

SANFORD J. LEWIS, ATTORNEY

February 8, 2021
Via electronic mail

Office of Chief Counsel
Division of Corporation Finance
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549

Re: Shareholder Proposal to Pilgrim's Pride Corporation Regarding Water Pollution from Supply Chain on Behalf of Mercy Investments and Adrian Dominican Sisters

Ladies and Gentlemen:

Mercy Investments Services, Inc. and Adrian Dominican Sisters (the "Proponents") are beneficial owners of common stock of Pilgrim's Pride Corporation (the "Company" or "PPC") and have submitted a shareholder proposal (the "Proposal") to the Company. I have been asked by the Proponents to respond to the letter dated January 8, 2021 ("Company Letter") sent to the Securities and Exchange Commission by Maia Gez of White & Case. In that letter, the Company contends that the Proposal may be excluded from the Company's 2021 proxy statement.

Based on the Proposal, as well as the letter sent by the Company, the Proposal must be included in the Company's 2021 proxy materials and is not excludable under Rule 14a-8. A copy of this letter is being emailed concurrently to Maia Gez.

SUMMARY

The Proposal asks the Company to issue a report assessing if and how the company plans to increase the scale, pace, and rigor of its efforts to reduce water pollution from its supply chain. In the supporting statement it notes that "Although we defer to management for the precise contents, investors believe that meaningful disclosure within the report could include:

- requirements for manure management practices intended to prevent water pollution
- requirements for leading practices for nutrient management and pollutant limits throughout contract farms and feed suppliers, with a focus on verifiably reducing nitrate contamination
- plans to verify suppliers' compliance with Pilgrim's policies."

The Company Letter asserts that the Proposal is excludable under Rule 14a-8(i)(7), either because it relates to supply chain management without addressing a transcendent policy issue, or because implementation would be insignificant for the Company, or because it micromanages the Company.

To the contrary, the Company's supply chain represents a major water pollution source within the US economy, the Company has substantial leverage over that supply chain as demonstrated by

standards access on other issues, and the gap in Company verification and reporting on control of water pollution in its supply chain represents a material issue and a significant policy issue for the Company that transcends ordinary business. The focus on the supply chain in such a context is consistent with prior non-excludable proposals.

The Company's assertion that the reporting requested in implementation of the Proposal would not constitute a significant "delta" from company activities is plainly incorrect. Based on SASB guidelines, the Proposal addresses material disclosure omissions from current reporting. Moreover, investor interest in this issue is substantial, as evidenced by the support of prior proposals on water pollution at the Company which have attained voting support of more than 50% of *independent* share owners.

The Proposal is not overly prescriptive and therefore does not micromanage, but rather represents a well scoped and formulated request for information at a level sought by investors.

Therefore, the proposal is not excludable pursuant to Rule 14a-8(i)(7).

The Proposal

Whereas:

Meat production is the leading source of water pollution in the U.S., exposing 5.6 million Americans to nitrates in drinking water and many more to toxic algal blooms.¹

The cultivation of feed ingredients for the 45 million chickens² produced weekly by Pilgrim's is a primary source of water pollution due to nitrates and phosphates washing off fields if improperly managed. Animal waste from over 5,300 poultry farms³ may contain nutrients, antibiotic-resistant bacteria, and pathogens. These contaminants and poor manure disposal practices pollute local waterways, endangering public health, workers, and the environment.

At the same time, there is a growing trend toward increased state regulation and oversight of pollution from the meat industry. Pilgrim's notes that its feed mills are "strategically located in the areas where we have processing operations."⁴ Several states where Pilgrim's has processing operations⁵ have tightened requirements related to nutrient management plans, manure disposal,

¹ <https://www.epa.gov/nutrientpollution/sources-and-solutions>

<http://www.fao.org/3/CA0146EN/ca0146en.pdf>

<https://ehjournal.biomedcentral.com/articles/10.1186/s12940-018-0442-6>

² <http://ir.pilgrims.com/static-files/1ca44dcf-df55-4c55-9039-3c886e92ef41>

³ Ibid.

⁴ <https://www.pilgrimsusa.com/our-chickens/>

⁵ <https://www.epa.gov/toxics-release-inventory-tri-program/tri-basic-data-files-calendar-years-1987-2017>

field application of manure, and groundwater monitoring for animal agriculture.⁶

Pilgrim's principal competitors are working to reduce supply chain pollution; the company's disclosures lag behind those of its publicly-traded peers. Tyson Foods has committed to support improved fertilizer practices on two million acres of corn.⁷ Sanderson Farms is using the SASB standards for the poultry industry to report its plans to manage risks specifically associated with supply chain water pollution.⁸

Additionally, many of Pilgrim's largest customers increasingly expect their meat suppliers to improve mitigation of these pollution streams.⁹ Failing to address this risk may harm Pilgrim's position as a competitive supplier.

Pilgrim's is working to reduce the *quantity* of the water it uses and has a policy requiring "vendors" to comply with applicable environmental laws and regulations, and encouraging vendors to "use best efforts to meet industry best practices and standards and responsibly manage the environmental impact of their operations."¹⁰ However, neither the company's disclosures nor its environmental policies specifically address the primary drivers of the company's supply chain water pollution, including manure from contracted facilities and nutrient runoff from animal feed crops. The company's reporting and policies therefore lack enough detail to assure investors that it is adequately managing the risks associated with water pollution within its supply chain.

RESOLVED: Shareholders of Pilgrim's Pride Corporation request a report assessing if and how the company plans to increase the scale, pace, and rigor of its efforts to reduce water pollution from its supply chain. This report should omit proprietary information, be prepared at reasonable cost, and be made available to shareholders by December 1, 2021 .

Supporting statement:

Although we defer to management for the precise contents, investors believe that meaningful disclosure within the report could include:

⁶ <https://www.congress.gov/bill/116th-congress/senate-bill/3221/text>

<https://www.opb.org/news/article/washington-dairy-pollution-reg/>

<https://www.environmentalintegrity.org/wp-content/uploads/2017/02/Shenandoah-Report.pdf>

<https://www.jsonline.com/story/news/politics/2017/01/07/state-wants-jump-start-manure-project/96212456/>

<https://www.nytimes.com/2018/07/09/us/algae-blooms-florida-nyt.html>

<https://www.flgov.com/wp-content/uploads/2019/01/EO-19-12-.pdf>

⁷ <https://www.tysonsustainability.com/environment/land-stewardship>

⁸ <https://ir.sandersonfarms.com/static-files/a11fcbd2-9dc4-441a-ae92-8258d316280d>

⁹ <https://www.walmartsustainabilityhub.com/project-gigaton/agriculture>

<https://www.tescoplc.com/sustainability/planet/agriculture/>

<https://corporate.mcdonalds.com/corpmcd/scale-for-good/our-planet/protecting-water-resources.html>

<https://www.yum.com/wps/wcm/connect/yumbrands/badc9774-4800-4f50-93f2-c81344c279d9/2020-Water-Security-090420.pdf?MOD=AJPERES&CVID=nhk.faI>

¹⁰ <https://sustainability.pilgrims.com/stories/supplier-code-of-conduct/>

- requirements for manure management practices intended to prevent water pollution
- requirements for leading practices for nutrient management and pollutant limits throughout contract farms and feed suppliers, with a focus on verifiably reducing nitrate contamination
- plans to verify suppliers' compliance with Pilgrim's policies

BACKGROUND

Significance of Supply Chain Water Pollution to the Company

The vast majority of Pilgrim's Pride Corporation's (PPC's) water pollution footprint is associated with its supply chain, including both the farmers that raise chickens for the Company and the growers who produce feed for those chickens. Two of the most significant drivers of nutrient pollution of freshwater ecosystems are runoff from fertilizer used to grow crops for animal feed, and improperly managed animal waste.

For example, PPC is the second largest poultry processor in the United States. The cultivation of feed ingredients (primarily corn and soybeans) for the 45 million¹¹ chickens produced weekly by PPC can be a significant source of water pollution due to nitrates and phosphates, if fertilizers and other inputs are overused or improperly managed. PPC procures poultry from approximately 5,200 poultry farms.¹² This supply chain generates large volumes of animal waste, which may contain nitrates, phosphates, antibiotic-resistant bacteria and pathogens. When these contaminants pollute waterways, they endanger public health, damage ecosystems and inflict financial harm to downstream industries.¹³

The concentrated feeding operations that produce chickens for PPC, and the farms that produce the feed grain for those chickens are at risk of increased state and/or federal regulation to address nutrient pollution in key watersheds, which would impose increased costs of compliance on PPC. Improving manure management and reducing fertilizer runoff in the company's extensive supply chain would reduce its exposure to these potential regulatory risks.

PPC lags its competitors in managing supply chain water pollution. Two of PPC's principal competitors have recently disclosed measures intended to address supply chain water pollution. Tyson Foods has committed to support improved fertilizer practices on two million acres of corn by the end of 2020. This represents enough corn to feed all of Tyson's annual broiler chicken production in the United States. Tyson notes that optimizing the application of fertilizer presents a cost-saving opportunity.¹⁴

Sanderson Farms has committed to disclose its efforts to manage environmental risks which the Sustainability Accounting Standards Board (SASB) classifies as financially material for poultry

¹¹ <https://www.pilgrims.com/about-us/>

¹² <http://ir.pilgrims.com/static-files/e3600306-6cfa-4e6e-bae6-30bd760a13c5>

¹³ <https://noaa.maps.arcgis.com/apps/Cascade/index.html?appid=9e6fca29791b428e827f7e9ec095a3d7>

¹⁴ <https://www.tysonsustainability.com/environment/nutrient-management>

processors.¹⁵ One of the metrics SASB recommends poultry processors disclose is the amount of poultry litter generated by the company, including its supply chain, and what percentage of it is managed according to a nutrient management plan.¹⁶

Other industrial meat processors have taken steps to address water pollution from their supply chains. By the end of 2018 pork producer Smithfield Foods had exceeded its target to purchase 75% of its feed grain from farms managed to reduce water pollution. Smithfield noted that optimizing the application of fertilizer improved farmers' profits, and "strengthens Smithfield's relationship with the grain suppliers that are critical to our business".¹⁷ Perdue Farms has invested \$80 million in a poultry litter recycling operation to prevent nutrient pollution from its contract farms in the Chesapeake Bay watershed.¹⁸ Hormel Foods has adopted a sustainable agriculture policy addressing fertilizer and manure management.¹⁹

In addition to competitors increasing expectations, PPC's customers are asking for action to reduce supply chain water pollution. For example, Walmart Inc., PPC's fourth-largest customer by percentage of revenue, has introduced detailed supplier expectations on management of water, manure, nutrients and fertilizer.²⁰

In addition to regulatory and market risks, the poultry industry's water pollution footprint represents a considerable reputational risk. PPC has been the focus of a public campaign²¹ seeking to hold it accountable for water contamination across the country from its lack of stewardship of supply chain water pollution impacts. The campaign suggests that agricultural runoff from feed crops produced to raise livestock is the leading cause of the growing hypoxic "dead zone" that forms annually in the Gulf of Mexico.

ANALYSIS

The legal framework for Rule 14a-8(i)(7) developed by the Commission, Staff and the courts, including under the Staff Legal Bulletin 14I, comprises a four-part test:

Question 1. **Ordinary Business.** Is the subject matter one of "ordinary business"? That is, is it a

¹⁵ <http://ir.sandersonfarms.com/news-releases/news-release-details/sanderson-farms-inc-holds-annual-meeting-stockholders-6>

¹⁶ Meat, Poultry, and Dairy Sustainable Accounting Standard – Version 2018-10. Available at <https://www.sasb.org/standards-overview/download-current-standards/>

¹⁷ <https://www.smithfieldfoods.com/sustainability/report/2018/environment/supply-chain/grain-production>

¹⁸ <https://corporate.perduefarms.com/pdfs/perdue-farms-responsibility-report.pdf>

¹⁹ https://www.hormelfoods.com/wp-content/uploads/Responsibility_Sustainable_Agriculture_Policy_07.25.17.pdf

²⁰ <https://www.walmarstsustainabilityhub.com/project-gigaton/agriculture>

²¹ <http://www.mightyearth.org/as-massive-dead-zone-blooms-in-gulf-hold-industrial-farming-companies-responsible;> <http://www.mightyearth.org/wp-content/uploads/2017/08/Meat-Pollution-in-America.pdf>

topic that is integral to the day-to-day management and operations of the company? Staff Legal Bulletin 14H published in 2015 described ordinary business in terms of the “nitty gritty” of corporate management: “a proposal may transcend a company's ordinary business operations even if the significant policy issue relates to the “nitty-gritty of its core business.”

Question 2. Significant Policy Issue. If the answer to Question 1 is yes, is the subject matter nevertheless a significant policy issue -- a subject of widespread public debate? In those cases in which a proposal's underlying subject matter transcends the day-to-day business matters of the company and raises policy issues so significant that it would be appropriate for a shareholder vote, the proposal generally will not be excludable under Rule 14a-8(i)(7) as long as a sufficient nexus exists between the nature of the proposal and the company. [Staff Legal Bulletin No. 14E \(October 27, 2009\).](#)

On what topics does a proposal address a significant policy issue that transcends ordinary business? Staff decisions have made it clear that this inquiry concerns whether the proposal addresses an issue of widespread public debate. Examples recognized by the Commission and the Staff include such topics as environmental impact, human rights, climate change, discrimination, as well as virtually all issues of corporate governance.

Question 3. Nexus. If the answer to Question 2 is yes, the next question is: Is there a nexus of the subject matter to the Company - does the subject matter of widespread public debate relate significantly to the company's business or strategy?

In recent years, Staff Legal Bulletin 14 K suggested that one way of responding to this issue of nexus is for a board of directors to demonstrate that an issue is insignificant for the company. Unfortunately, it is predictable that some Boards of Directors may “find” a subject matter insignificant merely because it is trying to find grounds to exclude a proposal. Therefore, it is also necessary for the proponent to provide any evidence that contradicts the board's finding of insignificance.

Ultimately, the determination of nexus to a company is the obligation of the Staff, the Commission, or the courts. If there is a reasonable basis for concluding that a significant policy issue has a connection to a company, it transcends ordinary business at the company.

Question 4. Micromanagement. Finally, if all of the above are true, does the form of the proposal micromanage? Even if the proposal's subject matter transcends ordinary business (number two) and has a connection to the company (number three), the proposal still may be excludable if the approach of the proposal micromanages the company's business.

The Company Letter advances multiple arguments for finding that the proposal addresses excludable ordinary business under each step of Rule 14a-8(i)(7). We turn to each of these arguments.

When a supply chain on which a company has substantial leverage poses substantial

societal impacts that amount to a significant policy issue, the proposal is not excludable

While a proposal simply focused on supply chain management would be considered to address “nitty-gritty” ordinary business, a proposal that focuses on improving the scale and pace of management of water pollution impacts addresses a significant policy issue. There is long standing evidence that proposals seeking to reduce a company’s pollution footprint address a significant policy issue.²²

Much of the Company Letter is devoted to arguments that the focus of the current Proposal on the Company’s supply chain renders it excludable on the basis of Rule 14a-8(i)(7). Yet, review of Staff precedents demonstrates that when the focus of a proposal is on *substantial environmental or social impacts of a company’s supply chain* and the *company has clear leverage to address the issue (nexus)*, a proposal relating to supply chain relations does not lead to exclusion.

Because the singular focus of the Proposal is on a significant policy issue, water pollution impacts of the Company’s massive supply chain, on which the company has substantial leverage, and on which the Company faces investor and market expectations for accountability and disclosure, the focus of the proposal (improving the pace and scale of the Company’s efforts to reduce water pollution from that supply chain) transcends ordinary business.

On point to the present matter, in *Fossil, Inc.* (March 5, 2012), at this manufacturer of leather goods, known as a sector to be highly polluting, the Staff did not allow exclusion of a proposal requesting that the board issue a report “describing the company’s supply chain standards related to environmental impacts -- particularly water use and related pollution. The Staff ruled against exclusion under rule 14a-8(i)(7), noting that “[i]n our view, the proposal focuses primarily on the environmental impacts of Fossil’s operations and does not seek to micromanage the company to such a degree that exclusion of the proposal would be appropriate.” The proposal requested a report describing the company’s supply chain standards related to environmental impacts -- particularly water use and related pollution. Of particular concern in that instance was the production of leather goods which, as in the present Proposal, is a highly water polluting industrial segment, a growing segment of the company’s product lineup, but in a context in which it was not matching peer performance on disclosure of sustainability performance such as water and energy use and pollution reduction strategies related to the production of leather goods. The proposal noted that “Fossil is well positioned to work with third party manufacturers to improve sustainability practices and disclosure.” The *Fossil, Inc.* proposal also highlighted business risks. “In addition, the business risks associated with water scarcity and declining water quality are likely to be

²² Numerous Staff precedents confirm that a focus on reducing a company’s impact on water pollution addresses a significant policy issue. See for instance, *Freeport-McMoran Inc.* (March 18, 2016) actions being taken to reduce and mitigate potential health and environmental harms and community impact from oil recovery operations; *Arch Coal Inc.* (February 10, 2012) (mountaintop removal); *Lowe’s Companies Inc.* (March 16, 2011) stormwater management policy; *E. I. Du Pont de Nemours & Co.* (February 28 2005) disclosure of PFOA related expenses and health consequences; *Unocal Corporation* (March 6, 1966) a policy of annual reviews of available pollution prevention options for high-priority pollution; *Cabot Oil and Gas Corporation* (January 28, 2010) report on fracturing operations and policies for reducing environmental damage.

worsened by climate change in certain regions. It is imperative that Fossil address these long-term business risks.” Since the environmental impact of the company occurred through its supply chain, the request for a discussion of the supply chain standards was appropriate and not excludable.

