2018 Pilgrim’s Sustainability Report
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Who We Are</td>
<td>Pg. 4</td>
</tr>
<tr>
<td>Team Members</td>
<td>Pg. 20</td>
</tr>
<tr>
<td>Customers and Consumers</td>
<td>Pg. 35</td>
</tr>
<tr>
<td>Environment</td>
<td>Pg. 41</td>
</tr>
<tr>
<td>Animal Care</td>
<td>Pg. 53</td>
</tr>
<tr>
<td>Communities</td>
<td>Pg. 60</td>
</tr>
<tr>
<td>Suppliers</td>
<td>Pg. 62</td>
</tr>
<tr>
<td>About This Report</td>
<td>Pg. 69</td>
</tr>
</tbody>
</table>
WHO WE ARE

Sustainability at Pilgrim’s

At Pilgrim’s, our view of sustainability is guided by our vision to become the best and most respected company in our industry, creating the opportunity of a better future for our team members. We believe sustainability involves improving short- and long-term profitability by managing economic, social and environmental factors, and we have adopted the three traditional pillars of sustainability, which guide our sustainability program:

- **OUR SOCIAL RESPONSIBILITY**, where respect for our team members, the communities in which we operate and the animals from which our products are derived are uncompromising priorities.

- **OUR ECONOMIC VIABILITY**, which is based on the quality of our products, the relationship of trust we enjoy with our customers and suppliers and the financial success of our business operations.

- **OUR ENVIRONMENTAL STEWARDSHIP**, which is grounded in the respect we afford the environment and our precious natural resources, while continuously improving our operations to safely, efficiently and responsibly meet the challenge of feeding the growing global population.

Our Approach

In 2015, we performed an exhaustive corporate materiality analysis (CMA) that identified the material issues in our various supply chains. This analysis, while inclusive of Pilgrim’s internal perception of the company’s sustainability performance, relied heavily on the views and perceptions of outside stakeholders, including non-governmental organizations, community organizations, key customers, suppliers, financial institutions, government officials, academia, industry trade associations and other industry stakeholders. Based on our CMA, we defined five material issues important to the long-term success of our business:

- **Product Integrity**: product quality, communities, food safety, consumer and customer information and supplier ethical business practices

- **Team Member Health and Safety**: occupational health and safety

- **Animal Welfare**: animal breeding and genetics, livestock husbandry, transportation, handling and harvesting

- **Water**: water use and water quality

- **Energy and Climate Change**: energy use and emissions
Corporate Materiality Analysis

Relevance of issues from external stakeholders’ perspectives

Relevance of issues from the company’s perspective

Environmental Issues
- Biodiversity
- Emission to air
- Emission to water
- Energy use
- Land management
- Waste
- Water use

Social Issues
- Animal health & welfare
- Human rights
- Impact on community
- Labor rights
- Team member health & safety

Product Responsibility Issues
- Consumer health & safety
- Consumer information & education
- Technology in agriculture
- Value chain transparency (traceability)

Economic Issues
- Business ethics/business integrity
- Community investment
- Company transparency
- Compliance with law
- Local sourcing
To fully integrate our key priority areas as identified by our CMA and ensure we remain focused on continuous improvement, in 2016, we set aggressive 2020 improvement targets based on 2015 benchmarks. Our progress toward these goals is shown below:

Progress to Goals

**Environment**

| Goal: Reduce greenhouse gas emission intensity by 14% | Progress: 20% Reduction |
| Goal: Reduce electricity use intensity by 12% | Progress: 13% Reduction |
| Goal: Reduce natural gas use intensity by 14% | Progress: 11% Reduction |
| Goal: Reduce water use intensity by 10% | Progress: 13% Increase |

**Team Member Health & Safety**

| Goal: Reduce severe incidents year over year by 15% | Progress: 2% Reduction |

**Animal Welfare**

| Goals: Achieve a 90% or better on our animal health and welfare scorecard for all processing plants | Progress: On Track |
| Goals: Achieve a 95% or better on our animal health and welfare scorecard for our live operations | Progress: On Track |

**Supply Chain**

| Goal: Achieve 100% vendor compliance with our supplier code of business ethics and conduct | Progress: On Track |
Given the scale and diversity of our operations and the unique supply chain challenges faced by each of our business units, Pilgrim’s initial approach to setting 2020 goals has been regionally focused. We are currently aligning our approach to sustainability across our Mexican and European operations. In 2018, we achieved great progress toward this goal with the establishment of priority areas and key performance indicators (KPIs). We are currently working to benchmark these KPIs and establish target reduction goals to ensure continuous improvement across our global operations.

**OUR MANAGEMENT APPROACH**

Our sustainability program is managed by regional directors of sustainability who report to the presidents of Pilgrim’s U.S., Pilgrim’s Mexico and Pilgrim’s Moy Park. These regional leads partner with subject matter experts on our corporate Environmental, Team Member Health and Safety, Animal Welfare and Food Safety and Quality Assurance teams, who, in turn, are responsible for implementing and improving our sustainability performance on the ground. Our Pilgrim’s sustainability program is also supported by our Corporate JBS USA Sustainability Department, which includes our head of corporate affairs and chief sustainability officer (CSO), our director of sustainability and our sustainability manager. The Corporate Sustainability Department enjoys direct oversight from the CEO of JBS USA, and the head of corporate affairs and our CSO is a member of the JBS USA executive team. The Pilgrim’s sustainability program follows the same approach as our parent company, JBS USA, and is aligned in approach.

**CAPITAL EXPENDITURES**

Investing in our facilities and operations is a key component of our companywide sustainability strategy. To ensure we are continuously creating measurable change and driving responsible improvement, we track our U.S. and Puerto Rican capital expenditure investments in sustainable initiatives throughout the company. This year, Pilgrim’s approved more than $255 million, 99 percent of our total capital expenditures, in more than 413 sustainability-related projects in the U.S. alone.

**COLLABORATION FOR A BETTER FUTURE**

Pilgrim’s recognizes that, to achieve meaningful progress in sustainability, we must partner with customers, stakeholders and organizations that share our values and commitment to a sustainable future. The broad-based, industrywide issues facing North American and European agriculture today require full value chain collaboration to identify sustainable approaches that benefit the industry and society. As such, we are active members of many industry-based associations and efforts focused on improving the industry’s performance and meeting the challenges of tomorrow. Some of our industry association partners include:

- American Association of Avian Pathologists
- American College of Poultry Veterinarians
- American Fats and Oils Association
- American Feed Industry Association
- American Meat Science Association
- American Society of Animal Science
- American Veterinarian Medical Association
- Association of National Advertisers
- British Frozen Food Federation
- British Poultry Council
- Bord Bia
- Campden BRI Food and Drink Initiative
- Chilled Food Association
- European Federation for Beef and Pork Meat
- Fats and Protein Research Foundation
- Food Safety Preventative Controls Alliance
- French Meat Federation
- French Meat Interprofessional Federation
Pilgrim’s holds leadership roles in a number of multi-stakeholder partnerships dedicated to responsibly addressing sustainability to advance continuous improvement through the supply chain. Pilgrim’s is a founding member of the U.S. Roundtable for Sustainable Poultry and Eggs (US-RSPE) and serves on the board of directors, and Pilgrim’s Moy Park is a member of the Sustainable Agriculture Initiative (SAI) Platform.

THE U.S. ROUNDTABLE FOR SUSTAINABLE POULTRY AND EGGS
The US-RSPE was launched in 2019 and is the nation’s multi-stakeholder sustainability initiative for the U.S. poultry and egg value chain. The US-RSPE has the ability to bring together a broad group of diverse stakeholders, who can collaboratively focus and accelerate continuous improvement in the entire poultry and egg value chain. Together, they hope to continually advance the U.S. as a global leader in responsibly produced poultry and eggs.

THE SUSTAINABLE AGRICULTURE INITIATIVE PLATFORM
The SAI platform is a multi-stakeholder initiative that aims to harness the collaborative power of its members to accelerate widespread adoption of sustainable agricultural practices. Their vision is to grow a sustainable, thriving and resilient agricultural sector that safeguards farm viability and protects and preserves the earth’s resources, human rights and animal welfare while supporting our members and adding value across the European food and drink industry.
Our Company
Pilgrim’s is a leading global provider of high-quality food products, inclusive of well-recognized brands and innovative value-added premium products. As one of the world’s largest poultry producers, Pilgrim’s has provided wholesome, high-quality products to customers and consumers for more than seven decades. Pilgrim’s is also the owner of Moy Park, one of the U.K.’s top 15 food companies, Northern Ireland’s largest private-sector business and one of Europe’s leading poultry producers. As a global team, we process, prepare, package and deliver fresh, frozen and value-added poultry products for sale to over 6,000 customers in more than 100 countries.

Pilgrim’s is headquartered in Greeley, CO, and provides more than 123 million daily 4oz. servings to consumers globally. The company includes 36 production facilities and 16 prepared foods facilities in 14 U.S. states, the U.K., Puerto Rico, Mexico, France and the Netherlands. Pilgrim’s has the capacity to process 45.3 million chickens per week and produce 13.3 billion pounds of chicken annually to markets in the U.S., Mexico and the U.K., among others. Our more than 55,000 team members take pride in providing consistent, high-quality, affordable products to retailers, foodservice providers, restaurants and consumers all over the world.

Our History
For more than seven decades, Pilgrim’s has produced safe and high-quality food products for millions of consumers around the globe. As a company, we have enjoyed incredible growth and are proud of our history, which demonstrates our commitment to being the best and creating a better future for our team members.

Our Businesses
Pilgrim’s is structured into three specific regional businesses: Pilgrim’s U.S., Pilgrim’s Mexico and Pilgrim’s Moy Park. Each region works through additional structured business units to drive ownership and allow our teams to focus on the details of their individual operations.

PILGRIM’S U.S.
Pilgrim’s U.S. provides consumers with more than 92 million 4-oz. daily servings and is structured into five primary business units:

The Prepared Foods business unit includes four production facilities that specialize in producing marinated, battered and breaded, par-fried and fully-cooked frozen chicken products for leading foodservice and retail customers. Prepared Foods products are sold into every segment of the retail and foodservice industry, led by our Pierce Chicken, Gold Kist and Just Bare Pilgrim’s brands.

The Case Ready business unit includes eight production facilities that specialize in producing traditional tray pack, deli and boneless dark meat products for the retail market. This business unit is strategically aligned to fulfill the growing demand of key customers. To meet consumer needs, Pilgrim’s Case Ready operates three traditional plants, three vegetarian-fed plants and one organic plant. This business unit also includes one production facility in Puerto Rico that serves the island’s retail market through the company brand To-ricos.

The Commercial business unit includes seven production facilities that are uniquely positioned to support key customers in the industrial, foodservice and retail channels. These facilities produce a number of value-added products such as halal and marinated chicken as well as regular line-run chicken.
The **Small Bird Debone** business unit consists of five production facilities that are designed to support customers specializing in chicken sandwiches. This business unit is strategically aligned to fulfill the growing demand of key customers.

The **Fresh Foodservice** business unit includes six production facilities dedicated to producing products in the whole bird equivalent form. This business unit focuses on the retail and foodservice channels, and the facilities are designed to support demand of whole bird equivalent products to our key customers in the retail deli and quick service restaurant bone-in sector.

**PILGRIM’S MEXICO**

Pilgrim's Mexico provides consumers with nearly 21 million daily 4oz. servings and is structured into two primary business units:

The **Fresh** business unit consists of seven production facilities that provide fresh and frozen products to wholesale customers, self-service stores, price clubs and restaurant chains.

The **Value Added** business unit includes two production facilities, led by Pilgrim's Value Added and Del Día brands. In 2016, the Value Added line was launched in a foodservice (bulk) version with 16 unique products, including a complete product portfolio of breaded, filled, partially and totally cooked, all for the wholesale and kitchen markets. Del Día was launched in 2009, offering quality and flavor at a better price through four main products: filled, varieties, breaded and breadless.

**PILGRIM’S MOY PARK**

Pilgrim's Moy Park provides consumers more than 10 million daily 4oz. servings and is structured into three primary business units:

The **Fresh Poultry** business unit consists of four production facilities dedicated to producing a comprehensive range of fresh and added-value poultry consisting of whole birds and portioned poultry products from classic, higher welfare, free range and organic farms, supplying leading retailers and foodservice providers throughout the U.K., Ireland and Europe with high-quality poultry products.

The **Prepared Foods Retail** business unit consists of two production facilities, each containing a coated and a cooked facility on site. The coated factories produce a comprehensive range of coated products such as Kievs, fillets, portions and bites.

The **Prepared Foods Foodservice** business unit consists of six production facilities focused on foodservice customer solutions from starters to desserts and from mouth-watering meat-free options to succulent protein products. These facilities provide our customers with frozen products including but not limited to coated or ready-to-eat poultry, bacon, minced beef patties, a variety of coated cheese, vegetarian products like non-meat patties, spring rolls, onion rings and desserts including donuts and apple pies.
Financials
Pilgrim’s net sales were US$10.9 billion in 2018, an increase of 0.9 percent in relation to 2017. Profit after tax totaled US$843 million, a decrease of 42.7 percent compared to 2017. Adjusted EBITDA (earnings before interest, taxes, depreciation and amortization), which we define as net income adding back income taxes, depreciation, amortization, interest and excluding foreign currency transaction gains/losses and non-recurring expenses, net, was US $798 million in 2018, which corresponds to a decrease of 42.2 percent in relation to 2017.

<table>
<thead>
<tr>
<th>Net Sales</th>
<th>Adjusted EBITDA</th>
<th>Profit After Tax</th>
<th>Income Tax Expense</th>
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<tbody>
<tr>
<td>Pilgrim’s (Billion US$)</td>
<td>Pilgrim’s (Billion US$)</td>
<td>Pilgrim’s (Billion US$)</td>
<td>Pilgrim’s (Million US$)</td>
</tr>
<tr>
<td>2018: $10.9</td>
<td>2018: $0.8</td>
<td>2018: $0.8</td>
<td>2018: $85</td>
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Percentage of net chicken sales attributable to each of our primary product lines in 2018

<table>
<thead>
<tr>
<th>Product Line</th>
<th>U.S.</th>
<th>U.K. and Europe</th>
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</thead>
<tbody>
<tr>
<td>Fresh chicken</td>
<td>85.2</td>
<td>44.2</td>
</tr>
<tr>
<td>Prepared chicken</td>
<td>11.1</td>
<td>41.3</td>
</tr>
<tr>
<td>Export and other chicken</td>
<td>3.7</td>
<td>14.5</td>
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Our Strategy
At Pilgrim’s, we work to provide high-quality, great-tasting, easy-to-use food solutions for customers and consumers around the globe.

Given predicted global population growth and a projected three billion additional global middle-class citizens by 2030, the demand for sustainable protein will experience tremendous growth, particularly in countries that lack sufficient production capacity to support their demand. Our unique global production platform, coupled with our diverse portfolio of foods, will contribute to greater standards of living for millions of consumers who will seek to improve their lives through nutrition.

Pilgrim’s is uniquely positioned to sustainably meet rising global protein demand. Importantly, our multi-country platform provides the ability to mitigate market access barriers, potential animal disease outbreaks and other trade barriers that can disrupt global product flows and compromise available supplies. Our diversified, resilient operations are grounded in sustainable production principles that prioritize the responsible use of natural resources, while maximizing opportunities to create positive outcomes for our team members, communities and society.
Innovating for Growth

Pilgrim’s processes, prepares, packages and delivers fresh, frozen and value-added poultry products for sale to over 6,000 customers in more than 100 countries, including Mexico, the Middle East and Asia, among others, under a suite of well-recognized brands. We offer a diverse product portfolio through our brands, including fresh poultry, both marinated and non-marinated, for consumers to cook at home, fully cooked product, ready-to-cook and individually frozen products, ready-to-eat meals, multi-protein frozen foods, vegetarian foods and desserts.

We continue to invest in and focus on innovation, motivated by consumer insights and market research. We have successfully increased the diversity of our product offerings, while managing a profitable business that provides consistent returns to our shareholders and increased opportunities for our team members. Our product portfolio is closely aligned with consumer trends and needs, and we continue to inspire new products and packaging solutions, while maintaining the high-quality standards our customers and consumers have come to expect and enjoy from Pilgrim’s.

Our global prepared and value-added platform continues to grow and provide innovative solutions to customers around the world.

