



## MARFRIG ACTION PLAN

Marfrig Amazon biome supply chain commitment:

Marfrig is committed to achieving a deforestation free supply chain in the Amazon biome by 2028 and Cerrado biome by 2030, according to the timelines laid out in Annex 1, whereby the following definitions apply:

- 1) Deforestation means: any conversion by suppression of areas of primary forest physiognomy by anthropogenic actions of 6,25 ha contiguous ha or more (INPE).<sup>1</sup>
- 2) Supply chain means: any farm through which cattle purchased by Marfrig have passed during their lifetime.
- 3) Deforestation free means: Marfrig can demonstrate through third party audits that cattle in Marfrig's supply chain is in compliance with the Marfrig Purchase & Control (P&C) criteria (revised version approved by &Green), or if non-compliant that Marfrig has taken action to redress the non-compliance or block the supplier in accordance with the compliance protocol (to be approved by &Green). An overall margin of 5% non-compliance is considered acceptable.
- 4) Amazon biome as defined by the IBGE definitions and biome maps.<sup>2</sup>

In 2021 and in 2025, Marfrig and &Green will re-evaluate the feasibility of the subsequent Action Plan and the Annex 1 (please refer to Review Section 5). The review will include but will not be limited to assessing the Annex 1 timeline for delivering its zero-deforestation commitment, and/or potential changes in the sector and deforestation landscape that might change the relevance of the 2020 risk maps.

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<sup>1</sup> The definition of deforestation follows the technical specifications of the PRODES systems on which Marfrig's geo-monitoring tool is based on, whereby the measurement of deforestation considers at a minimum an area of 6.25 of land cleared (through complete removal of primary forest cover). Source: [http://www.obt.inpe.br/OBT/assuntos/programas/amazonia/prodes/pdfs/Metodologia\\_Prodes\\_Deter\\_revisada.pdf](http://www.obt.inpe.br/OBT/assuntos/programas/amazonia/prodes/pdfs/Metodologia_Prodes_Deter_revisada.pdf).

<sup>2</sup> Based on the IBGE website source: <https://www.ibge.gov.br/en/geosciences/environmental-information/18341-biomes.html?=&t=sobre>.



	ACTION ITEM	DUE DATE
1	SUPPLY CHAIN MANAGEMENT	
1.1	RISK MAPPING	
1.1.1	Development of a risk map for the Amazon biome to the satisfaction of &Green. Minimum risks to be included are deforestation; loss of critical habitat/high conservation value areas (initially represented by Conservation Units); slave labour; negative impacts on Indigenous People and Traditional Communities; Land Right violations.	Quarter 1 2021
1.1.2	Stakeholder consultation of Marfrig's risk map methodology: Obtain feedback from at least 3 experts including at least 2 representatives from recognized NGOs on the risk map methodology.	Quarter 1 2021
1.1.3	Risk map for the Cerrado, building on the methodology developed for the Amazon.	Quarter 1 2021
1.1.4	Achieve and maintain origin control of 1 <sup>st</sup> , 2 <sup>nd</sup> and, 3 <sup>rd</sup> tier suppliers in the Amazon and Cerrado biomes supply chain according to the origin control and compliance schedule in Annex 1. <sup>4</sup>	Annual YE
1.2	RISK MITIGATION	
1.2.1	Refine E&S purchase and control criteria for the Amazon biome, based on the Amazon risk map (1.1.1), define a risk based approach for application of differentiated criteria (based on risk and level of control) and a roll-out plan of control measures, which is aligned with the targets set in the origin control and compliance schedule in Annex 1. &Green will be closely engaged in the drafting process and consulted for feedback until the finalisation of the deliverables.	Quarter 2 2021
1.2.2	Refine E&S purchase and control criteria for the Cerrado biome; based on the Cerrado risk map (1.1.3), define a risk based approach for application of differentiated criteria (based on risk and level of control) and a roll-out plan of control measures, which is aligned with the targets set in the origin control and compliance schedule in Annex 1. &Green will be closely engaged in the drafting process and consulted for feedback until the finalisation of the deliverables.	Quarter 4 2021

<sup>4</sup> Tier 1 – direct suppliers that delivers the cattle to the slaughterhouses (all of them has the fattening stage and can cover also the rearing and breeding states in some cases); Tier 2 – usually the rearing stage (in some cases can also conduct the breeding stage); Tier 3 – conducts only the breeding stage. Should cattle be traded between different rearing farms, they will all qualify as Tier 2. Should cattle be traded between different breeding farmers, they will all qualify as Tier 3.



