

JBS S.A.

(Free translation from the original issued in Portuguese. In the event of any discrepancies, the Portuguese language version shall prevail.)

Independent auditor's limited assurance report on the procedures established to comply with the Public Livestock Commitment to adopt "Minimum criteria for conducting industrial-scale cattle and beef product operations in the Amazon Biome"

Period from January 01 to December 31, 2019



Contents

	Page
Independent auditor's limited assurance report	3
Appendix I – Total cattle purchase transactions and sampling	11
Appendix II – Cases of noncompliance identified for the period under audit	12
Appendix III – Results of tests performed over the noncompliant supplier blocking system	13
Appendix IV – Results of the monitoring simulation	14
Appendix V – Verification of direct cattle suppliers' environmental and land records for compliance	15
Appendix VI – Other findings of auditing procedures and inquiries of the Company's Management	16
Appendix VII – Checklist of documents analyzed	18

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Independent auditor's limited assurance report

**Grant Thornton Auditoria e
Consultoria Ltda.**

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To: JBS S.A.

For the attention of Mr. Márcio Nappo (Sustainability Officer)
São Paulo – SP

Introduction

We have been engaged to apply limited assurance procedures on the criteria and processes adopted by JBS S.A. (“JBS” or the “Company”) for compliance with the aspects established in the Public Livestock Commitment for the adoption of the “Minimum criteria for conducting industrial-scale cattle and beef product operations in the Amazon biome” for the period from January 01 to December 31, 2019.

Responsibility of the Company's Management

The Company's Management is responsible for implementing the processes and procedures that meet the guidelines and criteria for conducting direct and indirect transactions as defined in the Public Livestock Commitment and for the internal controls Management determined as necessary to enable compliance with such criteria.

Independent auditor's responsibility

Our responsibility is to issue a limited assurance report on the matters described above based on the work performed. We conducted our work in accordance with the NBC TO 3000, Assurance Engagements Other Than Audits or Reviews, issued by the Federal Accounting Council (CFC) and approved by the Brazilian Institute of Independent Auditors (Ibracon), which is equivalent to the international standard on auditing ISAE 3000, issued by the International Federation of Accountants (IFAC), both applicable to assurance engagements other than audits or reviews of historical financial information.

These standards require that we comply with the relevant ethical requirements and plan and perform the engagement to obtain limited assurance that the procedures are compliant, in all material respects, with the criteria established for adopting the minimum criteria for conducting industrial-scale cattle and beef product operations in the Amazon biome.

We have complied with the independence requirements and other ethical requirements set forth by CFC, which are based on ethical principles, namely integrity, objectivity, professional competence and due care, and professional behavior.

Scope and limitations

The purpose of our work was to apply limited assurance procedures on the criteria and processes adopted by the Company to meet the Public Livestock Commitment, not including an evaluation of the adequacy of its policies, practices and sustainability performance beyond the scope of said commitment.

The procedures performed do not represent an examination in accordance with auditing standards applicable to an audit of the financial statements. Additionally, our report does not provide any type of assurance about the extent of forward-looking information (such as, for example: goals, expectations, strategies, and projections) and descriptive information that is subject to subjective evaluation.

Our work consisted of a verification of the transactions conducted between the Company and its direct suppliers. No analyses of its indirect suppliers for compliance was performed nor has our work included identifying properties that are suspected to be used to launder cattle of illegal origin.

Applicable criteria contained in the Public Livestock Commitment

The Company has made the public commitment to not acquire cattle originating from properties:

- a)** That were involved with deforestation in the Amazon Biome after October 2009;
- b)** That are included in the list of areas embargoed by Ibama (the Brazilian Environmental Agency) and/or properties settled in indigenous land and conservation units (protected areas);
- c)** That were caught using slave labor or degrading jobs, as defined in the anti-slavery blacklist made available on the Special Secretariat for Social Security and Labor (SEPRT) website, of the Ministry of Economy (replacing the defunct Ministry of Labor and Employment - MTE), or the list made available by the National Pact for the Eradication of Slave Labor in Brazil ("InPACTO"), based on SEPRT's black list, due to the suspension of the publication;
- d)** That are settled in illegally acquired land ("land grabbing") or that have been acquired using violence ("land conflicts").

