Marfrig

RISK MANAGEMENT POLICY

1. Introduction

1.1. Purpose

The purpose of this Risk Management Policy ("Policy") is to establish the rules and guidelines of procedures to be observed by Marfrig Global Foods S.A. and its Controlled Companies in Brazil and Abroad ("Marfrig" or "Company"), and all their respective employees and managers.

The purpose of this policy is to establish guidelines and rules that will define:

- The limits of Risks acceptable to the Company;
- The parameters for the negotiation of products to protect Marfrig's exposures;
- The responsibilities and approval levels for procurement of protection products;
- The methodology for monitoring, communication, and information to the parties involved in Risk Management.

1.2. Scope

This Policy is valid and shall be applied to all divisions and operations of the Marfrig group.

1.3. Validity

This Policy shall become effective on the date of its approval by the Board of Directors, shall remain in force indefinitely, and shall be periodically reviewed by the respective body.

1.4. Disclosure

The result of the actions highlighted in this policy and the evidence examined in the discussions held shall be presented periodically at the meetings of the Statutory Audit Committee and of the Company's Board of Directors.

This Policy shall be widely and internally disseminated by the Company and its Subsidiaries, with the agreement and consent of the administrators. Additionally, it shall be filed with the regulatory authorities of the capital market and made available to shareholders, investors, and the general market by being published on the Company's Investor Relations *website*.

2. Governance and Duties

In order to measure, monitor and mitigate Risks, Marfrig has implemented an internal structure in a size compatible with its operations and the complexity of its business. The duties of the components of this structure are set as described below:

2.1. Board of Directors

The Company's Board of Directors, being advised and supported in this context by the Statutory Audit Committee, are responsible for defining the strategic objectives related to the Company's Risk environment. It is the responsibility of the Board of Directors to approve the Risk Management Policy.

The Board of Directors are responsible for:

- Approve the Risk Management Policy and ensure its implementation;
- Approve any deviations from this Policy if necessary.

2.2. Board of Executive Officers

Marfrig's Board of Executive Officers, shall act directly in the Risk Management, considering the following responsibilities:

- Achieve the Company's strategic objectives by ensuring that its activities are conducted in a manner that protects and enhances its assets, through the establishment of guidelines for mitigating the monitored risks;
- Assess the Company's positioning for each identified Risk, in accordance with the guidelines and policies defined by the Board of Directors;
- Approve the performance indicators to be used in Risk Management;
- Monitor the implementation and propose to the Board of Directors the updating of the Risk Management Policy, in accordance with the regulations, ethics and internal controls established by the Company.

2.3. Risk Management

The Risk Management department's primary task is to follow up, monitor, evaluate, and communicate the risks incurred by the Company.

The main duties, following the definitions in this Policy, are:

- Monitor compliance with Risk exposures against the limits established by this Policy;
- Responsible for the development, control and improvement of Risk exposure calculation models;

- Responsible for the controls and disclosure of reports on risk exposures of the Company;
- Responsible for modeling and assessing exposures to market risk, in order to highlight the potential impacts that may cause a financial loss to the Company;
- Promote discussions of other potential Risk factors that may impact the Company's future results.

3. Responsibilities of the Risk Management Area

3.1. Market Risk

The main steps of the Market Risk Management process are:

- Definition of Market Risk factors;
- Determination of the maximum exposure, strategies, and instruments for hedging Market Risks of the Company;
- Control of hedging strategies;
- Control and daily monitoring of the Company's exposures, hedging instruments contracted and limits established by this policy;
- Review and monitoring of the methods and models used to calculate the exposure to Market Risk factors.

3.2. Liquidity and Counterparty Risk

The main steps of the other party and Liquidity Risk Management process are:

- Consolidation of Marfrig's global exposure;
- Risk analysis of each of the counterparties involved, according to criteria previously determined in this policy;
- Control and periodic monitoring of the Company's exposures and established limits.
- Specific methodology for the Liquidity Management classification.

3.3. Other Risks

The other identified risks will be discussed and defined by the Board of Directors, with the advisory and support in this context of the Statutory Audit Committee.

4. Eligible Financial Instruments

The use of derivative financial instruments is allowed for hedging of already contracted financial transactions and/or cash flows of the Company. If the Treasury believes that there are opportunities available in the market, it will be allowed to establish a position after obtaining the necessary approval from the Financial Executive Officer and the Management and Finance Working Group, composed of the Treasury and Risk Management areas.

