JBS is the world's largest food company, its largest meat processor, and thereby one of the largest emitters of greenhouse gases. With over 500 facilities in more than 20 countries, JBS occupies a singular position in its industry. The company has been rapidly expanding over the past decade, buying up rivals and increasing its share of the supply chain. It now has over 250,000 employees globally, and its customers include well known restaurant and grocery chains such as Burger King, McDonald's, Tesco, Carrefour and Walmart.

As society has become increasingly aware of and sensitized to the devastating effects of climate change, major greenhouse gas emitters, including JBS, have made public commitments to disclose, limit and eventually reduce their emissions. JBS now tells the public, including prospective investors, that "In 2021, we established one of the most important commitments in our history: to be Net Zero by 2040."[1] In announcing its intention to issue debt tied to this commitment, the company asserted that it had become "the first major global meat and poultry company to commit to achieve net-zero greenhouse gas emissions by 2040."[2]

The company's claims and assurances are front and center in their communications with investors, which also tout various "sustainability" initiatives. The company summarizes its current posture with regard to the environment as follows: "In 2021, we at JBS…reinforced our commitment to…protecting the planet."[3] And in presentations to investors, it points to efforts at "decarbonization of the cattle supply chain" and flaunts the fact that JBS has been "acknowledged as a company committed to the best greenhouse gas emission management practices."[4]

Long a participant in the U.S. capital markets, JBS in 2021 alone issued approximately $3.2 billion in four separate debt issuances of what were colloquially known as "green" bonds, or as the company refers to them, "debt issuances linked to JBS sustainability targets" or more simply, Sustainability-Linked Bonds, or "SLBs."[5] As their name indicates, these bonds were accompanied by offering documents that contained claims about the company's commitment to environmental sustainability and net zero in its entire value chain by 2040. In explaining the rationale for how it positioned these issuances, JBS claimed that the issuance "demonstrates its commitment to being

[1] JBS Institutional Presentation Including 4Q21 and 2021 Results, available at: https://api.mziq.com/mzfilemanager-/v2/d/043a77e1-0127-4502-bc5b-21427b991b22/89617df2-cf31-77d8-d102-c2dee83873fb?origin=1, March 22, 2022, at p.20, attached as Exhibit A.

[2] JBS Sustainability-Linked Bond Framework, available at: https://api.mziq.com/mzfilemanager/v2/d/043a77e1-0127-4502-bc5b-21427b991b22/7b93baf6-49d3-66ec-916f-db73014a99c3?origin=1, June 2021, at p. 7, attached as Exhibit B.

[3] See Footnote 1, at p. 19.

[4] See Footnote 1, at p. 26.

[5] See Footnote 1, at p. 24.

a positive force in the fight against climate change and hold itself accountable to its public commitments and to society."[6] In response, U.S. investors bought vast amounts of these bonds.[7]

But there was a fundamental problem with these sustainability-linked bonds—the representations concerning greenhouse gas emissions that led climate-conscious investors to buy them were false and misleading, and the information it chose to disclose concerning its animal slaughter totals omits material information that investors need in order to evaluate the truth of its emissions-related claims.

The UN Secretary-General António Guterres has recently explained this phenomenon: "Some…business leaders are saying one thing—but doing another. Simply put, they are lying—and the results will be catastrophic."[8]

The nature of JBS's misleading statements is related to how the company's annual greenhouse gas emissions are calculated. Today we are submitting a series of documents explicating the methodological disagreements, but for purposes of our narrative, we will explain the issue in plain English.

As noted above, JBS has committed to the public and to prospective investors that it will be "Net Zero by 2040."[9] The available evidence, however, tells a different story. The company is heading in the opposite direction. Specifically, it appears that instead of JBS's emissions footprint shrinking as it heads toward "net zero," estimates show it has actually *grown* by between 17% and 56%[10] between 2016 and 2021.[11] The actual rate of increase depends on JBS' slaughter capacity utilization rate, which it has not published. In raw numbers, based on the Institute for Agriculture and Trade Policy ("IATP") and Changing Markets Foundation's most recent estimate, JBS's total annual emissions footprint grew to 288 million metric tons CO_2 equivalent during that period - and

[6] See Footnote 2, at p. 9.