In addition to the items described above, the public commitment still require that the company adopt the following:

- e)** A monitorable, verifiable and reportable tracking system: A reliable tracking system designed to prove the origin of the cattle and beef products;
- f)** Registration with the Rural Environmental Registry (CAR) and/or Rural Environmental Permit (LAR) or Provisional Authorization for Conducting Rural Activity (APF), according to the legislation prevailing in the State.
- g)** Prove that the titles of ownership are legal;
- h)** Supply chain commitment: The Company also undertakes to implement the public commitment across the whole supply chain. This means adopting systematic control actions, including with indirect suppliers;
- i)** Disclosure and action plan: as part of the public commitment, the Company also undertakes to disclose the audit findings and continuously improve the system. This includes reporting the weaknesses found in the working plans and communication of actions and terms for complying with the criteria established in the commitment.

Procedures applied to verify compliance with the criteria in the Public Livestock Commitment

The limited assurance procedures applied to meet the criteria in the Public Livestock Commitment included the following:

- a) Plan our work, considering the relevance, coherence, volume of quantitative and qualitative information and define the scope of our work, as described below:
 - For the limited assurance engagement covering the period from January 01 to December 31, 2019, we selected for our documental analyses all plants that traded cattle originating from properties in the Amazon biome, specifically twenty-four (24) out of thirty-seven (37) meatpacking plants belonging to the Company, considering branches and subsidiaries;
 - Regarding the documents selected for our procedures, we adopted the Federal Accounting Council (CFC) No. 1.229/09, which approved NBC TA 530 – Audit Sampling, the objective of which is to provide a reasonable basis for the auditor to conclude as to the population from which the sample is selected, providing guidance on the use of statistical and non-statistical sampling in the definition and selection of the audit sampling, in testing details and in the evaluation of the results provided by the sample.
- b) Gain an understanding of the Company's operating and internal control systems by interviewing the individuals responsible for the processes in place to meet the commitments to adopt minimum criteria for conducting industrial-scale cattle and beef product operations in the Amazon biome.
- c) We inquired of the Company about compliance with the following criteria contained the Public Livestock Commitment:
 - **Criterion "e"**

A monitorable, verifiable and reportable tracking system capable of proving the origin of the cattle and beef products.
 - **Criterion "h"**

Supply chain-related commitment relating to the systematic actions to control, manage and evaluate the environmental and traceability criteria across the indirect and direct suppliers in the supply chain.
 - **Criterion "i"**

Disclosure and action plan relating to the disclosure of the audit findings and the Company's commitment to the continuous improvement of the system as well as the existence of a work plan containing all weaknesses identified and communication of the actions and due dates to meet the criteria established in the Public Livestock Commitment.

Below are details on the procedures and analyses we performed at each step of our work in meeting the requirements in the "Terms of Reference for Third-party Audit" applicable to the verification of compliance with the Public Livestock Commitment criteria:

Item 3 – General audit procedures

- 1) We verified purchase records for completeness by attending the extraction of purchase reports by an information technology professional to ensure that the programming language does not have filters or biases that might compromise the results of the transactions.
- 2) We checked the purchase bases obtained by performing adherence tests over 25 purchase transactions made in plants located in the Amazon biome. We checked whether the Company has prepared managerial reports showing information on all cattle purchase transactions conducted in 2019, which should match the reports extracted from the ERP procurement system, and also analyzed the documentation of the suppliers' properties registered with the Company's system, namely: CARs, GTAs, Purchase Orders, and Invoices (fiscal documents).

