

Verification Audit for Compliance with the "Public Commitment to Livestock"

JBS S.A.

Date: 05/24/2022





To JBS S.A.

I) Introduction

Since 2007, Greenpeace has been studying the behavior of the livestock production chain in the Amazon. After a long investigative process, in 2009, the organization released the report “*A Farra do Boi na Amazônia*” [Amazon Bull Spree] which pointed out the relationship between meatpacking companies involved in illegal deforestation and forced labor with cutting-edge products sold on the international market, such as bags and sports shoes. Since then, processing companies such as JBS, Marfrig and Minerva have made a public commitment to exclude from their list of suppliers those farms that deforested the Amazon Forest after October 2009, in addition to those that use slave-like labor or are located in indigenous lands and conservation units. The public commitment that sets forth criteria for the purchase of cattle on properties located in the Amazon Biome is called Public Commitment to Livestock and is defined in the document “**MINIMUM CRITERIA FOR OPERATIONS WITH CATTLE AND BOVINE PRODUCTS ON AN INDUSTRIAL SCALE IN THE AMAZON BIOME**”.

II) Purpose

Associação Control Union Certificates was hired with the purpose of independently evaluating, through an audit, the information and processes of JBS S.A., which make it possible to identify whether the company met the criteria assumed in the Public Commitment to Livestock, covering the period from 1/1/2021 to 12/31/2021.

III) Audit Period



The audit was conducted from 05/24/2022 to 06/13/2022, covering cattle sale operations from January 1 to December 31, 2021, from supplier farms located in the Amazon Biome.

IV) Description of the Company and of the Cattle Purchase Process regarding the fulfillment of the Public Commitment to Livestock

JBS was founded in 1953, a multinational company of Brazilian origin, recognized as one of the global leaders in the food industry. Headquartered in the city of São Paulo, the Company has presence in 20 countries through a global production and distribution platform, JBS has over 450 production units and offices across five continents - Americas, Asia, Europe, Africa and Oceania.

It has more than 250,000 employees, who follow the same guidelines for sustainability - economic, social and environmental -, innovation, quality, and food safety, with the adoption of the best practices, always guided by the same Mission and Values.

JBS has a diversified product portfolio, with options ranging from fresh and frozen meats to ready-to-eat meals, sold through recognized brands in Brazil and abroad, such as Friboi, 1953, Swift, Seara, Seara Gourmet, Doriana, Massa Leve, Pilgrim's Pride, Plumrose, Primo, amongst others. The Company also operates with related businesses, such as Leather, Biodiesel, Collagen, Wrapping for sausages, Hygiene & Cleaning, Metal Packaging, Transport, and waste management solutions, innovative operations that also promote the sustainability of the entire value chain of the Business.

In Brazil, the company produces and trades beef protein through Friboi, which has 37 meat processing units for slaughtering and beef processing, and 25 of them conduct cattle purchase operations from farms located in the Amazon Biome. The scope of this audit considered 25 slaughter units: Alta Floresta - state of Mato Grosso, Água Boa - state of Mato Grosso, Araguaína - state of Tocantins, Araputanga - state of Mato Grosso, Barra do Garças - state of Mato Grosso, Brasnorte - state of Mato Grosso,

Confresa - state of Mato Grosso, Colíder - state of Mato Grosso, Diamantino -state of Mato Grosso, Goiânia - state of Goiás, Juara - state of Mato Grosso, Juína - state of Mato Grosso, Marabá - state of Pará, Mozarlândia - state of Goiás, Pedra Preta - state of Mato Grosso, Pimenta Bueno - state of Rondônia, Pontes and Lacerda - state of Mato Grosso, Porto Velho - state of Rondônia, Redenção - state of Pará, Rio Branco - state of Acre, Santana do Araguaia - state of Pará, São Miguel do Guaporé - state of Rondônia, Senador Canedo - state of Goiás, Tucumã -state of Pará and Vilhena - state of Rondônia.

