

NON-BINDING AGREEMENT NO.

NON-BINDING AGREEMENT BY AND BETWEEN THE BRAZILIAN FEDERAL GOVERNMENT, REPRESENTED THROUGH THE MINISTRY OF HEALTH, THE NATIONAL HEALTH SURVEILLANCE AGENCY (ANVISA), THE BRAZILIAN ASSOCIATION OF FOOD INDUSTRIES (ABIA), THE BRAZILIAN ASSOCIATION OF SOFT DRINK AND NON-ALCOHOLIC BEVERAGE INDUSTRIES (ABIR), THE BRAZILIAN ASSOCIATION OF BISCUIT, PASTA AND PROCESSED BREAD AND CAKE INDUSTRIES (ABIMAPI), AND THE BRAZILIAN ASSOCIATION OF DAIRY INDUSTRIES (VIVA LÁCTEOS) FOR THE ESTABLISHMENT OF NATIONAL GOALS FOR REDUCING THE SUGAR CONTENT IN INDUSTRIALIZED FOODS IN BRAZIL.

The BRAZILIAN FEDERAL GOVERNMENT, represented by the MINISTRY OF HEALTH, a public entity registered with the CNPJ [*National Entity Taxpayer Register*] under No. 00.394.544/0127-87 and headquartered at Esplanada dos Ministérios, Bloco G, Edifício-Sede, Brasília (DF), represented herein by the Brazilian Minister of State of Health, GILBERTO OCCHI, bearer of RG (Identity Card) No. 34349553 issued by the SSP/SE and registered with the CPF [*National Individual Taxpayer Register*] under no. 518.478.847-68, appointed by a Decree dated April 2, 2018, published in the Federal Official Gazette, Section 1, on April 2 2018, Extra Issue - p.1; the National Health Surveillance Agency (ANVISA), represented herein by its Chief Executive Officer, WILLIAN DIB, bearer of RG No. 3821007 issued by SSP/SP and registered with the CPF under No. 493.336.318-87; the Brazilian Association of Food Industries (ABIA), registered with the CNPJ under No. 60.584.620/0001-47, headquartered at Av. Brig. Faria Lima nº 1478, 11º andar, Pinheiros, CEP [*Postal Code*] 01472-900, São Paulo (SP), represented herein by its President, WILSON NEWTON DE MELLO NETO, bearer of RG No. 18.943369, registered with the CPF under No. 145.540.608-29; the Brazilian Association of Soft Drinks and Non-Alcoholic Beverages (ABIR), enrolled with the CNPJ under no. 34.260.851/0001-95, headquartered at SHIS QI 07, Conjunto 9, Casa

1 - Bairro Lago Sul - CEP 71.615-290 - Brasília (DF), represented herein by its President, ALEXANDRE KRUEL JOBIM, bearer of OAB/DF (Brazilian Bar Association, Federal District Chapter) identification card no. 14482, registered with the CPF under No. 484.304.201-34; the Brazilian Association of Biscuit, Pasta and Processed Bread and Cake Industries (ABIMAPI), registered with the CNPJ under No. 54.073.341/0001-16, headquartered at Av. Paulista 1754, Conjunto 104, CEP 01310-920, São Paulo, São Paulo (SP), represented herein by its President, CLÁUDIO ZANÃO, bearer of RG No. 6.343.719-3, registered with the CPF under no. 005.330.608-26; and the Brazilian Dairy Association (Viva Lácteos), registered with the CNPJ under No. 20.318.714/0001-50 headquartered at SHS, Qd 06, Conj. A, Bloco E, Salas 926/927, Complexo Empresarial Brasil 21, CEP 70.322-915, Brasília (DF), represented herein by its Chief Executive Officer, MARCELO COSTA MARTINS, bearer of RG no. 1077650 issued by the SSP/DF, registered with the CPF under no. 602.908.461-53, and by the member of its Board of Directors WILSON NEWTON DE MELLO NETO, bearer of RG No. 18.943369, registered with the CPF under No. 145.540.608-29; wishing to gather efforts and work together to improve the nutritional profile of processed foods, thus contributing to reduce the consumption of sugar by the Brazilian population, have resolved to celebrate this Non-Binding Agreement and abide by its terms and conditions:

SECTION ONE - PURPOSE

Agreeing on strategies to outline commitments to be undertaken by the industrial food sector aiming to reduce the Brazilian population' sugar intake to less than 10% of the total daily calories consumed by reducing the sugar content in priority categories of processed foods. The categories are the following:

- Sweet drinks: soft drinks, nectars and juices;
- Biscuits: non-filled sweet biscuits (except Marie and cornstarch biscuits), cream-filled sweet biscuits, wafer biscuits in regular bars with no topping, and donuts;
- Cakes and cake mixes: no-filling, no-topping cakes, cream-filled no-topping cakes, no-filling cakes with topping, aerated cake mix without inclusions, aerated cake mix with inclusions, creamy cake mix with no inclusions and creamy cake mix with inclusions;
- Chocolate powders and similar products with other flavors; and
- Dairy products: fermented dairy drinks, ready-to-drink non-fermented milk drinks,

yoghurt and other fermented milks, Greek yogurts, Greek yoghurts with syrup, and “yakult” and “petit Suisse”-type fermented milks.

