



JBS Sustainability-Linked Bond Framework

October 2021



JBS Sustainability-Linked Bond Framework

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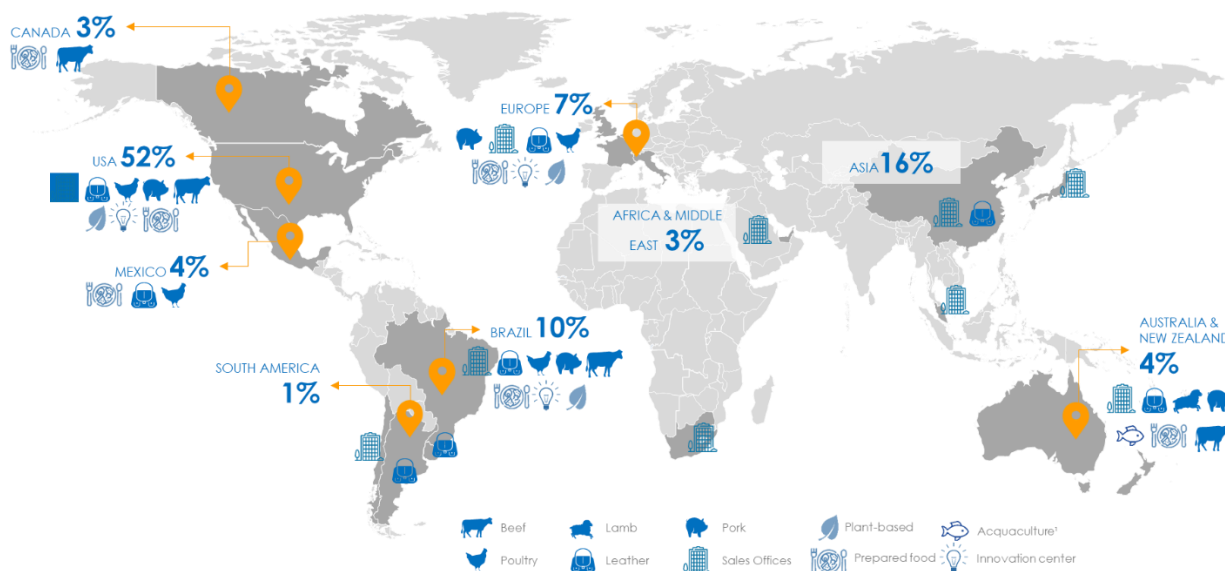
Business Overview

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," "Vivera," and "O'Kane" in Europe.

Through strategic acquisitions and capital investment, we have created a diversified global platform that allows our 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 approximately 190 countries on six continents. We primarily sell our products, which include our 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). We are motivated by our mission to be the best in all that we do, completely focused on our business, ensuring the best products and services to our customers, a relationship of trust with our suppliers, profitability for our shareholders and 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 Brazil, Europe and the United States.



Note: Revenues originated in that region.

¹ The transaction is currently expected to complete in late 2021

We report our financials in the following primary segments: 1) Brazil; 2) Seara; 3) Beef USA; 4) Pork USA; 5) Chicken USA; and 6) Others. Our 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 substantial volume percentage of the operating segments above, the other segments 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.

Sustainability Strategy and Performance

JBS believes that sustainability is the primary issue that will determine the future success of the company. Sustainability involves continuously improving performance across the three pillars of social responsibility, economic viability and environmental stewardship. As one of the most diversified global food companies, JBS has the opportunity to leverage its scale and influence to help create a more promising future for society, while creating value through innovation and a portfolio of sustainable food products. Given this opportunity, sustainability has become the primary strategy by which the company will create value and future-proof its business.

According to estimates from the United Nations, the global population is expected to increase from 7.7 billion people today to nearly 10 billion people in 2050. Given the trajectory of the global population, the demand for protein - both from traditional and alternative protein production systems - will experience tremendous growth, particularly in countries that lack sufficient production capacity to support domestic demand. Our unique global production platform, coupled with our diverse portfolio of produced foods, will contribute to greater standards of living for millions of consumers who will seek to improve their lives through nutrition. JBS is uniquely positioned to sustainably meet rising global protein demand with a portfolio of diversified options to address consumer tastes and preferences for environmentally-friendly products.

