SECOND PARTY OPINION (SPO)

Sustainability Quality of the Issuer and Sustainability-Linked Bond Framework

JBS USA Lux S.A.
15 November 2021

VERIFICATION PARAMETERS

Type(s) of instruments contemplated	Sustainability-Linked Bonds
Relevant standard(s)	Sustainability-Linked Bond Principles (”SLBP”), as administered by the International Capital Market Association (“ICMA”)
Scope of verification	Sustainability-Linked Bond Framework (as of November 12, 2021)
Lifecycle	Pre-issuance verification
Validity	As long as JBS USA Lux’s Sustainability-Linked Bond Framework and benchmarks for the Sustainability Performance target(s) remain unchanged

CONTENTS

SCOPE OF WORK

JBS USA Lux S.A and its subsidiaries ("JBS USA", "the issuer", or "the company") commissioned ISS ESG to assist with its Sustainability-Linked Bonds by assessing three core elements to determine the sustainability quality of the instrument:

1. The sustainability credibility of the KPI selected and Sustainability Performance Target (SPT) calibrated – whether the KPI selected is core, relevant and material to the issuer's business model and sector, and whether the associated target is ambitious.
2. JBS USA's Sustainability-Linked Bond Framework (November 12, 2021 version) and structural components of the transaction – benchmarked against the Sustainability-Linked Bond Principles ("SLBP"), as administered by the International Capital Market Association's ("ICMA").
3. Sustainability-Linked Bond's link to JBS USA's sustainability strategy – drawing on JBS USA's overall sustainability profile and related objectives.

JBS USA'S BUSINESS OVERVIEW

JBS USA Lux S.A. is a leading global provider of high-quality food products and specializes in packaged protein products, including well-recognized brands and innovative value-added premium products. JBS USA is one of the world's largest producers of beef, pork, chicken and packaged food products, and an indirect, wholly-owned subsidiary of JBS S.A., one of the world's largest food companies and the world's largest protein company in terms of revenue.

In terms of daily production capacity, JBS USA is among the leading beef producers and the second-largest pork and chicken producer in the United States. In Australia, the company is the leading producer of beef, lamb and packaged foods, with 50% market share of the Australian protein-based, food production consumer market. JBS USA prepares, packages and delivers fresh, value-added and branded beef, pork, chicken, and lamb products to customers in more than 120 countries on six continents.

The company's fresh meat products include refrigerated beef, pork, lamb and chicken produced to standard industry specifications and sold primarily in boxed form. Value-added and branded meat products, including beef, pork and chicken products, are cut, ground and packaged to meet customer specifications and include moisture-enhanced, seasoned, breaded, marinated and consumer-ready products. JBS USA sells its products primarily to retail customers (such as grocery store chains, wholesale clubs and other retail distributors) and foodservice customers (such as foodservice distributors, additional processors and chain restaurants).

In the United States, the company operates nine beef processing facilities, five pork processing facilities, fourteen value-added beef and pork facilities and one hide tannery. In Canada, it operates one beef processing facility and two value-added beef facilities. In Australia and New Zealand, it operates 11 beef, hog and small animal processing facilities, including the largest and what the company believes to be its most technologically advanced facility (the Dinmore facility), and eight value-added facilities. The company's small animal processing facilities in Australia processes lamb and sheep. Its facilities are strategically located to source cattle in a cost-effective manner and to efficiently serve its customer base in Asia and elsewhere globally.

ISS ESG SPO ASSESSMENT SUMMARY

SECTION	EVALUATION SUMMARY[1]
Part 1: **KPI selection and SPT calibration** **KPI** "JBS USA's Global Greenhouse Gas (GHG) Emission Intensity (Scope 1 and 2, in $MTCO_2e$ per 100 lbs of product)" **SPT** "Reduce JBS USA's Global GHG Emission Intensity (Scope 1 and 2, in $MTCO_2e$ per MT of product) by 30% by 2030 with respect to a 2019 baseline; linear progress expected, defining a series of SPTs JBS USA could utilize from years 2026 to 2030"	**KPI selection: Relevant and core to issuer's business model and sustainability profile. Material to the direct operations, but not to the whole Corporate Value Chain as it does not cover JBS USA's Scope 3 emissions** **Sustainability Performance Target (SPT) calibration:** • **Less ambitious against issuer's past performance from a quantitative perspective but in line with past efforts to reach its long-term objective[2]** • **Ambitious against issuer's sectorial peer group** • **Limited information to assess the level of ambition of the target against international target** ISS ESG finds that KPI selected is core, relevant and moderately material to the issuer's business model and consistent with its sustainability strategy. The KPI is material to the company's direct operations but not material to the whole Corporate Value Chain as the KPI does not include Scope 3 emissions, which represents 96% of the issuer's total GHG emissions. It is appropriately measurable, quantifiable, externally verifiable and benchmarkable. ISS ESG finds that the SPT calibrated by JBS USA is less ambitious from a quantitative perspective but in line with the company's past efforts to reach its long-term objective. The SPT is ambitious compared to its Food & Beverages peer group in order of magnitude, however, it is not as ambitious as other companies' targets that include Scope 3 emissions. Furthermore, ISS ESG cannot verify whether the SPT is ambitious and in line with the Paris agreement and 1.5 degrees Celsius warming scenario. According to guidance on target setting from the SBTi, requiring the inclusion of Scope 3 emissions for any company where more than 40% of emissions stem from Scope 3 emissions, the current SPT does not align with the SBTi guidelines. The issuer has expressed its commitment to align with a 1.5°C emission pathway but did not provide evidence on the current alignment of the SPT with the Paris Climate Goals. The target is set in a clear timeline, is benchmarkable and supported by a strategy and action plan.
Part 2: **Alignment with the SLBP**	**Aligned with ICMA Sustainability-Linked Bond Principles (SLBP)** The issuer has defined a formal framework for its Sustainability-Linked Bonds regarding the selection of KPI, calibration of Sustainability Performance Target (SPT), Sustainability-Linked Bond characteristics, reporting and verification. The framework is in line with the Sustainability-Linked Bond Principles ("SLBP"), as administered by the ICMA.

[1] ISS ESG's evaluation is based on the engagement conducted from October to November 2021, on JBS USA's Sustainability-Linked Bond Framework (November 12, 2021 version) and on the ISS ESG Corporate Rating applicable at the SPO delivery date (updated on 2021-11-03)
[2] The assessment is limited by the fact that the baseline and historical data have not been verified.