[7] According to Bloomberg data, the following U.S. institutional investors are among those holding SLBs issued by JBS and its subsidiaries: Fidelity Investments, Vanguard, BlackRock, JP Morgan, Janus, Prudential, Massachusetts Mutual Life Insurance Co., Franklin Resources, Principal Financial Group, Allstate, Invesco, BNY Mellon, Northwestern Mutual Life Insurance, Mutual of Omaha Insurance Co., Hartford Financial Services Group, Ameriprise, New York Life, Neuberger Berman, Voya, Ameritas and Blackstone.

[8] The UN Secretary-General António Guterres's remarks accompanied the release of the latest report from the Intergovernmental Panel on Climate Change ("IPPC"), April 4, 2022.

[9] JBS Press Release, "JBS Makes Global Commitment to Achieve Net-Zero Emissions by 2040", March 23, 2021, available at: https://jbs.com.br/netzero/en/, attached as Exhibit C.

[10] The Institute of Agriculture and Trade Policy (IATP) say depending on the precise use rate of JBS's slaughterhouses worldwide, which only JBS can confirm, the emissions change between 2016 and 2021 could range between a 17% and 56% increase in emissions.

[11] IATP/Changing Markets (2022) "Emissions Impossible, How emissions from big meat and dairy are heating up the planet", November 2022, available at: https://changingmarkets.org/wp-content/uploads/2022/11/Emissions-Impossible-_Methane-Edition_FINAL-compressed.pdf, November 2022, attached as Exhibit D.

could be as high as an estimated 541 million metric tons CO_2 equivalent, using a Global Warming Potential of 20 years, known as GWP_{20}, to reflect the climate emergency.[12] For perspective, JBS's 2021 estimated total emissions of 288 million metric tons CO_2 equivalent exceed the entire emissions of Spain.[13] JBS's methane emissions—a greenhouse gas that is estimated to have around 80 times more warming potential than CO_2 over a 20-year timespan[14]—are estimated to exceed the combined livestock methane emissions of France, Germany, Canada and New Zealand or compare to 55% of U.S. livestock methane.[15]

The international community has finally reached consensus on the importance of rapidly reducing greenhouse gas emissions if we are to avoid the most catastrophic effects of climate change. That consensus has increased pressure on large-scale emitters, such as JBS, to do their part in the effort to cut its carbon footprint. As such, JBS signed a joint declaration at the COP26 UN Climate Change summit to develop a plan for its industrial sector to align with the goals articulated in the United Nations Paris Agreement, signed in the spring of 2016 and effective later that same year.[16] Shortly thereafter, it began issuing SLBs, which were then snapped up by investors, including those in the U.S.

When it comes to the industrial livestock industry, the primary source of greenhouse gas emissions are the animals in their global supply chain ("Scope 3 emissions"), which account for between 90% and 97% of their emissions footprint.[17] So, all other factors being equal, when the number of animals in the supply chain increases, so too do the emissions. For JBS, those increases in daily processing capacity in 2021 are striking: for beef, JBS now lists 33,450 head per day for JBS Brazil and 42,700 for JBS USA; for pigs, they list 92,600 head per day for JBS USA and 25,300 for JBS Brazil; for chickens, JBS lists 5.1 million birds per day for its subsidiary Seara and 8.8 million birds per day for JBS's Pilgrim's Pride.[18]

For a meat processor such as JBS, total animal slaughter figures are an indispensable component of an honest Scope 3 emissions figure. Despite that factor's central importance, since 2017, the

[12] See Footnote 11, at p.12.

[13] See Footnote 11, at p.12.