Illegal deforestation is one of the most pressing environmental issues facing society today and especially in Brazil it has caused serious negative impacts. We believe that urgent action is needed now and we have taken the most ambitious actions in our sector to confront illegal deforestation in Brazil, including:

- 1) Investing in concrete environmental management actions for over a decade to assess almost 80,000 farms daily using advanced satellite imaging and supplier farm geo-referencing data to monitor a production area of more than 850,000 km² - an area larger than the France, the largest country in Western Europe - across the Amazon, Cerrado, Pantanal, Mata Atlântica e Caatinga biomes in Brazil

- 2) Carrying out a third-party audit annually to verify the compliance level of our direct cattle acquisitions. In the most recent independent audit, it was found that 100% of direct cattle purchases assessed by the auditors met the company's social-environmental criteria.
- 3) In April 2021, JBS launched the Transparent Livestock Platform, which uses blockchain technology and allows us to advance cattle traceability and monitor our entire supply chain, including suppliers of our suppliers. This is a significant technological breakthrough that will eliminate the remaining of deforestation risk from our beef value chain in Brazil by 2025.
- 4) In June 2021, JBS anticipated by five years its cattle traceability target for the Cerrado, Pantanal, Atlantic Forest and Caatinga biomes from 2030 to 2025.

Materiality Assessment and Key Priority Areas

In 2015, JBS performed an extensive corporate materiality analysis (CMA) that identified the material issues for our 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.

The topics identified through this consultation process defined our key priority areas. The material issues as defined through our CMA include:

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

We continuously gather feedback around our material issues from internal and external stakeholders through one-on-one conversations with customers, consumers, team members, subject matter experts and involvement in cross-collaborative supply chain sustainability initiatives.

A History of Sustainable Progress

For more than a decade, JBS has made significant investments and achieved tangible progress in improving our sustainability performance globally. Our performance is reported annually in our Sustainability Report, available at <https://api.mziq.com/mzfilemanager/v2/d/043a77e1-0127-4502-bc5b-21427b991b22/e691b11f-102f-70ed-f7be-ba38c777ce06?origin=1>. Regional sustainability progress for our operations outside of Brazil are detailed in our JBS USA and Pilgrim's annual sustainability reports, which can be found at <https://sustainability.jbssa.com/> and at <https://sustainability.pilgrims.com/>, respectively.

The company also discloses its environmental impact to CDP and was recognized in 2020 as the best Brazilian-based company in the sector on climate change criteria, having achieved a "A-" score. JBS is also among the top 10 global companies in performance according to the FAIRR initiative, the world's fastest growing investor network focused on ESG risks in the global food sector.

JBS has an unwavering commitment to sustainability and has achieved important milestones across key sustainability areas, including reducing global scope 1 and 2 GHG emission intensity by 19%, electricity use intensity by 4% and water use intensity by 10% from 2017 to 2020. In addition, the company has made significant sustainable progress across its global operations, including:

| | | | |
|--|---|--|---|
|  | JBS reused 984,680 tons of waste worldwide in pursuit of achieving a circular economy in 2020. |  | JBS Brazil monitors more than 80,000 direct cattle suppliers for compliance with environmental criteria. |
|  | JBS reused 95,000 tons of waste to generate energy across our global operations in 2020. |  | In 2021, JBS Brazil launched Transparent Livestock Platform, which uses blockchain technology and allows unprecedented advances in the traceability of the cattle production chain. |
|  | 1 st food company in Brazil to use organic waste from its plants to produce fertilizer. |  | 45% of total energy consumed in our facilities comes from renewable energy sources, including 89% in Brazil. |
|  | Kind Leather is a sustainable fam-to-product leather brand that incorporates traceability and clean production. |  | JBS S.A. has announced offering of US\$ 1 billion in Sustainability-Linked bonds to reduce its GHG emissions. |
|  | 430,000 decarbonization credits (CBios) were issued by JBS Biodiesel in 2020. | | |

As part of our Sustainability Linked Bond Framework, and aligned with our Net Zero 2040 Commitment, JBS committed in June 2021 to reduce its global scope 1 and 2 emission intensity (in MTCO₂e per MT of product) by 30% by 2030 with respect to a 2019 baseline across our global operations mainly in Australia, Brazil, Canada, Europe, Mexico, New Zealand, the United Kingdom and the United States. As we undergo the science-based target setting process, JBS's emission targets may evolve, which may impact future sustainability-linked financings.