The “Public Commitment to Livestock” is made up of five core points publicly assumed so far by the 3 (three) largest meat processing groups in Brazil. In accordance with the commitment, the signatories committed to adopt the established criteria, within determined deadlines, not purchasing cattle from:

- a) Farms (direct and indirect suppliers¹) that have deforested within the Amazon Biome² after October 2009;
- b) Farms that are on the list of embargoed areas by the Brazilian Institute for the Environment and Renewable Natural Resources (“*Instituto Brasileiro do Meio Ambiente e dos Recursos Naturais Renováveis*” - IBAMA) and/or Farms located in Indigenous Lands and Environmental Conservation Units (protected areas);
- c) Farms where slave-like or degrading labor practices exist, in accordance with the list of the Ministry of Labor and Welfare published on its official website, or the List made available by InPACTO (“*Instituto Pacto Nacional pela Erradicação do Trabalho Escravo*” or National Pact Institute for the Eradication of Forced Labor), obtained from the Access to Information Law (Law No. 12.527/2012) from the Ministry of Labor and Social Security (MTE), in cases of suspended publication;
- d) Farms that are on illegal land or that have been acquired through violence in the countryside, based on the company's unequivocal knowledge, through notices sent by the Public Ministry, INCRA [National Institute for Colonization and Agrarian Reform], the Justice and others.

¹ Farms that supply indirectly to meat processing units are not systematically verified yet, and, therefore, must be shown as noncompliance until the meat processing units are able to adopt auditable procedures for indirect suppliers.

² The boundaries of Brazilian biomes are defined by IBGE [The Brazilian Institute of Geography and Statistics]. IBGE map is available at ftp://geoftp.ibge.gov.br/mapas/tematicos/mapas_murais/bioma.pdf

In order to comply with the Commitment, JBS has its own socioenvironmental system for cattle supplier farms.

All cattle supplier farms are registered with the JBS system and all meat processing units access this system to purchase cattle. JBS' sustainability corporate division is responsible for managing this system and updating the status of producers and properties in accordance with the company's policies.

JBS divides the monitoring process into two stages. In the first stage, the Sustainability corporate team analyzes the status of supplier farms as per information contained in the public lists accessible on IBAMA websites, lists are updated daily, and the Forced Labor list, by downloading official bases daily, and then cross-reference with the CPF/CNPJ [Natural Person Identifier/National Registry of Legal Entities] of registered suppliers. This criterion is applied to 100% of farms registered as suppliers of livestock to JBS, within Brazilian territory. Producers whose CPF/CNPJ are found in the public lists of IBAMA and/or Forced Labor are automatically blocked for purchase in the JBS system. For CPF/CNPJ listed in the list of areas embargoed by IBAMA and in the case of producers who own more than one farm, only the farm on the public list remains blocked for purchase and JBS controls this situation by asking the producer to prove that the supplier farm is different from the one reported on the IBAMA list. For the Forced Labor list, all farms owned by producers that have CPF/CNPJ listed are blocked.

In the second stage, geospatial monitoring is carried out, which analyzes the maps of supplier farms, through Rural Environmental Registration (*Cadastro Ambiental Rural - CAR*) and compares them considering deforestation criteria, environmental embargo polygons and invasion of protected areas (Indigenous Lands and Environmental Conservation Units) within the Amazon Biome. This geospatial monitoring is carried out by the company Agrottools, which was hired by JBS and uses as a basis the official deforestation data released by the National Institute for Space Research (*Instituto Nacional de Pesquisas Espaciais - INPE*) (PRODES), the environmental embargo polygons provided by IBAMA, official maps of indigenous lands released by the National Indigenous Foundation – FUNAI and official maps of the Environmental Conservation Units of the Ministry of the Environment – MMA. The maps of the farms

from the Rural Environmental Registration - CAR official base are compared with the maps made available by INPE, FUNAI, and MMA to verify the existence of overlaps and thus be able to understand whether the supplier farms are blocked or approved for commercialization. Agrottools provides a daily monitoring report of farms that supply raw material to JBS and are located in the Amazon Biome. This report presents the status of farms (blocked or approved) and, in the event of noncompliance, it presents the reason (invasion of Environmental Conservation Units, invasion of Indigenous Lands, deforestation based on PRODES data, among others), for the years 2008 - 2021. Farms listed as "blocked" are automatically blocked from purchasing raw materials in the JBS system.

