

Module: Introduction

Page: F0. Introduction

F0.1

Please identify the coverage of your disclosure with regard to your direct operations

Whole Company

F0.1a

Please identify any exclusions regarding your direct operations in the following table

Exclusion	Potential for deforestation risk	Please explain
-----------	----------------------------------	----------------

F0.2

Are there any aspects of your supply chain that have the potential to cause deforestation but are excluded from this disclosure?

No

F0.2a

Please identify these exclusions in your supply chain in the following table

Exclusion	Potential for deforestation risk	Please explain
-----------	----------------------------------	----------------

F0.3

Do you produce or use materials that contain any of the forest risk commodities? Please complete the table

Forest risk commodity	Produce/use forest risk commodity	Included in disclosure	Explanation if not disclosing but produce/use the commodity
Timber	Yes	Yes	
Palm Oil	Yes	No	The company has a few business units that produce hygiene and cleaning products with Palm Oil imported from Malaysia and Indonesia. These companies are part of Round Table of Sustainable Palm Oil - RSPO. This raw material is used in the soap basic dough, which is made from vegetable oils. However, the purchased volume of palm oil is not representative within the company's operations.
Cattle Products	Yes	Yes	
Soy	Yes	Yes	
Biofuels	Yes	No	The company produces and uses biodiesel. It has a new business on biodiesel production and also a carrier fleet supplied with the B5 diesel that has a 5% of biodiesel mixture. The biodiesel production uses beef tallow as a raw material, reusing the waste generated in JBS` slaughtering operations. Considering that the procedures for commodity deforestation risk management for tallow are the same as described for cattle, JBS won't report on biodiesel separately. JBS has an outstanding participation in the renewable fuels market and is the first company to produce biodiesel based on animal fat in Brazil. Its production plant of Biofuels from beef tallow, located in Lins (SP) is certified by International Sustainability Carbon Certification (ISCC) and ISO 9001-2008. The use of tallow from beef processing ensures the sustainable source of raw material, considering all the company's framework for cattle origin guarantee. JBS carrier own and contracted fleet are work on diesel B5 which is a biofuels blended with publicly available fuel with 95% fossil diesel and 5% biodiesel. This fuel is acquired in regular distributor authorized by National Petrol Agency. In the case of official blends, which represent the whole biofuel consumption, the deforestation risk of the commodity is considered out of the company's control, once it is controlled by the government.

F0.4

Please confirm which commodities you will be disclosing on

Timber
Cattle Products

Soy

F0.5

Please select the period for which you are reporting

Disclosure Period
Tue 01 Jan 2013 - Tue 31 Dec 2013

Further Information

JBS S.A. is a global leader in animal protein processing, owner of beef, pork and lamb, poultry and leather processing plants, in addition to feedlots. It also operates in the segments of cleaning and hygiene products, collagen, can making, casings, biodiesel, vegetable, recycling and transport. Headquartered in São Paulo and foothold in 22 different countries, the company has more than 185,000 employees in production platforms and sales offices. Its team serves more than 300,000 customers in over 150 countries, offering a vast product portfolio and renowned brands, including Swift, Friboi, Seara, 1855, Canelones, Great Southern, Doriana, Rezende, Seara Turma da Mônica, Maturatta, Swift Black, All Natural, Cabaña Las Lilas, Pilgrim's, Gold Kist Farms, Pierce and Frangosul. The businesses are organized in the following units: JBS Mercosul (which includes the Company's beef, leather and related businesses in Brazil, Argentina, Paraguay and Uruguay), JBS USA (responsible for operations in Australia, Canada, the United States, Mexico and Puerto Rico) and JBS foods, created in 2013 with focus on the poultry, pork and value added products in Brazil. The company's shares have been traded in the Novo Mercado Special Corporate Governance Listing segment of the BM&FBOVESPA since 2007, when it held its IPO. In 2013, the company posted net revenue of R\$92.9 billion, with exports accounting for 27% of this total. In terms of revenue breakdown by business unit, JBS Mercosul contributed with R\$25.8 billion (including JBS Foods), while JBS USA contributed with US\$18.6 billion (beef), US\$3.5 billion (pork) and US\$8.4 billion (poultry).

Module: Evaluation

Page: F1. Risk Assessment

F1.1

Have you scoped the full range of products or services that use your selected commodities?

Forest risk commodity	Scoped full range of products or services that use your selected commodities?	If partial, please select percentage of spending scoped	Please provide details of products and services covered
Timber	Yes		Stationary combustion, Office materials, products packages.
Cattle Products	Yes		Operations of slaughtering, processing and industrialization of beef/ confinement for purchasing and cattle fattening for slaughtering.
Soy	Yes		Animal feed production for poultry, porks and cattle.

F1.2

Do you have a list of products and/or suppliers for each of the relevant commodities?

Forest risk commodity	Products	Suppliers
Timber	Yes	Yes
Cattle Products	Yes	Yes
Soy	Yes	Yes

F1.3

Have you undertaken a risk assessment of these commodities covering regulatory, reputational, and operational deforestation risk?

Forest risk commodity	Risk assessment completed?	Risk assessment process
Timber	Yes	JBS evaluated Regulatory, reputational and operational deforestation risks for timber. The identified risks are: Purchase of illegal timber, or from deforestation areas involves regulation risks (for example: IBAMA inspection) and financial risks due to possible fines and; reputational (company image). A possible reputational and operational risk related to the purchase of timber from deforestation areas may cause a trade embargo, which can affect exportation to Europe or other markets. Another regulatory and operational risk is a possible new regulation that may ban crops in determined regions of the country, being necessary to buy timber from other regions, which can increase production costs due to transportation or reallocation of plants.
Cattle Products	Yes	JBS evaluated Regulatory, reputational and operational deforestation risks for soy. The identified risks are: Purchase of cattle from deforestation areas involves regulation risks as prosecution from the Public Ministry due to not complying with the conduct adjustment term; financial risks due to possible fines and; reputational (company image). A possible reputational and

Forest risk commodity	Risk assessment completed?	Risk assessment process
		operational risk with buying cattle from deforestation areas may cause a trade embargo, which can affect exportation to Europe and other markets. Another reputational risk is NGOs`pressure. Another Regulatory and financial risk is a possible conduct from JBS` clients from banning purchases of meat from cattle raised in determined regions of the country, what may turn in a commercial restriction and increase production cost due to changes in supplier locations or plants reallocation.
Soy	Yes	JBS evaluated Regulatory, reputational and operational deforestation risks for soy. The identified risks are: Purchasing soy from deforestation areas may cause a trade embargo, which can affect exportation to Europe and other markets, representing an operational and reputational risk. A possible Regulatory and financial risk is a potential new regulation that may ban crops in determined regions from the country, with the need to change suppliers and/or their locations, which can increase production costs due to transportation or reallocation of plants. Another Regulatory and financial risk is a possible requirement from JBS` clients not accepting to purchase poultry and pork fed with soy from determined areas of the country, what could be a commercial restriction.

F1.4

For your selected commodities, please give each one a risk rating, where 1 is the highest risk and 5 is the lowest risk

Forest risk commodity	Risk rating
Timber	3
Cattle Products	1
Soy	2

F1.5

What criteria did you use to assign the risk ratings in F1.4? Please select all that are applicable

- High profile
- Media coverage
- Potential impact on brand reputation
- Scale of our buying power
- Future sourcing risk/cost or availability
- NGO/government concerns
- High level of consumption

Reputation of supplier partner
Scale of environmental impact

F1.6

If you have defined risk on the basis of other factors, please outline them here

Further Information

Not applicable.

Module: Traceability

Page: F2. Traceability and Supplier Engagement

F2.1

Are there formal systems to identify the point of origin of the relevant commodities in your products or services?

