SECOND PARTY OPINION (SPO)

Sustainability Quality of the Issuer and Sustainability-Linked Securities

JBS S.A.
08 June 2021

VERIFICATION PARAMETERS

Type(s) of instruments contemplated	Sustainability-Linked Securities
Relevant standard(s)	Sustainability-Linked Bond Principles, as administered by ICMA
Lifecycle	Pre-issuance verification
Validity	As long as JBS's Sustainability-Linked Securities Framework and benchmarks for the Sustainability Performance target(s) remain unchanged

CONTENTS

SCOPE OF WORK 3
JBS BUSINESS OVERVIEW 3
ISS ESG SPO ASSESSMENT SUMMARY 5
ISS ESG SPO ASSESSMENT 6
PART 1: KPI SELECTION & SPT CALIBRATION 6
PART 2: ALIGNMENT WITH ICMA SUSTAINABILITY-LINKED BOND PRINCIPLES 14
PART 3: LINK TO JBS'S SUSTAINABILITY STRATEGY 17
ANNEX 1: ISS ESG Corporate Rating 22
ANNEX 2: Methodology 25
ANNEX 3: Quality management processes 26
About ISS ESG SPO 27

SCOPE OF WORK

JBS S.A. (“JBS” or “the issuer”) commissioned ISS ESG to assist with its Sustainability-Linked Securities by assessing three core elements to determine the sustainability quality of the instrument:

1. The sustainability credibility of the KPI selected and Sustainability Performance Target (SPT) calibrated – whether the KPI selected is core, relevant and material to the issuer’s business model and sector, and whether the associated target is ambitious.
2. JBS’s Sustainability-Linked Bond Framework (June 2021 version) and structural components of the transaction – benchmarked against the Sustainability-Linked Bond Principles (SLBPs), as administered by the International Capital Market Association's (ICMA).
3. Sustainability-Linked Securities link to JBS’s sustainability strategy – drawing on JBS’s overall sustainability profile and related objectives.

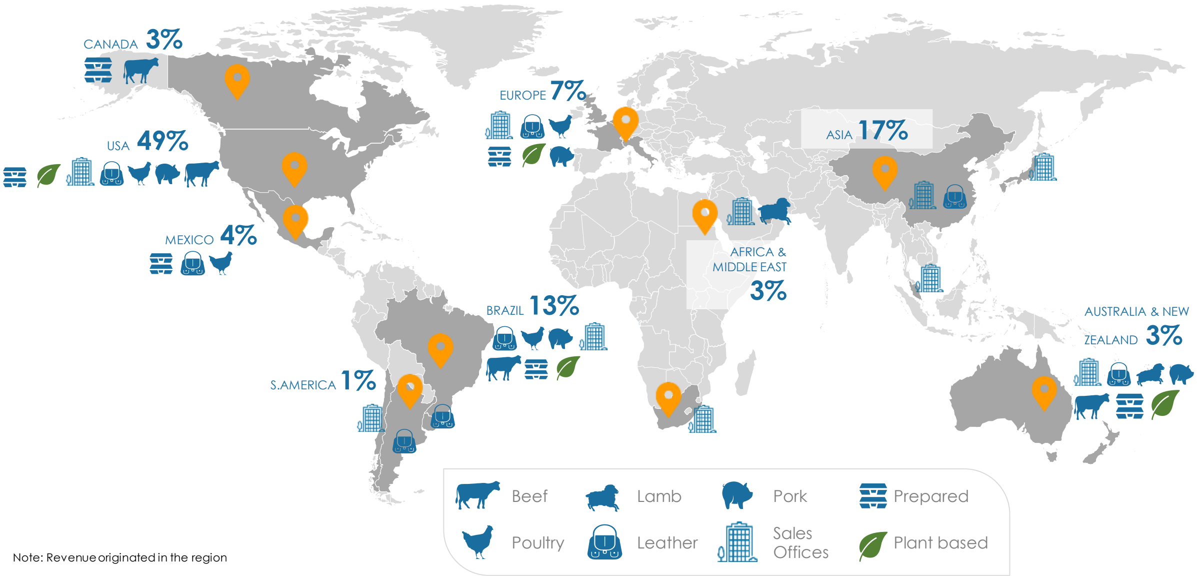
JBS BUSINESS OVERVIEW

JBS S.A. and its subsidiaries (collectively ”JBS”) is one of the world’s largest food companies and the leading protein company in terms of revenue, providing high-quality food products, including innovative value-added premium products and well-recognized brands, such as “Swift,” “Pilgrim’s Pride,” “Pierce,” “Gold Kist Farms”, “Just Bare” and “Del Dia” in North America, “Swift,” “Friboi,” “Seara,” “Marba,” “Doriana” “Maturatta” and “1953” in Brazil, “Primo,” “Great Southern” and “Beehive” in Australia and New Zealand, and “Moy Park,” “Tulip,” and “O’Kane” in Europe.

Through strategic acquisitions and capital investment, JBS has created a diversified global platform that allows its company to prepare, package and deliver fresh, processed and value-added beef, poultry, pork, lamb and plant-based protein products and animal by-products to more than 275,000 retail and foodservice customers in more than 190 countries on six continents. JBS primarily sell its products, which include its proprietary brands, to retailers (such as supermarkets, club stores and other retail distributors), and foodservice companies (such as restaurants, hotels, foodservice distributors and additional processors). JBS is motivated by its mission to become the best and create the opportunity of a better future for all of our team members.

As the world’s second largest food company, JBS has the ability to serve nearly every consumer market in the world via a global business platform of diversified food production and sales operations that includes:

- Beef operations in Australia, Brazil, Canada and the United States;
- Poultry operations in Brazil, Europe, Mexico, Puerto Rico, the United Kingdom and the United States;
- Pork operations in Brazil and the United States;
- Lamb and sheep operations in Australia;
- Consumer-ready and value-added operations in Australia, Brazil, Canada, Europe, Mexico, New Zealand, the United Kingdom and the United States;
- Retail stores in Brazil, Mexico and the United States; and
- Alternative protein and plant-based operations in Australia, Brazil, and the United States.



JBS reports its financials in the following primary segments: 1) Brazil; 2) Seara; 3) Beef USA; 4) Pork USA; 5) Chicken USA; and 6) Others. JBS has aggregated greenhouse gas emissions data for the Beef USA and Pork USA segments under the broader "JBS USA" segment, for the purpose of this SLB. Its primary segments include:

- **Brazil.** This segment includes all the operating activities from Company and its subsidiaries, mainly represented by slaughter facilities, cold storage and meat processing fat, feed and production of beef by-products such as leather, collagen and others products produced in Brazil.
- **Seara.** This segment includes all the operating activities of Seara and its subsidiaries, mainly represented by chicken and pork processing, production and commercialization of food products.
- **Beef USA.** This segment includes JBS USA´s operations, including Australia and Canada as well, related to beef processing: slaughter, cold storage, production and others beef by-products, besides cattle fattening services.
- **Pork USA**. this segment includes JBS USA´s pork operations, including Swift Prepared Foods (former Plumrose), related to slaughter, cold storage, production and commercialization of food products.
- **Chicken USA (Pilgrim´s Pride Global).** This segment includes PPC´s operations, including Moy Park and Tulip as well, mainly represented by chicken processing, production and commercialization of food products in the United States of America, Mexico, United Kingdom and France.
- **Others.** Due to the volume´s substantial percentage of the operating segments above, the others segment and activities in which the Company operates do not have a major share. Those segments are included in "Others" and are not relevant to consolidated output, such as Rigamonti.