- 3) For the “Monitorable, verifiable and reportable tracking system” criteria, we verified if there is an indirect supplier traceability system that covers 100% of the Company’s purchases of cattle originating from the Amazon biome, encompassing all preceding links (rearing and fattening) and if all criteria under the commitment are met by the indirect suppliers. Additionally, we verified the existence and operation of a direct supplier blocking system that includes compliant direct suppliers having noncompliant indirect suppliers.

Item 3.1 – Step 1 – Evaluation of the cattle purchasing and suppliers blocking system

Step 1 – Sampling selection

As prescribed by the “Terms of Reference for Third-party Audit”, we selected a random sample equivalent to 10% of the total purchase transactions conducted by each meatpacking unit, given that the noncompliance (NC) rate last year accounted for less than 5% of the total purchases of cattle originating from the Amazon biome. The sampling stratification was:

- a) Distributed among all plants supplied with raw material originating from the Amazon biome;
- b) Distributed among the purchases made in the period from January to December 2019, considering each of the twelve (12) months of the period under analysis.

Step 2 – Analysis of the cattle purchasing system

In complying with criteria “a”, “b”, “c”, and “d”, mentioned in the “Applicable criteria contained in the Public Livestock Commitment” section of this report, and meeting the requirements in the “Terms of Reference for Third-party Audit”, we matched the sample equivalent to 10% of the purchases made in 2019 to the list provided by the Brazilian Environmental Agency (Ibama), the anti-slavery blacklist by SEPRT (both extracted on January 21, 2020), and geomonitoring data in the GEO list showing approved and blocked suppliers, issued on May 27, 2020, for the reporting date December 31, 2019. Such GEO List was provided by a geo-monitoring outsourced company that generates data based on a geographical analysis containing at least a pair of geographical coordinates that allow to locate the supplier, and the official bases of indigenous land and environmental conservation units as well as on data on deforestation disclosed by the National Institute for Space Research - INPE (DETER/PRODES).

Since the result was different from zero, we analyzed the date when the cattle were purchased, considering the following:

- a) If the date of inclusion of the property in the Ibama, anti-slavery blacklist and GEO lists was later than the purchase date and, then, noncompliance may not be confirmed;
- b) If the purchase was made on a date later than that of inclusion of the property in the Ibama, anti-slavery blacklist and GEO lists, then, the purchase is indicated as noncompliant with the commitment. In this case, the Company must establish an action plan to correct subsequent errors in the system.

Step 3 – Tests of the noncompliant suppliers blocking system

We evaluated the blocking system simulating purchases from suppliers that are noncompliant with the commitment criteria and were blocked by the Company in order to test its effectiveness.

Our selection was based on the limited listing of blocked suppliers in the cities located in the States of Pará and Mato Grosso.

For each of the criterion listed below, we selected thirty (30) blocked properties – ten (10) for each criterion – to analyze the purchasing process, as established by the requirements in the Terms of Reference for Third-party Audit:

- a) Deforestation - Ibama;
- b) Anti-slavery Blacklist – SEPRT;
- c) GEO – Deforestation, Indigenous Land (TI), and Conservation Units (UC).

Item 3.2 – Step 2 – Geo-monitoring outsourced company

Step 1: Verification of procedures

We verified the procedures adopted by geo-monitoring outsourced company ensuring the integrity and transparency of the process performed to prepare and update the geographical information that feeds the meatpackers' purchasing systems, by conducting the following procedures:

- a) Verify if the firm is properly qualified to perform the activities described, considering: Corporate purpose, National Economic Activities Classification (CNAE), Technical Responsibility before the Regional Council of Engineering, Architecture and Agronomy (CREA), experienced professionals;
- b) Registration of the Statement of Technical Responsibility (ART) for the activities performed relating to the year under audit;
- c) Description of the scope performed by the 'Contracted party' as part of the monitoring process, identifying the 'products' generated;
- d) Description of the procedure used to receive data from suppliers, processing, checking and return of analysis to the meatpacker;
- e) Check if there is a procedures manual or documentation in place specifying the geographical analysis criteria that were contracted.