Forest risk commodity	System to identify point of origin?	Comment
Timber	Yes	In Brazil, fuel used on industrial boilers is mainly from renewable sourced vegetal biomass, of which a large portion comes from planted forests (firewood, wood chips, briquets, sawdust, and others) and industrial waste (sugar cane bagasse). When biomass is sourced from native species, it must be accompanied by a Forest Origin Document, issued by the Brazilian Institute of the Environment - IBAMA, agency from the governmental Environmental Ministry. The document is a mandatory license for the control of native forestry product and sub product transportation and commercialization. It presents information on the origin, destiny, quantity and purpose of transportation. Furthermore, before conducting the registration of biomass supplier, an environmental and social analysis must be performed based on IBAMA and Ministry of Labor (MTE) public dirty lists that shows respectively, legal persons and entities with embargoed areas due to illegal deforestation/inappropriate land use and that are involved in slave labor. All environmental management of the biomass purchasing process is a responsibility of the environmental department of each operational unit. This

Forest risk commodity	System to identify point of origin?	Comment
		includes management of the requirements Native Forest Consumer Registration and Forest Origin Document or other specific state requirement. This information is on the Normative Instruction, developed by JBS' Department of Supplies, which guides the company's purchasing practices.
Cattle Products	Yes	Since 2010, JBS has developed a set of mechanisms to control cattle purchase and traceability of its origin, in order to guarantee that the company doesn't acquire animals from farms with: <ul style="list-style-type: none"> • Deforested after 2009 in the Amazon Biome; • Embargoed by Brazilian Institute of the Environment – IBAMA; • Protected Areas and Indigenous Lands invasion; • Slave or degraded labor. The System for Social and Environmental Monitoring of Cattle Suppliers is composed of two analysis processes that work in an integrated way. The first one works on a daily download of public agencies IBAMA and Ministry of Labor (MTE) dirty lists and a crosschecking of suppliers taxpayer numbers database against them. Suppliers that appear on the lists are automatically blocked in the Enterprise Resource Planning System (ERP) and no purchasing operations will go forward. The second process is run by a system that analyses cattle farms in the Brazilian Legal Amazon based on geographical information. It performs by daily geo monitoring through the digital overlay of georeferenced maps of cattle supplier properties and deforestation maps published by National Space Research Institute (INPE) combined with official data from National Indigenous Foundation (FUNAI) and National Conservation Units System (SNUC). JBS only allows operations of cattle purchase if an Animal Transportation Form (GTA) is provided. This is the official governmental document for animal transportation in Brazil that contains information on the origin, destiny, breed, quantity, gender, age, sanitary conditions and the transportation purpose. It is issued by Ministry of Agriculture, Livestock and Food Supply. When a supplier delivers its cattle to a beef facility, the invoice must be submitted with the GTA. Both document must be analyzed by the monitoring system and contain the same data of cattle origin. In case of any inconsistency, the operation and payment won't be concluded and the cattle will be returned, what ensures that the purchased herds are not related to deforesting practices. The company also has a system for identifying QR-Code on all labels of fresh beef, which allows consumers to know the origin of the product consumed - from the farm supplier of cattle to the processing facility. This program is called "Trust since the origin" and in first instance was created due to quality and sanitary requirements.
Soy	Yes	JBS only purchases soy from suppliers that follows/meets the Soy Moratorium. The purchase from large suppliers that are part of the Brazilian Association of Vegetable Oils Industries (ABIOVE) and Brazilian National Association of Cereal Exporters (ANEC) guarantees that the commodity is in compliance with the criteria established in the Soy Moratorium.

F2.2

Are you working with your direct suppliers to improve traceability to point of origin (e.g. grower or rancher)?

Forest risk commodity	Working with your suppliers?	Please explain
Timber		

Forest risk commodity	Working with your suppliers?	Please explain
Cattle Products		
Soy		

F2.3

Do you work beyond the first tier of your supply chain to manage and mitigate risk?

Work beyond first tier of supply chain?	Please explain
Yes	<p>JBS relies on its System for Social and Environmental Monitoring of Cattle Suppliers that uses satellite images, farms georeferenced maps and deforestation data from the National Space Research Institute (INPE). Another module of the system crosschecks supplier's database against official public body's lists of embargoed areas (IBAMA) and slave work MTE). To promote sustainability in value chains, JBS is part of multi-stakeholder working groups that discuss and develop principles and standards to the sector. The company is a founding member and on the board of the Global Roundtable for Sustainable Beef (GRSB), participates on the Steering Committee of the Sustainable Beef Working Group (GTPS), belongs to the Executive Committee of the Leather Working Group and has joined the Brazilian Roundtable on Sustainable Livestock (BRSL). JBS has a partnership with Brazilian NGO Instituto Centro de Vida (ICV) to encourage farmers on the sustainable cattle raising in the Amazon biome. About 10 cattle farmers received technical assistance with instructions to adopt good farming practices recommended by Embrapa Beef Cattle. The program aims to improve farmers' productivity, quality, environmental compliance and reduce GHG emissions. As a result, there was an increase in production efficiency of the pilot area from 1 to 3 animals per hectare. This proves to farmers that it is possible to grow without clearing new areas of forest into pasture. As part of the Origin Guarantee Program, the company has a technical team that conducts cattle farms periodic visits in order to monitor and guide the adoption of livestock good practices. In 2013, technicians hold about 450 visits, in which farmers received training on sanitary management, medicines use and animal wellbeing. Quality is the main driver, but Embrapa's BPA (Farming and Livestock Good Practices) guidelines are also approached, including guidance to follow environmental law before creating new pastures, environmental management practices and respect protected areas within the farm. JBS was the only beef and company to officially support the BPA. In 2013, 13 young bull producers were acknowledged because they implemented practices from the BPA Program. They received conformity attestations ranked in gold, silver and bronze, according to the compliance achieved. This adaptation s is a step for future certification.</p>

F2.4

Can you map your supply chains geographically by region or country of origin?

Forest risk commodity	Can you map your supply chains?	Please provide details of supply chains mapped
Timber	Yes	JBS has information of its commodities supply chain location. This information can be generated by the company's ERP ((Enterprise Resource Planning System), which has the records of all suppliers including legal person/entity tax payer's numbers and location. All invoices come with information of the product origin.
Cattle Products	Yes	The Enterprise Resource Planning System (ERP) contains the records of all suppliers, including legal person/entity tax payer's numbers and location of farms. Suppliers in the Amazon Legal area represent about 58% of the total in the country. JBS has also a more detailed mapping tool for suppliers located in the Legal Amazon region, which was developed as part of the System for Social and Environmental Monitoring of Cattle Suppliers. The system uses satellite images, farms georeferenced maps, deforestation data from the National Institute for Space Research (INPE) and official public agencies dirty lists of embargoed areas and person/entities involved in slave labor to identify and block supplier farms showing any non-compliance related to deforesting or slave labor. To perform geospastial analysis of Amazon biome cattle suppliers and identify if they are using deforested lands after 2009, JBS has a database of the farms maps that are transposed to a technological system based on geographic information (GIS). The system performs daily monitoring through overlaying of farms georeferenced maps against maps of deforestation areas trends published by INPE. In addition, official maps of indigenous lands and protected areas in the Legal Amazon region are also used. More information about the System for Social and Environmental Monitoring of Cattle Suppliers and mapping tool can be found at: http://www.jbsglobal.com/sites/default/files/audit.pdf
Soy	Yes	JBS has information of its commodities supply chain location. This information can be generated by the company's ERP (Enterprise Resource Planning System), which has the records of all suppliers including legal person/entity tax payer's numbers and location. All invoices come with information of the product origin.

F2.5

Can you identify the actual location of production?

Forest risk commodity	Can you identify the actual location of production?	Please explain
Timber	Yes	As for other materials and suppliers, the company works with a formal procurement process for all regions, in which all purchased materials are registered, as well as the respective suppliers' database, such as taxpayer number and location of the product's origin. The procedure of daily comparison of suppliers' taxpayer registration numbers database against the ones that appear in public agencies IBAMA and Ministry of Labor (MTE) dirty lists also comprises timber suppliers. For every contract the supplier has