JBS has about 84 thousand farms in its supplier registry and in the verification of the provided lists, 14,723 suppliers were blocked for purchase (IBAMA List, Forced Labor List and Geo List).

There are suppliers listed by IBAMA that have farms different from those in the List of Embargoed Areas, in this case an analysis of each property is performed considering the municipality and the name of the farm and is compared with the map of the farm that you want to purchase, assessing whether the embargo points are not in overlap with such a farm. If it is proven that the IBAMA embargo is not on the property in question, the supplier farm is manually released and the purchase is made.

The unlocking of farms listed as "blocked" can only be performed by a specific user profile of JBS Sustainability corporate team, by submitting supporting documents and evidences sent by the supplier that justify its release (such analyses of documents and evidences shall comply with the Responsible purchase Policy and the company's monitoring Protocol).

JBS meets the Brazilian Ministry Of Agriculture, Livestock and Food Supply (MAPA) requirement that outlines the inspection of animal transit, purchasing only animals that had its Animal Transit Guide (GTA) issued.

V) Procedures

Stage 1 – Sampling process, Testing of the cattle purchasing system and testing of

the noncompliant supplier blocking system.

Step 1 – Sample selection

The Audit verification is limited to procedures of the reference protocol used (Term of Reference for Third Party Audits - 2017), outlined jointly by the signatory companies.

The audit verification process started on 05/24/2022 with the extraction of purchase reports, a process conducted by JBS's Information Technology department. The extraction of lists was accompanied by an Information Technology professional from Control Union to ensure that the programming language did not have filters or biases that could influence the result of the operation. Records were obtained in full and no deviations were observed.

Sampling was carried out considering a random selection criterion of 10% out of 71,247 purchase orders. A total of 7,124 purchase orders were then selected, considering the entire list of cattle suppliers in the Amazon Biome from January 1, 2021 to December 30, 2021, as per 2017 Third Party Audit Reference Term – TDR determines, for sampling selection, how to include purchase operations of all units and all months within the period surveyed.

The following purchase orders were analyzed as per table 1 below.

Table 1. Total Purchases and Sampling

Units	No. of Cattle Purchase Operations	Sampling 10% total purchases
1. Alta Floresta - state of Mato Grosso	2,745	274
2. Água Boa - state of Mato Grosso	2,124	212
3. Araputanga - state of Mato Grosso	3,628	363
4. Araguaína - state of Mato Grosso	1,579	158
5. Barra do Garças - state of Mato Grosso	2,620	262
6. Brasnorte - state of Mato Grosso	447	45
7. Confresa - state of Mato Grosso	3,001	(300)
8. Colíder – state of Mato Grosso	1.709	171
9. Diamantino - state of Mato Grosso	2,281	228
10. Goiânia - state of Goiás	3,095	309
11. Juara - state of Mato Grosso	2,018	202
12. Juína - state of Mato Grosso	3	1
13. Marabá - state of Pará	4,205	420
14. Mozarlândia - state of Goiás	4,727	473
15. Pedra Preta - state of Mato Grosso	1,662	166
16. Ponte e Lacerda - state of Mato Grosso	3,566	357
17. Pimenta Bueno - state of Rondônia	5,743	574
18. Porto Velho - state of Rondônia	2,424	242
19. Rio Branco - state of Acre	2,445	244
20. Redenção - state of Pará	2,114	212
21. São Miguel Guaporé - state of Rondônia	7,108	710
22. Santana do Araguaia - state of Pará	1,719	172
23. Senador Canedo - state of Goiás	2,120	212
24. Tucumã -state of Pará	3,537	354
25. Vilhena - state of Rondônia	4,627	463

Audit is conducted through sampling, based on the verification of documents, information collected from interviews with the Sustainability and Origination - Cattle Purchase - divisions. Documents analyzed are described in table 2 below.