UNITED STATES

Pilgrim’s USA includes two case ready divisions and six production facilities that specialize in producing traditional tray pack, deli and boneless dark meat poultry products for retail. Pilgrim’s USA also includes four prepared foods production facilities that specialize in producing marinated, battered and breaded, par-fried and fully-cooked frozen chicken products for leading foodservice and retail customers.

MEXICO

Pilgrim’s Mexico has two facilities that produce value-added poultry products, such as tray pack and fully-cooked products.

EUROPE

In the U.K. and Europe, Moy Park is a leading provider of innovative convenience products, including chicken and beef products, vegetarian products like spring rolls and onion rings, and desserts including donuts and apple pies.
Our Brands

NORTH AMERICA

EUROPE

Facilities and Locations

<table>
<thead>
<tr>
<th>Pilgrim's Facilities</th>
<th>U.S. and Puerto Rico</th>
<th>U.K. and Europe</th>
<th>Mexico</th>
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<tbody>
<tr>
<td>Fresh processing plants</td>
<td>26</td>
<td>4</td>
<td>6</td>
</tr>
<tr>
<td>Prepared foods cook plants</td>
<td>4</td>
<td>10</td>
<td>2</td>
</tr>
<tr>
<td>Feed mills</td>
<td>27</td>
<td>3</td>
<td>8</td>
</tr>
<tr>
<td>Hatcheries</td>
<td>33</td>
<td>6</td>
<td>10</td>
</tr>
<tr>
<td>Rendering facilities</td>
<td>5</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Pet food facilities</td>
<td>4</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>
PILGRIM’S U.S.
• Aibonito, PR
• Arcadia, WI
• Athens, GA
• Broadway, VA
• Canton, GA
• Carrollton, GA
• Chattanooga, TN
• Cold Spring, MN
• De Queen, AR
• Douglas, GA
• Elberton, GA
• Ellijay, GA
• Enterprise, AL
• Gainesville, GA
• Guntersville, AL
• Live Oak, FL
• Lufkin, TX
• Marshville, NC
• Mayfield, KY
• Moorefield, WV
• Mt. Pleasant, TX
• Nacogdoches, TX
• Natchitoches, LA
• Russelville, AL
• Sanford, NC
• Sumter, SC
• Waco, TX

PILGRIM’S MEXICO
• Citra, MX
• Popular, MX
• Porvenir, MX
• Querétaro, MX
• San Luis Potosí, MX
• Tepeji Del Rio, MX

PILGRIM’S MOY PARK
NETHERLANDS
• Schagen, NL

PILGRIM’S MOY PARK
NORTHERN IRELAND
• Ballymena, NIR
• Craigavon, NIR
• Dungannon, NIR

PILGRIM’S MOY PARK
ENGLAND
• Anwick, UK
• Ashbourne, UK
• Grantham, UK
• Huntingdon, UK
• Peterborough, UK

PILGRIM’S MOY PARK FRANCE
• Hénin-Beaumont, FR
• Marquise, FR
• Fleury-les-Aubrais, FR
Our Culture

Our Vision, Strategy and Method

Our greatest asset is our people, and we are motivated by a shared vision to become the best and most respected company in our industry, creating the opportunity of a better future for our team members. We have identified four strategic pillars that will bring our vision to reality and differentiate Pilgrim’s from our competitors:

1. Relentless pursuit of operational excellence
2. Unique portfolio of diverse complementary business models
3. Safe people, safe products and healthy attitudes
4. Become a more valued partner with our key customers

Our Why

The Pilgrim’s vision, strategy and methods detail what we hope to accomplish and how we can achieve those aspirations. Most important for our team, however, is our why. Why do we work so hard each day to relentlessly pursue our goals and become the best, most respected company in our industry?
TOGETHER means all of us, listening and respecting each other while helping our team. Winning is more rewarding when it’s a team win.

MAKE A DIFFERENCE means that our daily efforts are performed for a greater purpose than just ourselves. We believe we can improve the lives of others through our work.

FOR OUR TEAM AND OUR FAMILIES means for each of us, there is a family and a team who depend on us and our leadership. They support us by helping take care of our responsibilities when we aren’t there. They support us by consistently working hard. It is our duty to reward them with our best in leadership every day.

TO CREATE A BETTER FUTURE means we work in a very competitive industry and, in order to thrive and grow, we must strive to be the best company, thus ensuring opportunities remain for us to improve our lives.

WE ARE PILGRIM’S means we are a company of people who have a burning desire to make a difference. We are more than 55,000 strong, and we value, respect and support each other no matter what.

DETERMINED TO BE THE BEST means we know that, in order to receive the maximum rewards for our work and to create the best future for our families and our team members, we must have a passionate desire and determination to be the best at all times. We are willing to work hard, work smart and support each other in order to win.

Our Values: How We Become the Best
The Pilgrim's vision and strategy can only be achieved through a consistent, diligent approach guided by cultural norms, empowering our team members to address challenges in a responsible manner. We call this “doing things the right way,” and that way is guided by our values. All our team members are committed to Pilgrim’s values. Our values, listed below, are shared with new team members as part of the onboarding process, and our executive teams and members of the Pilgrim's board of directors work hard to demonstrate these values in all aspects of their work.


SIMPLICITY: Be practical. Focus on what is important. Adopt a hands-on approach. Avoid bureaucracy.

AVAILABILITY: Be receptive and open. Always be prepared and motivated to take on new challenges.

HUMILITY: Listen. Be helpful and thoughtful. Act with respect. Prioritize the team over yourself. Value the opinion of others.

DISCIPLINE: Be punctual. Fulfill commitments. Deliver results. Do not make excuses.

OWNERSHIP: Be committed to results. Focus on details. Take responsibility.

SINCERITY: Be direct, truthful and transparent. Respectfully express opinions. Know how to say no, but be positive and offer solutions.
Our Beliefs
Our beliefs guide our business strategy.

WE BELIEVE
- In focusing on the details
- In taking a hands-on approach
- That success is only achieved through hard work
- In having the right person in the right place
- In having passion for what we do
- That actions and behavior are more important than knowledge
- That a leader must win over their team members
- In leading by example
- In focusing on results
- In working with people who are better than us
- That believing makes the difference
- In producing quality products

WE OPPOSE
- Arrogance
- People who do not respect others
- Superheroes
- Bureaucracy
- Silver bullets
- Selfishness
- Disloyalty
- Know-it-alls
- Vanity
- Complexity
- Gossip
Leadership and Governance

Our Leadership

Jayson Penn
President and CEO,
Pilgrim's Global

Chris Kirke
President,
Pilgrim's Moy Park

Charles von der Heyde
President,
Pilgrim's Mexico

The Pilgrim’s executive team, under direction of the board, is responsible for the company’s operations. This includes implementation of the strategic, financial and management policies, as well as preparation of financial statements and other reports.

Corporate Governance and Compliance

Implicit in our corporate philosophy is the importance of sound corporate governance. The Pilgrim’s board of directors sets high standards for our team members, officers and directors, and is comprised of five independent members, ensuring that credible, expert voices of objectivity help guide the direction of our business. The board is responsible for reviewing the overall operating, financial and strategic plans and performance of the company and the process by which financial and non-financial information about the company is provided to management, the board and the company’s stockholders. In addition, the board also selects and evaluates senior executives and oversees appropriate policies of corporate conduct and compliance.

In 2018, Pilgrim’s board of directors approved a new Code of Conduct and Ethics and a Compliance Plan, both of which are administered and overseen by a new Ethics and Compliance Group (ECG). The head of ethics and compliance reports to the Pilgrim’s board of directors and the CFO. Additionally in 2018, Pilgrim’s combined, revised and expanded their team member reporting systems into the “Ethics Line,” which is administered by the ECG and now accessible – both online and via a telephone line – to all Pilgrim’s team members across the globe.

The ECG is also responsible for developing, administering and training on the policies and procedures ancillary to the new Code of Conduct and Ethics, including anti-bribery/anti-corruption, anti-trust/competition, international trade and sanctions, conflicts of interest and gifts. In 2018, all Pilgrim’s team members received training on the new Code of Conduct and Ethics. Additionally, all relevant Pilgrim’s team members received in-person training on anti-bribery/anti-corruption policy, including the anti-bribery laws of the U.S., the U.K. and Mexico.
Pilgrim’s Board of Directors

Gilberto Tomazoni
Chairman of the Board of Directors, Pilgrim’s Pride Corporation; Global CEO, JBS S.A.

Andre Nogueira
President and CEO, JBS USA Food Company

Denilson Molina
Chief Financial Officer, JBS USA Food Company

Farha Aslam
Former Managing Director and Senior Analyst (Food and Agribusiness Research), Stephens, Inc.

Vincent Trius
Head of Global Innovation, JBS S.A.; Former President and Director, Loblaw Companies Limited

Wallim Cruz de Vasconcellos Junior
Former Partner, Ipseira Partners, Ltd.; Member of the Board, Santos Brazil S.A.

Arquimedes A. Celis
Former Chief Executive Officer, Grupo Lala, Industrias Bachoco

Michael L. Cooper
Executive Vice President, Managing Partner, Chief Financial Officer and Director, Kincannon & Reed

Charles Macaluso
Principal, Dorchester Capital, LLC
The success of our company starts with the success of our people. For the past seven decades, we have focused on providing a safe and well-managed workplace that presents the best opportunity for our team members to thrive and have a better future. We are humbled by our committed and dedicated workforce of more than 55,000 team members, 30,800 of whom are based in the U.S. and Puerto Rico, 10,670 in Mexico and 13,650 in Europe. Ninety-nine percent of our team members work in our production facilities, and approximately one percent work at our headquarters in Greeley, CO.

At Pilgrim’s, we strive to serve as a progressive and responsible employer our team members can be proud to work for. To consistently be the best in all that we do, we are committed to hiring, retaining and developing team members who are dedicated to our Vision, Strategy and Beliefs. We are focused on promoting all aspects of our team members’ well-being, including improving health and safety, diversity and inclusion, recruitment and retention and leadership development.

Team member health and safety is a key area of attention for our business and critical to the overall well-being of our team members. As such, it is a high-priority area in our 2020 sustainability strategy, and we have developed aggressive goals for year-over-year reduction in severe incidents to ensure team member health and safety continue to be prioritized from the front line to executive management. While the 2020 goal is currently only applicable to our U.S. business, we have started tracking severe incidents globally and achieved a 26 percent reduction from 2017 to 2018.
Our Management Approach
Strong management is critical to our long-term success and fundamental to building trust within our company and externally with our stakeholders. Our managers are available to our team members to discuss any issue and reinforce the culture of respect we strive to instill throughout Pilgrim’s. All management policies and programs are annually reviewed by management teams, and specific team member issues are reviewed weekly or as frequently as necessary to address issues.

To ensure our policies and programs are functioning correctly, Pilgrim’s measures and evaluates leading and lagging health and safety, turnover, absenteeism and overtime indicators each week. This allows us to make immediate adjustments if necessary and make sure team member health, safety and working conditions are upheld and implemented according to our high standards across all facilities.

We operate our facilities in compliance with labor and human rights laws and adhere to strict internal policies and programs that provide additional guidance to best serve our team members. Pilgrim’s condemns and does not tolerate child labor or degrading conditions in the workplace that could put our team members’ health or lives at risk. We uphold applicable wage and hour laws, such as minimum wage and overtime compensation, and legally mandated benefits. We also respect our team members’ rights of association, of joining labor unions and of collective bargaining. In 2018, 62 percent of our team members working in the U.S. and Puerto Rico, 75 percent in Mexico and 35 percent in Europe were covered by collective bargaining agreements.

Our Code of Conduct and Ethics
In 2018, Pilgrim’s adopted a revised Code of Conduct and Ethics, which establishes clear guidelines and standards for ethical behavior to ensure appropriate workplace conduct, efficient and safe operations and the well-being of our team members. All Pilgrim’s team members receive annual in-person, online or video-based training on the Code of Conduct and Ethics.

The Pilgrim’s Code of Conduct and Ethics applies to all team members. The Code has policy for each of the company’s major risk areas, including team member safety, food safety, environmental compliance, animal welfare, corporate ethics, workplace conduct and taxation and finance. All Pilgrim’s managers are responsible for enforcing the Code of Conduct and Ethics in their divisions.

In addition to Code of Conduct and Ethics training, new team members also receive an employee handbook during their orientation onboarding and must abide by our policies regardless of their position in the company. Corrective actions for violating the Code or company policies include coaching, written warnings, final written warnings and, if necessary, the termination of a team member’s employment. Serious violations such as theft can result in immediate termination.

Our Open Door Policy and Ethics Line
Each Pilgrim’s facility has both anonymous and non-anonymous ways to report grievances. Team members can bring their concerns directly to management without retaliation or fear of retaliation. With our Open Door Policy, full- and part-time team members are encouraged to bring any issues they feel are impacting their performance or the general working environment to their supervisor or the Human Resources department. Team members are also encouraged to talk with their supervisor about situations if they feel they have not been treated fairly.
In 2018, Pilgrim’s adopted an updated team member reporting system, the Ethics Line. The Pilgrim’s Ethics Line is available in every country in which the company operates and is provided in 11 languages to accommodate our diverse workforce. Through the Ethics Line, all Pilgrim’s team members have access to a toll-free phone number and an online platform to securely and confidentially report work-environment concerns, unethical behavior or policy violations. Reporting can also be done anonymously. In 2018, 1,599 Ethics Line reports were filed, investigated and closed with appropriate personnel or other administrative action taken where warranted as a result of the report investigation.

Team members are introduced to the Open Door Policy and Ethics Line during new-hire orientation, and new managers discuss the policy and related procedures with senior management when they assume their roles. Using data from Open Door Policy discussions and Ethics Line reports, we monitor overall team member perceptions. We also regularly conduct team member surveys so we maintain an accurate understanding of team member engagement, perceptions and attitudes with regard to a variety of work-related topics, including pay and benefits, scheduling, safety and satisfaction with supervisors.

**Town Hall Meetings Keep Our Open Door Policy Top of Mind**

To maintain a culture of trust and respect, we offer opportunities for our team members to provide feedback during roundtable or town hall meetings. Team members from each department are invited and given the opportunity to meet with management to ask questions, express concerns and present solutions. Team members are also reminded of our Open Door Policy at meetings. Minutes are taken during each meeting, and follow-up plans are made for any identified action items. We address action items within a reasonable time frame, providing feedback to any team member who may have raised a concern.

**Building a Diverse and Dedicated Workforce**

**Our Commitment**

At Pilgrim’s, our diversity is one of our greatest strengths, and we are committed to building strong relationships with our team members. We know the success of our company depends on the collective skills, backgrounds and experiences of our unique and diverse workforce. By treating our team members with dignity and respect, and promoting diversity and inclusion in our facilities and offices, we strive to create a trusting and productive workplace.

**Our Approach**

Due to the various locations of our facilities and our large, diverse workforce composed of team members of different ethnicities and national origins, Pilgrim’s faces a unique communication challenge. As many as 15 different languages are spoken at any one facility. To ensure team members are both able to express themselves and understand key messages from fellow team members and leadership, we provide company materials in various languages and dialects. This includes team member information such as benefits, safety instructions and new-hire and continuous training materials. Our international diversity can be witnessed upon entering most facilities where message boards, bulletins and notices to team members can be viewed in a myriad of languages. In addition, each facility offers unlimited access to Language Lines, which provides more than 200 languages and creates immediate access to clear communication across our facilities. Pilgrim’s works diligently to accommodate the cultural needs of our team members, and we encourage our facilities to identify the best approach to address their unique situations.
We also empower our facilities to work within their communities to recruit and retain diverse team members. Our facilities are located throughout the U.S., Puerto Rico, Mexico and Europe, and each one has unique inclusion challenges. Our local teams endeavor to hire and employ a workforce that represents the communities in which they live and work. In addition, in the U.S., as a contractor to the U.S. federal government, we maintain affirmative action programs to implement our Equal Employment Opportunity Policy and work to identify opportunities for improvement, such as partnering with universities to recruit talent.

Pilgrim’s also actively partners with the U.S. federal government to guarantee a lawful and legal workforce. Since 2012, Pilgrim’s has participated in the U.S. Immigration and Customs Enforcement (ICE) Mutual Agreement between Government and Employers (IMAGE) program. The IMAGE program promotes voluntary compliance with the employment authorization provisions of the Immigration and Nationality Act and assists in the prevention of the hiring or continued employment of people who are not authorized to work in the U.S. As a committed employer of a legal workforce, Pilgrim’s is assisted by the program in its efforts to develop a more secure and stable workforce and enhance fraudulent document awareness through education and training.