	Consistent with issuer's sustainability strategy
Part 3: **Link to issuer's sustainability strategy**	According to the ISS ESG Corporate Rating published 2021-11-03, the company currently shows a medium sustainability performance against peers on key ESG issues faced by Food Products sector and obtains a Decile Rank relative to industry group of 4, given that a decile rank of 1 indicates highest relative ESG performance out of 10. The issuer is rated 73rd out of 217 companies within its sector as of 15.10.2021. The KPI selected by the issuer is related to climate change solutions. The mitigation of direct and indirect climate impact has been defined as one of the key priorities of the issuer in terms of sustainability strategy and ISS ESG finds that this is a material sustainability topic for the issuer. The rationale for issuing sustainability-linked bond is clearly described by the issuer. The issuer is exposed to 2 severe controversies related to labor standards (e.g., failure to respect the right to safe and healthy working conditions in the United States) and environmental protection of its supply chain (e.g., failure to prevent deforestation in the supply chain in Brazil) and 1 very severe controversy related to labour rights (i.e., failure to respect the right to safe and healthy working conditions in Brazil).

ISS ESG SPO ASSESSMENT

PART 1: KPI SELECTION & SPT CALIBRATION

1.1. KPI selection

KPI selected by the issuer

FROM ISSUER'S FRAMEWORK
KPI: JBS USA's Global Greenhouse Gas (GHG) Emission Intensity (Scope 1 and 2, in $MTCO_2e$ per 100 lbs of product). **SPT:** Reduce JBS USA's Global GHG Emission Intensity (Scope 1 and 2, in $MTCO_2e$ per MT of product) by 30% by 2030 with respect to a 2019 baseline; linear progress expected, defining a series of SPTs JBS USA could utilize from years 2026 to 2030. **Long-term goal:** Keep global warming to 1.5ºC by 2050 through adoption of science-based emission intensity reduction targets across Scope 1 and 2 emissions. **Rationale:** Climate change is the most pressing issue facing society today and has the potential to negatively impact future generations if bold action is not taken immediately. This issue also poses significant risks to JBS's business, their grower partners, customers and consumers. JBS's 2015 CMA identified climate change as one of their material issues. In response, JBS USA established GHG, energy and natural gas use intensity reduction goals to be achieved by 2020. The company met all of these goals except natural gas and have enhanced their 2030 goals to include their global operations across all of JBS S.A. JBS USA is an integral part of JBS SA's commitment to the United Nations Global Compact's Business Ambition for 1.5°C initiative and JBS will set SBTi-aligned targets for scopes 1, 2, and 3 that will put us in alignment with the most ambitious 1.5ºC trajectory. In addition, as SBTi releases specific sectorial guidance for agriculture and net zero guidance for companies, the company will reassess its targets to ensure our net zero ambitions are realized according to science **Baseline**: 0.23807 $MTCO_2e$/MT of product **Baseline year:** 2019 **Scope:** Scope 1 and 2 GHG emissions include: • Scope 1 Emissions primarily result from fuels combusted, dry ice/gaseous CO_2 used as a manufacturing aid, and wastewater treatment systems. JBS USA Lux SA conservatively assumes that 100% of Dry Ice/CO_2 gas is emitted as a fugitive source. I.e., 1 kg of dry ice purchased = 1 kg of CO_2 emissions. • Scope 2 Emissions primarily result from electricity purchased. 2018 eGRID (March 2020) or similar location based emission factors were used. Outside of this business unit they have excluded the facilities under JBS USA Lux that represent a partial vertical integration of their model: facilities that engage in the rearing of live animals and the transportation facilities from the transportation business unit of the Company. While JBS USA's public commitment and priority to reduce scope 1 and scope 2 emissions and to Net Zero 2040 also extend to those two segments, those segments are

outside of their core business and their ability to develop different levers and technologies required to achieve a carbon reduction in those segments is limited by their relative scale in them. Given this, JBS USA has chosen for the purpose of the framework to focus on their core segment for now, with an ultimate intent to include those segments in the framework scope at a later stage in parallel to future inclusions of scope 3 where the corresponding non-vertically integrated emissions would also be included.

JBS USA Lux S.A. is defined as the JBS USA restricted group, which excludes JBS USA Lux S.A. unrestricted subsidiaries

Calculation methodology : JBS USA follows the GHG protocol, applying accepted emission factors for each fuel combusted; accepted calculation for generation of CH_4 emissions from wastewater treatment; utilize the conservative accounting factor of 1lb of liquid CO_2 brought onsite is 1lb of CO_2 emitted; and location based Scope 2 accounting method.

Regarding the denominator in the Intensity calculation, they consider all finished pounds of product leaving the facility, including by-products that are sent in usable form or requiring further processing (e.g. cattle hides or cattle blood.) If products are shipped intra-JBS USA Lux facilities, they do not double count those products.

External verification: Emissions data verification with respect to the 2019 baseline will be subjected to a post-issuance, third-party limited assurance audit. In the event that emissions data verification results in a restatement to the baseline, the SPT will remain as a % reduction relative to the baseline (i.e. the adjusted trajectory will be based on a 30% reduction in 2030 from the restated baseline).

Materiality and relevance

Mitigation of direct and indirect climate impacts is considered a key ESG issue faced by the Food Products sector according to key ESG standards for reporting and ISS ESG assessment. Companies of this sector are highly GHG emissions intensive, namely in the process of animal farming and processed food, and thus a highly GHG-emitting industry.

ISS ESG finds that the KPI selected by the issuer is

- **Relevant** to JBS USA's business as its industry is highly GHG-emitting and exposed to climate change mitigation challenges.
- **Core** to the issuer's business as climate change reduction measures affects key processes and operations that are core to the business model of the issuer such as converting to renewable electricity across their global facilities and investing in R&D projects to assist producer efforts (boiler automation, LED lighting upgrade, Installation of additional ammonia refrigeration condensing equipment, etc.).
- **Moderately material** to JBS USA from an ESG perspective.
    - The KPI selected is material related to the direct operations and activities of the issuer as it covers the Scope 1 and Scope 2 GHG emissions from 100% of JBS USA's finished product (including edible and inedible products) that according to the estimated GHG emissions represent 3.9%[3] of JBS USA's Scope 1, 2 and 3 carbon footprint. According to JBS USA, due to the lack of available technologies to reduce emissions in live animal

[3] From JBS USA estimates, based on literature review and other sources.

operations, emissions from company-owned or leased live animal production facilities have been excluded from the reduction commitment. In the previously issued JBS SA SLB, the emissions for both company-owned hogs in the U.S. and Australian cattle on leased feedlots were included in emission calculations largely due to historical precedent established by JBS SA through previously submitted public data to reporting venues including CDP.