ISS ESG SPO ASSESSMENT SUMMARY

SECTION	EVALUATION SUMMARY[1]
Part 1: **KPI selection and SPT calibration**	**KPI selection: Relevant and core to the issuer's business model and sustainability profile. Material to the company's direct operations but not material to the whole corporate value chain as the KPI does not include Scope 3 emissions[2].** **Sustainability Performance Target (SPT) calibration:** • **Ambitious against issuer's past performance** • **Ambitous against issuer's sectorial peer group** • **No evidence on alignment with Paris Climate Goals** The KPI selected is core and relevant to the issuer's business model and sustainability profile. It is material to the company's direct operations but not material to the whole corporate value chain as the KPI does not include Scope 3 emissions. It is appropriately measurable, quantifiable, benchmarkable and externally verifiable although the issuer will undergo the verification of the baseline post-issuance. The SPT calibrated by JBS is ambitious against the company's past performance and compared to Food & Beverages sector practices in terms of defining a GHG emissions reduction target. JBS is one of the 47 companies in its industry to have concrete targets of GHG emissions reduction. The SPT remains in a similar order of magnitude as other top tier companies, however other companies in the Food & Beverages sector in ISS ESG Universe have more ambitious goals. The issuer did not provide evidence in order to ensure that the SPT aligns with the Paris Climate Goals. The target is set in a clear timeline, is benchmarkable and supported by a credible strategy and action plan.
Part 2: **Alignment with the SLBPs**	**Aligned with ICMA Sustainability-Linked Bond Principles** The Issuer has defined a formal framework for its Sustainability-Linked Bonds regarding the selection of KPI, calibration of Sustainability Performance Target (SPT), sustainability-linked securities characteristics, reporting and verification. The framework is in line with the Sustainability-Linked Bond Principles (SLBPs) administered by the ICMA. Although JBS's Sustainability Linked Bond Framework overall aligns with the Sustainabiltiy linked Bond Principles, it is worth noting that the KPI is material to the company's direct operations but not material to the whole corporate value chain as the KPI does not include Scope 3 emissions.
Part 3: **Link to issuer's sustainability strategy**	**Consistent with issuer's sustainability strategy** According to the ISS ESG Corporate Rating published 08.06.2021, the company currently shows a moderate sustainability performance against peers on key ESG issues faced by the Food & Beverages sector and obtains a Decile Rank relative to industry group of 4, given that a decile rank of 1 indicates highest relative ESG performance out of 10. The issuer is rated 118th out of 256 companies within the sector as of 08.06.2021. The KPI selected by the issuer is related to climate change. Climate change has been defined as one of the key priorities of the issuer in terms of sustainability strategy and ISS ESG finds that this is a material sustainability topic for the issuer. ISS ESG finds that this issuance contributes to the issuer's sustainability strategy thanks to the KPI's clear link to one of the key sustainability priorities of the issuer and due to an ambitious SPT against company's past performance and peer group. The strategy could be further strengthened by establishing targets that are validated to be aligned with the Paris Climate Goals.

ISS ESG SPO ASSESSMENT

PART 1: KPI SELECTION & SPT CALIBRATION

1.1. KPI selection

KPI selected by the issuer

FROM JBS'S FRAMEWORK

- **KPI:** JBS's Global Greenhouse Gas (GHG) Emission Intensity (Scope 1 and 2, in MTCO_2 e per million tonnes (MT) of product).
- **SPT:** Reduce JBS's Global GHG Emission Intensity (Scope 1 and 2, in MTCO_2 e per MT of product) by 30% by 2030 with respect to a 2019 baseline; linear progress expected, defining a series of SPTs JBS could utilize from years 2025 to 2030.

Long-term goal: Keep global warming to 1.5°C by 2050 through adoption of science-based emission intensity reduction targets across Scope 1, 2 and 3 emissions.

Rationale: Climate change is the most pressing issue facing society today and has the potential to negatively impact future generations if bold action is not taken immediately. This issue also poses significant risks to JBS's business, its producer partners, customers and consumers. JBS's 2015 CMA identified climate change as one of its material issues.

In response, JBS USA established 2020 intensity reduction goals for GHG, energy and natural gas use. To accelerate its climate change strategy, JBS has become a signatory to the United Nations Global Compact's Business Ambition for 1.5°C initiative and is adopting science-based emission intensity reduction targets across scope 1 and 2 emissions. JBS is focusing on Scope 1 and 2 emissions for the purposes of this Framework given that it can have the most immediate impact by focusing on our own operations and what JBS can control.

As it undergo the SBTi process, JBS emissions targets may evolve, which may impact future sustainability-linked financings. JBS does not expect to revise SPTs of outstanding sustainability-linked financings based on SBTi progress made after the date of issuance. Scope 3 emissions are a majority of JBS's total greenhouse gas emissions and a material issue for JBS and other protein-producing peers. While JBS acknowledges the importance of measuring and ultimately reducing scope 3 emissions, a widely-accepted method for measuring scope 3 emissions does not currently exist for its industry.

JBS has taken steps toward understanding its own scope 3 footprint in some of its geographies and expects to introduce measurement and reduction strategies as part of its SBTi and net zero commitments, incorporating developments in sector-specific guidelines as they are refined. JBS's initial commitment to scope 1 and scope 2 emissions is not a reflection of the importance of scope 3 in its broader fight against climate change but an acknowledgement that JBS must start with elements over which it has direct control and that have robust and trusted measurement guidelines. Going forward, JBS expects to examine and collaborate with our entire supply / value chain to ensure efficiency across scopes 1, 2, and 3.

Baseline: 0.26926 MtCO_2e/MT produced

Baseline year: 2019

[1] ISS ESG's evaluation is based on the engagement conducted in May and June 2021, on JBS's Sustainability-Linked Bond Framework (06.2021 version) and on the ISS ESG Corporate Rating applicable at the SPO delivery date (updated on the 08.06.2021).
[2] https://ghgprotocol.org/standards/scope-3-standard

2030 goal: 0.18848 $MtCO_2e$/MT produced

Scope: Production of meat produced. GHG emission reduction KPI and associated target cover 100% of JBS's current production according to the issuer. By focusing on Scope 1 and 2 emissions exclusively, the GHG emission reduction KPI will cover an estimate less than 10% according to the issuer. As part of this Sustainability Linked Bond Framework, JBS is committing to reduce its global scope 1 and 2 emission intensity (in $MTCO_2$ e per MT of product) by 30% by 2030 with respect to a 2019 baseline across its global operations mainly in Australia, Brazil, Canada, Europe, Mexico, New Zealand, the United Kingdom and the United States. As JBS undergoes the science-based target setting process, JBS's emission targets may evolve, which may impact future sustainability-linked financings. JBS does not expect to revise the SPTs of outstanding sustainability-linked financings based on SBTi progress made after the date of issuance.

Materiality and relevance

Climate change mitigation is considered a key ESG issue faced by the Food & Beverages sector according to key ESG standards for reporting and ISS ESG assessment. Companies of this sector are highly GHG emissions intensive, namely in the process of animal farming and processed food, and thus a highly GHG-emitting industry. Furthermore, the sector is exposed to water management and related climate change mitigation challenges such as maintenance of biodiversity and reducing the environmental and social impacts on communities.

ISS ESG finds that climate change mitigation and the GHG emissions reduction KPI selected by the issuer is:

- Relevant to JBS's business as its industry is highly GHG-emitting and exposed to climate change mitigation challenges.
- Core to the issuer's business as climate change mitigation reduction measures will impact key processes and operations of the company (e.g. Scope 1 and Scope 2).
- Material to the company's direct operations but not material to the whole corporate value chain as the KPI does not include Scope 3 emissions. Although Scope 1 and 2 emissions are relevant ESG issues that the issuer can have a direct impact on, a key ESG issue where companies in the Food & Beverages industry have a material impact on climate change, is regarding GHG emissions in the upstream and downstream value chain (i.e. Scope 3 emissions). Furthermore, Scope 1 and Scope 2 emissions in this sector account for a minority percentage of the company's overall GHG emissions[3]. JBS provides limited information with regards to the environmental performance of suppliers and does not include Scope 3 emissions in its target setting for this SPT.