At Pilgrim’s, we are focused on recruiting the right candidates who will thrive in our culture and want to spend their careers with us. However, turnover at the facility level is a challenge across the poultry industry. This is, in part, due to the rural location of facilities and the labor-intensive nature of the work, which can attract a workforce that is often looking to gain knowledge and experience to further advance their careers in other disciplines. At times, the skill and understanding gained at Pilgrim’s can result in team members moving on to other positions that better fit their interests, original education or other personal and professional goals.

**Equal Employment Opportunity**
As part of our Equal Employment Opportunity Policy, we reaffirm our commitment to recruit, hire, promote and train all team members without regard to race, religion, color, national origin, sex, sexual orientation, gender identity or age. Pilgrim’s is dedicated to providing equal opportunity to all people, including military veterans and qualified individuals with disabilities.

**Compensation And Benefits**
Pilgrim’s provides competitive pay to our team members and rewards top performers within the company. Our compensation philosophy is meritocratic, and we strive to reward team members for their specific contributions to the company’s results. All team members and their families are offered benefits including medical, dental and vision insurance. We also provide life and disability insurance, and offer flexible spending accounts to help promote healthy lifestyles for our team members. In addition, most team members are provided with retirement benefits, which include a non-qualified deferred compensation plan and a defined contribution 401(k) plan.

**Engaging Our Team Members**
We value the thoughts and opinions of our team members and conduct regular engagement surveys in an effort to understand how we can best reduce turnover and increase team member satisfaction. Surveys are refined annually to get more specific feedback from our team members. This includes surveys designed for hourly team members, front-line supervisors and corporate team members. We also have the ability to deploy new surveys on an ad hoc basis. Our managers have regular conversations with their team members, making sure to provide positive feedback on a job well done, as well as talk through any issues or concerns. We work to quickly identify and address concerns from our team members and strive to create an environment where our team members recognize the importance of their roles in our team dynamic. Finally, 100 percent of all Pilgrim’s team members receive performance reviews.
2018 Progress

Total Number of Team Members

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pilgrim’s USA*</td>
<td>30,993</td>
<td>30,799</td>
</tr>
<tr>
<td>Pilgrim’s Moy Park</td>
<td>13,738</td>
<td>13,652</td>
</tr>
<tr>
<td>Pilgrim’s Mexico</td>
<td>10,248</td>
<td>10,670</td>
</tr>
</tbody>
</table>

*Includes all facilities in the U.S. based on payroll periods of December 10-23, 2017, & December 9-22, 2018

Percent of Team Members by Gender

Total Workforce

<table>
<thead>
<tr>
<th></th>
<th>Female (%)</th>
<th>Male (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pilgrim’s USA*</td>
<td>43.4%</td>
<td>56.6%</td>
</tr>
<tr>
<td>Pilgrim’s Moy Park</td>
<td>37.7%</td>
<td>62.3%</td>
</tr>
<tr>
<td>Pilgrim’s Mexico</td>
<td>32.3%</td>
<td>67.7%</td>
</tr>
</tbody>
</table>

*Includes all facilities in the U.S. based on payroll periods of December 10-23, 2017, & December 9-22, 2018

Percent of Team Members by Gender

Management

<table>
<thead>
<tr>
<th></th>
<th>Female (%)</th>
<th>Male (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pilgrim’s USA*</td>
<td>34.0%</td>
<td>66.0%</td>
</tr>
<tr>
<td>Pilgrim’s Moy Park</td>
<td>32.7%</td>
<td>67.3%</td>
</tr>
<tr>
<td>Pilgrim’s Mexico</td>
<td>25.3%</td>
<td>74.7%</td>
</tr>
</tbody>
</table>

*Includes all facilities in the U.S., based on payroll periods of December 10-23, 2017, & December 9-22, 2018
Percent of Team Members by Age Group

- Pilgrim's USA:
  - Less than 30: 26.13%
  - 30 to 50: 44.82%
  - More than 50: 29.05%
  - 20.50%
  - 19.55%
  - 34.30%
  - 9.60%

*Includes all facilities in the U.S. and Puerto Rico, based on payroll period of December 9-22, 2018

Percent of Team Members by Race

- Pilgrim's USA Total Workforce:
  - Hispanic or Latino: 37.2%
  - White: 32.2%
  - Black of African American: 15.3%
  - Asian: 7.01%
  - Native Hawaiian or Pacific Islander: 1.0%
  - American Indian or Alaskan Native: 1.0%
  - Two or More Races: 0.6%

- Pilgrim's USA Total Management:
  - Hispanic or Latino: 37.2%
  - White: 32.2%
  - Black of African American: 15.3%
  - Asian: 7.01%
  - Native Hawaiian or Pacific Islander: 1.0%
  - American Indian or Alaskan Native: 1.0%
  - Two or More Races: 0.6%

*Includes all facilities in the U.S., based on payroll period of December 9-22, 2018

Team Member Training

Average Number of Hours of Training Per Year Per Team Member

- Pilgrim's USA:
  - Hourly: 28
  - Supervisor: 39
  - Management: 44
- Pilgrim's Moy Park:
  - Hourly: 30
  - Supervisor: 37
  - Management: 64
- Pilgrim's Mexico:
  - Reported as Total Hours: 214,533
Health and Safety

Our Commitment
At Pilgrim’s, we believe safety is a condition for becoming the best and most respected company in our industry. We know we should not and cannot operate our facilities unless a safe working environment is firmly established. We do not tolerate unsafe working conditions, and we are committed to providing a safe work environment for our team members by implementing company policies and procedures to ensure best practices for safety across all Pilgrim’s facilities.

Safe People, Safe Products And Healthy Attitudes
At Pilgrim’s, we ensure the safety of our operations and teams through three priorities:

- Safe People
- Safe Products
- Healthy Attitudes

Safe People starts with each team member. Each Pilgrim’s team member must own both their personal safety and the safety of the team members around them. If a team member notices an unsafe act or unsafe condition, we empower them to speak up and make sure unsafe acts are stopped and unsafe conditions are made safe. Everyone is empowered to report and correct unsafe acts and conditions without fear of retribution.

Safe Products means taking pride in our role of providing food for our friends and family. At Pilgrim’s, we have the unique privilege of providing food for people all around the world. When we invite friends and family into our home for a meal, we take special care to make sure the meal is both safe and delicious. When we are at work, we are preparing meals for thousands of people each day. We must take the same care at work that we would at home to provide a safe meal for the people who enjoy Pilgrim’s products.

Healthy Attitudes create a safe place to work. Safety is only accomplished through teamwork. At Pilgrim’s, we recognize we must help one another to create a safe place to work. That means we must have the right attitude and be willing to assist each other when we see unsafe conditions or unsafe acts. Our team members have a right, without fear of retribution, to refuse to work in unsafe conditions or to engage in an unsafe act. Working together, we can eliminate unsafe conditions and create a work environment where everyone feels safe and serves on a united team committed to safety. At Pilgrim’s, safety is not simply a priority; it is a condition.

Our team members have a right to work in a safe place, our customers have a right to enjoy safe products, and every Pilgrim’s team member has an obligation to come to work each day with a healthy attitude of teamwork and concern for the safety of their fellow team members. This is how we create a safe working environment, and this is how we become the best.

Our Approach
Our safety policies, governance structure and management are designed to promote a safe work culture. The Pilgrim’s General Safety and Health Policy focuses on training and educating our team members and eliminating work hazards. Our safety management programs meet the government requirements in each country. Our U.S. and Puerto Rican facilities are in alignment with the U.S. Occupational Safety and Health Administration (OSHA) standards. In Europe, our programs meet the Health Safety Executive RIDDOR (Reporting of Incidents Diseases
and Dangerous Occurrences) Regulations. In Mexico, our team tracks data according to the government Secretaria del Trabajo and the Safety and Health regulations, which comply with OSHA standards.

Each Pilgrim’s business unit has a head of safety who reports to the head of human resources or head of operations, who reports to the head of operations or the president of that business unit. There is also a corporate safety and human resources team that supports all Pilgrim’s business units by further analyzing data and tracking programs across the company. The heads of safety at Pilgrim’s sit on a corporate Safety Leadership Committee. This committee meets regularly to discuss safety standards and best practices. Every head of safety also participates in the Executive Safety Council. This Council consists of executives from across the Pilgrim’s parent company, inclusive of business unit presidents, vice presidents, heads of operations, heads of engineering, heads of human resources and the heads of safety. The council meets periodically to discuss outcomes and progress and review recommended changes from the Safety Leadership Committee. Finally, safety-related remuneration is included in business unit bonus plans and is based on business unit performance in various leading indicator improvements and associated reductions in severe incidents (defined as an amputation, hospitalization, vision loss, greater than five days lost time [including fractures and second- and third-degree burns] or fatality).

Each Pilgrim’s facility has a safety manager who reports to the general manager. Every facility also has a safety committee, which is chaired by the facility safety manager and consists of hourly team members and union representatives, where applicable. Approximately three percent to 15 percent of all team members are engaged in these committees, providing representation for 100 percent of the workforce. Our facility safety manager and a facility safety team analyze work environment hazards and propose innovative strategies to keep our workplace safe.

To ensure successful implementation of our health and safety policies, safety data is integrated across a shared digital platform, allowing us to better share best practices and identify enterprise wide trends. This paperless system allows us to track team member first aid information and report trends related to injuries, off-work and restricted status and treatment protocols according to first aid medical treatment guides. This enables us to develop data-driven corrective actions to our processes, including team member observations, safety inspections and audits. We also update our safety programs regularly by detailing new challenges, auditing techniques and providing straightforward solutions. Our safety teams focus on safety training, performance, measurement and the sharing of best practices across all Pilgrim’s business units.

To continuously improve, we set companywide and facility-specific safety goals each year and track leading safety indicators. Performance is reported daily, weekly and monthly to management teams so decisions that impact health and safety can be made swiftly and have the utmost priority. All our operations supervisors are required to conduct multiple safety observations each week. The intent of these safety observations is to identify unsafe behaviors and intervene with helpful coaching prior to the occurrence of an unsafe act, condition or injury.

We also track traditional lagging indicators, such as total recordable incident rate (TRIR), days away, restrictions and transfers (DART) rate, lost time rate and severe incidents. We consistently outperform industry averages in TRIR and DART rate, and continue to work to improve the performance of our health and safety programs.
PROMOTING TEAM MEMBER HEALTH
We recognize and respond to the occupational health concerns and needs of team members, and we are in compliance with applicable state and federal regulations governing occupational health care delivery. In 2018, our parent company hired a Director of Occupational Health, who provides continual improvements to our health protocols and ongoing training to our occupational health staff to further share and implement best practices across our facilities.

Our Ergonomic Improvement Program is designed to reduce the effects of repetition, contact stress and static postures. The program is tailored for each facility to control or eliminate potential conditions or work activities that pose ergonomic risks at each particular site. Our managers take ergonomic improvements seriously and conduct annual training and assessments to continually improve the program.

Personal protective equipment (PPE) for team members is standard across Pilgrim's, as outlined in our PPE Program. Our facility safety managers conduct workplace hazard assessments regularly to assess PPE needs and provide training and technical assistance to team members to ensure effective PPE usage.

AUDITS
Each year, every location undergoes a comprehensive safety management system audit, a fleet safety audit and an occupational health audit. In addition, since 2015, Pilgrim's has conducted comprehensive safety analysis audits to identify and reduce potential hazards.

HEALTH AND SAFETY TRAINING AND EDUCATION PROGRAM
We center our Health and Safety Policies on training and education, as well as controlling or eliminating job-related hazards, to reduce the number of work-related injuries and illnesses throughout our facilities. Our in-depth safety training consists of new team member orientation, job- and task-specific training, departmental safety meetings and refresher training for team members every month. Newly hired team members must complete both classroom and department-specific training. We use the Alchemy Training system, which makes safety training available in multiple languages. Pilgrim's has written job-safety analyses for each position.

CORRECTIVE ACTIONS
While we focus on education, training, process improvements and cultural accountability, accidents do occur, and we must acknowledge, report and learn from safety-related incidents. We have a formal Incident Investigation Procedure to investigate and reduce, mitigate or eliminate injuries, illnesses and fatalities. The incident investigation process assists operations in preventing the recurrence of similar incidents and in identifying injury and illness trends, potential weaknesses or failures in our safety management and proximate and root causes of incidents. This process allows Pilgrim's to develop effective corrective action plans. In addition, within each business unit, locations regularly share incident investigation information to facilitate learning and prevention.

INDEPENDENT CONTRACTORS
Although our contracted workforce is small, we take our responsibility for their health and safety seriously. Through our contracting process, we partner with a third party to ensure our Pilgrim's contractors meet our health and safety standards. In the U.S., contractors are required to have an “A” or “B” grade to work at our facilities. Those contractors with “C” and “F” grades must have a variance form on file granted by the site safety and health manager and the general manager. Contractor grades are derived from Contract Safety Information,
which includes safety, injury and illness statistics; aggregate insurance requirements, OSHA inspection history, workers’ compensation experience modifier (EMR), OSHA forms 300 and 300A, written health, safety and environmental programs, safety-training documentation; and Pilgrim’s safety briefing online training. In Mexico and Europe, all independent contractors are required to meet our health and safety standards.

INCREASING OUR FOCUS ON PREVENTION

In the U.S., we have prioritized a comprehensive safety audit project to identify and reduce potential hazards. We have shifted our enterprise wide focus to early detection, including an in-depth review of policies and programs related to walking surfaces, protection from and prevention of falls or slips, electrical safety, machine guarding and ergonomics.

Based on the results of these audits, each year we identify three high-priority initiatives—one that is companywide and two that are prioritized by each facility. In 2019, our companywide initiative is improving walking and working surfaces with a specific focus on uneven surfaces, designated walking paths and three points of contact. Programs to address these areas are expected to be implemented at every facility. Following implementation of the companywide initiative, the facility implements two additional priority programs. The majority of our Pilgrim’s facilities are focusing on ergonomics and fall protection.

We continue to increase our focus on prevention by improving our observation process to enhance our measurement and, ultimately, our performance of leading safety indicators. As such, we have implemented a new Safety Observation Process to make sure our supervisors are observing and accurately identifying unsafe acts and workplace conditions, as well as coaching team members to proactively change and challenge any unsafe behaviors. This allows us to use data collection, analysis and coaching to prevent potential injuries from occurring. We have also expanded reporting to include a leading indicator dashboard that is tracked weekly according to targets and includes monitoring observations for unsafe behaviors, working surfaces, machine guarding, safety gaps, electrical safety, drive cam coaching effectiveness, preventable vehicle accident rates and corrective actions. In addition, we have incorporated more team members, including hourly, salaried and management, into our Safety Observation Process to create a culture of ownership with regard to team member health and safety. We track our performance and improvements through safety-gap scorecards and corrective action logs.

INNOVATION TO IMPROVE SAFETY

As a company, we have a goal to transition to BladeStop Bandsaws, which are designed to reduce serious injuries by mechanically stopping the blade when the unit senses the operator has come in contact with the blade. In addition to BladeStop technology, Pilgrim’s has partnered with a JBS USA subsidiary, Scott Technology, to develop an automated whole bird trussing machine in an effort to further reduce injuries.

2018 Progress

UNITED STATES

In the U.S., we have a history of outperforming the industry in safety for TRIR and DART rate. In comparison to 2017, the most recent year of published industry safety data, our 2018 Pilgrim’s DART rate and TRIR were 41 percent and 24 percent below the industry average, respectively. However, we did experience a 14 percent increase in our DART rate and a 12 percent increase in our TRIR compared to our performance in 2017. We will continue to stay focused on reducing our DART rate and TRIR.
Pilgrim’s also has an uncompromising focus to reduce the rate of severe incidents in our facilities, but unfortunately in 2018, we did not meet our year-over-year reduction target of 15 percent, having only reduced our combined severe incidents by two percent compared to 2017. While we are proud of the overall progress we have made in team member health and safety performance, we are not satisfied with our results and will continue to strive for improved safety performance. We will continue to employ key tools like Root Cause Analysis to better understand and correct any issues at their core and improve the overall safety of our team members.