- The GHG Protocol explains that emissions reporting for the whole Corporate Value Chain would include Scope 3 emissions. As the selected KPI does not cover the Scope 3 emissions, it is considered not material to the whole Corporate Value Chain of the company. Furthermore, Scope 1 and 2 emissions account for a minority percentage of the total GHG emissions.
- Scope 3 emissions represent the majority of JBS USA total greenhouse gas emissions (an estimated 96% of total JBS USA's carbon footprint) and constitute a material issue for the company and other protein-producing peers. JBS USA has taken steps toward understanding its own Scope 3 footprint in some of its geographies and expects to introduce measurement and reduction strategies as part of its SBTi commitment, incorporating developments in sector-specific guidelines as they are refined. Currently, the SBTi is working to develop the Forest, Land and Agriculture Guidance (FLAG)[4] for companies in land-intensive sectors, which is where JBS USA would be categorized. According to the company, the initial commitment to Scope 1 and Scope 2 emissions is not a reflection of the importance of Scope 3 in its broader fight against climate change but an acknowledgement that JBS must start with elements over which they have direct control and that have robust and trusted measurement guidelines. Going forward, JBS USA expects to examine and collaborate with their entire supply / value chain to ensure efficiency across Scopes 1, 2, and 3.

Consistency with overall company's sustainability strategy

In 2021, JBS SA became the first major global meat and poultry company to commit to achieve net-zero greenhouse gas emissions by 2040. As part of this commitment, JBS SA 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. As a core subsidiary of JBS SA, JBS USA Lux SA will develop science-based GHG emission reduction targets across their global operations and value chain in the United States, Canada Australia and New Zealand. They will also 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 SA and its subsidiaries, including JBS USA Lux, will provide annual updates on progress to ensure transparency and disclose its financial risks linked to climate change, in line with the Task Force on Climate-related Financial Disclosure (TCFD) initiative.

JBS USA Lux SA commits to reduce its global Scope 1 and 2 emission intensity by 30% by 2030 against a 2019 baseline across their global operations in Australia, Canada, New Zealand, and the United States. As JBS USA undergoes the science-based target setting process, JBS USA's emission targets

[4] https://sciencebasedtargets.org/sectors/forest-land-and-agriculture

may evolve, which may impact future sustainability-linked financings. JBS USA does expect that any future SBTs developed for Scope 1, 2 and 3 to be at least as ambitious in level and scope as stated in this bond's Sustainability Performance Target for Scopes 1 and 2 and more ambitious in level and scope for any future Scope 3 SBTi. These efforts are already underway across the company's global operations. Their commitment represents a continuation of progress to date as they have already reduced Scope 1 and 2 emission intensity by 20% from 2015 to 2020.

As JBS USA continues its climate change journey, it will set SBTi-based target goals to put it in alignment with the most ambitious 1.5°C trajectory. In addition, as SBTi releases specific sectorial guidance for the Food and Agriculture sector and net zero guidance, the company will reassess its targets to ensure their net zero ambitions are realized according to science. In line with SBTi definition of Net Zero[5], JBS USA defines Net Zero as an overall balance between greenhouse gas emissions produced and greenhouse gas emissions taken out of the atmosphere.

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

- **Converting to 100% renewable electricity** across our global facilities by 2040 and joining RE100.
- **Ensuring accountability** by tying performance against environmental goals to executive compensation.
- **Reducing scope 1 and 2 emission intensity in our facilities** by at least 30% by 2030 against base year 2019.
- **Promoting collaboration** between the multiple sectors in our value chain and other stakeholders.
- **Accounting for a significant portion of more than US$1 billion commitment set forth by JBS SA** in incremental capital expenditures over the next decade in emission reduction projects.
- **Accounting for a significant portion of the 10 year, $100 million R&D project commitment set forth by JBS SA** to assist producer efforts to strengthen and scale regenerative farming practices, including carbon sequestration and on-farm

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

Measurability

- **Scope and perimeter:** Direct GHG emissions from stationary and mobile sources (Scope 1) excluding emissions from their live animal operations, and energy indirect emissions (Scope 2). The KPI excludes the emissions from U.S. Live Pork operations and live animal operations in Australia / New Zealand.

[5] https://sciencebasedtargets.org/resources/files/Net-Zero-Standard-Criteria.pd

- **Quantifiable:** The KPI selected is measurable and quantifiable. The calculation methodology (GHG protocol) refers to clear accounting metrics.
- **Externally verifiable** The KPI selected is externally verifiable given that it is calculated in accordance with the GHG Protocol Corporate Accounting and Reporting Standard. The GHG inventory of the issuer (and therefore its baseline) has not been verified by a third-party verifier. However, the issuer commits to a post-issuance, third-party limited assurance audit. All post-issuance annual progress updates will be based on the verified baseline. Additionally, the data is part of the previously obtained JBS S.A Sustainability-Linked Bond wherein it will also be third-party validated.

Opinion on KPI selection: *ISS ESG finds that KPI selected is core, relevant and moderately material to the issuer's business model and consistent with its sustainability strategy. The KPI is material to the company's direct operations but not material to the whole Corporate Value Chain as the KPI does not include Scope 3 emissions representing the majority of the issuer's GHG emissions (96% of total GHG emissions). It is appropriately measurable, quantifiable, externally verifiable and benchmarkable.*

1.2. Calibration of SPT

SPT set by the issuer

FROM ISSUER'S FRAMEWORK[6]
Sustainability Performance Target: Reduce JBS USA Global GHG Emission Intensity (Scope 1 and 2, in MTCO_2e per MT of product) by 30% by 2030 with respect to a 2019 baseline, with progress expected to be linear. Targets selected for specific bonds will be based on linear progress required in years 2026 – 2030. **Sustainability Performance Target Trigger:** Third-party verification on the achievement of the target (any linear reduction in terms of GHG emissions, corresponding to around 3.19% yearly[7]) within 6 months from the observation date. **Sustainability Performance Target Observation Date**: Yearly from 12/31/2026 to 12/31/2030 (for the first bond issuance, the company has already targeted 12/31/2026 as the observation date). **2019 Baseline :** 0.23807 MT of CO_2e/MT Product Scope 1 and 2 emissions excluding emissions from live animal operations. * JBS's other commitments, including previous SLBs, have used 2019 as the baseline, because that was the latest available data year at the time the commitments/SLBs were initiated. To facilitate a consistent message to all their facilities (i.e., not confuse the facilities with various 'baseline' years), JBS USA feel it imperative to keep with the 2019 baseline for this potential SLB. **Selection of methodology for calculating the SPT**: GHG protocol JBS USA applies accepted emission factors for each fuel combusted; accepted calculation for generation of CH4 emissions from wastewater treatment; utilize the conservative accounting factor of 1lb of liquid CO_2 brought onsite is 1lb of CO_2 emitted; and location based Scope 2 accounting method.