SECTION TWO - COMMITMENTS OF THE PARTIES

I Commitments shared by the Ministry of Health, ABIA, ABIR, ABIMAPI and VIVA LÁCTEOS:

- 1) standardize maximum sugar reduction targets in the processed food categories above, expressed in grams of sugar per 100 grams or 100 milliliters of product, and, where possible, in accordance with values equal to or lower than international references for reduction and/or equal to or lower than the lower limit of sugar content for the respective category in the national market;
- 2) aim to establish sugar content reduction targets for the first four years of the agreement at maximum levels lower than the adjusted baseline sugar content levels of each category and/or lower ones for at least 50% of the products of each category, excluding any exceptions that are duly justified, technically documented and approved by the Technical Group consisting of members of the Ministry of Health, the National Health Surveillance Agency (ANVISA) and representative associations of the food industry.
- 3) reach a maximum sugar content of 11.0 g/100 ml by the end of the year 2020 and 10.6 g/100 ml by the end of the year 2022 for the soft drinks category;
- 4) reach a maximum sugar content of 11.0 g/100 ml by the end of the year 2020 and 10.5 g/100 ml by the end of the year 2022 for the nectars category;
- 5) reach a maximum sugar content of 11.4 g/100 ml by the end of the year 2020 and 10.7 g/100 ml by the end of the year 2022 for the juices category;
- 6) reach a maximum sugar content of 26.8 g/100 g by the end of the year 2020 and 22.6 g/100 g by the end of the year 2022 for the "sweet non-filled biscuits (excluding Marie and cornstarch biscuits)" category;
- 7) reach a maximum sugar content of 25.6 g/100 g by the end of the year 2020 and 22.8 g/100 g by the end of the year 2022 for the Marie and cornstarch biscuits category;
- 8) reach a maximum sugar content of 36.4 g/100 g by the end of the year 2020 for the cream-filled biscuits category;
- 9) reach a maximum sugar content of 46.6 g/100 g by the end of the year 2020 and 38.4

- g/100 g by the end of the year 2022 for the "wafer biscuits in regular bars with no topping" category;
- 10) reach a maximum sugar content of 31.5 g/100 g by the end of the year 2020 and 28.2 g/100 g by the end of the year 2022 for the donut-type biscuits category;
 - 11) reach a maximum sugar content of 31.2 g/100 g by the end of the year 2020 and 29.5 g/100 g by the end of the year 2022 for the no-filling, no-topping cakes category;
 - 12) reach a maximum sugar content of 34.2 g/100 g by the end of the year 2020 for the cream-filling, no-topping cake and no-filling, no-topping cake categories;
 - 13) reach a maximum sugar content of 50.0 g/100 g by the end of the year 2020 for the "cream-filling cakes with topping" category;
 - 14) reach a maximum sugar content of 45.6 g/100 g by the end of the year 2020 and 41.0 g/100 g by the end of the year 2022 for the "aerated cake mix with without inclusions" category, in the product as displayed for sale;
 - 15) reach a maximum sugar content of 56.7 g/100 g by the end of the year 2020 and 49.6 g/100 g by the end of the year 2022 for the "aerated cake mix with inclusions" category, in the product as displayed for sale;
 - 16) reach a maximum sugar content of 62.4 g/100 g by the end of the year 2020 and 59.4 g/100 g by the end of the year 2022 for the "creamy cake mix with without inclusions" category, in the product as displayed for sale;
 - 17) reach a maximum sugar content of 58.7 g/100 g by the end of the year 2020 and 57.9 g/100 g by the end of the year 2022 for the "creamy cake mix with inclusions" category, in the product as displayed for sale;
 - 18) reach a maximum sugar content of 90.3 g/100 g by the end of the year 2020 and 85.0 g/100 g by the end of the year 2022 for the "chocolate powders and similar products with other flavors" category;
 - 19) reach a maximum sugar content of 15.5 g/100 g by the end of the year 2020 and 13.4 g/100 g by the end of the year 2022 for the fermented milk drinks category;
 - 20) reach a maximum sugar content of 18.2 g/100 g by the end of the year 2020 and 12.9 g/100 g by the end of the year 2022 for the ready-to-drink fermented milk drinks category;
 - 21) reach a maximum sugar content of 14.5 g/100 g by the end of the year 2020 and 12.8 g/100 g by the end of the year 2022 for the "yogurts and other fermented milks" category;
 - 22) reach a maximum sugar content of 18.0 g/100 g by the end of the year 2020 and 15.9 g/100 g by the end of the year 2022 for the Greek yogurts category;