Forest risk commodity	Can you identify the actual location of production?	Please explain
		to sing a commitment, expressed as contract clauses or terms & conditions, to not have practices of deforestation, illegal occupation of lands and slave labor.
Cattle Products	Yes	To guarantee sustainable sources for raw material used in production, JBS relies on a System for Social and Environmental Monitoring of Cattle Suppliers. The system uses satellite images, farms georeferenced maps and deforestation data from the National Space Research Institute (INPE) to identify any suppliers' farms that appear in deforested areas. It also compares suppliers' database against official public agencies dirty lists (embargoed areas and slave labor involved person/entities) to block non-compliant farms. Currently there is full traceability of direct cattle suppliers, as shown by the Third Party Audit on JBS' cattle purchase procedures and data, which is conducted annually. As described in the Audit Report, the engagement included the evaluation of the compliance to deforesting, slave work, indigenous and protected areas invasion criteria established in the Greenpeace Commitment. The year based 2013 audit report was also released to the company's stakeholders. The audit concluded that JBS has complied with the terms of all its agreements and did not identify any evidence to suggest otherwise. Despite this high level of compliance, the company remains committed to continuously improve performance. With this purpose, JBS is following the development of new tools for the complete traceability of the livestock value chain in Brazil, including also indirect suppliers such as breeding smaller ranchers. This initiative is called the Farming and Cattle-Raising Management Platform which is being developed by the Brazilian Confederation of Agriculture and Livestock (CNA) together with MAPA (Ministry of Agriculture, Livestock and Food Supply). The company also has a a system for identifying QR-Code on all labels of fresh beef, which allows consumers to know the origin of the product consumed - from the farm supplier of cattle to the processing facility. This program is called "Trust since the origin" and in first instance was created due to quality and sanitary requirements. More information about the System for Social and Environmental Monitoring of Cattle Suppliers and the audit report can be found at: http://www.jbsglobal.com/sites/default/files/audit.pdf
Soy	Yes	JBS has a policy of only buying soy products from companies that are signatories of the Soy Moratorium. As for other materials and suppliers, the company works with a formal procurement process for all regions, in which all purchased materials are registered, as well as the respective suppliers' database, such as taxpayer number and location of the product's origin. The procedure of daily comparison of suppliers' taxpayer registration numbers database against the ones that appear in public agencies IBAMA and Ministry of Labor (MTE) dirty lists also comprises soy suppliers. For every contract the supplier has to sing a commitment, expressed as contract clauses or terms & conditions, to not have practices of deforestation, illegal occupation of lands and slave labor.

Further Information

Module: Commitments

F3.1

Do you have a company policy that recognizes the role of deforestation in climate change mitigation?

Company policy recognizing the role of deforestation in climate change mitigation?	Comment
Yes	<p>• JBS Sustainability practice is divided in the following four pillars: Sustainable Livestock, Ecological Efficiency, Stakeholder Engagement and Transparency & Communication. The main initiative directed to ensure sustainable livestock is the System for Social and Environmental Monitoring of Cattle Suppliers. It was developed under JBS commitment to not purchase cattle from areas within the Amazon biome that were deforested after 2009, embargoed by Brazilian Institute of the Environment – IBAMA because of illegal deforestation and that trespassed protected areas geographical limits. Social criteria also include avoiding suppliers involved in slave or degrading labor and indigenous lands invasion. The company has the practice to not purchase other commodities (soy e timber) from deforested areas. To follow these criteria, JSB only negotiates soy products with suppliers that signed the Soy Moratorium and biomass with producers that meet the standards defined in the Biomass Normative Instruction. More information are available in the company’s website and on the Annual Report: http://www.jbs.com.br/en/sustainability_jbs http://annualreport.jbs.com.br/eng/index.htm</p>

F3.2

Do you have commodity specific sustainability policies or position statements?

Forest risk commodity	Commodity specific sustainability policies/position statements?
Timber	Yes
Cattle Products	Yes
Soy	Yes

F3.3

Do you have any public targets related to achieving those commodity policies?

Forest risk commodity	Public targets?
Timber	No
Cattle Products	Yes
Soy	No

F3.4

Does your organization have specific environmental or sourcing standards for the production or procurement of goods and services related to these commodities, other than third party certification schemes?

Forest risk commodity	Specific environmental or sourcing standards for the production or procurement of goods and services related to these commodities?	Are these standards in the public domain?	Please provide details about these standards and information about where they are to be found
Timber	Yes	No	The company has a Normative Instruction of Biomass Purchasing stating that only suppliers legalized by the competent environmental authorities are able to negotiate materials with JBS. Moreover, before conducting the registration of biomass supplier, an environmental and social analysis must be performed based on IBAMA and Ministry of Labor (MTE) public dirty lists that shows respectively, legal persons and entities with embargoed areas due to illegal deforestation/inappropriate land use and that are involved in slave labor. All environmental management of the biomass purchasing process is a responsibility of the environmental department of each operational unit. This includes management of the requirements Native Forest Consumer Registration and Forest Origin Document or other specific state requirement.
Cattle Products	Yes	Yes	According to JBS sustainability pillar of responsible purchase, Cattle suppliers included on the lists published by the Ministry of Labor and IBAMA, as well as suppliers whose land overlaps deforested areas, indigenous land or protected areas, will be suspended by the company procurement system until they have remedied this situation. http://www.jbs.com.br/en/sustainable-livestock JBS Standards of cattle purchasing are also expressed in the document "Minimum Criteria do Industrial – Scale Operations with Cattle and Beef Products in the Amazon Biome". In terms of forestry criteria, it states that the company must not acquire cattle from areas with illegal deforestation, cleared after 2009 in the Amazon Biome and located within protected areas. To make sure that

Forest risk commodity	Specific environmental or sourcing standards for the production or procurement of goods and services related to these commodities?	Are these standards in the public domain?	Please provide details about these standards and information about where they are to be found
			<p>suppliers are complying with these standards, there is a System for Social and Environmental Monitoring of Cattle Suppliers that works on geospatial analysis based on satellite images, farms georeferenced maps and deforestation data from the National Space Research Institute for -INPE. This data is transposed to layers in a GIS system and suspicious areas are indentified through layers comparison. Another process crosschecks supplier's database against official public body's dirty lists of embargoed areas-IBAMA and slave work - Ministry of Labor. Suppliers involved in such practices are blocked in the ERP-Enterprise Resource Planning System. Another requirement for cattle suppliers is a statement fulfillment about the absence of illegal deforestation and other social violations. When the ERP system is going to issue a transaction invoice, this form is automatically created and needs to be signed by the supplier to complete payment. The statement is accompanied by an instruction letter about the landholding, social and environmental regularization. To ensure compliance with the company's commitments, the Cattle Suppliers Social and Environmental Monitoring System is annually audited by an independent party. The cattle purchase verification occurs in a reasonable basis, enabling that the auditors obtain sufficient and appropriate evidence showing if the company has met the set social and environmental criteria. In 2014, JBS disclosed to its stakeholders the auditor's report. It concluded that JBS has complied with the terms of all its agreements and did not identify any evidence to suggest otherwise.</p>
Soy	Yes	No	The company only purchases soy from suppliers that signed the Soy Moratorium

Further Information

Module: Standards

Page: F4. Standard Setting Process

F4.1

Do you specify any third party certification schemes for these commodities?

Forest risk commodity	Specify certification schemes?	Please list certification schemes	Do you specify certification for 100% of your procurement/ operations?
Timber	Yes	JBS purchase cardboard (used in packaging) and paper in general (office use) from certified suppliers by FSC (Forest Stewardship Council). The use of cardboard in JBS operations is significant, since the products are stored and sold in secondary packaging made of cardboard. JBS purchase pallets PBR (Brazilian pallet pattern) and certified by ABRAS (Brazilian Association of Supermarkets). The pallets must also use heat thermal phyto sanitary treatment.	Yes
Cattle Products	Yes	In Brazil, nowadays there isn't a certification scheme on the beef raw material source. Even though, to guarantee that its cattle come from sustainable sources and build a sector leadership regarding responsible purchasing, JBS has developed an internal control procedure called the System for Social and Environmental Monitoring of Cattle Suppliers. The system aims to check if the suppliers are not involved with deforestation, protected areas invasion and slave labor, which are the main standards outlined by the company's commitments. Other criteria include respect to indigenous land and to struggle to rural violence and illegal land grabbing. The system uses satellite images, georeferenced maps of farms, deforestation data and maps from the National Institute for Space Research (INPE) and official information from public bodies about embargoed areas (IBAMA) and slave labor (Ministry of Labor and Employment). It works to guarantee the sustainable origin of the cattle and also for all the products and by-products derived from the activity of slaughtering and beef processing, which are also consistent with these environmental criteria. In order to bring credibility to this process, and ensure compliance with the company's commitments on sustainability, JBS contracts an annual third party audit to review the procedures and purchases data with regards to the social and environmental criteria and operation restrictions. With the fulfillment of the criteria, JBS ensures that its entire value chain, including all products and by-products derived from cattle operations, is sustainable. In addition, 14 units are certified by the Leather Working Group, with 10 gold medals and 4 silver medals, the highest number of units with a certificate by a single company worldwide. All of them received "A" rating in the traceability category. Another outstanding initiative involves the Embrapa BPA Program (Farming and Livestock Good Practices) which is supported by JBS. In 2013, 13 young bull producers were acknowledged because they implemented the BPA program practices. They received conformity attestations ranked in gold, silver and bronze, according to the compliance achieved. This adaptation is a step forward for future certification.	Yes
Soy	Yes	The company only purchases soy from suppliers that signed the Soy Moratorium	Yes

If you do not specify third party certification, what other actions has your organization taken to implement sustainability standards within your supply chain?