[6] This table is displayed by the issuer in its Sustainability-Linked Bond Framework and have been copied over in this report by ISS ESG for clarity.
[7] Compared to the previous year

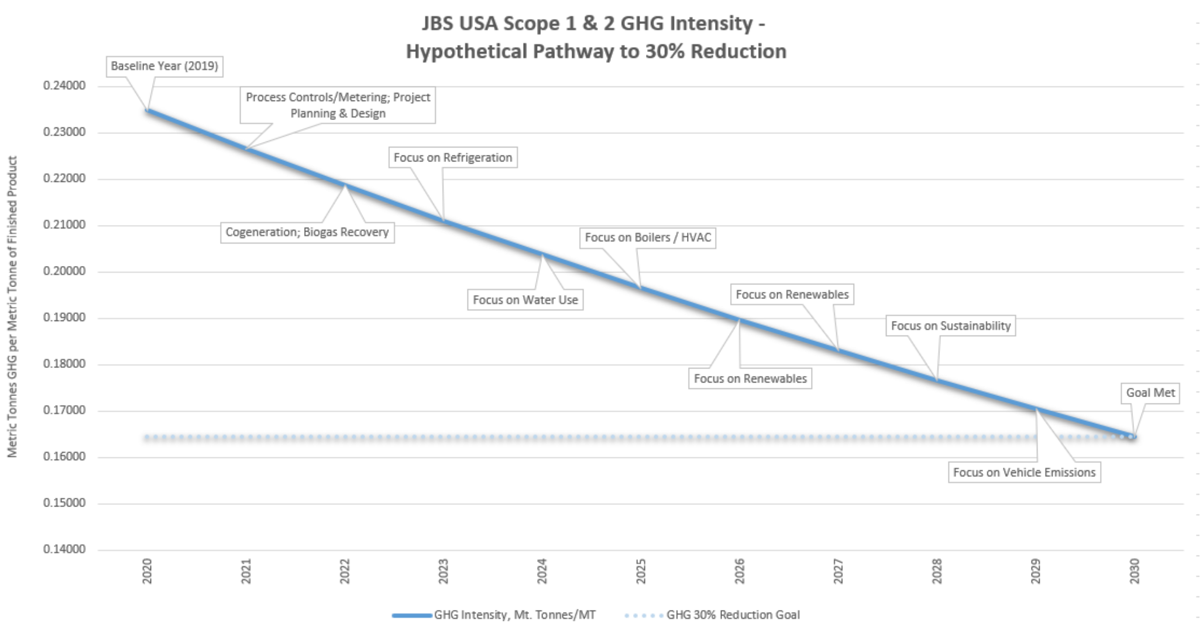
Regarding the denominator in the intensity calculation, they consider all finished pounds of product leaving the facility, including by-products that are sent in usable form or requiring further processing (e.g. cattle hides or cattle blood.) If products are shipped intra-JBS USA Lux facilities, they do not double count those products.

Rationale for target selection & ambition: The Sustainability Performance Target has been selected based on the JBS SA global commitment to the Paris Agreement and a below 1.5°C scenario.

Factors that support the achievement of the target:

- Process controls/metering, project on planning & Design
- Cogeneration, Biogas Recovery, Biomass Utilization
- Focus on Refrigeration Efficiencies, Water Use, Boilers/HVAC, Renewables, Sustainability & Electrification, Vehicles Emissions

Risks to the target: JBS USA views the key risks associated with achieving emissions targets as largely tied to the timing of implementing various emissions reductions investments. Other risks include revenue growth in operations / products with higher tCO_2e per production unit, shift in consumer preferences / demand, extreme events (like pandemics), availability / affordability of certain energy efficiency technologies, availability / affordability of renewable energy sources, and other operational disruptions that could impact their ability to implement their climate strategy. Given the urgency of addressing climate change, JBS is firmly committed to doing its part to reduce global emissions and expects to navigate through challenges rather than use them as excuses to divert from their climate strategy.



Source: JBS USA Sustainability-Linked Bond Framework as of November 12, 2021

Ambition

Against company's past performance

JBS USA sets the SPT to reduce its global GHG emissions (Scopes 1 & 2) intensity by 30% in 2030. This is estimated to be equal or less than 0.16503 Metric Tonnes of CO_2e/MT product produced based on the current 2019 baseline. Once the 2019 baseline has been verified, the SPT would ultimately be adjusted to reflect a reduction by 30% to the 2019 baseline.

Indicator	2016	2017	2018	2019	2030-Target	CAGR '16-'19	CAGR Baseline - 30
GHG Scope 1 & 2 emissions (Metric Tonnes of CO_2e per Metric Tonne of Finished Product)	0.26851	0.25961	0.25607	0.23807	0.16665	-3.9%	-3.2%
YoY Reduction (%)		-3.3%	-1.4%	-7.0%			

Source: JBS USA Sustainability-Linked Bond Framework as of November 12, 2021

From the baseline period to the target, the compound annual reduction rate is 3.2% compared to a 3.9% annual reduction rate between 2016 to 2019. Indeed, JBS USA achieved significant reductions of Scope 1 and 2 emissions in the past since there were much more 'low hanging fruit', i.e., some of the facilities had significant opportunities to improve fuel use efficiency or reduce GHG emissions associated with wastewater treatment. Some of the efficiency was obtained by business decisions to consolidate smaller operations and/or increase the output (i.e., 'finished product') of individual facilities (thereby enlarging the denominator in the GHG intensity formula.) The two items combined resulted in a real, rapid and significant reduction in GHG intensity.

In this context and compared to the baseline year, the SPT set by JBS USA is perceived by ISS ESG as less ambitious against the company's past performance from a quantitative perspective but in line with past efforts to achieve its long-term objective. The company has already achieved its 20% GHG emission intensity reduction goal in 2020 based on an average baseline from 2013-2015 but reaching its 2030 goal requires additional capital and significant transformation. The assessment is limited by the fact that the baseline and historical data have not been verified.

Against company's sectorial peers

ISS ESG conducted a benchmarking of the SPT set by JBS USA against a peer group of eight US-listed Food and Beverages companies provided by the issuer.