The following derivatives may be contracted:

- *Swaps*(Currencies, Interest and *Commodities*);
- *NDFs (*non-deliverable forwards*);*
- Futures (Currencies, Interest and *Commodities*);
- Options [The sale of options will only be allowed in *collar* structures to exclude Leverage Risk];

5. Market Risk

Market Risk can be defined as the Risk arising from the oscillation of the prices of various Risk factors identified in the Company's operation. For this purpose, Marfrig seeks to identify the risk factors to which it is exposed and which can be protected through *hedge* operations.

The Market Risk factors are presented below:

- Exchange Rate: refers to activities related to the variation of currencies other than the Brazilian Real;
- *Commodities*: refers to activities linked to the variation in the price of *commodities*, such as cattle, corn and soybeans;
- Interest Rate: refers to activities linked to the variation of the interest rate, pre or post fixed, in Brazilian reais or other currencies.

The following controls are monitored by the Risk Management area:

- Periodic calculation of foreign exchange exposure, Earnings and Value at Risk using the *Value at Risk* methodology (Parametric, with 99% confidence and 1-day interval).
- Periodic monitoring of the amortization flow of non-derivative financial instruments designated as *hedge accounting*;
- The exposure limits to this specific Risk are diligently monitored by the Company and quantified using proprietary methodologies;
- The financial instruments shall be treated in accordance with international accounting standards (*IFRS - International Financial Reporting Standards*) and their reflections duly presented in the Company's financial statements;

5.1 Exchange Rate Exposure

This section will specifically address the exposure to variations in exchange rates other than the Company's balance sheet currency.

5.1.1 Balance Sheet Foreign Exchange Exposure

Balance sheet foreign exchange exposure is any exposure in a currency other than the Company's functional currency that generates foreign exchange variation in the accounting result arising from changes in exchange rates throughout the entire period that the accounting balance remains open.

5.1.2 Foreign Exchange Cash Flow Exposure

Foreign exchange cash flow exposure is any net exposure of the company's operating and financial cash in a currency other than Marfrig's functional currency.

In order to reduce volatility in business margins and also optimize the company's cash management by increasing its degree of predictability, Marfrig may take a cash flow *hedge* position based on the limit:

i) expectations of purchases and sales in other currencies;

ii) of the installments of the debt in other currencies maturing in the next 12 months.

For decision-making, historical data regarding price pass-through capability and market outlook should be considered.

5.2. *Commodity* Exposure

In order to mitigate the Risks arising from exposure to variation in *commodity* prices (Cattle, Corn and other inputs related to production), specific Risk control procedures will be adopted, as follows:

- Periodic calculation of exposure, outcome and Value at Risk using the *Value at Risk* methodology (Parametric, 99% confidence and 1-day interval).
- Financial and commercial instruments that aim to protect the Company from changes in *commodity* prices will be considered *hedges*. The exposure limits to this specific Risk are diligently monitored by the Company and quantified using proprietary methodologies.
- There is also a potential mismatch between the *commodity* prices in the Brazilian market (local purchasing markets) and the prices in derivative contracts traded on commodities and futures exchanges. The *basis* refers to the differential between the prices of the physical product in the Brazilian spot market and the prices of positions in the futures market on the Chicago Stock Exchange (CBOT) and the Brazilian Stock Exchange (B3), with the purpose of maintaining the prices of the products to be fixed.
- The financial instruments shall be treated in accordance with international accounting standards (*IFRS - International Financial Reporting Standards*) and their reflections duly presented in the Company's financial statements.

In addition, the following limits will be observed:

- Cattle: in order to reduce the Company's exposure to the volatility of cattle's arroba (prices per pound), 100% of the exposure for the next 12 months can be hedged using derivatives (when liquidity is available).

- Corn and other production-related inputs: up to 100% of the exposure over the next 12 months for each input can be hedged by derivatives.
- Individual contracting of derivative financial instruments that exceed the principal amount of 2.5% of the Company's Net Equity, regardless of the maturity of the operation, must have the approval of the Vice President of Finance and Investor Relations.
- All transactions must comply primarily with the limits defined and described in this policy regardless of the type of instrument, purpose, volume and maturity period.
- Any exception to this chapter must be approved in advance by the Board of Directors.

5.3. Exposure to Interest Rates / Inflation Indices

Marfrig may have exposure to interest rates as a result of economic changes, which affect the Company's liabilities and assets indexed by TLP, LIBOR/SOFR, CDI or inflation indices such as IGP-M (General Market Price Index) and IPCA (National Consumer Price Index).

The Company continuously monitors market interest rates with the objective of minimizing the weighted average cost of consolidated debt service and hedging against market interest rate volatility.

