

WHEREAS: In 2022, the Intergovernmental Panel on Climate Change advised that the window for limiting global warming to 1.5 degrees Celsius (1.5°C) is quickly narrowing, and that immediate, dramatic emissions reduction is required of all market sectors and industries.¹ Food companies like Pilgrim’s Pride are particularly exposed to climate risk. In September, the United Nations Climate Change High-Level Champions group reported that due to escalating climate and nature risk, food companies “could lose up to 26% of their value by 2030, with permanent sector-wide losses equivalent to the 2008 financial crash.”²

Eliminating deforestation is one of the highest priority actions: “unless we end net deforestation, achieving net zero and a 1.5°C world is impossible.”³ Pilgrim’s sources beef, palm oil, soy, and fiber-based packaging. These commodities are leading drivers of deforestation, which is responsible for approximately 15% of global greenhouse gas emissions and contributes to biodiversity loss.⁴ Pilgrim’s has set a net zero by 2040 target, but it may be unable to deliver on its climate commitment if it does not eliminate supply chain deforestation by 2025.

Pilgrim’s confirms exposure to climate and nature-related risks in its 10-K, noting that “climate change may have a long-term adverse impact on our business.”⁵ Unlike peers such as Tyson and Cargill, Pilgrim’s has not publicly adopted a time-bound commitment to eliminate deforestation from its supply chains, though certain of its subsidiaries have adopted limited deforestation policies.

While majority owner JBS Food’s deforestation policies may apply to Pilgrim’s, these policies are inadequate to address risk, both in aspiration and in implementation. JBS’ timeline for eliminating supply chain deforestation stretches until 2035, ten years too late.⁶ *Bloomberg* recently described JBS’ supply chain as “among the biggest drivers of Amazon deforestation the world has ever known,”⁷ and a 2021 audit by Brazilian

¹ https://report.ipcc.ch/ar6wg3/pdf/IPCC_AR6_WGIII_FinalDraft_FullReport.pdf

² <https://climatechampions.unfccc.int/unpriced-nature-and-climate-risk-could-wipe-off-billions/>

³ <https://climatechampions.unfccc.int/wp-content/uploads/2022/09/Assessing-the-financial-impact-of-the-land-use-transition-on-the-food-and-agriculture-sector.pdf>

⁴ <https://www.cdp.net/en/forests>

⁵ <https://ir.pilgrims.com/static-files/7b4dcb3d-4b50-4148-98c3-2ad410f5ca36>

⁶ <https://jbs.com.br/en/press/jbs-makes-global-commitment-to-achieve-net-zero-greenhouse-gas-emissions-by-2040/>

⁷ <https://www.bloomberg.com/graphics/2022-beef-industry-fueling-amazon-rainforest-destruction-deforestation/?sref=TtrRgti9>



AS YOU SOW

30 YEARS 1992 – 2022

2023 Shareholder Resolution

Pilgrims Pride Corp | Eliminate Deforestation From Company Supply Chains

Lead Filer: Mercy Investments Services Inc

prosecutors found that JBS purchased more than 300,000 cattle from ranches in the Amazon with “irregularities,” including illegal deforestation.⁸

Financial institutions with nearly \$9 trillion in assets under management have committed to eliminating agricultural commodity-driven deforestation from their portfolios by 2025.⁹ Failing to end deforestation may make Pilgrim’s less attractive to investors and may have a negative effect on shareholders’ financial returns.

BE IT RESOLVED: Shareholders request that Pilgrim’s Pride report on how it will accelerate its efforts to eliminate deforestation from its supply chains so as to achieve independently verified deforestation-free supply chains by 2025.

SUPPORTING STATEMENT: In achieving this goal, proponents defer to management’s discretion but recommend:

- Eliminating native vegetation conversion and primary forest degradation from its supply chains by 2025;
- Annually disclosing the Company’s forest footprint and deforestation-free commodity volumes;
- Annually disclosing Scope 3 emissions related to deforestation and land-use change;
- Considering the guidance of the Accountability Framework initiative and the Science Based Targets initiative.

⁸ <https://www.reuters.com/business/sustainable-business/brazil-audit-finds-32-jbs-cattle-amazon-state-irregular-farms-2021-10-07/>

⁹ <https://climatechampions.unfccc.int/leading-financial-institutions-commit-to-actively-tackle-deforestation/>