[14] Intergovernmental Panel on Climate Change 2013 report, "Climate Change 2013: The Physical Science Basis", at p. 714, available at: https://www.ipcc.ch/report/ar5/wg1/, excerpt attached as Exhibit E.

[15] See Footnote 11, at p.12.

[16] Institute for Agriculture & Trade Policy ("IATP"), "World's Largest Meat Company, JBS, Increases Emissions by 51% in Five Years Despite 2040 Net Zero Climate Target, Continues to Greenwash Its Huge Climate Footprint", available at https://www.iatp.org/media-brief-jbs-increases-emissions-51-percent, April 21, 2022, attached as Exhibit F.

[17] New Climate Institute, Corporate Climate Responsibility Monitor (2022) "Assessing the Transparency and Integrity of Companies' Emission and Net-Zero Targets", available at: https://newclimate.org/sites/default/files/2022/02/CorporateClimateResponsibilityMonitor2022.pdf, February 2022, at p. 84, excerpt attached as Exhibit G.

[18] See Footnote 11, at Annex 1.

company has concealed its actual total animal slaughter numbers. Then, when independent third-party experts have provided estimates that are extrapolated from the data the company does disclose, JBS has vociferously contested those estimates without revealing their actual animal slaughter figures.[19]

In 2016, JBS disclosed in a SEC filing its actual animal slaughter numbers but in every year since then, it has omitted its slaughter numbers in its SEC filings and included only its "Beef processing facilities" or so-called "Operational Platform" for slaughter in its Institutional Presentations, i.e., the maximum head of animals that can be processed in a given period, rather than the actual numbers slaughtered.[20] This change has allowed the company to make evidence-free claims concerning its efforts to meet the "Net Zero by 2040" goal while remaining unaccountable for the true measure of its emissions. JBS's decision to conceal these animal slaughter figures for the past several years means that it is able to mislead and avoid scrutiny by researchers, academics and market analysts. And in terms of its impact on the investing public, it serves to omit material information to which the market is entitled as it evaluates the truth of JBS's emissions-related claims.

Even using the measure that the livestock industry prefers, "emissions intensity,"[21] JBS's increased its emissions per kilo of meat from 2016 through 2021. Though JBS pledged in 2020 to make a 30% cut to its emissions intensity,[22] its own data reveals that in 2021 the company's emissions intensity actually *increased* by 9% between 2019 and 2020, according to figures it submitted to CDP (previously the Carbon Disclosure Project).[23]

In summary, while JBS consistently claims in its public and investor materials that it is on a path to "Net Zero by 2040," there is no evidence of any credible plan to achieve that stated goal. The company has made no commitment to fully measure, disclose or, most importantly, aggressively cut Scope 3 emissions, despite the fact that they represent some 90% to 97% of its climate footprint.[24] Similarly, JBS has announced no target to fully measure, disclose or rapidly cut its methane emissions, which are also a highly significant component of overall greenhouse gas emissions and climate impact. The key Second Party Opinion on JBS's Sustainability-Linked securities concludes that for their Sustainability Performance Targets there is "No evidence on

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[19] JBS Responds to Report on Emissions, available at https://jbs.com.br/wp-content/uploads/2022/08/-iatp-letter.pdf, attached as Exhibit H.

[20] See: JBS 4Q16 and 2016 Financial Statements, available at https://sec report/otc/financial-report/167764, published March 13, 2017, at p. 21, attached as Exhibit I; see also Footnote 11.

[21] This measure reports the company's emissions per kilo of meat, as opposed to the total greenhouse gas emissions.

[22] JBS Annual Sustainability Report, 2021, available at: https://jbs.com.br/wp-content/uploads/2022/08/-sustainability-in-report-jbs-2021.pdf, p.19, excerpt attached as Exhibit J.

[23] JBS S.A. CDP Climate Change Questionnaire 2021, available at: https://bit.ly/3H8nbnF, see C.4.1b, excerpt attached as Exhibit K.