As of November 2021, six companies (including JBS USA), have public GHG emission reduction targets, of which JBS USA is one of the most ambitious companies in terms of average yearly GHG emissions reduction. Nevertheless, three peer companies have already set up Scope 3 emissions target for 2030 and 2 of these 3 companies have SBTi verified targets for Scopes 1, 2 and 3.

ISS ESG concludes that the SPT set by the issuer is ambitious against peers in order of magnitude, as it belongs to the top two companies with the most ambitious yearly GHG emissions reduction targets. However it is not as ambitious as other Food and Beverages companies that have set Scope 3 targets.

Against international targets

Paris agreement

JBS USA has not benchmarked its SPT against any international targets. Given the absence of specific methodologies and guidance from SBTi for businesses in the Food and Agriculture sector, the emission reduction target KPI and SPT is currently not subject to SBTi verification.

However, the company is committed to undergoing the science-based target setting process for its Scope 1 and 2 targets. Yet, JBS USA does not expect to revise the SPTs of outstanding sustainability-linked financings based on SBTi progress made after the date of issuance.

JBS USA has taken steps toward understanding its Scope 3 footprint in some of its geographies and expects to introduce measurement and reduction strategies as part of its SBTi commitment, incorporating developments in sector-specific guidelines as they are refined. The company is engaging with a reputable third-party consultant to conduct a thorough value chain foot-printing exercise across its global business, inclusive of Scope 3 per GHG Protocol and SBTi guidance and plans to submit its SBTs to the SBTi no later than March of 2023.

In this context, ISS ESG cannot verify whether the SPT is ambitious and in line with the Paris agreement and 1.5 degrees Celsius warming scenario, based on the lack of information currently available in the sector. However, according to guidance on target setting from the SBTi, any company where more than 40% of emissions stem from Scope 3, is required to include a Scope 3 target in its target setting. Therefore, there is evidence that the current target set by JBS USA is not aligned with the SBTi methodology.

Measurability & comparability

- **Historical data:** The issuer has provided relevant historical data for the last 3 years, including data for the baseline year of 2019, in line with the SLBP requirements.
- **Benchmarkable:** By referring to commonly acknowledge GHG accounting standards and protocol, the ambition of the SPT is easily comparable with the data reported by other companies.
- **Timeline:** The issuer defined a timeline related to the SPT achievement, including the target observation date and the frequency of SPTs measurement.

Supporting strategy and action plan

JBS USA Lux SA is committing to reduce its global Scope 1 and 2 emission intensity by 30% by 2030 against a 2019 baseline, which is aligned with the Paris Agreement and a below 1.5ºC scenario. These efforts are already underway across the company's global operations. The company's commitment shows continued progress to date as it has already reduced Scope 1 and 2 emission intensity by 20% from 2015 to 2020.

Some examples of past projects to reduce Scope 1 and 2 emissions include:

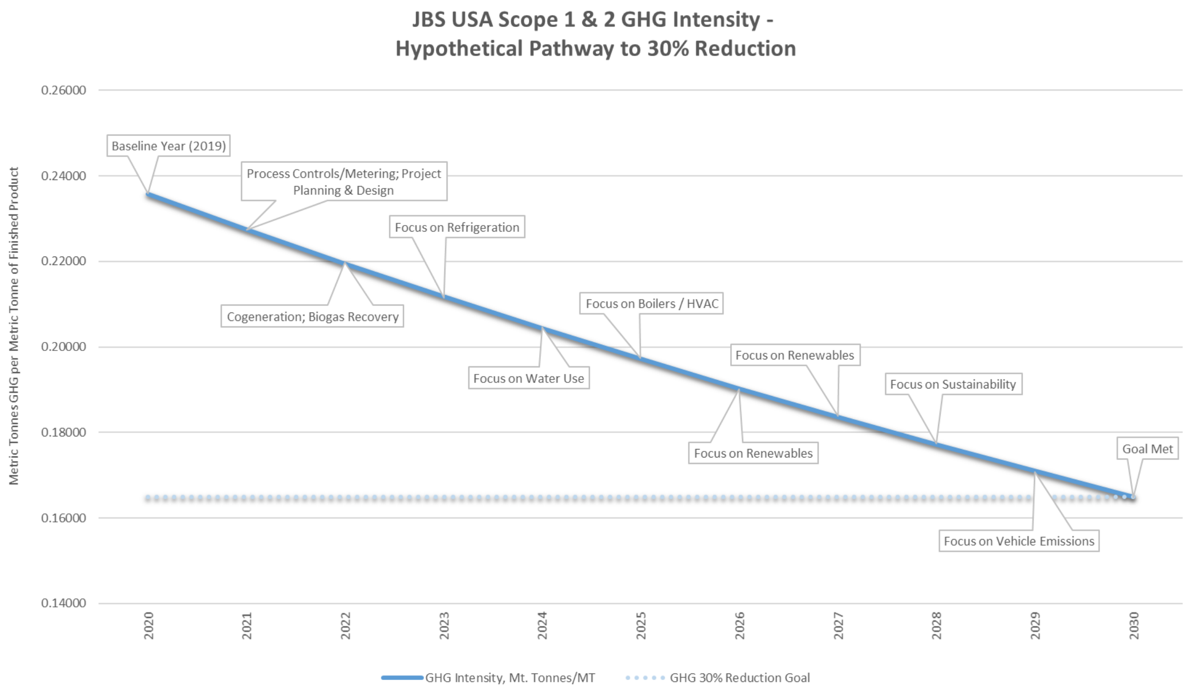
a) Covering of an anaerobic lagoon, capturing the biogas and combusting/destroying the methane in company boilers, displacing natural gas fossil fuel and its emissions. These efforts have reduced Scope 1 GHG emissions by roughly 50,000 tonnes/year.

b) Installation of additional ammonia refrigeration condensing equipment and automation to reduce the electrical demands of the overall system. Ammonia refrigeration is typically a facility's largest single source of electricity consumption. The installation of such equipment has reduced Scope 2 GHG emissions by roughly 5,000 tonnes/year.

c) Installation of a boiler automation system and enlarged steam header to improve the overall steam system efficiency and reduce natural gas use. The installation of this system resulted in an estimated (estimated because there is no natural gas meter solely for the boilers) reduction in Scope 1 GHG emissions by 3,000 tonnes/year.

d) LED Lighting Upgrades. Numerous facilities have upgraded their lighting system to LED, including motion sensor automation. Dependent on the facility, this reduces Scope 2 emissions anywhere from 1.5-5%.

e) Procedural emphasis. Facilities have implemented 'Focus on Energy' teams. Such teams are made up of 5-10 facility employees with the focus on identifying energy opportunities (electricity, gas, water), proposing a solution, installation and follow-up validation of the improvements effectiveness.