Forest risk commodity	Actions taken to implement sustainability standards within supply chain
Timber	
Cattle Products	
Soy	

F4.3

Are you involved in any multi-partnership or stakeholder initiatives relating to the sustainability of these commodities, other than those previously mentioned? Please describe your role

Forest risk commodity	Involved in initiatives?	Please list initiatives	Please explain
Timber	Yes	- Best of sustainable suppliers – Mc Donald's - End to End program - Walmart	JBS has identified and developed projects that aim to minimize environmental impacts and thus offer more sustainable products to its customers and consumers. These projects have stimulated the continuous improvement of JBS's production processes. Examples of these projects are cases awarded, as the "Best of Sustainable Supply 2014 - Mc Donald's" and the "End to End - Walmart" JBS was the big winner in two categories of "Best of Sustainable Supply 2014", a global award from the McDonald's chain for suppliers who apply standout sustainability solutions as part of their production processes. The company won the "Climate Change and Energy" and "Water" categories, presenting cases that had generated major production process efficiency gains in Brazil, helping to further increase sustainability of the company's products. The first case was based on bovine rumen content, a type of waste which is generated by cattle processing units, using it to produce thermal energy. The rumen is reused to produce energy from industrial boilers. This waste used to be sent to landfills, but it is now held in silos and dried before being used as raw material. This project helped to reduce the use of conventional fuels, like wood and oil derivatives, used to generate energy from the boilers by 20%-30% as well as greenhouse gas emissions, while ensuring the waste was adequately disposed of. JBS was recognized by Walmart in the Sustainability from End to End program for the implementation of

Forest risk commodity	Involved in initiatives?	Please list initiatives	Please explain
			<p>sustainable practices in the production of Friboi Burger. The program aims to mitigate environmental impacts during the production process, in addition to promote social and educational projects and encourage continuous improvement of its suppliers. JBS was the first company in the meat industry to participate in the program, with the adoption of social and environmental improvement initiatives throughout the Friboi Burger production chain. Relevant initiatives are done such as: using bovine rumen content, a type of waste which is generated by cattle processing units, to produce thermal energy. The rumen is reused to produce energy from industrial boilers. Besides, the product's package it is from an ecological managed forest and it is recyclable.</p>
Cattle Products	Yes	<p>GRBS - Global Roundtable for Sustainable Beef GTPS - Working Group on Sustainable Beef LWG – Leather Working Group IBAMA Working Group Brazilian Roundtable on Sustainable Livestock (BRSL) ANUGA Fair Public Ministry of Pará GHG Protocol Agriculture Contance</p>	<p>JBS has founded and holds the presidency of the Global Roundtable for Sustainable Beef (GRSB), a multi-stakeholder initiative that seeks to facilitate global dialogue on sustainable beef production. It is also a member of the Steering Committee of the Working Group on Sustainable Beef (GTPS), composed of representatives from several segments that make up the beef value chain in Brazil. Additionally, it actively participates as a member of Leather Working Group and on its Executive Committee. This multi-stakeholder organization aims to spread sustainability and environmental practices throughout the leather industry. JBS work through ABIEC - Brazilian Beef Exporters Association, the sector of grains (ABIOVE) in the IBAMA Working Group (Brazilian Institute of the Environment) to improve the public list of illegal deforestation and embargoed areas. Moreover, the company is often involved, seminars and meetings and gave speeches about its System for Social and Environmental Monitoring of Cattle Suppliers in the following events: - Anuga Fair in Germany; - Regional Meeting on the Amazon, held by the Attorney of Pará state; -Discussion Forums TEEB for the Brazilian Business Sector; In 2013, JBS joined the Brazilian GHG Protocol Program and published its GHG Emissions Inventory in the Emissions Public Registry Platform. The company also participates in other initiatives for reporting GHG emissions data and information on climate change management strategy, such as the CDP - Driving Sustainable Economies - module on Climate Change, and the Carbon Efficient Index (ICO2) of BM&FBOVESPA. Besides JBS has participated in the Scope 3 Technical Working Group of the Brazilian GHG Protocol Program, and in the Working Group of the Agriculture GHG Protocol. Following the trends of lifecycle analysis, in 2013 JBS partnered with other 5 international tanneries, supported by COTANCE (Association of European Tanneries), to discuss</p>

Forest risk commodity	Involved in initiatives?	Please list initiatives	Please explain
			the methodologies available for leather life cycle assessment and develop a common approach for the sector.
Soy	Yes	Working Group IBAMA	JBS works together with IBAMA (Brazilian Institute of the Environment), ABIEC (Brazilian Beef Exporters Association) and ABIOVE (Brazilian Association of Vegetable Oil Industries) to improve IBAMA's public list of illegal deforestation and embargoed areas. The GT-IBAMA (IBAMA Working Group) was created, in order to propose solutions to operational improvements related to IBAMA's public list of areas embargoed areas. This partnership of the productive sector and IBAMA technicians has led to continuous improvement of the embargoed areas list as a query tool for companies that establish environmental criteria for their suppliers.

Further Information

Module: Targets

Page: F5. Managing for Performance Improvement

F5.1

Does your organization formally measure your production and/or procurement of these commodities?

Forest risk commodity	Does your organization formally measure production/procurement?	Comment
Timber	Yes	Annually JBS sets up a Supply Plan that considers the following items: steam or thermal energy demand; biomass regional availability and pricing; biomass calorific value; type of boilers and buffer stock. The annual biomass planning is approved by administration corporate area, engineering and supply area together. The actual biomass consumption is followed periodically by corporate areas because of its operational cost and to the company's objective to follow the pre-defined planning.
Cattle Products	Yes	The quantity of purchased cattle is measured by the Planning and Control Department with the following objectives: cost reduction and efficiency increase. This monitoring is performed by JBS computerized system of information (ERP) and also functions as an industrial and cattle purchase indicators management tool. Through this process, JBS evaluates the medium distance from cattle origin to slaughtering.

Forest risk commodity	Does your organization formally measure production/procurement?	Comment
Soy	Yes	Soy, as a component of animal feed is a raw material of high relevance to the Company's costs. This commodity is directly related to the production plan of the company.

F5.2

Do you hold data for the proportion of your production and/or procurement that currently meets your defined standards?

Forest risk commodity	Data held for the proportion of your production/ procurement that currently meets your defined standards?	Comment
Timber	Yes	All biomass purchased must meet the Normative Instruction criteria and standards. JBS only purchases cardboard and paper from certified suppliers by FSC (Forest Stewardship Council).
Cattle Products	Yes	The company is annually audited by an independent party to ensure compliance to its commitments and standards on responsible purchase of commodities within its supply chain. Result of the third party audit 2013: 99.75% in compliance.
Soy	Yes	JBS is only supplied by companies that signed the Soy Moratorium, therefore its whole soy procurement meets its defined standards.

F5.3

Do you have quantified targets for meeting your defined standards by commodity, and do you have internal programs in place to achieve those targets?

Forest risk commodity	Quantified procurement targets?	Please explain	Internal programs to achieve targets?	Please explain
Timber	Yes	The company's target is to remain purchasing only from suppliers in accordance with the Biomass Normative	Yes	Periodically JBS conducts trainings with purchase department teams.

Forest risk commodity	Quantified procurement targets?	Please explain	Internal programs to achieve targets?	Please explain
		Instruction and from paper/cardboard suppliers certified by FSC (Forest Stewardship Council)		
Cattle Products	Yes	JBS' target is to have 100% of its cattle suppliers farms located in the Legal Amazon area with georeferenced maps until December 2014.	Yes	JBS has just launched Easy Map, a tool developed to help cattle farmers to digitally map their properties. The program was launched during "Acrimat em Ação", which is a conference developed by the Mato Grosso state Cattle Farmers Association and sponsored by JBS and other companies in order to bring technical information and quality guidance to producers. Using this tool, livestock farmers can easily and quickly obtain a free map of their property, detailing the boundaries of the farm, and based on this, they can better manage their property and comply with future rules coming into force under the new Forestry Code. To join the program, livestock farmers can visit a JBS unit bringing their farm documents, including the CCIR, LAU-LAR, CAR, Detailed Description, Registration or Deeds of the property. A JBS employee will produce a digital map of the property on site, in the presence of the producer. Easy Map will include the Legal Amazon States and will benefit almost 25,000 suppliers in this region. It is an important initiative on improving the System for Social and Environmental Monitoring of Cattle Suppliers once its actual geospatial module still doesn't work with all suppliers maps. In the absence of the map, the supplier is monitored by a buffer zone of 10 km georeferenced points located inside the property, in which is established a circle with the approximate area of 31,400 hectares.
Soy	Yes	The company's target is to remain purchasing soy only from suppliers that are signatories and meet the Soy Moratorium Standards or its substitute commitment	Yes	Periodically JBS conducts trainings with purchase department teams.