[24] See Footnote 17.

alignment with Paris Climate Goals",[25] while an assessment of JBS's climate-related plans by the respected *Corporate Climate Responsibility Monitor 2022* concluded: "In their emission disclosure and their net-zero target for 2040 JBS fails to take responsibility for an estimated 97% of its emissions footprint, by neglecting emissions from farms and feedlots that are not owned by JBS and emissions related to deforestation. The company plans to continue growth in a GHG emission-intensive industry; we do not find evidence of any planned deep decarbonization measures."[26]

Concerning deforestation and land use change—another major source of greenhouse gas emissions—by JBS's own admission, it will not cease deforestation across its entire global supply chain until 2035.[27] Even this commitment—as weak as it is—contains no accountability mechanism. In fact, the company has refused to immediately halt its role even in illegal deforestation. It now says it can only commit to reaching legal compliance by 2025.[28] Moreover, it is important to note the context of this weak commitment: it is effectively nothing more than a rehash of a deforestation promise JBS made back in 2009 and has failed to honor.

According to JBS's website, the company claims to monitor "100% of its direct cattle suppliers using strict sustainability criteria, including zero tolerance for deforestation, encroachment on indigenous lands or environmental conservation units, forced labor, or the use of areas embargoed by Ibama [Brazilian environmental agency]. The Company's monitoring program includes a daily analysis covering more than 50,000 cattle supplying farms in the Amazon."[29]

The reality of JBS's central role in deforestation—both legal and illegal—has been demonstrated by multiple independent sources. In October 2021, for example, Brazilian federal prosecutors concluded that JBS had purchased over 300,000 cattle from ranches with "irregularities," including illegal deforestation, in the previous year.[30] In November 2021, *The New York Times* reported that JBS cattle production was a driver of illegal deforestation in Brazil.[31] In January 2022, a *Bloomberg* investigation further concluded that JBS was "one of the biggest drivers of Amazon

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[25] ISS ESG (2021) "Second Party Opinion (SPO) Sustainability Quality of the Issuer and Sustainability-Linked Securities", JBS S.A., June 8, 2021, available at: https://bit.ly/3Uq8wr8, attached as Exhibit L.

[26] See Footnote 11.

[27] See Footnote 9.

[28] See Footnote 19.

[29] Page from JBS's website, "JBS will enable monitoring other links of its cattle supply chain in the Amazon by 2025," available at: https://jbs.com.br/en/jbs-news-en/jbs-will-enable-monitoring-other-links-of-its-cattle-supply-chain-in-the-amazon-by-2025/, attached as Exhibit M.

[30] Reuters, "Brazil's JBS bought 301,000 cattle from 'irregular' farms in the Amazon, audit finds," October 7, 2021, available at: https://www reuters.com/business/sustainable-business/brazil-audit-finds-32-jbs-cattle-amazon-state-irregular-farms-2021-10-07/, attached as Exhibit N.

[31] The New York Times, "Tracing the Trail of Amazon Deforestation," November 29, 2021, available at: https://www nytimes.com/2021/11/29/insider/tracing-the-trail-of-amazon-deforestation.html, attached as Exhibit O.

deforestation."[32] Overall, Chain Reaction Research estimate JBS's deforestation footprint since 2008 may be as high as 200,000 hectares in its direct supply chain, and 1.5 million hectares of deforestation in its indirect supply chain.[33] Plainly, JBS has taken few meaningful steps to halt its role in deforestation, and without such steps, any commitment to "Net Zero by 2040" is just "happy talk" meant to assuage a concerned public and to lure investors to purchase its bonds.

Further, while it asserts that it is "producing meat more efficiently," the number of JBS slaughterhouses in the Amazon has doubled since 2009,[34] so its rapid expansion is canceling out any claimed efficiency gains or potential emissions reductions.