Source: JBS USA Sustainability-Linked Bond Framework as of November 12, 2021

As JBS USA continues its climate change journey, it will set SBTi-based target goals to put it in alignment with the most ambitious 1.5ºC trajectory. In addition, as SBTi releases specific sectorial guidance for the Food and Agriculture sector and net zero guidance, the company will reassess its targets to ensure their net zero ambitions are realized according to science.

Opinion on SPT calibration: *ISS ESG finds that the SPT calibrated by JBS USA is less ambitious from a quantitative perspective but in line with the company's past efforts to reach its long-term objective. The SPT is ambitious compared to its Food & Beverages peer group in order of magnitude, however, it is not as ambitious as other companies' targets that include Scope 3 emissions. Furthermore, ISS ESG cannot verify whether the SPT is ambitious and in line with the Paris agreement and 1.5 degrees Celsius warming scenario. According to guidance on target setting from the SBTi, requiring the inclusion of Scope 3 emissions for any company where more than 40% of emissions stem from Scope 3 emissions, the current SPT does not align with the SBTi guidelines. The issuer has expressed its commitment to align with a 1.5°C emission pathway, but did not provide evidence on the current alignment of the SPT with the Paris Climate Goals. The target is set in a clear timeline, is benchmarkable and supported by a strategy and action plan.*

PART 2: ALIGNMENT WITH ICMA SUSTAINABILITY-LINKED BOND PRINCIPLES

Rationale for Framework

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

Opinion: *ISS ESG considers the Rationale for Issuance description provided by JBS USA as aligned with the Sustainability-Linked Bond Principles.*

2.1. Selection of KPI

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

Opinion: *ISS ESG finds that KPI selected is core, relevant and moderately material to the issuer's business model and consistent with its sustainability strategy. The KPI is material to the company's direct operations but not material to the whole Corporate Value Chain as the KPI does not include Scope 3 emissions representing the majority of the issuer's GHG emissions (96% of total GHG emissions). It is appropriately measurable, quantifiable, externally verifiable and benchmarkable.*

2.2. Calibration of Sustainability Performance Target (SPT)

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

Opinion: *ISS ESG finds that the SPT calibrated by JBS USA is less ambitious from a quantitative perspective but in line with the company's past efforts to reach its long-term objective. The SPT is ambitious compared to its Food & Beverages peer group in order of magnitude, however, it is not as ambitious as other companies' targets that include Scope 3 emissions. Furthermore, ISS ESG cannot verify whether the SPT is ambitious and in line with the Paris agreement and 1.5 degrees Celsius warming scenario. According to guidance on target setting from the SBTi, requiring the inclusion of Scope 3 emissions for any company where more than 40% of emissions stem from Scope 3 emissions, the current SPT does not align with the SBTi guidelines. The issuer has expressed its commitment to align with a 1.5°C emission pathway, but did not provide evidence on the current alignment of the SPT with the Paris Climate Goals. The target is set in a clear timeline, is benchmarkable and supported by a strategy and action plan.*

2.3. Sustainability-Linked Bond Characteristics

FROM ISSUER'S FRAMEWORK
JBS USA's SLB has a sustainability-linked feature that will result in a coupon adjustment, or a premium payment as the case may be, if the company's performance does not achieve the stated SPTs. Timing for the adjustment will be defined. The relevant KPI, SPT, coupon step-up amount or premium payment amount, as applicable, will be specified in the relevant documentation of the specific transaction (e.g. Final Terms of the relevant SLB). The Issuer will notify the investors of the achievement or not of the SPT as soon as possible (as defined in the instrument's documentation). If, for any reason, the KPI cannot be calculated, observed or reported in a timely manner (as defined in the instrument's documentation), the defined bond characteristic change will be triggered as if the target was not met (with effective dates aligned with the original SPT).

Opinion: *ISS ESG considers the Sustainability-Linked Bond Characteristics description provided by JBS USA as aligned with the Sustainability-Linked Bond Principles. The issuer gives a detailed description of the potential variation of the financial characteristics of the bonds, while clearly defining the KPI and SPT and its calculation methodologies.*

2.4. Reporting

FROM ISSUER'S FRAMEWORK
Annually, and for any date/period relevant for assessing the trigger of the SPT performance, JBS USA will publish and make readily available and accessible on their website 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.

Opinion: *ISS ESG considers the Reporting description provided by JBS USA as aligned with the Sustainability-Linked Bond Principles. This will be made publicly available annually and include valuable information, as described above.*

2.5. Verification

FROM ISSUER'S FRAMEWORK
Pre-issuance: JBS USA 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 USA's website – **www.jbsfoodsgroup.com**. 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 USA 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 their website.

Opinion: *ISS ESG considers the Verification description provided by JBS USA as aligned with the SLBP. The issuer plans on having all annual values of the SPT published and verified. This will outline the performance against the SPT, the related impact and timing of such impact on the securities financial characteristics.*

PART 3: LINK TO JBS SA'S SUSTAINABILITY STRATEGY

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

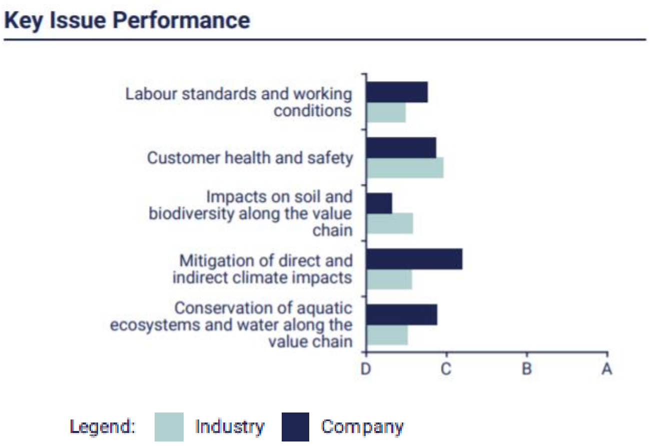
COMPANY	SECTOR	DECILE RANK	TRANSPARENCY LEVEL
JBS SA	FOOD PRODUCTS	4	VERY HIGH

This means that the company currently shows a medium sustainability performance against peers on key ESG issues faced by Food Products sector and obtains a Decile Rank relative to industry group of 4, given that a decile rank of 1 indicates highest relative ESG performance out of 10.

ESG performance

As of 15.10.2021, this Rating places JBS 73rd out of 217 companies rated by ISS ESG in the Food Products sector.