1.2.3	<p>Develop a compliance protocol to the satisfaction of &amp;Green, defining how detected legal and illegal non-compliances by suppliers are addressed, including responsibilities, timelines, and reporting to senior management and &amp;Green.</p> <p>&amp;Green will be closely engaged in the drafting process and consulted for feedback until the finalisation of the deliverable.</p> <p>The compliance protocol will include a retroactive cut-off date for deforestation to be applied to indirect suppliers in the Amazon biome and all suppliers in Cerrado biome. The cut-off dates being considered are: the cut-off date being agreed in the multi-stakeholder Working Group on Indirect Suppliers (GTFI) or at the latest, the public launch of the Marfrig Verde+ plan (i.e. July 2020 and based on PRODES 2020 when published by INPE.</p>	Quarter 4 2021
1.2.4	<p>Stakeholder consultation of Marfrig's E&amp;S purchase and control criteria and compliance protocol for Cerrado and Amazon biome. Obtain feedback from at least 3 experts including at least 2 representatives from recognized NGOs.</p>	Quarter 4 2021
1.2.5	<p>Achieve and maintain compliance of 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> tier suppliers in the Amazon and Cerrado biomes against the updated/new cattle purchasing criteria (see 1.2.1) and compliance protocol (1.2.3) according to the origin control and compliance schedule in Annex 1.</p> <p>Compliance should be audited by an external party every two years, as already done for direct suppliers.</p>	Annual YE
1.3	<b>SECTOR ENGAGEMENT</b>	
1.3.1	<p>Participate in industry initiatives and support the federal public prosecutor ("MPF") for the adoption of the existing Homogenized Protocol for Cattle Purchase by the rest of the beef industry</p>	<p>a. Quarter 4 2021 for Tier 1</p> <p>b. Quarter 2 2025 for Tier 2 and 3</p>
1.3.2	<p>Establish or adjust the P&amp;C procedures to adopt the federal public prosecutor ("MPF") approved protocol for the re-insertion / re-adjustment of blacklisted direct suppliers</p>	December 2025
1.4	<b>SUPPLIER ENGAGEMENT TO SUPPORT COMPLIANCE: MARFRIG CLUB, TA, ETC.</b>	
1.4.1	<p>Review and update the Marfrig Club Criteria to:</p> <p>1) Align Labour and OHS-related requirements with Marfrig's existing comprehensive checklist for auditing general suppliers, and</p>	Quarter 2 2021



	2) Align environmental criteria to guarantee that all categories are at least in compliance with national laws (i.e. Category 10 Medicine/Residues and category 12 Water)	
1.4.2	Achieve inclusion of all suppliers in Marfrig Club.	Quarter 1 2021
1.4.3	Promote good practices in order to move Marfrig Club Members in Amazon biome to higher categories. Evidence showing that against Year End 2020 baseline: <ul style="list-style-type: none"> <li>- 15% of members shifting to higher categories at YE 2022,</li> <li>- 30% of members shifting to higher categories at YE 2025,</li> <li>- 45% of members shifting to higher categories at YE 2030,</li> </ul>	Continuous until Quarter 4 2030
1.4.4	Engage with IDH to achieve a strengthening of the Juruena Valley programme in terms of: i) forced labour risk; ii) adequacy of workers living conditions; and iii) OHS practices.	Quarter 3 2021
1.4.5	Carry out a performance review of all the pilots implemented under the Marfrig-IDH 10-year program aimed at improving the origin control and monitoring systems of cattle supply chains and at developing compliance solutions for direct and indirect suppliers.	Quarter 2 2024
1.4.6	Develop and implement a plan based on the performance review, to scale up successful pilots and solutions across Marfrig's supply chain in Amazon Biome	Quarter 1 2025
<b>2</b>	<b>ENVIRONMENTAL RETURNS (ER)</b>	
2.1	ER 1 target for direct suppliers in the Mato Grosso State: Annually maintain an approved direct supplier list of cattle suppliers in the Amazon and Cerrado biome of Mato Grosso State who conserve, on their properties, an aggregate amount of 1.2 million hectares of Conserved Forests <sup>3</sup> . Out of the 1.2 million hectares, at least 600,000 hectares will be above the Brazilian forest code legal requirements (i.e. over and above the APP and RL).	6 monthly until YE 2023; Annually until YE 2030

<sup>3</sup> The Conserved Forests amount considers the public database of the Rural Environmental Registry System (Sicar), some spatial information related to the polygon of each property, among them the information called "área de reserve legal".



