

JBS comments to Earthsight

First of all, we appreciate the opportunity to comment on the findings before report publication.

On the export figures presented by Earthsight, we wish to clarify:

- There were no US exports from the Cacoal or Agua Boa plants
- There were only limited sales of pizzle to the US pet industry from Pimenta Bueno.
- Exports from Mato Grosso in Jan-Aug 2022 increased over 2-fold, not 3, compared to the same period last year.

That aside, JBS stresses the Company's commitment to combating, discouraging and eliminating deforestation in the Amazon and in all the biomes in which it operates.

For more than a decade, we have monitored our supply chain with satellite imagery technology, geo-referenced data from supplier farms and official records to comply with our responsible raw material sourcing policy.

JBS' monitoring system covers more than 860,000 km² (more than 86 million hectares, equivalent to the sum of the territories of France and Germany) and assesses more than 80,000 potential cattle suppliers every day. To date, more than 15,000 supplier farms have been blocked by the monitoring system due to non-compliance.

The Company works to improve industry standards through open dialogue and engagement with all stakeholders to improve sustainability throughout the industry's value chain, in addition to taking decisive action in the event of socio-environmental non-compliance.

JBS considers that deforestation risk analysis, such as the Amazon analysis referenced, leads to wrong conclusions as it does not take into account initiatives aimed at curbing this practice. The methodology must be improved in the interest of all who seek a best-practice sustainable cattle supply chain approach.

About the earlier reports Earthsight mentions in the letter sent to JBS, the Company has the following remarks – reiterating our responses as sent to the NGOs at the time:

- Mighty Earth has yet to share details of the ranches accused of illegalities. Without this information, JBS is unable to provide a proper analysis of the case.
- Re: Confresa, JBS clarifies that all of its purchases were made in compliance with both the Company's Responsible Raw Material Procurement Policy and the Protocol for Monitoring Cattle Suppliers in the Amazon.
- As shown in the analysis and the text from Repórter Brasil mentioned by Earthsight, JBS explains again that monitoring the suppliers of Company's suppliers is the main challenge to cattle supply chain transparency and policy enforcement in Brazil. In 2021, JBS launched the new Transparent Livestock Farming Platform to address this issue. The platform harnesses the latest blockchain technology to extend monitoring to our suppliers' suppliers, always respecting the confidentiality of data required by Brazilian law. Precisely because of this, the implementation of this tool requires the engagement of producers, who need to voluntarily register their information. By 2025, JBS's entire supply chain will be on this platform. An essential part of this strategy is the implementation of 17 Green Offices, which aim to assist producers in critical farm-level environmental actions. Any supplier not registered by this time will not be able to supply to JBS.
- On the beef jerky report, JBS told Repórter Brasil that it does not tolerate any type of disrespect for the environment, Indigenous communities or Brazilian legislation and that at the time of purchase, all of the mentioned direct supplier properties complied with the Company's Responsible Raw Material Procurement Policy.

- Regarding the audit carried by the Federal Prosecution Office mentioned by Global Witness, JBS released the following statement at the time explaining the disparities:

Even though the results of the recent Pará state TAC audit for 2018 and the first semester of 2019 were impacted by a recent change in criteria adopted by the Federal Prosecution Office (MPF, in Portuguese), JBS believes that it is important to adopt additional measures to strengthen its due diligence work in the state. Therefore, the company announces a set of actions with the objective of strengthening the sustainability of the cattle supply chain in Pará and expanding the adoption of good practices throughout the industry. The investments amount to R\$ 5 million.

JBS clarifies that the results arise primarily from inaccuracies in definitions of the monitoring criteria and in the database used as the benchmark in the audit process.

As mentioned by the Federal Prosecution Office in the presentation of October 7th, JBS did not use the Prodes2008 database in light of the following:

- the Beef on Track Livestock Monitoring Protocol expressly refers to "Prodes 2009", with the agreement of the MPF;*
- the Prodes 2008 base was not used in previous audits;*
- Prodes 2008 shouldn't have contained deforestation data after August, 1st 2008, and JBS has not received any formal communication about the existence of residual data in Prodes 2008 relating to a later period.*

In any case, JBS has included new measures in its monitoring system and has blocked all supplier farms in Pará where the audit flagged irregularities. And, in mutual agreement with the MPF, the resources will be channeled to a series of initiatives within the State of Pará, including the CAR 2.0 project developed by the State Department for the Environment and Sustainability of Pará (Semas/PA) with the aim of automating and accelerating the analysis and verification of the Rural Environmental Register and the Environmental Regularization Program within the State.

The company has also expanded its Green Offices in Pará, doubling the operations to four units across the State. The JBS Green Offices provide free support for the environmental regularization of rural properties. Also, as part of the actions announced, the Green Offices will now engage in land title regularization on the properties of the suppliers in the State of Pará.

Enhancing the evaluation of sustainability criteria, JBS has agreed to audit 100% of cattle purchases in Pará.

In order to expand the adoption of socio-environmental criteria by all links in the production chain, JBS will also step up the actions to encourage livestock farmers to sign up to the Transparent Livestock Farming Platform, which allows producers to analyze their supply chains using the same criteria employed by JBS, in a secure and confidential manner, thanks to the use of blockchain technology.

- Finally, regarding the previous 2019 Earthsight report, JBS is committed to the highest standards of corporate governance and has an extensive compliance program – further details are available [here](#). We also take our environmental commitments extremely seriously as outlined above.