Pilgrim’s USA* DART Rate and TRIR Compared to Industry Averages and Severe Incidents

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Pilgrim’s DART Rate</strong></td>
<td>2.9</td>
<td>2.7</td>
<td>1.6</td>
</tr>
<tr>
<td><strong>Industry Average DART Rate</strong></td>
<td>2.0</td>
<td>1.4</td>
<td>1.6</td>
</tr>
<tr>
<td><strong>Pilgrim’s TRIR</strong></td>
<td>4.2</td>
<td>3.8</td>
<td>2.9</td>
</tr>
<tr>
<td><strong>Industry Average TRIR</strong></td>
<td>3.6</td>
<td>3.8</td>
<td>3.6</td>
</tr>
<tr>
<td><strong>Severe Incidents</strong></td>
<td>101</td>
<td>54</td>
<td>53</td>
</tr>
</tbody>
</table>

* Includes all facilities in the U.S. and Puerto Rico

** Industry averages not yet available


**** Defined as amputation, hospitalization, vision loss, greater than five days lost time (including fractures and second- and third-degree burns) or fatality

EUROPE

Our Pilgrim’s Moy Park team tracks data according to the Health Safety Executive RIDDOR and, for purposes of this report, in accordance with OSHA standards. Our team has consistently reduced DART rate, TRIR, lost time rate and severe incidents year over year. In addition, Pilgrim’s Moy Park operates a Safety Index (SI), which is driven by key performance indicators and communicated weekly across all facilities. Each facility’s SI figure is tailored to its specific operational safety performance and calculated using injury frequency rate, lost days and total hours worked. Pilgrim’s Moy Park’s year-over-year progress is reflected in an impressive track record of continuous improvement as indicated in their SI scores. Our overall SI score has improved from 11.5 in 2012 to 0.70 in 2018.

Pilgrim’s Moy Park DART Rate, TRIR, Lost Time Rate and Severe Incidents

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>DART Rate</strong></td>
<td>0.36</td>
<td>0.27</td>
<td>0.22</td>
</tr>
<tr>
<td><strong>TRIR &amp; Lost Time Rate</strong></td>
<td>1.17</td>
<td>1.25</td>
<td>1.07</td>
</tr>
<tr>
<td><strong>Severe Incidents</strong></td>
<td>29</td>
<td>24</td>
<td>13</td>
</tr>
</tbody>
</table>

*Defined in 2016, 2017 and 2018 as a fracture, second- or third-degree burns, amputation, vision loss, hospitalization or loss of time of five days or more
Developing Leaders

Our Commitment
At Pilgrim’s, we are dedicated to offering growth and development opportunities to our team members. We have numerous leadership and training programs in place to further develop incoming and existing leaders. We know that leaders are not born—they’re made—and we pride ourselves on employing and recognizing people who have the potential to be successful leaders.

Our Approach
Our team members have the opportunity to receive leadership training through many programs developed by the Culture and Talent team, which works across Pilgrim’s and our parent company, JBS USA, to maintain a continuous pipeline of talented team members.

Internship Program
The Pilgrim’s Internship Program provides current college students with an opportunity to gain practical industry experience while developing extensive leadership skills. This 10-week summer internship challenges approximately 70 participants each summer through hands-on learning experiences and meaningful projects that improve our business and provide personal education growth and valuable workplace experience. When selecting our interns, we look for college students with strong educational standing, critical thinking and problem-solving abilities, exceptional communication skills and the capacity to thrive in high-pressure and fast-paced environments.

Once placed in either a production or corporate business unit role, interns are provided with mentorship from an experienced leader, offering them firsthand industry exposure and the opportunity to network with senior management. Not only are our internships paid positions, the program also allows students to receive class credit and an introduction to a potential future career, all while helping identify future Pilgrim’s leaders.

MEXICO
In Mexico, our team tracks data according to the government Secretaria del Trabajo and the Safety and Health regulations, which comply with OSHA standards. Our team has continued to reduce DART rate and severe incidents year over year, and we are proud of our performance. In 2018, we developed and implemented a National Safety Plan to better ensure the safety and well-being of our team members. As a result, we decreased our DART rate by 76 percent and severe incidents by 65 percent from 2017 to 2018.

**Pilgrim’s Mexico DART Rate and Severe Incidents**

<table>
<thead>
<tr>
<th></th>
<th>DART Rate</th>
<th>Severe Incidents*</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>JAN-DEC 2016</strong></td>
<td>1.10</td>
<td>20</td>
</tr>
<tr>
<td><strong>JAN-DEC 2017</strong></td>
<td>0.86</td>
<td>7</td>
</tr>
<tr>
<td><strong>JAN-DEC 2018</strong></td>
<td>0.20</td>
<td></td>
</tr>
</tbody>
</table>

*Defined in 2016, 2017 and 2018 as a fracture, second- or third-degree burns, amputation, vision loss, hospitalization or loss of time of five days or more
**Management Trainee Program**  
Recent college graduates looking to pursue their passion for building a leadership career in the animal protein industry can apply to our Management Trainee Program. This 12-month rotational program is designed for those ready to excel in our technical, cultural and leader-based work environments. Customizable rotations allow trainees to use and grow their project management, problem-solving and collaboration skills according to their own interests and career aspirations. In addition, our trainees participate in three to four week-long, formal and informal training sessions that further develop their knowledge and skillsets in the areas of leadership, process management and people management. Each year, we onboard nearly 35 trainees from the U.S. and Mexico. Orientation for this group focuses not only on learning how to be successful, but on contributing to our operations to help make us the best in all that we do.

**Supervisor Development Program**  
Our Supervisor Development Program was created to identify driven hourly production team members who possess leadership abilities and develop those team members into front-line supervisors with potential for continued advancement within the company. The intent of this program is to invest in our driven, passionate and results-oriented team members by giving them the tools they need to accelerate their careers within Pilgrim’s. Totaling more than 45 team members per session, the program includes four months of rotational training in a Pilgrim’s facility, leadership skills training and the opportunity to meet with and learn from other leaders across the company. To deepen our team members’ understanding of how our departments and teams work together to produce high-quality products, we expose them to all parts of a facility during their rotations. At Pilgrim’s, we strive to create a successful company by helping our team members be successful in their own careers.

**Leadership Warehouse Program**  
At Pilgrim’s, our goal is to create a culture that yields sustained excellence—a difficult task that requires every one of our team members to commit, by word and deed, to pursuing the Pilgrim’s Values in our personal and professional endeavors. Our Leadership Warehouse works to further equip our team members to do their part in the creation of this culture. This program is not a one-size-fits-all initiative. In fact, it outlines six different leadership development offerings, providing important developmental and educational opportunities to several levels of leadership. Our hope is that our team members find a program to further develop their own leadership abilities, as well as propel Pilgrim’s closer to its vision. Each of our Leadership Warehouse development programs are designed and facilitated internally allowing us to offer culturally relevant and company oriented leadership solutions.

- **SUMMIT**  
Summit is built for high-level leaders who do not believe there is ever a peak for learning and growth. This program, open to all JBS USA and Pilgrim’s business units, brings 25 nominated, high-potential leaders together for intensive, year-long leadership education. The Summit experience introduces nominees to in-depth business concepts by partnering with executive sponsors and local business leaders to solve real-world business problems occurring at local facilities. With exposure to JBS operations in the U.S., Australia and Brazil, Summit participants gain business knowledge from every business unit within the company. Ultimately, participants understand that hard work and dedication are crucial components of success and that, with Summit training, they can soar to new heights.
• **STRATEGIC LEADERSHIP**
  Strategic Leadership is an intensive, week-long leadership development education program designed to guide mid-level managers in three leadership categories: self, others and process. This program builds on the groundwork that mid-management leaders have honed, pushing their knowledge and experience even further. Much of the practical items taught are adapted from the Pilgrim's culture, but the overall focus of the program is to continue developing competent and inspiring leaders who manage other leaders.

• **ELECTIVE LEARNINGS**
  One of the things that makes Pilgrim’s a great company to work for is our ability to employ and recognize people who have the potential to be successful leaders. Our Elective Learnings program offers complementary training courses online for any team member interested in improving their skills, including ad hoc trainings on pressing topics within the company, such as “Communication Across Generations,” “Accountability and Ownership” and “Building Engaged Teams.”

• **PEOPLE FIRST**
  When we put our people first at Pilgrim’s, the results are always groundbreaking. The People First Program lays a foundation for our front-line supervisors, mid-managers and corporate managers creating a consistent framework to achieve results through leadership. The program provides specific training to all front-line supervisors in four sessions throughout the year, focusing on hands-on leadership techniques and tools that build, maintain and uplift our teams. Program topics include building trust and respect, the cost of turnover, accountability, delegation and prioritization, communication and information sharing. To empower our team members, we identify and train internal team members to become facilitators of the People First Program.

• **LEADERSHIP FUNDAMENTALS**
  Leadership Fundamentals is our new manager training program designed for recently promoted or recently hired team members from outside the company. This one-day program is offered eight times throughout the year, providing new leaders with exposure to our Values, Vision and Beliefs, while also offering basic leadership skills such as effective team communication, delegation and performance management.

• **DEVELOPMENT WORKSHOPS**
  In 2018, we added a new program to our Leadership Warehouse. The Development Workshop program is designed for salary non-exempt and hourly team members in supporting corporate roles to meet their growing personal and professional needs. This past year, we offered more than 100 hours in development workshop trainings and plan to develop additional content and more training hours in 2019.

  **Individual Development**
  Pilgrim’s also offers full tuition sponsorship for a wide array of coursework through JBS USA’s 10 year partnership with Colorado State University. This partnership includes executive MBA, online MBA, graduate certificate, professional certificate and online agribusiness degree completion programs.
Our programs create a culture of excellence at Pilgrim’s and result in higher retention of graduates and higher job satisfaction among seasoned team members. In 2018, we experienced success across all leadership and development programs.

Each of our talent initiatives yielded impressive results in 2018:

- A record $9 million investment in leadership training and development in the U.S.
- A record 50,000 hours of leadership training and development programming in the U.S.
- Our talent initiatives are garnering more and more attention worldwide, with applicants to our programs exceeding 2,300 in 2018 in the U.S.
- Our 2018 Internship Program grew to nearly 70 interns, and we tripled the percentage of total interns who were converted into full-time team members as either trainees or direct hires in the U.S. alone
- Our 2018 Management Trainee Program on-boarded 34 trainees and enjoyed an 88 percent retention rate in the U.S. and Mexico
- In 2018, we graduated more than 50 percent of our 2017 trainees in the U.S. into management roles at the superintendent level and above
- Our 2018 Supervisor Development Program had an 88 percent retention rate in the U.S.
- We provided academic services in the U.S. for:
  - Eight undergraduate degrees in agribusiness
  - Five online MBAs
  - Two executive MBAs
  - 70 credit hours of certificate programming
- Even more aggressive figures budgeted for in 2019

Looking ahead, we are excited about and committed to supporting the growth of our interns, trainees and team members as they start or continue their careers in the food industry.

In 2018, through our Leadership Warehouse Program in the U.S., we trained more than 2,970 team members, Summit trained 11 high-potential leaders, Strategic Leadership trained 79 mid-level managers, Leadership Fundamentals trained 67 new managers and Elective Learnings trained 12 team members. In 2018, company facilitators trained more than 2,650 front-line supervisors through our People First Program in the U.S., and in the U.S. and Mexico provided more than 19,500 training hours through the People First Program. Through our
survey analysis, we have seen improved confidence from our front-line supervisors in their ability to be effective leaders. They also have expressed that they feel more supported as leaders at Pilgrim’s, compared to before program implementation.

We are proud of our results and will continue to look for ways to strengthen all our team member engagement programs and efforts in 2019.

CUSTOMERS AND CONSUMERS

2018 Key Facts and Figures

- **100%** of our U.S. and European facilities passed Global Food Safety Initiative (GFSI) food safety audits
- **100%** of our food products adhere to federal labeling requirements
- **>6,000** customers in over 100 countries are served by Pilgrim’s

For more than seven decades, Pilgrim’s has produced safe, wholesome, high-quality poultry products enjoyed by consumers around the globe. As a leading chicken company in the U.S., Puerto Rico, Mexico and Europe, Pilgrim’s provides nearly 124 million 4oz. servings to consumers daily and supplies approximately 13.3 billion pounds of poultry products annually to customers worldwide. Pilgrim’s primary distribution is through retailers, foodservice distributors and restaurants, as well as through the export of our products globally.

Pilgrim’s commitment to excellence begins with exceptional quality-control standards integrated throughout our operations. Our production facilities feature food safety and production technologies that allow us to offer our customers and consumers high-quality products. We are proud to provide our customers and consumers with choices that meet their nutritional needs and ethical expectations. From traditional to antibiotic-free (also referred to as no antibiotics ever [NAE]), vegetarian-fed and organic to customized consumer-ready prepared foods, we employ the same high standards of excellence to guarantee a safe and enjoyable eating experience.

We continue to invest in and focus on innovation, motivated by consumer insights and market research, and have successfully increased the diversity of our product offerings. Our product portfolio closely aligns with consumer trends and needs, and we continue to inspire new products and packaging solutions, while maintaining the high-quality standards our consumers have come to expect and enjoy from Pilgrim’s.

Food Safety and Quality

**Our Commitment**

Food safety is the heart of our business. We continuously review every aspect of our daily operations to make sure we are doing everything possible to provide safe, high-quality products for our customers and consumers.
Our Approach
To ensure quality product reaches consumers’ tables, Pilgrim’s makes an extensive effort regarding food quality and safety, team member training and value-chain management, including the responsible purchase of raw materials.

In the U.S., the U.S. Department of Agriculture’s (USDA) Food Safety and Inspection Service (FSIS) inspects every Pilgrim’s production facility daily to guarantee our food products meet federal food safety standards. In Europe, our production facilities are inspected and third-party audited according to the European Union Food Hygiene regulations and any additional customer quality requirements to verify compliance. In Mexico, we follow the best practice guidelines for chicken production as defined by the Secretariat of Agriculture, Livestock, Rural Development, Fisheries and Food (SAGARPA) and the National Service for Agro-Alimentary Public Health, Safety and Quality (SENASICA). Most facilities in Mexico have a federally inspected type (TIF) certification. In addition, many of our facilities are also subject to additional customer quality requirements to ensure our products meet their expectations. Although local government provides oversight, all Pilgrim’s team members recognize that producing safe, healthy and wholesome products is our responsibility.

Each Pilgrim’s production facility operates under a fully implemented Hazard Analysis and Critical Control Points (HACCP) plan. Our food safety processes consist of standard operating procedures, sanitation standard operating procedures, HACCP procedures and validated technology interventions, which are designed to eliminate or reduce foodborne pathogens. These processes are monitored by team members trained in food safety and quality assurance, as well as government officials in each production facility. Inspection and process verification by government officials occur before the mark of inspection can be placed on products that will enter into commerce.

Furthermore, all Pilgrim’s production facilities implement these additional programs:

- A written Good Manufacturing Practices (GMP) program
- A recall/market withdrawal procedure, which provides for trace-back and trace-forward capabilities to ensure the proper products and dates can be identified, if necessary
- A documented Pest Control Program
- A documented Food Security Program
- Annual certification to Global Food Safety Initiative (GFSI) standards
- Insured and bonded carriers are required to transport poultry products— all loads are sealed at the originating establishment and maintained under seal by the carrier in the event of a multi-stop load

While we proudly deliver on our food safety commitment every day, we do face food safety challenges. Regulatory requirements can often change, necessitating modifications in our corresponding policies, training materials and audit practices. These changes require that we constantly work to improve and enhance our systems, while continuously implementing the latest regulatory requirements and technological advancements to promote food safety compliance and performance.

HAZARD ANALYSIS AND CRITICAL CONTROL POINTS (HACCP) SYSTEMS: STRENGTHENING FOOD SAFETY THROUGH CONTINUOUS IMPROVEMENT
Our HACCP systems are designed to minimize risk for consumers. We take into account intended product use
and follow strict protocols to ensure the safety of our food products.


HACCP programs identify where hazards might occur in the food production process and put into place stringent actions to prevent hazards from occurring. By strictly monitoring and controlling each step of the process, including microbiological, chemical and physical contamination prevention processes, we can better assure consumers that our products are safe. While many public opinion studies report that consumers are primarily concerned about the perceived presence of chemical residues in food, for example from pesticides and antibiotics, in reality, these hazards are nearly nonexistent. The more significant hazards facing the food industry today include microbiological contaminants, such as Salmonella. With effective implementation of HACCP systems, the risk for hazards to occur is greatly diminished and public health protection is strengthened.

Over the years, Pilgrim’s has invested millions of dollars in new processing equipment, team member training and quality assurance programs to improve the microbiological profile of our products.