In June 2021, JBS released an updated 2030 Vision as part of our 2020 Sustainability Report. In addition to the Net Zero 2040 Commitment, other commitments include a 30% reduction in GHG emissions from scopes 1 and 2 in GHG emission intensity compared to a 2019 baseline, to reach 60% of renewable energy, to reduce 15% in water intensity consumption compared to a 2019 baseline and to have a deforestation-free cattle supply chain in Brazil, among many others.

In line with the above, we anticipated by five years our zero illegal deforestation target across our entire cattle supply chain for our operation outside the Amazon, which are the Cerrado, Pantanal, Atlantic Forest and Caatinga biomes from 2030 to 2025. The rapid advance of the Transparent Livestock Platform has enabled the date to be brought forward. Using blockchain technology, JBS will increase the traceability of the cattle supply chain by 2025, identifying upstream links and enforcing sustainability criteria when analyzing the animal suppliers of its own suppliers in every biome where it operates. A significant milestone for the industry, the new platform allows all JBS direct suppliers to also evaluate their own suppliers to ensure that they are all in compliance with the JBS Responsible Procurement Policy.

Sustainability Governance & Risk Management

Our sustainability program is managed by regional directors of sustainability who report to the presidents of our regional business and the corporate sustainability director at JBS in Brazil and the chief sustainability officer at JBS USA, with ultimate oversight from the JBS Board of Directors. These regional leads partner with subject matter experts on our environmental, team member health and safety, animal welfare and food safety and quality assurance teams, who, in turn, are responsible for implementing and improving our sustainability performance on the ground.

The governance structure of JBS is established by the Board of Directors, the Global Compliance Department, a permanent Fiscal Council and advisory committees to the Board of Directors, which work on strategic issues for the company, including: (i) Socio-Environmental Responsibility Committee; (ii) Statutory Audit Committee; (iii) Financial and Risk Management Committee; (iv) Governance, Remuneration and Nomination Committee; and (v) Related Parties Committee.

It is important to highlight that the Company maintains an important governance authority for the sustainability topic through the JBS Socio-Environmental Responsibility Committee, which is responsible for discussing strategic issues at the global level, such as climate issues. This group reports directly to the Board of Directors. The Board's Chairman also leads the Socio-Environmental Responsibility Committee since 2019. Accordingly, the Committee is responsible for connecting all topics related to the Company's business in a global perspective, including: identification, addressing and treatment of critical issues that result in risks or impacts on business; monitoring and implementation of policies, strategies and specific initiatives; and evaluation of proposed sustainability investments.

The Board of Directors is the highest governance body of the Company and includes nine members, two of whom are women and five of whom are independent, so that the Board is of a majority of independent members, and this is above the percentage required by B3's Novo Mercado regulations - a segment in which JBS shares are traded. The directors, elected at the general shareholders' meeting for two-year terms, are responsible for, among other issues, determining business policies and guidelines, as well as economic, social and environmental commitments.

Climate Strategy: Our Net Zero 2040 Commitment

In 2021, JBS became the first major global meat and poultry company to commit to achieve net-zero greenhouse gas emissions by 2040. As part of our commitment, JBS has signed on to the United Nations Global Compact's Business Ambition for 1.5°C initiative, which aligns with the most ambitious aim of the Paris Agreement to limit global warming. The company will set targets that will put us in net zero trajectory across our global operations and value chains in South America, North America, Europe, the U.K., Australia and New Zealand. We are also committed to provide a time-bound roadmap that provides interim targets consistent with the criteria set forth by the Science Based Targets initiative for a 1.5°C trajectory. Finally, JBS will also provide annual updates on progress to ensure Transparent and disclose its financial risks linked to climate change, in line with the Task Force on Climate-related Financial Disclosure (TCFD) initiative.

Strategies to Achieve Net Zero

To accomplish our net zero ambitions, JBS will adopt several strategies to achieve reductions in emissions and promote transparent accountability, including:



Eliminating illegal deforestation from our Brazilian cattle supply chain – including the suppliers of our suppliers – in the Amazon and other Brazilian biomes by 2025 and advance traceability to assure deforestation-free supply chains across our global business.