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



Sustainability Opportunities

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

Sustainability Risks

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

Governance opinion

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

Sustainability impact of products and services portfolio

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

PRODUCT/SERVICES PORTFOLIO	ASSOCIATED PERCENTAGE OF REVENUE	DIRECTION OF IMPACT	UN SDGS
Food products (highly processed and/or critical nutrient level), products based on non-ruminant red meat, products based on ruminant red meat	70%	OBSTRUCTION	3 GOOD HEALTH AND WELL-BEING; 2 ZERO HUNGER
Products based on non-ruminant red meat, products based on ruminant red me	60%	OBSTRUCTION	6 CLEAN WATER AND SANITATION
Food/agricultural products (certified organic)	1%	CONTRIBUTION	15 LIFE ON LAND; 2 ZERO HUNGER
Others	N/A	NO NET IMPACT	N/A

Breaches of international norms and ESG controversies

The company is facing 1 very severe and 2 severe controversies:

- Severe controversies relating to labour standards linked to alleged failure to respect the right to safe and healthy working conditions in the United States and environmental protection of its supply chain have been revealed.
- Very severe controversy relating to Labour rights linked to alleged failure to respect the right to safe and healthy working conditions in Brazil.

JBS S.A. is failing to prevent and remediate health and safety incidents at its operations in Brazil, according to repeated rulings by labour courts from 2016 to 2018 concerning ongoing lethal risks, including recurrent incidents of ammonia gas. Brazilian authorities found that JBS failed to put in place remediation measures as required by authorities following earlier incidents. Leaks of ammonia gas – which can be lethal if inhaled at concentrated levels – have occurred, most recently in February 2021. In April 2021, local media raised similar concerns and referred to a survey in November 2020 which found that more than 300 employees had been exposed to ammonia since 2014. It also stated that the company has failed to prevent further accidents and did not elaborate on actions taken in response to labour citations. Although JBS stated to ISS ESG in 2017 that its health and safety policies and processes are aligned with local legislation, in August 2019 the Labour Prosecution Office (MPT) declared that JBS has deliberately refused to comply with labour norms, referencing the company's disregard of previous court rulings on workers' health and safety. According to these rulings, JBS lacks mandatory accident prevention requirements in many of its facilities and neglects regulations established by labour agencies. In an investor dialogue facilitated by ISS ESG in March 2021, the company stated that it has not had any "severe" problems with ammonia leaks over the past three years, including no fatalities related to ammonia at any facilities. In April 2021, the company reiterated that it has invested BRL550 million in occupational health and safety across Brazilian facilities, for structural enhancements to prevent such incidents and safety trainings. Repeated court rulings against JBS and the continued stakeholder concerns indicate that it has yet to demonstrate the efficacy of measures to resolve recurrent incidents of ammonia leaks.

JBS SA's wholly owned subsidiary JBS USA LLC (JBS) is facing allegations that it has failed to implement adequate and timely health and safety measures on the Coronavirus disease 2019 (COVID-19) pandemic at its operations in the United States (U.S.). Stakeholders have highlighted the spread of the virus within the U.S. meat processing industry, where hazardous work is performed by vulnerable workers in close proximity on busy production lines. According to a February 2021 Congressional letter, JBS is one of the meatpacking companies being investigated by the U.S. House Select Subcommittee on the Coronavirus following reports of inadequate COVID-19 measures since April 2020 resulting in at least 18 fatalities and more than 3,000 infected employees across its facilities. In September 2020, the U.S. Occupational Safety and Health Administration (OSHA) issued a "serious" health and safety citation against the company for failing to prevent the outbreak at a facility in Colorado which recorded at least six fatalities. Allegations include failure to enforce physical distancing protocols and sanitation measures, lack of personal protective equipment, failure to share information on infections within its operations, failure to provide employee testing and screening, and forcing sick employees to continue working. In a series of investor dialogues and communication with ISS ESG, most recently in April 2021, JBS disclosed comprehensive information on its health and safety measures such as full coverage of COVID-19 health expenses for all workers, regular testing of asymptomatic workers, increased sanitation efforts, and incentive bonuses for any workers willing to get vaccinated. ISS ESG remains vigilant of the continued stakeholder concerns and the efficacy of policies put in place to protect workers from associated health risks in the United States.

Since 2009, and most recently in March 2021, JBS SA has faced repeated allegations by multiple stakeholders of sourcing cattle from suppliers involved in illegal deforestation in the Brazilian Amazon rainforest and the Cerrado biome. According to the NGO Greenpeace, cattle ranching is the main driver of deforestation in Brazil - the country's main contributor to climate change. Following a Greenpeace report detailing allegations of deforestation in 2009, JBS signed multiple agreements to end deforestation in its cattle supply chain. However, in 2017 the Brazilian Institute of Environment and Renewable Natural Resources (IBAMA) fined JBS $7.7 million for allegedly purchasing cattle from land blacklisted by IBAMA due to illegal deforestation. JBS denied the allegations and reiterated its commitment to a deforestation-free beef supply chain. While a 2018 third-party audit of the company's cattle acquisitions from direct suppliers concluded that it was 100% compliant with environmental and social standards, recent criticism has focused on deforestation in its indirect supply chain, where ranchers move cattle illegally raised on deforested land to compliant farms. In September 2020, JBS launched the Green Platform, a blockchain based platform to monitor indirect suppliers which would allow direct suppliers to only source from compliant suppliers. While the company has made considerable efforts to monitor its direct suppliers and has started a program to monitor indirect suppliers, JBS continues to face allegations of sourcing cattle from farms involved in illegal deforestation.

