

Memorandum of Understanding No. 192531

Memorandum of Understanding between the Municipality of Barra do Garças - MT; the Sustainable Trade Initiative, PCI Institute, JBS and Public and Private Sector Entities for the purposes specified herein.

The **Municipality of Barra do Garças, in the State of Mato Grosso**, a legal entity governed by public law, registered with CNPJ (National Register of Legal Entities) under No. 03.439.239/0001-50, headquartered in Barra do Garças, at Rua Carajás, 444, Bairro Centro - CEP . 78600-000/MT- Brazil, represented herein by Mayor Roberto Angelo de Farias, Brazilian, identified with the ID Card No. 0480669-7 SSP/MT and CPF (Taxpayer Registration) no. 460.924.041-68, resident and domiciled at Rua Marechal Rondon, nº 2222, Bairro Jardim Mangueiras - CEP. 78600-000/ MT (hereinafter referred to as "**Municipality of Barra do Garças**");

The **Sustainable Trade Initiative (IDH)**, a foundation established under the law of the Netherlands, registered with the Netherlands Chamber of Commerce under number 53521129, headquartered at Arthur van Schendelstraat 500, 3511 MH Utrecht, The Netherlands, herein duly represented by Mr. Joost Oorthuizen and by its Executive Director **Daniela Martins Mariuzzo**, Brazilian, bearer of ID Card No. 168.359.918-79;

The **PCI Institute**, a private, non-profit association, established by Decree No. 46 of 27 February, 2019, as the partner entity in the implementation of the PCI Strategy of the State of Mato Grosso, in accordance with the laws of the Federative Republic of Brazil, in the city of Cuiabá - MT, herein represented by the PCI Strategy Executive Director - Mr. **Fernando Sampaio**, Brazilian, married, bearer of CPF No. 537.196.383-91 (hereinafter referred to as "**PCI**"); and

JBS S.A., legal entity governed by private law, enrolled with the CNPJ (MF) under No. 02.916.265/0001-60, headquartered at Avenida Marginal Direita do Tietê, 500, 3rd floor, block 01, Vila Jaguara, CEP: 05118-100, São Paulo, SP, represented by Mr. **Renato Mauro Menezes Costa**, enrolled with the CPF under No. 574.915.506-49, (hereinafter "**JBS**")

The Municipality of Barra do Garças, IDH, PCI Institute, JBS, Civil Society and Private Sector are hereinafter collectively referred to as the "**Parties**".

1. The Subject Matter

This Memorandum of Understanding aims to negotiate a cross-company initiative to establish cooperation and to make the necessary efforts to promote actions that contribute to sustainable economic development, through the Produce, Conserve and Include Project of the Municipality of Barra do Garças-MT (hereinafter referred to as **PCI Barra do Garças**)

2. Term

The parties will make all the necessary efforts to carry out the actions contained herein in sixty (60) months as of the date of its signature.

3. Preamble

WHEREAS the State's duty to guarantee sustainable development, by encouraging inclusive production, with rational use and preservation of natural resources, pursuant to article 263 of the State Constitution;

WHEREAS the Strategy: Produce, Preserve and Include, presented by the Government of the State of Mato Grosso at COP 21, in Paris, France in 2015, is a planning tool of the State of Mato Grosso, which aims to expand and increase the efficiency of agricultural and forestry production, the conservation of remnants of native vegetation, the restoration of environmental liabilities and the socioeconomic inclusion of family agriculture and traditional populations;

WHEREAS the Strategy: Produce, Preserve and Include is a planning tool of the State of Mato Grosso to increase the efficiency of agricultural and forestry production, the conservation of remnants of native vegetation, the restoration of environmental liabilities and the socioeconomic inclusion of family agriculture and traditional populations;

WHEREAS Decree No. 468 of 31 March 2016, established the State Committee of the PCI Strategy, empowering it to define governance structure and fundraising mechanisms, as amended by DECREE No. 46, OF 27 FEBRUARY, 2019.