F5.4

Please disclose any quantified targets for third party certified materials in your supply chains, as well as your performance against those targets. If you are already 100% certified, please use this table to disclose it

Forest risk commodity	Target year	% of materials third party certified in target year	% of materials third party certified in reporting year	Comment
Timber	100% Achieved	Not applicable	100% of timber purchases are biomass suppliers in accordance with the Biomass Normative Instruction or from suppliers certified by FSC (Forest Stewardship Council) – in the case of paper/ cardboard	JBS only purchases cardboard (used in packaging) and paper (office use) from certified suppliers by FSC (Forest Stewardship Council). In relation to biomass used as boiler fuel, the Normative Instruction determines that only suppliers legalized by competent environmental agencies are authorized to negotiate material with JBS. Besides that, the situation of the supplier regarding embargoed areas due to deforestation is analyzed in IBAMA's site and dirty lists.
Cattle Products	100% Achieved	Not applicable	100% of purchases are verified by a third party audit	In Brazil, nowadays there isn't a certification scheme on the beef raw material source. Even though, to guarantee that its cattle come from sustainable sources and build a sector leadership regarding responsible purchasing, JBS has developed an internal control procedure called the System for Social and Environmental Monitoring of Cattle Suppliers. The system aims to check if the suppliers are not involved with deforestation, protected areas invasion and slave labor, which are the main standards outlined by the company's commitments. In order to bring credibility to this process, and ensure compliance with the company's commitments on sustainability, JBS contracts an annual third party audit to review the procedures and purchases data with regards to the social and environmental criteria and operation restrictions. With the fulfillment of the criteria, JBS ensures that its entire value chain, including all products and by-products derived from cattle operations, is sustainable. The verification occurs in a reasonable basis, enabling that the auditors obtain sufficient and appropriate evidence showing if the company has met the set social and environmental criteria. To provide more accountability and transparency, the year based 2013 audit report was also released to the company's stakeholders. The audit concluded that JBS has complied with the terms of all its agreements and did not identify any evidence to suggest otherwise. The cattle purchase The audit report is available in: http://www.jbsglobal.com/sites/default/files/audit.pdf
Soy	100% Achieved	Not applicable	100% of soy purchases comes from Soy Moratorium Signatories suppliers	Soy, as an animal feed component to poultry and pork is a raw material of high relevance and is directly linked to the company's Production Plan. That means that JBS has to maintain its continuous monitoring to ensure that its supply chain is in accordance with its environmental and standards and criteria

Further Information

Module: Support

Page: F6. Sustainable Supply Chain Development and Support

F6.1a

Do you have full traceability in your supply chain for any of the commodities (going back to the originating forest, farm or ranch)? Please complete the table

Forest risk commodity	Full traceability in supply chain?	Please explain
Timber	Yes	The purchase department performs the evaluation of suppliers based on FSC certified companies for paper and cardboard and on Biomass Normative Instruction for boiler fuel materials. Only suppliers legalized by the competent environmental authorities are able to negotiate materials with JBS. Moreover, before conducting the registration of biomass supplier, an environmental and social analysis must be performed based on IBAMA and Ministry of Labor (MTE) public dirty lists that shows respectively, legal persons and entities with embargoed areas due to illegal deforestation/inappropriate land use and that are involved in slave labor. All environmental management of the biomass purchasing process is a responsibility of the environmental department of each operational unit. This includes management of the requirements Native Forest Consumer Registration and Forest Origin Document or other specific state requirement.
Cattle Products	Yes	JBS has established cattle purchasing mechanisms to ensure that the Company does not acquire cattle from properties that: have cleared forest within the Amazon Biome after 2009; are on the embargoed areas list published by the Brazilian Institute of the Environment (IBAMA); are located within Indigenous Lands or Protected Areas; practice slave or degrading labor t; and that are in illegally occupied areas or on land acquired by means of agrarian violence. These mechanisms compound the JBS's System for Social and Environmental Monitoring of Cattle Suppliers for direct suppliers. It is composed of two process of analysis that work in an integrated way: analysis of information provided by public bodies, and geographical assessment undertaken by a geo monitoring company hired by JBS. The first engine works on a daily download of public agencies IBAMA and Ministry of Labor (MTE) dirty lists and a crosschecking of suppliers taxpayers registration numbers database against these lists. Suppliers that appear on the lists are automatically blocked in the company's Enterprise Resource System Planning System (ERP) and no purchasing operations will go ahead with them. The second process is run by a system that analyses cattle suppliers in the Brazilian Legal Amazon region based on geographical information. It performs daily geo monitoring through the digital overlay of geographical coordinates/georeferenced maps of cattle supplier properties and deforestation maps published by National Space Research Institute (INPE) combined with official data from National Indigenous Foundation (FUNAI) and National Conservation Units System (SNUC). The company is also following the development of new tools for the complete traceability of the livestock value chain in Brazil, including also indirect suppliers such as breeding smaller ranchers. This initiative is called the Farming and Cattle-Raising Management Platform which is being developed by the Brazilian Confederation of Agriculture and Livestock (CNA) together with MAPA (Ministry of Agriculture, Livestock and Food Supply). In addition, JBS Leather Division has 14 units are certified by the Leather Working Group, with 10 gold medals and 4 silver medals, the highest number of units with a certificate by a single company

Forest risk commodity	Full traceability in supply chain?	Please explain
Soy	Yes	worldwide. All of them received "A" rating in the traceability category. The purchase department for agricultural inputs performs an evaluation of the suppliers based on the list of companies signatories of the Soy Moratorium. JBS has full traceability considering that all soy is bought from these suppliers.

F6.1b

If your supply chain does not afford full traceability for any of the commodities, what are you doing to improve the situation?

Forest risk commodity	Method	Action	Please explain

F6.2

Have you identified sufficient sources of sustainable materials by commodity to meet your operational needs, and what are you doing to increase capacity?

Forest risk commodity	Current demand	Future demand	Capacity building
Timber		Yes	JBS Foods has developed an own planted forest for internal supply to ensure the sustainable origin of its materials. Besides that JBS has developed internal programs to reduce the consumption of this material, what decreases the commodity risks for the company. JBS has developed a project of energy recovery from organic waste (bovine rumen contents) generated in the slaughter of cattle, thereby reducing the need for biomass (firewood) to burn in industrial boilers. In 2013, JBS has developed an improvement project aiming to pack up frozen products in cardboard boxes without top and sealed with thermo retractile plastic film paper. The new procedure improves the quality of freezing, once product is frozen faster, reduces energy use for refrigeration and also uses fewer raw materials on the package manufacturing. Also in 2013, JBS has developed and implemented a recovery project of wooden pallets, used as transportation load bearing. Before this project, pallets were used only once, and disposed after each cargo transport. The project aims the reverse logistics practice and allows the pallets reuse, resulting in cost savings and reduction of new raw materials usage. Currently, it is possible to reuse the same pallet on average for 4 times.
Cattle Products	Yes	Yes	JS has a project with the aim to increase productivity and social and environmental regularization of its suppliers. It is in early development stage and the company intends to scale it up to cover a larger number of farms. JBS and Center of Life

Forest risk commodity	Current demand	Future demand	Capacity building
			Institute (ICV) have partnered to support sustainable livestock farming in Amazonia biome by showing that livestock farming can be profitable even within a framework of rigorous environmental controls. The project, called Low Carbon Integrated Livestock Farming, selected 10 farms in Mato Grosso state that set aside a certain amount of land to be monitored by ICV's technical staff for 15 months. Livestock farmers received technical assistance to rehabilitate degraded pasture, perform pasture land integrated management and increase the number of cattle the property could handle. The results were that not only farm incomes rose, but the properties automatically started to implement a more environmentally responsible production model. The application of best practices techniques increased the number of head per hectare to rise from 1 to 3, without the need to create and deforest additional farmland. Assisted farms already are more than five times more productive than state average. In order to encourage farmer's participation JBS promised to purchase animals from this first phase of the program and is currently developing a specific bonus protocol for livestock farmers. The idea is to create an award for farmers who can ensure that animals sold to the company offer both quality and sustainability, providing to end consumers products that stand out. Another outstanding initiative involves the Embrapa BPA Program (Farming and Livestock Good Practices) which is supported by JBS and provides technical assistance to cattle and agricultural producers. The program includes guidance to follow environmental law before creating new pastures, environmental management practices and respect protected areas within the farm. In 2013, 13 young bull producers were acknowledged because they implemented the BPA program practices. They received conformity attestations ranked in gold, silver and bronze, according to the compliance achieved. This adaptation is a step forward for future certification.
Soy	Yes	No	With the expiration of the Soy Moratorium, JBS cannot guarantee to have suppliers involved or signatories of a substitute soy commitment. The uncertainty about the Soy Moratorium future can generate insecurity on JBS as a grain buyer, and on its clients in relation to the sustainable origin of soy fed poultry and pork.

