

# Evaluation of the Fulfillment to the "Public Livestock Commitment "

— JBS S.A.

**Report No.:** Z0596492\_Greenpeace, Rev. 00

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Title of the Report: Evaluation of Fulfillment to the "Public Livestock Commitment"

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To JBS S.A.

## **I) Introduction**

Since 2007, the Non-Governmental Organization Greenpeace has been studying the behavior of the livestock farming production chain in the Amazon. After a long investigation process, in 2009, the organization issued the report "Slaughtering the Amazon" ("*A Farra do Boi na Amazônia*"), highlighting the relationship between the beef plants involved in illegal deforestation and slave labor, and leading-edge products traded on the international market. Since then, the JBS, Marfrig and Minerva beef plants undertook a "Public Livestock Commitment" to exclude from their lists of suppliers those farms that have cleared the Amazon forest after October 2009, in addition to those employing labor analogous to slavery, and owning areas subject to embargoed of the Brazilian Institute and Renewable Natural Resources (IBAMA) or located on indigenous lands and environmental conservation units. The public commitment setting out the criteria for purchasing cattle on properties located in the Amazon Biome is called "**MINIMUM CRITERIA FOR TRANSACTIONS WITH CATTLE AND BEEF PRODUCTS ON AN INDUSTRIAL SCALE IN THE AMAZON BIOME**". In June 2017, Greenpeace withdrew from the "Public Livestock Commitment", however, JBS continues to apply its criteria purchasing cattle in the Amazon Biome region as well as its Responsible Purchasing Policy and maintains its commitment to transparency in the annual publication of the independent auditor's report in compliance with the public commitment.

## **II) Objective**


DNV GL was retained to independently evaluate, via an audit process, the information and procedures of JBS that make it possible to establish whether the Company has complied with the socioenvironmental criteria assumed in the "Public Livestock Commitment," covering the period from January 1, to December 31, 2018.

## **III) Audit Period**

The audit took place in the period between April 16 to June 28, 2019.

## **IV) Description of the Company and of the Beef Cattle Purchase Process**

Founded in 1953, JBS is currently the largest producer of animal protein and second largest food Company in the world. It operates in the processing of beef, pork, lamb and poultry, as well as in the production of added value food products. In addition, it also sells other products such as leather, biodiesel, collagen, personal hygiene and cleaning products, natural wrappings, solid waste management solutions, metal packaging and transportation, among others. In Brazil, the company owns 35 beef processing plants, of which 21 purchase cattle from farms located in the Amazon Biome. The scope of this audit considered these 21 plants: Alta Floresta/MT, Água Boa/MT, Araputanga/MT, Araguaína/TO, Barra do Garças/MT, Confresa/MT, Colider/MT, Diamantino/MT, Juara/MT, Juína/MT, Marabá/PA, Pedra Preta/MT, Pontes e Lacerda/MT, Pimenta Bueno/RO, Porto Velho/RO, Rio Branco II/AC, Redenção/PA, São Miguel do Guaporé/RO, Santana do Araguaia/PA, Tucumã/PA and Vilhena/RO.



The "Public Livestock Commitment" consists of four key points publicly embraced by Brazil's 3 largest beef processing groups. Under the Commitment, the signatories have agreed to adopt the criteria established within certain deadlines, ceasing to acquire cattle originating from:

a) Farms (direct and indirect suppliers) who were engaged in deforestation within the Amazon Biome after October 2009;

b) Farms on the list of areas embargoed by the Brazilian Institute and Renewable Natural Resources (IBAMA) and/or Farms located on Indigenous Lands and on Environmental Conservation Units (protected areas);

c) Farms that engage in slave or degrading labor, in accordance with the list of the Ministry of Labor and Employment (MTE) published on its official site or on the List provided by InPACTO (the Institute for the National Compact for the Eradication of Slave Labor), under the Freedom of Information Law;

d) Farms on trespassed lands or which were acquired using rural violence, based on unmistakable awareness of the company, by means of communiqués issued by the Prosecution Office, the Agrarian Reform Institute (INCRA), the Justice and others.