In order to mitigate and control the Risks arising from interest rate exposure, the following measures will be adopted:

- Periodic calculation of interest rate exposure;
- The treatment for this specific Risk is diligently monitored by the Company and quantified using proprietary methodology.
- The financial instruments shall be treated in accordance with international accounting standards (*IFRS - International Financial Reporting Standards*) and their reflections duly presented in the Company's financial statements.

5.4. Other Risk factors

To carry out an operation that is outside the factors defined in this policy, the same procedures described for other Risks addressed in this Policy must be followed.

6. Liquidity Risk

Liquidity Risk is defined as the possibility that the Institution will not be able to honor its expected and unexpected, current and future obligations, including those arising from guarantees, without affecting its daily operations and incurring significant losses, as well as the possibility of not being able to trade a position at market price due to market discontinuity." As a consequence, mismatches between cash inflows and outflows resulting from:

- Difficulty in quickly trading assets or positions you hold, due to lack of prices or market liquidity;
- Difficulty in obtaining *funding* or financing for its cash position and thereby maintaining its financial obligations in compliance.

6.1. Cash Requirement Analysis

For this calculation should be considered:

(i) short-term debts;

(ii) the payment of tax obligations;

(iii) disbursements for projects and investments;

(iv) the generation of operational cash flow.

The Company's Cash Management methodology observes three levels of cash, with a short-term horizon:

- Mandatory Cash: Cash required to meet the Company's commitments for a period of 03 (three) months;
- Minimum Cash: Minimum cash required to meet the Company's commitments for a period of twelve (12) months;
- Supplementary Cash: Amount exceeding the minimum cash and reflecting the cyclical nature of the Company.

The classification of cash, as well as the due treatment of the Risks involved are treated in a specific methodology and diligently monitored by the Company.

6.2. Liquidity Credit Lines

The Board of Executive Officers is responsible for ensuring that resources and credit lines are available for the management of operations. In this way, you can choose to acquire credit lines with financial institutions.

On a monthly basis, the Management and Finance Committee reviews and discusses the cash flow projection, financing needs, as well as any information relevant to liquidity management, with the aim of ensuring effective management of financing resources and ensuring adequate liquidity, reporting to the Board of Executive Officers.

The Company's main sources of financing include:

- cash flow generated by its operating activities;
- short and long-term bank loans;
- issuance of shares *(Equity)*;
- issuance of debt (Debentures and *Bonds*).

6.3. Financial Investments and Cash Equivalents

The surplus cash balance, after determining the Minimum Security Cash, can be invested by the Treasury in the following modalities:

i. Fixed Income: Products offered by financial institutions or fixed-income securities of private issuance that remunerate the invested capital at a fixed or pre-set interest rate, with pre-determined liquidity according to the Treasury's financial planning;
Financial investments in Fixed Income must comply with the criteria defined in section 7 of this policy.

ii. Equities: purchase of shares of companies listed on the Stock Exchange at market prices.
Financial investments in Equities must be of a passive nature, without exercising control by the Executive Management and without influencing the Governance bodies of the issuing company.
If the investment in equities becomes of an active nature in the issuing company, subject to the proper resolutions of the Board of Directors, the treatment will change to Equity Investment, no longer classified as Financial Investments and Cash and Cash Equivalents, and should be accounted for according to Equity Investment rules.

6.4. Monitoring and metrics

On a monthly basis, the Management and Finance Committee shall report a position to the Board of Executive Officers, comparing current and projected sources of funding and available credit lines. Liquidity risk limits are defined below:

- Manage the concentration of short-term debt maturities to ensure they do not exceed 30% of the total debt amount;
- The average debt repayment period should be at least 36 months;
- The Net Debt/Adjusted EBITDA ratio defined in the Financial Policy;

7. Counterparty Risk

7.1. Total Exposure

The Total Exposure per the other party on the calculation reference date will be the sum of the exposure of financial investments in Local Currency and Foreign Currency portfolios, the balance of the Conglomerate's current account, excluding funds available in *collateral* / guarantee accounts linked to Company's loans, potential *MtM* of derivatives in favor of the Conglomerate, and other financial exposures to the per the other party.

The concentration limit per financial institution represents the maximum percentage of funds that can be invested per institution, according to the rating classification.

7.2. The Other Party Credit Rating

We will consider, for the purposes of this Policy, the ratings issued by three international *rating* agencies:

- *Standard & Poor's;*
- *Moody's;*
- *Fitch Ratings.*

For institutions with more than one rating assessment, for the purposes of this Policy, the median of the ratings will be considered if three Risk ratings are available, and the lowest rating will be considered if fewer Risk ratings are available.

