Responsible Sourcing
Marfrig Beef
2016 GRSB Global Conference

Marfrig Global Foods | A Global Presence
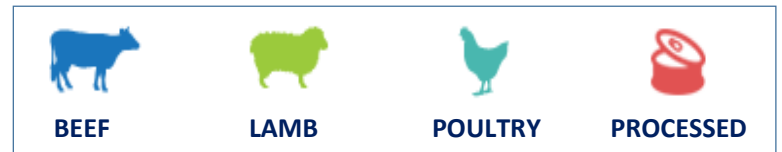
UK
1 unit

USA
8 units

China
3 units

S Korea
1 unit

Hong Kong
1 unit

UAE
1 unit

Thailand
1 unit

Malaysia
1 unit

Peru
1 unit

Brazil
16 units

Chile
2 units

Uruguay
5 units

Argentina
2 units

Australia
1 unit
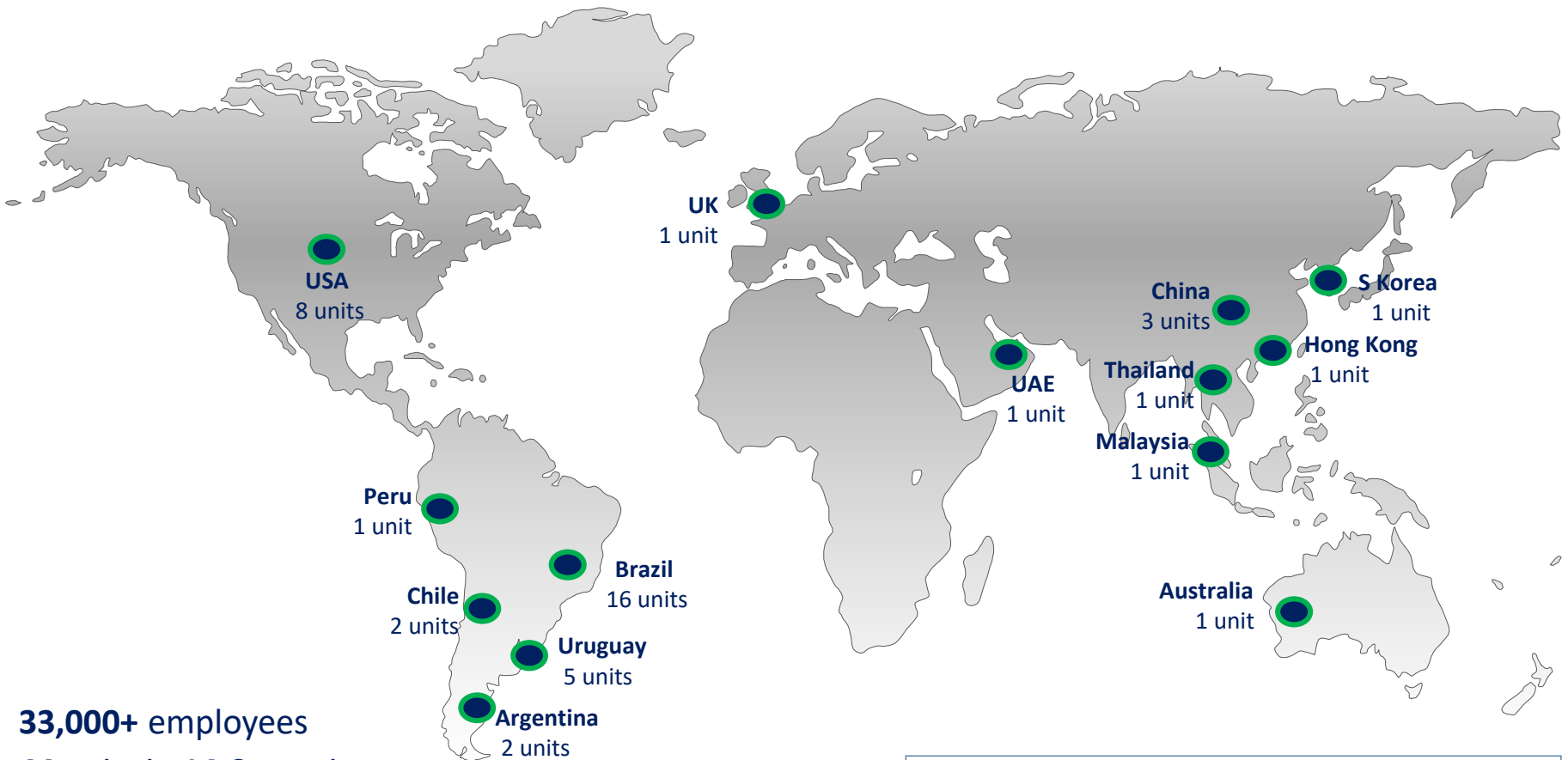
33,000+ employees

44 units in **14** Countries

World's **3rd largest beef producer**

Exports to more than **110 countries**

BEEF   LAMB   POULTRY   PROCESSED

Global Sustainability Strategic Pillars

Our Corporate Social Responsibility (CSR) and Sustainability Global Group was created in 2013

- ✓ To support the long term development and implementation of Sustainability Strategy

- ✓ Strengthen communication approach

- ✓ To have positive effects on Customer Satisfaction

- ✓ Value creation for Stakeholders

CUSTOMERS
Food Safety & Quality
Innovation & Growth
Nutritional Value
Stakeholder Engagement & Communications
Value Creation

ENVIRONMENT
Climate Change
Energy
Environmental Management Systems
Materials & Waste
Natural Resources
Water

ECONOMIC
Value Creation
Free Cash Flow
Deleverage
Profitability

SUPPLIERS
Animal Welfare
Responsible Sourcing
Supplier Engagement & Development
Supply Chain Assurance
Sustainable Agriculture

WORKPLACE
Compliance
Diversity & Inclusion
Employee Development
Ethics & Integrity
Safety, Health & Wellness

SOCIAL
Community Engagement
Employee Volunteerism
Local Economic Development
Social Entrepreneurship

Marfrig Beef | Marfrig Club – Introduction

A Program that encourages and rewards farmers who adopt good social and environmental practices