Put another way, when JBS discloses its "total emissions" for 2020 as 6.1 million metric tons $C0_2$ equivalent,[35] the figure excludes "Scope 3" emissions from most animals in its supply chain, and the emissions from the deforestation and land use change for which it is responsible, which together make up the vast majority of the company's climate footprint. When other key factors are included, the total emissions figure becomes an estimated 288 million metric tons CO_2 equivalent for 2021 – and this figure does not include Scope 3 emissions from all deforestation and land use change in JBS's global supply chain.[36] So, when JBS talks publicly about its net zero emission trends, including to investors who are looking to reward companies who are working to mitigate climate change, it grossly understates them and misrepresents the direction in which those trends are heading.

Like JBS's refusal to disclose its actual animal slaughter numbers, its decision to elide from its "total emissions" figure those components that comprise the bulk of its emissions has the effect of omitting material information which investors would need to reach informed conclusions concerning the company's claims concerning sustainability and the concrete steps required to meet its "Net zero" pledge.

As explained above, JBS picks and chooses what it will disclose, and to whom, about its greenhouse gas emissions. And when it is challenged on its public claims, it misrepresents the data and claims—without evidence—that its figures have been independently verified. For example, while the company claims that its emissions reductions target was recognized by the Science Based

[32] Bloomberg, "How Big Beef is Fueling the Amazon's Destruction," January 21, 2022, available at: https://www.bloomberg.com/graphics/2022-beef-industry-fueling-amazon-rainforest-destruction-deforestation/, attached as Exhibit P.

[33] Chain Reaction Research (2020) "JBS: Outsized Deforestation in Supply Chain, COVID-19 Pose Fundamental Business Risks," March 2020, available at: https://chainreactionresearch.com/wp-content/uploads/2020/08/JBS-CRR-Report.pdf, attached as Exhibit Q.

[34] See Footnote 32.

[35] JBS 2020 Sustainability Report, available at: https://jbs.com.br/wp-content/uploads/2021/12/-sustainability-in-report-jbs-2020.pdf, attached as Exhibit R.

[36] See Footnote 11.

Targets initiative ("SBTi") in June 2021, this claim has not been validated or approved.[37] In truth, JBS has refused to disclose its full emissions to either SBTi or CDP. As a result, the company's net zero goal was ranked "very low" for both transparency and integrity in a report by the New Climate Institute.[38]

A central feature of JBS's SLBs help explain why the company attacks any third party that points out that it is falling short of its climate commitments. The company describes a "sustainability-linked feature that will result in a coupon adjustment, or a premium payment as the case may be, if the company's performance does not achieve the stated" science-based targets.[39] In other words, if it is revealed that JBS is not meeting its climate commitments, it will suffer a financial penalty. Specifically, the low borrowing costs it has enjoyed as a result of the market rewarding its commitment to environmental sustainability will materially increase, defeating the original economic purpose of the bond issuance.

Subject-matter experts quickly saw through JBS's purported "green" bond issuance:

- "After giving itself an extension on its previous commitment to end Amazon deforestation a decade ago, JBS is now trying to hoodwink investors with a 'sustainability-linked' bond that isn't even tied to emissions from its supply chains…. [I]nvestors who truly want to ensure the Amazon remains standing should stay far away from this greenwash."– Moira Birss, Climate and Finance Director at Amazon Watch.[40]

- "It's completely incomprehensible that ESG fund managers fall for this greenwash. It seems none of them has done the most basic background research on JBS, nor read the ISS second opinion, which has 'Don't buy this' written all over it. JBS is drenched in conflict and corruption, it has a history of broken promises and it's not planning to stop deforestation for another 14 years. The underwriters and investors in this bond…are giving JBS cheap money to continue with its Amazon destruction."– Merel van der Mark, Coordinator of the Forests & Finance Coalition.[41]

- "It is known that the beef sector as a whole and JBS in particular, as the largest meatpacker in the world, is a major driver of deforestation and global greenhouse gas emissions. It is one of the direct causes of the climate crisis. But now JBS wants, cynically, to say the

[37] See Footnote 16.

