



&Green Fund invests in Marfrig to expand reach of cattle tracking in the Amazon and Cerrado

Sao Paulo/Amsterdam, 24 February 2021 – Marfrig has signed a USD 30 million 10-year sustainability-linked loan facility from Stichting andgreen.fund (“&Green”), to achieve a deforestation-free cattle supply chain in the Amazon and Cerrado. &Green is a globally focused impact investment fund financing sustainable commodities production in a manner that protects tropical forests. Marfrig is a Brazilian multinational corporation and one of the biggest animal protein producers worldwide.

Action Plan foresees inclusion of indirect suppliers, traceability of cattle and mitigation of deforestation risks in the Amazon and Cerrado.

Accelerating the transition to sustainable supply chains

The loan is part of Marfrig’s wider efforts to decouple its products from deforestation. Cattle ranching is perceived as one of the sectors with the greatest impact on Brazilian forest loss. In addition to its efforts to engage with direct suppliers in the Amazon since 2009, Marfrig now wants to address issues resulting from its inability to reach indirect suppliers in order to reaffirm and deepen its existing commitment. The &Green loan accelerates the transition to a deforestation-free cattle supply chain. It builds on the efforts of the Marfrig Verde+ Plan, developed in partnership with IDH - The Sustainable Trade Initiative. The &Green investment triggers the implementation of an Environmental and Social Action Plan, which includes engagement with indirect suppliers, traceability and the mitigation of deforestation risks in the Amazon and Cerrado in order to achieve a deforestation-free supply chain.

Expand policies and programs to include indirect suppliers

With the investment from &Green, Marfrig will expand its deforestation monitoring system to include indirect suppliers, often located in more remote areas that are vulnerable to deforestation – an ambition that has not been realized in Brazil at any meaningful scale to date. It will establish a traceability and compliance mechanism to ensure conformity with Brazilian law as well as with Marfrig’s even stricter no-deforestation requirements. The initiative also includes forest conservation, forest restoration or compensation for the loss of native vegetation, and an improved use of low productivity areas. Indirect suppliers and specifically smallholder ranchers will also benefit from Marfrig’s facilitation of access to financing and technical assistance for ranchers in order to enable them to meet its policies.

Develop and pilot innovative tools and mechanisms

Marfrig has already started working with key stakeholders, such as ranchers, government agencies and local and international NGOs, to develop and pilot the required innovations to meet its transformative ambition. For example, Marfrig supports the Sustainable Production of Calves Program, implemented by IDH in the Juruena Valley in Mato Grosso State since 2019. Calves are part of an innovative tracking system using ear-tags and blockchain technology from birth. One of the main objectives of Marfrig’s support of the Program is to evaluate the business model, considering the program expansion to other regions with higher deforestation risk.

Ultimately, the achievements made through the implementation of the Action Plan will enable the acquisition of deforestation-free cattle under the Company’s USD 500 million Transition Bond, issued to global capital markets in 2020, and will contribute to the Mato Grosso State “Produce – Conserve –



Include” Strategy, which aims to reduce greenhouse gas emissions by ending unsustainable deforestation.

Tangible and accountable milestones

The Action Plan is the result of coordinated efforts between &Green’s investment advisor, SAIL Ventures, and Marfrig and IDH. It builds on Marfrig’s Verde+ commitments, translating these into tangible and accountable milestones for achieving a deforestation-free supply chain in the Amazon and Cerrado biomes. It includes consultation with key stakeholders and NGOs for important deliverables. The transparency and the level of detail of the Action Plan, which will be shared on &Green’s website, enhances progress accountability to the public.

Quotes

“We are taking a very important step with the contribution made by & Green”, says Paulo Pianez, director of sustainability and communication at Marfrig. “This investment will boost a series of actions that seek to balance production and conservation, always from the perspective of inclusion of ranchers.”

“With this transaction, Marfrig is sending a progressive market signal to the rest of the industry especially in a time where deforestation is on the rise. The inclusion of indirect suppliers in the fight against illegal deforestation and wholesale transformation of the sector has not been done at scale to date and is critical in convincing and enabling farmers to transition to sustainable cattle practices and environmental protection”, said Daan Wensing, CEO of the IDH.

“Eliminating deforestation throughout the supply chain, in the Amazon as well as in the Cerrado, is a key challenge in the cattle sector in order to protect important forest areas in Mato Grosso and beyond”, said Nanno Kleiterp, Chairman of &Green’s Board of Directors. “&Green is supporting Marfrig in this challenge, with an innovative funding mechanism that can serve as a blueprint for investors to help major companies sustainably transform their supply chains and contribute to global forest protection efforts.”

“We look forward to assisting Marfrig with these important ambitions going forward”, said Gustavo Oubinha, Sail Ventures Investment Director for Brazil. “We have put in place a realistic plan, against which we can hold the company accountable, and we have established a transparent mechanism to report successes and learnings to all stakeholders.”

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About &Green (www.andgreen.fund)

&Green is incorporated as a Dutch Stichting and was developed under the leadership of IDH in close collaboration with **Norway's International Climate and Forests Initiative (NICFI)**. It is a blended finance debt fund investing in commercial projects that can demonstrate decoupling of commodity production from deforestation, while being socially inclusive. &Green is focused on tropical forest jurisdictions with progressive forest protection strategies and targets in place. It targets commodities that are driving deforestation, such as palm oil, soy, beef, forestry (including rubber) and others. Current contributors to the fund include the Government of Norway, through NICFI, **Unilever**, the British-Dutch consumer goods company, and the **Global Environment Facility (GEF)**, with the **UN Environment Programme** acting as its implementing agency. Dutch advisory firm **SAIL Ventures** acts as the fund's investment advisor.

About Marfrig Global Food (www.marfrig.com.br)

Marfrig is one of the leading beef companies in the world, with net revenue of BRL 41.4 billion in 2019, daily slaughter capacity of more than 31,800 head of cattle in its plants in South America and North America, as well as a production capacity of 232,000 tons of hamburgers per year. Employing over 30,000 employees, distributed in 32 production plants, the company processes and markets fresh beef, processed products, ready-to-eat beef dishes, supplementary products, and meat by-products, in addition to leather for the domestic and international markets. Recognized for the quality of its products and for its sustainable performance, Marfrig supports pioneer projects for environmental and natural resource preservation.

About IDH, The Sustainable Trade Initiative (www.idhsustainabletrade.com)

IDH is an international organization that convenes, finances and manages large programs to accelerate transitions toward sustainability together with multinational and smaller companies, governments and civil society. Headquartered in the Netherlands and funded by different governments and foundations, IDH delivers scalable, economically viable impact on the Sustainable Development Goals. IDH operates globally in 12 different industry sectors ranging from coffee and tea to cotton and soy and encourages joint investment in innovative models to realize long-term solutions for environmentally and socially sustainable production and trade.