Consistency with overall company's sustainability strategy

In 2015, JBS's performed an extensive corporate materiality analysis (CMA) that identified the material issues for their business. This analysis, while inclusive of JBS's internal perception of the company's sustainability performance, relied heavily on the views and perceptions of outside stakeholders, including non-governmental organizations, community organizations, key customers, suppliers, financial institutions, government officials, academia, industry trade associations and other industry stakeholders.

[3] According to the issuer, it is estimated that Scope 1 and 2 emissions represents less than 10% whereas Scope 3 emissions represents the vast majority of JBS's global GHG emissions.

The topics identified through this consultation process defined they key priority areas, five-year goals and annual reporting details, and cover the following four key priority areas:

- Environmental Stewardship, including climate change, the reduction of greenhouse gas emissions, expanding the use of renewable electricity, and reducing the use of water;
- Social Responsibility, including the health and safety of JBS's team members and its obligation to give back to society;
- Animal Welfare, including the humane treatment of the animals under JBS's care and adherence to the Five Freedoms; and
- Product Integrity, including food safety, quality assurance, guarantee of origin and supplier relationship.

Given the trajectory of the global population, the demand for sustainable protein will experience tremendous growth, particularly in countries that lack sufficient production capacity to support their demand.

Climate change and global warming are among the greatest challenges facing society today. JBS believe that urgent action is needed now and has taken some actions to confront the global climate crisis, including:

- Committing to achieve net zero greenhouse gas emissions across its entire value chain by 2040;
- Signing the UN Global Compact "Business Ambition for 1.5ºC" Pledge and initiating the process to set science-based targets (SBTs) aligned with limiting global temperature rise to below 1.5ºC above pre-industrial levels;
- Committing to submit all of its SBTs for validation under the Science Based Targets initiative (SBTi) utilizing a sector-specific methodology if one becomes available for the food and agriculture sector, otherwise using the absolute contraction approach;
- Investing more than $1 billion in incremental capex over the next decade to achieve our 30% GHG emission intensity reduction goal;
- Investing US$100 million by 2030 in research and development projects to assist producer efforts to strengthen and scale regenerative farming practices, including carbon sequestration and on-farm emission mitigation technologies;
- Tying executive remuneration to environmental performance.

The issuer states that this transaction will also support JBS's wider Sustainability Strategy and 2030 long-term goals (see section 3 of this report).

ISS ESG finds that the KPI selected by the issuer is consistent with the overall company's sustainability strategy.

Measurability

- **Material scope and perimeter:** The KPI selected covers a limited amount of material emissions related to the operations and activities of the issuer. The KPI does not to cover Scope 3 emissions, estimated to represent the majority of the issuer's GHG emissions. However, absence of Scope 3 emission targets in this sector is widely extended.

- **Quantifiable:** The KPI selected is measurable and quantifiable. GHG emission intensity per ton of products produced KPI is widely disclosed and standardized in the market.
- **Externally verifiable:** The GHG inventory of the issuer and therefore its baseline, has not been verified by a third-party verifier. However, the issuer commits to a post-issuance, third-party limited assurance audit. In the event that emissions data verification results in a restatement to the baseline, the SPT (expressed as 30% reduction relative to the baseline) will be adjusted accordingly. In the case that the baseline is adjusted, the issuer will be targeting the same relative reduction of 30% which can result in either a higher or lower absolute intensity per tonne of produced product depending on direction of baseline adjustment. All post-issuance annual progress updates will be based on the verified baseline.
- **Benchmarkable:** By referring to commonly acknowledged GHG accounting standards for Scope 1 and 2, the KPI is easily comparable with the data reported by other companies. Benchmarking of the SPT in relation with this KPI has been analysed in section 2.

Opinion on KPI selection: *ISS ESG finds that the KPI selected is relevant, core but not or only moderately material to the issuer's business model. Although it covers a material scope of JBS's operations and activities that the company has direct control of (Scope 1 and 2), it does not cover emission standing from Scope 3 estimated to represent the majority of the issuer's GHG emissions, and therefore it is not material to the issuer's scope of impact. The KPI is consistent with the issuer's sustainability strategy. It is appropriately measurable, quantifiable, benchmarkable and externally verifiable although the issuer has committed to verify the baseline post-issuance.*

1.2. Calibration of SPT

SPT set by the issuer

FROM JBS'S FRAMEWORK[4]
Sustainability Performance Target: Reduce JBS Global GHG Emission Intensity (Scope 1 and 2, in $MTCO_2$ e per MT of product) by 30% by 2030 with respect to a 2019 baseline, with progress expected to be linear. Targets selected for specific bonds will be based on linear progress required in years 2025 – 2030. **Sustainability Performance Target Trigger:** From and including January 2027[5], the interest rate payable on the notes shall be increased by 25 basis points unless the company has notified the trustee at least 30 days prior to the interest rate step up date that in respect of the year ended December 31, 2025 that the SPT has been satisfied and confirmed by the External Verifier. **Sustainability Performance Target Observation Date:** December 31, 2025 **2019 Baseline Intensity:** 0.26926 $MtCO_2e$/MT produced* *The 2019 baseline was chosen considering that it is the most recent full year for which JBS's global GHG emissions data is currently available. Emissions data verification with respect to the 2019 baseline will be subjected to a post-issuance, third-party limited assurance audit. In the event that emissions data verification results in a restatement to the baseline, the SPT will remain as a % reduction relative to the baseline (i.e. the

[4] This table is displayed by the issuer in its Sustainability-Linked Bond Framework and have been copied over in this report by ISS ESG for clarity.
[5] Please refer to the bond agreement for the exact SPT Trigger date.

adjusted trajectory will be based on a 30% reduction in 2030 from the restated baseline). All post-issuance annual progress updates will be based on the verified baseline.

Strategic 2030 Goal and selection of methodology for calculating the SPT: The Sustainability Performance Target has been selected based on the JBS global commitment to the Paris Agreement and implies a 2.7% annual linear reduction rate, which is commensurate with a well-below 2ºC scenario.

Factors that support the achievement of the target:

- Focus on Refrigeration Efficiencies, Water Use, Boilers/HVAC, Renewables, Sustainability & Electrification, Vehicles Emissions
- Cogeneration, Biogas Recovery, Biomass Utilization
- Utility Plant Emissions

Risks to the target: JBS views the key risks associated with achieving emissions targets as largely tied to the timing of implementing various emissions reductions investments. Other risks include revenue growth in operations/products with higher tCO_2 e per production unit, shift in consumer preferences/demand, extreme events (like pandemics), availability/affordability of certain energy efficiency technologies, availability/affordability of renewable energy sources, and other operational disruptions and force majeure events that could impact JBS's ability to implement its climate strategy.

Since 2016, JBS S.A. has been analyzing a potential listing in stock exchange in the United States, in the context of a business strategy that creates and unlock value for all its shareholders. Although it is still undefined and subject to uncertainty, there is a potential corporate restructuring in this context that could result in the spin-off of its operations with a consequent impact on the calculation of the SPT defined above. If the restructuring takes place, JBS will recalculate the 2019 baseline for the Global GHG Emission Intensity KPI to include only the entities remaining within JBS S.A.'s perimeter. The SPT will continue to pursue a 30% reduction over the 2019 baseline, and interim targets will be recalculated based on expected linear progress.