Table 2. Checklist of documents analyzed

Document Name	Date of scope/code and version	Checked (Y/N)
2017 Term of Reference for third party Audit (base year 2016).	2017.	Y
Procedures or Socioenvironmental monitoring System Manual of farms supplying cattle.	Revision date 05/31/22	Y
Purchase records.	Cattle purchase information from all units from January 1 to December 31, 2021.	Y
Monitoring System.	Agrotools company system, which specializes in geospatial monitoring	Y
Locking System.	ERP system / verified operation during audit	Y
List of Suppliers	Cattle purchase information, from all supplier farms located in the Amazon Biome, from January 1 to December 31, 2021	Y
Public list of embargoed properties - IBAMA	Visit website: https://servicos.ibama.gov.br/ctf/publico/areasembargadas/ConsultaPublicaAreasEmbargadas.php	Y
Public list of people / companies – forced labor.	Lists checked from the registry of employers that have employed slave-like labor. Updates: listed updated on December 29, 2020; February 17, 2021; April 1, 2021; April 05, 2021; April 09, 2021; April 22, 2021; May 03, 2021; May 05, 2021; May 15, 2021; June 09, 2021; September 09, 2021; October 05, 2021; December 08, 2021 and December 23, 2021.	Y
List of Blocked Suppliers - Geo.	Lists of supplier farms with "Approved" and "Blocked" status at the time of generation of cattle purchase orders (January 1 to December 31, 2021)	Y

Step 2 – Testing the cattle purchasing system

Of the 10% sampled from January 1, 2021 to December 31, 2021, all CPF/CNPJ found in the IBAMA List, Forced Labor List were checked, in addition to checks through the codes of registered supplier farms with purchases from Geo List generated by Agrottools (List of Those Approved and Blocked in effect at the time of generation of cattle purchase orders), all of them updated through analysis of documents used for access to the JBS cattle purchase system, in accordance with the Terms of Reference.

Of the 7,124 purchase operations sampled, which correspond to 10% of the total purchases in the period evaluated, from JBS' processing units located in the Amazon biome, it is concluded that:

- No purchase operation for farm in MTE list was evidenced, as per list updated on December 29, 2020, February 17, 2021, April 1, 2021, April 05, 2021, April 09, 2021, April 22, 2021, May 03, 2021, May 05, 2021, May 15, 2021, June 09, 2021, September 09, 2021, October 05, 2021, December 08, 2021 and December 23, 2021.

- 44 (forty-four) purchase operations from production units in the IBAMA List were evidenced, however, in accordance with evidence submitted by JBS, the purchases were justified, and registered on dates prior to the date of inclusion of producers in the IBAMA list of Embargoed Areas.

Therefore, no purchase of cattle was identified that failed to comply with the criteria of IBAMA List.

- no farm purchase operation included in the GEO List with a Blocked result was evidenced, therefore, no purchase operation analyzed presented any abnormality for deforestation criteria (PRODES), environmental embargoes and/or overlapping with protected areas (Indigenous Lands and/or Environmental Conservation Units);

JBS has 100% traceability of its direct suppliers, through the Animal Transit Guide (GTA), which is mandatory for cattle purchase; moreover, traceability also applies to

finished products (fresh meat): with a QR Code on the packaging of commercialized finished products, any consumer can check the product origin, through the date of slaughtering and SIF/MAPA number of each JBS unit.

For traceability of indirect suppliers, in September 2020, JBS announced a commitment to monitor its indirect suppliers until 2025. In March 2021, the company launched the "Transparent Livestock Platform", using blockchain technology, which will make it possible to extend social and environmental monitoring to suppliers of its cattle suppliers. By the end of 2025, the company must ensure that all of its suppliers have adhered to the program, a period in which the condition will be mandatory for the commercialization of animals, for that end, the company set forth annual progressive goals to ensure engagement and registration of suppliers on the platform. All suppliers must be registered on the platform, be monitored and adhere to JBS' Responsible Purchase Policy, both direct and indirect suppliers.