In order to comply with the Public Commitment, in 2010 JBS established a social and environmental monitoring system for cattle-supplying farms, consisting of two analysis processes that act in an integrated manner with the company's computerized system.

All farms supplying cattle are entered on the JBS Enterprise Resource Planning – ERP system which is for corporate use and is used by all beef plants when purchasing cattle. The JBS Corporate Sustainability area is responsible for defining the status of those registers against the socioenvironmental criteria the JBS responsible procurement policy.

The first process of analysis of supply farms involves downloading daily the public lists of IBAMA and the MTE from their official sites and subsequently cross-checking the suppliers' individual/corporate taxpayer numbers (CPF/CNPJ) registered with the Company. Supply farms whose taxpayer numbers appear on the public lists of IBAMA and/or MTE are automatically blocked on the JBS computer system for the purchase of raw materials.

In the case of registered suppliers whose taxpayer numbers are on the list of areas embargoed by IBAMA, and which have more than one farm registered to them, only the farm appearing on the public list remains blocked for the purchase of raw materials. That is why the supplier must produce proof that the farm is different from the one on the IBAMA List. In the case of suppliers whose CPF/CNPJ appears on the MTE List, all farms covered are blocked in the JBS computerized procurement system, with no exceptions.

The second analysis process consists of geospatial monitoring which digitally superimposes georeferenced maps of the farms supplying the cattle on the criteria for deforestation and trespassing on protected areas (Indigenous Lands and Environmental Conservation Units) within the Amazon Biome.



This geospatial monitoring is carried out by the geomonitoring company contracted by JBS, Agrottools, based on official deforestation maps published by the National Institute for Space Research – INPE (PRODES and DETER), official maps of Indigenous lands produced by the National Indian Foundation – FUNAI and official maps of Environmental Conservation Units of the Ministry of the Environment – MMA, which Agrottools systematically consults to ensure that the data on the monitoring system is always up to date. The georeferenced maps of the farms supplying JBS are cross-checked with the digital maps provided by INPE, FUNAI and the MMA to verify the existence of overlapping and define the compliance status of the supplier farms (blocked or approved).

Agrottools produces a daily monitoring report showing the compliance status of the farms that supply cattle to JBS, containing breakdowns of the analyses carried out on each of its supply farms located in Legal Amazon, classifying them as "blocked" or "approved", while indicating the reason for noncompliance: trespassing on Environmental Conservation Units or on Indigenous Lands, deforestation based on data from DETER and/or PRODES (referring to the years 2009 to 2018). Supply farms displaying a "blocked" status are automatically disqualified as a purchasing option on the JBS ERP system.

On December 31, 2018, JBS's supplier's list included over 85,000 farms, of which 7,025 were blocked for cattle purchases due to restrictions linked to social and environmental criteria (IBAMA List, MTE List and/or Geo List).

Suppliers located in areas embargoed by IBAMA and have properties in other locations will have a separate analysis for each property according to municipality, farm, and occasionally the geographical coordinates of the embargoed area (when available) to identify if the farm selling the cattle superimpose farms in the embargoed area. If it is proven that the IBAMA embargo does not apply to said property, the supplier will be manually approved by the Corporate Sustainability team so that the purchase of cattle can be carried out. All steps and documentations for this procedure will be filed at the Company.

The reinstatement of farms classified as "blocked" is the sole responsibility of the Corporate Sustainability area of JBS through documents and evidence submitted by the supplier, that justify the reinstatement.

Furthermore, JBS complies with the requirement of the Ministry of Agriculture, Livestock Farming and Supply (MAPA) to inspect the transportation of animals, acquiring only those animals for which an Animal Transportation Permit (GTA) has been issued.

## **V) Procedures**

## Phase 1 – Evaluation of the Cattle Purchasing System and supplier barring

### Step 1 – Selecting the sample

Audit assurance is confined to the procedures of the reference protocol used (“Terms of Reference for Third-Party Audits”, mutually agreed by the Non-Governmental Organization Greenpeace and the signatory companies).