2030 GHG REDUCTION GOALS BY JBS ENTITY

Scope 1&2 GHG Emissions *(MT of CO_2 e/MT of Production)*					2030 Goal	2019 Production
JBS Entity	**Scope 1 (Tonnes)**	**Scope 2 (Tonnes)**	**Total (Tonnes)**	**Intensity ($MTCO_2$ e/ MT production)**	**30% Intensity Reduction**	**Tonnes finished product with by-products**
JBS USA	2,820,033	737,893	3,557,927	0.42847	0.29993	8,303,736
Pilgrim's Global	666,316	740,016	1,406,332	0.21775	0.15243	6,458,430
JBS Brazil	514,203	80,753	594,956	0.18049	0.12634	3,296,362
Seara	151,982	106,253	258,235	0.07248	0.05074	3,562,801

Rigamonti	3,277	3,209	6,486	0.82765	0.57936	7,837
JBS Global	4,155,811	1,668,125	5,823,936	0.26926	0.18848	21,629,167

Table 1: 2030 GHG Reduction Goals by JBS Entity

Ambition

Against company's past performance

GHG EMISSION INTENSITY				
Scope 1&2 GHG Emissions *(MT of CO_2 e/MT of Production)*				
JBS Entity	2016	2017	2018	2019
JBS USA	0.36109	0.44982	0.43893	0.42847
Pilgrim's Global	0.25487	0.22891	0.23084	0.21775
JBS Brazil	0.16996	0.15821	0.17806	0.18049
Seara	0.08688	0.09835	0.08334	0.07248
Rigamonti	0.84530	1.24603	0.76635	0.82765
JBS Global	**0.26011**	**0.28049**	**0.27944**	**0.26926**

Table 1: JBS Entities in terms of Scope 1&2 emissions (MT of CO_2 e/MT of Production from 2016 to 2019

JBS GLOBAL CONSOLIDATED SCOPE 1&2 GHG EMISSIONS				
	2016	2017	2018	2019
Tonnes of CO_2e	6,024,909	5,787,948	5,816,679	5,823,936
MT of CO_2e per MT of Production	0.26011	0.28049	0.27944	0.26926

Table 2: JBS Global historical performances in terms of tonnes of CO_2e and MT of CO_2e per MT of Production

JBS sets the SPT to reduce its global GHG emissions (scopes 1 & 2) intensity by 30% in 2030. This is estimated to be equal or less than 0.18848 Mt. Tonnes/MT product produced based on the current 2019 baseline. Once the 2019 baseline has been verified, the SPT would ultimately be adjusted to reflect a reduction by 30% to the 2019 baseline.

Achieving this target would represent a significant reduction of the GHG emissions intensity relative to the baseline year.

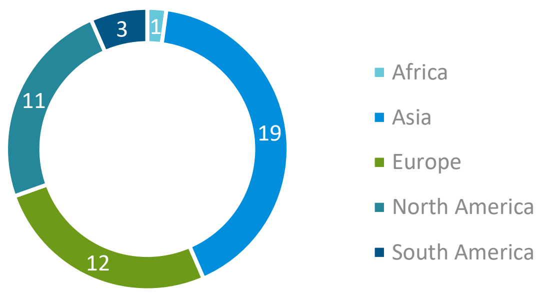
Factors in the global food & beverages sector that can influence the annual production of JBS's products are for example its operational risks such as: damages to production sites or the disruption of global logistics chains through extreme weather events; decrease in the availability of resources and commodities such as water, energy and crops as well as rising energy and commodity prices due to climate change; tightening of emission limits for production and products; changes in customer attitudes and preferences; and reputation damage.

In this context and compared to the baseline year, the SPT set by JBS's is perceived by ISS ESG as ambitious against the company's past performance.

Against company's sectorial peers

ISS ESG conducted a benchmarking of the SPT set by JBS's against the Food and Beverages peer group of 46 listed companies derived from the ISS ESG Universe. Those companies are located in the markets displayed in Figure 1.

Figure 1: Food & Beverages peer group per market geographies



ISS ESG evaluates JBS as a medium performer in terms of GHG emissions intensity of its operation against its industry peers. According to ISS ESG data[6], JBS ranks 17th out of 46 companies in the Food & Beverages Industry in terms of GHG emissions intensity.

In terms of target set, JBS is one of 47 companies in its industry to have a concrete GHG emission reduction target and it thus belongs to the top 25% tier of its peer group in terms of existence of such targets.

Among the top 25% tier, the SPT set by JBS is not as ambitious as GHG emission intensity reduction targets set by peers in terms of average yearly reduction but remains in a similar order of magnitude.

ISS ESG concludes that the SPT set by the issuer is ambitious compared to Food & Beverages sector practices in terms of defining a GHG emissions reduction target. The SPT remains in a similar order of magnitude as top tier companies in the Food & Beverages sector of ISS ESG Universe. However it is not as ambitious as other companies' that have set Scope 1,2 and 3 targets.

Against international targets

Paris agreement

JBS's has not benchmarked its SPT against any international targets. Given the absence of specific methodologies and guidance from SBTi for businesses in the food and agriculture sector, the emission intensity reduction target KPI and SPT is currently not subject to SBTi verification. The company is committed to undergo the science-based target setting process for its Scope 1 and 2 targets, however the SPT target will not be adjusted following this verification. The company commits to verification of set emissions targets by the Science-based Targets Initiative (SBTi), however, the commitment is not part of the SLB framework or bond prospectus and will therefore not impact the SPT.

ISS ESG cannot verify whether the SPT is ambitious and in line with the Paris Agreement and well below a 2° Celsius warming scenario, based on a lack of information provided by the issuer. However, according to guidance on target setting from the SBTi, any company where more than 40% of emissions stem from Scope 3, is required to include a Scope 3 target in its target setting.

[6] Data as of 01.2021

Hence, there is indication that the current target set by JBS's is not aligned with the SBTi methodology.

UN Sustainable Development Goals
In addition, ISS ESG, using a proprietary methodology, assessed that the SPT achievement would have a positive contribution to the SDG 13 "Climate action".

Measurability & comparability

- **Historical data:** The issuer provided relevant historical data by setting the baseline year of its SPT at 2019 and provided global annual GHG emissions intensity data available since then, aligning with the sustainability linked bond principles of providing historical data for the previous three years.
- **Benchmarkable:** By referring to commonly acknowledge GHG accounting standards, the KPI is easily comparable with the data reported by other companies.
- **Timeline:** The issuer defined a timeline related to the SPT achievement, including the target observation date and the frequency of SPTs measurement. The issuer has stated that the trigger event has been set in January 2027. Please refer to the bond agreement for the exact SPT Trigger date.

Supporting strategy and action plan

To reduce its GHG emission intensity per ton of finished product procuded by 2030, JBS's will implement a set of investments in its operation to increase efficiency, including:

- Process controls/metering;
- Refrigeration;
- Cogeneration and biogas recovery;
- Water use;
- Boilers/ HVAC;
- Renewables;
- Vehicle emissions.

The supporting strategy and action plan contemplated by JBS's aligns with good current market practices according to ISS ESG sector experts. This action plan is perceived as credible to support the achievement of the SPT set by JBS's.