Converting to 100% renewable electricity across our global facilities by 2040 and joining RE100.



Investing more than US\$1 billion in incremental capital expenditures over the next decade in emission reduction projects.



Reducing scope 1 and 2 emission intensity in our facilities by at least 30% by 2030 against our base year 2019.



Ensuring accountability by tying performance against environmental goals to executive compensation.



Promoting collaboration between the multiple sectors in our value chain and other stakeholders.



Investing US\$100 million in R&D projects to assist producer efforts to strengthen and scale regenerative farming practices, including carbon sequestration and on-farm emission mitigation technologies.

Deforestation-Free Beef Supply Chain Target in Brazil: Transparent Livestock Farming Platform

Monitoring the cattle supply chain in Brazil

For over ten years we have been on the frontlines, making significant investment to efficiently monitor our cattle supply chain. We do not condone illegal deforestation from our suppliers, and we have taken decisive action to eradicate this problem in our supply chain in the Amazon and other Brazilian biomes where we operate, as stated in the Company's Responsible Procurement Policy.

To enforce this, the JBS **Geo-Monitoring System** assesses almost 80,000 farms daily using advanced satellite imaging and supplier farm geo-referencing data to cover more than 850,000 km² - **an area more than 3.5x larger than the UK** - across the Amazon, Cerrado, Pantanal, Mata Atlântica e Caatinga biomes in Brazil. Any farm involved in illegal deforestation, invasion of protected areas such as indigenous lands or environmental conservation areas, or that has areas embargoed by IBAMA (the Brazilian Environmental Agency) is automatically blocked from our supply chain.

The system also blocks livestock purchases from farmers involved in rural violence or land conflicts, or those who use slave or child labour and who appear on the Ministry of Economy Forced Labour Blacklist. **The company has blocked more than 11,000 livestock supplying farms for non-compliance to date.**

In the most recent independent audit of the system, it was found that **100% of direct cattle purchases assessed by the auditors met the company's social-environmental criteria**. The results of all independent audits are available on the JBS website (<https://jbs.com.br/en/sustainability/product-integrity/cattle-responsible-purchase/>).

Developing Sectoral Approaches to Reduce Deforestation

Our efforts to achieve a deforestation-free beef value chain include developing and supporting sectoral approaches to drive meaningful change and reduce deforestation across the entire beef industry in Brazil. JBS is founder and co-developer of the **Beef on Track platform** (www.beefontrack.org) enforced by the Brazilian Federal Prosecutor's Office, and followed by around 100 beef processing companies operating in the Amazon.

The platform acts as a one-stop hub providing access to systems, tools, data and technical information to guide small and medium-sized meatpackers on how to evaluate and monitor their own cattle suppliers to avoid deforestation and other irregularities.

Advancing Cattle Traceability and Addressing the Suppliers of our Supplier Issue

There is no mandatory traceability or tagging of cattle from birth in Brazil. One of the main challenges for monitoring the entire cattle supply chain (direct and suppliers of our suppliers) is the unavailability of information that allows tracking of all supply chain movements. Currently, there is no legal way to access the Ministry of Agriculture's GTA (Animal Transit Permits) database, except for the two parties named on a particular journey.

This is a sectoral challenge not unique to JBS. However, the company has acted independently to establish its own, privately-funded blockchain platform, the **Transparent Livestock Platform** (<https://www.pecuariatransparente.org.br/>), to advance cattle traceability and monitor our entire supply chain, including suppliers of our suppliers.

The platform went into operation in April this year with good acceptance from suppliers, which allowed JBS to bring forward its target of achieving a deforestation-free supply chain in all Brazilian biomes where it operates from 2030 to 2025, in line to the commitment previously established for the Amazon biome. Therefore, this significant technological breakthrough will eliminate the remaining of deforestation risk from our beef value chain in Brazil in four years, by 2025.

Direct cattle suppliers have been requested to provide information on their animal suppliers through the Transparent Livestock Platform that analyzes suppliers of our suppliers' farm compliance. The outcome of suppliers of our supplier's farm analysis is made available to JBS suppliers through the blockchain platform, enabling them to verify socio-environmental compliance throughout their own supply chain. As a result, the JBS direct suppliers can start managing their supply chain according to JBS' procurement policy.