2.2	Initial ER 1, 2 and 3 targets for indirect suppliers in the Mato Grosso State: Deliver through indirect suppliers in the Amazon biome – initially through the partnership with IDH under the Sustainable Production of Calves Program – 4,500 ha of forest conserved (ER 1); 7,000 ha of sustainably intensified land (ER 2); and 1,500 ha of forest restored (ER 3). For more information on the schedule of ER delivery and the reporting mechanisms, refer to the Annex 1 of the Marfrig-&Green Landscape Protection Plan (LPP).	6 monthly until YE 2023; Annually until YE 2030
2.3	ER 3 target for direct suppliers in the Amazon: Deliver 4,500 ha of forest restored (ER 3) in the Amazon Biome, generated by blacklisted direct suppliers, through the partnership with IMAC and measured through their re-insertion into Marfrig’s supply base. For more information on the schedule of ER delivery and the reporting mechanisms, refer to Annex 1 of the LPP.	6 monthly until YE 2023; Annually until YE 2030
<b>3</b>	<b>E&amp;S MANAGEMENT AT SLAUGHTERHOUSES, PROCESSING AND DISTRIBUTION UNITS</b>	
3.1	Soil and Groundwater: Promissão: Inspection and tightness testing throughout the effluent drainage system, treatment ponds and biodigesters, verification inspection in the deposits or storage places of the products used in the process, warehouses, maintenance and workshops, ensuring the non-dissemination of materials or effluents for soil and/ or local groundwater.	Quarter 2 2021
3.2	Hazardous Waste Management - Várzea Grande: Periodic inspection program to ensure cleaning, organization and adequacy of the solid waste disposal area. Ensure that no type of waste is disposed of in bare soil and in a way that may cause damage to the environment.	Quarter 3 2021
3.3	Health & Safety – Machine Guarding: Follow the existing action plan to adapt to Regulatory Norm 12 (NR 12) of each unit (all units). Annual reporting until full compliance is reached.	Quarter 4 2021 and 2022
3.4	Health & Safety – Fire Prevention - Várzea Grande: Follow the AVCB (firefighting certificate) issuance process and ensure that the project is executed according to the plan approved by the Fire Department.	Quarter 3 2021
3.5	Health & Safety – Accidents / Change Management Procedure: Develop training attendance target to ensure all employees in need are trained. Annual reporting until full compliance with the change management procedure is reached; Submit annual accidents statistics starting from 2019 as baseline year.	Quarter 4 2021 Quarter 4 2022
3.6	Confirm if the contracting of a political person complies with Marfrig’s Compliance Program. If positive, assess risk related to political exposure and define actions to mitigate it (corporate level).	Quarter 3 2021



4	<b>REPORTING</b>	
4.1	Report annually to &Green on progress against supply chain actions (section 2) and based on schedule in Annex 1. The third-party audit to be submitted every two years by Marfrig should also include a field verification of compliance with P&C criteria for Tier 2 and Tier 3 suppliers (on sample base).	6 monthly until YE 2023; Annually until YE 2030
4.2	Report to &Green on ER and social inclusion generated through its supply chain in the Amazon biome and Cerrado biome of Mato Grosso State, and on the implementation of the Marfrig LPP. In addition to reporting on progress achieved against the contractual ER targets defined in section 2, Marfrig will report on additional impact achieved through the LPP (i.e. in the Cerrado biome). For more details on these additional impacts, please refer to Annex 1 of the LPP.	6 monthly until YE 2023; Annually until YE 2030
5.	<b>REVIEW OF ACTION PLAN AND ORIGIN CONTROL COMPLIANCE SCHEDULE (ANNEX 1)</b>	
5.1	Review outcomes of risk identification actions (based on items listed under 1.1 and 1.2.1). If necessary, adjust actions and timelines plans (as stated in the origin control and compliance schedule in Annex 1) for 2 <sup>nd</sup> and 3 <sup>rd</sup> tier suppliers outside high risk areas and agree on appropriate risk mitigation.	Quarter 3 2021
5.2	Review the outcomes of the risk mitigation actions (based on items 1.4.5 and 1.4.6) and sector progress (based on items listed under 1.3). If necessary, adjust plans (as stated in the origin control and compliance schedule in Annex 1) for 2 <sup>nd</sup> and 3 <sup>rd</sup> tier suppliers outside high risk areas and agree on appropriate risk mitigation <sup>4</sup> .	Quarter 2 2025
5.3	ER target indirect suppliers in Mato Grosso: Provide an estimated and verifiable target (as additional impact) at best effort, the delivery schedule and reporting framework for ER 1 to be generated across indirect suppliers of Marfrig's supply chain in Mato Grosso until 2030, through (a) partnerships and (b) compliance with Brazilian Law and with P&C Protocols. The target should be quantified at an aggregated level (i.e. for all indirect suppliers reached by Marfrig), in hectares of forest to be conserved annually, as per hectares of legal reserve required and hectares of forest conserved above legal reserve.	Quarter 4 2023 for initial proposal Quarter 2 2025 for final proposal

<sup>4</sup> As an indication: adoption of deforestation free commitments and sourcing protocols for the Tier 2 and Tier 3 suppliers (1.3.1, b.) by less than 80% of the market by June 2025 might constitute a trigger an adjustment of plans.