JBS also has the Green Offices Program, which offers technical consultancy for environmental legalization of properties blocked by JBS's Responsible Purchase Policy. They are assistance centers located in 15 JBS units for assistance and services to the company's direct and indirect suppliers. The Green offices also seek to encourage direct suppliers to adhere to the Transparent Livestock Platform, aiming the full monitoring of the livestock production.

Step 3 – Testing the blocking system of noncompliant suppliers

In addition to the aforementioned sampling, for the processing unit located in Pimenta Bueno, in the state of Rondônia, 30 purchase situations to supplier farms were simulated at random, as follows: 10 farms linked to CPF/CNPJ on the IBAMA List, 10 farms linked to CPF/CNPJ on the forced labor list and 10 farms listed as "blocked" for Geospatial monitoring (Geo List), selected at random, in purchase operations for JBS cattle, from January 1 to December 31, 2021. This sampling aims to verify whether there would be a possibility for the purchasing system to generate purchases from suppliers that are blocked on the lists.

Conclusion: in all simulations carried out by the purchase system (ERP), the purchase of

cattle was not allowed, through automatic blocking that renders it impossible to record the purchase order. This is due to tools used to block noncompliant suppliers. IBAMA and TEM lists are directly entered in the company's automated system, supplier farms listed as "blocked" on the geospatial monitoring (Geo List) are also blocked by JBS sustainability corporate division.

For suppliers on the list of areas embargoed by IBAMA, who have more than one farm linked to their CPF/CNPJ, each property is analyzed by municipality, name of the farm and, in some cases, geographic coordinates of the embargoed area are analyzed and compared with the map of the farm that you want to purchase, assessing whether the location of embargo polygons are not in overlap with such a farm. If it is proven that the IBAMA embargo is not on the property in question, the supplier farm is manually released by the Sustainability team, so that the cattle can be purchased. All stages and records of this procedure are documented and archived.

Stage 2 – Outsourced geo-monitoring company

Step 1 – Verification of procedures

As of June 09, 2022, with company Agrottools, which conducts geospatial analyses for JBS, verification of procedures to obtain such data was performed. It was verified that the hired company is duly qualified to carry out the activities. The following were submitted:

1. ART registration ("*Anotação de Responsabilidade Técnica*" or Technical Responsibility Note) relative to the activities performed;
2. Headquarter and Branch CNPJ Card;
3. Project documentation containing the scope of activities, operational plan, and technical description regarding the procedures for accessing, processing, and using the databases relative to the criteria used in social and environmental analyses.

Step 2: Monitoring simulation

To test the monitoring system (Geo List), simulation on the monitoring of several JBS

supplier farms was conducted. The monitoring company, Agrottools, responsible for generating the Geo list, receives data from JBS supplier farms and performs data validation. The property is registered with Agrottools system and the GeoID, geographic ID of the property, is generated. Next, the geometry is analyzed vs defined socioenvironmental criteria, reporting overlapping when applicable. The maps of farms are provided by suppliers, through the CAR, based on official documents (CAR, property registration, etc.), which are monitorable, reportable, and verifiable, and Agrottools carefully evaluates the information received before analyzing the geometry, certifying that such information is actually from the supplier farm linked to the digital map. JBS supplier farms were randomly selected from the Geo List, covering both blocked and approved suppliers, to assess the functioning of the monitoring system for deforestation (10 properties), invasion of Environmental Conservation Units (10 properties) and invasion of Indigenous Lands (10 properties), totalizing the simulation of 30 supplier farms. Results were satisfactory for the status of each property on the Geo List.

3.3 – Step 3 – Assessment of land and environmental legalization documents

Information relative to land and environmental legalization of supplier farms was based on several related documents, such as CAR or LAR and CCIR, which are obtained through submission by the supplier and validated by JBS Sustainability division.