A second relevant example of permissible focus on significant policy issues in a supply chain was at *Tyson Foods, Inc.* (November 25, 2009, recon. granted December 15, 2009). The proposal requested that the board “adopt a policy and practice for both Tyson’s own hog production and its contract suppliers of hogs to phase out the routine use of animal feeds that contain certain antibiotics and to implement certain animal raising practices.” Despite the focus on the supply chain, the Staff concluded that the use of antibiotics in raising livestock was of such significant social impact that the proposal transcended ordinary business. The same analysis is applicable in the current Proposal.

Also relevant is *ATT Inc.* (February 7, 2013), the Staff did not allow exclusion of a proposal requesting a report on options for policies and practices AT&T can adopt to reduce the occupational and community health hazards from manufacturing and recycling lead batteries in the company’s supply chain. The Staff ruled against exclusion under rule 14a-8(i)(7). See also, *Time Warner Inc.* (February 22, 1996) (use of chlorine free paper), *PepsiCo* (February 28, 2008) (human right to water).

This approach to when it is permissible to focus a proposal on supply chain issues is also reinforced by a number of Staff decisions which found proposals not excludable under Rule 14a-8(i)(7) where they requested that restaurant chains set targets of achieving a percentage of cage free eggs from their supply chain. In these restaurant decisions, the proponents persuaded the staff that these restaurant chains had significant leverage and impact, as well as potential brand impact from sale of cage free eggs, thus there was sufficient nexus to allow the proposal altering the company’s purchase of “cage free eggs”. e.g., *Bob Evans Farms, Inc.* (June 6, 2011), *Denny’s Corporation* (March 17, 2009).²³ The present case is analogous, involving a move toward sourcing *pollution free* poultry, hogs and beef.

See also: *Rite Aid Corporation* (April 23, 2018), the Staff did not allow exclusion of a proposal requesting a sustainability report describing the Company’s environmental, social and governance (ESG) risks and opportunities, including customer and worker safety, privacy and security, environmental management, including energy and waste minimization, and supply-chain risks. The Staff ruled against exclusion under rule 14a-8(i)(7) without a written decision. In *Northrop Grumman Corporation* (March 19, 2019), the Staff did not allow exclusion of a proposal requesting that the board prepare a report on the Company’s management systems and processes to implement its human rights policy. The Staff ruled against exclusion under rule 14a-8(i)(7). The proposal asked that the Board of Directors prepare a report, at reasonable cost and

²³ Similarly, other issues of animal cruelty in the supply chain also entailed transcendent issues that made the proposals not excludable. In *Coach, Inc.* (August 7, 2009) the proposal requested a report on the feasibility of the company ending its use of animal fur and its products. The proposal was found on excludable under Rule 14a-8(i)(7).

omitting proprietary information, on Northrop Grumman's management systems and processes to implement its Human Rights Policy, and in the supporting statement asked that the report include discussion of systems to embed respect for human rights into business decision-making processes for its operations, contracts, and supply chain. In *Nucor* (March 6, 2008), the Staff did not allow Rule 14a-8(i)(7) exclusion of a proposal requesting that the board of directors review Nucor's policies and practices related to its global operations and supply chain to assess areas where Nucor needs to adopt and implement additional policies to ensure the protection of fundamental human rights and report its findings to shareholders.

In contrast, the precedents cited by the Company Letter as demonstrating the applicability of an ordinary business exclusion to proposals addressing the supply chain generally either focused on an issue that was not found to address a significant policy issue, or included both a significant policy issue and ordinary business, micromanaged by dwelling on minutia, or otherwise emphasized day-to-day business considerations over the environmental impacts. None of these issues apply to the present proposal. For example, consider the Company's citation of *Foot Locker* (Mar. 3, 2017). In that instance, the resolved clause and supporting statement of the proposal was narrowly framed around an ordinary business issue - monitoring the use of subcontractors by the company's overseas apparel suppliers. Even though the background section of the proposal discussed the impact on human rights, the narrow focus of the resolved clause and supporting statement crossed the line into ordinary business, an inappropriate focus on decisions about whether and when its suppliers use subcontractors, which is a issue within the management's expertise and discretion. Similarly, transcendent significant policy issues were not found to exist in *Alaska Air Group, Inc.* (Mar. 8, 2010) involved the maintenance and security standards used by the company's aircraft contract repair stations. Despite the proponent's efforts to assert that these were significant policy issues, the Staff did not recognize this issue as a significant policy issue. *The Southern Co.* (Jan. 19, 2011) ("strive to purchase a very high percentage" of "Made in USA" goods and services on the grounds that it concerned "decisions relating to supplier relationships"); and *Seaboard Corp.* (avail. Mar. 3, 2003) (requesting a report discussing its suppliers' use of antibiotics in hog facilities, but see the later reconsideration and *Tyson* discussed above).

The Company Letter also misleadingly states that "the Staff has granted no-action relief on a water pollution reporting proposal similar to the one here, on the very grounds that it dealt with supply chain management." Company Letter page 5. The Company Letter cites *Kraft Foods Inc* (February 23, 2012) as a water pollution related proposal. In fact, The Kraft proposal requested a report to shareholders...detailing the ways in which [the company was] assessing water risk to its agricultural supply chain." The proposal could be construed as principally focused on issues of diminished water quantity facing the supply chain, rather than on the environmental impacts opposed by the supply chain. Contrary to the long-standing recognition of environmental impact as a significant policy issue, the sufficiency of water supplies or the degree to which the supply chain is reducing its usage of water has not been recognized universally as a significant policy issue. That proposal was therefore subject to interpretation as not being principally about the impact of the company on society (a significant policy issue), but merely about whether the company is at risk of insufficient water for its operations. Although we believe in current times of water scarcity induced

by climate change even that proposal should have been non-excludable, the Staff had not recognized such water supply issues as themselves a significant policy issue. In contrast to Kraft, proposals on the human right to water — the impact of the company on society — *have* been found to reflect a significant policy issue, are not excludable under Rule 14a-8(i)(7). *American International Group* [date] and *Intel Corporation* [date]. The current proposal, like those proposals, is narrowly focused on addressing the Company’s impact on society.

Nexus and significance to the Company, including “delta” analysis

In this instance, the pollution caused by the meat industry is a major issue throughout the US and global economy. Nutrient pollution from crop and livestock production is a leading cause of water contamination globally and in the US.²⁴ Two of the most significant contributors of nitrogen and phosphorus runoff from meat production are:

- fields that produce row-crops for animal feed, and
- manure from animal feeding operations²⁵

In the US, meat production is the leading source of water pollution, exposing 7 million Americans to nitrates in drinking water and many more to toxic algal blooms.²⁶ These issues are significant to Company; it has working and contractual relationships with an enormous portion of the upstream producers of this pollution.

The Company Letter asserts that the Proposal or its implementation would not entail a significant issue for the Company, reporting that “a subset of the [Equity and Nominating] Committee” assessed the proposal, and the “Delta between the Proposals specific request and the actions the company has taken” and concluded that the actions requested by the proposal do not raise an issue that transcends the Company’s ordinary business operations, and while the “Company is committed to mitigating water pollution at supply chain, the Proposal is not appropriate for a shareholder vote.”

We note as an initial matter that this “Delta” analysis was not delegated even to a whole committee of the board with authority to act on behalf of the Company, but only to a “*subset* of the Equity Nominating Committee” which may not have authority to act.²⁷

The Company Letter asserts that the changes requested by the Proposal are not significant to the Company:²⁸

²⁴ <http://www.fao.org/3/CA0146EN/ca0146en.pdf>

²⁵ <https://www.epa.gov/nutrientpollution/sources-and-solutions>

²⁶ <https://ehjournal.biomedcentral.com/articles/10.1186/s12940-018-0442-6>

²⁷ The bylaws of the Company, Section 11, provide that “Any action of the Board of Directors) which might be taken at a meeting may be taken without a meeting if a record or memorandum thereof be made and signed by a majority of the Board of Directors.” As far as we can tell from the Company Letter, it does not appear that the actions of the equity committee members amounted to a formal action of the Board.

<https://www.sec.gov/Archives/edgar/data/802481/000119312511260180/d219736dex34.htm>

²⁸ In the current no action request, the Company relies on Staff Legal Bulletin 14 K to assert that there is a lack of significance of this issue to the Company. Staff Legal Bulletin 14 E and many bulletins and staff decisions prior to that focused on the issue of “nexus”. Recognizing “nexus” involved casting a wide net on how the subject matter relates to the Company’s activities. In contrast, the new overlay of determining whether the difference from the proposal would be “significant to the company” appears to go beyond a simple staff interpretation to actually

In light of the Company's varied supply chain considerations, the Committee determined that the issues raised by the Proposal — the suppliers' use of water pollution technologies and attainment of Company-set goals for limiting water pollution — do not differ so importantly from the Company's current efforts so as to become a significant policy issue on which shareholders should vote.

The Company's massive supply chain impacts, as discussed above, make this issue of clear significance to the company. Further, as discussed below, the Company has ample leverage to affect the water pollution impacts of the supply chain and the reporting requested by the proposal goes materially beyond reporting the company is performing.

The pollution issues associated with the meat production sector are a subject of widespread debate. The environmental impacts from meat production are leading to growing calls for a federal moratorium on new concentrated animal feeding operations (CAFOs). For instance in September 2020, more than 300 organizations signed a letter urging Congress to stop the expansion of factory farms around the country by passing the Farm System Reform Act.²⁹ The bill, which was introduced last year by Senator Cory Booker and Representative Ro Khanna, aims to change the balance of power in a food system where, as Booker puts it “everybody is losing [...] except for the massive corporations that have taken over.” To do this, the bill would place an immediate, nationwide moratorium on concentrated animal feeding operations (CAFOs) and provide better regulation on the livestock industry. While environmental groups have long opposed factory farms, the letter was also signed by hundreds of grassroots organizations representing farmers and citizens from rural communities across the country whose hard work has pushed the fight for a CAFO moratorium to the national stage.

The impetus for this legislation came in part from the meat industry's persistent contamination of U.S. waterways through fertilizer and manure runoff. The legislation was introduced in 2019 to establish a moratorium weeks after the American Public Health Association urged federal, state and local governments to impose a moratorium on all new and expanding CAFOs, citing public health concerns.³⁰

To the Proponents, the perspective taken by the board downplaying the significance of the Proposal and underlying issues raised by investors presents a circular logic, that in the end provides further evidence as to the need for the Proposal.³¹ Further proof of the resistance of the board and Company to addressing these issues is signified by the Board asserting a lack of

overlay a new rule without notice and comment, and therefore we believe that this aspect of the bulletin should be repealed.

²⁹ Ryan Nebeker, Hundreds of Community Organizations Press for Nationwide Moratorium on CAFOs, Food Print, 9/16/20. <https://foodprint.org/blog/cafo-moratorium/>

³⁰ <https://clf.jhsph.edu/about-us/news/news-2019/nations-leading-public-health-organization-urges-halt-all-new-and-expanding?>

³¹ Where a board, as in this case, is largely choosing to ignore the ongoing input of investors on these significant policy issues, we argue here that little deference is due.

interest of investors regarding this issue, despite greater than 50% support of independent shareholders voting on water pollution reduction proposals at the Company.³²

The Company Letter's assertion that the difference from the current proposal is insignificant to investors in the company in essence implies that the existing Sustainability Report is all that investors should need or be entitled to request. The Company does not argue that it has substantially implemented the proposal, because such an argument would clearly fail. Instead, it is left to assert that the difference between current actions and the request of the proposal would be insignificant and not appropriate for a vote.

From the vantage point of independent investors in the Company there would be a very significant change if the company were to implement the Proposal, because, as noted elsewhere in this letter, issues of supply chain water pollution management in the Meat and Dairy sector are considered to have a high probability of materiality according to the analysis of the Sustainability Accounting Standards Board.

Materiality of issues of supply chain water pollution in Meat & Dairy Sector

Additional evidence of the significance of the issues raised by the proposal for investors comes from SASB guidelines for reporting. The Sustainability Accounting Standards Board has identified these issues of water pollution as material issues for the Meat and Dairy sector in its guidelines for disclosure – including disclosure relative to meat and dairy **supply chains**. Excerpts of SASB Guidelines, see Appendix A. Supply chain management of manure and nutrient management practices issues targeted as material issues by SASB, therefore appropriate issues for investor requests for improved disclosure. It is noteworthy that the current proposal in suggesting disclosure related to “requirements for manure management practices intended to prevent water pollution” is in alignment with the Sustainable Accounting Standards Board’s (SASB) standard for the Meat, Poultry, and Dairy industries. The standard has detailed requirements for disclosures pertaining to measures to mitigate pollution related to animal litter and manure including in the supply chain.

The standard emphasizes the importance of disclosure pertaining to the supply chains of meat processors like Pilgrim’s Pride: “The scope of disclosure includes facilities that the entity owns and operates, facilities from which it contracts animal production (e.g., independent producers), and facilities that otherwise supply animal protein to the entity (e.g., for processing by the entity).”

The standard requests disclosures pertaining to plans to manage runoff of nutrients from crops grown to feed livestock, the second primary source of supply chain water pollution identified by

³² The argument that the proposal does not address a significant “Delta” from company activities is based on a Staff Legal Bulletin which represented an unlawful deviation from the rule, establishing a new standard for exclusion without notice and comment, and not included in the rules promulgated or articulated by the Commission. As such, we believe that the “significance to the company” or “delta” analysis asserted under Staff Legal Bulletin 14 J and K is not a basis for exclusion of this or any other proposal.

the proposal: “At a minimum, the nutrient management plan shall meet the minimum specific elements of the Natural Resources Conservation Service (NRCS) Comprehensive Nutrient Management Plan (CNMP)”. Specific criteria for CNMPs are outlined in the National Planning Procedures Handbook from the NRCS and USDA. They include recommendations related to the form, rate, timing, and placement of fertilizers and manure, cover crops, crop rotations, and crop diversity. These are steps that several of Pilgrim’s principal competitors have already taken throughout their supply chains.

While the proposal does not require the company to report on these issues in strict alignment with the guidelines of the Sustainability Accounting Standards Board, SASB standards are informative as to the alignment of the current proposal with issues that the SASB has determined to have a high likelihood of materiality for companies in the sector.

Material ESG metrics have proven the best available handle for assessing the prospects for long-term value creation. In addition, with the growing interest of investors in ESG disclosures, is not insignificant certainly raises the relevance to shareholders that water pollution issues in supply chains is cited as a material component of disclosure by the Sustainability Accounting Standards Board (SASB), an organization which has set frameworks to enable businesses around the world to identify, manage and communicate financially-material sustainability information to their investors.

Investor Interest

The subset of the Equity and Nominating committee also asserted that “shareholders have not expressed significant concerns about supply chain pollution, waste management or other environmental matters.” The company does note that it has received shareholder proposals on water pollution and stewardship during the past four years and refers to the “low approval rates” of those proposals. In fact, the approval rates reflect support of a majority of the Company’s independent share owners, when discounting insider share ownership. As of the 2020 annual meeting, the Brazilian company JBS held 78.42 percent of the Company’s common stock, with directors and executive officers holding an additional .3 percent of outstanding stock; of the remaining 21.3 percent of stock held by outside investors, 17.94 percent of shares voted FOR the proposal, representing more than 80 percent in favor.

We note here that this distribution of interests of shareholders may demonstrate a significant divergence of interests among the shareholders that hold majority voting power, and the independent shareholders. Consider the optics of the current voting configuration: majority voting power resides with a non-US company, while many of the other shareholders in the company are universal investors whose portfolios are diversified across the US economy, so that the interests of majority voting power and independent investors may significantly diverge. For instance, the majority shareholder may support the idea externalizing and ignoring those upstream pollution costs to the US economy, exercising plausible deniability of the massive supply chain water pollution issues, even if it means waging expensive defensive efforts, including the current no action challenge.

Yet, for widely diversified investors, the amount of water pollution caused by the company's supply chain causes impacts on an economy wide basis, and therefore to the portfolios of diversified investors. To universal investors who are voting in favor of this proposal, the damage to the environment imposes costs on other holdings as well as fund beneficiaries, and thereby negatively affects the overall value of portfolios. Proposals like this one provide a necessary avenue for universal investors to exercise their stewardship responsibilities. This demonstrates the importance of the shareholder proposal process in balancing these interests and the need to sustain the voice of the independent investors through the shareholder proposal process.

This systemic interest of investors in the issues of water pollution in the meat and dairy sector is amplified by investor activities regarding the sector - not only toward the Company and its peers, but also toward downstream purchasers. For instance, in January 2019, more than 80 investors representing more than \$6.5 trillion in combined assets called on fast food chains Chipotle Mexican Grill, Domino's Pizza Group, McDonald's Corporation, Restaurant Brands International, Yum! Brands, and The Wendy's Company to set policies and goals to address the water use, water quality, and emissions impacts of their animal protein supply chains. From 2019 to 2020, this coalition of investors nearly doubled in size, and now represents more than \$11.4 trillion in combined assets. The 75% growth of this coalition demonstrates that investors are increasingly concerned that the environmental impacts of animal protein production threaten shareholder value.

