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São Paulo, January 22, 2020.

To  
Minerva S.A. ('Minerva')  
Barretos - SP  
C/o.: Sustainability Management

Ref.: Agreed-upon procedures

Dear Sirs,

We submit to Minerva's Management our report on the work performed of agreed-upon procedures related to the monitoring system of cattle purchases of Athena Foods for the period from September 01, 2018, to November 30, 2019.

We take this opportunity to thank you for the cooperation received from the Company's staff in the course of our work and remain at your disposal for any further explanations deemed necessary.

Sincerely yours,



Vivienne Alves Bauer



*Minerva Foods*

Minerva S.A.

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Agreed-upon procedures

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# 1. Introduction

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## 1.1. Purpose of the work

Our work aimed to conduct agreed-upon procedures related to the monitoring system of cattle purchases of Athena Foods for the period from September 01, 2018, to November 30, 2019, with the issue of a report on agreed-upon procedures in accordance with our Services Proposal No. 3669/19.

## 1.2. Methodology

The procedures adopted consisted in the analysis of documents and information in accordance with Standard NBC TSC 4400 - Agreed-upon procedures engagement on accounting information, approved by Federal Association of Accountants (CFC) Resolution No. 1.277/10. The main procedures adopted in the work include:

- Document inspection;
- Inquiries of the Company's staff operating the information technology and monitoring system by means of interviews; and
- Simulations of the existing tools related to the monitoring system of cattle purchases of Athena Foods.

## 1.3. Work scope

Our work scope was determined for us to obtain a high reliability level and includes the performance of agreed-upon procedures on the monitoring system of cattle purchases of Athena Foods, described in the Third-party Audit Reference Term denominated "BEEF3\_AUDIT\_PY\_JUL19\_FINAL" - Audit Procedures of Paraguay's cattle supply chain for the period from September 01, 2018, to November 30, 2019.

The work was conducted in the headquarters of Athena Foods in Paraguay at the following address: Capitán José Domingo Lombardo, Asunción, Paraguay, and in BDO's headquarters at the following address: Rua Major Quedinho, 90, Consolação, São Paulo/SP, CEP: 01050-030.

## 1.4. Limitation of scope

Considering that the mentioned procedures are not an audit or limited review conducted in accordance with Brazilian auditing or review standards, we do not provide any assurance on cattle purchases for the period from September 01, 2018, to November 30, 2019.

Had we applied additional procedures or conducted an audit or review of the financial statements in accordance with the audit or review standards applicable in Brazil (NBC TAs or NBC TRs), other matters might have come to our knowledge and would have been reported.

Our report is for the sole purpose described in item 1.1 and to inform you about certain issues. It should not be used for any other purpose or distributed to third parties who have not taken responsibility for the sufficiency of or have not agreed with the mentioned procedures. This report relates only to the items specified above and does not extend to the financial statements of Athena Foods.

## 2. Description of the Company and of the monitoring process of cattle purchases

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For the analysis of this work, we adopted the guidelines of the Reference Term (TdR) describing the audit procedures on cattle supply chain in Paraguay, as per document "BEEF3\_AUDIT\_PY\_JUL19\_FINAL".

Before presenting the tests performed and their results, it is important to demonstrate the meaning of the following acronyms, which can be used throughout the report:

- ASP: Protected Wilderness Areas;
- FAPI: Indigenous People Self-determination Federation (Federación por la Autodeterminación de los Pueblos Indígenas)
- IFC: International Finance Corporation;
- RUC: Taxpayer ID Number (Rol Único de Contribuyentes);
- SEAM: Secretariat for the Environment (Secretaria del Ambiente);
- SENACSA: National Service for Animal Health and Quality of Life (Servicio Nacional de Calidad y Salud Animal); and
- SMGeo: Geo-monitoring System.

Since this is the first work related to the scope described in this report, analyses related to cattle purchase routine and interviews with staff in charge of this matter were conducted, including the third party responsible for the geo-monitoring of supplier properties of Athena Foods. This enabled us to verify the relevant processes.

Furthermore, to obtain additional details, we requested the procedure manual of SMGeo, denominated "SMGeo Gran Chaco - Procedimiento Operacional" besides other documentation to support TdR assumptions. The procedures are summarized below, as per the document prepared by Minerva's staff and by the third party responsible for the geomonitoring and delivered to BDO.