7.3. Eligible other parties

To be eligible as a other party to the Conglomerate, the institution must meet the following requirements:

- Have a rating determined by one of the three *rating* agencies mentioned in section 7.2. of this Policy;
- Have a national rating better than A- or a global rating better than BBB-.

7.4. Limits

The concentration limit per Credit Risk rating must respect the percentages specified below in relation to the total *onshore* and *offshore* cash balance:

Maximum Allocation per Rating		
Global Rating	Local Rating	Limit
BBB- or higher	AA+ or higher	100%
BB- or higher	AA- or higher	40%
B- or lower	A+ or below	10%

Locally, we also have the following exception:

Allocation (BRL)	Rating
Up to 100 mln	1 AAA other party
Between 100 mln and 200 mln	2 AAA other party
Above 200 mln	General Rule

The concentration limit per financial institution must comply with the percentages specified below in relation to the total cash balance of each party, according to their respective credit rating classification:

Maximum allocation per Institution		
Global Rating	Local Rating	Limit % Cx. Total
US Bonds	Title. Public or Sovereign	100%
BBB- or higher	AA+ or higher	30%
BB- or higher	AA- or higher	10%
B+ or below	A+ or below	2%

The institution's rating will be reviewed on a quarterly basis or on an extraordinary basis in the event of relevant news about the institution.

The examination of the limits defined in the policy should be carried out daily by the Treasury. Compliance with the exposure limits shall be monitored in order to maintain the framework pre-established by the Board of Executive Officers.

8. Socio-environmental Risk

In the face of socio-environmental challenges and the growing concerns about sustainability, the implementation of responsible practices has become imperative for organizations striving to achieve success ethically, preserving the environment, and making a positive contribution to society.

By managing social-environmental risks, the Company strengthens its reputation, gains the trust of customers and investors, and contributes positively to the community in which it operates. In addition, operational efficiency and cost reduction can be achieved through more sustainable processes and innovative technologies, giving it greater competitiveness in the global market.

8.1. Guidelines

The management of social and environmental risks is supported by the six pillars that make up the Marfrig Sustainability Platform:

I. Source Control;
II. Greenhouse gas (GHG) emissions;
III. Animal Welfare;
IV. Use of Natural Resources;
V. Effluents and Waste;
VI. Social Responsibility;

The Sustainability Board and the departments involved in each of the six pillars have specific management work plans that consider short, medium, and long-term aspects, including risk situations. These plans include established objectives and goals, assignment of responsibilities and functions, schedules, and monitoring of actions carried out. In addition, these plans also provide for the use of due diligence in relation to the actual and potential risks of its activities for negative sustainability impacts, both internally and in relation to its supply chain.

Given the importance of the topic for the Company, the Sustainability, Social Responsibility, *Stakeholder* Relations and Animal Welfare Policies were created and are available on the Company's website for consultation by employees, suppliers and other stakeholders.

9. Operational Risk

Operational risk represents the possibility of losses arising from inadequacies or failures in the Company's internal processes, errors committed by employees, deficiencies in technological systems, or uncontrollable external events. Understanding and effectively managing this type of risk has become a strategic priority for several reasons:

I. Protecting Enterprise Value: Operational risk can have significant financial impacts, directly affecting profitability and financial stability. Proper operational risk management preserves business value by protecting assets and *stakeholder* interests.

II. Operational Sustainability: Unmitigated operational risks exposure can lead to disruptions in operations, production delays, and failures in delivering products or services. By adopting mitigation measures, companies increase their ability to operate consistently and resiliently.

III. Reputation and Credibility: Incidents arising from operational risks, such as defective products or service disruptions, can undermine customer confidence and damage a company's reputation. Proactive operational risk management contributes to maintaining credibility and image in the market.

IV. Regulatory Compliance: the Company is subject to strict regulations that require the identification and control of operational risks. Non-compliance with these requirements may result in substantial fines and other penalties.

V. Readiness for the Unexpected: Unforeseen external events, such as natural disasters, economic crises, or sudden regulatory changes, can disrupt an organization. Operational risk management prepares the Company to face these events and respond effectively.

The implementation of an approach to the identification, assessment, mitigation and monitoring of these risks is crucial for the successful continuation of operations, sustainability and long-term growth of the Company.

10. Health Risk

Ensuring food safety is done through compliance with health standards and quality processes that are fundamental to maintaining reputation, sustainability and business success. Through safe production processes and effective process control measures recorded daily throughcontinuous monitoring, we can ensure that the products marketed by the company are in compliance with hygienic, sanitary and quality standards, ensuring the satisfaction of both consumers and the organization itself.