The Proposal does not Micromanage

The Company Letter asserts that the proposal is excludable as relating to the Company's ordinary business, as it "impermissibly micromanages the company's day-to-day affairs, seeking a report on water pollution and manure and nutrient management technologies and goals in the complex area of the Company's supplier relationships."

The language of the proposal is not prescriptive, and does not attempt to micromanage the company. Instead, the proposal asks in general terms for a report assessing if and how the company plans to increase the scale, pace, and rigor of its efforts to reduce water pollution from its supply chain. This is not a prescriptive effort to dive into the nuances of the Company's operations. Nor does it become inappropriately prescriptive in the supporting statement in stating that "Although we defer to management for the precise contents, investors believe that meaningful disclosure within the report could include:

- requirements for manure management practices intended to prevent water pollution
- requirements for leading practices for nutrient management and pollutant limits throughout contract farms and feed suppliers, with a focus on verifiably reducing nitrate contamination
- plans to verify suppliers' compliance with Pilgrim's policies."

The current proposal is like the proposals cited above in *Fossil Inc.*, *Amazon Inc.*, *Denny's* and *Bob Evans Farms Inc.* each of which made a reasonably detailed request for company action

towards its supply chain without crossing over into the minutia exemplified by *Marriott International Inc.* (avail. Mar. 17, 2010; *recon. denied* Apr. 19, 2010), where the Staff permitted the exclusion of a proposal that requested the installation of showerheads at certain properties delivering no more than 1.6 gallons per minute of flow, along with certain mechanical switches. The Staff noted that the proposal “seeks to micromanage the company to such a degree that exclusion of the proposal is appropriate” under Rule 14a-8(i)(7).

The proposal does not require the company to set targets, contrary to the Company Letter’s attempt to impute such targets.

The Company letter even asserts that the request for a report by a specific date constitutes micromanagement. Most shareholder proposals requested date for a report, and the current request is reasonable for the level of reporting requested, which involves a flexible assessment of the degree to which the Company can improve its supply chain water pollution impacts and disclosure.

The Company Letter overreaches in asserting that the Proposal “intrudes on the Company’s selection and management of suppliers in the enforcement of suppliers’ compliance with Company standards.” To support this argument, it asserts that the Company’s “supplier relationships and the use of its supplier code of conduct involve highly nuanced factors, which are well known to management from its day-to-day decision-making, yet lie far beyond the reach of broad shareholder oversight.”

The Company Letter further asserts that the Proposal micromanages by requesting “intricate technical practices to reduce and/or manage specific water pollutants and “targets to decrease water pollution, the adoption of which would require expert judgment tailored to the Company’s business.”

To the contrary, the proposal is not prescriptive regarding metrics, goals or techniques utilized by the Company. Indeed, everything in the supporting statement is stated as suggested content for consideration by the company and certainly does not demand or describe intricate detail or that the company set specific targets.

The Company Letter errs in asserting that a proposal that “seeks to influence how the Company monitors the conduct of its contract growers and feed suppliers” is an improper matter for shareholder oversight. While micromanagement of those relationships would be an inappropriate focus of a proposal, the present proposal does not do so. It is consistent with the various nonexcludable proposals cited above.

Another relevant precedent regarding the level of detail requested is *ATT Inc.* (February 7, 2013), the Staff did not allow exclusion of a proposal requesting a report on options for policies and practices AT&T can adopt to reduce the occupational and community health hazards from manufacturing and recycling lead batteries in the company’s supply chain. The Staff ruled against exclusion under rule 14a-8(i)(7), noting that “[i]n our view, the proposal focuses

primarily on the environmental and public health impacts of AT&T's operations and does not seek to micromanage the company to such a degree that exclusion of the proposal would be appropriate." The level of detail in the sporting statement was similar to the current proposal, requesting that the report "address such questions as how the company tracks shipments of used batteries to recycling facilities; how to ensure that used batteries are not being shipped to recycling facilities with pollution and occupational safety controls that are less strict than those that would be applicable in the United States; and what mechanisms are used by the company (such as company auditors, or third-party auditors or certifications) to assess supplier/recycler performance against such environmental and occupational performance standards."

In point of fact, prior staff decisions demonstrate that proposals directed toward reporting as well as performance improvements and commitments on issues related to the supply chain can contain far more detail and prescriptive content than the current proposal without amounting to micromanagement. Supply-chain focused proposals are not excludable based on micromanagement where they are framed in a request for a high-level report, or even a commitment to particular actions. See the previously cited examples in *Fossil, Inc.* (March 5, 2012) requesting a report on "the company's supply chain standards related to environmental impacts particularly water use and related pollution." In *Tyson Foods Inc.* (recon. granted December 15, 2009) where the proposal requested the board to adopt the following policy and practices for both Tyson's own hog production and (except when precluded by existing contracts) its contract suppliers of hogs: (1) phase out routine use of animal feeds containing antibiotics that belong to the same classes of drugs administered to humans, except for cases where a treatable bacterial illness has been identified in a herd or group of animals; and (2) implement animal raising practices that do not require routine administration of antibiotics to prevent and control disease, and where this is not feasible, use only antibiotics unrelated to those used in human medicine.

Numerous proposals seeking *reporting* on certain technical issues associated with pollution reduction have long been non-excludable. For instance, in *Cabot Oil & Gas* (January 28, 2010) the proposal requested a report summarizing 1. the environmental impact of fracturing operations of Cabot Oil & Gas; 2. potential policies for the company to adopt, above and beyond regulatory requirements, to reduce or eliminate hazards to air, water, and soil quality from fracturing; and 3. other information regarding the scale, likelihood and/or impacts of potential material risks, short or long term, to the company's finances or operations, due to environmental concerns regarding fracturing. In the supporting statement, the proposal stated, much like the current proposal, that a set of techniques should be explored. "Proponents believe the policies explored by the report should include, among other things, use of less toxic fracturing fluids, recycling or reuse of waste fluids, and other structural or procedural strategies to reduce fracturing hazards." The Staff found the proposal did not micromanage.

In other arenas, even more prescriptive requirements, to take action, not just issue a report, have been found not to micromanage. In *Abercrombie & Fitch Co.* (April 12, 2010), the Staff did not allow exclusion of a proposal requesting that the board **adopt and disclose a code of vendor conduct based on ILO standards**, establish an independent monitoring process, and prepare an

annual report on adherence to the code.³³ The Staff ruled against exclusion under rule 14a-8(i)(7), noting that “[i]n our view, the proposal focuses primarily on the significant policy issue of human rights and does not seek to micromanage the company to such a degree that exclusion of the proposal would be appropriate.” In this instance, global recognition of lapses in clothing supply chain management leading to human rights scandals and disasters around the world led the proponents to conclude that it was appropriate for the company to manage such risks by asking vendors to raise labor standards, citing the growing number of companies that have adopted codes of conduct for suppliers, addressing such issues as child labor, forced labor, and freedom of association. Therefore, requesting that the board of directors adopt and disclose a code of vendor conduct, based on the International Labour Organization (“ILO”) standards was found not excludable under the ordinary business exclusion. This included a request to establish an independent monitoring process that assesses adherence to these standards and to prepare an annual report. The ILO standards cited in the proposal included those that require: 1. All workers have the right to form and join trade unions and to bargain collectively. (ILO Conventions 87 and 98); 2. Worker representatives shall not be the subject of discrimination and shall have access to all workplaces necessary to enable them to carry out their representation functions. (ILO Convention 135); 3. There shall be no discrimination or intimidation in employment. Equality of opportunity and treatment shall be provided regardless of race, color, sex, religion, political opinion, age, nationality, social origin, or other distinguishing characteristics. (ILO Convention 100 and 111); 4. Employment shall be freely chosen. There shall be no use of force, including bonded or prison labor. (ILO Convention 29 and 105); 5. There shall be no use of child labor. (ILO Convention 138 and 182). This ILO proposal has been found non-excludable by the Staff at numerous other companies against company ordinary business claims.

Purpose and effect of the proposal: manage supply chain pollution

We note that the Company Letter reports that the committee members claimed that the proposal is intended “not to tackle issues of water pollution in the poultry and pork supply chains, but rather to affect Company competitive strategy and influence the Company’s regulatory compliance.” To the contrary, the reference in the proposal to the fact that “failing to address this risk may harm Pilgrim’s position as a competitive supplier” does not amount to a focus of the proposal on competitive strategy, but rather is an appropriate business case argument for the proposal, and an appropriate shareholder interest in the type of risks that the company appears to be failing to manage consistent with its peers. The resolve clause and supporting statement are not amenable to the interpretation of an ordinary business focus that the Company asserts, but rather address issues of known concern and interest to investors.

Company Website Reveals Gaps

³³ Same result in *The Kroger Co.* (April 6, 2011), the Staff did not allow exclusion of a proposal requesting that the board adopt, implement, and enforce a revised company-wide code of conduct, inclusive of suppliers and sub-contractors, based on the International Labor Organization’s conventions, including the four principles set forth in the proposal, and prepare a report concerning the implementation and enforcement of the policy.

There are a few mentions on the Company's website of verification measures applicable to some portions of the supply chain. Notably, the information or lack of information on the Company website gives the reader a basis to believe that there is a gap in its oversight of water pollution related to poultry farms in particular. For instance, the Company's discussion of water stewardship focuses on the Company's owned facilities, not on supply chain water use/discharges or supply chain water risk.³⁴ The sustainability report describes how parts of its supply chain *are* subject to environmental compliance audits. For instance, the sustainability report describes detailed requirements for *animal welfare* and *organic certification*, but only mentions environmental monitoring of certain meat sources, including poultry sourced in Mexico where it is apparently required to be "audited in compliance with Mexican government standards", and "safe production and responsible sourcing" in Europe (vague criteria that *might* be construed to include environmental safeguards).

A reader of the website would be left to speculate that other very major parts of the poultry supply chain are merely subject to self-policing and no discernible environmental monitoring by the Company.

A cynical reader of the supplier code might conclude that the relationship with the suppliers provides the PPC with plausible deniability when its supply chain operations engage in pollution as well as legal violations. And with the sector posing such a massive environmental impact through water pollution, the Company's current posture is to pretend for purposes of these environmental impacts that the relationships are "hands-off".³⁵

This implicates the significant policy underlying and motivating the proposal. It is not micromanagement for investors to seek clearer disclosure on such a major gap.

Examination of reporting by peers demonstrates reasonable accountability on supply chain water quality impacts is not micromanagement

By way of contrast to the Company's spotty reporting on its approach to water pollution in the supply chain, it is helpful to examine how company peers, Tyson Foods and Sanderson Farms

³⁴ <https://sustainability.pilgrims.com/chapters/environment/water/> The Company's relationship with its supply chain is described in the Company Letter as a partnership with family farmers in the US "to whom it provides poultry and feed, as well as technical and veterinary services." Company Letter page 3. Similarly, it notes that 50% of the Company's hogs are sourced from its "integrated supply chain."

³⁵ In fact, poultry company control over contract suppliers is known to be just the opposite: in 2018 the Small Business Administration's inspector general recommended excluding chicken farmers who are under contract with the big companies from receiving SBA loans because the strict rules the companies place on chicken farmers preclude them from being considered independent small businesses.

<https://investigatemidwest.org/2018/12/11/poultry-growers-caught-between-strict-rules-and-financial-risk-lean-heavily-on-government-backed-loans/>

In other words, the relationships are anything but "hands off."

address the kind of issues raised by the proposal. For instance, Tyson Foods has announced that it is setting supply chain targets.³⁶

“Tyson Foods will set[s]upply chain stewardship targets, recognizing the bulk of our water consumption is in our supply chain. These targets will be integrated into our existing land stewardship commitments and focus on managing water quality impacts from nutrient loading and water consumption in locations with high water stress. These commitments will focus on all row crops, not just irrigated corn.”

Supply Chain Water Stewardship Targets

Water stewardship within our supply chain is intrinsically linked to our land stewardship commitments. Accordingly, by the end of 2020, Tyson Foods seeks to:

- Optimize sustainable land stewardship practices in row crops relevant to Tyson’s supply chain by:
 - Reducing the water quality impacts associated with key agricultural commodities
 - Implementing relevant local strategies to mitigate risk in agricultural areas where water is scarce, with an emphasis on irrigated agriculture in water stressed locations
 - Supporting and incentivizing farmers and other agricultural producers to strengthen water stewardship practices

Similarly, Sanderson Farms reports:

“All or 100% of the litter and manure generated in the operations of our independent contract poultry producers is managed according to a nutrient management plan, which is a requirement in each state in which we operate.”

“In fiscal year 2019, Sanderson Farms produced 4.6 billion pounds of poultry products and 129.1 million pounds of minimally prepared chicken, or a total of 2.2 million metric tons. All or 100% of our production was sourced from CAFOs.”

“As a partner in Farm Journal’s Trust in Food Conservation Ag Movement, Sanderson Farms is committed to furthering and encouraging conservation and sustainability in its feed grain supply chain. Trust in Food partners with leading nongovernmental organizations (NGO), agribusinesses, government agencies and others to create solutions driving profitable on-farm conservation practice adoption. Focus areas of the organization include soil health and protecting water and air quality, as well as growing habitat.”

The Company Letter asserts that the diversity of the Company’s suppliers, ranging from small

³⁶ https://www.tysonsustainability.com/downloads/Water_Position_Statement.pdf

business partners to large multinational companies, requires that these supply chain management issues be reserved to discretion of management. While the Company's implementation of the proposal might well prioritize some elements of the supply chain over others, as other companies have done facing similar requests, the massive nature of the poultry supply chain, for example and the reasonable speculation based on the gaps in disclosure that suggests that the Company's compliance mindset for the sector may be reliance entirely on self-policing, evincing a material gap in supply chain disclosure and monitoring.

The Company Letter asserts that "in requesting narrowly targeted and detailed disclosure on water pollution, the Proposal overrides management's judgment on how to balance the competing interests of supply chain administration described in the Sustainability Report (including diverse sustainability initiatives, regulatory compliance and commercial considerations) and asked management to discount these closely studied priorities, merely because they might be incompatible with the specific aspects of the report."³⁷

To the contrary, the request for a report on a specific issue that investors believe a company has been ignoring is one of the fundamental purposes of the shareholder proposal rule. In numerous instances, where there has been a clear significant policy issue and a connection to the company, including the clear market power of the company to affect its supply chain and significantly affect and impacts, the Staff has agreed that supply chain related proposals are not excludable.

Documenting the Business Case Does not Lead to Exclusion under Rule 14a-8(i)(7)

The Company and Committee overreached in asserting that the

Proposal's purpose and effect are not to tackle issues of water pollution in poultry and pork supply chains, but rather to affect Company competitive strategy and influence the Company's regulatory compliance-both of which are ordinary business and not significant policy matters for the Company.

The proposal, as many other proposals, includes business case arguments as well as a clear emphasis on environmental impact. Mentioning in the background section of the proposal of the competitive impact, the outlook of peers and customers on these issues, does not render the proposal excludable, but rather helps investors assess the arguments regarding how the proposal may affect the company's financial prospects, which is 100% appropriate for shareholder proposal. The resolved clause of the proposal remains squarely focused on reducing environmental impact and being accountable for it. See most of the cases cited above.

The current proposal is unlike the proposals cited by the Company, in which the total focus of the proposal was overwhelmingly on ordinary business matters rather than on an environmental issue. Reading the resolved clause, it is clear that the focus of the Proposal is exclusively on how the company can better manage water pollution impacts caused by its supply chain. The fact that

³⁷ Company Letter page 5.

the background section of the proposal also articulates the business case for voting in favor of this proposal does not render it excludable. Most shareholder proposals include a business case argument and invalidating a proposal for inclusion of some information on why there is a business case for addressing a significant policy issue would not be consistent with the investor protection mission of the SEC.

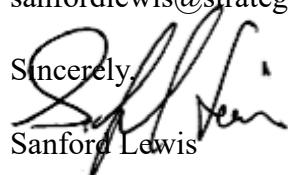
“A report focused only on water pollution” is unnecessary to substantially implement the proposal

In an attempt to support of its argument that this proposal micromanages the Company’s priorities, the Company Letter asserts on page 7 that “a report focused only on [the topic of water pollution] would compel management to artificially restrict its view of its supply chain and overlook the key sustainability, regulatory compliance and commercial factors it considers each day when selecting and retaining suppliers.”

Rather than demanding a report focused only on the topic of water pollution and restricting the management’s view, the proponent views this issue, consistent with the SASB reporting guidelines, as a missing element and potential vulnerability in the company’s current sustainability reporting. Preparing a report focused “only on the topic” is unnecessary to substantially implement the current proposal. Instead, reporting fully on these issues as part of the sustainability report would certainly be considered implementation by the proponent or by shareholders voting on the proposal. This is not an intervention that necessitates placing the water pollution issue “above” other issues, but only as an issue on par with other issues the company already reports on.

CONCLUSION

Based on the foregoing, we believe it is clear that the Company has provided no basis for the conclusion that the Proposal is excludable from the 2021 proxy statement pursuant to Rule 14a-8. As such, we respectfully request that the Staff inform the company that it is denying the no action letter request. If you have any questions, please contact me at 413 549-7333 or sanfordlewis@strategiccounsel.net.

Sincerely,

Sanford Lewis

cc:
Mary Minette
Maia Gez

Appendix

Excerpts from the SASB Meat, Poultry, and Dairy Standard:

[Brackets are explanatory notes, not in the standard]

FB-MP-160a.1: Amount of animal litter and manure generated, percentage managed according to a nutrient management plan

1 The entity shall disclose the total amount, in metric tons, of animal litter and manure generated at its facilities.

1.1 The scope of animal litter [poultry waste] and manure includes both dry and liquid manures and litter.

2 The entity shall disclose the percentage of animal litter and manure generated from facilities that implement a nutrient management plan divided by the total amount of animal litter and manure generated.