Audit assurance is by sampling based on checking documents and the information collated in the interviews with the Sustainability and Cattle Procurement areas. The analysed documents are described in Table 1 below.

Table 1. Checklist of documents analyzed

Document Name	Coverage period / code and version	Evaluated (Y/N)
Terms of Reference for third-party Audits 2017	2017, still valid	Y
Purchase Records	Information about cattle purchases from all units from January 1 to December 31, 2018	Y
Monitoring System	System of the specialized geospatial monitoring company	Y
Barring System	ERP System / performance verified during the audit	Y
Supplier List	Information on cattle purchases from all the farms located in the Amazon Biome, from January 1 to December 31, 2018	Y
Public list of Embargoed Properties - IBAMA	Query on the website: <a href="http://servicos.ibama.gov.br/ctf/publico/areasembargadas/ConsultaPublicaAreasEmbargadas.php">http://servicos.ibama.gov.br/ctf/publico/areasembargadas/ConsultaPublicaAreasEmbargadas.php</a>	Y
Public List of People/Companies - Slave Labor - MTE	Employers’ registration list - Interministerial Ordinance No. 2, dated May 12, 2011. Update: lists updated on November 22, 2017, April 10, 2018, April 13, 2018, April 25, 2018, June 8, 2018, June 22, 2018, July 26, 2018, August 1, 2018, August 24, 2018, August 27, 2018, October 8, 2018, October 11, 2018, October 16, 2018, October 17, 2018, October 22, 2018, November 16, 2018, November 22, 2018, December 17, 2018 and December 21, 2018.	Y
List of Suppliers Approved/Blocked by the geospatial monitoring	List of supply farms classified with "Approved" and "Blocked" status prevailing at the time when the cattle purchase orders were issued (January 1 to December 31, 2018)	Y

This evaluation was carried by examining documentation; accessing data systems and interviews with employees, using as reference documents:

- “Minimum Criteria for Transactions with Cattle and Beef Products on an Industrial Scale in the Amazon Biome”, Greenpeace.
- “Terms of Reference for Third-Party Audits 2017 of the Public Livestock Commitment”.




The methodology defined for this evaluation was applied to all plants that purchase cattle from suppliers that are also located in the Amazon Biome: Alta Floresta/MT, Água Boa/MT, Araputanga/MT, Araguaína/TO, Barra do Garças/MT, Confresa/MT, Colider/MT, Diamantino/MT, Juara/MT, Juína/MT, Marabá/PA, Pedra Preta/MT, Pontes e Lacerda/MT, Pimenta Bueno/RO, Porto Velho/RO, Rio Branco II/AC, Redenção/PA, São Miguel do Guaporé/RO, Santana do Araguaia/PA, Tucumã/PA and Vilhena/RO.

According to the Terms of Reference for Third-Party Audits 2017, during the analysis of the documents for the period from January 1 to December 31, 2018, a sample of at least 10% was taken from all cattle purchase transactions within the Amazon biome, for each plant, resulting in a sample of 7,140 transactions to be assessed, which includes:

- 325 of the 3,245 purchase orders in Alta Floresta/MT;
- 264 of the 2,637 purchase orders in Água Boa/MT;
- 394 of the 3,934 purchase orders in Araputanga/MT;
- 187 of the 1,886 purchase orders in Araguaína/TO;
- 353 of the 3,532 purchase orders in Barra do Garças/MT;
- 494 of the 4,943 purchase orders in Confresa/MT;
- 216 of the 2,159 purchase orders in Colider/MT;
- 208 of the 2,079 purchase orders in Diamantino/MT;
- 229 of the 2,287 purchase orders in Juara/MT;
- 334 of the 3,339 purchase orders in Juína/MT;
- 390 of the 3,892 purchase orders in Marabá/PA;
- 193 of the 1,925 purchase orders in Pedra Preta/MT;
- 360 of the 3,608 purchase orders in Pontes e Lacerda/MT;
- 449 of the 4,487 purchase orders in Pimenta Bueno/RO;
- 280 of the 2,805 purchase orders in Porto Velho/RO;
- 299 of the 2,988 purchase orders in Branco II/AC;
- 285 of the 2,850 purchase orders in Redenção/PA;
- 765 of the 7,646 purchase orders in São Miguel do Guaporé/RO;
- 295 of the 2,958 purchase orders in Santana do Araguaia/PA;
- 285 of the 2,850 purchase orders in Tucumã/PA;
- 535 of the 5,351 purchase orders in Vilhena/RO.