**RESPONSIBILITIES**

The Pilgrim’s management structure for Food Safety and Quality Assurance (FSQA) is designed to ensure industry-leading performance and corporate oversight at the highest level. The team is led by the senior vice president (SVP) of FSQA who oversees all food safety and quality assurance programs for each business unit, and reports directly to the global CEO. Each Pilgrim’s facility has a FSQA manager and FSQA team who report to the FSQA director for their line of the business who, in turn, reports to the SVP of FSQA.

One of the many strengths of our global approach to food safety and quality assurance is our ability to share and leverage best management practices across the company. This effort is led by the SVP of FSQA who works with each business unit to disseminate best practices around regulatory compliance, pathogen control, modernization and other innovations to improve our food safety and quality performance. In partnership with JBS, Pilgrim’s hosts an annual Global Food Safety and Quality Conference with FSQA professionals from around the global company to identify common challenges, industry trends and opportunities to support the company’s effort to serve as the worldwide leader in high-quality, innovative protein and value-added food products.

In the U.S., the Food Safety and Quality Advisory Committee is responsible for providing oversight and guidance to our Food Safety Program. The committee is comprised of senior JBS USA and Pilgrim’s team members, as well as academicians who specialize in the areas of animal science, meat science, epidemiology and food microbiology. The committee includes the heads of FSQA in each JBS USA business unit and the SVP of FSQA for Pilgrim’s and six industry experts, including Drs. Gary Smith and Keith Belk from Colorado State University; Drs. H. Russell Cross, Kerri Harris and Jeff Savell from Texas A&M University; Dr. Guy Loneragan from Texas Tech University; Dr. Mike Apley from Kansas State University; Dr. Chuck Hofacre from University of Georgia; and Dr. Lynn McMullen from the University of Alberta, Canada.
Food safety and quality system management performance are also part of all senior management goals and key performance indicators, all the way up to and including our CEO. This reporting structure demonstrates the high priority we place on food safety and quality assurance at Pilgrim’s, and allows us to nimbly implement action-oriented decisions on a daily basis, if necessary.

TRAINING AND AUDITS

In addition to our robust, resilient food safety management structure, Pilgrim’s focuses on training and auditing procedures to produce safe, high-quality food. Our team members undergo extensive training in both food safety and value chain management, including raw material purchasing guidelines, to ensure that quality products reach the tables of our customers and consumers. All new team members receive training on quality assurance (QA) and food safety management systems when they are hired and participate in additional job-specific training. All team members who work in our production facilities receive ongoing training on food safety policies and practices. In addition, QA team members are provided with specific HACCP, as well as additional food safety and quality assurance, training every year.

Each year, we conduct numerous food safety and quality system audits using accredited, independent auditing firms. One hundred percent of our production facilities in the U.S. and Europe and 85.7 percent of our Mexico operations have been audited and certified by audit schemes recognized by the GFSI, one of the most stringent food safety-related audits available in the food industry. These audits, which are required by many of our retail customers, necessitate that a plant meet 326 requirements before a final certification grade can be given. Internal audits are conducted regularly by corporate QA team members and rewritten annually to foster continuous improvement. The QA team members at the production facility conduct daily facility inspections.

We are extremely proud of each of our facilities for their dedication and commitment to food safety and quality standards. We believe our third-party oversight and audit results further validate that our more than 300 highly skilled QA team members are doing an effective job promoting, protecting and enhancing the safety and quality standards at Pilgrim’s.

In North America, we continue to challenge all our packaging and ingredient suppliers to use a GFSI audit to demonstrate their commensurate level of commitment to food safety. All our suppliers who provide products or services that have direct contact with food must pass the ISNetworld and GFSI audits and provide a letter of guarantee.

IN THE EVENT OF A RECALL

Even though we have comprehensive systems in place to provide our consumers with safe, high-quality food, instances can and have occurred where a product recall is necessary to protect public health. When a recall is warranted, Pilgrim’s voluntarily initiates the recall, collaborating with the appropriate federal regulatory partners to make sure all affected product is promptly tracked and removed from distribution channels where product is destined for delivery to consumers. We have detailed protocols that address situations during and after routine business hours so effective plans can be implemented and executed as needed. To further ensure effective execution of recall protocols, the FSQA teams conduct numerous practice drills throughout the year to replicate various recall scenarios, identify potential procedural gaps and prepare our recall teams to handle the rare circumstance when a recall is warranted. When we decide to voluntarily recall one of our products out of caution to protect consumer health, the Recall Committee is immediately convened to implement the recall protocol. Once initiated, the committee remains in constant communication to ensure the recall is effective and all
product is removed from commerce, so that consumer and regulatory confidence is maintained. To inform our customers and consumers of a recall, we issue a notice that follows government guidelines for communication.

The protocol is dependent on where the product is located or distributed. For example, if the product is in consumers’ homes, we use appropriate media outlets to communicate the urgency of the situation and reach out to individual consumers using key account shopper card databases. In the U.S., recall information is also posted on the USDA FSIS or FDA websites.

Recalls are rare, and we work diligently to understand how they were caused and how to prevent future incidents. We perform comprehensive root-cause analysis and share our learnings across the company. GFSI verifies the effectiveness of our corrective actions as an independent third-party auditor.

INDUSTRY COLLABORATION
Ensuring the safety of our products is considered precompetitive in our industry, and we are proud to serve in a leadership role on many industry initiatives that are working toward reducing pathogens in poultry products. Through these initiatives, we share best practices across the industry to guarantee the continued safety of our products.

2018 Progress
At Pilgrim’s, implementing a world-class food safety quality system platform that provides confidence to our customers and consumers and ensures the integrity of all our products is foundational. We monitor food safety and quality assurance on a daily basis to ensure we provide our customers a safe and enjoyable eating experience.

<table>
<thead>
<tr>
<th>Country</th>
<th>Percent of Facilities Certified by Independent Third Party Audits According to GFSI Standards</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S.</td>
<td>100.0%</td>
</tr>
<tr>
<td>Mexico</td>
<td>85.7%</td>
</tr>
<tr>
<td>Europe</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

Customer and Consumer Engagement

**Our Commitment**
At Pilgrim’s, we are committed to meeting the needs of our customers and consumers by providing them the necessary resources to make informed purchasing decisions regarding our products and innovating to meet their evolving expectations. We provide information about our product options, their nutritional content and the various production processes available, such as traditional, antibiotic-free, vegetarian-fed and organic. To meet the expectations of our customers and the dynamic lifestyles of our consumers, we engage in continuous dialogue to ensure we provide innovative products that align with their values and needs.
Our Approach

CUSTOMER AND CONSUMER INFORMATION

To enhance our ability to more effectively communicate about our diverse product offerings, we have assembled a variety of comprehensive, easy-to-use resources for our customers and consumers to learn more about our products. We primarily sell our products to customers who market our product through foodservice or retail channels directly to consumers. As such, the majority of our marketing information is focused toward these key customers.

We also maintain brand-specific websites and social media channels where consumers can learn more about our products, our brands and chickens in general. Many of our consumers who are interested in non-traditional products, such as antibiotic-free and organic, are active on social media and engage with us through these forums, as well as through our websites’ “Contact Us” forms to learn more about the brand and gain a better understanding of the production practices utilized.

We target our social media posts to geographically align with our current distribution so consumers can easily learn more about the products they have access to. Through these channels, we provide recipes, basic cooking instructions and nutritional information. On our websites, consumers have the capability to search for recipes and learn more about our brands. We also provide product allergen information and recommended food safety handling practices for meat and poultry products.

Our approach to customer and consumer information also includes education related to production practices. Pilgrim’s has a tremendous diversity of program offerings relative to production practices that we are proud to offer. Each system enjoys its own standards based on consumer preference, but all the systems result in high-quality, sustainable chicken options that can be enjoyed with friends and family.

INNOVATION

Our approach to innovation is driven by consumer insights, customer needs and market growth opportunities. Our sales, marketing and research and development teams work to provide solutions that enhance customer confidence, reduce costs, increase profits and consistently improve quality. Our innovation teams around the globe share trends, innovative solutions and technology advancements to leverage our collective expertise and lead category growth.

Pilgrim’s enjoys a diverse product portfolio that is fully aligned with demand growth. We are the No. 1 provider of organic chicken in the U.S., No. 1 fresh chicken provider on Amazon Fresh, a leading provider of no antibiotics ever chicken in the U.S., and the No. 1 value-added and prepared poultry provider in the U.K. Our diversified portfolio of upmarket products allows Pilgrim’s to provide an array of high-quality offerings tailored to meet the complex needs of customers and the discerning tastes of consumers.

OWNERSHIP

The corporate marketing teams at Pilgrim’s U.S., Pilgrim’s Mexico and Pilgrim’s Moy Park are responsible for developing customer and consumer information. In general, the marketing efforts are led by the director of marketing or chief marketing officer for each business unit. The director of marketing or chief marketing officer reports directly to the president of the business unit or the vice president of retail sales, pricing and marketing. Our innovation teams are cross-functional and include experts in marketing, product development and meat science.
NUTRITION INFORMATION
One hundred percent of Pilgrim’s products adhere to federal labeling requirements. Except where specifically exempt, all of our product labels and/or packaging include product name, handling statement, legend, establishment number, net weight, ingredients statement, signature line and, when required, a nutritional facts panel. In addition, validated cooking instructions are included on applicable products.

CONSUMER HOTLINES
In addition to our websites and social media platforms, consumer-specific phone lines and email accounts offer another venue for transparency and customer service. Through these communication channels, our teams monitor direct product feedback, interact with consumers to address questions or concerns, maintain a database to track trends and provide performance reports to team members. In 2018, the trending topics our teams addressed included animal handling, food safety, labeling claims, cooking instructions and where to purchase our products.

ENVIRONMENT

2018 Key Facts and Figures

- **4%**
  - decrease in greenhouse gas emission intensity from 2017-2018

- **5%**
  - decrease in electricity use intensity from 2017-2018

- **2%**
  - increase in fuel use intensity from 2017-2018

- **6%**
  - increase in water use intensity from 2017-2018

Meeting the food and nutritional needs of our growing global population in a sustainable manner is the great challenge of our time. This will require each of us to do more with less by maximizing the efficient use of our natural resources and incorporating the latest technologies, innovations and best practices across our food production systems. Pilgrim’s is committed to helping society meet this global challenge in an environmentally responsible manner by working hard to improve the efficiency of our operations, reduce our environmental footprint and provide consumers with nutritious protein options each and every day.

Our vision is to be an industry leader in sustaining air, water and land by minimizing the resources needed to produce quality protein products and reducing the waste generated during our production processes.

To continue to reduce our environmental impact and reaffirm our commitment to minimize the resources needed to produce quality protein products, we have set aggressive 2020 goals for our U.S. business as a part of our Sustainable Management System.
Our Management Approach

As a food company that relies on natural resources to produce our products, our understanding of and commitment to environmental stewardship has always been a part of who we are. Pilgrim’s senior leadership is committed to making sure that protection of the environment is firmly embedded in our culture. Our management approach is focused on operational efficiency, innovation and compliance with applicable environmental laws and regulations. We promote a model of continuous improvement and recognize that environmental protection and resource conservation provide value and security to current and future generations.

Our internally audited Environmental Management System (EMS) is based on the specifications of ISO 14001, yet tailored to enable our businesses to most effectively achieve our goals of protecting the environment. The EMS directs our environmental teams to recognize the environmental aspects and impacts of their specific facility, establish objectives and targets to reduce the potential impacts, assign environmentally-minded roles and responsibilities to our team members, identify team members whose responsibilities may impact the environment and provide them the appropriate training and standard operating procedures, implement an efficient monitoring and measurement program for each environmental task and routinely communicate our successes and opportunities to all involved team members. In addition, Pilgrim’s Moy Park facilities are ISO 14001 accredited according to the EMS and ISO 50001 standards.

To encourage the sharing of best management practices across facilities, our Pilgrim’s business units use an internal reporting method to compare similar facilities. These reports are generated and reviewed weekly or monthly, depending on the business unit, by the environmental management teams and provided to senior management to monitor progress toward goals.

OWNERSHIP AND SUPPORT

We have created resilient environmental management structures that encourage accountability and promote ownership within our environmental and operational teams. Almost every Pilgrim’s facility has a full-time environmental manager who oversees the environmental requirements and performance of the facility. In general, each environmental manager reports to the facility manager and receives support from corporate environmental teams. The corporate environmental teams oversee the environmental performance of multiple
facilities and provide individual facility support by sharing best management practices and offering assistance to address specific issues, should they arise.

The corporate environmental teams generally report to the head of engineering for each business unit, who either reports to the head of operations, directly to the president of the business unit or to the CEO. These management structures allow for ownership of environmental compliance at the facility level with strategic regional and corporate support and oversight at the highest levels of our organization. We believe this resilient structure of local ownership, coupled with senior-level support, has led to our strong environmental results and improvements over time.

Water

Our Commitment
Water use and water quality are priorities at Pilgrim’s and critical pillars in our sustainability program. We recognize that water scarcity is a major global issue and that water is critical to securing a consistent, high-quality global food supply. We embrace our responsibility to reduce water use and strive to improve our water-stewardship efforts by monitoring use at each Pilgrim’s facility and prioritizing usage reductions, while preserving our high standards for food safety and sanitary conditions. We are also aware that some Pilgrim’s facilities are located in water-stressed areas and require a more strategic focus to ensure proper water management. Water quality is also an important priority for us, and we continuously work to make sure all wastewater we discharge meets or exceeds all legal and internal quality standards.

Our Approach
At Pilgrim’s, water stewardship is crucial to our long-term viability. Companywide, our approach to water stewardship is defined at the corporate level, but individual goals and targets are developed at each facility to ensure ownership and accountability. Each facility is tasked with responding to unique local challenges and determines the most effective approach at that location, including withdrawal sources, discharge destinations, wastewater treatment programs and reuse and recycling strategies. We work closely and collaboratively with federal, state and local municipalities to address complex issues and jointly develop sustainable solutions. Finally, every facility invests capital annually to make sure goals are achieved and local challenges are appropriately addressed.

There are many operational challenges associated with reduced water use from our production and further processing facilities, most importantly, the critical role water plays in a safe food supply. Water is used every day in our facilities so that the highest food safety standards are met, and, in some facilities, dramatic reductions in water use could compromise our food safety and food-quality standards. We work cross-functionally across our environmental, engineering, operations and food quality and safety teams when designing and implementing water reduction strategies to ensure food safety is never compromised.

The greatest opportunity for water reduction is through water recycling projects. All our production facilities recycle water. Depending on the facility, this may include elaborate recycling systems that allow previously used water to be reused in other areas of the facility.

Each of our production and further processing facilities has a wastewater treatment program specifically tailored to that facility’s discharge permit requirements. These site-specific programs have helped address
2018 Progress

We track both total water use and water intensity (water use per lb. of finished product including by-products) to consistently identify opportunities for improvements, irrespective of changes in production. In 2018, we used 14.3 billion gallons of water in our facilities, drawing 76 percent of this water from public municipalities, 21 percent from groundwater sources and 2 percent from surface water, including streams. We reused more than 1.1 billion gallons of water in 2018, which is approximately 8 percent of our total water consumption. We will work to continue to optimize water use and identify opportunities to reduce water use intensity without compromising food safety, animal welfare or environmental compliance.

Unfortunately, from 2017 to 2018, as a global company, our water use intensity increased by 5.9 percent. This is due to increased overall water use due to additional necessary food safety interventions. In 2019, we will increase our focus on water, ensuring that we stay committed to reducing this critical resource while maintaining our high food safety standards.

For our business units in the U.S. and Puerto Rico who participated in our 2020 goal setting, overall water use intensity increased 12.9 percent since 2015. Unfortunately, from 2017 to 2018, our water use intensity increased by 6.9 percent. These teams will continue to stay focused on reducing water use to meet our 10 percent reduction target in 2020.