LAR (“*Licença Ambiental Rural*” or Rural Environmental License) of the supplier farms still demands adequate regulation by the official bodies and instruments that allow for its application in several Brazilian states. For the State of Pará, there is an exception, which developed new regulations and an integrated system that allows producers to legalize their status regarding the property's rural environmental license, and where submission of LAR for properties equal to or greater than 3,000 hectares is mandatory for all JBS supplier registrations in the State. For the CAR (“*Cadastro Ambiental Rural*” or Rural Environmental Registry) in accordance with the new Forest Code (Law No. 12.651 dated May 25, 2012), all producers must register with the Rural Environmental Registry, deadline for such is unlimited. 25 properties were selected for

CAR verification; all are registered with CAR, however, for LAR and CCIR, it was observed that some documents are missing for some properties. As responsibility for keeping this document is not exclusive to JBS, depending on public policies and actions from responsible government bodies, this point is not required under this Term, being a verification item, this matter is noted as a point of continuous improvement.

LAR (Rural Environmental License) regulation is missing in several Brazilian states, due to regional differences and impracticable legislation in their respective spheres.

VI) Audit process results

Based on the sampling of analyzed cattle purchase operations, in a total of 7,124 cattle purchase operations, no purchase operation from suppliers on IBAMA list of embargoed areas, no purchase operation that was irregular regarding the list of Forced Labor and no purchase operation from suppliers on the list of blocked suppliers from Geomonitoring (deforestation, embargoed areas and invasion of indigenous lands and/or environmental conservation units), were found.

Regarding the monitoring of indirect suppliers, JBS still does not have a system in place to manage all indirect suppliers in the livestock chain. The company has a public commitment to reach the goal by 2025 and a free online platform available to its suppliers.

1. Access to Information

The documents analyzed are described in Table 1.

2. Noncompliance

JBS cattle Indirect Suppliers are not verified systematically in their entirety in the livestock chain yet.

VII) Audit Limitations

There were no limitations during the audit. The audit was performed weekly in meetings held every Friday, attended by the audit team and JBS managers, as per Term of

Reference for Third Party Audits.

VIII) Conclusions

Based on the verification conducted, meetings, analyzed documentation and findings described in this report, we are able to conclude from this assessment in relation to JBS' adherence to the “Public Commitment to Livestock” that:

1. From the sample of 7,124 cattle purchase operations carried out by JBS, originating from supplier farms located in the Amazon Biome, from January 1 to December 31, 2021:

1.1 No irregularities were found in relation to IBAMA List.

1.2 No irregularities were found for MTE List criterion.

1.3 No irregularities were found for GEO List criteria (deforestation and invasion of indigenous lands and environmental conservation units).

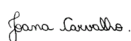
1.4 The company has no management system for all indirect suppliers.

2. Documents are controlled upon receiving the cattle for slaughter in meat processing units, through the Animal Transit Guide (“*Guia de Trânsito Animal*” - GTA), containing accurate information, without it, the supplier's animals are not released upon receipt. Ensuring then 100% traceability of the cattle slaughtered from direct suppliers.

3. JBS cattle Indirect Suppliers are not verified systematically in their entirety in the livestock chain yet.

Place: São Paulo,

Date: 06/13/2022



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Appendix 1 – Tables

Table 1. Total Purchases and Sampling

1. Total Purchases and Sampling	
Total purchases of raw material originating from the Amazon Biome made by JBS from January 1 to December 31, 2021.	Total purchases sampled to carry out the analyzes presented
71,247	7,124

Table 2. Noncompliance found during the audit period

2. Noncompliance (base year 2021)			
	Total noncompliance	% of noncompliance in relation to the total purchase in base year	% of noncompliance in relation to total sampled purchases
Purchases of raw material from properties in which deforestation after Oct/2009 was identified.	0	0	0
Purchases of raw materials from properties with overlapping in Indigenous Lands	0	0	0
Properties blocked for being found in UC	0	0	0
Properties blocked for being found on the MTE List	0	0	0
Properties blocked for being found on the IBAMA List	0	0	0
Properties blocked by other criteria provided for in the commitment not described above (specify)	0	0	0

Table 3. Blocking test results

3. Blocking test			
	Total number of Tests	Compliant	Noncompliant
IBAMA	10	10	0
MTE	10	10	0
GEO (PRODES, DETER, TI and UC)	10	10	0