WHEREAS DECREE No. 46, OF 27 FEBRUARY, 2019, which in its Article 1 establishes that the Strategy Produce, Preserve and Include will be conducted within the scope of the State Public Administration by the Chief of Staff Office, and should be implemented in collaboration with the private non-profit association PCI Institute, which will execute and be responsible for:

I - Enabling, coordinating and articulating actions among the multiple actors from economic, institutional and/or academic activity, connected either directly or indirectly to the purposes of the PCI Strategy;

II – Fomenting, recommending and implementing Public Policies, actions, programs and measures that contribute to the objectives of the PCI Strategy;

III - Identifying opportunities to raise financial resources with national or foreign donors and public and private investors;

IV - Managing and monitoring programs, projects and their resources under the PCI Strategy, either by themselves or through collaboration with other public or private institutions;

V - Developing standards, indicators and procedures for the management, generation and sustainable production of environmental assets, certification, through platforms, databases or physical or electronic records, aiming at transparency, traceability and compliance;

The Parties acknowledge that under the foregoing, the PCI (Produce, Preserve and Include) Institute, aims to promote public policies, implement projects and raise funds, aiming at increasing agricultural production coupled with preservation of the environment, in addition to the inclusion of family agriculture.

The parties acknowledge that the purpose of the state administration with the implementation of the PCI Institute is to foster and encourage the growth and development of the State in a sustainable manner through partnerships with national and international institutes.

The Parties acknowledge that the state goals related to sustainable production, conservation and social inclusion will particularly contribute to the promotion, fomenting and implementation of a sub-regional municipal model of the PCI, which will contribute to the social and economic development of the region of Barra do Garças and to building a strong link between the protection of natural resources and sustainable productive activities in the region;

They further acknowledge that PCI may contribute to the Brazilian National Targets set forth in the NDC (National Declared Contribution) and declared by the United Nations under the Paris Agreement, which expressly mention the restoration of degraded pastures, reduction of deforestation and low-carbon agriculture as relevant issues for the country to reach the desired level of greenhouse emission reduction.

The parties also acknowledge that the PCI strategy has a direct relationship with the Low Carbon Emission Agriculture Plan (ABC Plan) and with the implementation of the Forest Code, both policies from the Federal Government, as pillar strategies for the sustainable development of agriculture and environmental regularization of rural properties in Brazil.

The Parties also acknowledge that the private sector effort can bring positive results to the municipality of Barra do Garças, which contributes to the development of a productive and low-carbon economy in the municipality, fosters conservation and increases the sustainable production of smallholder families, encourages the recovery of degraded areas, increases and qualifies technical assistance and rural extension (ATER), and contributes to the implementation of the objectives of the Forest Code and the Family Agriculture Plan of the State of Mato Grosso.

In view of the foregoing, the Parties agree to execute, in addition to this Memorandum of Understanding, the legal instruments necessary to enable the implementation of the PCI Project in the municipality of Barra do Garças, through the adoption of targets to be managed and implemented by the PCI Barra do Garças Steering Committee and the other partner entities, with external financial support and with responsibilities defined and validated by the parties involved.

To this matter, the Parties understand that the PCI Barra do Garças (Produce, Preserve and Include) is a development plan for the municipality established through voluntary targets and formed by a governance model to be established, which will add a set of public and private and civil society partnerships in order to achieve the objective of this Memorandum.

4. Pillars and Targets

The PCI Municipal Project of Barra do Garças will continue without prejudice to others that may later be added to the pillars of strategy of the State PCI, namely: Produce, Preserve and Include, taking into account, among others in a voluntary scope in the municipal scope, the following strategic lines of action:

A. Produce:

- I. Foster the integration of small/medium/large-scale growers and rural farmers in the priority productive chains of the municipality;
- II. Foment the intensification of the use of the ground in livestock and grains production;
- III. Put forward the adoption of integrated crop/livestock/forestry systems;
- IV. Encourage the production of renewable energy through biomass and
- V. Make the municipality a reference in the production and quality of Early Calf

B. Conserve:

- I. Fight illegal deforestation;
- II. Support the implementation of the Rural Environmental Registration (CAR) in 100% of the municipality;
- III. Implement the Environmental Regularity Program (PRA), with recovery of the liabilities of the Permanent Preservation Areas (PPA) and Legal Reserves (LR);
- IV. Put forward water and soil conservation techniques;
- V. Adopt Livestock and Agricultural Best Practice (BPA) techniques for rural farmers and family farmers;
- VI. Foment Environmental Services Payment Programs (PSA) and
- VII. Encourage Environmental Sanitation in the rural properties in the municipality

C. Include:

- I. Expand Specialized Technical Assistance and Rural Extension in settlements, small properties and indigenous villages, especially for the following productive chains: beekeeping, olerculture, dairy livestock farming, pig farming, sheep-goat breeding, fruit growing, fish farming (aquaculture and artisanal fishing); and products deriving from organic production;
- II. Foster land regularization and the environmental adequacy of rural properties in partnership with the competent authorities, and
- III. Foster operational, strategic, commercial and professional training support for rural farmers and family farmers.