Minerva Foods is a leader of cattle export in South America and also operates in the processed food industry, selling its products to more than 100 countries. In addition to Brazil, Minerva Foods operates in Paraguay, Argentina, Uruguay, Colombia and Chile, through its subsidiary, Athena Foods, a cattle export company from South America to the world.

Minerva Foods operates in five (05) continents trading cattle and its byproducts, with twenty-five (25) plants for cattle slaughtering and deboning, fourteen (14) international offices, fourteen (14) distribution centers and three (03) processing plants.

In 2013, the Company entered into a partnership with the IFC for an Environmental and Social Action Plan including, among other actions, the implementation of a verification system to monitor the supply chain in the region of Chaco, Paraguay.

The action plan was published in the institution's website and it describes the criteria for the management of primary suppliers, protected wilderness areas, identified indigenous land and deforestation monitoring data, when available. The platform denominated SMGeo, developed as a parameter to meet the established requirements, is composed of official files and data, published and available in the website of institutions and authorities, with additional registry information obtained by Minerva Foods and Athena Foods from its suppliers of cattle for slaughter.

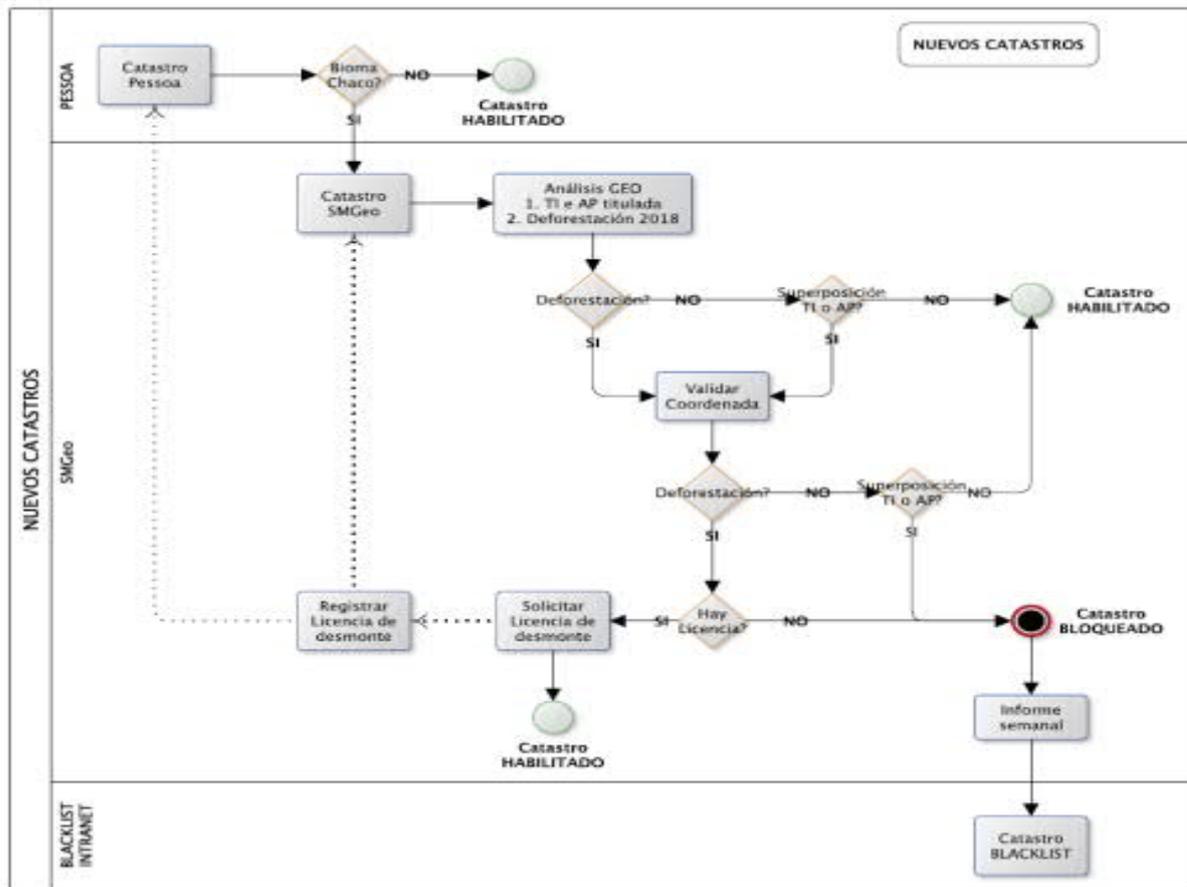
The results of the analyses delivered to Minerva for decision making are supported by cross-reference and analysis of official public documents and data and, if necessary, complementary documents requested to suppliers during the animal trade operation.

