

## MATERIAL FACT

### JBS STRENGTHENS ITS GOVERNANCE, PROFESSIONALISM AND COMPLIANCE

JBS S.A. ("JBS" or "Company" - B3: JBSS3; OTCQX: JBSAY), in compliance with the provisions of Article 157, paragraph 4, of Law no. 6,404 of December 15, 1976 and pursuant to the provisions of article 2 of CVM Instruction No. 358 of January 3, 2002, hereby informs its shareholders and the market in general that, on this date, the Company is undertaking the following actions per the decisions of its Board of Directors:

**EXECUTIVE COMMITTEE** - The creation of an **Executive Committee**, an advisory body of the Company's Board of Directors, was approved. Its main duties will be:

- (a) to advise the Board of Directors on matters including:
  - (i) management of the Company;
  - (ii) the review of potential acquisitions, investments, divestitures, associations and strategic alliances;
  - (iii) preparation of the annual/multi-annual budget and its revisions, as well as the annual investment plan; and
  - (iv) general guidance on the Company's business, including the adoption of policies, guidelines and strategic actions;
- (b) make recommendations to the management of the Company and its subsidiaries regarding improvements to the management of the Company's activities.

**Mr. Tarek Farahat** and **Mr. Gilberto Xandó**, both members of the Board of Directors of the Company, and **Mr. Wesley Mendonça Batista**, Chief Executive Officer of the Company and member of the Board of Directors, were elected to the **Executive Committee**.

**GOVERNANCE COMMITTEE** - **Ms. Claudia Silva Araujo de Azeredo Santos**, a member of the Board of Directors, and **Mr. André Janszky** were elected to the **Governance Committee**, chaired by **Mr. Tarek Farahat**.

**Mr. Janszky** is a lawyer and former partner at Shearman & Sterling LLP, where he led the Global Capital Markets Group and Latin America Practice, and a former partner at Milbank Tweed Hadley & McCloy LLP, where he led the São Paulo and

Latin America Group. **Mr. Janszky** is currently an Independent Consultant in Corporate Governance and Anti-Corruption, serving as a member of boards of directors at several publicly held companies in Brazil.

**COMPLIANCE PROGRAM "ALWAYS DO THE RIGHT THING"** - The work plan for the new **JBS Compliance Program**, entitled "**Always Do the Right Thing**," was proposed and presented by Mr. Marcelo Proença, Global Compliance Officer of the Company, with the support and advice of **White & Case LLP**. The implementation of the "**Always Do the Right Thing**" **Compliance Program** stems from the commitment made by the Company's Management to ensure that JBS implements the best global compliance program in the industry in order to restore the trust of its stakeholders.

The creation and installation of the **Executive Committee** by the Board of Directors, the recent installation of the **Governance Committee**, and the defining of new membership for the **Related Parties Committee**, the **Audit Committee**, the **Financial and Risk Management Committee** and the **Sustainability Committee**, are all measures that reinforce and heighten JBS' approach to Corporate Governance. These actions enhance the company's measures to professionalize the Board of Directors and its Advisory Committees, while increasing the frequency and opportunity for interaction, dialogue and cooperation with directors and executives of the Board of Directors, further facilitating the future development and implementation of the Company's operational goals and corporate strategies.

São Paulo, June 28, 2017.

**Jeremiah O'Callaghan**  
Investor Relations Officer