Opinion on SPT calibration: *ISS ESG finds that the SPT calibrated by JBS's is ambitious against the company's past performance and compared to Food & Beverages sector practices in terms of defining a GHG emissions reduction target. The calculation methodology selected by the issuer is widely used in the sector. The SPT remains in a similar order of magnitude as top tier companies in the Food & Beverages sector as per ISS ESG's Universe, however it is not as ambitious as other companies' targets which include Scope 3 emission. Furthermore, the issuer does not commit to verify that the SPT aligns with the Paris Agreement. According to guidance on target setting from the SBTi, requiring to include Scope 3 for any company where more than 40% of emissions stem from Scope 3, the current SPT does* *not align with the SBTi guidelines. The issuer indicates an ambition to align with a 2°C emission pathway. However, the issuer did not provide evidence on the current alignment of the SPT with the Paris Climate Goals. The target is set in a clear timeline, is benchmarkable and supported by a credible strategy and action plan. The issuer has stated that the trigger event has been set in January 2027. Please refer to the bond agreement for the exact SPT Trigger date.*

PART 2: ALIGNMENT WITH ICMA SUSTAINABILITY-LINKED BOND PRINCIPLES

Rationale for Framework

FROM JBS'S FRAMEWORK
JBS's sustainability-linked bond framework demonstrates its commitment to being a positive force in the fight against climate change and hold itself accountable to its public commitments and to society. The framework links our global sustainability strategy and GHG reduction efforts with our funding needs, enabling our key stakeholders to partner with us along our journey. JBS is committed to its long-term sustainability strategy, and sustainability-linked financing is a key element of increasing coordination throughout the entire organization.

Opinion: *ISS ESG considers the description of the Rationale for Issuance's provided by JBS as aligned with the SLBPs. The issuer has created and committed to publicly disclose its first framework of its kind in a comprehensive and credible manner.*

2.1. Selection of KPI

ISS ESG conducted a detailed analysis of the sustainability credibility of KPI selection available in section 1 of this report.

Opinion: *ISS ESG finds that the KPI selected is relevant, core but not or only moderately material to the issuer's business model. Although it covers a material scope of JBS's operations and activities that the company has direct control of (Scope 1 and 2), it does not cover emissions stemming from Scope 3 estimated to represent the majority of the issuer's GHG emissions, and therefore it is not material to the issuer's scope of impact. The KPI is consistent with the issuer's sustainability strategy. It is appropriately measurable, quantifiable, benchmarkable and externally verifiable although the issuer has committed to verify the baseline post-issuance.*

2.2. Calibration of Sustainability Performance Target (SPT)

ISS ESG conducted a detailed analysis of the sustainability credibility of SPT is available in section 1 of this report.

Opinion: *ISS ESG finds that the SPT calibrated by JBS's is ambitious against the company's past performance and compared to Food & Beverages sector practices in terms of defining a GHG emissions reduction target. The calculation methodology selected by the issuer is widely used in the sector. The SPT remains in a similar order of magnitude as top tier companies in the Food & Beverages sector as per ISS ESG's Universe, however it is not as ambitious as other companies' targets which include Scope*

3 emission. Furthermore, the issuer does not commit to verify that the SPT aligns with the Paris Agreement. According to guidance on target setting from the SBTi, requiring to include Scope 3 for any company where more than 40% of emissions stem from Scope 3, the current SPT does not align with the SBTi guidelines. The issuer indicates an ambition to align with a 2°C emission pathway. However, the issuer did not provide evidence on the current alignment of the SPT with the Paris Climate Goals. The target is set in a clear timeline, is benchmarkable and supported by a credible strategy and action plan. The issuer has stated that the trigger event has been set in January 2027. Please refer to the bond agreement for the exact SPT Trigger date.

2.3. Sustainability-Linked Securities Characteristics

FROM JBS'S FRAMEWORK

JBS's SLB has a sustainability-linked feature that will result in a coupon adjustment, or a premium payment as the case may be, if the company's performance does not achieve the stated SPTs. Timing for the adjustment will be defined.

The relevant KPI, SPT, coupon step-up amount or premium payment amount, as applicable, will be specified in the relevant documentation of the specific transaction (e.g. Final Terms of the relevant SLB).

The Issuer will notify the investors of the achievement or not of the SPT as soon as possible (as defined in the instrument's documentation). If, for any reason, the KPI cannot be calculated, observed or reported in a timely manner (as defined in the instrument's documentation), the defined bond characteristic change will be triggered as if the target was not met (with effective dates aligned with the original SPT).

Opinion: *ISS ESG considers the Sustainability-Linked Bond Characteristics' description provided by JBS's as aligned with the SLBPs. The issuer expresses the potential variation of the financial characteristics of the bonds, while clearly defining the KPI and SPT and its calculation methodologies in the bond agreement. Significant change in perimeters through material M&A activities or drastic changes in regulatory environment are covered by the issuer, as well as events of "force majeure".*

2.4. Reporting

FROM JBS'S FRAMEWORK

Annually, and for any date/period relevant for assessing the trigger of the SPT performance, JBS will publish and make readily available and accessible on our IR website[7] up-to-date information on KPI performance, including the baseline where relevant, a verification assurance report ("Limited Assurance") outlining the performance of the KPI against the SPT and any other relevant information that enables investors to monitor the progress of the selected KPI.

Information may also include (when feasible) a qualitative or quantitative explanation of the contribution of the main factors, including M&A activities, behind the evolution of the performance/KPI on an annual basis, illustration of the positive sustainability impacts of the performance improvement, and/or any re-assessments of KPIs and/or restatement of the SPT and/or adjustments of baselines or KPI scope based on changes in calculation / approach as recommended by a qualified external reviewer.

[7] https://ri.jbs.com.br/en/

Opinion: *ISS ESG considers the Reporting description provided by JBS as aligned with the SLBPs. The allocation and impact reporting will be made publicly available annually and may include qualitateive and quantitative explanation behind the evolution of the SPT, as described above.*

2.5. Verification

FROM JBS'S FRAMEWORK
Pre-Issuance: The SPO will be available on JBS's IR website (https://ri.jbs.com.br/en/). Post-Issuance: Annually, and for any date/period relevant for assessing the trigger of the SPT performance and until after the KPI trigger event of a bond has been reached, JBS will seek independent and external verification of the performance level for the stated KPI by a qualified external reviewer with relevant expertise. The verification will be in the form of a "Limited Assurance." The verification of the performance will be made publicly available on our website.

Opinion: *ISS ESG considers the Verification pocesses provided by JBS as going beyond the SLBPs recommendations. The issuer commits to annually verify the values of the SPT, allowing investors to track the performance of the SPT throughout the life of the bond.*

PART 3: LINK TO JBS'S SUSTAINABILITY STRATEGY

The ISS ESG Corporate Rating provides material and forward-looking environmental, social and governance (ESG) data and performance assessments.

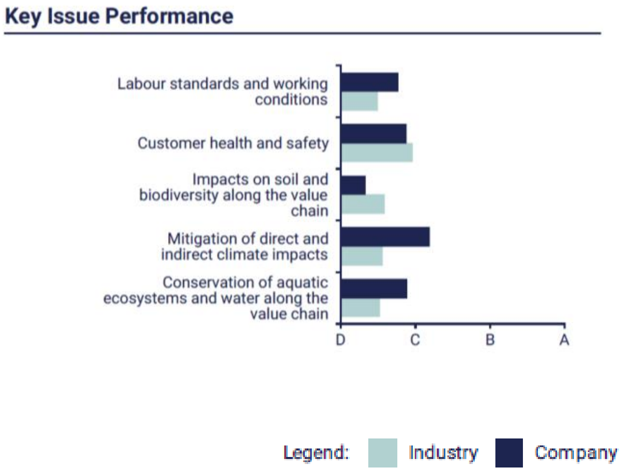
COMPANY	SECTOR	DECILE RANK	TRANSPARENCY LEVEL
JBS S.A.	FOOD & BEVERAGES	4	VERY HIGH

This means that the company currently shows a moderate sustainability performance against peers on key ESG issues faced by the Food & Beverages sector and obtains a Decile Rank relative to industry group of 5, given that a decile rank of 1 indicates highest relative ESG performance out of 10.