The methodology applied to use the information and to deliver the results of the analyses is described below:

- Periodic update of registry database;
- Evaluation of new cattle suppliers;
- Improvement of supplier registry data;
- Update of public information database;
- Cleaning, validation and classification of geographic coordinates of all suppliers in the Database located in the American biome Gran Chaco, including the departments of Alto Paraguay, Boqueron and Presidente Hayes;
- Crosscheck of geographic information about suppliers against public data for the monitoring of deforestation and of overlapping with Indigenous Land and Protected Areas;
- Geospatial monitoring of vegetation coverage of cattle supplier properties for the operations in Paraguay located in the American biome Gran Chaco. In this case, the monitoring includes the classification of supplier properties, as described;
- Routines of analyses of social and environmental compliance of suppliers;
- Creation of polygons in shapefile format and / or verification of geographic localization of cattle supplier properties. Shapefile is a popular file format composed of geospatial data as vectors used by Geographic Information Systems; and
- Online support to the system users.

Supplier properties may be classified based on its polygon area or geographic coordinates. The geographic information may be raised in the location, informed to the industry or collected in documents received upon cattle purchases.

The procedures described below are guided by the following flowchart:



Source: SMGeo Gran Chaco - Procedimiento Operacional

### Coordinates and radius

Since there are no systems or public databases containing information on perimeters of properties located in Paraguay to enable the territorial analysis of cattle supplier properties, the procedure of mapping by means of geographic coordinates was developed, enabling us to meet the item included in the services proposal.

The coordinates are obtained via GPS at the location or gate of the property, by means of an application using the smartphone's GPS or from the information provided in the registry of SENACSA.

Using the coordinates informed in the registry of the supplier property in the SMGeo platform, the analysis is automatized with the coordinates used as a reference to generate a polygon with a radius buffer of 2 km, enabling the analysis of overlaps in the region where the property is located.

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

- AUTHORIZED property - No overlapping;

This classification is adopted when the perimeter of the supplier property, already validated by cartographic criteria of coordinates, does not overlap with indigenous land, protected wilderness areas or deforestation polygons.

- UNAUTHORIZED property - With overlapping.

This classification is adopted when the perimeter of the supplier property, already validated by cartographic criteria of coordinates, overlaps with indigenous land, protected wilderness areas or deforestation polygons. Based on this classification, there are parameters used in social and environmental analyses for overlapping areas: protected wilderness areas, indigenous land and deforestation of vegetation coverage.

## 1. Environment protection areas

These are areas in the country restricted by a national law or any other type of environmental regulation (Decrees or Resolutions can be of national, departmental or municipal level) depending on their classification or areas that cannot be considered for the supply of raw materials in the meat industry.

Environment protection areas considered of high environmental risk are divided into two groups:

- a) **PROTECTED WILDERNESS AREAS (ASP):** These areas are established by some level of regulation with restrictions or as public domain. In Paraguay, there are several protected areas, that is, under private domain, but with restricted use by its owners. Accordingly, there are ASPs considered as managed resource reserves. Although these areas are not national parks, there are some restrictions for their use, which the owners must comply with as established by specific laws, decrees or regulations;
- b) **AREAS MANAGED BY GOVERNMENT AGENCIES:** These are under the control and use restriction of the entities Binacional Itaipu and Yacyretá. For the purposes of this classification, they shall be considered areas unauthorized for cattle supply.

The official files related to the perimeters of the protected areas used in the platform for checking overlapping with supplier properties are available on the website of SEAM.

If it is established that the property is overlapping with any protected area, the SMGeo platform will conclude the register and the property will be classified as UNAUTHORIZED.

Aerial photographs are made available in the SMGeo platform for visualization of the overlapping, area indication, overlapping percentage and certificates generated in the registry of the supplier analyzed.

## 2. Indigenous land

The official files related to the perimeters of indigenous land used in the platform for checking overlapping with supplier properties are available on FAPI's website.

If it is established that the property is overlapping with any indigenous land, the SMGeo platform will conclude the register and the property will be classified as UNAUTHORIZED.

