scope 3. | | |
| GRI 306: EFFLUENTS AND WASTE 2016 | GRI 306-1 | Water discharge by quality and destination. | | 90, 91 | ✓ |
| | GRI 306-2 | Waste by type and disposal method. | | 88, 89 | ✓ |
| | GRI 306-4 | Transport of hazardous waste. | | 88, 89 | ✓ |
| GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT 2016 | GRI 308-1 | New suppliers that were screened using environmental criteria. | | 38, 39 | ✓ |
| | GRI 308-2 | Negative environmental impacts in the supply and actions taken. | | 38, 39 | ✓ |
| SOCIAL SECTOR | | | | | |
| GRI 401: EMPLOYMENT 2016 | GRI 401-1 | New employee hires and employee turnover. | | 76 | ✓ |
| GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2016 | GRI 403-1 | Occupational health and safety management system. | Information not available: the organization does not measure the level of action of each committee. | | ✓ |
| | GRI 403-2 | Hazard identification, risk assessment, and incident investigation. | | 77 | ✓ |
| | GRI 403-3 | Occupational health services. | There are no employees involved in occupational activities that have high frequency or high risk of disease related to their occupations. | | |
| | GRI 403-4 | Worker participation, consultation and communication on occupational health and safety. | | | |
| GRI 404: TRAINING AND EDUCATION 2016 | GRI 404-1 | Average hours of training per year per employee. | | 70, 71 | ✓ |
| GRI 406: NON-DISCRIMINATION 2016 | GRI 406-1 | Incidents of discrimination and corrective actions taken. Operations and suppliers at significant risk for incidents of child labor. | | 30 | |
| GRI 408: CHILD LABOR 2016 | GRI 408-1 | Operations and suppliers at significant risk for incidents of child labor. | | 30 | ✓ |

| GRI 409: FORCED OR COMPULSORY LABOR 2016 | GRI 409-1 | Operations and suppliers at significant risk for incidents for forced and compulsory labor. | | 30, 38, 39 | ✓ |
|---|-----------|--|---|------------|---|
| GRI 411: RIGHTS OF INDIGENOUS PEOPLE 2016 | GRI 411-1 | Incidents of violations involving rights indigenous people. | | 30 | ✓ |
| GRI 412: HUMAN RIGHTS ASSESSMENT 2016 | GRI 412-2 | Employee training on human rights policies or procedures. | Besides the trainings related to conduct policies and regulations, in 2018 the Company had trainings related to human rights, which included 2,615 employees, equivalent to 36% of its total staff. | | ✓ |
| GRI 413: LOCAL COMMUNITIES 2016 | GRI 413-1 | Operations with local community engagement, impact assessment, and development programs. | | 78, 79 | ✓ |
| GRI 414: SUPPLIER SOCIAL ASSESSMENT 2016 | GRI 414-1 | New suppliers that were screened using social criteria. | | 38, 39 | ✓ |
| SÉRIE SETORIAL | | | | | |
| SECTORAL SUPPLEMENTATION | GRI FP1 | Percentage of purchased volume from suppliers compliant with Company's sourcing policy | 100% of the suppliers are in compliance with the purchase practice policy of the Company.FP2 | | ✓ |
| | GRI FP2 | Percentage of purchased volume which is verified as being in accordance with credible, internationally recognized responsible production standards, broken down by standard. | | | |
| | GRI FP5 | Percentage of production volume manufactured in sites certified by an independent third party according to internationally recognized food safety management system standards. | | | |
| | GRI FP9 | Percentage and total of animals raised and/or processed by species and breed type. | | | |
| | GRI FP11 | Percentage and total of animals raised and/or processed by species and breed type, per housing type. | | | |
| | GRI FP13 | Total number of incidents of significant non-compliance with laws and regulations, and adherence with voluntary standards related to transportation, handling, and slaughter practices for live terrestrial and aquatic animals. | | | |



Independent Auditor’s Limited Assurance Report related to sustainability information

To

Minerva S.A. Board of Directors and Shareholders

Sao Paulo-SP

Introduction

We were hired by Minerva S.A. (“Minerva Foods” or “Company”) to present our assurance report about the compilation of the sustainability information of the Company’s units located in Brazil, disclosed by Minerva Foods’ 2018 Sustainability Report for the year ended December 31, 2018.