Step 2: Monitoring simulation

Each criterion of the public commitment should be made a simulation to check the functionality of the geo-monitoring outsourced company's system. As required by the Terms of Reference for Third-party Audit, ten (10) properties selected on a random basis from the GEO list were tested, including both blocked and authorized suppliers, to evaluate whether the geomonitoring system operated effectively for each of the items below, totaling thirty (30) properties simulated (deforestation, invasion of UCs and invasion of Indigenous Land).

The monitoring simulation should follow different criteria for each of the following situations:

a) Deforestation

We tested ten (10) properties for the Deforestation criterion and, also, verified whether the geo-monitoring outsourced company meets the term of up to fifteen (15) days to update its database after officially disclosing data from the Real Time Deforestation Detection (DETER) or the Project "Estimated Amazon Deforestation" (PRODES) by INPE.

b) Overlapping of indigenous land and conservation units

We tested ten (10) properties for the overlapping of Indigenous Land criterion and ten (10) properties for the overlapping of Conservation Units criterion and matched the purchase date to the date on which the Conservation Unit was created or the Indigenous Land was approved.

Due to scale differences in the maps of supplying farms and the official maps of Conservation Units and Indigenous Land, the Terms of Reference for Third-party Audit establishes a technical overlapping tolerance level of up to 10% of the property's total area over the Indigenous Land or Conservation Unit.

Item 3.3 – Step 3 – Supply chain's compliance with land and environmental requirements

In complying with criteria "f" and "g", mentioned in the "Applicable criteria contained in the Public Livestock Commitment" section of this report, and meeting the requirements in the Terms of Reference for Third-party Audit, we selected twenty-five (25) properties for the direct supply chain's compliance with land and environmental requirements by analyzing the following documents:

- a) Environmental regularization of the supplying farms, according to the prevailing legislation and terms, based on Rural Environmental Registry (CAR) or Rural Environmental Permit (LAR) / Unique Environmental Permit (LAU)/Provisional Operating Authorization for Conducting Rural Activities (APF);

- b) Supplying farms' compliance with land requirements based on any of the following effective documents: Rural Property Registry Certificate (CCIR), or registry of deeds, or title of ownership, legal land or declaration of ownership (union) or brief of specifications.

Results of the procedures applied to verify compliance with the criteria in the Public Livestock Commitment

The results of the procedures applied to verify compliance with the criteria in the Public Livestock Commitment are presented in the "Basis for qualified conclusion" section of this report and appendices thereto, as detailed below:

- i. Appendix I shows the total cattle purchase transactions and sampling;
- ii. Appendix II shows cases of noncompliance identified for the period under audit;
- iii. Appendix III shows the results of the tests performed over the noncompliant supplier blocking system;
- iv. Appendix IV shows the monitoring simulation results;
- v. Appendix V refers to the verification of direct cattle suppliers' environmental and land records for compliance;
- vi. Appendix VI shows other findings of auditing procedures and inquiries made of the Company's Management
- vii. Appendix VII contains a checklist of the documents analyzed.

Basis for qualified conclusion

System in place to track indirect suppliers

The Public Livestock Commitment requires that a monitorable, verifiable and reportable tracking system is in place to track indirect suppliers, which applies to all Company's cattle purchases in the Amazon biome. However, the Company only maintains a system to track direct suppliers, based on the Animal Transportation Form (GTA). Therefore, considering that the Company does not have the system required by the Public Livestock Commitment, we were unable, in the circumstances, to verify the procedures applied by the Company to conclude as to its compliance with such requirement.

Management of indirect suppliers

The Public Livestock Commitment determines that the Company adopt systematic actions to control, manage and evaluate the environmental and traceability criteria across the indirect and direct suppliers in the supply chain.

However, in performing our analyses and inquiries of Management, we verified that the Company does not perform procedures to analyze and manage its indirect suppliers.

In this regard, the Company informed us that proposals for indirect supplier monitoring were submitted in connection with partnerships with government agencies and own actions. Nonetheless, the Company informed us that no processes to track indirect suppliers have been implemented to date.