2.1 A nutrient management plan is defined as a documented management practice that addresses the generation, collection, treatment, storage, and agronomic use of all manure.

2.2 At a minimum, the nutrient management plan shall meet the minimum specific elements of the Natural Resources Conservation Service (NRCS) Comprehensive Nutrient Management Plan (CNMP), which include:

2.2.1 Background and Site Information

2.2.2 Manure and Wastewater Handling and Storage

2.2.3 Farmstead Safety and Security

2.2.4 Land Treatment Practices

2.2.5 Soil and Risk Assessment Analyses

2.2.6 Nutrient Management according to the criteria in the Nutrient Management Conservation Practice (Code 590)

2.2.7 Recordkeeping

2.2.8 References

3 The scope of disclosure includes facilities that the entity owns and operates, facilities from

which it contracts animal production (e.g., independent producers), and facilities that otherwise supply animal protein to the entity (e.g., for processing by the entity).

4 The scope of disclosure includes production areas and land treatment areas.

4.1 Production area includes the animal confinement area, storage areas for feed and other raw materials, animal mortality facilities, and manure-handling containment or storage areas.

4.2 Land treatment area includes land under control of the entity and/or its contracted suppliers (e.g., independent producers), whether it is owned, rented, or leased, to which manure or process wastewater is, or might be, applied for crop, hay, or pasture production or other uses.

FB-MP-160a.2. Percentage of pasture and grazing land managed to Natural Resources Conservation Service (NRCS) conservation plan criteria

1 The entity shall disclose the percentage of pasture and grazing land that is managed to the U.S. Department of Agriculture (USDA) Natural Resources Conservation Service (NRCS) conservation plan criteria.

1.1 Land shall be considered to be managed to NRCS conservation plan criteria if its management follows the planning process described by the National Planning Procedures Handbook and management practices outlined in the National Range and Pasture Handbook (NRPH), USDA NRCS, Grazing Lands Technology Institute Revision 1, December 2003.

1.2 The percentage shall be calculated as the area of pasture and grazing land managed to NRCS conservation plan criteria divided by the total area of pasture and grazing land.

2 The scope of disclosure includes land defined by the NRPH as rangeland, which includes grazed forest, naturalized pasture, pastureland, hayland, and grazed and hayed cropland.

2.1 The scope of disclosure includes land from operations that the entity owns and operates, operations with which it contracts animal production (e.g., independent producers), and operations that otherwise supply animal protein to the entity (e.g., for processing by the entity).

FB-MP-160a.3. Animal protein production from concentrated animal feeding operations (CAFOs)

1 The entity shall disclose the amount, in metric tons, of animal protein production from concentrated animal feeding operations (CAFOs).

1.1 CAFOs are defined according to U.S. 40 CFR 40, Part 122.23, “Concentrated animal feeding operations.”

1.2 The amount shall be calculated as the carcass (or dressed) weight of animal protein.

1.2.1 Carcass is defined according to U.S. 9 CFR 301.2 as all parts, including viscera, of any slaughtered livestock.

2 The scope includes animal protein from operations that the entity owns and operates, operations with which it contracts animal production (e.g., independent producers), and operations that otherwise supply animal protein to the entity (e.g., for processing by the entity).

January 8, 2021

VIA E-MAIL (shareholderproposals@sec.gov)

Office of Chief Counsel
Division of Corporation Finance
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

White & Case LLP
1221 Avenue of the Americas
New York, NY 10020-1095
T +1 212 819 8200

whitecase.com

Re: Pilgrim's Pride Corporation - Omission of Shareholder Proposal Submitted by Mercy Investment Services, Inc. and Adrian Dominican Sisters

Ladies and Gentlemen:

On behalf of our client, Pilgrim's Pride Corporation, a Delaware corporation (the "Company"), we hereby respectfully request confirmation that the staff (the "Staff") of the Division of Corporation Finance of the U.S. Securities and Exchange Commission (the "SEC") will not recommend enforcement action to the SEC if, in reliance on Rule 14a-8 ("Rule 14a-8") under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), the Company omits from its proxy statement and form of proxy for the 2021 annual meeting of its shareholders (the "2021 Proxy Materials") the shareholder proposal and supporting statement attached hereto as **Exhibit A** (the "Proposal") submitted by Mercy Investment Services, Inc., as lead filer, and Adrian Dominican Sisters, as co-filers (collectively, the "Proponents"), for inclusion in the 2021 Proxy Materials. Copies of correspondence with the Proponents regarding the Proposal are attached hereto as **Exhibit B**. The Company has not received any other correspondence relating to the Proposal.

In accordance with Rule 14a-8(j), we are:

- submitting this letter not later than 80 days prior to the date on which the Company intends to file definitive 2021 Proxy Materials; and
- simultaneously providing a copy of this letter and its exhibits to the Proponents, thereby notifying the Proponents of the Company's intention to exclude the Proposal from its 2021 Proxy Materials.

Pursuant to Staff Legal Bulletin No. 14D ("SLB 14D"), we are submitting this request for no-action relief under Rule 14a-8 by use of the SEC email address, shareholderproposals@sec.gov (in lieu of providing six additional copies of this letter pursuant to Rule 14a-8(j)), and the undersigned has included her name and telephone number in this letter and the cover email accompanying this letter. In accordance with Rule 14a-8(j) of the Exchange Act and SLB 14D, copies of this letter and its attachments are also concurrently being sent to the Proponents as notice of the Company's intent to exclude the Proposal from the 2021 Proxy Materials.

Rule 14a-8(k) and SLB 14D provide that shareholder proponents are required to send companies a copy of any correspondence that the proponents elect to submit to the SEC or the Staff. Accordingly, the Company is taking this opportunity to inform the Proponents that if the Proponents elect to submit additional correspondence to the SEC or the Staff with respect to the Proposal, a copy of that correspondence should concurrently be furnished to the undersigned on behalf of the Company pursuant to Rule 14a-8(k) and SLB 14D.

Proposal

The Proposal states as follows (with footnote citations removed for ease of review):

“WHEREAS: Meat production is the leading source of water pollution in the U.S., exposing 5.6 million Americans to nitrates in drinking water and toxic algal blooms. Cultivation of feed ingredients for the 45 million chickens produced weekly by Pilgrim’s is a source of water pollution from fertilizer washing off fields if improperly managed. Manure from over 4,900 poultry farms supplying Pilgrim’s may contain nutrients, antibiotic-resistant bacteria, and pathogens which can pollute waterways, endangering public health and the environment. Pilgrim’s is therefore vulnerable to regulatory actions to mitigate these pollution streams.

Several states where Pilgrim’s has processing operations have tightened requirements related to nutrient management, manure disposal, field application of manure, and groundwater monitoring for animal agriculture. At the federal level, the Farm System Reform Act would pose significant operational challenges to vertically integrated meat processors. Introduced in May 2020, the law is motivated by concerns pertaining to the health and environmental externalities associated with meat production.

Pilgrim’s disclosures and policies lag those of its peers. Tyson Foods has committed to support improved fertilizer practices on two million acres of corn. Sanderson Farms now uses SASB standards to report its plans to manage risks specifically associated with supply chain water pollution. Sanderson’s disclosure renders Pilgrim’s the sole remaining large, publicly-traded poultry processor failing to report to shareholders how it intends to manage these risks.

Additionally, many of Pilgrim’s largest customers increasingly expect their meat suppliers to improve mitigation of pollution streams.

Failing to address this risk may harm Pilgrim’s position as a competitive supplier.

Pilgrim’s is working to reduce the *quantity* of the water it uses and has a policy requiring ‘vendors’ to comply with applicable environmental laws and regulations, encouraging them to ‘use best efforts to meet industry best practices and standards and responsibly manage the environmental impact of their operations.’ However, neither Pilgrim’s disclosures nor its policies specifically address the primary drivers of the company’s water pollution footprint, including manure from contracted facilities and nutrient runoff from feed crops. Pilgrim’s disclosures lack sufficient detail to assure investors that it is adequately managing the risks associated with water pollution within its supply chain.

RESOLVED: Shareholders of Pilgrim’s Pride Corporation request a report assessing if and how the company plans to increase the scale, pace, and rigor of its efforts to reduce water pollution from its supply chain. This report should omit proprietary information, be prepared at reasonable cost, and be made available to shareholders by December 1, 2021.

Supporting statement:

Although we defer to management for the precise contents, investors believe that meaningful disclosure within the report could include:

- requirements for manure management practices intended to prevent water pollution
- requirements for leading practices for nutrient management and pollutant limits throughout contract farms and feed suppliers, with a focus on verifiably reducing nitrate contamination
- plans to verify suppliers’ compliance with Pilgrim’s policies”

Basis for Exclusion

On behalf of the Company, we respectfully request that the Staff concur in the Company's view that it may exclude the Proposal from the 2021 Proxy Materials pursuant to Rule 14a-8(i)(7), as the Proposal relates to the Company's ordinary business operations.

Analysis

Company Background

As one of the world's largest chicken producers, the Company operates primarily in the United States (the "U.S."), the United Kingdom (the "U.K.") and continental Europe and Mexico, and distributes to retailers, foodservice distributors and restaurants. The Company offers varied food products, including prepared foods, ready-to-eat meals, frozen foods, pre-packed meats and other meat products. The Company and its subsidiaries operate under various brands catering to diverse demographics, including Pilgrim's®, Just BARE®, Gold'n Pump®, Gold Kist®, County Pride Chicken®, Pierce Chicken®, Pilgrim's® Mexico, County Post®, Savoro, To-Ricos, Del Dia®, Moy Park, and O'Kane.

In the U.S., the Company does not own poultry facilities, and instead works in partnership with family farmers to whom it provides poultry and feed, as well as technical and veterinary services. In Europe and Mexico, the Company owns poultry facilities, in addition to working with family farmers.¹ Approximately 50% of the Company's hogs are sourced from its integrated supply chain.² The Company utilizes various raw materials in its operations, from which the Company produces its own formulated feeds in feed mills. For the feed ingredients used in the Company's U.S. and Mexico operations, the Company sources mainly corn and soybean, and in its U.K. and Europe operations, wheat, soybean and barley.

In conjunction with management, the Company's Board of Directors (the "Board") reviewed the Proposal within the context of the Company's business. The Board believed it was important to delegate this analysis of the Proposal to a subset of the Equity Nominating Committee (the "Committee"), which is comprised of directors whose election is determined by the Company's minority investors (*i.e.*, investors other than the Company's controlling shareholder and its affiliates). The analysis of the Committee, as conducted by this subset, included on page 11 of this Letter.

Exclusion of the Proposal under Rule 14a-8(i)(7)

The Proposal is properly excludable from the 2021 Proxy Materials, as the Proposal's underlying subject matter relates to the Company's ordinary business operations and the Proposal attempts to micro-manage the Company by probing into matters of a complex nature that are the appropriate responsibility of the Company's management and Board. Additionally, as concluded by the Committee, despite dealing with water pollution, the Proposal does not focus on matters transcending ordinary business operations, and the difference between the Company's existing practices and the Proposal's requests do not represent a significant policy issue.

A. A Proposal May Be Excluded if It Involves Matters Relating to a Company's Ordinary Business Operations.

Under Rule 14a-8(i)(7), a proposal is excludable if it "deals with a matter relating to the company's ordinary business operations." In 1998, when the SEC adopted amendments to Rule 14a-8, it outlined two central considerations that determine whether a proposal is excludable under Rule 14a-8(i)(7). The first consideration relates to when a proposal concerns tasks "so fundamental to management's ability to run a company on a day-to-day basis that they could not, as a practical matter, be subject to direct shareholder oversight." The second consideration relates to "the degree to which the proposal seeks to 'micro-manage' the company by probing too

¹ Sustainability Report, "Suppliers: Poultry Suppliers," available at <https://sustainability.pilgrims.com/chapters/suppliers/poultry-suppliers/>.

² Sustainability Report, "Suppliers: Beef, Lamb and Pork Suppliers," available at <https://sustainability.pilgrims.com/chapters/suppliers/beef-lamb-pork-suppliers/>.

deeply into matters of a complex nature upon which shareholders, as a group, would not be in a position to make an informed judgment.” *See SEC Release No. 34-40018* (May 21, 1998) (the “**1998 Release**”). In the 1998 Release, the SEC also explained that the second consideration may come into play in a number of circumstances, “such as where the proposal involves intricate detail, or seeks to impose specific time-frames or methods for implementing complex policies.” *See also PayPal Holdings, Inc.* (avail. Mar. 6, 2018). As noted in Staff Legal Bulletin No. 14J (Oct. 23, 2018) (“**SLB 14J**”) and Staff Legal Bulletin No. 14K (Oct. 16, 2019) (“**SLB 14K**”), in considering arguments for exclusion based on micro-management, the Staff will also look to whether a proposal “imposes a specific strategy, method, action [or] outcome...for addressing an issue, thereby supplanting the judgment of management and the board.” *SLB 14K*.

The 1998 Release and later Staff Legal Bulletin No. 14E (Oct. 27, 2009) distinguished proposals pertaining to ordinary business matters from those involving “significant social policy issues.” Significant social policy issues are not excludable under Rule 14a-8(i)(7) because they “transcend the day-to-day business matters and raise policy issues so significant that it would be appropriate for a shareholder vote.” *1998 Release*. In SLB 14K, the Staff noted that “a policy issue that is significant to one company may not be significant to another.” In this regard, the Staff explained in Staff Legal Bulletin No. 14I (Nov. 1, 2017) that a “board acting...with the knowledge of the company’s business and the implications for a particular proposal on that company’s business is well situated to analyze, determine and explain whether a particular issue is sufficiently significant because the matter transcends ordinary business and would be appropriate for a shareholder vote.” Moreover, in SLB 14J, the Staff indicated, and in SLB 14K confirmed, that a well-developed discussion of the board’s analysis that focuses on specific substantive factors “can assist the Staff in evaluating a company’s no-action request.” *SLB 14J*. To assess whether a proposal impermissibly micro-manages ordinary business or instead involves significant policy issues, the Staff has stated that it reviews both the terms of the resolution and its supporting statement as a whole, evaluating whether “a supporting statement modifies or re-focuses the intent of the resolved clause, or effectively requires some action in order to achieve the proposal’s central purpose as set forth in the resolved clause.” *SLB 14K*.

A shareholder proposal framed in the form of a request for a report does not change the nature of the proposal. A proposal requesting the dissemination of a report may be excludable under Rule 14a-8(i)(7) if the subject matter of the report is within the ordinary business of the issuer. *See Exchange Act Release No. 20091* (Aug. 16, 1983). In addition, the Staff has indicated that “[where] the subject matter of the additional disclosure sought in a particular proposal involves a matter of ordinary business...it may be excluded under [R]ule 14a-8(i)(7).” *Johnson Controls, Inc.* (avail. Oct. 26, 1999). This is true even where the proposal only recommends, without specifically demanding, disclosure of ordinary business subtopics. *See, e.g., Salesforce.com, Inc.* (avail. Apr. 9, 2020) (allowing the company to omit on ordinary business grounds a proposal calling for a report on “potential risks associated with [omissions] ... from its written equal employment opportunity (EEO) policy” and “recommending that the report evaluate risks including, but not limited to, negative effects on employee hiring and retention, as well as litigation risks from conflicting state and company anti-discrimination policies”) (emphasis added); and *TJX Companies* (avail. Mar. 20, 2020) (“**TJX**”) (allowing exclusion of a proposal asking for a “report on prison labor...assessing the effectiveness of current company policies for preventing prison labor in the company’s supply chain” and “recommending that the report, at the board’s discretion, provide quantitative metrics [on] supplier audits...and...evaluate any risks to finances, operations, and reputation”) (emphasis added).

B. The Proposal Micro-manages the Company in Probing into Day-to-Day Business Matters of a Complex Nature on Which Shareholders, as a Group, Would Not Be in a Position to Make an Informed Decision.

The Proposal should be excluded from the Company’s 2021 Proxy Materials as it impermissibly micro-manages the Company’s day-to-day affairs, seeking a report on water pollution and manure and nutrient management technologies and goals in the complex area of the Company’s supplier relationships.

i. The Proposal Relates to the Ordinary Business Area of Supply Chain Management.

The Proposal intrudes on the Company’s selection and management of suppliers and the enforcement of suppliers’ compliance with Company standards, both well-recognized areas of ordinary business operations under SEC precedent. As discussed in the 2019 Sustainability Report (the “**Sustainability Report**”), the Company’s supplier

relationships and the use of its supplier code of conduct involve highly nuanced factors, which are well known to management from its day-to-day decision-making, yet lie far beyond the reach of broad shareholder oversight. While the Company remains committed to mitigating water risks in its supply chain, the Proposal represents excludable interference in day-to-day business operations. In requesting narrowly targeted and detailed disclosure on water pollution, the Proposal overrides management's judgment on how to balance the competing interests of supply chain administration described in the Sustainability Report (including diverse sustainability initiatives, regulatory compliance and commercial considerations), and asks management to discount these closely studied priorities, merely because they might be incompatible with the specific aspects of the report.

a. The Proposal Relates to Supplier Retention.