F6.3

What are you doing to improve the capacity of the other organizations up and down your value chain to provide or use sustainable materials?

Forest risk commodity	Engaging in capacity building activities in your value chain?	Please explain
Timber	Yes	The initiatives related to timber are designed to reduce the consumption of this material, what decreases the commodity risks for the company. In 2013, JBS has developed an improvement project aiming to pack up frozen products in cardboard boxes without top and sealed with thermo retractile plastic film paper. The new procedure improves the quality of freezing, once product is frozen

Forest risk commodity	Engaging in capacity building activities in your value chain?	Please explain
		faster, reduces energy use for refrigeration and also uses fewer raw materials on the package manufacturing. Also in 2013, JBS has developed and implemented a recovery project of wooden pallets, used as transportation load bearing. Before this project, pallets were used only once, and disposed after each cargo transport. The project aims the reverse logistics practice and allows the pallets reuse, resulting in cost savings and reduction of new raw materials usage. Currently, it is possible to reuse the same pallet on average for 4 times.
Cattle Products	Yes	JBS and Center of Life Institute (ICV) have partnered to support a project called Low Carbon Integrated Livestock Farming in which Livestock farmers receive help to rehabilitate degraded pasture, perform pasture land integrated management and increase the number of cattle the property could handle. The results were that not only farm incomes rose, but the properties automatically started to implement a more environmentally responsible production model, increasing efficiency without the need to create additional farmland through deforestation. In order to encourage farmer’s participation JBS will purchase animals from this first phase of the program and is currently developing a specific bonus protocol for farmers. The project is expected to grow, and the model to be replicated at other properties in Amazon. As part of the Origin Guarantee Program, the company has a technical team that conducts farms periodic visits in order to monitor and guide the adoption of livestock good practices. In 2013, technicians hold about 450 visits, in which farmers received training on sanitary management, medicines use and animal wellbeing, The Program, a first instance quality driven initiative, includes training, participation in events/fairs, agricultural exhibitions and symposia, with lectures and seminars that address topics related to responsible use of drugs in animals and Farming/Livestock Good Practices (BPA). BPA, which is a guidance developed by Embrapa (the governmental company of agricultural technology) includes orientation to follow environmental law before creating new pastures, environmental management practices and respect to protected areas delimitation within the farm. JBS has just launched Easy Map, a tool developed to help cattle farmers to digitally map their properties. Using this tool, livestock farmers can easily and quickly obtain a free map of their property, detailing the boundaries of the farm, and based on this they can better manage their property and comply with future rules coming mandatory under the new Forestry Code. Moreover, JBS works with wider value chain as member in some multi-stakeholder initiatives, such as Working Group on Sustainable Beef (GTPS), Global Roundtable for Sustainable Beef (GRBS), Leather Working Group (LWG) and IBAMA Working Group.
Soy	Yes	JBS produces and distributes animal feed to its integrated poultry and pork producers. Therefore, the company ensures that the soy used for animal feed of is not associated with deforestation, considering that JBS only buys soy products from the Soy Moratorium signatory companies, so on guaranteeing that the animals’ feed has a sustainable origin.

F6.4

Do you have improvement plans in place for specific suppliers to build capacity to meet your demand?

Forest risk commodity	Supplier improvement plans in place?	Please explain
Timber	No	
Cattle Products	Yes	The partnership between JBS and the Brazilian NGO Center of Life Institute (ICV) promotes sustainable cattle raising in the Amazon biome, developing production models that improve management and environmental compliance, increase productivity, enhance quality in the product delivered to the market and reduce GHG emissions in the production system. The first phase of the project began in August 2012, in the region of Alta Floresta (Mato Grosso State), with the participation of 10 model farms. For 2014, the company intends to assist in scaling up the project to cover a larger number of farms, as well as supporting ICV in the training of professionals who can replicate the model to other farms in the Amazon region. Besides, there is a program from Embrapa (Brazilian Governmental Company for Agriculture and Livestock Innovation) called BPA (Agricultural Good Practices), in which JBS is the only official supporter. The program is approached by JBS technicians during quality aimed farms visits. The company has a quality technical team that conducts periodic visits to farms that supply cattle to JBS in order to monitor and guide regarding the adoption of Good Practices of Cattle Raising. In 2013, more than 450 visits were made. These technicians provide training for farmers on health management, use of veterinary medicines and animal wellbeing and also provides guidance on BPA including guidance to follow environmental law before creating new pastures, environmental management practices and respect protected areas within the farm. The Program includes training, participation in events, fairs, agricultural exhibitions and symposia, with lectures and seminars that address topics related to responsible use of drugs in animals and Good Practices of Cattle Raising. In 2013, 13 young bull producers were acknowledged because they implemented practices from the BPA Program. They received conformity attestations ranked in gold, silver and bronze, according to the compliance achieved. This adaptation is a step for future certification.
Soy	Yes	JBS Foods has a dedicated technical team to monitor over 7,000 poultry and pork producers, providing technical assistance for responsible production and guidance regarding management Good Practices. In 2013, the company performed more than 100,000 technical visits to poultry and hogs producers, which include orientations to increase productivity using fewer resources. So on, JBS seeks to produce animal feed with a better nutritional balance so that the producer can gain efficiency with less material use, what decreases the commodity risks for the company.

Further Information

Module: Coverage

Page: F7. Coverage

F7.1

What areas of your production or procurement spending do your commodity specific policies cover?

Forest risk commodity	Please explain the level of detail and the value or volume of production/procurement that is covered by your commodity specific policies	Please explain which factors determined this selection
Timber	Timber and products made from timber are used in JBS as: stationary combustion in boilers; office materials and products packages. 100% of timber suppliers meet Socio and environmental standards/ criteria of JBS.	All operations of cattle purchases made in Brazil are evaluated by the System for Social and Environmental Monitoring of Cattle Suppliers System. Suppliers in the Legal Amazon region, specifically, are analyzed by the comparison of the digital map of the farm against maps that shows deforestation areas , indigenous lands and conservation units, besides labour analogous to slavery. The selection of the Amazon Legal region for geospatial system monitoring is because it is the area in the Brazilian territory with higher risk of deforestation.
Cattle Products	JBS System for Social and Environmental Monitoring of Cattle Suppliers was created as a tool for compliance with the policy to struggle against deforestation, invasion of indigenous lands and protected areas, slave labor and land grabbing by violence. This m 100% of suppliers of cattle in Brazil are evaluated by the process of supplier's tax payer numbers comparison with the IBAMA 's list of embargoed areas and Labour Ministry list of legal person or entities involved with slave labour. All Amazon Region Suppliers are monitored by the geospatial system that performs the digital overlay of geographical coordinates/georeferenced maps of cattle supplier properties and deforestation maps published by National Space Research Institute (INPE) combined with official data from National Indigenous Foundation (FUNAI) and National Conservation Units System (SNUC). All products that are made from cattle meat are covered by the policy either by one of the procedures or both.	Not applicabile because it covers 100%
Soy	Soy is relevant once is a component of animal feed of poultry and pork and it is provided directly by JBS. 100% of soybean suppliers meet Socio and environmental standards/criteria of JBS.	Not applicabile because it covers 100%

F7.2

Does your organization have consumption and/or production data available for these commodities?