To ensure security and confidentiality of third-party information in the blockchain platform - especially on sensitive commercial information from direct suppliers' supply chain - JBS will have access only to consolidated data and information of its suppliers. This is crucial to enhance trust between JBS and its suppliers.

In addition to advancing supply chain traceability, JBS is also committed to driving supplier transformation. That is why is necessary a transition period by end of 2025. Over this time, the direct suppliers membership into the Transparent Livestock Platform will be made in voluntary basis and non-compliant suppliers of our suppliers will not be blocked immediately because this would not solve the issue of deforestation. Instead, JBS is providing legal and environmental advisory services to support producers' efforts to resolve their property's environmental liabilities and enhance sustainable production. These services are available free of charge to all ranchers who join the platform through the JBS Green Offices.

JBS has opened **13 “Green Offices”** to assist ranchers in these efforts and to provide bespoke advice around the issues they face which can range from paperwork complications, to the need for a conservation plan or the need to reforest part of their property according to the Brazilian law. The Green Offices are located at 13 JBS processing units in the states of Pará, Mato Grosso, Rondônia, Mato Grosso do Sul and Goiás as follow (learn more at this [link](#)).

| JBS Green Offices | |
|--------------------|-----------------------|
| State | Municipality |
| Pará | Marabá |
| | Redenção |
| Mato Grosso | Alta Floresta |
| | Barra do Garças |
| | Confresa |
| | Diamantino |
| | Juara |
| | Pontes e Lacerda |
| Rondônia | Porto Velho |
| | São Miguel do Guaporé |
| Mato Grosso do Sul | Campo Grande |
| Goiás | Goiânia |
| | Mozarlândia |

Suppliers that fail to cooperate and comply will be blocked from selling to the company from 2025. Therefore, from January 1, 2026, it will be mandatory for all JBS direct cattle suppliers to join the Transparent Livestock Platform and demonstrate their own supply chain meets the company's Responsible Procurement Policy.

This engagement approach is designed to drive permanent, meaningful change across the industry. Suppliers are incentivized to collaborate with JBS as full compliance with our policies ensures they also meet the Brazil Forest Code and are part of a more sustainable livestock system.

A transparent roadmap with intermediate targets to benchmark progress from now until 2025 has also been developed. This includes annual targets based on the total slaughter of the previous year and expressed in number of head of cattle for each period, to ensure incremental progress. Annual targets will be verified annually by a third party.

The challenge of eliminating deforestation in Brazil is complex, but achievable. JBS has been committed for over a decade to be a part of the solution to improve the sustainability of the beef value chain and we

are hopeful the achievement of all of our deforestation targets can be accelerated as more stakeholders and companies commit to decisive action that will positively impact the entire sector.

Going beyond the Value Chain and Supporting the Sustainable Development of the Amazon

We strongly believe that sustainability must go hand in hand with research, education and development. For this reason, in September 2020, JBS launched its **“JBS Fund for the Amazon”** to promote the sustainable development of the Amazon biome by financing conservation, projects to promote the sustainable use of the forest, scientific research on forest assets and initiatives to improve the quality of life of the population living there. JBS will contribute R\$ 250 million over the first 5 years, and as much R\$ 500 million by 2030.

As a company we are committed to the communities in which we operate, and we hold ourselves accountable for meeting the targets we have outlined. We are focused and steadfast on accelerating our supply chain transparency and on playing our role in the fight against climate change together with the support of our value chain, subsidiaries, and customers. Sustainability is an indissociable part of our business strategy and we will continue to invest in driving forward standards through education, collaboration, and enforcement.

Sustainability-Linked Bond Framework

Rationale for Sustainability-Linked Bond Framework

JBS’s sustainability-linked bond framework demonstrates its commitment to being the first global protein company to set a 2025 deadline to trace its entire cattle supply-chain in Brazil and achieving a deforestation-free value chain that is fundamental to reduce GHG emissions across the businesses (scope 3) under the company Net Zero 2040 commitment. The framework links our global sustainability strategy for Climate Changes issue and efforts against illegal deforestation in Brazil 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.