The Proposal supplants the judgment of Company management on supplier retention and forces the Company to focus its supply chain management disclosure on water pollution, a limited aspect of its supply chain, without regard to the multidimensional considerations behind its supply chain management. Supplier retention was identified as an ordinary business matter under Rule 14a-8(i)(7) in the 1998 Release, and the Staff has consistently concurred in the exclusion of proposals that deal generally with supplier relationships, including reports on matters implicating those relationships. *See Wendy's Co.* (avail. Mar. 2, 2017) (granting Rule 14a-8(i)(7) no-action relief for a proposal asking the company to take steps to join a fair labor standards program and issue a report on those efforts, where the company argued that the proposal would hinder management's ability to "select and approve satisfactory [s]uppliers"); *Alaska Air Group, Inc.* (avail. Mar. 8, 2010) (concurring in the exclusion of a proposal that requested a report discussing the maintenance and security standards used by the company's aircraft contract repair stations and the company's procedures for overseeing maintenance performed by the contract repair stations, as the proposal concerned "decisions relating to vendor relationships [which] are generally excludable under rule 14a-8(i)(7)"); *The Southern Co.* (avail. Jan. 19, 2011) (concurring in the exclusion under Rule 14a-8(i)(7) of a proposal requesting that the company "strive to purchase a very high percentage" of "Made in USA" goods and services on the grounds that it concerned "decisions relating to supplier relationships"); and *Seaboard Corp.* (avail. Mar. 3, 2003) (concurring in the exclusion of a proposal that requested a report discussing its suppliers' use of antibiotics in hog facilities).

In fact, the Staff has granted no-action relief on a water pollution reporting proposal similar to the one here, on the very grounds that it dealt with supply chain management. In *Kraft Foods Inc.* (avail. Feb. 23, 2012) ("**Kraft Foods**"), the company obtained no-action relief to omit a proposal asking it to "report to shareholders...detailing the ways in which [it was] assessing water risk to its agricultural supply chain," because, as the Staff noted, "decisions relating to supplier relationships...are generally excludable under Rule 14a-8(i)(7)." *Id.* The company, a multinational food provider, cited its "direct and indirect relationships with approximately 100,000 suppliers, many of which produce a wide range of agricultural products" and explained the complex facets of its sourcing decisions inaccessible to shareholders. *Id.*

Like in *Kraft Foods* and the above-cited precedents, the Proposal relates directly to the Company's ordinary business operations of selecting and managing suppliers. Supplier retention is at the heart of the Proposal, with the resolved clause asking for a report on the Company's "efforts to reduce water pollution from its supply chain." The Proposal's supporting statement evinces a clear intent to regulate the Company's supply chain, including *both* feed suppliers and contract growers, citing that "manure from over 4,900 poultry farms supplying Pilgrim's may contain nutrients, antibiotic resistant bacteria and pathogens which can pollute adjacent waterways..." and identifying "primary drivers of the [C]ompany's water pollution footprint [as] including manure from contracted facilities and nutrient runoff from feed crop." And, just as in *Kraft* and the above-cited precedents, due to the number, variety and complexity of its supplier relationships across geographies and brands, the Company's supply chain decisions involve multifaceted matters, including sustainability and social engagement, compliance with laws and regulations and commercial factors, upon which shareholders are not suited to make an informed judgment.

The Company's suppliers range from small business partners that raise chickens and hogs to large, multinational companies that manufacture and provide services for the Company's production facilities.³ According to the

³ Sustainability Report, "Suppliers," available at <https://sustainability.pilgrims.com/chapters/suppliers/>.

Sustainability Report, as of 2019, the Company has more than 13,000 manufacturing suppliers, which includes feed ingredient suppliers that supply raw materials used in the Company's feed mills.⁴ The Company also has an extensive network of more than 6,300 independent growers of poultry, pork and other meats across multiple countries and regions.⁵ This includes more than 4,900 poultry "family farm partners" in the U.S., Puerto Rico, Mexico and Europe, which received more than \$1.3 billion from the Company to raise more than 2.3 billion chickens in 2018,⁶ 930 pork "family farm partners," which received more than \$351.7 million from the Company to raise more than 2.9 million hogs in 2019, and 450 lamb "family farmer partners," which received more than \$10.8 million from the Company to raise more than 246,500 lambs in 2019.⁷ The Company defines a "family farm partner" as 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.⁸ The wide range of factors that go into supplier retention determinations is summarized below.

- *Manufacturing Suppliers:* The Company evaluates all potential manufacturing suppliers (which includes feed suppliers) based on several criteria. These include legal and regulatory compliance, as well as ordinary business considerations such as commercial offering, supply flexibility and responsiveness, service, risk management, quality, price (including commodity prices), reliability, financial capability, reputation, experience, transportation, labor issues (including regional labor regulations) and the agricultural policies of U.S. and foreign governments.⁹ When assessing new manufacturing suppliers, the Company also prioritizes local companies, as they are often cost-competitive.¹⁰

Specific Company brands also have initiated their own programs to enhance sustainability initiatives, including deforestation and carbon emissions, in their manufacturing supply chains. For instance, Moy Park Ltd. ("Moy Park") in the Company's U.K. and Europe segment, has established a Responsible Sourcing Soy Policy for the soy feed given to its chickens, which contemplates due diligence on and sets requirements for the sourcing of soy within Moy Park's supply chain, in order to meet a goal of zero-deforestation soy in that supply chain by 2025.¹¹ Similarly, Tulip Ltd. ("Tulip"), another brand in the Company's U.K. and Europe segment, endeavors that soy sourced to feed Tulip-owned, high welfare is certified by the Roundtable for Responsible Soy,¹² and aims to maximize the use of raw materials and byproducts to reduce its carbon footprint.¹³

- *Contract Growers Generally:* The Company's livestock sourcing decisions likewise implicate numerous complex factors. In addition to the commercial considerations for manufacturing suppliers, the Company assesses the quality and health of livestock offered by suppliers and the prices of offered livestock (including as compared to feed ingredients). The Company also takes into account certain

⁴ *Id.*

⁵ *Id.*

⁶ Sustainability Report, "Suppliers: Poultry Suppliers," available at <https://sustainability.pilgrims.com/chapters/suppliers/poultry-suppliers>.

⁷ Sustainability Report, "Suppliers: Beef, Lamb and Pork Suppliers," available at <https://sustainability.pilgrims.com/chapters/suppliers/beef-lamb-pork-suppliers/>.

⁸ Sustainability Report, "Suppliers: Poultry Suppliers," available at <https://sustainability.pilgrims.com/chapters/suppliers/poultry-suppliers>.

⁹ Sustainability Report, "Suppliers," available at <https://sustainability.pilgrims.com/chapters/suppliers/>.

¹⁰ *Id.*

¹¹ Moy Park, "Suppliers," available at <https://moypark.com/sustainability/suppliers>; Sustainability Report, "Pilgrim's Moy Park: Responsible Sourcing Soy Policy," available at <https://sustainability.pilgrims.com/stories/responsible-sourcing-soy-policy/>.

¹² Sustainability Report, "Suppliers: Beef, Lamb and Pork Suppliers," available at <https://sustainability.pilgrims.com/chapters/suppliers/beef-lamb-pork-suppliers/>.

¹³ Pilgrim's UK, "Sustainable Farming: An uncompromising focus," available at <https://www.pilgrimsuk.com/sustainability/sustainable-farming/>.

sustainability concerns based on the demands of the brand(s) its suppliers serve, with brands operating in varied demographic and price markets. While the Company assesses pollution in reviewing suppliers, the Company focuses on vetting new and existing farms via different auditing standards concerned with animal welfare, food health and safety, and regulatory compliance.

Poultry Farms¹⁴

- In the U.S., the Company audits a select subset of its family farm partners according to the Animal Welfare Program requirements, conducted by internal Professional Animal Auditor Certification Organizations certified team members and external, third-party auditors.
- In Mexico, farms are audited in compliance with Mexican government standards, including the Ministry of Agriculture and Rural Development, the Mexico-U.S. Commission for the Prevention of Diseases and Other Exotic Animal Diseases, the Secretariat of Agriculture, Livestock, Rural Development, Fisheries and Food, the Ministry of the Environment and Natural Resources and the Secretariat of State Civil Protection.
- In Europe, poultry farms receive approval under the Red Tractor or equivalent farm assurance standards for food products, which consider animal welfare, safe production and responsible sourcing, and are audited by independent, approved certification bodies.
- To meet the specific sustainability-related demands of its consumers, the Company sources poultry products with varying requirements and certifications. Depending on the brand and program, these include compliance with the American Human Certified™ Farm Assessment Program, feeding chickens a 100% vegetable and grain-based diet, U.S. Department of Agriculture organic certification and ensuring chickens do not receive antibiotics.

Pork Farms¹⁵

- The Company supplies its pork by considering animal welfare, safe production and responsible sourcing standards similar to those of the Company's poultry. Its contract farmers must raise pork according to the Royal Society for Prevention of Cruelty to Animals, Red Tractor farm assurance standards or the Quality of Meat standards.
- Certification and third-party audits according to these standards are required to sell hogs to Company production facilities.
- *All Suppliers:* The Company highly values establishing long-term relationships with suppliers built on trust and shared values, with 4,578 U.S. and Puerto Rico suppliers having partnered with the Company for an average of ten years and over 2,200 Mexico suppliers having partnered with the Company for an average of seven years as of the date of the Sustainability Report.¹⁶ The Company also strives to work with minority-owned businesses where possible.¹⁷ Various Company brands also espouse values specific to the regions and suppliers where they work. For instance, at Tulip, an emphasis is placed on suppliers who pay fair wages and are open to training for ethical employment and modern slavery awareness.¹⁸

With these factors in mind, the Company regularly analyzes its suppliers and reviews ways to mitigate myriad risks and increase efficiencies in its supply chain. Although the Company is committed to reducing water pollution from its suppliers, a report focused only on this topic would compel management to artificially restrict its view of its supply chain and overlook the key sustainability, regulatory compliance and commercial factors it considers each

¹⁴ Sustainability Report, “Suppliers: Poultry Suppliers,” available at <https://sustainability.pilgrims.com/chapters/suppliers/poultry-suppliers>.

¹⁵ Sustainability Report, “Suppliers: Beef, Lamb and Pork Suppliers,” available at <https://sustainability.pilgrims.com/chapters/suppliers/beef-lamb-pork-suppliers/>.

¹⁶ Sustainability Report, “Suppliers,” available at <https://sustainability.pilgrims.com/chapters/suppliers/>.

¹⁷ *Id.*

¹⁸ Pilgrim’s UK, “Sustainable Farming: An uncompromising focus,” available at <https://www.pilgrimsuk.com/sustainability/sustainable-farming/>.

day when selecting and retaining suppliers. As it looks to substitute broad shareholder views for detailed judgments of management in the ordinary business area of supply chain management, the Proposal is excludable under Rule 14a-8(i)(7).

b. The Proposal Relates to Ongoing Supervision of Supplier Conduct.

The Proposal seeks to influence how the Company monitors the conduct of its contract growers and feed suppliers, another improper matter for direct shareholder oversight. The Staff has allowed the exclusion of proposals asking for reports on the application and enforcement of supplier codes of conduct and compliance norms. In *Foot Locker, Inc.* (avail. Mar. 3, 2017), the proposal requested a report outlining “the steps that the company is taking, or can take, to monitor the use of subcontractors by the company’s overseas apparel suppliers,” including “[t]he extent to which company codes of conduct are applied to apparel suppliers and sub-contractors; [and the] process and procedures for monitoring compliance with corporate codes of conduct by apparel suppliers and subcontractors.” *Id.* In concurring with exclusion of the proposal, the Staff found that “the proposal relates broadly to the manner in which the company monitors the conduct of its suppliers and their subcontractors,” relying on the company’s view that such supervision requires understanding day-to-day business issues. *Id.* See also *McKesson Corp.* (avail. June 1, 2017) (permitting the omission of a proposal requesting that the company, a pharmaceuticals distributor, report on systems it employed on behalf of suppliers to prevent the diversion of restricted medicines to prison executions, based on the company’s claim that the proposal implicated “the terms of [supplier/vendor] agreements and the day-to-day decisions regarding compliance with those agreements”); and *TJX* (allowing exclusion under Rule 14a-8(i)(7) because the requested report involved the company’s monitoring of its vendors for prison labor). The same concerns about shareholder regulation of commercial relationships with independent third parties led to the Staff to grant no-action relief to omit a water management proposal similar to the Proposal in *Dunkin Brands Group, Inc.* (avail. Mar. 1, 2016) (“**Dunkin’**”) (concurring in the exclusion based on Rule 14a-8(i)(7) of a proposal seeking a report on “strategies on water use management...related to toilets in retail facilities,” based on the company’s argument that nearly all of its locations were franchises and “it is the individual franchisees’ responsibility to make certain routine business decisions such as the management of its water use and conservation”).

As in *Foot Locker* and the above-cited precedents, the Proposal interferes with the Company’s ordinary business decisions about applying and enforcing its supplier codes of conduct. The Proposal states that “investors believe” that meaningful disclosure would discuss “supplier compliance requirements for leading practices...throughout contract farms and feed suppliers...[and] plans to verify suppliers’ compliance with Pilgrim’s policies.” The Proposal also critiques the Company’s existing “policy requiring ‘vendors’ to comply with applicable environmental laws and regulations” as mere encouragement “to use best practices and standards.”

Company determinations of how to apply and enforce its supplier code of conduct (the “**Supplier Code of Conduct**”) rest on intricate factors, which stem from the size and geographic scope of the Company’s supply chain. These include compliance with laws, quality control, labor management, contract negotiation, resource management and the treatment of confidential information. A report that focuses solely on water pollution norms in the Supplier Code of Conduct would also discount the many critical “social” interests management has in implementing the code, such as promoting sustainable yet independent small businesses and preserving longstanding relationships. As described in Section B.i above, the Company makes a priority of ensuring that its livestock suppliers comply with animal welfare, health and safety and other local regulatory standards, as well as of creating long-lasting bonds with trusted partners. The Company also strives to support its suppliers, especially family farm and smaller contract growers, in their efforts to run their businesses wisely and build independent and sustainable enterprises.¹⁹

The Supplier Code of Conduct requires that all suppliers comply with all local, state and federal environmental regulations applicable to their operations, and “use best efforts to meet industry best practices and standards and responsibly manage the environmental impact of their operations.”²⁰ While the Company may later choose to

¹⁹ Sustainability Report, “Suppliers,” available at <https://sustainability.pilgrims.com/chapters/suppliers/>.

²⁰ Supplier Code of Conduct, available at <https://sustainability.pilgrims.com/stories/supplier-code-of-conduct/>.

expand the scope of its Supplier Code of Conduct, management has closely tailored the current code to the Company’s needs, based on detailed analysis. Thus, the Proposal is properly excludable under Rule 14a-8(i)(7) because it seeks a report concerning management decisions regarding compliance with a supplier code of conduct, an issue fundamental to the Company’s ability to operate on a day-to-day basis.

ii. The Proposal Looks to Micro-manage the Company by Seeking Disclosure of Detailed Methods and Techniques and Set Objectives for Reducing Supply Chain Water Pollution.

The Proposal merits exclusion as it seeks to micro-manage the Company’s supplier relationships in its request for disclosure about (i) intricate technical practices to reduce and/or manage specific water pollutants and (ii) targets to decrease water pollution, the adoption of which would require expert judgment tailored to the Company’s business.

a. The Proposal Calls for the Assessment of Using Complex Water Management Technologies and Processes.

The Proposal attempts to micro-manage the Company’s business with respect to a report on the Company’s specific technologies and processes for mitigating water risks in its supply chain. The Staff has consistently recognized that proposals relating to the complexities of new technology for a company’s operations are incompatible with shareholder action, permitting their exclusion. For example, in *Marriott International, Inc.* (avail. Mar. 17, 2010; recon. denied Apr. 19, 2010) (“**Marriott**”), the Staff allowed exclusion of a proposal asking the company to install low-flow, energy efficient showerheads in its hotels because “the proposal would require the company to test specific technologies that may be used to reduce energy consumption.” *See also WPS Resources Corp.* (avail. Feb. 16, 2001) (concurring with the exclusion of a shareholder proposal under Rule 14a-8(i)(7) requesting that the company develop certain technologies to “improve the overall energy efficiency of private and public sector building customers,” because the proposal related to “the choice of technologies”); *Union Pacific Corp.* (avail. Dec. 16, 1996) (excluding a proposal seeking a report on the research and development of a train management and safety system because it related to “the development...of new technology”); and *E.I. du Pont de Nemours & Co.* (avail. Mar. 8, 1991) (omitting a proposal to accelerate the elimination of ozone-damaging chlorofluorocarbons and the research of alternatives, on the Staff’s view that “the thrust of the proposal appears directed at those questions concerning the timing, research and marketing decisions that involve matters relating to the conduct of the [c]ompany’s ordinary business operations”).

Like in *Marriott* and the related precedents, the Proposal recommends that the Company consider disclosure about requiring the use by its suppliers of wastewater treatment and reuse technologies, including “manure management practices...to prevent water pollution” and “requirements for leading practices for nutrient management” “focus[ed] on verifiably reducing nitrate contamination.” The supporting statement also refers to state-mandated practices on “groundwater monitoring for animal agriculture.” While the Proposal does not request an assessment of particular technologies, it clearly implicates complex technological questions. Evaluating the use of these varied water pollution techniques by the Company’s contract growers and feed suppliers, who range in size, budget, sophistication and geography, requires a profound and expert understanding of sanitation, water quality treatment, water recycling, soil irrigation, nutrient redistribution and local infrastructures and regulations. Although the Company desires and has taken steps to reduce water pollution in its supply chain, the highly scientific analysis of technology raised by the Proposal amounts to improper micro-management, which warrants exclusion of the Proposal.

b. The Proposal Seeks Disclosure on Set Goals for Water Pollution Reduction.