Additionally, according to the Company, the traceability of indirect suppliers in the supply chain, from cattle birth to slaughter, could only be made if accessing all GTAs was possible. However, the Company informed us that the GTAs are not publicly available but intended for the exclusive use of the Ministry of Agriculture, Livestock and Food Supply (MAPA) and that the Company participates in certain working groups created to discuss the matter, such as:

- Sustainable Livestock Working Group, coordinated by the Ministry of Environment (2017-2018);
- Indirect Suppliers Working Group (GTFI), composed by local and foreign stakeholders taking part in the Brazilian livestock chain.

In addition, the Company informed us that they have held conversations with MAPA to be able to access the GTA database or requesting MAPA to check the Ibama's List or SEPRT's Anti-slavery Blacklist before a GTA may be issued; however, the Company's efforts have not been successful to date.

Therefore, considering that, through the date of this report, the Company was not successful in its indirect supplier management efforts, we were unable, in the circumstances, to verify the procedures applied by the Company to conclude as to its compliance with such requirement.

Cattle purchase report

The Terms of Reference for Third-party Audit requires a verification of all documents relating to the Company's purchases of cattle originating from farms located in the Amazon biome to support its compliance with the Public Livestock Commitment.

As described in Appendix VI – "Other findings of auditing procedures and inquiries of the Company's Management" to this report, for the verification procedure to be effective, there is the need to obtain the cattle purchase database and verify the purchase records for completeness by attending the extraction of such records, with the support of an information technology professional. Moreover, obtaining system reports showing information such as invoices (fiscal documents) and GTAs is necessary for making additional cross checking of that database.

However, through the date of this report, we have not been provided with such system reports. Consequently, we were unable to obtain sufficient and appropriate audit evidence regarding the Company's cattle purchases in the period under audit, which represents a limitation in performing our procedures.

Missing supplier in the geomonitoring base

As mentioned in Item 3.1 of Step 2 – "Analysis of the cattle purchasing system" of this report, the Terms of Reference for Third-party Audit requires that data on the suppliers selected for testing on a sampling basis be matched to geomonitoring data (GEO List) provided by the independent geomonitoring firm.

In matching such data, we identified a property associated with three purchase transactions in the State of Rondônia which were not included in the GEO List for the period under audit.

The Company provided us with off-geomonitoring system documentation showing that the missing property had been included in the GEO List since 2017, was blocked in January 2020 and then unblocked in February 2020. However, we were unable to obtain sufficient and appropriate audit evidence regarding that supplier's status, since the relevant property was not included in the GEO List for the period under audit, which represents a limitation in performing our procedures.

Analysis of the blocked suppliers listing

As mentioned in Item 3.1 of Step 3 – "Tests of the noncompliant supplier blocking system" of this report, the Terms of Reference for Third-party Audit requires that the system designed to block noncompliant suppliers be evaluated by selecting a sample of blocked suppliers in the period under analysis. However, we had no access to a list showing all suppliers blocked by the Company in the period.

We selected our sample from a limited list of blocked suppliers for the States of Pará and Mato Grosso, which was filed with the Public Prosecution Office of the respective States in second half of 2019.

Consequently, we were unable to select an audit sample from a list containing all suppliers blocked by the Company, which represents a limitation in performing our procedures.

Due to this limitation, in selecting the plants to be monitored in the blocked supplier simulation, we considered the territory set for each unit to make purchases, in such a way that we could test the plants that carry out purchase transactions from the cities that most frequently appeared in the list of blocked suppliers.

Environmental permits and land regularization

As mentioned in Item 3.3 – Step 3 – "Supply chain's compliance with land and environmental requirements" of this report, the Terms of Reference for Third-party Audit requires that the direct supplying farms be checked for compliance with environmental and land requirements.

To verify this requirement, we requested the Company's suppliers' Rural Environmental Permit (LAR), Unique Environmental Permit (LAU) and, Rural Property Registry Certificate (CCIR) and we were unable to conclude on the relevant documentation, since the suppliers in the sample did not hold any of the abovementioned documents.