## 3. Deforestation of vegetation coverage

The monthly monitoring of changes in use of land in the American Gran Chaco is a work that has been developed by Guyra Paraguay since 2010. Guyra Paraguay Association is a nonprofit organization working to defend and protect the biological diversity in Paraguay, and to develop collective actions of the population, in order to guarantee the necessary crucial space for future generations to know representative areas of Paraguay's natural diversity.

As from January 2018, deforestation polygons made available by the monthly report will be overlapped with perimeter shapefiles of supplier properties already registered in SMGeo platform.

If found that the property overlaps with any deforestation polygon, the SMGeo platform will conclude the register and the property will be classified as UNAUTHORIZED.

The interpretation of deforestation data is limited to the area whose vegetation coverage was removed (deforested) with no appraisal of its legality or illegality. Thus, the properties with deforestation polygons overlapping with its perimeters, having licenses or authorizations for removal of vegetation, are classified as AUTHORIZED, in compliance with the concepts of legal deforestation until 2022, when the concept of zero deforestation will be adopted.

Properties with deforestation polygons, but with no confirmation of the deforestation indicated by Guyrá, through multi-temporal analysis of satellite images, are classified as AUTHORIZED, characterizing the polygons as "False Positives" in geospatial analysis. The SMGeo platform provides the maps that show the lack of anthropization in the indicated area.

## 4. Information for the Blacklist

The RUC number of the supplier is inserted in the list of unauthorized suppliers in Athena's purchase system for all properties classified as "unauthorized - with overlapping", thus, avoiding future trades with these parties.

As previously mentioned, it is not possible to request licenses or authorizations for the removal of vegetation in indigenous land and conservation units and, therefore, the supplier is automatically included in the blacklist (blocked by RUC). It is only possible to request the license to release the property for purchase in case of deforestation.

In addition to the monitoring, there is a registry of suppliers made by DUX system, in which the following items are completed to conclude the register:



- Supplement;
- Physical;
- Area of operation;
- Address;
- Papers;
- Contacts;
- Particularities;
- International banks; and
- Documents.

### 3. Procedures followed

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Firstly, we highlight the actions described in the Environmental and Social Action Plan (ESAP), including specific provision of Supply Chain Management in Paraguay, as per document “BEEF3\_AUDIT\_PY\_JUL19\_FINAL”:

1. Monitoring criteria
  - 1.1. Minerva will ascertain the compliance of each farm, not in the high risk municipalities, using the coordinates to verify its suppliers in the Chaco biome.
  - 1.2. A buffer of 2 km will be applied in each farm coordinate to analyze geographic data.
2. Mapping
  - 2.1. Minerva will collect coordinates from 250 farms per year in the Chaco biome, using the cut-off date of January 01, 2018.
3. Purchase restrictions
  - 3.1. Minerva shall not have as suppliers any farms in the Chaco Biome overlapping with illegal deforestation polygons, using the cut-off date of January 01, 2018.
  - 3.2. Minerva shall not have as suppliers any farms in the Chaco Biome located in officially recognized protected areas owned by the Government of Paraguay.
  - 3.3. Minerva shall not have as suppliers any farms in the Chaco Biome located in officially recognized indigenous land owned by the Government of Paraguay.
  - 3.4. As from January 01, 2022.
    - 3.4.1. Minerva shall not have as suppliers any farms in the Chaco Biome overlapping with legal and illegal deforestation polygons, using the cut-off date of January 01, 2022.
4. Minerva will include labor / child labor matters in the supply chain management system as soon as it has an official reliable database available to the public.
5. Minerva will continue participating in the Paraguayan Roundtable for Sustainable Beef (chapter Global Roundtable) and other initiatives in the whole industry. This will be maintained until the sustainable management of the meat industry is effective.

(Extract from the document “Paraguay Cattle Supply Chain Audit Procedures”)

Therefore, to attest compliance with TdR, the following procedures were applied:

#### 3.1. Monitoring criteria

“Evaluating whether the geographic coordinates are applied in Minerva’s geospatial monitoring system to identify farmers. If the Company does not meet the criteria, describe how the different farmers are identified in the monitoring system.”

Evaluating whether a buffer of 2 km is applied in each farm coordinate to analyze geographic data. If the Company does not meet the criteria, describe the buffer distance applied to each coordinate.”

(Extract from the document “Paraguay Cattle Supply Chain Audit Procedures”)

#### Aspects observed

The procedures adopted in this stage included the analysis of documents and information, including the receipt of the supplier list, report on the monitoring of SMGeo system from September 2018 to November 2019, evaluation of coordinates to analyze geographic data and understand supplier registry.