Sustainability-Linked Bond Framework

JBS created this Sustainability-Linked Bond Framework in accordance with ICMA’s Sustainability-Linked Bond Principles (SLBP) 2020. This framework demonstrates how a JBS SLB aligns with JBS’s global sustainability strategy and reinforces our commitment to a deforestation-free supply chain in Brazil, ensuring all suppliers comply with JBS’ policy of zero tolerance for illegal deforestation and other socioenvironmental criteria outlined in JBS’ Responsible Procurement Policy.

The following five components form the basis of JBS’s framework:

- 1) selection of key performance indicators (KPIs);
- 2) calibration of sustainability performance targets (SPTs);
- 3) bond characteristics;
- 4) reporting on the above, and
- 5) independent verification.

1- KPI Selection

JBS has selected the following KPI, which is core, relevant and material to our business.

| Key Performance Indicator | Rationale |
|--|---|
| <p>KPI: Number of heads of cattle reported in the JBS Transparent Livestock Platform. This amount will be calculated based on the sum of heads of cattle slaughtered in the previous year that were supplied by suppliers registered in the JBS Transparent Livestock Platform.</p> <p>SPT: To have the number of heads of cattle related to the direct suppliers registered into the JBS Transparent Livestock Platform by the end of 2025 equal 100% of the number of heads of cattle slaughtered by the Company in Brazil in 2024.</p> <p>Long-term goal: Advance the traceability of the cattle supply chain in Brazil to achieve a deforestation-free cattle supply chain in Brazil as defined by the criteria from the JBS Responsible Procurement Policy</p> | <p>Illegal deforestation is one of the most pressing issues facing society today and especially in Brazil it has caused serious negative impacts such as harming native fauna and flora, leading to extinction dozens of native species; polluting rivers and springs; invading indigenous lands or environmental conservation units, among others. Illegal deforestation is also directly linked to climate change, as forests are a significant carbon stock. This will negatively impact future generations if bold action is not taken immediately. This issue also poses significant risks to our business, our producer partners, customers and consumers. Our 2015 CMA identified environmental stewardship and product Integrity, including food safety, quality assurance, guarantee of origin and supplier relationship as two of our material issues.</p> <p>In response, over the last 10 years, JBS has developed one of the most sophisticated and largest supplier monitoring systems in the world, which uses satellite images and supplier farm geo-referencing data to ensure the company only buys raw-material from producers who fully meet its social and environmental criteria, including zero tolerance to illegal deforestation and invasion of protected areas such as indigenous lands or environmental conservation areas; not having areas embargoed by Ibama; not being on the Brazilian Ministry of Economy Forced Labour Blacklist. The system also blocks livestock purchases from farmers involved in rural violence or land conflicts. As a result, the company has blocked more than 11,000 livestock supplying farms for non-compliance to date.</p> <p>In 2020, the Company went further, taking on a stronger commitment to sustainability in the Amazon biome, by launching its own, privately-funded blockchain platform, the Transparent Livestock Platform, which allows JBS to advance cattle traceability and monitor its entire cattle supply chain, including suppliers of our suppliers.</p> <p>Direct cattle suppliers have been requested to provide information on their suppliers through the Transparent Livestock Platform that analyzes suppliers of our suppliers' farm compliance, which will be validated by third parties. The outcome of the analysis will be sent directly to the JBS supplier who will be able to view socioenvironmental compliance throughout his entire supply chain. Thanks to blockchain technology, it is possible to maintain the commitment to the security and confidentiality of third-party information throughout the process.</p> <p>The direct suppliers are responsible for registering their own suppliers (that is, JBS' secondary suppliers) into the platform. The direct suppliers will collect their data through a specific app – developed by JBS - that will screen the necessary information from official documents into the platform. The platform will then automatically send over the results of social-environmental secondary suppliers' property analysis to the direct</p> |