- 23) reach a maximum sugar content of 18.0 g/100 g by the end of the year 2020 and 17.2 g/100 g by the end of the year 2022 for the Greek yogurts with syrup category;
- 24) reach a maximum sugar content of 16.7 g/100 g by the end of the year 2020 and 14.8 g/100 g by the end of the year 2022 for the up, "yakult"-type fermented milks category;
- 25) reach a maximum sugar content of 15.3 g/100 g by the end of the year 2020 and 13.9 g/100 g by the end of the year 2022 for the "petit Suisse" category;
- 26) ABIA, ABIR, ABIMAPI and Viva Lácteos undertake to carry out studies to evaluate the possibility of discussing the establishment of a new gradual reduction program for the for the sweetened drinks, biscuits, cakes and cake mixes, chocolate powders and milk products categories and for the sustainability of the sugar content for a subsequent biennium, taking into account criteria such as technological feasibility, maintenance of product characteristics and evolution of consumers' sweet taste perception;
- 27) continuously monitor and evaluate the process of reducing sugar content and its health impacts on the Brazilian population; and
- 28) evaluate the inclusion of new food categories based on relevant scientific evidence that justifies the impact of consuming sugars in the general population and in specific groups.

II - Commitments by the Ministry of Health:

- 1) Evaluate the implementation of the Plan for Sugar Reduction in Processed Foods, through the following themes: (i) voluntary reduction of sugar levels in processed foods and preparations sold in food establishments and restaurants; (ii) increased supply of healthy foods; (iii) labeling and consumer information; and (iv) education and awareness-raising for consumers, industry, health professionals and other stakeholders;
- 2) Coordinate the activities of the Working Group for the discussion, agreement, monitoring and evaluation of the reduction of the sugar content in processed foods;
- 3) Monitor the evolution of sugar content in the food categories agreed upon above through ANVISA and the health surveillance bodies of Brazil's states and municipalities;
- 4) Monitor the food consumption trends of the Brazilian population through a monitoring system composed of national surveys, health information systems and studies, research and information from the productive sector; and
- 5) Monitor the impact of reducing sugar consumption in terms of costs to the healthcare system and in the rates of morbidity and mortality caused by chronic diseases.

II - Commitments by ABIA, ABIR, ABIMAPI and VIVA LÁCTEOS:

- 1) Coordinate efforts with the food companies in each of the above categories in their membership seeking to obtain their sponsorship and commitment towards agreeing on the sugar reduction targets for processed foods and the fulfillment thereof;
- 2) Encourage the implementation of quality control and monitoring systems for the sugar content in the foods produced by the companies in their membership;
- 3) Work with the companies in their membership to encourage the provision of technical assistance and the implementation of Good Manufacturing Practices in their factories;
- 4) Help monitor the evolution of sugar content in processed foods, based on information provided from the companies in their membership;
- 5) Develop and commit to the transfer of technologies and methodologies to reduce the sugar content of processed foods produced by large, medium and small industries throughout the national territory, except in cases of patent-protected technologies.

SECTION THREE - TERM

This Non-Binding Agreement shall be valid for four (4) years from the date of its execution, and may be extended for additional terms upon express agreement of the parties.

SECTION FOUR - RESOURCES

No transfer of funds shall be made under this Non-Binding Agreement, with each party being responsible for expenses that may be involved in the development of the duties set forth herein.

SECTION 5 - PUBLICATION

It will be the responsibility of the Ministry of Health to arrange for the publication of this Non-Binding Agreement in the Official Gazette of the Federal Government by the fifth (5th) business day of the month following its execution, and it shall be deemed to have become effective within twenty (20) days of said date.

SECTION SIX - FINAL PROVISIONS

Any omissions, any controversies or situations not explained in the items of this instrument, given its eminently cooperative nature, shall be resolved through negotiation between the parties.

The signatory parties have undersigned this agreement, therefore assuming the solemn commitment to fulfill and enforce what they have agreed upon hereunder.

Brasília-DF, , 2018.

GILBERTO OCCHI

Minister of State for Health

WILLIAN DIB

Chief Executive Officer of the National Health
Surveillance Agency (ANVISA)

WILSON NEWTON DE MELLO

NETO
President of the Brazilian Association of
Food Industries (ABIA)

ALEXANDRE KRUEL JOBIM

President of the Brazilian Association of
Soft Drink and Non-Alcoholic Beverage
Industries (ABIR)

CLÁUDIO ZANÃO

President of the Brazilian Association of
Biscuit, Pasta and Processed Bread and
Cake Industries (ABIMAPI)

MARCELO COSTA MARTINS

CEO of Viva Lácteos

WILSON NEWTON DE MELLO

NETO

Member of the Board of Directors - Viva

Lácteos