The Proposal regulates goal-setting by the Company with respect to water pollution in its supply chain. Citing micro-management, the Staff has concurred in the exclusion of proposals that seek disclosure of fixed targets/goals on environmental sustainability. *See J.B. Hunt Transport Services, Inc.* (avail. Feb. 14, 2019) (“**J.B. Hunt**”) (permitting exclusion of a proposal that requested a report discussing its plan and progress towards achieving company-wide, quantitative targets for reducing greenhouse gas (“GHG”) emissions taking into account the goals of the Paris Climate Agreement); *EOG Resources, Inc.* (avail. Feb. 26, 2018) (“**EOG Resources**”) (permitting the exclusion of a proposal requesting that the company adopt company-wide, quantitative, time-bound targets for

reducing GHG and report its progress, considering Paris Climate Agreement goals); and *Amazon.com, Inc.* (avail. Apr. 10, 2018) (“**Amazon**”) (concurring in the omission of a proposal requesting a report on “company-wide efforts to assess, reduce and optimally manage food waste,” with a recommendation for “time-bound targets to reduce waste and progress towards meeting these targets” and “prioritization based on the [U.S. Environmental Protection Agency’s] Food Recovery Hierarchy”). Where a proposal contains a specific target or references an external standard, the Staff has tended to grant no-action relief, unlike proposals that only call for a target without mentioning a standard. Cf. *J.B. Hunt, EOG Resources* and *Amazon* with *FirstEnergy Corp.* (avail. Mar. 4, 2015) (“**First Energy**”) (declining to concur in the exclusion of a proposal that called for preparation of a plan to address carbon dioxide emissions but did not “mandate what quantitative goals should be adopted, or how the quantitative targets should be set”). Where proposals are silent on timing, the Staff has recognized assertions that proposals not setting a deadline for action still inherently require management to create specific, time-bound benchmarks to measure company progress. See *J.B. Hunt*.

The Proposal’s resolved clause asks for a report regarding “if and how” the Company plans to increase its efforts to lower water pollution from its supply chain. Yet the supporting statement “re-focuses the intent” of this broad resolved clause, *SLB 14K*, and reveals that the requested report would actually mandate the Company to establish water pollution targets. The Proposal recommends disclosure on “requirements for manure management,” “requirements for leading practices for nutrient management,” “pollutant limits,” and “reducing nitrate contamination.” While the Proposal does not explicitly define quantitative goals for reducing nitrate or pollutants or managing manure or nutrients in supply chain water, it does make clear what it means by “requirements” and “leading practices”: it cites to specific quantitative commitments and/or metrics adopted by other large poultry producers, Sanderson Farms and Tyson Foods, for reducing supply chain water pollution. Thus, the Proposal can be read as setting peer-based, quantitative water pollution goals on which the Company should report. Like in *J.B. Hunt, EOG Resources* and *Amazon*, where the Staff allowed the exclusion of proposals seeking GHG and food waste targets based on objective external standards, and unlike *FirstEnergy*, where the Staff denied no-action relief based on no clear reference to a standard for an emissions target, this degree of micro-management justifies the exclusion of the Proposal.

c. The Proposal Imposes a Specific Timeframe to Adopt Specified Metrics.

The Proposal looks to micro-manage the Company by imposing a specific timeframe for issuing the water pollution report. The Proposal requests that the Company “issue a report to shareholders by December 1, 2021.” This resembles proposals that the Staff has allowed registrants to exclude on Rule 14a-8(i)(7) grounds, to the extent that the proposals’ timelines were seen as interfering with ordinary business operations. See *Deere & Co.* (avail. Dec. 27, 2017) (“**Deere**”) (permitting exclusion of a proposal that requested a report evaluating the potential for the company to voluntarily address its role in climate change by achieving “net-zero” GHG emissions by the end of the second year after the shareholder meeting); *Apple Inc.* (avail. Dec. 5, 2016) (“**Apple**”) (allowing exclusion of a proposal to issue a report within one year on the company’s plan to reach “net-zero” GHG emissions by 2030); and *The Allstate Corporation* (avail. Mar. 20, 2015) (“**Allstate**”) (allowing exclusion of a proposal to issue a report on civil rights risks in the use of big data within five months).

As in the *Deere*, *Apple Inc.* and *Allstate* letters, the report requested by the Proposal would require continued involvement and input of numerous teams and management from each aspect of the business. The Company’s procurement function for its U.S. operations is centralized through its JBS USA corporate offices and otherwise embedded within Pilgrim’s Mexico, as well as the Moy Park and Tulip businesses in Europe. The centralized procurement department has several teams that are responsible for certain products or services related to production, employee and corporate services, energy, facilities services, capital expenditure and equipment, and maintenance, repair and operations.²¹ This structure allows the Company to maximize its supplier partnerships across the business and ensure consistency and uniformity. Creation of a report on water pollution in the supply chain at the level requested by the Proposal would require the coordination of all these functions, alongside the Company’s internal sustainability experts and other specialists. Synthesizing that input would require considerable time and resources in

²¹ Sustainability Report, “Suppliers,” available at <https://sustainability.pilgrims.com/chapters/suppliers/>.

an area where the Company has already devised detailed standards for supplier retention and the Supplier Code of Conduct. By specifying an arbitrary deadline within the same year as potential shareholder approval of the Proposal, the Proposal transfers responsibility for prioritization of the Company’s objectives and allocation of the Company’s time and resources during 2021 from the Board and management to the shareholders. Because of this micro-management, the Proposal should be excluded under Rule 14a-8(i)(7).

C. The Proposal Does Not Implicate a Significant Policy Issue.

The Proposal does not focus on a significant policy issue transcending the Company’s ordinary business operations. In January 2021, a subset of the Committee considered past discussions of the Committee and Board and reviewed input from management on various topics in order to assess the Proposal. The Committee evaluated a number of factors relating to the Proposal and the Company’s practices for water pollution in its supply chain. Following the Staff’s guidance in SLB 14J, the Committee reviewed the following factors: (i) the extent to which the Proposal relates to the Company’s core business activities; (ii) the extent of shareholder engagement on the issue; (iii) whether anyone other than the Proponents has requested the type of information sought by the Proposal; and (iv) whether the Company has already addressed the issue in some manner, including “the delta...between the proposal’s specific request and the actions the Company has taken, and an analysis of whether the delta presents a significant policy issue for the [C]ompany.” *SLB 14J*. The Committee concluded that, in light of the Company’s existing policies and disclosures, the actions requested by the Proposal do not raise an issue that transcends the Company’s ordinary business operations, and that while the Company is committed to mitigating water pollution in its supply chain, the Proposal is not appropriate for a shareholder vote.

i. The Company’s Existing Supply Chain Sustainability and Overall Environmental Sustainability Efforts Are Tailored to its Strategy and Business.

In evaluating whether the Proposal micro-manages the Company, the Committee considered the steps taken by the Company with respect to water and other environmental risks in its supply chain consistent with management’s analysis. The Committee considered all of the factors in Section B.i of this letter, including the factors in supply chain management decisions and general sustainability in the supply chain. The Committee determined that the Proposal effectively seeks to override management’s judgment about its supply chain.

The Committee also reviewed the Company’s overall environmental sustainability strategies. On environmental issues, the Company has prioritized decreasing water use intensity in its overall operations,²² and, as disclosed in the Sustainability Report, has established a target for all of its partners to comply with the Supplier Code of Conduct, which requires compliance with state and federal environmental regulations.²³ As the Committee assessed, the Company would plan to determine the scope and nature of any objectives for supply chain sustainability and overall environmental sustainability in its discretion based on operational realities, which are part of the ordinary course of the Company’s business.

ii. Lessons Learned from the Company’s Shareholder Engagement Efforts Best Position Management and the Board to Determine and Carry Out Supply Chain and Overall Environmental Sustainability Priorities That Are Important to Shareholders.

The Committee considered that shareholders have not expressed significant concerns about supply chain pollution, waste management or other environmental matters. As a result, the Committee determined that the Company’s management and Board are best-positioned to navigate strategic environmental priorities concerning water pollution in its supply chain, based on its grasp of shareholders’ interests. The Committee noted that management has previously spoken with shareholders who are primarily focused on other matters, including long-term business strategy and factors relating to financial performance. Moreover, while the Company has received shareholder proposals on water pollution and stewardship during each of the past four years, they have come from the same,

²² Sustainability Report, “Environment,” available at <https://sustainability.pilgrims.com/chapters/environment/>.

²³ Sustainability Report, “Suppliers,” available at <https://sustainability.pilgrims.com/chapters/suppliers/>.

repeat group of shareholders, including, in three of the past four years, the Proponents, and have obtained low approval rates, including 15% in 2020, 14% in 2019, 6% in 2018 and 15% in 2017.

iii. Differences Between the Proposal and the Company’s Current Framework for Supply Chain and Overall Environmental Sustainability Do Not Amount to a Significant Policy Issue.

The Committee recognized that, while supply chain sustainability and overall environmental sustainability are significant policy matters for the Company, the delta between the Company’s current efforts to mitigate water pollution in its supply chain and the detailed disclosure and analysis required by the Proposal is not a significant policy issue meriting the Proposal’s inclusion in the 2021 Proxy Materials. The Committee reviewed the ways in which the Company has addressed the significant policy considerations around environmental sustainability in its supply chain, including strategies tailored to its industry and multi-national, multi-brand operations with diverse suppliers (described in Section B.i above). The Committee then reviewed the Proposal’s (i) focus on reducing water pollution from the Company’s supply chain and (ii) request for an assessment and description of the Company’s specific technologies and processes for mitigating water risks in its supply chain. In light of the Company’s varied supply chain considerations, the Committee determined that the issues raised by the Proposal—the suppliers’ use of water pollution technologies and attainment of Company-set goals for limiting water pollution—do not differ so importantly from the Company’s current efforts so as to become a significant policy issue on which shareholders should vote.

The Committee’s delta analysis is consistent with SEC precedent on significant policy issues. While the Staff has denied no-action relief where the central concern of the proposals was the “human right to water,” *see Intel Corp.* (avail. Mar. 13, 2009) and *American International Group, Inc.* (avail. Mar. 14, 2008), the Staff has not found a significant policy issue in *any* of the areas the Proposal addresses. These include: (i) water risk in the supply chain, *see Kraft* (concurring in the exclusion of a proposal for a report assessing water risk to the company’s agricultural supply chain, which the proponent argued related to a significant policy issue of water quality and availability); (ii) supplier adherence to a code of conduct, *see Foot Locker* (concurring in the exclusion of a proposal for a report on monitoring the use of subcontractors by the company’s overseas apparel suppliers, which the proponent argued related to a significant policy issue of human rights); and (iii) use of sustainable water technologies, *see Marriott* (concurring in the exclusion of a proposal on installation of energy-efficient showerheads, which the proponent argued related to a significant policy issue of global warming).

The Committee also found that the Proposal’s purpose and effect are not to tackle issues of water pollution in poultry and pork supply chains, but rather to affect Company competitive strategy and influence the Company’s regulatory compliance—both of which are ordinary business and not significant policy matters for the Company. The Committee read the Proposal’s claims that “failing to address this risk [of water pollution in its supply chain] may harm Pilgrim’s position as a competitive supplier” and “many of Pilgrim’s largest customers increasingly expect their meat suppliers to improve mitigation of pollution streams” as raising clear concerns with competitive strategy. The Committee also looked closely at the Proposal’s unease over the costs of deficient regulatory compliance in the statement “Pilgrim’s is...vulnerable to regulatory actions to mitigate these pollution streams.” The Committee considered the ordinary business nature of competitive strategy, including the highly competitive nature of the chicken and pork industry in the Company’s markets and the impact of competition on management’s marketing strategy.²⁴ The Committee also considered the Company’s vast regulatory compliance program. The program manages adherence across various jurisdictions to regulations not only in areas raised by the Proposal (i.e., the remediation of surface water and groundwater discharge of materials into the environment and the treatment and disposal of agricultural and food processing wastes), but also in myriad other areas (e.g., the treatment, storage and disposal of wastes, the handling of hazardous substances and remediation of contaminated soil, the use and maintenance of refrigeration systems, ammonia-based chillers, noise, odor and dust management, the operation of mechanized processing equipment and other operations, storm water and air emissions).²⁵ With its attention to these

²⁴ Pilgrim’s Pride Corporation, Annual Report on Form 10-K, filed with the SEC on Feb. 21, 2020, p. 4, available at <https://www.sec.gov/ix?doc=/Archives/edgar/data/802481/000080248120000009/ppc-2019x12x29x10k.htm>.

²⁵ *Id.* at pp. 4–5.

clear day-to-day management areas, the Committee concluded that the Proposal does not raise significant issues with respect to or significantly implicate the Company's operations.

In line with the Committee's conclusion, the Staff has consistently found that sustainability reporting proposals do not involve significant policy issues if their main concerns are competitive strategy or regulatory compliance. *See Amazon* (permitting exclusion of a proposal for a report on food waste, where the supporting statement, in the same sentence, mentioned both apparent significant policy issues of "climate change and hunger" and ordinary business matters of "provid[ing] competitive advantage" and "strengthen[ing] brand reputation"); *Ameren Corp.* (avail. Feb. 8, 2018) (concurring in the exclusion of a proposal for a report estimating shareholder losses from waste storage, including costs associated with regulatory compliance); and *Pilgrim's Pride Corp.* (avail. Feb. 25, 2016) (permitting exclusion of a proposal for a report on occupational health and safety, including incidents of legal non-compliance). In sum, as the Committee found pursuant to the SLB 14J analysis, the Proposal does not implicate significant policy issues.

Conclusion

Based upon the foregoing analysis, we hereby respectfully request that the Staff concur with our view that the Company may properly omit the Proposal from the 2021 Proxy Materials in reliance on Rule 14a-8(i)(7). Should the Staff disagree with this conclusion, we would appreciate the opportunity to confer with the Staff prior to the issuance of the Staff's response.

If the Staff wishes to discuss the responses provided, please do not hesitate to contact the undersigned at (650) 213-0302.

Sincerely,



Maia Gez, Esq.

CC: Mary Minette, Mercy Investment Services, Inc.
Francis Nadolny, OP, Adrian Dominican Sisters
Kim Pryor, Pilgrim's Pride Corporation
Dunham Winoto, Pilgrim's Pride Corporation
John Vetterli, Esq.

EXHIBIT A



November 19, 2020

By Email

[REDACTED]
Pilgrim's Pride Corporation
1770 Promontory Circle
Greeley, CO 80634-9038

Dear [REDACTED]:

Mercy Investment Services, Inc. ("Mercy") is in receipt of the notice of deficiency regarding the shareholder proposal filed by Mercy and received by Pilgrim's Pride Corporation on November 16, 2020. Your letter notes that our proposal exceeds the 500 word limit specified by Rule 14a-8 of the General Rules and Regulations of the Securities Exchange Act of 1934.

Accordingly, we have revised the proposal, which is attached to this letter. I would appreciate your acknowledgment that the deficiency has been remedied. In addition, please let me know if any Pilgrim's Pride shareholders who have co-filed the proposal will need to provide you with an updated version of the proposal or if any further documentation of our filing is needed.

Thank you very much. Please respond to me via the information below.

Best regards,

Mary Minette

Mary Minette
Director of Shareholder Advocacy
703-507-9651
mminette@mercyinvestments.org

WHEREAS:

Meat production is the leading source of water pollution in the U.S., exposing 5.6 million Americans to nitrates in drinking water and toxic algal blooms.¹

Cultivation of feed ingredients for the 45 million chickens² produced weekly by Pilgrim's is a source of water pollution from fertilizer washing off fields if improperly managed. Manure from over 4,900 poultry farms supplying Pilgrim's³ may contain nutrients, antibiotic-resistant bacteria, and pathogens which can pollute waterways, endangering public health and the environment. Pilgrim's is therefore vulnerable to regulatory actions to mitigate these pollution streams.

Several states where Pilgrim's has processing operations⁴ have tightened requirements related to nutrient management, manure disposal, field application of manure, and groundwater monitoring for animal agriculture.⁵ At the federal level, the Farm System Reform Act would pose significant operational challenges to vertically integrated meat processors. Introduced in May 2020, the law is motivated by concerns pertaining to the health and environmental externalities associated with meat production.⁶

Pilgrim's disclosures and policies lag those of its peers. Tyson Foods has committed to support improved fertilizer practices on two million acres of corn.⁷ Sanderson Farms now uses SASB standards to report its plans to manage risks specifically associated with supply chain water pollution.⁸ Sanderson's disclosure renders Pilgrim's the sole remaining large, publicly-traded poultry processor failing to report to shareholders how it intends to manage these risks.

¹ <https://www.epa.gov/nutrientpollution/sources-and-solutions>

<http://www.fao.org/3/CA0146EN/ca0146en.pdf>

<https://ehjournal.biomedcentral.com/articles/10.1186/s12940-018-0442-6>

² <https://ir.pilgrims.com/static-files/e3600306-6cfa-4e6e-bae6-30bd760a13c5>

³ Ibid.