On April 16, 2019, a DNV GL's professional information technology (IT) specialist personally audited the IT department of JBS to check the integrity of the cattle purchase records for the period audited. It was at this time that the printout from the cattle purchase transactions report was analyzed, confirming that the programming language did not contain filters or biases that might influence the printout of that report.

In the corporate offices of JBS and Agrottools in São Paulo/SP, the mechanisms of the Socioenvironmental Monitoring System of the farms that supply JBS were presented, in addition to the procedures and workings of the Geospatial Monitoring undertaken by the geomonitoring contractor (Agrottools). The selected sampling of the cattle purchase transactions was evaluated according to the



IBAMA list of embargoed areas, the slave labor list of the Ministry of Labor and Employment (MTE list), and the geomonitoring list (Geo list) involving deforestation (PRODES and DETER) and trespassing on environmental conservation units and/or Indigenous lands.

In the last two years the "Origination - Buyer" application was developed, which is a tool that helps the buyer of JBS regarding its relationship with the cattle producer and has the following functions:

- Portfolio/Registration of cattle farmers available for the buyer;
- Launching of cattle purchase orders and supply;
- Relationship activities (visits, links and other suggested interactions);
- Monitoring of purchases, slaughtering scale and slaughtering targets;
- Negotiations approval flow.

The application maintains an automatic integration with the ERP used at JBS in addition to its business policies.

## **Step 2 – Testing the cattle purchasing system**


In the case of all the JBS beef plants that purchased cattle from the supply farms located in the Amazon Biome, the sample purchases (corresponding to at least 10% of the cattle purchased between January 1 to December 31, 2018) were cross-checked against the CPF/CNPJ numbers on the IBAMA List, the MTE List (updated on November 22, 2017, April 10, 2018, April 13, 2018, April 25, 2018, June 8, 2018, June 22, 2018, July 26, 2018, August 1, 2018, August 24, 2018, August 27, 2018, October 8, 2018, October 11, 2018, October 16, 2018, October 17, 2018, October 22, 2018, November 16, 2018, November 22, 2018, December 17, 2018 and December 21, 2018) and the Geo list of the geospatial surveillance company (Lists of Farms Approved and Blocked in force at the time of the generation of cattle purchase orders).

By analyzing documentation, interviewing and accessing the JBS cattle purchase system, - in accordance with the procedures for audit checks – described in the Terms of Reference – the results indicated in the sequence of the report were obtained.

Of the 7,140 cattle purchase transactions sampled, which correspond to 10% of total purchases in the period analyzed, from among the JBS beef plants that acquired cattle from supply farms located within the Amazon biome, in accordance with the audit procedures, there was no evidence of any transaction with a farm included in the IBAMA list of embargoed areas. Therefore, no transaction was identified for the purchase of cattle from farms included in the IBAMA list of embargoed areas.

As for the MTE list, there were no purchases in the sample from any supplier appearing on the MTE Slave Labor List, according to the lists updated on November 22, 2017, April 10, 2018, April 13, 2018, April 25, 2018, June 8, 2018, June 22, 2018, July 26, 2018, August 1, 2018, August 24, 2018, August 27, 2018, October 8, 2018, October 11, 2018, October 16, 2018, October 17, 2018, October 22, 2018, November





16, 2018, November 22, 2018, December 17, 2018 and December 21, 2018. Therefore, no purchases were detected that violated the slave labor criterion.