After receiving the spreadsheet containing the Monitoring Report, the coordinates were evaluated. The coordinates are obtained via GPS at the location or gate of the property, by means of an application using the smartphone's GPS or from information provided in the registry of SENACSA.

The coordinates are included in the supplier property registry in SMGeo platform, a geographic monitoring system, as described in this report. The analysis is automatized using the coordinates as reference to create a polygon with a radius buffer of 2 km, enabling the analysis of overlaps in the region where the property is located.

Accordingly, analyzing the SMGeo system, we verified that a buffer of 2 km was applied to evaluate geographic data for farms whose coordinates were already collected.

### 3.2. Mapping

“Describe how many coordinates in the Chaco Biome were collected each year, in accordance with criterion 2.1. for all 250 farm coordinates in the year.”

(Extract from the document “Paraguay Cattle Supply Chain Audit Procedures”)

#### Aspects observed

The spreadsheet containing the Monitoring Report on the farms was extracted and the coordinates collected were included in the SMGeo system on December 02, 2019, by the third-party organization responsible for the geomonitoring, supervised by BDO and by the sustainability team of Minerva Foods and Athena Foods.

Until this moment (from September 2018 to November 2019), five hundred fifty-nine (559) farm coordinates were collected, being two hundred eighty-nine (289) collected and analyzed in 2018 and two hundred seventy (270) collected and analyzed in 2019. Therefore, the team of Athena Foods exceeded the minimum amount of two hundred fifty (250) coordinates collected per year.

### 3.3. Purchase restrictions

“Using Minerva’s monitoring system, SMGeo, extract the report on unauthorized farms and evaluate the farms in which the corresponding radius of 2 km overlaps with a deforestation polygon, using the cut-off date of January 01, 2018, establishing and providing evidences indicating that the cut-off date used for the evaluation was January 01, 2018. For cases indicating overlapping, evaluate whether an environmental license was presented by the farm owner to verify compliance with Paraguay’s forestry code and the applicable laws for land conversion (legal deforestation). The farms with environmental licenses will be considered according to Paraguay’s forestry code for the legal conversion of land (deforestation) and, therefore, are in compliance with Minerva’s ESAP.

For cases with indication of deforestation on the corresponding overlapping radius of 2 km and lack of environmental license, evaluate whether the farm described and / or its owners are registered on Minerva’s blacklist. Describe the noncompliance considering coordinates overlapping with deforestation polygons, after the agreed deadline, with no environmental license, and not included in Minerva’s blacklist.

Using Minerva’s monitoring system, SMGeo, extract the report on unauthorized farms and evaluate if the farms for which the corresponding radius of 2 km overlaps with Protected Areas and / or Indigenous Land, as described in ESAP. For cases with indication of overlapping with protected areas and / or indigenous land, evaluate whether the farm described and / or its owners are recorded on Minerva’s blacklist. Describe noncompliance, considering farms overlapping with Protected Areas and / or Indigenous Land not included in Minerva’s blacklist.”

(Extract from the document “Paraguay Cattle Supply Chain Audit Procedures”)

#### Aspects observed

To meet this requirement, we monitored the extraction of the spreadsheet containing the Monitoring Report, performed by the employee of the third-party organization responsible for the geomonitoring on 12/02/2019. From the data analyses, we verified there are seven (07) unauthorized suppliers in SMGeo system, all inserted in the blacklist due to overlapping with indigenous land and duly blocked in the cattle registry and purchase system of Athena Foods.

The data are periodically updated to provide reliability and credibility to the database, ensuring more accurate analyses on the environmental status of the rural cattle supplier properties.

The DUX system (registry) is not integrated to the SMGeo system (monitoring) and, therefore, the inclusion of owners into the blacklist and their subsequent blocking are manually performed.

There are no public lists available in Paraguay supporting consultations to suppliers, related to practices similar to slavery. Regarding deforestation, it was only possible to consult Guyra NGO, as mentioned in this report, however, the publications of lists and analyses have stopped since June 2018, hindering the monitoring by Athena Foods.

Lastly, there is an official government website that makes available the lists of indigenous land for consultation – FAPI.

### 3.4. Purchase restrictions - Minerva will include labor / child labor matters in the supply chain management system as soon as an official viable database is available to the public.