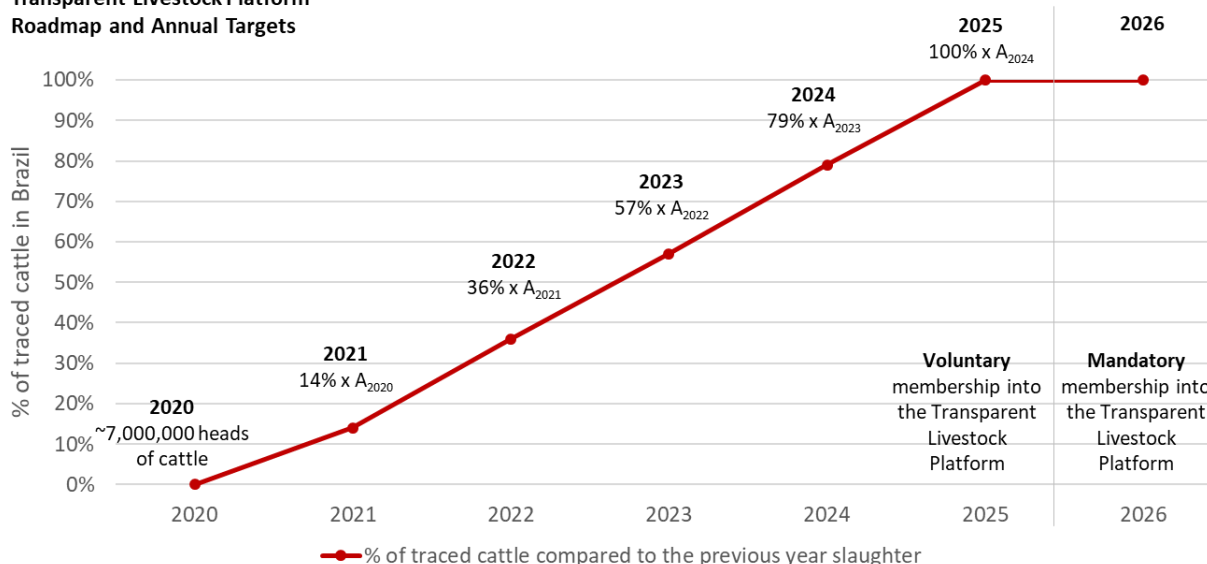
| | |
|--|---|
| | <p>suppliers and, thus, enabling them to manage their own supply-chain, according to the company's procurement policy.</p> <p>JBS' Transparent Livestock Platform will cover Tiers 1 and 2 suppliers. According to the Environmental Conduct Guide from TNC, Tiers 1 and 2 meatpacking suppliers are responsible for 84% of the total deforestation and a study from Indirect Suppliers Working Group in Brazilian Livestock (GTFI) in 2019 shows that direct suppliers and Level1 (indirect suppliers - first link in the supply chain) account for 89% of the deforestation in livestock supply chain.</p> <p>Until the end of 2025, direct suppliers' membership into the Transparent Livestock Platform will be made in voluntary basis, therefore non-compliant suppliers of our suppliers will not be blocked immediately because this would not solve the issue of deforestation. Instead, JBS is providing legal and environmental advisory services to support producers' efforts to resolve their property's environmental liabilities and enhance sustainable production. These services are available free of charge to all ranchers who join the platform through the JBS Green Offices.</p> <p>JBS has opened 13 "Green Offices" to assist ranchers in these efforts and to provide bespoke advice around the issues they face which can range from paperwork complications, to the need for a conservation plan or the need to reforest part of their property according to the Brazilian law.</p> <p>From January 1, 2026, it will be mandatory for all JBS direct cattle suppliers to join the Transparent Livestock Platform and demonstrate their own supply chain meets the company's Responsible Procurement Policy. Suppliers that fail to cooperate and comply will be blocked from selling to the company.</p> <p>A transparent roadmap with intermediate targets to benchmark progress from now until 2025 has also been developed. This includes annual targets based on the total slaughter of the previous year and expressed in number of head of cattle for each period, to ensure incremental progress. Annual targets will be verified annually by a third party.</p> |
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Efforts to eliminate deforestation from our supply chain in Brazil are aligned with United Nations Sustainable Development Goals 12: Responsible Consumption and Production, 13: Climate Action, and 15: Life on Land.

2- Sustainability Performance Targets Calibration

SPT: To have the number of heads of cattle reported into the JBS Transparent Livestock Platform during 2025 equal 100% of the number of heads of cattle slaughtered by the Company in Brazil in 2024

Transparent Livestock Platform Roadmap and Annual Targets



A_{Year} = annual target defined in terms of the previous year slaughter, measured in heads of cattle.

This amount will be calculated based on the sum of heads of cattle slaughtered in the previous year that were supplied by suppliers registered in the JBS Transparent Livestock Platform.