Contribution of KPIs to sustainability objectives and priorities

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

KPI SELECTED	SUSTAINABILITY OBJECTIVES FOR THE ISSUER	KEY ESG INDUSTRY CHALLENGES	CONTRIBUTION
JBS USA's Global Greenhouse Gas (GHG) Emission Intensity (Scope 1 and 2, in MTCO_2e per tonne of product)	✓	✓	Contribution to a material objective

Opinion: *ISS ESG finds that the KPI linked to this bond is consistent with the issuer's sustainability strategy and material ESG topics for the issuer's industry. The rationale for issuing sustainability-linked bonds is clearly described by the issuer.*

DISCLAIMER

1. Validity of the SPO: For JBS USA's Sustainability-Linked Bond issuances as long as the Sustainability-Linked Bond Framework (November 12, 2021 version), SPTs benchmarks and structural securities characteristics described in this document do not change.
2. ISS ESG uses a scientifically based rating concept to analyse and evaluate the environmental and social performance of companies and countries. In doing so, we adhere to the highest quality standards which are customary in responsibility research worldwide. In addition, we create a Second Party Opinion (SPO) on bonds based on data from the issuer.
3. We would, however, point out that we do not warrant that the information presented in this SPO is complete, accurate or up to date. Any liability on the part of ISS ESG in connection with the use of these SPO, the information provided in them and the use thereof shall be excluded. In particular, we point out that the verification of the compliance with the selection criteria is based solely on random samples and documents submitted by the issuer.
4. All statements of opinion and value judgements given by us do not in any way constitute purchase or investment recommendations. In particular, the SPO is no assessment of the economic profitability and credit worthiness of a bond but refers exclusively to the social and environmental criteria mentioned above.
5. We would point out that this SPO, in particular the images, text and graphics contained therein, and the layout and company logo of ISS ESG and ISS-ESG are protected under copyright and trademark law. Any use thereof shall require the express prior written consent of ISS. Use shall be deemed to refer in particular to the copying or duplication of the SPO wholly or in part, the distribution of the SPO, either free of charge or against payment, or the exploitation of this SPO in any other conceivable manner.

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ANNEX 1: ISS ESG Corporate Rating

The following pages contain the methodology description of the ISS ESG Corporate Rating.

Methodology - Overview

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

ESG Corporate Rating - The ESG Corporate Rating universe, which is currently expanding from more than 8,000 corporate issuers to a targeted 10,000 issuers in 2020, covers important national and international indices as well as additional companies from sectors with direct links to sustainability and the most important bond issuers that are not publicly listed companies.
The assessment of a company's social & governance and environmental performance is based on approximately 100 environmental, social and governance indicators per sector, selected from a pool of 800+ proprietary indicators. All indicators are evaluated independently based on clearly defined performance expectations and the results are aggregated, taking into account each indicator's and each topic's materiality-oriented weight, to yield an overall score (rating). If no relevant or up-to-date company information with regard to a certain indicator is available, and no assumptions can be made based on predefined standards and expertise, e.g. known and already classified country standards, the indicator is assessed with a D-.

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

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

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

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

As a stress-test of corporate disclosure, Norm-Based Research assesses the following:

- Companies' ability to address grievances and remediate negative impacts
- Degree of verification of allegations and claims
- Severity of impact on people and the environment, and systematic or systemic nature of malpractices

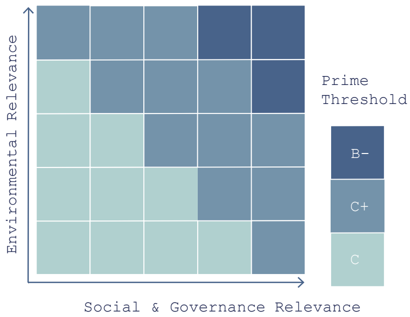
Severity of impact is categorized as Potential, Moderate, Severe, Very severe. This informs the ESG Corporate Rating.

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

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

Industry Classification - The social and environmental impacts of industries differ. Therefore, based on its relevance, each industry analyzed is classified in a Sustainability Matrix.

Depending on this classification, the two dimensions of the ESG Corporate Rating, the Social Rating and the Environmental Rating, are weighted and the sector-specific minimum requirements for the ISS ESG Prime Status (Prime threshold) are defined (absolute best-in-class approach).



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

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

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

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

Rating Scale - Companies are rated on a twelve-point scale from A+ to D-:

A+: the company shows excellent performance.

D-: the company shows poor performance (or fails to demonstrate any commitment to appropriately address the topic).

Overview of the range of scores achieved in the industry (light blue) and indication of the grade of the company evaluated in this report (dark blue).

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

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

Transparency Level - The Transparency Level indicates the company's materiality-adjusted disclosure level regarding the environmental and social performance indicators defined in the ESG Corporate Rating. It takes into consideration whether the company has disclosed relevant information regarding a specific indicator, either in its public ESG disclosures or as part of the rating feedback process, as well as the indicator's materiality reflected in its absolute weight in the rating. The calculated percentage is classified in five transparency levels following the scale below.

0% - < 20%: very low

20% - < 40%: low

40% - < 60%: medium

60% - < 80%: high

80% - 100%: very high

For example, if a company discloses information for indicators with a cumulated absolute weight in the rating of 23 percent, then its Transparency Level is "low". A company's failure to disclose, or lack of transparency, will impact a company's ESG performance rating negatively.

ANNEX 2: Methodology

ISS ESG Corporate Rating

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

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

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

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

ISS ESG reviewed the Sustainability-Linked Bond Framework of JBS USA, as well as the concept and processes for issuance against the Sustainability-Linked Bond Principles administered by the ICMA. Those principles are voluntary process guidelines that outline best practices for financial instruments to incorporate forward-looking ESG outcomes and promote integrity in the development of the Sustainability-Linked Bond market by clarifying the approach for issuance.

ISS ESG reviewed the alignment of the concept of JBS USA's issuance with mandatory and necessary requirements as per the Appendix III - SLB Disclosure Data Checklist of those principles, and with encouraged practices as suggested by the core content of the Principles.

Analysis of the KPI selection and associated SPT

In line with the voluntary guidance provided by the Sustainability-Linked Bond Principles, ISS ESG conducted an in-depth analysis of the sustainability credibility of the KPI selected and associated SPT. ISS ESG analysed if the KPI selected is core, relevant and material to the issuer's business model and consistent with its sustainability strategy thanks to its long-standing expertise in evaluating corporate sustainability performance and strategy. ISS ESG also reviewed if the KPI is appropriately measurable by referring to key GHG reporting protocols and against acknowledged benchmarks.

ISS ESG analysed the ambition of the SPT against JBS USA's own past performance (according to JBS USA's reported data), against JBS USA's Food Products peers (as provided by the issuer), and against international benchmarks such as the Paris agreement. Finally, ISS ESG evaluated the measurability & comparability of the SPT, and the supporting strategy and action plan of JBS USA.

ANNEX 3: Quality management processes

SCOPE

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

CRITERIA

Relevant Standards for this Second Party Opinion

- Sustainability-Linked Bond Principles, administered by the ICMA

ISSUER'S RESPONSIBILITY

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

- JBS USA's Sustainability-Linked Bond Framework (November 12, 2021 version)

ISS ESG's VERIFICATION PROCESS

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

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

The engagement with JBS USA took place from October to November 2021.

ISS ESG's BUSINESS PRACTICES

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

About ISS ESG SPO

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

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

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

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

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