⁴ <https://www.epa.gov/toxics-release-inventory-tri-program/tri-basic-data-files-calendar-years-1987-2017>

⁵ <https://www.opb.org/news/article/washington-dairy-pollution-reg/>

<https://www.environmentalintegrity.org/wp-content/uploads/2017/02/Shenandoah-Report.pdf>

<https://www.jsonline.com/story/news/politics/2017/01/07/state-wants-jump-start-manure-project/96212456/>

<https://www.nytimes.com/2018/07/09/us/algae-blooms-florida-nyt.html>

<https://www.flgov.com/wp-content/uploads/2019/01/EO-19-12-.pdf>

⁶ <https://www.congress.gov/bill/116th-congress/senate-bill/3221/text>

⁷ <https://www.tysonsustainability.com/environment/land-stewardship>

⁸ <https://ir.sandersonfarms.com/static-files/a11fcbd2-9dc4-441a-ae92-8258d316280d>

Additionally, many of Pilgrim's largest customers increasingly expect their meat suppliers to improve mitigation of pollution streams.⁹ Failing to address this risk may harm Pilgrim's position as a competitive supplier.

Pilgrim's is working to reduce the *quantity* of the water it uses and has a policy requiring "vendors" to comply with applicable environmental laws and regulations, encouraging them to "use best efforts to meet industry best practices and standards and responsibly manage the environmental impact of their operations."¹⁰ However, neither Pilgrim's disclosures nor its policies specifically address the primary drivers of the company's water pollution footprint, including manure from contracted facilities and nutrient runoff from feed crops. Pilgrim's disclosures lack sufficient detail to assure investors that it is adequately managing the risks associated with water pollution within its supply chain.

RESOLVED: Shareholders of Pilgrim's Pride Corporation request a report assessing if and how the company plans to increase the scale, pace, and rigor of its efforts to reduce water pollution from its supply chain. This report should omit proprietary information, be prepared at reasonable cost, and be made available to shareholders by December 1, 2021.

Supporting statement:

Although we defer to management for the precise contents, investors believe that meaningful disclosure within the report could include:

- requirements for manure management practices intended to prevent water pollution
- requirements for leading practices for nutrient management and pollutant limits throughout contract farms and feed suppliers, with a focus on verifiably reducing nitrate contamination
- plans to verify suppliers' compliance with Pilgrim's policies

⁹ <https://www.walmartsustainabilityhub.com/project-gigaton/agriculture>

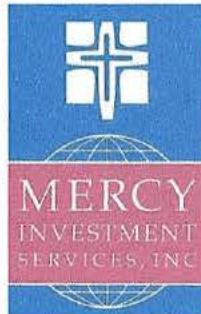
<https://www.tescopl.com/sustainability/planet/agriculture/>

<https://corporate.mcdonalds.com/corpmc/scale-for-good/our-planet/protecting-water-resources.html>

<https://www.yum.com/wps/wcm/connect/yumbrands/badc9774-4800-4f50-93f2-c81344c279d9/2020-Water-Security-090420.pdf?MOD=AJPERES&CVID=nhk.fal>

¹⁰ <https://sustainability.pilgrims.com/stories/supplier-code-of-conduct/>

EXHIBIT B



November 13, 2020

Corporate Secretary
Pilgrim's Pride Corporation
1770 Promontory Circle
Greeley, CO 80634-9038

Dear Sir or Madam:

Mercy Investment Services, Inc. ("Mercy"), as the investment program of the Sisters of Mercy of the Americas, has long been concerned not only with the financial returns of its investments, but also with their social and ethical implications. We believe that a demonstrated corporate responsibility in matters of the environment, and social and governance concerns fosters long-term business success. Mercy Investment Services, Inc., a long-term investor, is currently the beneficial owner of shares of Pilgrim's Pride Corporation.

Mercy is serving as the lead filer on the proposal requesting a report assessing if and how the company plans to increase the scale, pace, and rigor of its efforts to reduce water pollution from its supply chain. This report should omit proprietary information, be prepared at reasonable cost, and be made available to shareholders by December 1, 2021.

Mercy is filing the enclosed proposal for inclusion in the 2021 proxy statement, in accordance with Rule 14a-8 of the General Rules and Regulations of the Securities Exchange Act of 1934. Mercy has been a shareholder continuously for more than one year holding at least \$2,000 in market value, and will continue to invest in at least the requisite number of shares for proxy proposals through the annual shareholders' meeting. A representative of the filers will attend the Annual Meeting to move the proposal as required by SEC rules. The verification of ownership by our custodian, a DTC participant, is enclosed with this letter. We respectfully request direct communications from Pilgrim's Pride Corporation, and to have our supporting statement and organization name included in the proxy statement.

We look forward to having productive conversations with the company. Please respond to me via the information below.

Best regards,

A handwritten signature in blue ink that appears to read "Mary Minette".

Mary Minette
Director of Shareholder Advocacy
703-507-9651
mminette@mercyinvestments.org

WHEREAS:

Meat production is the leading source of water pollution in the U.S., exposing 5.6 million Americans to nitrates in drinking water and many more to toxic algal blooms.¹

The cultivation of feed ingredients for the 45 million chickens² produced weekly by Pilgrim's is a significant source of water pollution due to nitrates and phosphates washing off fields if improperly managed. Manure from over 4,900 poultry farms supplying Pilgrim's³ may contain nutrients, antibiotic-resistant bacteria, and pathogens which can pollute adjacent waterways, endangering public health and the environment. Pilgrim's is therefore vulnerable to regulatory actions designed to mitigate these pollution streams.

Several states where Pilgrim's has processing operations⁴ have tightened requirements related to nutrient management plans, manure disposal, field application of manure, and groundwater monitoring for animal agriculture.⁵ At the federal level, the Farm System Reform Act would pose significant operational challenges to vertically integrated meat processors. Introduced in May 2020, the law is largely motivated by concerns pertaining to the health and environmental externalities associated with meat production.⁶

Pilgrim's disclosures and policies lag those of its peers. Tyson Foods has committed to support improved fertilizer practices on two million acres of corn.⁷ Sanderson Farms now uses SASB standards to report its plans to manage risks specifically associated with supply chain water pollution.⁸ Sanderson's disclosure renders Pilgrim's the sole remaining large, publicly-traded poultry processor failing to report to shareholders how it intends to manage these risks.

¹ <https://www.epa.gov/nutrientpollution/sources-and-solutions>
<http://www.fao.org/3/CA0146EN/ca0146en.pdf>

<https://ehjournal.biomedcentral.com/articles/10.1186/s12940-018-0442-6>

² <https://ir.pilgrims.com/static-files/c3600306-6cfa-4e6e-bae6-30bd760a13c5>

³ Ibid.

⁴ <https://www.epa.gov/toxics-release-inventory-tri-program/tri-basic-data-files-calendar-years-1987-2017>

⁵ <https://www.opb.org/news/article/washington-dairy-pollution-reg/>
<https://www.environmentalintegrity.org/wp-content/uploads/2017/02/Shenandoah-Report.pdf>

<https://www.jsonline.com/story/news/politics/2017/01/07/state-wants-jump-start-manure-project/96212456/>

<https://www.nytimes.com/2018/07/09/us/algae-blooms-florida-nyt.html>

<https://www.flgov.com/wp-content/uploads/2019/01/EO-19-12-.pdf>

⁶ <https://www.congress.gov/bill/116th-congress/senate-bill/3221/text>

⁷ <https://www.tysonsustainability.com/environment/land-stewardship>

⁸ <https://ir.sandersonfarms.com/static-files/a11fcfd2-9dc4-441a-ae92-8258d316280d>

Additionally, many of Pilgrim's largest customers increasingly expect their meat suppliers to improve mitigation of these pollution streams.⁹ Failing to address this risk may therefore harm Pilgrim's position as a competitive supplier.

Pilgrim's is working to reduce the *quantity* of the water it uses and has a policy requiring "vendors" to comply with applicable environmental laws and regulations, encouraging them to "use best efforts to meet industry best practices and standards and responsibly manage the environmental impact of their operations."¹⁰ However, neither Pilgrim's disclosures nor its policies specifically address the primary drivers of the company's water pollution footprint, including manure from contracted facilities and nutrient runoff from feed crops. Pilgrim's disclosures therefore lack sufficient detail to assure investors that it is adequately managing the risks associated with water pollution within its supply chain.

RESOLVED: Shareholders of Pilgrim's Pride Corporation request a report assessing if and how the company plans to increase the scale, pace, and rigor of its efforts to reduce water pollution from its supply chain. This report should omit proprietary information, be prepared at reasonable cost, and be made available to shareholders by December 1, 2021.

Supporting statement:

Although we defer to management for the precise contents, investors believe that meaningful disclosure within the report could include:

- requirements for manure management practices intended to prevent water pollution
- requirements for leading practices for nutrient management and pollutant limits throughout contract farms and feed suppliers, with a focus on verifiably reducing nitrate contamination
- plans to verify suppliers' compliance with Pilgrim's policies

⁹ <https://www.walmartsustainabilityhub.com/project-gigaton/agriculture>
<https://www.tescopl.com/sustainability/planet/agriculture/>
<https://corporate.mcdonalds.com/corpmcid/scale-for-good/our-planet/protecting-water-resources.html>
<https://www.yum.com/wps/wcm/connect/yumbrands/badc9774-4800-4f50-93f2-c81344c279d9/2020-Water-Security-090420.pdf?MOD=AJPERES&CVID=nhk.fal>

¹⁰ <https://sustainability.pilgrims.com/stories/supplier-code-of-conduct/>



November 13, 2020

Corporate Secretary
Pilgrim's Pride Corporation
1770 Promontory Circle
Greeley, CO 80634-9038

Re: Mercy Investment Services Inc.,

Dear Corporate Secretary,

This letter will certify that as of November 13, 2020, Northern Trust held for the beneficial interest of Mercy Investment Services Inc., 311 shares of Pilgrim's Pride Corporation. We confirm that Mercy Investment Services Inc., has beneficial ownership of at least \$2,000 in market value of the voting securities of Pilgrim's Pride Corporation, and that such beneficial ownership has existed continuously for at least one year including a one year period preceding and including November 13, 2020, in accordance with rule 14a-8 of the Securities Exchange Act of 1934. Further, it is Mercy Investment Services, intent to hold at least \$2,000 in market value through the next annual meeting.

Please be advised, Northern Trust is a DTC Participant, whose DTC number is 2669.

If you have any questions, please feel free to give me a call.

Sincerely,

A handwritten signature in black ink that appears to read "Jennifer W. Beattie".

Jennifer W. Beattie
Senior Vice President
312-630-6041

From: [REDACTED] [@pilgrims.com>](mailto:@pilgrims.com)
Sent: Thursday, November 19, 2020 3:59 PM
To: mminette@mercyinvestments.org
Cc: [REDACTED] [@jbssa.com>](mailto:@jbssa.com)
Subject: Deficiency in Proposal

Mary,

I hope you are well. Attached please find the letter explaining the deficiency and an article on rule 14a-8 we had sent you via Fedex.

Please let me know if you have further questions.

Thanks.



[REDACTED]
Pilgrim's Pride Corporation
[REDACTED]
[REDACTED] @pilgrims.com

O: [REDACTED]
C: [REDACTED]
www.pilgrims.com
1770 Promontory Circle
Greeley, CO 80634

Disclaimer

The information transmitted is intended only for the person or entity to which it is addressed and may contain confidential and/or privileged material. Any review, retransmission, dissemination or other use of, or taking of any action in reliance upon this information by persons or entities other than the intended recipient is prohibited. If you received this in error, please contact the sender and delete the material from any computer. This email has been checked for viruses. However, JBS USA Food Company and its constituent companies cannot accept responsibility for loss or damages arising from use of this email or attachments and we recommend that you subject these to your virus checking procedures prior to use.



November [18], 2020

VIA EMAIL

Mercy Investment Services, Inc.
2039 North Geyer Road
Saint Louis, Missouri 63131
mminette@mercyinvestments.org

Attn: Mary Minette, Director of Shareholder Advocacy
Re: Pilgrim's Pride Corporation Rule 14a-8 Proposal

Dear Ms. Minette,

Reference is made to your letter (the "Letter") including the shareholder proposal addressed to Pilgrim's Pride Corporation (the "Company," "we" or "us") received by the Company on November 16, 2020.

The Letter contains a deficiency that Rule 14a-8 under the Securities Exchange Act of 1934 ("Rule 14a-8") requires us to bring to your attention. Rule 14a-8(d) under the Exchange Act requires that any shareholder proposal, including any accompanying supporting statement, not exceed 500 words. Your proposal, including the supporting statement, exceeds this limit. In reaching this conclusion, we have counted full numbers (and not individual digits) and URLs as words and have counted hyphenated terms as multiple words. Titles and introductory statements in the proposal were not counted as words. To remedy this defect, you must revise the proposal so it does not exceed 500 words. For your convenience, we have attached to this letter a copy of Rule 14a-8 as it applies to proposals submitted for our 2021 annual meeting of shareholders (not including recent amendments which are inapplicable).

If you fail to adequately correct this deficiency no later than 14 calendar days from the date you receive this notification, the Company may exclude your proposal from its proxy materials for the upcoming annual meeting of shareholders. Your response must be postmarked or transmitted electronically no later than such 14th calendar day noted above.

Please do not hesitate to contact me if you have any questions regarding the foregoing.

Sincerely,

Pilgrim's Pride Corporation

Enclosure

tel [REDACTED]
fax [REDACTED]
www.pilgrims.com

ELECTRONIC CODE OF FEDERAL REGULATIONS

e-CFR data is current as of November 16, 2020

Title 17 → Chapter II → Part 240 → §240.14a-8

Title 17: Commodity and Securities Exchanges

PART 240—GENERAL RULES AND REGULATIONS, SECURITIES EXCHANGE ACT OF 1934

§240.14a-8 Shareholder proposals.

Link to an amendment published at 85 FR 70294, Nov. 4, 2020.

This section addresses when a company must include a shareholder's proposal in its proxy statement and identify the proposal in its form of proxy when the company holds an annual or special meeting of shareholders. In summary, in order to have your shareholder proposal included on a company's proxy card, and included along with any supporting statement in its proxy statement, you must be eligible and follow certain procedures. Under a few specific circumstances, the company is permitted to exclude your proposal, but only after submitting its reasons to the Commission. We structured this section in a question-and-answer format so that it is easier to understand. The references to "you" are to a shareholder seeking to submit the proposal.

(a) *Question 1:* What is a proposal? A shareholder proposal is your recommendation or requirement that the company and/or its board of directors take action, which you intend to present at a meeting of the company's shareholders. Your proposal should state as clearly as possible the course of action that you believe the company should follow. If your proposal is placed on the company's proxy card, the company must also provide in the form of proxy means for shareholders to specify by boxes a choice between approval or disapproval, or abstention. Unless otherwise indicated, the word "proposal" as used in this section refers both to your proposal, and to your corresponding statement in support of your proposal (if any).

(b) *Question 2:* Who is eligible to submit a proposal, and how do I demonstrate to the company that I am eligible? (1) In order to be eligible to submit a proposal, you must have continuously held at least \$2,000 in market value, or 1%, of the company's securities entitled to be voted on the proposal at the meeting for at least one year by the date you submit the proposal. You must continue to hold those securities through the date of the meeting.

(2) If you are the registered holder of your securities, which means that your name appears in the company's records as a shareholder, the company can verify your eligibility on its own, although you will still have to provide the company with a written statement that you intend to continue to hold the securities through the date of the meeting of shareholders.

However, if like many shareholders you are not a registered holder, the company likely does not know that you are a shareholder, or how many shares you own. In this case, at the time you submit your proposal, you must prove your eligibility to the company in one of two ways:

(i) The first way is to submit to the company a written statement from the "record" holder of your securities (usually a broker or bank) verifying that, at the time you submitted your proposal, you continuously held the securities for at least one year. You must also include your own written statement that you intend to continue to hold the securities through the date of the meeting of shareholders; or

(ii) The second way to prove ownership applies only if you have filed a Schedule 13D (§240.13d-101), Schedule 13G (§240.13d-102), Form 3 (§249.103 of this chapter), Form 4 (§249.104 of this chapter) and/or Form 5 (§249.105 of this chapter), or amendments to those documents or updated forms, reflecting your ownership of the shares as of or before the date on which the one-year eligibility period begins. If you have filed one of these documents with the SEC, you may demonstrate your eligibility by submitting to the company:

(A) A copy of the schedule and/or form, and any subsequent amendments reporting a change in your ownership level;

(B) Your written statement that you continuously held the required number of shares for the one-year period as of the date of the statement; and

(C) Your written statement that you intend to continue ownership of the shares through the date of the company's annual or special meeting.

(c) *Question 3:* How many proposals may I submit? Each shareholder may submit no more than one proposal to a company for a particular shareholders' meeting.

(d) *Question 4:* How long can my proposal be? The proposal, including any accompanying supporting statement, may not exceed 500 words.

(e) *Question 5:* What is the deadline for submitting a proposal? (1) If you are submitting your proposal for the company's annual meeting, you can in most cases find the deadline in last year's proxy statement. However, if the company did not hold an annual meeting last year, or has changed the date of its meeting for this year more than 30 days from last year's meeting, you can usually find the deadline in one of the company's quarterly reports on Form 10-Q (§249.308a of this chapter), or in shareholder reports of investment companies under §270.30d-1 of this chapter of the Investment Company Act of 1940. In order to avoid controversy, shareholders should submit their proposals by means, including electronic means, that permit them to prove the date of delivery.