With respect to the LAR permit, the Company informed us that a proper regulation by the state government agencies (State Environmental Secretariat - SEMA) and instruments enabling the application of such regulation in the various States of Brazil is needed. An exception is the State of Pará, which developed specific regulations and an integrated system that enables farmers to regularize their properties' LAR permit and where presenting the LAR permit for properties having a size equal or higher than 3,000 hectares is mandatory for all the Company's registered suppliers.

Regarding the Unique Environmental Permit (LAU), the Company informed us that such permit is not effective in the State of Mato Grosso, since SEMA-MT is adjusting the LAU permit for it to conform to the new Brazilian Forestry Code.

Concerning the CCIR certificate, the Company informed us that the low rate presented in its suppliers base reflects Brazil's land regularization reality.

In view of the abovementioned facts, we were unable to obtain evidence that the Company's direct supplying farms are compliant with the environmental and land requirements, which represents a limitation in performing our procedures.

Qualified conclusion

Based on the procedures performed and evidence obtained, except for the possible effects of the limitations described in the "Basis for qualified conclusion" paragraph of our report, nothing has come to our attention that causes us to believe that the procedures adopted by the Company in the period from January 01 to December 31, 2019 were not compliant, in all material respects, with the criteria established in the Public Livestock Commitment for the adoption of the "minimum criteria for conducting industrial-scale cattle and beef product operations in the Amazon biome".

Other matters

Restricted use

Under the terms of our engagement, this limited assurance report was prepared exclusively to conclude on the compliance of the criteria established in the Public Livestock Commitment to which the Company is a signatory and may not be used for any other purpose or intent.

A party other than the Company that may access this report, or a copy thereof, and uses the information contained therein, either partially or entirely, will do so on their own account and risk.

We do not assume any responsibility and disclaim any responsibility for the use of our work, for the limited assurance report or for our conclusion by any other party than that specified herein.

São Paulo, August 31, 2020



Clayton da Silva Codo

Grant Thornton Auditoria e Consultoria Ltda.

Appendix I – Total cattle purchase transactions and sampling

1. Total purchases and sampling

Total purchases of raw materials originating from the Amazon biome conducted by JBS from January 01 to December 31, 2019

Total purchases of raw materials selected for our analyses

	72.921	7.296
Unit	Total purchases	10% of the sample
AFT - Alta Floresta	3,384	338
AGB - Água Boa	2,275	228
ARA - Araputanga	4,007	401
ATO - Araguaína	1,695	170
BAR - Barra do Garças	2,948	295
BNT - Brasnorte	1	1
CFS - Confresa	4,259	426
CLR - Colíder	2,207	221
DMT - Diamantino	2,251	225
ITB - Ituiutaba	5	1
ITR - Iturama	8	1
JUA - Juara	2,818	282
JUI - Juína	3,448	345
MRB - Marabá	3,981	398
PDP - Pedra Preta	1,440	144
PEL - Pontes e Lacerda	4,003	400
PIB - Pimenta Bueno	5,548	555
PVH - Porto Velho	3,239	324
RBR - Rio Branco	3,092	309
RED - Redenção	2,215	222
SMG - São Miguel do Guaporé	8,473	847
STA - Santana do Araguaia	2,251	225
TCM - Tucumã	3,466	347
VHA - Vilhena	5,907	591
Total	72,921	7,296

Appendix II - Cases of noncompliance identified during the period under audit

2. Cases of noncompliance 2019

Description	Total non-compliances	% of non-compliances to total purchases in 2019	% of non-compliances to total purchases included in the sample
Purchases of raw materials originating from properties in which deforestation activities after October 2009 were identified (a)	-	0%	0%
Purchases of raw materials originating from properties overlapping Indigenous Land (a)	-	0%	0%
Properties blocked for being located at a Conservation Unit - UC (a)	-	0%	0%
Properties blocked for appearing in SEPRT's anti-slavery blacklist	-	0%	0%
Properties blocked for appearing in Ibama's list	-	0%	0%
Properties blocked due to other criteria established in the commitment not described above (a)	-	0%	0%

(a) We identified a property associated with three purchase transactions in the State of Rondônia which were not included in the GEO List for the period under audit.