[38] New Climate Institute, "Major companies largely fail net zero climate pledge test," February 7, 2022, available at: https://newclimate.org/news/press-release-corporate-climate-responsibility-monitor-2022, attached as Exhibit S.

[39] See Footnote 2, at p. 13.

[40] Amazon Watch, "Brazilian Meat Company JBS Issues Sustainability-linked Bonds and the Forests and Finance Coalition Responds," June 23, 2021, available at: https://amazonwatch.org/news/2021/0623-brazilian-meat-company-jbs-issues-sustainability-linked-bonds, attached as Exhibit T.

[41] Forests & Finance, "Brazilian Meat Company JBS Issues 'Sustainability-Linked' Bonds," June 23, 2021, available at: https://forestsandfinance.org/news/brazilian-meat-company-jbs-issuessustainability-linked-bonds/, attached as Exhibit U.

> contrary: that it is part of the solution. And banks are falling for this greenwashing discourse—as long as it remains profitable. If banks are serious about their own deforestation commitments, it is more than time to exclude JBS."– Marília Monteiro, Forests and Biodiversity Campaigner at BankTrack.[42]

Even if JBS were taking concrete action to achieve its stated goal to be "Net Zero by 2040"—which it is not, as explained above—there would be good reason to doubt its seriousness. That is because the company has a long history of law-breaking in other arenas. In just the past five years, JBS has:

- Settled with the U.S. Department of Justice for $53 million for its role in a price-fixing scheme in beef markets (February 2022);
- Settled a class-action case by agreeing to pay $76 million for its role in a price-fixing scheme in the poultry market (December 2021);
- Agreed to pay $12.7 million to settle price-fixing charges in the pork market (November 2021);
- Paid $27 million in a settlement with the SEC over its violations of the Foreign Corrupt Practices Act (2020);
- Seen six executives personally indicted for price fixing (2020); and
- Paid $3.2 billion in penalties for bribing Brazilian finance officials to wrongly obtain government-backed loans (2017).[43]

Though JBS's equity shares are currently listed on the Brazilian stock exchange, it has been considering pursuing an initial public offering in the U.S. for several years.[44] If that is allowed to go forward, not only would JBS continue to profit from its participation in the U.S. capital markets through its fraudulent bond offerings, but it would also ensnare even more U.S. retail investors in its corrupt and destructive business practices.

Already, several of JBS's largest investors have been duped by its false assurances and rosy but entirely unsubstantiated projections. Three of its largest investors—BlackRock, Fidelity and Vanguard—are members of the Net Zero Asset Managers initiative, which claim to be "committed to supporting the goal of net zero greenhouse gas emissions by 2050 or sooner."[45] Ascribing good

[42] See Footnote 41.

[43] Reuters, "Brazil's J&F agrees to pay $3.2 billion fine in leniency agreement," May 31, 2017, available at: https://www reuters.com/article/uk-brazil-corruption-jbs/brazils-jf-agrees-to-pay-3-2-billion-fine-in-leniency-agreement-idUKKBN18R0HL, attached as Exhibit V.

[44] See Footnote 2, at p. 12 ("Since 2016, JBS S.A. has been analyzing a potential listing in stock exchange in the United States….").

[45] The Net Zero Asset Managers Initiative, available at: https://www netzeroassetmanagers.org/. On Wednesday, December 7, 2022, Vanguard announced its intention to leave the initiative, but we understand it was an active member at the time it purchased the JBS SBL bonds at issue.

faith and some reasonable level of due diligence to these sophisticated institutions, they have been taken for a ride by JBS.

In the case of BlackRock, Fidelity and Vanguard, we know that their investment funds are widely held by both pension funds and "Main Street" retail investors. We expect that many such investors would be stunned and deeply saddened to learn that the purportedly "sustainable" bonds in their portfolios are in fact fueling climate change.