In 2018, all our facilities treated wastewater to achieve water-quality levels suitable for discharge. Pilgrim’s includes both modern and legacy facilities that require varying levels of water systems, infrastructure maintenance and support. We have steadily increased our investment in our wastewater programs to make sure we maintain and, where needed, improve compliance with permits, laws and regulations. Discharged water is measured for its overall quality at each facility to ensure it meets permitting requirements. The majority, 62 percent, of discharged water is sent to city-owned treatment centers, while 30 percent is discharged into non-municipalities, and 8 percent is used as land irrigation.
## Total Water Use (Gallons)

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<thead>
<tr>
<th></th>
<th>2015*</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pilgrim’s U.S. and Puerto Rico</td>
<td>10,369,949,977</td>
<td>11,031,892,593</td>
<td>11,460,600,525</td>
<td>12,182,630,833</td>
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<tr>
<td>Pilgrim’s Mexico</td>
<td>1,004,354,699</td>
<td>963,918,572</td>
<td>998,459,300</td>
<td>1,018,824,275</td>
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<tr>
<td>Pilgrim’s Moy Park</td>
<td>1,004,770,212</td>
<td>1,164,648,215</td>
<td>1,089,699,927</td>
<td>1,138,926,299</td>
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</table>

*Reported as an average of 2013, 2014 and 2015 data for purposes of goal setting.

## Water Use Intensity (Gallons per lb. of finished product)

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
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</thead>
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<tr>
<td>Pilgrim’s U.S. and Puerto Rico</td>
<td>1.09</td>
<td>1.15</td>
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<tr>
<td>Pilgrim’s Mexico</td>
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<td>0.50</td>
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<tr>
<td>Pilgrim’s Moy Park</td>
<td>0.82</td>
<td>0.95</td>
<td>0.82</td>
<td>0.84</td>
</tr>
</tbody>
</table>
**Water Risk Assessment**

Pilgrim’s has conducted a comprehensive water risk assessment, inclusive of quantity (baseline water stress, inter-annual variability, seasonal variability, flood occurrence, drought severity, upstream storage and groundwater storage), quality (return flow ratio and upstream protected land) and regulatory and reputational risk (media coverage, access to water and threatened amphibians) for each Pilgrim’s facility location. Overall water risk identifies areas with higher exposure to these water-related risks. As indicated in the graphic below, the majority of our facilities are low to medium or medium to high risk as defined by the World Resources Institute Aqueduct, 2014.

The water risk assessment is a critical element of our water stewardship strategy and allows us to identify and prioritize specific water resource projects that are locally relevant to each watershed and reduce the company’s overall water impact.

**Pilgrim’s Facilities by Water Risk Category**

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**Energy and Emissions**

**Our Commitment**

Improving energy efficiency and reducing air emissions are high priorities at Pilgrim’s. Air quality and greenhouse gases (GHG) are a top concern for our team and the communities where we operate, and we are constantly looking for opportunities to improve. Our energy reduction targets, while contributing to plant efficiency and cost savings, are also directly tied to our efforts to reduce GHG emissions.

**Our Approach**

Energy use reduction is a company priority, and our corporate environmental teams work to implement best practices for energy efficiency and to reduce GHG emissions across our operations.

Energy use depends on the nature of the activities at our facilities. For example, a packing facility has different energy requirements than a further processing facility. Energy use can also be impacted by extreme climate events, requiring additional energy to ensure temperatures are maintained at optimal levels to ensure the
quality and safety of our food products.

Local regulations also influence the adoption and implementation of energy-efficiency goals and programs. Therefore, it is critical to focus our efforts to address the unique challenges in specific markets so we can develop customized programs that are relevant to the local energy challenges at each facility.

The most common challenge when implementing energy-saving projects is the initial capital investment, as often the cost of implementation outweighs the expected return on investment (ROI) within a reasonable time frame. Where possible, we strive to invest in technologies that allow for better data retrieval and analysis of high energy-use equipment so the company can make informed decisions to justify ROI and make improvements critical to the long-term success of the business.

We are currently looking at opportunities to use waste-to-energy processes. To date, one of our facilities uses biogas as a renewable energy source. In 2018, the share of indirect energy from renewable sources used at our U.S. facilities was 5 percent.

We must also take into account the profile of any facility, including its type, size and age, when developing goals or target-reduction strategies. When establishing energy-reduction targets, it is important to implement meaningful strategies at each facility based on the type of production, the local energy source constraints and challenges, as well as the facility profile.

In 2018, all Pilgrim's operations invested in improved energy efficiency. Our energy targets moving forward will continue to focus on maximizing operational efficiencies while reducing emissions and costs. Energy use will continue to be a critical priority in our sustainability program.

In addition to reducing GHG emissions and energy use, implementing odor-reduction technologies is a focus at Pilgrim's. All our facilities with rendering operations use odor-reduction programs and technologies, including high-intensity air scrubbers that remove ammonia and hydrogen sulfide, which reduces odors from the rendering process.

2018 Progress

We measure and report energy use across facilities and invest annually in more energy-efficient equipment to reduce both fuel and electricity use. From 2017 to 2018, Pilgrim's increased fuel use intensity by 2.5 percent and reduced electricity use intensity by 5.3 percent.

Our business units in the U.S. and Puerto Rico reduced their fuel use and electricity use intensity by 0.5 and 7.4 percent, respectively. Since 2015, these business units have achieved a 10.8 percent reduction in fuel use intensity and a 13.2 percent reduction in electricity use intensity, surpassing our 2020 electricity reduction target. These reductions are the result of improved operational efficiencies and reduced fuel and electricity use in our facilities. These teams will continue to stay focused on reducing energy use throughout our operations to meet our 14 percent reduction target in natural gas by 2020.

We track direct GHG emissions from stationary and mobile sources (Scope 1), excluding manure emissions from
our live animal operations, and energy indirect emissions (Scope 2). From 2017 to 2018, we reduced our GHG emission intensity by 4.1 percent.

In the U.S. and Puerto Rico, overall GHG intensity decreased from 2017 to 2018 by 4.1 percent. Since 2015, these operations have reduced their overall Scope 1 and Scope 2 GHG emissions by 20.2 percent, meeting their 2020 target.

ENERGY PERFORMANCE

<table>
<thead>
<tr>
<th>Total Fuel Use (MMBTU)</th>
<th>2015*</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pilgrim’s U.S. and Puerto Rico</td>
<td>7,044,160</td>
<td>6,380,037</td>
<td>6,541,010</td>
<td>6,536,537</td>
</tr>
<tr>
<td>Pilgrim’s Mexico</td>
<td>1,116,241</td>
<td>948,103</td>
<td>891,451</td>
<td>994,337</td>
</tr>
<tr>
<td>Pilgrim’s Moy Park</td>
<td>1,211,375</td>
<td>1,150,110</td>
<td>1,160,126</td>
<td>1,267,652</td>
</tr>
</tbody>
</table>

*Reported as an average of 2013, 2014 and 2015 data for purposes of goal setting

<table>
<thead>
<tr>
<th>Fuel Use Intensity (MMBTU per 100 lbs. of finished product)</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pilgrim’s U.S. and Puerto Rico</td>
<td>0.074</td>
<td>0.067</td>
<td>0.066</td>
<td>0.066</td>
</tr>
<tr>
<td>Pilgrim’s Mexico</td>
<td>0.059</td>
<td>0.049</td>
<td>0.045</td>
<td>0.050</td>
</tr>
<tr>
<td>Pilgrim’s Moy Park</td>
<td>0.099</td>
<td>0.094</td>
<td>0.087</td>
<td>0.094</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Total Electricity Use (kWh)</th>
<th>2015*</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pilgrim’s U.S. and Puerto Rico</td>
<td>1,135,000,883</td>
<td>1,052,426,264</td>
<td>1,112,993,309</td>
<td>1,025,103,743</td>
</tr>
<tr>
<td>Pilgrim’s Mexico</td>
<td>180,885,682</td>
<td>172,805,237</td>
<td>187,558,816</td>
<td>190,542,269</td>
</tr>
<tr>
<td>Pilgrim’s Moy Park</td>
<td>216,830,660</td>
<td>221,551,081</td>
<td>213,749,000</td>
<td>217,890,000</td>
</tr>
</tbody>
</table>

*Reported as an average of 2013, 2014 and 2015 data for purposes of goal setting

<table>
<thead>
<tr>
<th>Electricity Use Intensity (kWh per 100 lbs. of finished product)</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pilgrim’s U.S. and Puerto Rico</td>
<td>11.92</td>
<td>10.99</td>
<td>11.17</td>
<td>10.35</td>
</tr>
<tr>
<td>Pilgrim’s Mexico</td>
<td>9.50</td>
<td>8.88</td>
<td>9.45</td>
<td>9.52</td>
</tr>
<tr>
<td>Pilgrim’s Moy Park</td>
<td>17.78</td>
<td>18.14</td>
<td>16.08</td>
<td>16.09</td>
</tr>
</tbody>
</table>
Waste Reduction and Recycling

Our Commitment
Pilgrim's overall commitment is to reuse or recycle the maximum amount of materials with the goal of sending as little to landfills as possible. Each facility works to recycle material and reduce waste by optimizing facility logistics and team member training.

Our Approach
In each of our production facilities, we have goals to decrease the amount of packaging used in our finished products and decrease waste sent to landfills from each facility. Our Pilgrim's Moy Park team continued to maintain its commitment of zero waste to landfill. As a company, we continue to explore alternative materials that offer recyclability and technologies that allow us to reduce the amount of packaging needed, while still maintaining strict product safety requirements. In our day-to-day operations, we work to improve recycling opportunities at each facility and reduce overall waste generated.

Product packaging provides a unique challenge for our industry, as not all customers or end-users have recycling facilities. In addition, to prevent contamination, packaging materials used at production facilities that come into contact with blood, meat or fat cannot be recycled, per the Institute of Scrap Recycling Industries standards. Due to the nature of our products, this reduces our ability to recycle packaging material used at our production facilities. In Europe, our Pilgrim's Moy Park business was the first poultry company to sign the Courtauld Commitment 2 to reduce packaging and household food waste, and reduce product and packaging waste in the supply chain.
To continue to improve our efforts in waste management, recycling and cost reduction, we often work with third-party companies in each facility to conduct a gap analysis, identify opportunities for continued innovation and adopt best practices. Working with our local teams and third-party partners at the facility level allows us to tailor our waste and recycling approach to address the specific challenges at each of our facilities. We also process byproducts, such as blood, feathers and bones, to create saleable materials and reduce waste. Nearly 100 percent of inedible byproducts are rendered to produce tallow and feather and bone meal, which we then sell to other companies to be used in consumer goods, such as in livestock or poultry feed.

In the U.S., we strive to recycle all that we can at our facilities. We recycle:

- **80%** of clean cardboard material, which is sent to recycling centers or paper mills to be reused
- **95%** of our pallets, which are returned to our suppliers for reuse
- **95%** of all metal, which is sent to a salvage yard
- **95%** of our plastic high-density polyethylene (HDPE) tote bags, which are sold to our original manufacturer and then reused in our next order, creating a closed loop system
- **95%** of clean, non-contaminated plastic, which is collected in bins and then sent to either a recycling center or melted down and repurposed to make new products
- **95%** of clean, non-contaminated plastic, which is collected in bins and then sent to either a recycling center or melted down and repurposed to make new products

### 2018 Progress

Pilgrim’s has remained focused on reducing waste and packaging. From 2017 to 2018, total waste generated decreased by 4.8 percent, waste sent to landfills was reduced by 25.3 percent and waste to landfill per ton of finished product decreased by 25.2 percent. These reductions were achieved despite our teams experiencing numerous challenging weather events that significantly damaged facilities, which resulted in an increase in material that would have otherwise not been sent to landfill. As a highlight, our Pilgrim’s Moy Park team maintained its 0 percent to landfill efforts, and Pilgrim’s Mexico implemented a composting project from farms and hatcheries that reduced total waste by 42 percent.

In the U.S. and Puerto Rico, we increased our percentage of biodegradable and recyclable packaging material used by 1 percent; however, our total packaging material per ton of finished product including by-products increased by 4.8 percent. Despite this recent increase, since 2010, Pilgrim’s has reported total packaging used per ton of finished product (excluding by-products) and has achieved a nearly 20 percent reduction in comparison to 2018. We will continue to stay focused on increasing our recyclable packaging and will stay committed to reducing our packaging per ton of finished product produced.

The data below represents our best efforts at tracking waste and recycling at our facilities. In some cases, the local municipality collects all waste and recycling, which makes tracking the data impossible. We are currently working to develop collaborative partnerships in these locations, so we can share data to better track our performance.

Finally, nearly all organic solids, including wastewater sludge, are sent to land application or composting and used as beneficial soil amendments in place of synthetic fertilizer at local farms.
## WASTE PERFORMANCE

<table>
<thead>
<tr>
<th></th>
<th>Pilgrim’s U.S. and Puerto Rico</th>
<th>Pilgrim’s Mexico</th>
<th>Pilgrim’s Moy Park</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Waste Generated</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Tons)</td>
<td>88,325</td>
<td>98,239</td>
<td>79,156</td>
</tr>
<tr>
<td><strong>Total Waste to Landfill</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Tons)</td>
<td>73,438</td>
<td>82,046</td>
<td>70,117</td>
</tr>
<tr>
<td><strong>Waste to Landfill Intensity</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Per Ton of Finished Product Including By-Products)</td>
<td>0.0153</td>
<td>0.0165</td>
<td>0.0142</td>
</tr>
<tr>
<td><strong>Total Waste Recycled</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Tons)</td>
<td>14,887</td>
<td>16,193</td>
<td>4,904</td>
</tr>
<tr>
<td><strong>Total Waste Composted</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Tons)</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total Waste Incinerated</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Tons)</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total Waste for Energy</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Tons)</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total Waste Cogeneration/ Coprocesse</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Tons)</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total Waste for Fertigation / Land Application</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Tons)</td>
<td>0</td>
<td>0</td>
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</tr>
</tbody>
</table>
## Packaging Performance

### Packaging Material Used Per Ton of Finished Product Since 2010

<table>
<thead>
<tr>
<th></th>
<th>Pilgrim’s U.S. and Puerto Rico</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2016</td>
</tr>
<tr>
<td>Packaging Material Used</td>
<td></td>
</tr>
<tr>
<td>(Tons)</td>
<td>147,037</td>
</tr>
<tr>
<td>Total Packaging Material</td>
<td></td>
</tr>
<tr>
<td>Used Intensity</td>
<td>0.0307</td>
</tr>
<tr>
<td>(Per Ton of Finished</td>
<td></td>
</tr>
<tr>
<td>Product)</td>
<td></td>
</tr>
<tr>
<td>Total Biodegradable and</td>
<td></td>
</tr>
<tr>
<td>Recyclable Packaging</td>
<td></td>
</tr>
<tr>
<td>Material Used</td>
<td>98,045</td>
</tr>
<tr>
<td>(Tons)</td>
<td></td>
</tr>
<tr>
<td>Percentage Biodegradable</td>
<td></td>
</tr>
<tr>
<td>and Recyclable Packaging</td>
<td>66.68%</td>
</tr>
<tr>
<td>Materials</td>
<td></td>
</tr>
</tbody>
</table>

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### Packaging Material Used Per Ton of Finished Product Since 2010

[Graph showing the trend of packaging material used per ton of finished product since 2010.]
Ensuring the well-being of the chickens under our care is an uncompromising commitment at Pilgrim’s. Our business begins with the well-being of our chickens, and we are dedicated to their humane treatment, handling and slaughter. Animal welfare is embedded in the framework of our culture, and we continually strive to improve our welfare efforts through the use of new technologies and the implementation of standards that meet and exceed regulatory requirements and industry guidelines.

Pilgrim’s has established and implemented animal welfare programs in all of our business units to promote the humane treatment of animals throughout every stage of their life. Our animal welfare programs lay out the appropriate practices, controls, training and documentation, and are motivated by the Five Freedoms:

1. Freedom to express natural behavior
2. Freedom from injury and disease
3. Freedom from discomfort
4. Freedom from thirst and hunger
5. Freedom from fear and distress

Our Management Approach
At Pilgrim’s, the proper and humane treatment of animals is addressed through standard operating procedures (SOPs), verification and process improvements designed to guarantee animal welfare and product quality. Chickens destined and received for slaughter at Pilgrim’s facilities are treated in accordance with animal handling SOPs and with the U.S. Department of Agriculture (USDA) Food Safety and Inspection Service (FSIS) regulations, the National Chicken Council (NCC) Animal Welfare Guidelines, Buenas Prácticas Pecuarias en la Producción de Pollo En Engorda de SAGARPA y SENASICA and the Council Regulation N˚1099/2009, dependent on region. In the unusual event an SOP, guideline or regulation is violated, corrective action is taken immediately.