D. Others:

- I. Foment the Development of Sustainable Tourism in rural areas;
- II. Foster the Monitoring and Origin Certification of products arising from rural areas;
- III. Foster and encourage the participation of street vendors, growers and family farmers to put forward the productive chains in the municipality.

The targets agreed with the stakeholders hereunder will provide the baseline for the definition of a set of policies, strategies, actions, activities and resources, including financial ones, that can be reached voluntarily by all parties as presented in this Memorandum of Understanding:

Produce Pillar Targets:

1. Recover 100,000 ha of low productivity pasture areas by 2030;
2. Increase cattle production by 20% by 2025 and by 30% by 2030.
3. Increase the slaughter of early calf with 30 months and 4 definitive teeth by 50% by 2030.
4. Increase grain planting area through a crop/livestock integration system in degraded pasture by 100% by 2030.
5. Encourage agricultural production of renewable energy sources through biomass in 10,000 hectares by 2025.
6. Increase the average yield of grains (corn and soybean) by 08% by 2030.

Conserve Pillar Targets:

1. Eliminate illegal logging by 2020;
2. Register 100% of the rural properties in the Rural Environment Registration System (SIMCAR) by 2020.
3. Validate 50% of the CAR by 2020.
4. Recover all the municipal water sources by 100% by 2025.
5. Recover and/or reforest 100% of APPD with native vegetation by 2025.
6. Implement at least one Environmental Services Payment program in the municipality by 2020.

Include Pillar Targets:

1. Increase the production of fish through aquaculture by 50% by 2023.
2. Increase the production of fish through artisanal fishing by 50% by 2023.
3. Produce 250 tons of fish/year by 2030.
4. Increase honey production by 100% by 2021.
5. Increase Olericulture and Fruit Growing production by 100% by 2021.
6. Increase the production of Free-Range Pigs (Fat and Meat) by 40% by 2020.
7. Increase the production of Free-Range Chicken by 50% by 2023.
8. Goats and Sheep by 50% by 2023.
9. Increase milk production by 30% by 2020.

"Others" Pillar Target:

1. Implement tourism in rural areas with at least ten products ready by 2022.
2. Set up the first processing unit of farm produce of Barra do Garças, by the end of 2020.

The targets described in this memorandum are collective and aim at the sustainable development of the municipality, and do not translate into individual goals of the entities represented herein.

5. Methods of Implementation

To define and implement the voluntary targets, the parties will carry out the necessary technical, scientific, legal and economic studies.

The policies, strategies, actions, activities and resources to achieve the targets presented in this document should be coordinated by the organization that incorporates PCI Barra do Garças, among others by the PCI Barra do Garças Steering Committee, with broad support from the private sector and civil society and alignment with the PCI Institute and other entities that demonstrate their nature, objectives and compliance to the proper development of the stated targets.

The targets agreed herein are voluntary and collective and are dependent on the effective availability of human, technical, institutional and financial resources for its achievement and do not impose any sanctions or penalties for the participating parties if they are not partially or totally fulfilled, without prejudice to a definition to the contrary in a legal provision or by means of a contractual agreement among the parties involved as far as donation and/or financing with national or international entities are concerned.

Governance

Within a period of up to 120 days, which may be renewed for the same period by agreement of the parties, a governance structure shall be formed based on the following arrangement:

Deliberative Instance, Management and Articulation - PCI Barra do Garças Steering Committee, which may comprise the parties to this memorandum, as well as other institutions, including from the civil society, whose entry into this committee will depend on the show of interest through adherence to the memorandum and approval by the majority of the committee. One of the participating institutions will serve as secretary to this committee. The objectives of this Committee will be to monitor, articulate, integrate actions and promote the monitoring of actions.