Finally, in the case of the criterion for geomonitoring of supply farms, there were no sample purchases from supply farms blocked on the date of the slaughter of the animals purchased, according to the geospatial monitoring list (Geo List). No sample purchases showed irregularities involving deforestation criteria (PRODES and/or DETER) and/or overlapping on protected areas (Indigenous Lands and/or Environmental Conservation Units). Thus, no cattle purchases were identified involving deforestation criteria, trespassing of Indigenous lands and/or environmental conservation units).

JBS can track 100% of its direct suppliers using Animal Transportation Guide (GTA), which is compulsory for cattle purchases; in addition, traceability also applies to the final product (raw beef), using a QR Code shown on the packaging of the final products sold, by which any consumer can check on the JBS site the origin of the product (list of the supply farms), showing the slaughter date and the SIF/MAPA (federal inspection) number of the JBS plant, thus enabling the products to be traced.

In the case of indirect suppliers, JBS has not yet been successful in implementing traceability processes. As a justification, the Company advised that the traceability of the cattle production chain, from birth to slaughter, is only possible with full access to all Animal Transportation Guide (GTAs) to identify the indirect supply chain. However, GTAs are not public documents and are for the sole use of the Ministry of Agriculture, Livestock Farming and Supply (MAPA). JBS and other industry players are already in touch with the MAPA to obtain access to the GTA data base or have requested the MAPA to consider the IBAMA and MTE Lists when issuing GTAs but have had no success. Currently, JBS is a member of the Sustainable Livestock Work Group coordinated by the Ministry of the Environment of the Brazilian Government, which proposes actions to foster sustainability and control of the origin of the livestock productive chain, and develops solutions to control cattle origin and check compliance of rural property, among other activities linked to the prevention and control of deforestation and forestry degradation, in addition to other related activities. In addition, JBS participates in the Working Group of Indirect Suppliers in Brazilian Cattle (GTFI), formed by national and international stakeholders of the cattle chain. The focus of this group is to develop traceability and monitor solutions for the cattle breeding chain in Brazil. The objectives of the GTFI are: (1) identify, develop and support the implementation of traceability solutions for indirect suppliers; and (2) communicate challenges, opportunities and progress towards traceability to indirect suppliers.

### **Step 3 – Testing the system that debars non-compliant suppliers**

In addition to the sampling of cattle purchase transactions above, remote simulations were carried out for the Juara/MT beef plant for purchases involving 30 supply farms with one of the restrictions, specifically: 10 farms whose taxpayer codes are on the IBAMA embargoed areas list, 10 whose taxpayer codes are on the slave labor list and 10 classified as “blocked” regarding geospatial monitoring (Geo List) chosen at random from among the cattle purchase transactions of JBS in the period from January 1 to December 31, 2018. The purpose of this sampling was to verify the possibility of the Company’s procurement system accepting, without restrictions, cattle purchase transactions involving non-compliant suppliers blocked through geospatial monitoring involving deforestation (PRODES and DETER),



Indigenous lands, environmental conservation units and which appear on the IBAMA embargoed areas list and the MTE list.

In all situations, the procurement system (ERP) did not permit any cattle purchases, displaying the automatic prohibition that makes it impossible to register the purchase order.

## **Phase 2 – The outsourced geomonitoring company.**

### **Step 1 – Assurance of the procedures**


On June 28, 2019, Agrottools, the company carrying out the geospatial analyses for JBS, was visited by the DNV GL auditor to whom the processes for obtaining these data were presented. During the visit, DNV GL was able to verify that the company is properly equipped to carry out the activities described, based on its business purpose, its National Economic Classification Number (CNAE), Technical Responsibility at the Regional Engineering and Agronomy Council (CREA) and its experienced professionals. The ART (Technical Responsibility Note) for the activities carried out contained the description of the scope performed by the 'Contractor' with the scope of the monitoring process, with the identification of its end 'products', as well as the project documentation containing the scope of the activities, the operating plan and a technical description of the procedures for accessing, handling and use of the data bases referring to the criteria employed in the socioenvironmental analyses.