(2) The deadline is calculated in the following manner if the proposal is submitted for a regularly scheduled annual meeting. The proposal must be received at the company's principal executive offices not less than 120 calendar days before the date of the company's proxy statement released to shareholders in connection with the previous year's annual meeting. However, if the company did not hold an annual meeting the previous year, or if the date of this year's annual meeting has been changed by more than 30 days from the date of

the previous year's meeting, then the deadline is a reasonable time before the company begins to print and send its proxy materials.

(3) If you are submitting your proposal for a meeting of shareholders other than a regularly scheduled annual meeting, the deadline is a reasonable time before the company begins to print and send its proxy materials.

(f) *Question 6:* What if I fail to follow one of the eligibility or procedural requirements explained in answers to Questions 1 through 4 of this section? (1) The company may exclude your proposal, but only after it has notified you of the problem, and you have failed adequately to correct it. Within 14 calendar days of receiving your proposal, the company must notify you in writing of any procedural or eligibility deficiencies, as well as of the time frame for your response. Your response must be postmarked, or transmitted electronically, no later than 14 days from the date you received the company's notification. A company need not provide you such notice of a deficiency if the deficiency cannot be remedied, such as if you fail to submit a proposal by the company's properly determined deadline. If the company intends to exclude the proposal, it will later have to make a submission under §240.14a-8 and provide you with a copy under Question 10 below, §240.14a-8(j).

(2) If you fail in your promise to hold the required number of securities through the date of the meeting of shareholders, then the company will be permitted to exclude all of your proposals from its proxy materials for any meeting held in the following two calendar years.

(g) *Question 7:* Who has the burden of persuading the Commission or its staff that my proposal can be excluded? Except as otherwise noted, the burden is on the company to demonstrate that it is entitled to exclude a proposal.

(h) *Question 8:* Must I appear personally at the shareholders' meeting to present the proposal? (1) Either you, or your representative who is qualified under state law to present the proposal on your behalf, must attend the meeting to present the proposal. Whether you attend the meeting yourself or send a qualified representative to the meeting in your place, you should make sure that you, or your representative, follow the proper state law procedures for attending the meeting and/or presenting your proposal.

(2) If the company holds its shareholder meeting in whole or in part via electronic media, and the company permits you or your representative to present your proposal via such media, then you may appear through electronic media rather than traveling to the meeting to appear in person.

(3) If you or your qualified representative fail to appear and present the proposal, without good cause, the company will be permitted to exclude all of your proposals from its proxy materials for any meetings held in the following two calendar years.

(i) *Question 9:* If I have complied with the procedural requirements, on what other bases may a company rely to exclude my proposal? (1) Improper under state law: If the proposal is not a proper subject for action by shareholders under the laws of the jurisdiction of the company's organization;

NOTE TO PARAGRAPH (i)(1): Depending on the subject matter, some proposals are not considered proper under state law if they would be binding on the company if approved by shareholders. In our experience, most proposals that are cast as recommendations or requests that the board of directors take specified action are proper under state law. Accordingly, we will assume that a proposal drafted as a recommendation or suggestion is proper unless the company demonstrates otherwise.

(2) *Violation of law*: If the proposal would, if implemented, cause the company to violate any state, federal, or foreign law to which it is subject;

NOTE TO PARAGRAPH (i)(2): We will not apply this basis for exclusion to permit exclusion of a proposal on grounds that it would violate foreign law if compliance with the foreign law would result in a violation of any state or federal law.

(3) *Violation of proxy rules*: If the proposal or supporting statement is contrary to any of the Commission's proxy rules, including §240.14a-9, which prohibits materially false or misleading statements in proxy soliciting materials;

(4) *Personal grievance; special interest*: If the proposal relates to the redress of a personal claim or grievance against the company or any other person, or if it is designed to result in a benefit to you, or to further a personal interest, which is not shared by the other shareholders at large;

(5) *Relevance*: If the proposal relates to operations which account for less than 5 percent of the company's total assets at the end of its most recent fiscal year, and for less than 5 percent of its net earnings and gross sales for its most recent fiscal year, and is not otherwise significantly related to the company's business;

(6) *Absence of power/authority*: If the company would lack the power or authority to implement the proposal;

(7) *Management functions*: If the proposal deals with a matter relating to the company's ordinary business operations;

(8) *Director elections*: If the proposal:

(i) Would disqualify a nominee who is standing for election;

(ii) Would remove a director from office before his or her term expired;

(iii) Questions the competence, business judgment, or character of one or more nominees or directors;

(iv) Seeks to include a specific individual in the company's proxy materials for election to the board of directors; or

(v) Otherwise could affect the outcome of the upcoming election of directors.

(9) *Conflicts with company's proposal*: If the proposal directly conflicts with one of the company's own proposals to be submitted to shareholders at the same meeting;

NOTE TO PARAGRAPH (i)(9): A company's submission to the Commission under this section should specify the points of conflict with the company's proposal.

(10) *Substantially implemented*: If the company has already substantially implemented the proposal;

NOTE TO PARAGRAPH (i)(10): A company may exclude a shareholder proposal that would provide an advisory vote or seek future advisory votes to approve the compensation of executives as disclosed pursuant to Item 402 of Regulation S-K (§229.402 of this chapter) or any successor to Item 402 (a "say-on-pay vote") or that relates to the frequency of say-on-pay votes, provided that in the most recent shareholder vote required by §240.14a-21(b) of this chapter a single year (*i.e.*, one, two, or three years) received approval of a majority of votes cast on the matter and the company has adopted a policy on the frequency of say-on-pay votes that is consistent with the choice of the majority of votes cast in the most recent shareholder vote required by §240.14a-21(b) of this chapter.

(11) *Duplication*: If the proposal substantially duplicates another proposal previously submitted to the company by another proponent that will be included in the company's proxy materials for the same meeting;

(12) *Resubmissions*: If the proposal deals with substantially the same subject matter as another proposal or proposals that has or have been previously included in the company's proxy materials within the preceding 5 calendar years, a company may exclude it from its proxy materials for any meeting held within 3 calendar years of the last time it was included if the proposal received:

(i) Less than 3% of the vote if proposed once within the preceding 5 calendar years;

(ii) Less than 6% of the vote on its last submission to shareholders if proposed twice previously within the preceding 5 calendar years; or

(iii) Less than 10% of the vote on its last submission to shareholders if proposed three times or more previously within the preceding 5 calendar years; and

(13) *Specific amount of dividends*: If the proposal relates to specific amounts of cash or stock dividends.

(j) *Question 10*: What procedures must the company follow if it intends to exclude my proposal? (1) If the company intends to exclude a proposal from its proxy materials, it must file its reasons with the Commission no later than 80 calendar days before it files its definitive proxy statement and form of proxy with the Commission. The company must simultaneously provide you with a copy of its submission. The Commission staff may permit the company to make its submission later than 80 days before the company files its definitive proxy statement and form of proxy, if the company demonstrates good cause for missing the deadline.

(2) The company must file six paper copies of the following:

(i) The proposal;

- (ii) An explanation of why the company believes that it may exclude the proposal, which should, if possible, refer to the most recent applicable authority, such as prior Division letters issued under the rule; and
- (iii) A supporting opinion of counsel when such reasons are based on matters of state or foreign law.

(k) *Question 11:* May I submit my own statement to the Commission responding to the company's arguments?

Yes, you may submit a response, but it is not required. You should try to submit any response to us, with a copy to the company, as soon as possible after the company makes its submission. This way, the Commission staff will have time to consider fully your submission before it issues its response. You should submit six paper copies of your response.

(l) *Question 12:* If the company includes my shareholder proposal in its proxy materials, what information about me must it include along with the proposal itself?

(1) The company's proxy statement must include your name and address, as well as the number of the company's voting securities that you hold. However, instead of providing that information, the company may instead include a statement that it will provide the information to shareholders promptly upon receiving an oral or written request.

(2) The company is not responsible for the contents of your proposal or supporting statement.

(m) *Question 13:* What can I do if the company includes in its proxy statement reasons why it believes shareholders should not vote in favor of my proposal, and I disagree with some of its statements?

(1) The company may elect to include in its proxy statement reasons why it believes shareholders should vote against your proposal. The company is allowed to make arguments reflecting its own point of view, just as you may express your own point of view in your proposal's supporting statement

(2) However, if you believe that the company's opposition to your proposal contains materially false or misleading statements that may violate our anti fraud rule, §240 14a 9, you should promptly send to the Commission staff and the company a letter explaining the reasons for your view, along with a copy of the company's statements opposing your proposal. To the extent possible, your letter should include specific factual information demonstrating the inaccuracy of the company's claims. Time permitting, you may wish to try to work out your differences with the company by yourself before contacting the Commission staff.

(3) We require the company to send you a copy of its statements opposing your proposal before it sends its proxy materials, so that you may bring to our attention any materially false or misleading statements, under the following timeframes:

(i) If our no-action response requires that you make revisions to your proposal or supporting statement as a condition to requiring the company to include it in its proxy materials, then the company must provide you with a copy of its opposition statements no later than 5 calendar days after the company receives a copy of your revised proposal; or

(ii) In all other cases, the company must provide you with a copy of its opposition statements no later than 30 calendar days before its files definitive copies of its proxy statement and form of proxy under §240.14a-6.

[63 FR 29119, May 28, 1998; 63 FR 50622, 50623, Sept. 22, 1998, as amended at 72 FR 4168, Jan. 29, 2007; 72 FR 70456, Dec. 11, 2007; 73 FR 977, Jan. 4, 2008; 76 FR 6045, Feb. 2, 2011; 75 FR 56782, Sept. 16, 2010]

Need assistance?

Mary Minette [<mailto:mminette@Mercyinvestments.org>]
Sent: Thursday, November 19, 2020 15:25
To: [REDACTED] [@pilgrims.com>
Cc: \[REDACTED\] \[@jbssa.com>
Subject: \\[Ext\\]- RE: Deficiency in Proposal\]\(mailto:@jbssa.com\)](mailto:@pilgrims.com)

Use caution before opening attachments or links!

Dear [REDACTED],

Thank you for your letter. We have revised the proposal and believe it now meets the word limit in Rule 14a-8. The new proposal is attached; please let me know if you need a mailed copy of the new proposal and our letter or if anything further is needed to remedy the deficiency.

Please also let me know if any co-filers will need to re-submit the new version of the proposal. Thanks very much,
Mary

Mary Minette
Director of Shareholder Advocacy
Mercy Investment Services
703-507-9651



ADRIAN DOMINICAN SISTERS
1257 East Siena Heights Drive
Adrian, Michigan 49221-1793
517-266-3400 Phone
517-266-3524 Fax

Portfolio Advisory Board

November 19, 2020

Corporate Secretary
Pilgrim's Pride Corporation
1770 Promontory Circle
Greeley, CO 80634-9038

Dear Sir or Madam:

The Portfolio Advisory Board for the Adrian Dominican Sisters has long been concerned not only with the financial returns of its investments, but also with the social and ethical implications of its investments. We believe that a demonstrated corporate responsibility in matters of the environment, social and governance concerns fosters long-term business success. The Adrian Dominican Sisters, a long-term investor, are currently the beneficial owner of shares of Pilgrim's Pride Corporation.

The enclosed resolution requests a report assessing if and how the company plans to increase the scale, pace, and rigor of its efforts to reduce water pollution from its supply chain.

The Adrian Dominican Sisters are co-filing the enclosed shareholder proposal with lead filer, Mercy Investment Services, for inclusion in the 2021 proxy statement, in accordance with Rule 14a-8 of the General Rules and Regulations of the Securities Exchange Act of 1934. We have been a shareholder continuously for over a year and will continue to hold at least these shares through the annual shareholders' meeting. The verification of ownership by our custodian, a DTC participant, is enclosed. Mercy Investment Services may withdraw the proposal on our behalf. We respectfully request direct communications from Pilgrim's Pride, and to have our supporting statement and organization name included in the proxy statement.

We look forward to having productive conversations with the company. Please direct all future correspondence, including an email acknowledgement of receipt of this letter and resolution, to Mary Minette, representative of the Adrian Dominican Sisters, email: mminette@mercyinvestments.org; phone: 703-507-9651; address: 2039 No. Geyer Rd., St. Louis, MO 63131.

Best regards,

Frances Nadolny, OP

Frances Nadolny
OP Administrator
Adrian Dominican Sisters
www.pab.adriandominicans.org

WHEREAS:

Meat production is the leading source of water pollution in the U.S., exposing 5.6 million Americans to nitrates in drinking water and toxic algal blooms.¹

Cultivation of feed ingredients for the 45 million chickens² produced weekly by Pilgrim's is a source of water pollution from fertilizer washing off fields if improperly managed. Manure from over 4,900 poultry farms supplying Pilgrim's³ may contain nutrients, antibiotic-resistant bacteria, and pathogens which can pollute waterways, endangering public health and the environment. Pilgrim's is therefore vulnerable to regulatory actions to mitigate these pollution streams.

Several states where Pilgrim's has processing operations⁴ have tightened requirements related to nutrient management, manure disposal, field application of manure, and groundwater monitoring for animal agriculture.⁵ At the federal level, the Farm System Reform Act would pose significant operational challenges to vertically integrated meat processors. Introduced in May 2020, the law is motivated by concerns pertaining to the health and environmental externalities associated with meat production.⁶

Pilgrim's disclosures and policies lag those of its peers. Tyson Foods has committed to support improved fertilizer practices on two million acres of corn.⁷ Sanderson Farms now uses SASB standards to report its plans to manage risks specifically associated with supply chain water pollution.⁸ Sanderson's disclosure renders Pilgrim's the sole remaining large, publicly-traded poultry processor failing to report to shareholders how it intends to manage these risks.

¹ <https://www.epa.gov/nutrientpollution/sources-and-solutions>

<http://www.fao.org/3/CA0146EN/ca0146en.pdf>

<https://ehjournal.biomedcentral.com/articles/10.1186/s12940-018-0442-6>

² <https://ir.pilgrims.com/static-files/e3600306-6cfa-4e6e-bae6-30bd760a13c5>

³ Ibid.

⁴ <https://www.epa.gov/toxics-release-inventory-tri-program/tri-basic-data-files-calendar-years-1987-2017>

⁵ <https://www.opb.org/news/article/washington-dairy-pollution-reg/>

<https://www.environmentalintegrity.org/wp-content/uploads/2017/02/Shenandoah-Report.pdf>

<https://www.jsonline.com/story/news/politics/2017/01/07/state-wants-jump-start-manure-project/96212456/>

<https://www.nytimes.com/2018/07/09/us/algae-blooms-florida-nyt.html>

<https://www.flgov.com/wp-content/uploads/2019/01/EO-19-12-.pdf>

⁶ <https://www.congress.gov/bill/116th-congress/senate-bill/3221/text>

⁷ <https://www.tysonsustainability.com/environment/land-stewardship>

⁸ <https://ir.sandersonfarms.com/static-files/a11fcbd2-9dc4-441a-ae92-8258d316280d>

Additionally, many of Pilgrim's largest customers increasingly expect their meat suppliers to improve mitigation of pollution streams.⁹ Failing to address this risk may harm Pilgrim's position as a competitive supplier.

Pilgrim's is working to reduce the *quantity* of the water it uses and has a policy requiring "vendors" to comply with applicable environmental laws and regulations, encouraging them to "use best efforts to meet industry best practices and standards and responsibly manage the environmental impact of their operations."¹⁰ However, neither Pilgrim's disclosures nor its policies specifically address the primary drivers of the company's water pollution footprint, including manure from contracted facilities and nutrient runoff from feed crops. Pilgrim's disclosures lack sufficient detail to assure investors that it is adequately managing the risks associated with water pollution within its supply chain.

RESOLVED: Shareholders of Pilgrim's Pride Corporation request a report assessing if and how the company plans to increase the scale, pace, and rigor of its efforts to reduce water pollution from its supply chain. This report should omit proprietary information, be prepared at reasonable cost, and be made available to shareholders by December 1, 2021.

Supporting statement:

Although we defer to management for the precise contents, investors believe that meaningful disclosure within the report could include:

- requirements for manure management practices intended to prevent water pollution
- requirements for leading practices for nutrient management and pollutant limits throughout contract farms and feed suppliers, with a focus on verifiably reducing nitrate contamination
- plans to verify suppliers' compliance with Pilgrim's policies

⁹ <https://www.walmartsustainabilityhub.com/project-gigaton/agriculture>
<https://www.tescopl.com/sustainability/planet/agriculture/>
<https://corporate.mcdonalds.com/corpmcd/scale-for-good/our-planet/protecting-water-resources.html>
<https://www.yum.com/wps/wcm/connect/yumbrands/badc9774-4800-4f50-93f2-c81344c279d9/2020-Water-Security-090420.pdf?MOD=AJPERES&CVID=nhk.faI>

¹⁰ <https://sustainability.pilgrims.com/stories/supplier-code-of-conduct/>

November 19, 2020

Corporate Secretary
Pilgrim's Pride Corporation
1770 Promontory Circle
Greeley, CO 80634-9038

RE: Adrian Dominican Sisters Account at Comerica

Dear Sir/Madam,

Regarding the request for verification of holdings, the above referenced account currently holds 212.00 units of Pilgrims Pride Corporation common stock.

The attached tax lot detail indicates the date the stock was acquired.

Also, please note that Comerica, Inc is a DTC participant.

Please do not hesitate to contact me with any questions.

Sincerely,



Beverly V. Jones
Senior Trust Analyst
Comerica Bank
411 W. Lafayette Boulevard
MC 3462
Detroit, Michigan 48226
P: 313.222.9874
Bvjones@comerica.com