Executive Instance - As a way of making the implementation of policies, measures, goals and actions feasible, the PCI Institute or another entity identified by the parties that demonstrate compliance with the institutional, administrative and legal requirements necessary to act as a surveyor, resource manager and executor of the programs and projects defined by the PCI Barra do Garças Steering Committee always with transparency, efficiency and regular compliance, so that the good management of the commitments established by this memorandum can take place.

The municipal public authority that will create the PCI Barra do Garças Steering Committee shall be defined by the signatory parties and have its definitive governance structure formalized by means of a normative act from the municipal entity, which complies with the applicable municipal, state and national legislation.

6. Financial Sustainability Mechanism and Fund Raising

Initially, the performance of the strategies, policies, projects, actions and activities will be carried out by the institutions that sign this memorandum on a voluntary basis and in accordance with their budgetary and financial resources.

On prior to 120 days, which may be renewed for an equal period by agreement of the parties, the relationship of PCI Barra do Garças with the PCI Institute for the management and funding of resources, aiming at financial sustainability in order to implement the strategies, policies, projects, actions and activities of PCI Barra do Garças, shall be formalized through a normative act or other instrument admitted by law.

Final Agreements

The parties agree to, on prior to 120 days, exert their best efforts to execute the necessary legal instruments to establish the activities and/or conditions to carry out the cooperation between the parties in order to reach the voluntary goals and the implementation of the Pillars of PCI Project of the Municipality of Barra do Garças and others to be defined between the parties within the scope and of the rules of conformity of the legal framework applicable in Brazil.

The abovementioned term of up to 120 days may be renewed for an equal period of time by means of agreement between the parties, provided the real need for expansion of such term is made evident and this fact allows the feasibility and effective accomplishment of the commitment between the parties.

The Parties hereby declare to be aware that their respective names and logos are registered trademarks and, as such, they cannot be used for any purpose without the express prior written consent of their owners. This Memorandum cannot be communicated as an endorsement of the commercial activities of any of the signatories hereto.

This Memorandum does not oblige either of the Parties to provide financial support of any sort. Any transfer of funds between the Parties shall be the subject matter of an independent agreement, including clauses and other conditions in accordance with the internal procedure of each Party, and such agreement shall be duly executed by the Parties concerned. The actions proposed based on this Memorandum, when applicable, shall be borne by each institution and paid with their own budgetary resources, according to their respective actions established in specific work plans. This is a voluntary and non- legally binding project

The Parties agree to act in good faith and to comply with all laws and regulations of the Municipality of Barra do Garças, of the State of Mato Grosso and of the Federal Laws of Brazil.

Barra do Garças, Mato Grosso, 25 June 2019




Roberto Angelo de Farias
Mayor of Barra do Garças

Renato Mauro Menezes Costa
JBS S.A.



Daniela Mariuzzo
The Sustainable Trade Initiative— IDH



Fernando Sampaio
State Strategy Produce, Conserve and Include

The institutions below hereby corroborate the goals established for the PCI Municipal Development Plan Barra do Garças and declare to be aware and in accordance with the terms and conditions of this Memorandum of Understanding, which supports environmental conservation causes and activities.


Luciane Copetti

Secretaria Adjunta SEMA/MT


Lígia Nara Vendramin

Coordenadora do Programa REM- SEMA/MT


Paulo Henrique Borges

Secretário Municipal de Pesca e Aquicultura


Lúcio Violin Junqueira

Secretário Municipal de Meio Ambiente


Monica Porto

Secretária Municipal de Turismo


Fabiano Dall Agno

Secretário Municipal de Indústria, Comércio e Desenvolvimento Rural


Patrícia Lemos

Coordenadora do Programa Mato-Grossense de Municípios Sustentáveis – PMS


Moacir Couto Filho

Gerente Regional da Secretaria Estadual do Meio Ambiente – SEMA


Ian Samuel Thompson

Instituto de Conservação Ambiental The Nature Conservancy do Brasil


Reinaldo Loffi

Diretor Presidente da Empaer – Empresa Matogrossense de Pesquisa, Assistência e Ext. Rural