The Company provided us with off-geomonitoring system documentation showing that the missing property had been included in the GEO List since 2017, was blocked in January 2020 and then unblocked in February 2020. However, we were unable to obtain sufficient and appropriate audit evidence regarding that supplier's status, since the relevant property was not included in the GEO List for the period under audit, which represents a limitation in performing our procedures.

Appendix III – Results of tests performed over the noncompliant supplier barring system

3. Analysis of the blocking system by simulating purchase transactions

Description	Total number of items		Compliant	Noncompliant
Deforestation – Ibama	10	10	-	-
Anti-slavery Blacklist - SEPRT	10	10	-	-
GEO - Deforestation, Indigenous Land (TI), and Conservation Units (UC)	10	10	-	-
Total	30	30	-	-

As described in the “Basis for qualified conclusion” paragraph of our report, to perform procedures regarding the analysis of the blocking system, we were provided with a limited list of blocked suppliers relating to the States of Pará and Mato Grosso, which was filed with the Federal Prosecution Office of the respective States in the second half of 2019.

In selecting the plants to be monitored in the blocked supplier simulation, we considered the territory set for each unit to make purchases, in such a way that we could test the plants that carry out purchase transactions from the cities that most frequently appeared in the list of blocked suppliers.

Therefore, the selected units were Barra do Garças “BAR” and Marabá “MRB”.

Appendix IV – Results of the monitoring simulation

	Total number of items in		
	the monitoring simulation	Compliant	Noncompliant
Properties with illegal deforestation after October 2009	10	10	-
Properties overlapping of Indigenous Land	10	10	-
Properties overlapping of Conservation Units	10	10	-
Total	30	30	-

Appendix V – Verification of direct cattle suppliers’ environmental and land records for compliance

Description	AFT - Alta Floresta	ARA - Araputanga	CFS - Confresa	CLR - Colíder	DMT - Diamantino	JUA - Juara	JUI - Juína	MRB - Marabá	PEL - Pontes e Lacerda	PIB - Pimenta Bueno	PVH - Porto Velho	RBR - Rio Branco	SMG - São Miguel do Guaporé	VHA - Vilhena	Total
Total number of suppliers verified in the sample	1	4	2	2	1	2	1	3	1	1	1	2	1	3	25
Suppliers holding CAR permit	1	4	2	2	1	2	1	3	1	1	1	2	1	3	25
Suppliers holding CCIR certificate (a)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Suppliers holding LAR permit (b)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Suppliers holding LAU permit (c)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

We verified that 100% of the properties selected in the sample have only registration with CAR.

- (a) In analyzing our sample of cattle supplying farms, we verified that none of them has documents relating to the National Rural Registration System (SNCR/CCIR). In response to that, JBS informed us that the low CCIR rate reflects Brazil’s land regularization reality;
- (b) The Rural Environmental Permit (LAR) is a mandatory permit currently applicable to the State of Pará for properties having a size equal or higher than 3.000 hectares, according to Normative Instruction No. 14/2011, issued by SEMA-PA (State of Pará Environmental and Sustainability Secretariat). In our audit sampling we included Marabá “MRB” unit’s supplying farms, all located in the State of Pará. However, all of them are less than 3,000 hectares in size;
- (c) The Unique Environmental Permit (LAU) is not effective in the State of Mato Grosso, since SEMA-MT is making regulation adjustments to the LAU permit for it to conform to the new Brazilian Forestry Code.

Appendix VI – Other findings of auditing procedures and inquiries of the Company’s Management

Cattle purchase report

The Terms of Reference for Third-party Audit requires a verification of all documents relating to the Company’s purchases of cattle originating from farms located in the Amazon biome to support its compliance with the Public Livestock Commitment.