The Sustainability Performance Target has been selected based on the JBS global commitment to having a deforestation-free supply chain, more specifically by tracing 100% of its cattle purchases in all biomes it operates in Brazil. Strategies to achieve this can be found in the 'Deforestation-Free Beef Supply Chain Target in Brazil: Transparent Livestock Farming Platform' section of this framework.

JBS views the key risks associated with achieving traceability targets as largely tied to the timing of having the totality of our suppliers joining the Transparent Livestock Platform. Other risks include low adherence of our suppliers to join the platform, suppliers of our suppliers facing difficulties to correct/regularize their situation in case of non-compliance, change in regulatory environment, other operational disruptions and *force majeure events* that could impact our ability to implement our traceability strategy.

The 2020 baseline as the first year of SPT timeline was chosen considering that it is the most recent full year for which the Transparent Livestock Platform was not yet operational. However, since the platform was launched in 2021, no heads of cattle were traced in 2020 under the Transparent Livestock Platform. Annual traceability targets will be adjusted based on the total slaughter of the previous year and expressed in number of heads of cattle. Traceability data verification with respect to each year's baseline will be subjected to a post-issuance, third-party limited assurance audit. All post-issuance annual progress updates will be based on the previous' year verified baseline.

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 (as defined on page 4). If the restructuring takes place, and impacts the KPI calculation, JBS will recalculate the previous year baseline for the percentage of traced cattle KPI to include only the entities remaining within JBS S.A.'s perimeter. The SPT will continue to pursue a 100% traceability over the previous year baseline, and interim measurements will be recalculated based on expected linear progress.

Instrument-specific SPTs will be defined in the instrument's documentation but tied to the targets discussed above.

3- Bond Characteristics

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).

Reporting

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 (<https://ri.jbs.com.br/en/>) 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.

External Verification

Pre-Issuance

JBS has obtained and made publicly available a Second Party Opinion ("SPO") from ISS ESG to provide an opinion on the sustainability benefit of this SLB Framework as well as the alignment to the SLBP 2020. 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.

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The information and opinions contained in Framework are provided as of the date of this Framework and are subject to change without notice. None of JBS or any of our affiliates assume any responsibility or obligation to update or revise such statements, regardless of whether those statements are affected by the results of new information, future events or otherwise. This Framework represents current JBS’s policy and intent, is subject to change and is not intended to, nor can it be relied on, to create legal relations, rights or obligations. This Framework is intended to provide non-exhaustive, general information. This Framework may contain or incorporate by reference public information not separately reviewed, approved or endorsed by JBS and accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by JBS as to the fairness, accuracy, reasonableness, or completeness of such information. This Framework may contain statements about future events and expectations that are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are generally identified through the inclusion of words such as “aim,” “anticipate,” “believe,” “drive,” “estimate,” “expect,” “goal,” “intend,” “may,” “plan,” “project,” “strategy,” “target” and “will” or similar statements or variations of such terms and other similar expressions. Forward-looking statements inherently involve risks and uncertainties that could cause actual results to differ materially from those predicted in such statements. None of the future projections, expectations, estimates or prospects in this document should be taken as forecasts or promises nor should they be taken as implying any indication, assurance or guarantee that the assumptions on which such future projections, expectations, estimates or prospects have been prepared are correct or exhaustive or, in the case of assumptions, fully stated in the Framework. No representation is made as to the suitability of any Sustainability-Linked Instruments to fulfil environmental and sustainability criteria required by prospective investors.

This Framework does not create any legally enforceable obligations against JBS; any such legally enforceable obligations relating to any Sustainability-Linked Instruments are limited to those expressly set forth in the legal documentation governing each such series of Sustainability-Linked Instruments. Therefore, unless expressly set forth in such legal documentation, JBS’s failure to adhere or comply with any terms of this Framework, including, without limitation, failure to achieve any sustainability targets or goals set forth herein, will not constitute an event of default or breach of contractual obligations under the terms and conditions of any such Sustainability-Linked Instruments. Factors that may affect JBS’s ability to achieve any sustainability goals or targets set forth herein include (but are not limited to) market, political and economic conditions, changes in government policy (whether with a continuity of the government or on a change in the composition of the government), changes in laws, rules or regulations, and other challenges.