Promotes the production of sustainable, safe and legal beef. Offers *benefits* to producers, according to the level of conformity by encouraging them to obtain the most modern food production facility certifications and *rewarding* farm animals with good agricultural and livestock practices.

Member farms are classed as BEGGINERS, BRONZE, SILVER, GOLD and PLATINUM depending on the level of achievements against Marfrig Club parameters.

2015 – MARFRIG CLUB

4,315 Member farms

1,348m Animals slaughtered

Three Pillars

SOCIAL RESPECT
- Labour regulations
- Housing
- Education
- Incentives

ANIMAL RESPECT
- Animal Welfare
- Health
- Nutrition
- Traceability

ENVIRONMENT
- Vegetation
- Soil
- Water Management
- Waste Management

Marfrig Beef | Certification

Amazon | 2009 Agreement

Marfrig is a signatory of the **Criteria for Industrial Scale Cattle and Beef Products Operations in the Amazon Biome**, in agreement with **GREENPEACE**

✓ Not to source from farms linked with invasion of indigenous land and environmental conservation units

✓ Not to source from farms Black-listed by MTE (Ministry of Labour) linked with forced labour

✓ Not to source from farms Black-listed by IBAMA (Brazilian Environmental Agency) linked with Deforestation and other Environmental Issues

✓ Monitor regularly by satellite all the suppliers located in the Amazon Biome to ensure that animals do not come from newly deforested areas, indigenous land and conservation areas.

❑ **Farms black-listed by IBAMA and MTE are blocked automatically in Marfrig system**

❑ **Purchases of Cattle are audited by a 3rd company and report is published on annual basis**