The meat industry, as it deals directly with the production of perishable foods, faces unique challenges in maintaining hygiene and contamination control. Therefore, the adoption of sanitary practices is essential to mitigate risks to public health and to preserve the integrity of the products.

These risks may compromise the quality and safety of the products produced in the group's units, resulting in possible health problems for consumers and damaging the company's reputation. Below are some of the main sanitary risks faced in day-to-day operations, where Marfrig ensures its products through established and applied processes:

I. Microbiological contamination: The presence of pathogenic microorganisms in food can lead to outbreaks of foodborne illnesses. This can occur due to various factors, including failures in Good Manufacturing Practices in the food processing process or cross-contamination between foods through surfaces that have not been properly sanitized and incorrect sanitary procedures.

II. Chemical contamination: The inadequate or incorrect use of chemical substances, such as veterinary drugs, cleaning products, or additives, can result in food contamination, making them unsafe for human consumption.

III. Physical contamination: The presence of foreign materials in food can occur during incorrect processing or handling, posing a risk of injury to consumers.

IV. Poor storage and inadequate refrigeration: Lack of temperature control in storage areas or vehicles can lead to loss of product Quality and promote the growth of microorganisms, resulting in food deterioration, reducing shelf life, or even rendering them unfit for consumption.

V. Personal hygiene issues: Lack of Good Manufacturing Practices and personal hygiene among employees can lead to cross-contamination of food during handling or production.

VI. Quality control and assurance failures: The lack of a robust quality control and assurance system can result in products that do not meet established sanitary standards, increasing the risk of marketing foods unfit for consumption.

VII. Sanitation problems in facilities: Poor waste and wastewater management, as well as lack of proper cleaning and disinfection of facilities, can contribute to the attraction and proliferation of pests harmful to the overall industrial process.

To mitigate these risks, the Company adopts strict process policies, ensuring safe hygiene and handling practices in facilities that comply with all current and applicable National and International Standards and Regulations according to their certifications. Continuous monitoring of the production process is conducted, and the Company remains committed to fulfilling its mission, vision, and values.

Furthermore, proper training of employees and investments in process control and tracking technologies are also essential to ensure the quality and safety of the produced food items.

11. Technological Risk

Technological Risk is associated with failures, unavailability, or obsolescence of production or manufacturing equipment and facilities, as well as computerized control, communication, logistics, and operational management systems, which impair or prevent the continuity of the organization's regular activities throughout its value chain. It may also be associated with errors or fraud, both internal and external, in computerized systems when capturing, recording, monitoring, and accurately reporting transactions or positions.

Investing in cyber security strategies, contingency plans, personnel training, and partnerships with information security experts are some of the essential actions to strengthen the technological resilience of the organization.

The following are some of the main technological risks that the Company may face:

I. Cyber security: The company's exposure to cyber threats, such as hacker attacks, malware, phishing, and ransomware, can compromise the integrity of information systems, steal confidential data, and disrupt operations, resulting in financial losses and reputation damage.

II. Data Breach: Information security failures can lead to the leakage of sensitive data, such as customer, supplier, and employee information, causing privacy breaches and legal issues.

III. System Disruption: The reliance on digital systems makes the company vulnerable to technical failures, human errors, or natural disasters that could disrupt operations and impact productivity.

IV. Systems integration problems: The use of different technologies and information systems can result in integration difficulties, generating inconsistencies and communication difficulties between different areas of the company.

V. Inadequate management of technological assets: The lack of monitoring and maintenance of technological assets, such as servers, computers, and automation equipment, can lead to operational failures and reduce process efficiency.

VI. Lack of data backup and recovery: The absence of effective data backup and recovery strategies can result in irreparable loss of critical information in the event of security incidents or system failures.

VII. Technological outdating: Failing to keep up with technological innovations can lead the company to become obsolete, losing competitiveness in the market and facing challenges in meeting customer demands.

VIII. Regulatory compliance: The company needs to comply with industry-specific regulations and standards related to the use of technology, such as data security and privacy, in order to avoid legal penalties and fines.

IX. Inappropriate use of technologies: The lack of proper training for employees or improper use of available technologies can lead to errors in processes, affecting the quality of products and food safety.

To mitigate these risks, the Company invests in robust cyber security policies, training employees for proper use of technologies, continuous updating of systems and infrastructure, and implementing backup and data recovery practices.

12. Other Risks

The Risk Management area promotes discussions of other potential Risk factors that may impact the Company and the appropriate actions to mitigate them.

13. Updates to this Policy

Version	Date	Details
V.01	08/2023	First Draft of the Risk Management Policy

Marfrig