Forest risk commodity	Type of data	Volume	Please identify the parameters used to create this data
Timber	Consumption data	22.653.828 GJ	The information was taken from the Annual and Sustainability Report 2013 and

Forest risk commodity	Type of data	Volume	Please identify the parameters used to create this data
	available		scopes operational units that process cattle, leather, poultry and also New Business in Brazil.
Cattle Products	Consumption data available	8,7 million heads of cattle	Information presented in the 2013 Management Report, covering all units in this disclosure. It considers operational units of herds processing in Brazil.
Soy	Consumption data available	1,344,003 tons of soy bran, soybean and whole grain soy.	The information provided was extracted from a Control Report exported by the ERP System (Management system of JBS), covering all units in this disclosure.

Further Information

Module: Reporting

Page: F8. Public Reporting

F8.1

Are you providing information regarding the deforestation risks in your supply chain in the public domain, other than through your CDP response?

Forest risk commodity	Information in public domain?	Comment
Timber	No	
Cattle Products	Yes	Third Party Audit Report to meet the commitment with Greenpeace http://www.jbs.com.br/sites/jbs.com.br/files/relatorio_publico_jbs_greenpeace_2014.pdf Annual and Sustainability Report 2013 http://relatorioanual.jbs.com.br/eng/index.htm
Soy	Yes	Annual and Sustainability Report 2013 http://relatorioanual.jbs.com.br/eng/index.htm

F8.2

Do you report publicly on your progress against your commodity specific commitments, other than through your CDP response?

Forest risk commodity	Report publicly on progress?	Please explain
Timber	No	
Cattle Products	Yes	JBS continues to fulfill its commitment to produce proteins on a sustainable basis by presenting the market with an independent auditor's report of its purchases, guaranteeing that the raw material used in its production processes is sourced sustainably. The audit concluded that JBS has complied with the terms of all its agreements and did not identify any evidence to suggest otherwise. The survey was conducted between February 28 and March 17 2014. 12,135 JBS transactions involving cattle purchases from the Amazon Biome in 2013 were assessed. This represents 15% of all company purchases from that region, which represents a solid statistical base for the analysis. After verify the data, JBS presented a compliance rate of 99.75%. The non-compliance cases resulted from changes to the system used for social and environmental monitoring of company suppliers. Throughout 2013, JBS changed some processes in order to improve the system and make it even safer. However, when transitioning from one system to the other, there were delays updating certain documents and this caused the non-compliance. Despite this high level of compliance, JBS will work to further improve its performance. The company remains committed to continuously improving its processes and its target is to achieve 100% compliance and continue offering increasingly sustainable products to its clients.
Soy	No	

Further Information

Module: Governance

Page: F9. Governance Process

F9.1

Are commodity related risks evaluated at board level as part of your organization's risk management process?

Yes

F9.2

Is there a named individual or committee with responsibility for the issue of deforestation risk at board level?

Yes

F9.2a

Please identify the name and position of the individual, or the name and role of the committee with responsibility for the issue of deforestation risk at board level

Global CEO– Wesley Mendonça Batista
President of Sustainability Committee– João Carlos Ferraz
Director of Sustainability – Marcio Nappo

F9.2b

What is the board level action taken to evaluate that individual's or committee's management of the issue of deforestation risk?

Created in 2010 and remodelled in 2013, the Sustainability Committee advises the Board of Directors with regard to the risks and opportunities in sustainability initiatives.

The process of risks and opportunities identification is under responsibility of Sustainability Board, which reports to the Sustainability Committee.

Accordingly, the committee is responsible for dealing with and 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 business impact; monitoring and implementation of policies, strategies and specific initiatives; and evaluation of proposals of investments in sustainability.

To assess risks and opportunities related (at company level and assets), the process follows a methodology provided by the Sustainability Committee, which includes (a) mapping and description of risks and opportunities, carried out by the technical staff, (b) analysis and prioritization of risks and opportunities mapped and the evaluation and study to turn risks into opportunities.

The Committee is composed by six members from the company's top management and is presided over by BNDES representative João Carlos Ferraz. The Committee holds meetings every quarter, when the major improvements, new opportunities and risks are assessed.

Periodically independent audits of commitments made by JBS and evaluation of the Social and Environmental Monitoring System Supplier in relation to the register of suppliers of the company results are presented to the Sustainability Committee and Board of Directors.

Mitigation measures and continuous improvement measures adopted are also presented.

Employees of the company can have monetary award for achieving environmental targets:

- Environment/Sustainability managers: The beef business units have targets for implementation of the environmental management system (NBR ISO 14001:2004), which contains targets for water consumption and by-product recovery in wastewater treatment plant (number of indicators related to production). The recovery of the by-product effluent treatment plant reduces emissions by reducing organic carbon (COD) in the effluent and thus the potential for formation of methane in the wastewater treatment steps that follow. These goals are related to JBS's program of annual bonus.
- Facility managers: The beef business units have targets for implementation of the environmental management system (NBR ISO 14001:2004), which contains targets for water consumption and by-product recovery in wastewater treatment plant (number of indicators related to production). The recovery of the by-product effluent treatment plant reduces emissions by reducing organic carbon (COD) in the effluent and thus the potential for formation of methane in the wastewater treatment steps that follow. These goals are related to JBS's program of annual bonus.
- Regional environmental coordinators and facilities environmental supervisor: The beef business units have targets for implementation of the environmental

management system (NBR ISO 14001:2004), which contains targets for water consumption and by-product recovery in wastewater treatment plant (number of indicators related to production). The recovery of the by-product effluent treatment plant reduces emissions by reducing organic carbon (COD) in the effluent and thus the potential for formation of methane in the wastewater treatment steps that follow. These goals are related to JBS's program of annual bonus.

Further Information

Module: Risks & Opps

Page: F10. Identifying Risk and Opportunity

F10.1

Is your organization exposed to regulatory risk associated with any of these commodities?

Forest risk commodity	Risk present?	Please explain
Timber	Material risk	Risks associated to this commodity are: Possible purchase of illegal timber, or from deforestation areas, which involves regulation risks (for example: IBAMA inspections). Another regulatory and financial risk is a possible new regulation that may ban crops in determined areas from the country, being necessary to buy timber from other regions, which can increase production costs.
Cattle Products	Material risk	Regulatory risks associated to this commodity are: Possible purchase of cattle from deforestation areas, which involves regulation risks (for example: prosecution from the Public Ministry due to not complying with the conduct adjustment term). There are also new requirements of new Brazilian Forest Code (2012) and Rural Environmental Registry – CAR, which JBS' suppliers must follow, otherwise JBS will not have raw material suppliers able to provide it.
Soy	Material risk	Regulatory and financial risk may be new regulation that may ban crops in determined areas from the country, being necessary to buy soy from other regions, which can increase production costs.

F10.2

Are there reputational risks for your organization associated with producing or buying these commodities?

Forest risk commodity	Risk present?	Please explain
-----------------------	---------------	----------------

Forest risk commodity	Risk present?	Please explain
Timber	Material risk	Risks associated to this commodity are: Purchase of illegal timber, or from deforestation areas, which involves reputational (company image). A possible problem with buying timber from deforestation areas may cause a trade embargo, which can affect exportation to Europe and other markets. That may appear in media being not interesting for company's image..
Cattle Products	Material risk	Risks associated to this commodity are: purchase of cattle from deforestation areas, which involves reputation (company image). A possible problem with buying cattle from deforestation areas may cause a trade embargo, which can affect exportation to Europe and other markets impacting sales and company's image. Another reputational risks is NGOs' pressure, such as Greenpeace. That may appear in media being not interesting for company's image.
Soy	Material risk	A possible problem with buying soy from deforestation areas may cause a trade embargo, which can affect exportation to Europe and other markets. The effects may appear in media being not interesting for company's image. With the expiration of the Soy Moratorium, JBS cannot guarantee to have suppliers involved or signatories of a substitute soy commitment. The uncertainty about the Soy Moratorium future can generate insecurity on JBS as a grain buyer, and on its clients in relation to the sustainable origin of soy fed poultry and pork.

F10.3

Are there operational risks for your organization associated with producing or buying these commodities?

