

Official position of JBS

JBS is committed to a sustainable beef cattle chain in every biome where it operates, in other words, to the guarantee that its suppliers are not working in areas of illegal deforestation, *quilombola* territories, indigenous lands or environmental conservation units; do not use hard labor and are not under environmental embargoes. The success of the company and its entire chain depend on this.

The **satellite-based monitoring system of JBS has ensured compliance with these criteria among its 80,000 thousand direct suppliers for more than 10 years**. However, the Company, like the other companies in the industry, does not have a clear view of the suppliers of its suppliers. That is why the information provided by *Piauí* magazine is very welcome, as it allows JBS to engage in due diligence and to verify social and environmental compliance of several producers that supply its direct suppliers.

Today, JBS, like all other companies in the industry, faces the obstacle of not having access to the Animal Transport Bills of Lading (local acronym, GTA) that would permit traceability and, consequently socioenvironmental analyses of the suppliers of its suppliers. To overcome this sector-wide challenge, JBS created the **Transparent Livestock Farming Platform** that uses **blockchain technology** to extend socioenvironmental monitoring to the suppliers of its suppliers. By 2025 it will be mandatory for all producers trading with the company to adhere to this tool in order to guarantee that the rest of our chain complies with our policy socioenvironmental.

The data provided by *Piauí* magazine enabled JBS to prove that **all its direct suppliers respect the socioenvironmental criteria of the company's Responsible Procurement Policy and the Supplier Monitoring Protocol of the Federal Prosecution Office (local acronym, MPF)**. In regard to the suppliers of these producers, taking into account only the information provided by the magazine, there was no proof to the allegation that JBS had received more than 20,000 head of cattle indirectly sourced from environmentally irregular farms. At any rate, the company is going to contact all its direct suppliers mentioned, requesting them to verify their chains and reemphasizing the urgency of registering on the Transparent Livestock Farming Platform.

It is worth pointing out that **JBS has already blocked 14,000 producers** in due diligence processes for failure to comply with its socioenvironmental criteria. However, as the investigation by *Piauí* magazine demonstrates, farms with social and environmental irregularities are supplying countless properties and companies within the industry. Thus, simply blocking them does not resolve the problem in its entirety. That is why JBS believes that in addition to blocking there is a need to provide instruments that assist producers looking to improve their production practices, making them more effective and sustainable. To that end, JBS has created **15 Green Offices** that provide free technical advisory services intended for environmental regularization of these properties, in addition to facilitating access to rural credit through two partner financial institutions for environmentally compliant and enhanced productivity projects.

Finally, we wish to point out that **it is not possible to tie a product found on supermarket shelves to cattle reared on an environmentally irregular farm**. This is because in accordance with the protocol established by the Federal Prosecution Office, companies must "inform their consumers via the internet about the batch of the farms and the respective municipality of origin of the cattle". Thus, consumers of JBS products, using data available on the packaging, can check this information on the Friboi Guarantee of Origin site. This consultation about Friboi products analyzed by *Piauí* magazine shows that on the production date of each item JBS received cattle from 9 to 25 different farms depending on each case. In turn, these direct suppliers of the Company, all of them compliant with the socioenvironmental criteria of JBS, purchased cattle which, in several cases, may have originated with suppliers who need to advance on socioenvironmental issues. Thus, it is impossible to prove this end-to-end connection.

BREAKDOWN OF THE CASES RAISED BY PIAUÍ MAGAZINE

CASE 1: In September 2019, 18 steers of up to the age of 12 months left the Dádiva de Deus Farm (Individual Taxpayer ID Number 762.509.381-68), within the Tuwa Apekuokawera Indigenous Lands for the Canaã farm (617.338.492-20). In early April this year, the JBS unit in Marabá took delivery of cattle from the Canaã farm. Part of this cattle (top sirloin with tri-tip) was found by the reporters at a unit of wholesalers Assaí Atacadista in the Barra da Tijuca district of Rio de Janeiro;

CLARIFICATION: The Dádiva de Deus Farm does not show up on the JBS supplier base. Even so, it is worth pointing out that the Tuwa Apekuokawera Indigenous Lands (local acronym, TI) are in the “Designated” phase. Page 15 of the Cattle Supplier Monitoring Protocol of the Federal Prosecution Office, *Boi na Linha*, stipulates that “this Protocol recognizes TIs that are in the ‘declared’ demarcation or more advanced phase”, which is not yet the case of the TI mentioned. At any rate, in regard to the monitoring by JBS of its suppliers, the Canaã Farm is approved to supply cattle in accordance with the MPF Protocol.

Furthermore, it should be stressed that according to the timescale presented in the article, the animals would have arrived at the JBS unit at the ages of 44 months, well above the average slaughter age of the animals from this farm, which is 30 months. This reinforces the previous information, seeing as the Canaã Farm may have acquired animals from several other farms, that there is no proof of the animals originating on farms with some kind of irregularity had actually been delivered to JBS, much less to one of the Company’s clients.

Here it should be mentioned that according to the Friboi Guarantee of Origin site, the top sirloin with tri-tip may have come from 25 different farms that supplied the JBS unit on the production day.