To continually improve the care and well-being of our chickens, we have set aggressive 2020 animal welfare goals according to our Pilgrim’s Animal Health and Welfare Scorecard as part of our Sustainable Management System. To date, these goals were only set by our U.S. business; however, we are currently working to expand this approach across our global operations.
Our animal health and welfare scorecard was developed by our Pilgrim’s animal welfare team and uses a combination of 19 indicators selected for their importance to the health and welfare of our chickens. The indicators are weighted on a 100-point scale across eight main areas of importance, including compliance, annual audits, both internal and third-party, losses, priority indicators, investment, transportation, management and health. We are confident that, by increasing our focus on monitoring the health and welfare of our chickens, we will continue to further identify best practices and opportunities for continued improvement.

Our senior leadership is committed to ensuring that the well-being of the chickens under our care is firmly embedded in our culture. From procurement and transportation to operations and quality assurance, Pilgrim’s team members are held accountable for the humane and ethical treatment of our animals. We have a zero-tolerance policy for abuse of any kind, and all team members are required to report any violations anonymously or directly to management. Team members or family farm and ranch partners who violate our Animal Welfare Policy and associated procedures are subject to disciplinary action, up to and including termination of employment, termination of a supplier’s contract and/or reporting to the government authority responsible for overseeing animal welfare.

OWNERSHIP AND SUPPORT
We have created management structures that encourage accountability and promote ownership within our Quality Assurance and Humane Handling teams. Nearly every Pilgrim’s production facility has a full-time quality assurance manager or officer who is responsible for overseeing the implementation of our animal welfare program, which includes facility assessment, training programs and ongoing monitoring. In most facilities, the quality assurance manager reports to the quality assurance director and receives support from the chief animal welfare officer. The quality assurance director reports to the senior vice president or head of quality assurance and technical services (who reports to the president of the business unit) and receives support from the chief animal welfare officer.

The quality assurance director oversees the animal welfare performance of multiple facilities and provides individual facility support by sharing best management practices and offering assistance to address specific issues, should they arise. Each production facility also has an Animal Welfare team comprised of team members from poultry handling, processing, quality assurance, operations, procurement and human resources who make

Progress to 2020 Goals

<table>
<thead>
<tr>
<th>GOALS:</th>
<th>PROGRESS:</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ANIMAL WELFARE</strong></td>
<td><strong>ON TRACK</strong></td>
</tr>
<tr>
<td>ACHIEVE A 90% OR BETTER ON OUR ANIMAL HEALTH AND WELFARE SCORECARD FOR ALL PROCESSING PLANTS</td>
<td></td>
</tr>
<tr>
<td>ACHIEVE A 95% OR BETTER ON OUR ANIMAL HEALTH AND WELFARE SCORECARD FOR OUR LIVE OPERATIONS</td>
<td></td>
</tr>
</tbody>
</table>
sure the policies and procedures required by the animal welfare program, including annual training of all team members, are being correctly implemented and followed.

Animal welfare is supported further by the chief animal welfare officer, who is also the head veterinarian, who reports to the head of live operations who reports to the president of the business unit. In Europe, our animal welfare officer is certified through an industry-recognized animal welfare training body, Animal Welfare Training Ltd. In addition, all personnel handling chickens must have a certificate of competency (COC), which is an assessed qualification issued by the regional regulatory authorities: Food Standards Agency (FSA) in Great Britain or the Department of Agriculture, Environment and Rural Affairs (DAERA) in Northern Ireland.

These management structures allow for ownership of compliance at the facility level with strategic regional and corporate support and oversight at the highest levels of our organization. We believe this resilient structure of local ownership, coupled with senior-level support, has led to our strong animal welfare performance and improvements over time.

In addition, our animal welfare programs are often reviewed by animal welfare experts at Colorado State University. These lasting academic partnerships have assisted Pilgrim’s in identifying and investing in additional upgrades to both our facilities and team member training programs to further enhance the welfare of our animals.

EDUCATION AND TRAINING

Education, training and planning are essential to ensuring the implementation of our animal welfare programs and SOPs. All new Pilgrim’s team members receive department-specific training during orientation, and all team members who handle chickens must attend annual refresher trainings. Our quality assurance and human resources managers make sure all training requirements are completed as scheduled, documented and available for review. We have a zero-tolerance policy for abuse of any kind, and all team members are required to report any violations, either anonymously through our hotline or directly to management.

AUDITS

At Pilgrim’s, our facilities are audited regularly to guarantee compliance with our animal welfare programs. In the U.S., third-party animal welfare audits are conducted on a minimum of an annual basis at production facilities by PAACO-certified auditors. In addition, corporate internal animal welfare audits are conducted on a minimum of an annual basis at production facilities by PAACO-certified internal auditors. Both Pilgrim’s quality assurance personnel and USDA inspectors monitor animal welfare practices at our production facilities daily to ensure that chickens are handled and slaughtered as per both the company’s and NCC guidelines. In Mexico, our animal welfare programs are aligned with the Buenas Prácticas Pecuarias en la Producción de Pollo En Engorda de SAGARPA y SENASICA. In Europe, all Pilgrim’s Moy Park poultry farms are Red Tractor approved and meet or exceed Red Tractor, Bord Bia or equivalent welfare standards. Annually, an external auditor audits each farm to Red Tractor standards, which results in Assured Chicken Production (ACP) certification. Our Pilgrim’s Moy Park production facilities are audited according to the Council Regulation N˚1099/2009 standards on animal welfare. Animal welfare audit results and key performance indicators are integrated into the Pilgrim’s quality assurance data-sharing platform. Data is collected and entered in real time, enhancing our ability to share best management practices across the company and improve animal welfare performance.
Humane Handling

Our Commitment
Pilgrim’s is committed to meeting or exceeding government and industrywide standards for humane animal handling and expects chickens to be handled in a safe and humane manner. Our animal welfare programs include specific requirements and procedures to protect the health and welfare of our chickens during transportation, unloading, handling and processing, as well as the safety of our team members.

Our Approach
During transport and handling, we require that chickens be treated humanely. We have SOPs for animal handling and transportation that include both daily operations and emergency situations. We use mandatory reporting and regular auditing to make sure our procedures are being followed. Pilgrim’s does not tolerate abuse of our chickens under any circumstances. Any abuse of chickens during transportation and handling that could cause harm to the animal is a major nonconformance. All nonconformances are recorded, and corrective action plans are made immediately. Team members who work with live animals are trained on proper animal handling and delivery techniques.

When chickens arrive at our production facilities, they are staged under cover in the winter and under cover with misters and fans in the summer, until they are processed. On our pre-harvest line, chickens are picked up by their legs and placed into shackles by trained team members. They are then stunned to make sure they are insensible to pain when processed. In two poultry production facilities in the U.S. and all production facilities in Europe, controlled atmospheric stunning methods are used. During each shift, managers walk through plants to monitor animal handling compliance and perform quality assessment checks regularly at each station. In the U.S., USDA FSIS personnel are present at plants at all times during processing. The USDA, in cooperation with Pilgrim’s quality assurance team members, assures full compliance with all applicable USDA chicken processing regulations. Our Mexico complexes are compliant with the Federally Inspected Type (TIF), a voluntary food-quality certification of the Mexican government. Our facilities in Europe are compliant with Council Regulation N° 1099/2009 standards on animal welfare.

Transportation
During transportation, we work to protect our chickens from temperature extremes and provide them with adequate ventilation. During cold weather, we add side and front panels to the transport cages to keep chickens warm. During the summer months, we reduce the number of chickens per cage, keep them shaded and provide fans and misters to keep them cool and minimize heat stress. We strive to minimize the amount of time chickens spend in cages, consistent with regionally appropriate animal welfare practices. We also monitor handling and transport animal welfare metrics of our chickens.
2018 Progress

HUMANE HANDLING PERFORMANCE

Pilgrim’s U.S.
• Passed internal audits with an average score of 96.7%
• Passed external audits with an average score of 99.3% and scores ranging from 97.1%-100.0%

Pilgrim’s Moy Park
• Passed all internal and external audits

Pilgrim’s Mexico
• Passed all internal and external audits

Housing

Our Commitment
Pilgrim’s is committed to providing the chickens under our care with comfortable and safe housing that meets their needs. Housing is key to protecting and improving the health and well-being of our chickens.

Our Approach
At Pilgrim’s, we contract with more than 5,400 family farm partners who raise breeder hens and broiler chickens. From the farmers’ barns to the Pilgrim’s production facilities, we require our team members and family farm partners to provide proper care to our chickens. Our family farm partners who raise our breeder hens, which produce hatching eggs, use fresh shavings as bedding material in hen houses. These shavings are clean, absorbent, free of sharp objects and resistant to fungal growth. Our service technicians visit our breeders weekly to monitor chicken health. At our hatcheries, the temperature in the chick-holding room is targeted for chick comfort based on their internal temperature. We monitor and document temperatures on an hourly basis, making any needed changes as soon as possible. We make sure our chicks have enough space to prevent overheating and that they are not placed under direct air flow that could cause them to become chilled. Before placing any chicks at a farmer’s broiler farm, we go through our pre-placement checklist to make sure the farm and houses are neat and orderly, ventilation and temperature are ideal for brooding, ammonia levels are appropriate and lighting and bedding are in line with program requirements. In addition, in Europe, we are pioneering industry-leading initiatives to continually improve the housing of our poultry by providing environmental enrichment, windows and provision activities, such as perches and bales.
Health and Nutrition

Our Commitment
No matter the production system used, we are committed to raising healthy chickens by providing proper nutrition and full-service veterinary care.

Our Approach
MONITORING CHICKEN HEALTH
Assessing the daily needs and health status of the chickens under our care is essential to ensuring their well-being. Our family farm partners are required to inspect the houses and chickens at least twice a day. They check for housing conditions such as ventilation, air quality, water, feed lines and bedding material quality, and closely observe eye health and lameness. Any chickens unable to thrive are humanely euthanized using an American Veterinary Medical Association or equivalent approved technique, such as cervical disarticulation. Pilgrim’s technicians also work with each farm family, visiting regularly and remaining on call for the farm 24 hours a day, seven days a week, to ensure humane conditions for our flocks. Our technicians inspect both the farm and the chickens during their visit, monitoring feed intake, all health issues such as eye and leg health, mortality, house and farm conditions, rodent and/or pest issues, proper ventilation, ammonia level, litter condition and adequacy of feed and water supply. Pilgrim’s technicians not only monitor the farm’s health plan, they also share their knowledge on how to raise healthier chickens.

NUTRITION
Providing the proper nutrition to maintain appropriate body condition and optimize growth is critical to the overall health of our chickens. Our team of Ph.D. nutritionists formulates diets specific to the chicken’s life stage and adjusts diets, daily if necessary, to optimize growth and prevent nutritional deficiencies and digestive disorders. We manufacture our own feed in company-owned feed mills, using a proprietary mixture that includes corn, soybean meal and other grains.

VETERINARY CARE
Our licensed veterinarians establish and monitor all health and vaccine protocols and follow all government regulations. Our veterinarians perform routine health checks and are available for consultation on any issue. Each facility has a written health plan developed in consultation with our veterinarians and includes specifications regarding management, vaccination schedules, health monitoring and treatment, mortality and morbidity monitoring and measures taken to prevent disease transmission.

Pilgrim’s does not perform physical alterations to any of our chickens and only purchases roosters and breeders from companies with strict protocols in place to minimize stress related to these procedures.

BIOSECURITY
Each Pilgrim’s facility has a comprehensive biosecurity program designed and implemented to prevent the introduction of infectious diseases to our chickens through human and animal vectors or contaminated equipment. Our biosecurity protocol addresses every aspect of our facilities: feed mill operations, feed delivery, transportation, vaccination and health management, visitors and auditors. All Pilgrim’s team members and family farm partners are trained according to our biosecurity protocols, and all visitors and vendors must be prescreened and approved before arriving at any of our locations. Sign-in logs are also required and maintained at all locations.
ANTIBIOTICS
At Pilgrim’s, all antibiotics are used under the supervision of licensed and accredited doctors of veterinary medicine and only for the purposes of preventing, controlling or treating disease, rather than growth promotion or feed efficiency. Our antibiotic policy also requires written veterinary permission before the use of any antibiotics, enhanced record-keeping and tracking of all antibiotic use and training programs for Pilgrim’s team members to guarantee compliance with our comprehensive health and disease-prevention programs, including animal husbandry, hygiene, monitoring and vaccination.

Any use of antibiotics is strictly governed by national regulations and requires authorization by the overseeing doctor of veterinary medicine or veterinary surgeon who care for the chickens. Any medication used is licensed by the FDA or U.K. Veterinary Medicines Directorate and undergoes intense scrutiny before being approved for use. In Europe, records of medications used on farms are inspected by the auditors of the Red Tractor Scheme and by the local authority animal health inspectors as legally required. In addition, Pilgrim’s Moy Park has an Antimicrobial Stewardship Forum focused on the education of poultry producers in antimicrobial resistance and best practices to reduce antimicrobial usage and collects comprehensive data to give the poultry industry and regulators a clear picture of poultry-usage trends. Pilgrim’s Moy Park also established a Food Safety Forum to ensure chickens are healthy and products are safe. These forums include external experts who assist us with the latest scientific developments.

As part of our long-standing commitment to safeguard the welfare of our chickens, we treat all sick animals with antibiotics, if necessary, and then remove them from our antibiotic-free/NAE and organic programs. We will never allow a sick animal to suffer.

Some consumers have indicated a preference for eating chicken raised without the use of antibiotics, and we believe it is our duty to offer responsible options to those consumers. As such, we are proud to offer traditional chicken products, as well as antibiotic-free/NAE, vegetarian-fed and organic options for consumers to enjoy.

ALTERNATIVES TO ANTIBIOTICS
We are committed to reducing the use of antibiotics and have conducted extensive research to optimize management to reduce the incidence of disease and identify other products that can be used in place of antibiotics.

While we continue to innovate, adopt new products and improve management to reduce the incidence of disease, it is important to remember that we cannot completely replace antibiotics and ionophores for the treatment and prevention of disease. Pilgrim’s veterinary and nutrition teams will continue to work closely with companies that produce these alternative compounds, as well as universities and private researchers to make sure we are on the leading edge of innovation as we continue to provide our customers with wholesome, healthy and nutritious chicken products.
COMMUNITIES

Community Involvement and Charitable Giving

At Pilgrim’s, we recognize the important role we play in the communities where our team members live and work. We believe we cannot truly be the best in all that we do without contributing to the health and prosperity of the communities in which we operate. We have a long history of partnering with a wide variety of non-profit organizations in local communities, and each of our facilities encourages its team members to take every opportunity to be active stewards of their community. To make sure our volunteering, sponsorships and donations have the most meaningful impact, we target our efforts to support local initiatives throughout our communities, many of which benefit schools, hospitals and youth organizations.

Our Commitment
We understand the responsibility that comes with being a major employer in rural landscapes, and we work hard to contribute to the well-being of these communities by providing gainful employment opportunities to thousands of local residents and participating in volunteerism, donation and sponsorship opportunities.

Our Approach
Our location-based approach to community involvement and charitable giving allows us to impact where our team members live and work in ways that best benefit the community. Our goal is for our communities to consider Pilgrim’s a good neighbor and a willing community partner. We want our team members to be involved and active in their local communities, volunteer at events and support impactful initiatives. These opportunities not only provide our team members with a great deal of satisfaction, but also give them the chance to talk to, work with and engage directly with members of our communities—answering questions about what we do each day as a business.

We do not set companywide giving or volunteering targets; instead, each facility has an annual budget dedicated to supporting local initiatives and communities. While some facilities focus on working to better the lives of local youth, others choose to assist in the fight to alleviate hunger in their communities. Each Pilgrim’s facility is encouraged to follow some basic guidelines for partnering with the community and determining the best use of the funds. While we do not have set qualifications for our charitable support, we prioritize organizations that:

- Support the disadvantaged and those in need
- Improve the development and well-being of youth
- Promote agriculture
- Support our team members
- Promote acceptance and diversity
- Support our local communities

Keeping these criteria in mind, each facility’s Human Resources Director and General Manager support organizations and community functions that they believe will have the greatest impact on their community. We strive to provide a balance between providing financial support and in-person volunteer hours that match community requests.
We evaluate our giving to ensure we are having real impact by reviewing event execution and assessing how well the organization used Pilgrim’s support. We use this feedback to decide if support or participation is appropriate in subsequent years.

Investing in the Next Generation

Pilgrim’s Tomorrow Fund

In 2019, Pilgrim’s launched the Tomorrow Fund, a scholarship program to support the collegiate scholastic pursuits of our team members and their direct dependents. Our vision is to become the best and most respected company in our industry, creating the opportunity of a better future for our team members. In line with this pursuit, we established the Tomorrow Fund to help our team members achieve their dreams and create a better future for themselves and their families through education. Every year, an eligible student from each of our 33 facilities across the U.S. and Puerto Rico will be awarded a full-ride scholarship to an eligible university of their choice.