ESG performance

As of 08.06.2021, this Rating places JBS S.A. 118th out of 256 companies rated by ISS ESG in the Food & Beverages sector.

Key Challenges faced by companies in term of sustainability management in this sector are displayed in the chart on the right, as well as the issuer's performance against those key challenges in comparison to the average industry peers' performance.



Sustainability Opportunities

JBS is a major processor of animal protein including beef, poultry, pork and lamb but also produces leather products. The consumption of highly processed food products, such as fried chicken, as well as red meat is associated with the aggravation of health- and nutrition-related problems (e.g. obesity, heart diseases or cancer). While a some of JBS' brands offer organic products, these products still seem to constitute only a small share of the total product portfolio.

Sustainability Risks

As JBS As JBS is a major producer of meat products, it faces a range of sustainability-related risks, especially in the areas of food safety, health and nutrition, occupational safety, labor rights, climate change and water use. The company has implemented a food safety management system which is certified to an international standard in most operations. Moreover, JBS has measures in place to address further relevant social matters such as labor rights and working conditions in its own operations and supply chain (e.g., freedom of association and health and safety). At some of its operations, the company seems to have implemented a health and safety system certified to an international standard. Nevertheless, the company is facing major allegations of failing to prevent health and safety incidents regarding recurrent incidents of ammonia gas leaks in its operations in Brazil as well as regarding the prevention of the spread of the Coronavirus in its facilities in the USA, Brazil, and Canada. In addition, the company is involved in controversies with regard to working conditions in Brazil and New Zealand. Furthermore, in 2017, the company was found to having systematically bribed several hundred Brazilian politicians and government officials over several years, including health officials, in return for falsified sanitary documentation and other favors. Since then, the company has worked on its compliance program. In addition, the company is facing allegations of having failed to conduct human rights due diligence in its beef supply chain with regard to the Colniza massacre in Mato Grasso, Brazil, in 2017. Regarding environmental sustainability, JBS has taken steps to address climate change. The company is committed to set science-based targets. Its current emission reduction targets, however, do not seem to cover JBS' agricultural value chain. The company is further committed to eliminate deforestation in its supply chain and has implemented measures to better monitor its supply chains. Nonetheless, JBS has been accused of having sourced large amounts of cattle from areas affected by illegal deforestation practices in Brazil. Furthermore, there is still little information on measures to implement and promote sustainable agriculture along the company's value chain. While the company has set water reduction targets for own operations, there are no further indications of sufficient actions to convincingly handle water conservation in agriculture and farming practices in the company's feed supply chain. JBS has also been involved in a water pollution controversy in the US.

Governance opinion

There There are significant risks arising from the company's governance structure as the majority of the board of directors are non-independent. Moreover, the chair of the board (Jeremiah Alphonsus O'Callaghan, as at April 15, 2021) is also not considered independent as he currently holds a management position within the company. While there is an audit committee in place, only half of the members is independent. In addition, JBS has set up committees in charge of nomination and remuneration, but the majority of the members are not independent. The company does not disclose its remuneration policy for the executive management. Thus, it also remains unclear if the compensation schemes include long-term incentives. Regarding the governance of sustainability, the company has set up a sustainability committee which, however, is not independent. The company states that senior executive compensation will be influenced by performance against environmental goals such as emission reduction targets. It remains unclear what impact these performance objectives will have. JBS has established a code of ethics covering several topics in detail such as insider dealings and conflicts of interest, and several other issues, such as antitrust violations and corruption, in general terms. Compliance procedures such as employee awareness training, compliance training and third party due diligence are implemented. Non-compliance reporting is facilitated. In 2017, the company was found guilty of having systematically bribed several hundred Brazilian politicians and government officials over several years. Since then, the company has worked on its compliance program. Furthermore, the company is accused of tax evasion in Brazil and anticompetitive behavior in the US.

Sustainability impact of products and services portfolio

Using a proprietary methodology, ISS ESG assessed the contribution of the JBS current products and services portfolio to the Sustainable Development Goals defined by the United Nations (UN SDGs). This analysis is limited to evaluation of final product characteristics and does not include practices along the JBS's production process.

PRODUCT/SERVICES PORTFOLIO	ASSOCIATED PERCENTAGE OF REVENUE	DIRECTION OF IMPACT	UN SDGS
Food/agricultural products (certified organic)	1%	CONTRIBUTION	
Food products (highly processed and/or critical nutrient level), products based on non-ruminant red meat, products based on ruminant red meat	70%	OBSTRUCTION	 
Products based on non-ruminant red meat, products based on ruminant red meat	60%	OBSTRUCTION	
Products based on ruminant red meat	45%	OBSTRUCTION	

Breaches of international norms and ESG controversies

The company is facing severe controversies:

- Very severe controversy for failure to respect the right to safe and healthy working conditions in Brazil, according to repeated rulings by labour courts from 2016 to 2018 concerning ongoing lethal risks, including recurrent incidents of ammonia gas. In April 2021, the company reiterated that it has invested BRL500 million in occupational health and safety across Brazilian facilities, for structural enhancements to prevent such incidents and safety trainings. Repeated court rulings against JBS and the continued stakeholder concerns indicate that it has yet to demonstrate the efficacy of measures to resolve recurrent incidents of ammonia leaks.

- Severe controversy for failure to respect the right to safe and healthy working conditions on the Coronavirus disease 2019 (Covid-19) in the United States. In a series of investor dialogues and communication with ISS ESG, most recently in April 2021, JBS disclosed comprehensive information on its health and safety measures such as full coverage of COVID-19 health expenses for all workers, regular testing of asymptomatic workers, increased sanitation efforts, and incentive bonuses for any workers willing to get vaccinated. ISS ESG remains vigilant of the continued stakeholder concerns and the efficacy of policies put in place to protect workers from associated health risks in the United States.

- Severe controversy in alleged failure to prevent deforestation in the supply chain in Brazil. In 2017 the Brazilian Institute of Environment and Renewable Natural Resources (IBAMA) fined JBS $7.7 million for allegedly purchasing cattle from land blacklisted by IBAMA due to illegal deforestation. JBS denied the allegations and reiterated its commitment to a deforestation-free beef supply chain. While a 2019 third-party audit of the company's cattle acquisitions from direct suppliers concluded that it was 100% compliant with environmental and social standards, recent criticism has focused on deforestation in its indirect supply chain, where ranchers move cattle illegally raised on deforested land to compliant farms. In September 2020, JBS launched the Green Platform, a blockchain based platform to monitor indirect suppliers which would allow direct suppliers to only source from compliant suppliers. While the company has made considerable efforts to monitor its direct suppliers and has started a program to monitor indirect suppliers, JBS continues to face allegations of sourcing cattle from farms involved in illegal deforestation.

Contribution of Use of Proceeds categories to sustainability objectives and priorities

ISS ESG mapped the KPI selected by the issuer for its Sustainability Linked Bond with the sustainability objectives defined by the issuer, and with the key ESG industry challenges as defined in the ISS ESG Corporate Rating methodology for the Food & Beverages sector. Key ESG industry challenges are key issues that are highly relevant for a respective industry to tackle when it comes to sustainability, e.g. climate change and energy efficiency in the buildings sector. From this mapping, ISS ESG derived a level of contribution to the strategy of each KPI selected.