### **Step 2 – Simulated monitoring**

Testing the monitoring system (Geo List) involved simulated monitoring of different farms that supply JBS. The process begins when Agrottools receives the data from JBS and validates it. In the event of any inconsistencies in the data, Agrottools forwards an "Anomaly Report" to JBS. Thereafter, the property is entered on the system which generates a GeoID, the property's geographical identity. Next, the geometry is analyzed against the defined socioenvironmental criteria, reporting any overlapping, as the case may be. The maps of the supply farms are provided by the suppliers and are based on official documents (Rural Environmental Register - CAR) registration number of the georeferenced property, etc.), which can be monitored, reported on and are verifiable, and Agrottools carefully evaluates the information received before analyzing the geometry, certifying that this information actually pertains to the supply farm to which the digital map refers. During the audit at Agrottools, tests were carried out on farms that supply JBS, chosen at random from the Geo List, covering both proscribed and approved suppliers, to evaluate how the deforestation monitoring system functions (10 farms), trespassing on Environmental Conservation Units (10 farms) and trespassing on Indigenous Lands (10 farms), totaling 30 supply farms simulated. All results were compatible with each property on the Geo List, thereby confirming that the geomonitoring system functions.

## **Phase 3 – Environmental Regularization for Supplier Land and Supply Chain**

Information, concerning land use and environmental regularization of the supply farms based on checking a range of related documentation such as the CAR or the LAR/LAU/APF and the CCIR, is collated as follows:

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- Information on the Rural Environmental Registry (CAR) and Rural Environmental License (LAR) numbers, or protocols confirming requests for LAR, are obtained by presenting said documents.
  - Information on the Rural Property Registration Certificate (CCIR) number is obtained by presenting the said document.

The LAR of the supply farms (characterized as farming activity) also requires proper regulations on the part of the official entities and instruments that enable their application in different Brazilian states. With the exception of the State of Pará, which has created new regulations and an integrated system enables producers to regularize their situation in relation to rural environmental permits of the property, and where the presentation of the LAR in the case of properties of 3,000 hectares, or more, is mandatory for all registers of JBS suppliers. In the case of the Rural Environmental Register – CAR, under the new Brazilian Forest Code (Law No. 12.651, dated May 25, 2012), all producers must be enrolled by December 2018.


We verified the CAR registration for 25 properties, of which two properties did not have the CAR registration information in the supplier registration data (8% of the sample), and one of these properties did not have the CCIR registration confirmed. The remaining 23 properties (92% of the sample) were fully compliant. It should be noted that cattle purchases took place during 2018, when the CAR was not yet mandatory, in compliance with the Brazilian Forest Code, which establishes the deadline period of December 31, 2018. Regarding the two properties without the CAR registration, JBS reported that farms without CAR were blocked in the Company's purchasing system and that as of 2019, 100% of the slaughter is from farms with CAR registrations.

It was not possible to confirm the environmental license of one property greater than 3,000 hectares, of an area located in the State of Pará where documentation is mandatory. JBS presented the pending LAR document after the end of the audit deadline period and thus was not considered.

JBS reported that the Rural Environmental License (LAR) lacks adequate governmental regulation in various Brazilian states due to regional differences and unenforceable legislation in their respective spheres. Regarding land regularization and geo-referencing certification, the Company explained that scarce public policies, in addition to the complexity of the matter, are the determining elements for low levels of registrations for irregular and consolidated occupations. According to INCRA's Land Management System portal, only 8% of the rural properties in Brazil are correctly registered. Brazil has roughly 5.76 million rural properties, of which only 471 thousand have the Rural Property Registration Certificate (CCIR).