“Using an official viable database available to the public, evaluate whether the farms described and / or its owners are registered on Minerva’s blacklist. Describe the noncompliance, considering farms and / or its owners not included in Minerva’s blacklist. If an official viable database is not available to the public, the criteria will not be considered as noncompliance.”

(Extract from the document “Paraguay Cattle Supply Chain Audit Procedures”)

#### Aspects observed

Regarding labor / child labor matters, there are no official lists disclosed by the proper authorities. Only if there is any communication from them or any news shall the Company take the appropriate steps to block the property.

According to information from Athena, there was only one (01) case related to a conviction for slave labor in Paraguay, on 09/19/2018, disclosed in the media by the entity Repórter Brasil. On that occasion, the team of Athena blocked the respective supplier including it in its blacklist. No new purchases were made from this supplier. We verified that the supplier was blocked in the registry and cattle purchase system on 12/03/2019.

The abovementioned case is available at the following website: “<https://reporterbrasil.org.br/2018/09/condenacao-por-trabalho-escravo-no-paraguai-expoe-fornecedores-de-montadoras-europeias/>”.

Since there are no official lists disclosed by the proper authorities, the tests and conclusion regarding the criteria established in the items above are impaired.

### 3.5. Paraguayan roundtable and other initiatives in the industry

“Evaluate whether the Company is formally registered and represented in the Paraguayan Roundtable for Sustainable Beef and in any other initiative in the industry.”

(Extract from the document “Paraguay Cattle Supply Chain Audit Procedures”)

#### Aspects observed

In order to meet this requirement, Athena Foods participates in several work groups discussing initiatives of the industry, such as:

- Work group of sustainable cattle raising activities, in Brazil;
- Colombian Roundtable;
- Paraguayan Roundtable for Sustainable Beef; and
- Represented in the Argentinian Roundtable for Sustainable Beef (MACS) for monitoring the international agenda for sustainability, strengthening of brand image, and anticipating future market requirements (internal and external).

Through the roundtables, Athena intends to increasingly ensure compliance with sanitary requirements of consumption market, of the quality and type of meat offered and to ensure food and consumer safety.

### 3.6. Minerva Foods Blacklist Testing - analysis of blocking system for noncompliant suppliers

“Using Minerva’s purchase system (cattle purchase), evaluate the efficacy of the blocking system (blacklist) for noncompliant suppliers, replicating a purchase procedure to be conducted by the purchase team, supervised by an independent auditor. For each purchase restriction criterion, randomly select one representative sample (in compliance with international audit sampling rules) of blocked suppliers to be tested.

If a farm and / or its owner is included in the blacklist and it was possible to conduct a purchase procedure in Minerva’s purchase system (Cattle Purchase), describe it as noncompliance.”

(Extract from the document “Paraguay Cattle Supply Chain Audit Procedures”)

#### Aspects observed

To meet this requirement, we monitored the extraction of the spreadsheet containing the Monitoring Report, performed by the employee of the third-party organization responsible for the geomonitoring on 12/02/2019. From the data analyses, we verified there are seven (07) unauthorized suppliers in SMGeo system.

On December 03, 2019, we tested the blocking of the seven (07) suppliers by replicating purchases from the suppliers and informing their respective RUC codes to the employee in charge of the purchase in Athena Foods, while supervising the process in the system.

Five (05) of these suppliers are registered in Athena's system and two (02) are not registered in the system, however, the RUC code was previously included in the blacklist to avoid their register and purchase from them. The system blocked all unauthorized suppliers, preventing the conclusion of the purchases. The unauthorized supplier properties overlapped with indigenous land.



## 4. Attachments

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Table 1 - Coordinates in Chaco Biome

Description	
Total farms with purchases in Paraguay (period from Sep/2018 to Nov/2019)	2053
Representative % of farms with coordinates, related to total purchases in Paraguay, analyzed in SMGeo system	27%
Total farms with purchases in Chaco biome (period from Sep/2018 to Nov/2019)	1079
Representative % of farms with coordinates, related to total purchases in Chaco biome, analyzed in SMGeo system	52%
Total cattle heads purchased in Paraguay (period from Sep/2018 to Nov/2019)	706,933
Representative % of cattle heads with coordinates, related to total purchases in Paraguay, analyzed in SMGeo system	33%
Total cattle heads purchased in Chaco Biome (period from Sep/2018 to Nov/2019)	346,432
Representative % of cattle heads with coordinates, related to total purchases in Chaco Biome, analyzed in SMGeo system	55%

Table 2 - Noncompliance found in the audited period

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