Responsibilities of the Company’s Management

The Company’s Management is responsible for the preparation and fair presentation of the Company’s information. Sustainability Report 2018, following the guidelines for Sustainability Report Global Reporting Initiative (GRI), in its GRI Standards version and “Essential” reporting option, and by the controls which it has determined necessary to permit the preparation of such information free of material misstatement, regardless if caused by fraud or error.

Responsibility of the independent auditor

Our responsibility is to express a conclusion on the sustainability information contained in the Sustainability Report 2018, listed as verified in the “GRI Content Summary”, based on the work of limited assurance conducted in accordance with Technical Notice CTO 01/12 – “Issuance of Assurance Report Sustainability and Social Responsibility”, approved by the Federal Accounting Council (CFC) and prepared on the basis of NBC TO 3000 – Assurance Work Different from Audit and Review, issued by the CFC, which is equivalent to the international standard ISAE 3000 issued by the International Federation of Accountants, applicable to not historical. These standards require compliance with ethical requirements, including independence requirements. and that work is performed to obtain limited assurance that the information contained in the Report Sustainability Report 2018, taken as a whole, are free from material misstatements.

Limited assurance engagement conducted in accordance with NBC TO 3000 (ISAE 3000) consists primarily of Company management and other Company professionals who are involved in the preparation of the Minerva Sustainability Report 2018, as well as the application of analytical information for evidence that enables us to conclude in the form of limited assurance about the information taken together. Limited assurance engagement also requires additional procedures, when the independent auditor becomes aware of matters that lead him to believe that the information contained in the Sustainability Report 2018, taken as a whole, may present material misstatements.

The selected procedures were based on our understanding of compilation, materiality, and presentation of the information contained in Minerva Foods’ 2018 Sustainability Report and other circumstances our work and our consideration of areas where material misstatements could exist. The procedures understood:

(a) the planning of the works, considering the relevance, the volume of quantitative and qualitative information and the operating systems and internal controls that were the basis for the preparation of the information contained in Minerva Foods’ 2018 Sustainability Report;

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

(c) the application of analytical procedures on quantitative information and inquiries into the information and their correlation with the indicators disclosed in the information contained in the Sustainability Report 2018; and

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

The limited assurance works also included adherence to the guidelines and criteria of the elaboration structure, GRI Standard Sustainability Report, in its version GRI Standards, applicable in the preparation of the information Sustainability Report 2018 of Minerva Foods.

We believe that the evidence obtained in our work is sufficient and appropriate to support our conclusion in the limited form.

Scope and limitations

The procedures applied in the limited assurance engagement are substantially less extensive than those assurance work aimed at issuing an opinion on the information contained in the Report.

Sustainability Report 2018 of Minerva Foods. Consequently, they do not enable us to gain assurance that we take knowledge of all matters that would be identified in an assurance engagement aimed to give an opinion. If we had done a job to express an opinion, we could have identified other matters and possible distortions that may exist in the information contained in the Sustainability Report 2018 of Minerva Foods.

Non-financial data is subject to more inherent limitations than financial data, given its nature and diversity, methods used to determine, calculate or estimate such data, qualitative interpretations of materiality, relevance, and accuracy of data are subject to individual assumptions and judgments. Additionally, we do not perform any work on data reported for prior periods, nor concerning future projections and goals.

The preparation and presentation of sustainability information following the criteria of GRI Standards, reporting option “Essential” therefore, they do not have the objective of evaluating the adequacy of sustainability policies, practices, and performance, nor is it intended to ensure compliance with social, economic, environmental or social laws and regulations or engineering. However, these criteria provide for the presentation and disclosure of any non-compliance to such regulations when significant sanctions or penalties occur. Our assurance report should be read and understood in this context, inherent to the selected criteria.

Conclusion

Based on the procedures described in this report, nothing has come to our knowledge that leads us to believe that the sustainability information relating to the Company’s units located in Brazil, listed as verified in the “GRI Content Summary” of the 2018 Sustainability Report Foods, were not compiled, in all material respects, in accordance with the Global Reporting Initiative – GRI Sustainability Reporting guidelines, in its GRI Standards version, “Essential” reporting option, and with the records and files that served as the basis for its preparation..

Sao Paulo, July 10, 2018.

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