## ANNEX 1: Origin Control and Compliance Schedule

The timelines below refer to the date by which Marfrig aims to achieve full compliance with Origin Control / compliance with key requirements of Brazilian law / Marfrig's P&C Criteria (which go beyond legal compliance). It is understood that in order to achieve full compliance within the indicated timelines, Marfrig will gradually build their portfolio of traceable / compliant suppliers and will report on progress as per section 4 in the Action Plan in the years preceding the timelines stated below.

	TIER 1 Suppliers	TIER 2 SUPPLIERS	TIER 3 SUPPLIERS
<b>Origin Control</b>			
Amazon Biome	Maintain	YE 2025	YE 2025
Cerrado high risk areas	YE 2021	YE 2025	YE 2025
Cerrado other areas	YE 2023	YE 2025	YE 2025
<b>Compliance with key requirements of Brazilian Law</b>			
Amazon Biome	Maintain	YE 2025	
Cerrado high risk areas	YE 2021		
Cerrado other areas	YE 2023		
<b>Compliance with P&amp;C Criteria</b>			
Amazon Biome	Maintain	YE 2026	YE 2028
Cerrado high risk areas	YE 2023	YE 2026	YE 2030
Cerrado other areas	YE 2025	YE 2026	YE 2030

### Definitions:

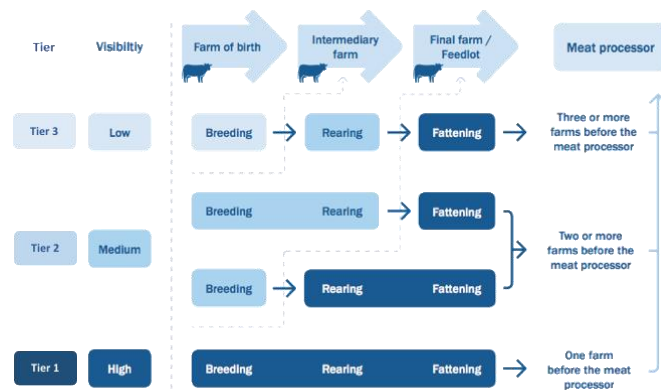
**Origin Control** means: the mechanisms adopted by the company to track the origin at farm level of the cattle from the breeding to the slaughterhouses. These mechanisms can include individual traceability (ear-tags, chip, etc.), block-chain technologies, landscape monitoring, among others, that are selected according to the risk level of each region and to the commercial conditions for clients. The main elements covered by the Origin Control includes biodiversity conservation, deforestation-free supply chain, working conditions, indigenous lands, among other criteria.

**Compliance with key requirements of Brazilian law:** key requirements are understood to be: no overlap with Conservation Areas or Indigenous Land; no embargoes from Ibama; not listed on the Slave Labour List of the Ministry of Labour; CAR registration has been submitted.



**Compliance with P&C Criteria** means that each rancher supplying to Marfrig has been assessed against the P&C criteria before each transaction and has been listed as compliant based on the compliance protocol. An overall margin of 5% non-compliance is considered acceptable.

### Definition of Tier 1, Tier 2 and Tier 3 Suppliers according to the cattle chain stage:



Source: Adapted from Proforest<sup>5</sup>

Tier 1 – direct suppliers that delivers the cattle to the slaughterhouses (all of them has the fattening stage and can cover also the rearing and breeding states in some cases);

Tier 2 – usually the rearing stage (in some cases can also conduct the breeding stage);

Tier 3 – usually conducts only the breeding stage.

Should cattle be traded between different rearing farms, they will all qualify as Tier 2. Should cattle be traded between different breeding farmers, they will all qualify as Tier 3.

<sup>5</sup> Source: Proforest, from the webpage [https://www.proforest.net/en/publications/responsible-sourcing-and-production-briefings/bn09\\_eng\\_final\\_web.pdf](https://www.proforest.net/en/publications/responsible-sourcing-and-production-briefings/bn09_eng_final_web.pdf)