In performing such verification, obtaining the base of cattle purchases and verifying the purchase records for completeness was necessary. Considering that, we performed the following auditing procedures:

Attend the extraction of the base of cattle purchases

We attended the extraction of the cattle purchase base for the plants under the scope for the period from January 01 to December 31, 2019, with the support of an information technology professional, as determined in the Terms of Reference for Third-party Audit.

We verified that the programming language did not have filters or biases that could compromise the results of the transactions.

In this process. We did not identify inconsistencies in the Company’s base of purchases.

Additional auditing procedure

As an additional auditing procedure to verify the completeness of the cattle purchase base, we requested the Company to provide us with systems reports showing information such as invoices (fiscal documents) and GTAs so that we could cross check that base and increase our reliance on the data included therein.

However, through the date of this report, we have not been provided with such system reports. Consequently, we were unable to obtain sufficient and appropriate audit evidence regarding the Company’s base of cattle purchases in the period under audit, which represents a limitation in performing our procedures.

A monitorable, verifiable and reportable tracking system

To meet criterion “e” in the “Applicable criteria contained in the Public Livestock Commitment”, the Company is required to have a reliable tracking system that allows to trace the origin of all cattle and beef products.

We identified that the Company disclose the traceability of its in natura products on its website. Consumers can use the “Guarantee of Origin – Traceability” tool directly from the website (by inserting the SIF number and production date) or from their smartphone, whereby they can obtain information on the product origin, view a list of the farms and cities relating to the slaughter lot by reading the QR Code attached to the product packaging labels.

Supply chain commitment

To meet criterion “h” in the “Applicable criteria contained in the Public Livestock Commitment”, the Company is required to adopt systematic actions to control, manage and evaluate the environmental and traceability criteria across the indirect and direct suppliers in the supply chain.

However, the Company only maintains a system to track direct suppliers, based on the Animal Transportation Forms (GTAs). Because the Company does not have a traceability system as required in the public livestock commitment, this was considered a limitation in performing our procedures.

Disclosure and action plan

To meet criterion “i” in the “Applicable criteria contained in the Public Livestock Commitment”, the Company is required to disclose the audit findings and undertake to improve the system on a continuous basis. This includes reporting the weaknesses found in the working plans and communication of actions and terms for complying with the criteria established in the commitment.

The Company informed us that new environmental and social actions and projects to monitor suppliers are proposed and validated by the Company’s Executive Board and Sustainability Committee. In addition, according to the Company, internal audit and compliance processes for continuous improvement were developed as part of its efforts to continuously improve its procedures in place.

Appendix VII – Checklist of documents analyzed

Document name	Covered date/code and version	Evaluated (Y/ N)
Purchase records	Information on cattle purchase for all plants located in the Amazon period in the period from January 01 to December 31, 2019. As we mentioned in our report, we were unable to obtain sufficient and appropriate audit evidence regarding the Company's cattle purchases, which represents a limitation in performing our procedures.	Y
Monitoring system	The system used by the independent geomonitoring firm.	Y
Blocking system	Web System - The Company's cattle purchaser and ERP system by verifying their operation during the period from January 01 to December 31, 2019.	Y
List of suppliers	Information on suppliers that registered cattle purchases for all plants located in the Amazon period in the period from January 01 to December 31, 2019.	Y
Public list of embargoed properties – Ibama	Base extracted on January 21, 2020. Access to website: http://servicos.ibama.gov.br/ctf/publico/areasembargadas/ConsultaPublicaAreasEmbargadas.php	Y
Public list of individuals/ companies - slave labor - SEPRT	Base extracted on January 21, 2020. Access to website: http://trabalho.gov.br/images/Documentos/SIT/CADASTRO_DE_EMPREGADORES.pdf	Y
List of blocked suppliers - GEO List	Lists of supplying farms showing the status "Blocked" as of December 31, 2019.	Y

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