Dr. João Rodrigues de Souza
Presidente da Câmara Municipal de Barra do Garças

Dr. Welinton Marcos
Vice Prefeito do Município de Barra do Garças

Eduardo Bueno de Queiroz Baroni
Sindicato Rural de Barra do Garças

Ana Aparecida da Silva
Secretária Geral do Sindicato dos Trabalhadores Rurais

Maria Ester Tiziane Fava
Representante Regional Associação dos Criadores de Mato Grosso – ACRIMAT

Priscila Levy Alvarez
Diretoria de Sustentabilidade JBS

Verônica Silveira Vasconcelos Luz
Diretora da SECITEC de Barra do Garças

Kátia Gissely Martins da Costa
Diretora Marketing Agronômica do Vale do Araguaia – AgroVale Jr

Marcos Junqueira Cardoso
Administrador CARPA Agropecuária Rio Pardo S/A

Carlos Roberto Della Libera
Fazenda Paraná

Lidiane Angelo da Silva
Gerente Regional do Serviço Brasileiro de Apoio às Micro e Pequenas Empresas – SEBRAE

Gerente Regional do Serviço Nacional de Aprendizagem Comercial – SENAC


Fernando César Vitti Tabai

Coordenadora do Serviço Nacional de Aprendizagem Rural – SENAR


Marcia Cristina Moraes

Consórcio Intermunicipal Portal do Araguaia


Carlos Henrique da Silva

Coordenador Regional da Fundação Nacional do Índio – FUNAI


Moacir Morelli

Diretor Agroamazônia Produtos Agropecuários


Celso José Reimer Junior

Gerente Regional do Instituto de Defesa Agropecuária de Mato Grosso- INDEA


Leonardo Carvalho da Mota

Presidente da Câmara Dirigentes Logistas


Camilo Sávio Tavares Lopes

Supervisor Local da Empresa Mato Grossense de Pesquisa, Assistência e Extensão Rural- EMPAER


João Gomes Filho

Coordenador Regional do Instituto de Colonização e Reforma Agrária – INCRA e
Projeto de Descentralização de Assentamento (“PDAS”) Governador Wilmar Peres de Farias e
Assentamento Passa Vinte.


Cristiane Schnepfleitner

Gerente do Parque Estadual Serra Azul

Repr. Ana Paula Gomes da Silva

Analista de Sistema


Daisy Rickli Binde

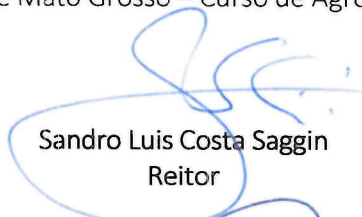
Coordenadora do Núcleo de Estudos em Agroecologia do Vale Araguaia NEA/VA – IFMT



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Paulo Emílio da Costa Bilego
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Clodoaldo Carvalho Queiroz
Presidente Comitê de Bacias Hidrográfica do Alto Araguaia



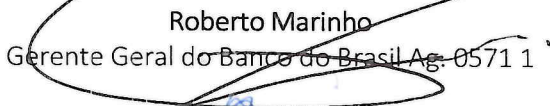
Wylton Serpa
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Jandira Kuhn Esteves
Diretora de Operações SICREDI Araxingu Ag. BG



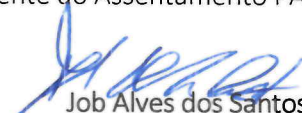
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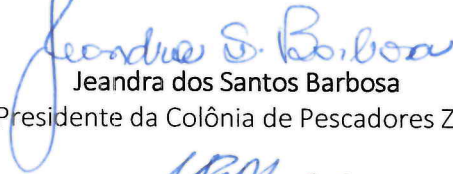
José Balduino Matos
Diretor da Associação dos Moradores e Produtores Rurais do distrito da Voadeira



Aurea Borges Moraes
Presidente do Assentamento PA Serra Verde



Job Alves dos Santos
Presidente da Associação dos Produtores Rurais do Vale dos Sonhos



Jeandra dos Santos Barbosa
Presidente da Colônia de Pescadores Z-9



Marcio Francisco Alves
Presidente do Assentamento PA Santa Emília



Marcos Roberto da Silva
Presidente da Hortiagro



Marcelo Rossi
Presidente da Associação Recreativa e Assistencial Tabazul - ARCAAZUL