Amazon | Marfrig Cattle Supply Chain Satellite Monitoring
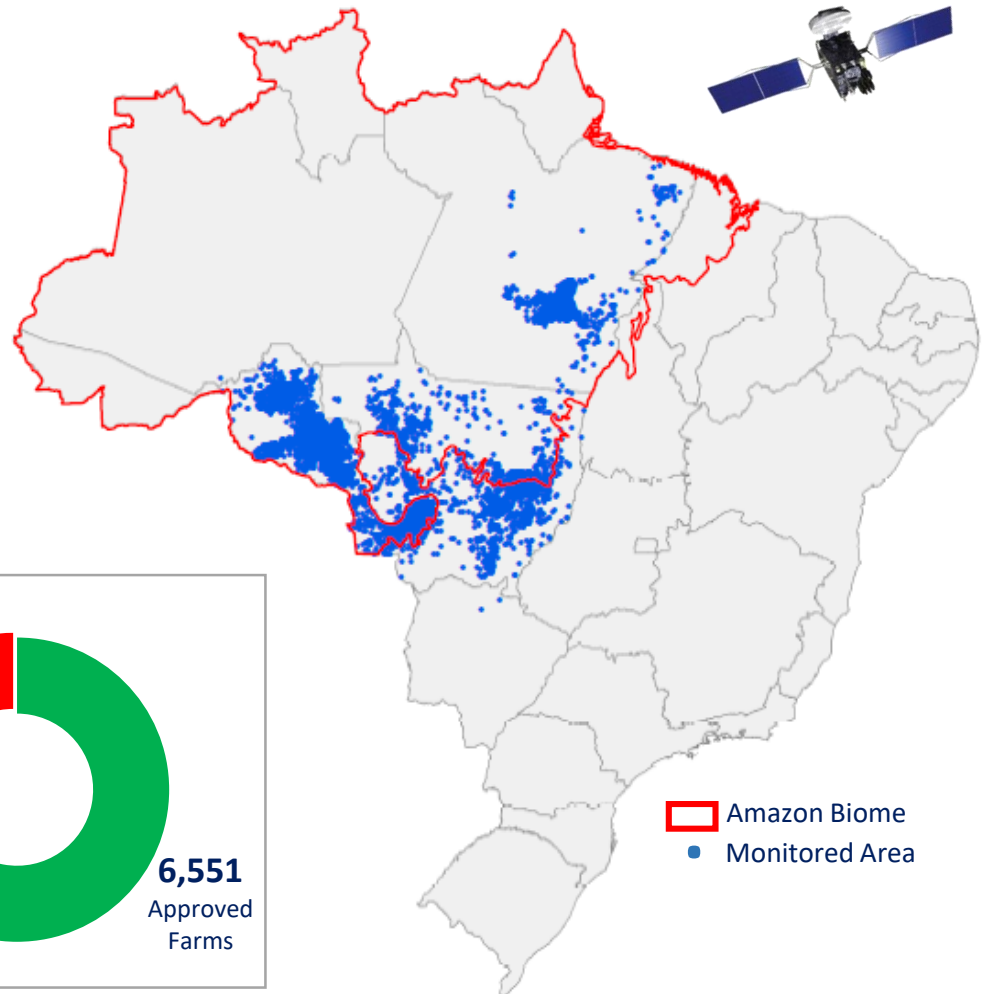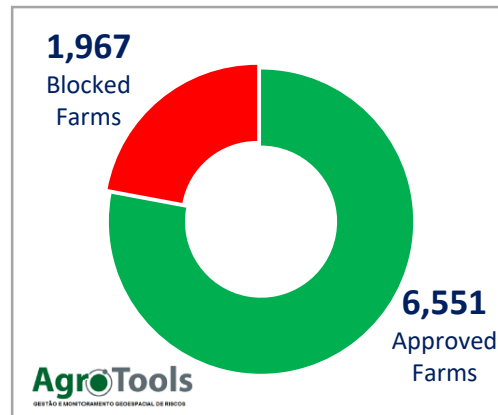
Area monitored by Marfrig:

26.3 million hectares

8,518 farms monitored

 ➤ **6,551** farms approved

 ➤ **1,967** farms blocked

Area monitored is equivalent to:

 ✓ 1 x UK

 ✓ 1 x Italy

 ✓ 2 x Greece

 ✓ 3 x Portugal

 ✓ 9 x Belgium

1,967
Blocked Farms

6,551
Approved Farms

AgroTools
GESTÃO E MONITORAMENTO GEOESPACIAL DE RISCOS

Amazon Biome
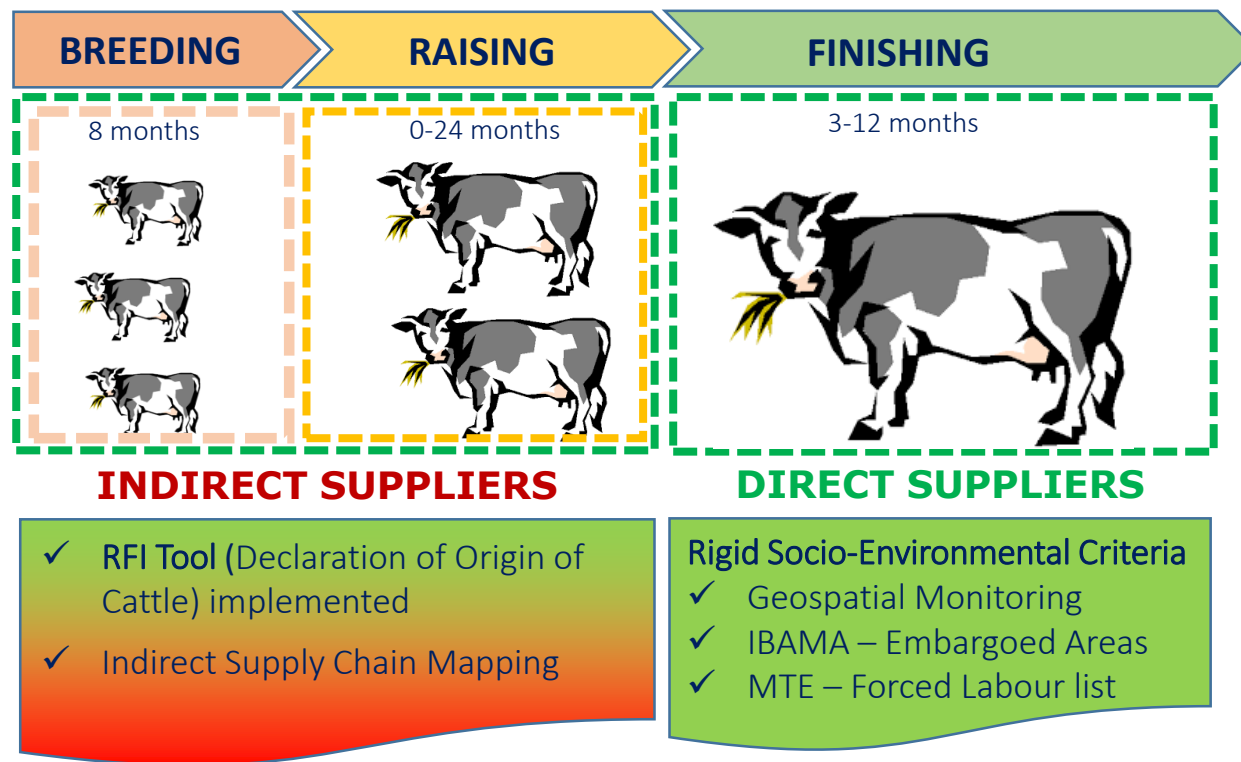Monitored Area

Amazon | Satellite Monitoring Analysis

Amazon | Audit Report 2015

GREENPEACE

Cattle Purchases in the Amazon Biome in 2015 ✓

✓ Zero non-compliance

✓ 4 audited plants in the states of MT, RO and PA

✓ 100 % of farms with map boundaries (MRV)

✓ 100 % of cattle purchases with CAR (environmental licenses)* in the states of Mato Grosso (MT) and Para (PA)

✓ Implemented actions for indirect suppliers (RFI Tool)

DNV·GL

Marfrig was the only company in Brazil that has achieved 100% compliance in the Audits performed in 2012, 2013, 2014 and 2015!

Marfrig Beef | Supply Chain – Cattle Cycle

BREEDING	RAISING	FINISHING
8 months	0-24 months	3-12 months

INDIRECT SUPPLIERS

DIRECT SUPPLIERS

- ✓ **RFI Tool** (Declaration of Origin of Cattle) implemented
- ✓ Indirect Supply Chain Mapping

Rigid Socio-Environmental Criteria
- ✓ Geospatial Monitoring
- ✓ IBAMA – Embargoed Areas
- ✓ MTE – Forced Labour list

Cattle Slaughtered Marfrig 2015 (nr of heads)	TOTAL	FULL CYCLE FARMS	NON FULL CYCLE FARMS	MARFRIG CLUB
	2,113,816	1,040,796	1,073,020	1,348,181
		49.2%	50.8%	63.7%

Amazon Monitoring | Opportunities

- ✓ Value chain collaboration – CFA Moore.

- ✓ Communication to end consumer.

- ✓ Better explore leather markets – value added.

- ✓ GHG emissions reductions projects in Amazon supply chains.

- ✓ Increase and differentiate deforestation free beef sales – preference.

Amazon Monitoring | Challenges

✓ Indirect suppliers – RFI Tool / Boi Guardião / GTFI.

✓ Land tanure & conflict – Incra blacklist.

✓ Indigenous land invasion & conflict – Funai blacklist.

✓ Other meatpackers & retail engagement.

✓ Innovative financial mechanisms.

Thank You!!