

## Statement from World Bank Group

Forests, biodiversity and ecosystem services are critical for countries to respond to climate change and support economic growth through jobs for rural economies. The World Bank Group works with a wide range of partners, including CSOs, locally and globally to promote sustainable forest management investments and biodiversity conservation by mainstreaming it in sectors like agriculture, transport and energy. In Brazil, we are actively engaged in the two most important biomes: The Amazon and the Cerrado.

Despite the achievements of the last 15 years, the integrity of the Amazon continues to be threatened by deforestation and degradation, with negative impacts on biodiversity and ecosystem services, including serious implications for the regional and global climate. For this reason, we continue to provide active support to this agenda both through IBRD and IFC. The recently launched Amazon Sustainable Landscapes project builds on over a decade of work in the Brazilian Amazon to strengthen biodiversity conservation, reduce deforestation, and improve community livelihoods.

Firstly, as you are aware, Minerva has an obligation to adhere to IFC's Performance Standards, which we monitor regularly. IFC's investment in Minerva was categorized as "Category A" in accordance with IFC's Policy on Environmental and Social sustainability. Category A projects are subject to a supervisory visit at a minimum of once a year, although in practice IFC stays in close contact with any client operating in high risk sectors in addition to the formal supervision process.

The IFC website makes available a Summary of Investment Information (SII) and an Environmental and Social Review Summary (ESRS). Updates to these documents are disclosed according to IFC's Access to Information Policy (full text of such policy is available on IFC's website). We encourage you to access the documents in IFC's website.

We would like to highlight below some of the steps Minerva has taken, with help from IFC, in meeting its environmental and social obligations regarding the traceability in its supply chain, as well as a summary of selected efforts made by other organizations in this regard. However, while Minerva's compliance with direct suppliers is an important step, much more needs to be done in the sector as a whole. We don't believe Minerva can influence this sector alone. The engagement of multiple stakeholders, including State and Federal Government is crucial to bring the traceability and transparency we all strive for.

As of today, 100% of Minerva's direct purchases come from zero-deforestation areas in the Amazon biome. This outcome is the result of years of work in the sector undertaken by a number of entities including the Government of Brazil (GoB), Brazilian meat-packers (including Minerva), food retailers, Non-Governmental Organizations (NGOs), the WBG, and others.

Today, Minerva's database covers 7,000 ranches of which 2,000 are blocked using the mentioned criteria (i.e., Minerva will not buy from these ranches).

As anyone in the industry will attest, monitoring indirect suppliers is extremely challenging. We believe that further progress against deforestation in Brazil depends on expanded government regulation and, importantly, law enforcement at federal and state levels. IFC works with Minerva directly by ensuring that Minerva remains compliant with local environmental regulations and IFC's Performance Standards. However, no larger scale progress can be made without a change of practices that includes other players (notably smaller players). The WBG welcomes partners in seeking to push this agenda.

As of today, none of the players in the industry are able to trace indirect suppliers, and this includes Minerva. This does mean that Minerva (and other signatories) does not yet meet Greenpeace's requirement with regards to indirect suppliers. However, Minerva does not have the ability to monitor the secondary supply chain at this point given its own operational scale and the structure and regulation of the cattle market in the relevant states in Brazil.

As compared to other meat-packers in Brazil, we believe that Minerva has been a high performer as evidenced by observations in the independent Pará PPO audit reports, available on their official website. In addition, recent articles from recognized NGOs (EarthSight and O Eco), recognize Minerva's performance when compared to other industry players

The three largest meatpackers in Brazil (which include Minerva) represent only 30-35% of all the cattle purchases in the country, and only these three entities are signatories to the Beef Moratorium. By contrast, the remaining players in the industry are not subject to the zero deforestation criteria, which points to the challenges in the operating environment and the importance of reaching out to the other 70% of the market (our rough estimates indicate that Minerva represents less than 3.5% of the market, underscoring its extremely limited influence in the sector as a whole).

We will continue to look for opportunities the World Bank Group can collaborate to support initiatives to help improve the traceability of indirect suppliers. IFC will also continue fulfilling its role to advise and finance the private sector with environmentally and socially responsible players; we are constantly exploring alternatives to support developing countries in overcoming their development challenges within the scope of our mandate. We will continue to work with our clients and partners in Brazil to find ways to prevent and mitigate deforestation in the Amazon Biome.