## **VI) Results of the audit process**

Based on the sample of the cattle purchase transactions analyzed, out of the total 7,140 transaction, no supplier was included in the IBAMA list of embargoed areas, nor was there any transaction involving suppliers included in the "slave labor" list and no transactions were carried out from farms that were



BLOCKED in the geomonitoring system (deforestation and trespassing of Indigenous lands and/or environmental conservation units).

### **1. Access to the Information**

The documents described in table 1 (page 4) were analyzed.

### **2. Non-conformities**

- Indirect suppliers of cattle to JBS are not yet checked systematically since JBS and the industry in general has not yet managed to adopt auditable procedures for its indirect suppliers;
- Within the 25 sample suppliers, one supplier did not have a CCIR registration. In addition, one supplier within an area of 3,000 hectares, or more, located in the State of Pará (out of a total of 13 properties) did not have the required environmental license. JBS submitted the pending license (LAR) after the deadline period for the documentation review, so it was not considered.

### **3. Observations:**

No further observations found were material.


## **VII) Audit Restrictions**

No restrictions were encountered on access to the information in this audit. However, the audit is confined to assuring the cattle purchase process and the Socioenvironmental Monitoring System for the Supply Farms put in place by JBS, bearing in mind the sampling process described in this report, in accordance with the Terms of Reference for Third-Party Audits.

## **VIII) Conclusions**

Based on the verification carried out, on the findings detailed in the previous chapter of this report, we wish to highlight the following main conclusions of this evaluation regarding adherence of JBS to the "Public Livestock Commitment":

1. Out of a total of 7,140 cattle purchase transactions carried out by JBS, originating on supply farms located within the Amazon Biome in the period from January 1 to December 31, 2018:
  - 1.1 No irregularities were detected involving embargoes issued by IBAMA.
  - 1.2 No irregularities were detected involving slave labor criteria.
  - 1.3 Irregularities were not detected based on the deforestation criteria (PRODES 2009 to 2018).
  - 1.4 No irregularities were detected involving the criteria for trespassing on protected areas (Indigenous Lands and Environmental Conservation Units).
  - 1.5 Cattle purchase transactions achieved a regularity level of 100%.
  - 1.6 Irregular cattle purchase transactions accounted for 0%.

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2. Documentary control when cattle are delivered to the beef plants, using Animal Transportation Guide (GTA), with high information requirements, without which the animals received from the supplier are not admitted. This ensures the traceability of 100% of the cattle slaughtered from direct suppliers.
  3. Regarding indirect suppliers, JBS and the industry in general does not yet have in place a verification system in these cases.

São Paulo, July 17, 2019.



**Felipe Lacerda Antunes** –DNV GL Auditor

## TABLES

**Table 1 – Total purchases and sampling**

<b>1 - Total purchases and sampling (base year 2018)</b>	
Total raw material purchases originating in the Amazon Biome and made by JBS in the period from January 1 to December 31, 2018	Total purchases sampled for carrying out the analyses presented
71,401	7,140

**Table 2 – Non-conformities encountered during the audit period**

<b>2 – Non-conformities (base year 2018)</b>			
<b>Criterion</b>	<b>Total non-conformities</b>	<b>% of non-conformities to the total purchases in the base year</b>	<b>% of non-conformities to the total purchases in the sample</b>
Purchases of raw materials from properties on which deforestation was detected after October/2009	0	0	0
Purchases of raw materials from properties that overlap on Indigenous Lands	0	0	0
Purchases of raw materials from properties blocked for being located on Environmental Conservation Units	0	0	0
Purchases of raw materials from properties blocked for being located on the MTE List	0	0	0
Purchases of raw materials from properties embargoed for being located on the IBAMA List	0	0	0
Purchases of raw materials from properties blocked for other criteria provided for in the commitment and not described above (specify)	0	0	0

**Table 3 – Debarment test results**

<b>3 – Debarment test</b>			
	Total number of simulated purchase tests on the Company's system	Conformed	Did not conform
IBAMA	10	10	0
MTE	10	10	0
GEO (PRODES, DETER, TI and UC)	10	10	0



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