Forest risk commodity	Risk present?	Please explain
Timber	Material risk	Risks associated to this commodity are: Possible purchase of illegal timber, or from deforestation areas, involves operational risks due to fines that can be imposed due to environmental agency inspection. A possible problem with buying timber from deforestation areas may cause a trade embargo, which can affect exportation to Europe and other interested affecting company sales. Another operational and regulatory risk is a possible new regulation that may ban crops in determined areas from the country, being necessary to buy timber from other regions, which can increase production costs.
Cattle Products	Material risk	A possible risk with buying cattle from deforestation areas may cause a trade embargo, which can affect exportation to Europe and other interested. With this fact, units may be closed or also may be necessary to follow more requirements to avoid this kind of problems. Another risk may be the restrictions from JBS' clients from banning purchases of meat from cattle raised in determined regions of the country. This may cause shutdown of operational units, or even the necessity to buy raw materials from distant areas, increasing transportation costs.
Soy	Material risk	Risk may be the conduct from JBS' clients from banning purchases of soy fed poultry and pork from determined areas of the country. This may turn operational costs higher due the necessity to buy raw material from distance areas. With the expiration of the Soy Moratorium, JBS cannot guarantee to have suppliers involved or signatories of a substitute soy commitment. The uncertainty about the Soy Moratorium future can generate insecurity on JBS as a grain buyer, and on its clients in relation to the sustainable origin of soy fed poultry and pork.

F10.4

Is your ability to produce or purchase these commodities at risk from the impacts of climate change?

Forest risk commodity	Risk present?	Please explain
Timber	Material risk	Climate changes may affect planted forests and is disponibility, increasing prices. Thus, operational costs of the company will be directly affected. The productivity of crops may be severely affected by increasing temperatures, CO2 concentration in the atmosphere, changes in annual rain patterns and future increase in disease, pests and weeds that affect plants alike. The studies regarding these variables have been developed for several years, however the effects are still fairly uncertain.
Cattle Products	Material risk	The physical risks identified by the Company are global and divided by physical assets, supply chain and business structure. The productivity of livestock and crops/pasture may be severely affected by increasing temperatures, CO2 concentration in the atmosphere, changes in annual rain patterns and future increase in disease, pests and weeds that affect livestock and plants alike. The studies regarding these variables have been developed for several years, however the effects are still fairly uncertain. Livestock: from an animal physiology perspective, an increase in overall temperatures to which the animals are exposed could have severe effects on the animal. If average temperatures reach a level above the animals upper critical limit in its thermal neutral zone, studies have shown that the animal will suffer from heat stress and will require a higher energy and water intake, affecting the animal's weight gain and its ability to reproduce. In the long run this may affect cattle prices as well as its supply as farmers may prefer to raise other livestock that reacts better to higher temperatures. Feed: considering that part of the Company's livestock supply is raised in feedlots, there is a natural worry about the supply and cost of feed. The precise effects of climate change in soybean and maize yields are yet uncertain, due to the complexity of the models required to make such estimates. While numerous studies expect the crop yields to increase due to higher CO2 concentrations in the atmosphere (Drake and Gonzalez- Meler, 1997), it is also widely accepted that due to the controlled nature of these studies their results cannot be considered conclusive due to the uncertainties regarding the interactions with water availability, soil nutrients, pests, weeds and other variables. While the Company identifies feed availability as a risk, it is still uncertain about its magnitude. Pasture: as mentioned before, the effects of climate change are still uncertain regarding plants. Pastures can be considered a specific case, since there are known differences in the response to climate change between plants with different metabolic carbon fixations such as pastures (Ainsworth EA and Long SP, 2005). Changes in the pasture growth and availability could be risky for the supply of livestock, especially in Brazil.
Soy	Material risk	Climate change can affect agricultural areas and thereby cause the increase in grain prices, thus the operating cost of the company will be directly affected. The productivity of livestock and crops/pasture may be severely affected by increasing temperatures, CO2 concentration in the atmosphere, changes in annual rain patterns and future increase in disease, pests and weeds that affect livestock and plants alike. The studies regarding these variables have been developed for several years, however the effects are still fairly uncertain. Considering that soy is the major component of animals feed there is a natural worry about the supply and cost of feed. The precise effects of climate change in soybean and maize yields are yet uncertain, due to the complexity of the models required to make such estimates. While numerous studies expect the crop yields to increase due to higher CO2 concentrations in the atmosphere (Drake and Gonzalez- Meler, 1997), it is also widely accepted that due to the controlled nature of these studies their results cannot be considered conclusive due to the uncertainties regarding the interactions with water availability, soil nutrients, pests, weeds and other variables. While the Company identifies feed availability as a risk, it is still uncertain about its magnitude.

F10.5

Are there business opportunities within your sector associated with producing, sourcing, or marketing sustainably sourced materials? Please provide details and explain the actions your organization is taking to capitalize on these opportunities, including how you add value by providing solutions

Forest risk commodity	Opportunity present?	Description of sector opportunities	Actions
Timber	Yes	Optimization of operational costs Development of Supply Chain	JBS has developed projects to reduce packaging with its suppliers, aiming to reduce the use of raw materials for packaging produced. For pallets used in the transport and storage of finished products, the company has developed and implemented a project to recover pallets, being able to recover them and reuses them. JBS has developed a project of energy reuse from organic waste (from bovine rumen contents) generated in the slaughter of cattle, thereby reducing the need for biomass (firewood) to burn in industrial boilers. JBS has also an own planted forest for internal supply, so it is possible to ensure the sustainable origin of its materials. Through ICV Project (Integrated Farming Low Carbon) there is the possibility of establishing partnerships for supply cattle and biomass.
Cattle Products	Yes	Access to new markets Quality and availability of raw material improvement Reputation improvement Optimization of operational cost Fidelity of Supply Chain Development of Supply Chain	JBS was recognized by Walmart in the Sustainability from End to End program for the implementation of sustainable practices in the production of Friboi Burger. The program aims to mitigate environmental impacts during the production process, in addition to promote social and educational projects and encourage continuous improvement of its suppliers. JBS was the first company in the meat industry to participate in the program, with the adoption of social and environmental improvement initiatives throughout the Friboi Burger production chain. JBS was the big winner in two categories of "Best of Sustainable Supply 2014", a global award from the McDonald's chain for suppliers who apply standout sustainability solutions as part of their production processes. The company won the "Climate Change and Energy" and "Water" categories, presenting cases that had generated major production process efficiency gains in Brazil, helping to further increase sustainability of the company's products. JBS and the Center of Life Institute (Instituto Centro de Vida - ICV) have partnered to support sustainable livestock farming in the Amazonia biome. The project, called Low Carbon Integrated Livestock Farming, is a way of showing people that livestock farming can be profitable even within a framework of rigorous environmental controls. In practice, the technical staff helped livestock farmers to refurbish degraded pasture, institute integrated management practices for pasture land and increase the number of cattle the property could handle. As a result, the number of head per hectare rose from 1 to 3, increasing efficiency without the need to create additional farmland. The project is expected to grow in 2014. JBS and the ICV are developing a system to train new technical staff who can replicate the successful model already used in the Alta Floresta region at other properties in the Amazon biome. Thus JBS helps

Forest risk commodity	Opportunity present?	Description of sector opportunities	Actions
			disseminate concepts of market and management through technical assistance and field days in the properties. In addition, JBS is developing a specific protocol to get subsidy to the farmers who produce in a sustainable way and with quality.
Soy	Yes	Optimization of operational costs	JBS Foods has a dedicated technical team to monitor over 7,000 outgrowers providing technical assistance for responsible production and guidance regarding Good Practices of production. In 2013, the company made more than 100,000 technical visits to birds and hogs outgrowers. Enabling farmers to grow their productivity.

Further Information

Module: Challenges

Page: F11. Barriers and Support Needs

F11.1

What does your organization see as the key barriers or challenges to achieving sustainable commodity use?

After the approval of its new version, in 2012 and the regulation of the Rural Environmental Registry - CAR (2014) it is expected that in the coming years a large movement of environmental regulation in the country, which should result in a consolidation of environmental legislation and a massive movement occurs reforestation of degraded areas, which should facilitate companies' mechanisms to obtain information from their supply chain.

Other very important issue that probably will be discusses along the environmental regularization of rural properties, is the adoption of best agricultural practices, aiming the increase of productivity and get a production model more responsible.

F11.2

What would make the greatest difference to your management of these issues?

With new Brazilian Forest Code approval and Rural Environmental Registry (CAR - georeferenced map of rural property that contains its geographical boundaries and definition of land uses - productive area and preservation) regulation, it will be created a rich database of farms in Brazil. With the availability of this information companies can have a better management of supply chains monitoring in the country, particularly soybeans and cattle.

Further Information

Module: Sign off

Page: F12. Sign off

F12.1

Please provide the following information for the person that has signed off (approved) your CDP forests response

Name	Job title	Corresponding job category
Marcio Nappo	Diretor de Sustentabilidade	Other:

Further Information

CDP 2014 Forests 2014 Information Request