KPI SELECTED	SUSTAINABILITY OBJECTIVES FOR THE ISSUER	KEY ESG INDUSTRY CHALLENGES	CONTRIBUTION
JBS's Global Greenhouse Gas (GHG) Emission Intensity (Scope 1 and 2, in MTCO$_2$ e per MT of product)	✓	✓	Limited contribution to a material objective

Opinion: *ISS ESG finds that the Use of Proceeds financed through this Sustainabilty Linked bond are consistent with the issuer's sustainability strategy and material to a limited extent to ESG topics for the issuer's industry. The KPI selected by the issuer is material to mitigating direct emissions but not material to mitigating indirect emissions. The rationale for issuing Sustainability Linked Bonds is clearly described by the issuer.*

DISCLAIMER

1. Validity of the SPO: For JBS's Sustainability-Linked Securities issuances as long as the Sustainability-Linked Bond Framework (June 2021), SPTs benchmarks and structural securities characteristics described in this document do not change.
2. ISS ESG uses a scientifically based rating concept to analyse and evaluate the environmental and social performance of companies and countries. In doing so, we adhere to the highest quality standards which are customary in responsibility research worldwide. In addition, we create a Second Party Opinion (SPO) on bonds based on data from the issuer.
3. We would, however, point out that we do not warrant that the information presented in this SPO is complete, accurate or up to date. Any liability on the part of ISS ESG in connection with the use of these SPO, the information provided in them and the use thereof shall be excluded. In particular, we point out that the verification of the compliance with the selection criteria is based solely on random samples and documents submitted by the issuer.
4. All statements of opinion and value judgements given by us do not in any way constitute purchase or investment recommendations. In particular, the SPO is no assessment of the economic profitability and credit worthiness of a bond but refers exclusively to the social and environmental criteria mentioned above.
5. We would point out that this SPO, in particular the images, text and graphics contained therein, and the layout and company logo of ISS ESG and ISS-ESG are protected under copyright and trademark law. Any use thereof shall require the express prior written consent of ISS. Use shall be deemed to refer in particular to the copying or duplication of the SPO wholly or in part, the distribution of the SPO, either free of charge or against payment, or the exploitation of this SPO in any other conceivable manner.

The issuer that is the subject of this report may have purchased self-assessment tools and publications from ISS Corporate Solutions, Inc. ("ICS"), a wholly-owned subsidiary of ISS, or ICS may have provided advisory or analytical services to the issuer. No employee of ICS played a role in the preparation of this report. If you are an ISS institutional client, you may inquire about any issuer's use of products and services from ICS by emailing disclosure@issgovernance.com.

This report has not been submitted to, nor received approval from, the United States Securities and Exchange Commission or any other regulatory body. While ISS exercised due care in compiling this report, it makes no warranty, express or implied, regarding the accuracy, completeness or usefulness of this information and assumes no liability with respect to the consequences of relying on this information for investment or other purposes. In particular, the research and scores provided are not intended to constitute an offer, solicitation or advice to buy or sell securities nor are they intended to solicit votes or proxies.

ISS is an independent company owned by entities affiliated Genstar Capital ("Genstar"). ISS and Genstar have established policies and procedures to restrict the involvement of Genstar and any of Genstar's employees in the content of ISS' reports. Neither Genstar nor their employees are informed of the contents of any of ISS' analyses or reports prior to their publication or dissemination. The issuer that is the subject of this report may be a client of ISS or ICS, or the parent of, or affiliated with, a client of ISS or ICS.

ANNEX 1: ISS ESG Corporate Rating

The following pages contain extracts from JBS's 2021 ISS ESG Corporate Rating.

JBS SA

Methodology - Overview

The ESG Corporate Rating methodology was originally developed by Institutional Shareholder Services Germany (formerly oekom research) and has been consistently updated for more than 25 years.

ESG Corporate Rating - The ESG Corporate Rating universe, which is currently expanding from more than 8,000 corporate issuers to a targeted 10,000 issuers in 2020, covers important national and international indices as well as additional companies from sectors with direct links to sustainability and the most important bond issuers that are not publicly listed companies.

The assessment of a company's social & governance and environmental performance is based on approximately 100 environmental, social and governance indicators per sector, selected from a pool of 800+ proprietary indicators. All indicators are evaluated independently based on clearly defined performance expectations and the results are aggregated, taking into account each indicator's and each topic's materiality-oriented weight, to yield an overall score (rating). If no relevant or up-to-date company information with regard to a certain indicator is available, and no assumptions can be made based on predefined standards and expertise, e.g. known and already classified country standards, the indicator is assessed with a D-.

In order to obtain a comprehensive and balanced picture of each company, our analysts assess relevant information reported or directly provided by the company as well as information from reputable independent sources. In addition, our analysts actively seek a dialogue with the assessed companies during the rating process and companies are regularly given the opportunity to comment on the results and provide additional information.

Analyst Opinion - Qualitative summary and explanation of the central rating results in three dimensions:
(1) Opportunities - assessment of the quality and the current and future share of sales of a company's products and services, which positively or negatively contribute to the management of principal sustainability challenges.
(2) Risks - summary assessment of how proactively and successfully the company addresses specific sustainability challenges found in its business activity and value chain, thus reducing its individual risks, in particular regarding its sector's key issues.
(3) Governance - overview of the company's governance structures and measures as well as of the quality and efficacy of policies regarding its ethical business conduct.

Norm-Based Research - Severity Indicator - The assessment of companies' sustainability performance in the ESG Corporate Rating is informed by a systematic and comprehensive evaluation of companies' ability to prevent and mitigate ESG controversies. ISS ESG conducts research and analysis on corporate involvement in verified or alleged failures to respect recognized standards for responsible business conduct through Norm-Based Research.

Norm-Based Research is based on authoritative standards for responsible business conduct such as the UN Global Compact, the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles for Business and Human Rights and the Sustainable Development Goals.

As a stress-test of corporate disclosure, Norm-Based Research assesses the following:
- Companies' ability to address grievances and remediate negative impacts
- Degree of verification of allegations and claims
- Severity of impact on people and the environment, and systematic or systemic nature of malpractices

Severity of impact is categorized as Potential, Moderate, Severe, Very severe. This informs the ESG Corporate Rating.

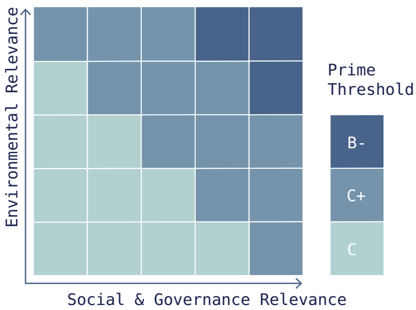
Decile Rank - The Decile Rank indicates in which decile (tenth part of total) the individual Corporate Rating ranks within its industry from 1 (best – company's rating is in the first decile within its industry) to 10 (lowest – company's rating is in the tenth decile within its industry). The Decile Rank is determined based on the underlying numerical score of the rating. If the total number of companies within an industry cannot be evenly divided by ten, the surplus company ratings are distributed from the top (1 decile) to the bottom. If there are Corporate Ratings with identical absolute scores that span a division in decile ranks, all ratings with an equal decile score are classified in the higher decile, resulting in a smaller number of Corporate Ratings in the decile below.

Distribution of Ratings - Overview of the distribution of the ratings of all companies from the respective industry that are included in the ESG Corporate Rating universe (company portrayed in this report: dark blue).

JBS SA

Methodology - Overview

Industry Classification - The social and environmental impacts of industries differ. Therefore, based on its relevance, each industry analyzed is classified in a Sustainability Matrix.
Depending on this classification, the two dimensions of the ESG Corporate Rating, the Social Rating and the Environmental Rating, are weighted and the sector-specific minimum requirements for the ISS ESG Prime Status (Prime threshold) are defined (absolute best-in-class approach).



Industry Leaders - List (in alphabetical order) of the top three companies in an industry from the ESG Corporate Rating universe at the time of generation of this report.

Key Issue Performance - Overview of the company's performance with regard to the key social and environmental issues in the industry, compared to the industry average.