The Tomorrow Fund will support team members and direct dependents pursuing an initial undergraduate bachelors degree, an accredited vocational technical certification, or associates degree. Award recipients will participate in a Pilgrim’s mentorship program and be extended internship offers for the summer at Pilgrim’s locations across the country.

At Pilgrim’s, we believe that our people are our greatest strength. The Tomorrow Fund provides Pilgrim’s an opportunity to invest in the future, support our local communities and improve the lives of our team members and their families through empowerment, education and personal growth. We are excited to award our inaugural class of Tomorrow Fund leaders with a full-ride scholarship for the Fall 2020 term.

Texas A&M Department of Poultry Science Feed Mill, Industry Education and Outreach Support Fund

In 2017, Pilgrim’s gifted $1 million to the Texas A&M Department of Poultry Science to establish the Department of Poultry Science Feed Mill, Industry Education, and Outreach Support Fund. This support fund will allow the department to modernize its feed mill with commercial industry-relevant equipment, increasing the feed manufacturing capacity by nearly tenfold. The $1 million gift from Pilgrim’s is the most significant in size and scope in the department’s nearly 100-year history and will enable improvements in faculty-led research programs, educational opportunities for students and outreach programs with the commercial poultry industry.

Wanek Center

In 2019, the Pilgrim’s production facility in Arcadia, WI, donated $100,000 to the Arcadia Education Foundation in support of the Wanek Center, a new community recreation and event center located on the campus of the Arcadia School District. The Pilgrim’s donation will fund the primary community room and studio on the first floor of the facility.

“We are humbled to participate in a project that allows us to invest in the future of Arcadia for generations to come. This community has shown incredible support to our plant and live operations, our team members and our growers, and we’re grateful for this opportunity to show our commitment in return.” - Jayson Penn, President and CEO, Pilgrim’s Global
The Arcadia complex joined the Pilgrim's business in 2017. Since then, Pilgrim's has invested more than $1 million in the facility, which includes construction of a new chiller and two loading docks to make the facility even more competitive. Pilgrim's also built a number of chicken barns in the area, allowing for partnerships with additional local growers.

The 71,500-square-foot Wanek Center will be used for wellness and recreational activities and will include a community gym, arena, indoor run/walk track, fitness center, exercise studio, community meeting room, adult and youth activity spaces and the Arcadia Public Library.

**SUPPLIERS**

The nature of our business demands a diverse supplier base that ranges from small family farm partners who raise our chickens to large multinational companies that manufacture and provide materials and services such as packaging, food safety interventions, information technology (IT) and recycling. We work in partnership with more than 16,500 suppliers to ensure the highest-quality inputs.

Our suppliers are part of Pilgrim's supply chain and contribute to our overall sustainability. Impacts related to the environmental and social pillars of sustainability differ for each of our unique suppliers based on the material they manufacture or the service they provide. Directly affecting these impacts is often outside of our immediate control; however, we strive to partner with suppliers who share our values and mission to achieve a more sustainable food supply.

Pilgrim's plays a critical role in agricultural communities, creating opportunities for rural family farmers and ranchers who depend on our business to transform their livestock and poultry into products that consumers trust and enjoy. We partner with independent family farmers who raise the chickens, beef and pork that we depend on for our businesses to thrive.

In 2017, we finalized our [Supplier Code of Business Ethics and Conduct](#), which outlines our expectations of our vendors, and established a 2020 target for all of our partners to be in compliance with this Code.
Our Commitment
We are committed to continuing to improve the sustainability of our business, our products and our supply chain. We understand that our responsibility does not just span the production under our direct control and that we must collaborate with our supplier partners to improve the overall sustainability of our supply chain.

Our Approach
Our approach to managing impacts within our supply chain includes constant and consistent collaboration with our suppliers. While all of our suppliers are contractually required to follow state laws and regulations, we also strive to establish long-term relationships built on trust that contribute to continued progress both in our sourcing programs and sustainability goals.

2018 Progress
As part of our efforts to minimize impacts in the supply chain, we have developed a Supplier Code of Business Ethics and Conduct, which ensures that our vendors meet or exceed our high standards when conducting business with Pilgrim's. The code covers human rights, forced labor, freedom of association and collective bargaining, minimum age for employment, equal employment opportunity, employment practices, health and safety, environmental issues and business integrity, which includes anti-corruption and bribery.

We also believe in working across the entire value chain in partnership with farmers to advance sustainability. As such, we are a founding member U.S. Roundtable for Sustainability Poultry and Egg (USRSPE) and members of the Sustainable Agriculture Initiative (SAI Platform). These multi-stakeholder initiatives, which include producers, processors, retailers, NGOs and others, work to advance, support and communicate continuous improvement in the sustainability of the U.S. and European animal agriculture industry. The USRSPE and SAI Platform achieve this through leadership, innovation and multi-stakeholder engagement and collaboration and aim for their animal agriculture value chains to be the trusted leaders in environmentally sound, socially responsible and economically viable product. Our active involvement in these organizations demonstrates our commitment to partnering with the value chain to advance sustainability.
Corporate Procurement

Procurement for Pilgrim’s is centralized in the U.S. through our JBS USA corporate offices and embedded with Pilgrim’s Mexico and Pilgrim’s Moy Park businesses. The heads of purchasing lead several teams that are each responsible for procuring certain products or services related to Production, Employee and Corporate Services, Energy, Facilities Services, Capital Expenditure and Equipment, and Maintenance, Repair and Operations. This structure allows us to maximize the potential of our supplier partnerships across our business and ensure consistency and uniformity across our diverse supply chain.

OUR PROCUREMENT TEAMS

Packaging: To maintain efficient levels of operation, our Packaging Team oversees the procurement of all packaging, as well as the disposal and recycling of all packaging related facility waste and materials. Working with each business unit’s packaging team they help make sure that all corrugated fiberboard, flexible and ridged plastics, labels and pallets are procured according to product packaging specifications. Finally, the team works to reduce waste and recycle the maximum amount of materials by optimizing facility logistics and team member training.

Ingredients: The Ingredient Team oversees the procurement of all ingredients (flavors, seasonings, coating system, sauces, etc.) that go into our consumer products. They partner with each business unit’s Research and Development and Quality Assurance teams, to ensure that all ingredients meet our specifications.

Employee and Corporate Services: The Employee and Corporate Services Team manages procurement of the day-to-day supplies and services needed to provide a comfortable and productive work environment for our team members. Working in conjunction with teams in our production facilities to determine the needs of our facilities and corporate offices, they are responsible for purchasing personal protective equipment, safety equipment and services, medical supplies, uniforms, vending and cafeteria services, small package freight and office supplies, such as copiers, printers and telephones.

Energy: Our Energy Team is responsible for purchasing the electricity and natural gas used in our facilities and works directly with our engineering teams to ensure that equipment such as boilers and ammonia compressors are operating efficiently. In addition, the team collaborates with our engineering teams to track each facility’s energy usage and compare data across business units, enabling us to identify performance leaders and outliers, investigate the potential causes for deviation and develop action plans to improve efficiency.

Facilities Services: Our Facilities Services Team works with our production facilities to make sure that the proper daily necessities for running an effective, clean and safe facility are readily available. In collaboration with our environmental, engineering, food safety and quality assurance teams, they oversee the procurement of chemicals, environmental services, lab supplies and services, pest control, quality assurance services, security, wastewater services and sanitation.

Capital Expenditure and Equipment: Working with plant engineering team members, the Capital Expenditure and Equipment Team administers the procurement of equipment, parts and services. Products and services purchased include lift trucks, maintenance services, construction, vehicles, tires and rental equipment. The team works closely with each business unit to maintain assets from acquisition to their end-of-life disposal.
**Maintenance, Repair and Operations:** The Maintenance, Repair and Operations Team is responsible for purchasing the repair and maintenance supplies needed to maintain our facilities’ operational equipment. In partnership with the maintenance and engineering teams, the team procures all spare parts and accessories, electrical equipment, lubricants, welding supplies, fasteners, pumps and paint.

**Our Vendor Standards**

All existing Pilgrim’s suppliers that provide products or services that have direct contact with food are required to pass the ISNetworld and Global Food Safety Initiative (GFSI) audits and provide a letter of guarantee, which certifies that the food products are produced safely and are of consistent quality. In addition, we require all of our new suppliers that have direct food contact, including those that make our packaging and ingredients, to undergo a rigorous assessment prior to the provision of goods and services.

We evaluate all of our potential suppliers based on quality, price, reliability, financial capability, reputation and experience. When assessing new suppliers, we give preference to local companies that are cost-competitive and have the capability to handle our requests. Sourcing ingredients and services from within our communities helps further stimulate local economies, and we use local companies or national companies with local offices whenever possible.

We are proud to partner with suppliers to ensure the quality, consistency and safety of our products. In the U.S., and Puerto Rico, we have approximately 3,818 vendors and the average length of our partnership is more than 10 years. In Mexico, we have 2,347 suppliers and have partnered with those suppliers for more than six years. In Europe, we partnered with more than 5,000 vendors for an average of more than 20 years.

We also seek to partner with minority-owned businesses, given they meet our standards. In 2018, our U.S. and Puerto Rican teams purchased more than $130 million in products and services from suppliers that are minority-owned businesses.

We are in the process of enforcing our new Supplier Code of Business Ethics and Conduct.

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**Percent Purchasing Volume Spent on Contracts with Minority-Owned Businesses**

*Includes U.S. and Puerto Rican facilities*
**Family Farm Partners**

**2018 Key Facts and Figures**

- >2.2B chickens raised by our family farm partners
- >5,400 family farm partners
- >$1.2B paid to family farm partners

“Family farm” is any farm organized as a sole proprietorship, partnership or family corporation where the majority of the business is owned and controlled by a person and his or her relatives.

Our business can only be successful if the family farmers who supply the chickens to our operations are profitable. Their success leads to more vibrant rural communities, increased economic opportunities for rural families and a consistent supply of high-quality products that our customers have come to expect and enjoy.

In 2018, Pilgrim’s partnered with more than 5,400 U.S., Puerto Rican, Mexican and European family farm partners and paid them more than $1.1 billion to raise our chickens. In the U.S., we do not own poultry facilities, but work in partnership with family farmers to whom we provide poultry and feed, as well as technical and veterinary services. In Europe and Mexico, we own poultry facilities in addition to working in partnership with family farmers. Our family farm partners provide the labor, housing, bedding and, most important, knowledge and expertise essential to maintaining the Pilgrim’s standards of excellence.

Last year, our family farm partners raised more than 2.2 billion chickens according to our Animal Welfare Program. We audit a subset of our U.S. family farm partners according to our Animal Welfare Program using internal Professional Animal Auditor Certification Organizations (PAACO) certified team members and third-party external auditors.

In Mexico, every farm is audited in compliance with Mexican government standards, including SADER (Ministry of Agriculture and Rural Development), CPA (Mexico-United States Commission for the Prevention of Diseases and Other Exotic Animal Diseases), SAGARPA (Secretariat of Agriculture, Livestock, Rural Development, Fisheries and Food), SEMARNAT (Ministry of the Environment and Natural resources) and State Civil Protection.

In Europe, all poultry farms are Red Tractor approved, and our farms meet or exceed Red Tractor, Bord Bia or equivalent welfare standards. Farms are audited to this standard by independent and approved certification bodies. In addition, for purchased meats, Pilgrim’s Moy Park operates under a Policy for Supply Chain Assurance for meat and ingredients, ensuring that meat products come from approved suppliers who operate to a minimum Red Tractor or equivalent standard.
### Branded Chicken Program Requirements

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| Just BARE Chicken | - Farm has passed the American Humane Certified™ Farm Program assessment based on a list of more than 200 standards unique to chickens.  
- Chickens have been fed 100% vegetable and grain-based diet.  
- Chickens have never been given antibiotics. |
| Just BARE organic | - Certified USDA Organic.  
- Chickens have been fed 100% vegetable and grain-based diet.  
- Chickens have never been given antibiotics. |
| Gold'n Plump | - Chickens have never been given antibiotics. |
| Linea Selecto | - Chickens have been fed 100% vegetable and grain-based diet.  
- Chickens have never been given antibiotics. |

### Beef and Pork Suppliers

#### Beef Suppliers

Our Pilgrim’s Moy Park Orléans business purchases beef for further processing. They source beef only from approved suppliers that are audited annually for food safety and animal welfare. They have also developed contracting initiatives with French beef farmers associations. This approach aims to secure part of the French supply in an otherwise declining cattle marketplace, but especially to guarantee a market for farmers looking for an alternative to a volatile and uncertain market. This program has the following attributes:

- Secures Pilgrim’s Moy Park Beef Orléans supplies through dedicated animals on farms
- A set price independent of market fluctuations, which guarantees economic efficiency and income security for all, starting with engaged farmers
- Ensures that farmers have a market and a medium- to long-term vision to plan production and investment
- Enhances production of cattle from farms that meet the Charter of Good Breeding Practices
Pilgrim’s Moy Park Beef Orléans also encourages its suppliers to purchase cattle from farms involved in the Good Farming Practices scheme. In France, it is the “Charte des Bonnes Pratiques d’élevage” established by the CNE (National Livestock Confederation), which was chosen as the approved standard. The meat from the Netherlands and Ireland also comes from programs that guarantee the Good Farming Practices. One hundred percent of our 1,600 contracted farm partners are audited for animal welfare and environmental performance.

**Pork Suppliers**

Our Pilgrim’s Moy Park Business purchases pork for further processing from approved suppliers who are audited annually for food safety and animal welfare.

**Feed and Veterinary Supplies**

To produce quality poultry products, we understand the importance of feeding our chickens complete diets that are appropriate for their age and target weight. Providing high-quality diets every day requires purchasing high-grade feed ingredients year-round.

Feed for Pilgrim’s U.S. chickens is procured through our JBS USA risk management team. Pilgrim’s Live Production team members are responsible for procuring vitamins and minerals, veterinary supplies and pullets, which allows for increased flexibility to meet local challenges. Diets are formulated by poultry nutritionists to ensure that the metabolic and nutrient requirements of the chicken are met, no matter the production system utilized (i.e. vegetarian fed, antibiotic free, etc.).

Pilgrim’s Moy Park has also established a [Responsible Sourcing Soy Policy](#) for the soy fed to our chickens. While deforestation and responsible sourcing of soy is an evolving issue, Pilgrim’s Moy Park believes that a policy is an important and valuable tool that will help drive progress toward our broader sustainability objectives. In addition, it is crucial for building trust among our customers, team members, investors and other stakeholders and will strengthen our credibility as a responsible organization that is committed to developing our business in a sustainable and ethical way. We will continue to enhance and develop our Responsible Sourcing agenda, and will work diligently with our supply chain partners to increase transparency in sourcing practices and the use of deforestation-free soy in the supply chain of the feed for our chickens and in our products.

Veterinary supplies are purchased from different animal pharmaceutical companies based on the requirements set forth by Pilgrim’s veterinarians.
ABOUT THIS REPORT

The goal of our 2018 Sustainability Report is to provide a transparent account of our sustainability management approach and performance. We prepared this report using the Global Reporting Initiative (GRI) G4 guidelines, following the Core option and the G4 Food Processing Sector Disclosure for our focus topics whenever possible. An index of the GRI Standard Disclosures and their location in the report is included in the following pages of this chapter.

In 2015, in partnership with our parent company JBS USA, Pilgrim’s conducted a corporate materiality assessment, and this report is based on the most relevant sustainability issues that were identified in that analysis. The five areas we prioritized from that assessment are: Animal Welfare, Energy and Climate Change, Product Integrity, Team Member Health and Safety and Water. This report also focuses on additional material issues, including emissions, recycling, waste, human resources, the communities in which we operate and our relationships with our suppliers.

This is our fourth Pilgrim’s Sustainability Report and is inclusive of all of our facilities in England, France, Mexico, the Netherlands, Northern Ireland, Puerto Rico and the United States. The report describes our activities and performance from our own operations and information on our supply chain whenever possible for the calendar year 2018. All subsidiaries and wholly-owned companies are included in the reporting scope.

This report is published online at sustainability.pilgrims.com.
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For our full 2018 Pilgrim's Sustainability Report, visit sustainability.pilgrims.com