



JBS BEEF (BRAZIL) - RESPONSIBLE SOURCING POLICY **OF CATTLE AS RAW MATERIAL**

Social and Environmental Criteria for Cattle Suppliers Selection

Approximately 10,000 new cattle suppliers were registered at JBS Beef (Brazil) in 2015. At the JBS Beef (Brazil), 100% of suppliers are selected based on social and environmental criteria. The Company does not acquire animals from farms involved in the deforestation of native forests, the invasion of indigenous lands or environmental conservation areas, or that are embargoed by the Brazilian Institute of the Environment and Renewable Natural Resources (IBAMA). It also will not work with suppliers involved in rural violence or land conflicts, or who utilize slave or child labor.

Social and Environmental Monitoring of Supplier Farms (JBS Beef/Brazil)

To ensure the responsible origin of raw materials, JBS Brazil has a social and environmental monitoring system for the farms supplying cattle. The tool, developed in 2010, uses satellite images and geo-referenced maps of farms, deforestation data published by the National Institute for Space Research (INPE) and official information from public agencies on embargoed areas for illegal deforestation (Brazilian Institute of the Environment and Renewable Natural Resources - IBAMA) and the use of slave labor (Ministry of Labor and Employment - MTE). The goal of the system is to identify supplier farms that fail to comply with the Company's social and environmental criteria and block their commercial registration, preventing any purchase transaction from being carried out with these suppliers until the situation is completely regularized.

As of December 31, 2015, there were approximately 67,000 cattle supplier farms registered in the Company's commercial system in Brazil. As a result of analysis of the Social and Environmental Monitoring System, 2,299 were blocked for no compliance with Company's social and environmental criteria, as follows:

- 1,666 for deforestation of native forests (from October 2009) and/or the invasion of indigenous lands or environmental conservation units;
- 521 for inclusion in the IBAMA Embargoed Areas List; and
- 112 for appearing in the list of workers involved in labor analogous to slavery.

JBS S/A

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All livestock purchases and the Company's own social and environmental monitoring system are independently audited on an annual basis to ensure compliance with JBS's commitments to sustainability. The audit reports are published on the Company's website, in English and Portuguese.

Based on a representative sample of the total cattle purchases made by JBS Beef (Brazil) over the course of 2015, 99.97% were made in accordance with the "Public Commitment of Livestock Operations" (led by the NGO Greenpeace). This is an increase over 2014, when the Company achieved 99.75% compliance in relation to the criteria of this Commitment, in accordance with the audit results.

Public Commitments of Livestock Operations (Brazil)

JBS signed the Public Commitment of Livestock Operations in Brazil, an initiative led by Greenpeace, which seeks to ensure that the Brazilian beef industry does not acquire their raw material from farms that have deforested the Amazon forest as of October 2009, used labor analogous to slavery or are located within Indigenous Lands or Environmental Conservation Units.

As a signatory, the operations of JBS Beef in Brazil are independently audited on an annual basis, to assess compliance with the Technical Terms of Reference (TTR), drawn up in partnership with Greenpeace and other companies that have signed the Public Commitment. In addition, each year JBS Beef (Brazil) discusses a work plan with Greenpeace to search for improvements to its social and environmental processes, in compliance with the Commitment. This document is available at Portuguese version and English version in the Company website.

JBS is highlighted for its Social and Environmental Monitoring System

JBS was featured in the "Grilling Away the Amazon" campaign launched in 2015 by the NGO **Greenpeace**. This initiative seeks to encourage the Brazilian retail food sector to commit to zero deforestation by purchasing beef solely from slaughterhouses that have control over their supply chain. **JBS is cited as an example of best practices**, as it has been a pioneer in contributing to the preservation of the Amazon and the adoption of sustainable practices in its supply chain.

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Another report - **Realizing zero-deforestation: Transforming supply chains for the future**, prepared in 2015 by **CDP - Driving Sustainable Economies** - also highlighted the JBS social and environmental monitoring system of the farms supplying cattle. The study highlights the risk management practices adopted by JBS to prevent deforestation along the supply chain and cites the commitment of the suppliers from the Brazilian Amazon region to adopt sustainable livestock practices through the **Novo Campo Program**. In this report, results were analyzed for 171 companies from around the world that are making progress with their commitments and actions to enhance transparency and accountability in deforestation issues and identifies products that pose a risk to forests.

JBS has made bigger inroads than any other food company over the past year in efforts to stop deforestation in its supply chain. This is the conclusion from a report called "**Supply chains without deforestation: From commitment to action**", produced in 2014 by the **CDP - Driving Economies Sustainable**, an international organization which supports development of sustainable economies and uses corporate data on climate change, water and forest utilization to publish information for 240 global investors who represent US\$ 15 trillion in assets. The annual report analyzes the results of 152 companies worldwide as they continue to deliver on their commitments and take steps to increase transparency and accountability on deforestation issues and products that pose a risk to our forests.

The Sustainability initiatives undertaken by JBS in recent years have been recognized by the **Consumer Goods Forum (CGF)**, a global working group formed by the world's largest companies in food production and retail. According to the organization, these initiatives "are innovative efforts that can serve as an example for other industries and regions." The CGF mainly highlights the social and environmental monitoring system for JBS's cattle purchases, due to the important role it plays in reducing the reputational risk to Forum member companies. According to the CGF, JBS is taking important steps in the supply chain for livestock products to achieve "zero deforestation" in the Brazilian Amazon biome.

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