Performance Score - The ESG Performance Score allows for cross-industry comparisons using a standardized best-in-class threshold that is valid across all industries. It is the numerical representation of the alphabetic ratings (D- to A+) on a scale of 0 to 100 with 50 representing the prime threshold. All companies with values greater than 50 are Prime, while companies with values less than 50 are Not Prime. As a result, intervals are of varying size depending on the original industry-specific prime thresholds.

Rating History - Development of the company's rating over time and comparison to the average rating in the industry.

Rating Scale - Companies are rated on a twelve-point scale from A+ to D-:
A+: the company shows excellent performance.
D-: the company shows poor performance (or fails to demonstrate any commitment to appropriately address the topic).
Overview of the range of scores achieved in the industry (light blue) and indication of the grade of the company evaluated in this report (dark blue).

Sources of Information - A selection of sources used for this report is illustrated in the annex.

Status & Prime Threshold - Companies are categorized as Prime if they achieve/exceed the sustainability performance requirements (Prime threshold) defined by ISS ESG for a specific industry (absolute best-in-class approach) in the ESG Corporate Rating. Prime companies are sustainability leaders in their industry and are better positioned to cope with material ESG challenges and risks, as well as to seize opportunities, than their Not Prime peers. The financial materiality of the Prime Status has been confirmed by performance studies, showing a continuous outperformance of the Prime portfolio when compared to conventional indices over more than 14 years.

Transparency Level - The Transparency Level indicates the company's materiality-adjusted disclosure level regarding the environmental and social performance indicators defined in the ESG Corporate Rating. It takes into consideration whether the company has disclosed relevant information regarding a specific indicator, either in its public ESG disclosures or as part of the rating feedback process, as well as the indicator's materiality reflected in its absolute weight in the rating. The calculated percentage is classified in five transparency levels following the scale below.
0% - < 20%: very low
20% - < 40%: low
40% - < 60%: medium
60% - < 80%: high
80% - 100%: very high
For example, if a company discloses information for indicators with a cumulated absolute weight in the rating of 23 percent, then its Transparency Level is "low". A company's failure to disclose, or lack of transparency, will impact a company's ESG performance rating negatively.

ANNEX 2: Methodology

ISS ESG Corporate Rating

The ESG Corporate Rating universe, which is currently expanding from more than 8,000 corporate issuers to a targeted 10,000 issuers in 2020, covers important national and international indices as well as additional companies from sectors with direct links to sustainability and the most important bond issuers that are not publicly listed companies.

The assessment of a company's social & governance and environmental performance is based on approximately 100 environmental, social and governance indicators per sector, selected from a pool of 800+ proprietary indicators. All indicators are evaluated independently based on clearly defined performance expectations and the results are aggregated, taking into account each indicator's and each topic's materiality-oriented weight, to yield an overall score (rating). If no relevant or up-to-date company information with regard to a certain indicator is available, and no assumptions can be made based on predefined standards and expertise, e.g. known and already classified country standards, the indicator is assessed with a D-.

In order to obtain a comprehensive and balanced picture of each company, our analysts assess relevant information reported or directly provided by the company as well as information from reputable independent sources. In addition, our analysts actively seek a dialogue with the assessed companies during the rating process and companies are regularly given the opportunity to comment on the results and provide additional information.

Alignment of the concept set for transactions against the Sustainability-Linked Bond Principles, as administered by ICMA

ISS ESG reviewed the Sustainability-Linked Securities Framework of JBS, as well as the concept and processes for issuance against the Sustainability-Linked Bond Principles administered by the ICMA. Those principles are voluntary process guidelines that outline best practices for financial instruments to incorporate forward-looking ESG outcomes and promote integrity in the development of the Sustainability-Linked Bond market by clarifying the approach for issuance.
ISS ESG reviewed the alignment of the concept of the JBS's issuance with mandatory and necessary requirements as per the Appendix II - SLB Disclosure Data Checklist of those principles, and with encouraged practices as suggested by the core content of the Principles.

Analysis of the KPI selection and associated SPT

In line with the voluntary guidance provided by the Sustainability-Linked Bond Principles, ISS ESG conducted an in-depth analysis of the sustainability credibility of the KPI selected and associated SPT. ISS ESG analysed if the KPI selected is core, relevant and material to the issuer's business model and consistent with its sustainability strategy thanks to its long-standing expertise in evaluating corporate sustainability performance and strategy. ISS ESG also reviewed if the KPI is appropriately measurable by referring to key GHG reporting protocols and against acknowledged benchmarks.
ISS ESG analysed the ambition of the SPT against JBS's own past performance (according to JBS's reported data), against JBS's Food and Beverages peers (as per ISS ESG Peer Universe and data), and against international benchmarks such as the Paris agreement and the UN SDGs (according the ISS ESG proprietary methodology). Finally, ISS ESG evaluated the measurability & comparability of the SPT, and the supporting strategy and action plan of JBS.

ANNEX 3: Quality management processes

SCOPE

JBS S.A. commissioned ISS ESG to compile a Sustainability Linked Bond SPO. The Second Party Opinion process includes verifying whether the Sustainability Linked Bond Framework aligns with ICMA's Sustainability Linked Bond Principles and to assess the sustainability credentials of its Sustainability Linked Bond, as well as the issuer's sustainability strategy.

CRITERIA

Relevant Standards for this Second Party Opinion

- ICMA Sustainability Linked Bond Principles

ISSUER'S RESPONSIBILITY

JBS's responsibility was to provide information and documentation on:

- Framework
- Documentation of ESG risks management

ISS ESG'S VERIFICATION PROCESS

ISS ESG is one of the world's leading independent environmental, social and governance (ESG) research, analysis and rating houses. The company has been actively involved in the sustainable capital markets for over 25 years. Since 2014, ISS ESG has built up a reputation as a highly-reputed thought leader in the green and social bond market and has become one of the first CBI approved verifiers.

ISS ESG has conducted this independent Second Party Opinion of the Sustainability Linked Bond to be issued by JBS based on ISS ESG methodology and in line with the ICMA Sustainability Linked Bond.

The engagement with JBS took place in May and June 2021.

ISS ESG'S BUSINESS PRACTICES

ISS has conducted this verification in strict compliance with the ISS Code of Ethics, which lays out detailed requirements in integrity, transparency, professional competence and due care, professional behaviour and objectivity for the ISS business and team members. It is designed to ensure that the verification is conducted independently and without any conflicts of interest with other parts of the ISS Group.

About ISS ESG SPO

ISS ESG is one of the world's leading rating agencies in the field of sustainable investment. The agency analyses companies and countries regarding their environmental and social performance.

As part of our Sustainable (Green & Social) Bond Services, we provide support for companies and institutions issuing sustainable bonds, advise them on the selection of categories of projects to be financed and help them to define ambitious criteria.

We assess alignment with external principles (e.g. the ICMA Green / Social Bond Principles), analyse the sustainability quality of the assets and review the sustainability performance of the issuer themselves. Following these three steps, we draw up an independent SPO so that investors are as well informed as possible about the quality of the bond / loan from a sustainability perspective.

Learn more: https://www.isscorporatesolutions.com/solutions/esg-solutions/green-bond-services/

For Information about SPO services, contact:

Federico Pezzolato
SPO Business Manager EMEA/APAC
Federico.Pezzolato@isscorporatesolutions.com
+44.20.3192.5760

Miguel Cunha
SPO Business Manager Americas
Miguel.Cunha@isscorporatesolutions.com
+1.917.689.8272

For Information about this Sustainability Linked Bond SPO, contact: SPOOperations@iss-esg.com

Project team

Project lead	Project supervision
Marine Durrieu Associate ESG Consultant	Viola Lutz Associate Director Deputy Head of Climate Services