The SEC's Division of Enforcement, including the Climate and ESG Task Force, plays a vital role in ensuring that U.S. investors are not misled by companies' environmental claims. Recent actions brought against Vale S.A., Fiat Chrysler Automobiles and Nikola Corporation demonstrate that the Division of Enforcement is fully engaged in the effort to hold issuers and others accountable for the misleading statements and material omissions they make when speaking to prospective investors about environmental sustainability.[46]

The Vale litigation [47] provides an excellent template for an enforcement action against JBS. As the Director of the SEC's Division of Enforcement said in announcing the action, "Many investors rely on ESG disclosures like those contained in Vale's annual Sustainability Reports and other public filings to make informed investment decisions. By allegedly manipulating those disclosures, Vale compounded the social and environmental harm…and undermined investors' ability to evaluate the risks posed by Vale's securities."[48] JBS, too, has manipulated the disclosures that it knew investors relied upon, thereby undermining their ability to make informed investment decisions.

And the Associate Director of Division of Enforcement described Vale's wrongdoing in words that could easily apply to JBS: "While allegedly concealing the environmental and economic risks posed by its dam, Vale misled investors and raised more than $1 billion in our debt markets…."[49] The complaint in the Vale matter alleges violations of Section 13(a) of the Exchange Act and Rules 13a-1, 13a-16 and 12b-20 thereunder. Like Vale, JBS concealed the environmental risks of its spiraling greenhouse gas emissions as it raised billions in our debt markets. The Associate Director continued, "Today's filing shows that we will aggressively protect our markets from wrongdoers, no matter where they are in the world." That assurance should apply with equal force to JBS.

In the Fiat Chrysler matter,[50] the Commission determined that the Respondent's public statements to investors concerning its emissions, both during earnings calls and in press releases filed with the SEC, were incomplete to the point of being materially misleading. The company's

[46] U.S. Securities and Exchange Commission, "SEC Charges Brazilian Mining Company with Misleading Investors about Safety Prior to Deadly Dam Collapse," available at: https://www.sec.gov/news/press-release/2022-72, April 28, 2022, attached as Exhibit W.

[47] Civil Action No. 22-cv-2405 (E.D.N.Y.)

[48] See Footnote 46.

[49] See Footnote 46.

[50] Administrative Proceeding File No. 3-20092.

misleadingly incomplete statements, in violation of Section 13(a) of the Exchange Act and Rules 13a-16 and 12b-20 thereunder, resulted in the imposition of a $9.5-million civil penalty.

Here, JBS tells the public and prospective investors that it will be "Net Zero by 2040" but fails to address two critical aspects of its greenhouse gas emissions—the actual number of animals slaughtered annually and the full extent of its Scope 3 emissions. Without the omitted information, the company's statements are incomplete to the point of being materially misleading.

Finally, the Nikola Corporation matter[51] points up that the Commission can hold companies legally accountable for misconduct that includes material omissions even where those omissions relate to relatively technical matters. There, the company's statements contained material omissions concerning the refueling time of its prototype vehicles, the state of its headquarters demonstration hydrogen station, and the anticipated cost and sources of its electricity for its hydrogen production. The same is true here, JBS omits to disclose the true extent of its Scope 3 emissions and its annual animal slaughter numbers, despite undoubtedly possessing the omitted information.

We respectfully submit that the facts underlying JBS's sustainability-linked bond sales make this an ideal candidate for a full investigation and ultimately an enforcement action "to protect our markets from wrongdoers" such as JBS, which we believe has violated the antifraud provisions of the federal securities laws, including but not limited to Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act") and Rule 10b-5 thereunder; Section 13(a) of the Exchange Act and Rules 13a-1, 13a-16 and 12b-20 thereunder; as well as Section 17(a) of the Securities Act of 1933 ("Securities Act").

We will be happy to share any additional information that you believe might be helpful as you assess this matter, including by participating in an interview at your convenience.

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[51] Administrative Proceeding File No. 3-20687.