CASE 2: Between January and June 2021, 41 steers of up to 12 months left the contiguous Lopes (14441934220) and BB (74317237253) farms, both of them in the Tapajós National Forest, with the destination the Bananeira, São Pedro e Cachoeira Farm. In early April of this year, the Bananeira Farm sent cattle to the JBS unit at Marabá. Part of these steers (rump spider?) was found by the reporters at a unit of wholesalers Assaí Atacadista in the Barra da Tijuca district of Rio de Janeiro;

CLARIFICATION: Neither of the two farms mentioned as being within the Tapajós National Forest is registered as a supplier to JBS. As already explained, the Company is not yet able to monitor the suppliers of its suppliers. However, based on the information passed on by the journalists of *Piauí* magazine, we carried out an analysis and indeed the two properties are non-compliant with the MPF protocol due to overlapping with a conservation unit. As a consequence, although unable to confirm that the cattle from a supplier in an irregular situation were delivered to JBS, as a preventive measure the Company will contact its direct supplier, Bananeira, Apucarana e São Pedro Farm – which does abide by the MPF protocol – to notify it about the irregularity in its supplier chain and ask for measures to be taken, in addition to including the data on the Transparent Livestock Farming Platform.

Here it should be mentioned that according to the Friboi Guarantee of Origin site, the top sirloin (spider) may have come from 16 different farms that supplied the JBS unit on the production date.

CASE 3: In December 2018, 50 steers of up to 12 months left the Baixão Verde Farm (334.520.756-72), within the Cachoeira Seca do Iriri TI, with the destination of the Bananeira, São Pedro e Cachoeira Farm. In July 2020, the Bananeira Farm supplied JBS at Marabá with cattle. Part of this cattle (knuckle) was found at a unit of wholesalers Assaí Atacadista in Belém.

CLARIFICATION: The farm mentioned as being within the Cachoeira Seca do Iriri TI is not registered as a supplier of JBS. Based on the information passed on by the journalists of *Piauí* magazine, we carried out an analysis and indeed the property is non-compliant with the MPF protocol due to overlapping with indigenous

lands. In the light of this, and although there is no proof that the cattle originating on the Baixão Verde Farm was delivered to JBS, the company as a preventive measure will contact its supplier, Bananeira, Apucarana e São Pedro Farm – which abides by the MPF protocol – to inform it about the irregularity in its supplier chain and requesting that measures be taken, especially inclusion of the data on the Transparent Livestock Farming Platform.

Here it should be mentioned that according to the Friboi Guarantee of Origin site, the knuckle product may have come from 9 different farms that supplied the JBS unit on the production date.

CASE 4: On 8/28/2019, 54 steers aged 25 to 36 months left the Santa Rita Farm (776.046.361-87), an area within the Flona de Itacaúnas embargoed by Ibama due to illegal deforestation, with destination the Santa Cecília II Farm (354.566.551-87). On 9/3 that year, 9/11 and 10/10, the 54 animals were moved from the Santa Cecília Farm to the JBS unit at Tucumã.

CLARIFICATION: The farm mentioned as having irregularities is not registered as a supplier to JBS. Based on the information passed on by the journalists of *Piauí* magazine, we carried out an analysis and indeed the property is non-compliant with the MPF protocol due to overlapping with a conservation unit, in addition to an Ibama embargo. In regard to the Santa Cecília II Farm, indeed a direct supplier to JBS, on the date the animals were purchased the property was sanctioned to commercialize cattle by the MPF protocol. Thereafter, the producer was blocked by JBS due to registration of deforestation on the PRODES 2019, which was only revealed by the INPE in November de 2019, in other words, after the Company had made the purchase. Although presently not certified to trade with JBS, and even with the absence of proof that the cattle originating on the Santa Rita Farm were delivered to JBS, as a preventive measure the company will contact the Santa Cecília II Farm to notify it about the irregularity in its supply chain.

INFORMATION ABOUT SUPPLIERS OF JBS MENTIONED BY *PIAUÍ* MAGAZINE

Every one of the 30 or so properties mentioned in the *Piauí* magazine article as direct suppliers to JBS were compliant with the Company's socioenvironmental criteria and the *Boi na Linha* protocol at the time they were trading with the company. It is important to point out that this analysis needs to be carried out at the time of purchase, because the CAR data base, the list of Ibama embargos and the PRODES deforestation registers, as well as the other sources of information for analysis, change over time. Precisely for this reason the MPF protocol stipulates that companies must carry out this socioenvironmental evaluation when the cattle are purchased.

Piauí magazine has confirmed that it did not find cattle purchased by JBS that originated from lands that had been grabbed. However, the article stated that all these direct suppliers of JBS had, in turn, suppliers in grabbed lands, occupying conservation units or indigenous lands. Nevertheless, based on the information provided by *Piauí* magazine, JBS carried out an analysis of the suppliers of its suppliers and found no proof of this information. So, the suggestion by *Piauí* magazine that JBS had acquired 21,191 head of cattle indirectly originating on grabbed lands has not been confirmed.

Even so, as already stated, JBS will reach out to the 30 or more direct suppliers mentioned to reiterate the need to adhere to the Transparent Livestock Farming Platform in order to ensure the socioenvironmental monitoring of their respective suppliers.