

We respectfully make this supplemental submission in support of the original Tips, Complaints, and Referrals (“TCR”) submission we filed on January 17, 2023 (submission number 16739-856-127-314).¹

As noted in our original submission, JBS is the world’s largest meat processor, and thereby one of the largest emitters of greenhouse gases. For years, JBS has misled investors with its claim that it is on track to be “Net Zero by 2040.” Its material misrepresentations and omissions have allowed the company to cheaply raise billions of dollars from U.S. investors, and now it has announced that it will seek approval for a direct listing of its shares on the New York Stock Exchange.² Compounding JBS’s misconduct in unlawfully issuing debt while lying to its bond purchasers, this aggressive step—which we previewed in our original submission—only increases the urgency of the SEC’s Division of Enforcement taking concrete action to halt JBS’s unlawful conduct and the fraud it continues to perpetrate on unwitting participants in the U.S. capital markets.

In addition to this newly announced plan to gain direct access to investments by U.S. equity investors, several crucial developments concerning the company’s false claims concerning its greenhouse gas emissions have occurred since the filing of our original TCR. These new developments are summarized below.

JBS Halted from Using “Net Zero by 2040” in Advertising

The Better Business Bureau’s National Advertising Division (“NAD”) has recommended that JBS cease claiming that it will be “Net Zero by 2040” in its advertisements. The NAD first made this recommendation in February 2023, but JBS appealed the ruling. On June 20, 2023, an appeals board (the National Advertising Review Board) rejected JBS’s appeal and upheld the original ruling.³

The final ruling cites several false statements made by JBS in its advertisements, which the company has now (reluctantly) agreed to refrain from making going forward. The cited fals

- “JBS is committing to be net zero by 2040”
- “Global Commitment to Achieve Net-Zero Greenhouse Emissions by 2040”
- “Bacon, chicken wings and steak with net zero emissions. It’s possible”
- “Leading change across the food industry and achieving our goal of net zero by 2040 will be a challenge. Anything less is not an option.”
- “The SBTi recognized the net zero commitment of JBS”

The cited statements are identical in substance to the many false and otherwise misleading claims that it makes to U.S. investors on the same subject. As such, this final ruling should be given

¹ For ease of reference, the original submission and supporting exhibits are available [here](#).

² The company’s press release announcing its plan is [here](#), and its prospectus is [here](#).

³ The NAD’s announcement of its decision on appeal is [here](#). Its announcement of JBS’s decision to appeal the original ruling, as well as some detail concerning the substance of the ruling, is [here](#).

significant consideration as the Division of Enforcement weighs whether it will open a formal investigation and bring an enforcement action.

JBS Cited as Main Culprit in Amazon Deforestation, Contrary to Public Claims

A June 2023 report⁴ by a coalition of investigative journalists named JBS as far and away the worst offender as it relates to deforestation of the Amazon. In finding that over 800 million trees have been felled in the Amazon in just six years as part of Brazilian beef companies' cattle supply chains, the report found that thirteen meat plants owned by JBS were linked to ranches where there had been forest clearance, felling or burning. This represents more than double the number of such offending plants than the next-worst company, Marfrig, and more than four times the next-worst, Minerva.

Most relevant for purposes of this submission, JBS's outsize role in Amazon deforestation demolishes claims it has made to investors and to the public. Multiple instances of such false claims are recited in our original submission, and the company has only continued down that path. For example, in response to Question F1.7 on a 2022 CDP Forests disclosure, which asked for the company's "Known or estimated deforestation/conversion footprint (hectares)," JBS falsely reported "0" for cattle products in its direct supply chain since 2008.⁵ This type of brazen and unsupportable claim is entirely typical of the company's recidivist conduct.

"No Evidence" of Planned Deep Decarbonization Measures

Independent climate watchdogs conducted a review of JBS's climate claims and found they were entirely unfounded. Published in the *Corporate Climate Responsibility Monitor 2023*, the New Climate Institute and Carbon Market Watch's analysis⁶ concluded that they "did not find evidence of any planned deep decarbonization measures" by JBS, and that "its interim targets for 2030 would lead to a 3% emission reduction compared to its reported 2021 emissions."

These published findings stand in stark contrast to JBS's repeated false and misleading claims, recited in detail in our original submission, that they were on track to be "Net Zero by 2040."

JBS's Collagen Under Suspicion for Links to Deforestation

A joint report⁷ by The Bureau of Investigative Journalism, the Guardian, ITV and O Joio e O Trigo, and supported by the Pulitzer Center, has found that tens of thousands of cattle raised on farms damaging Brazilian Amazon tropical forests were processed at abattoirs connected to international bovine collagen supply chains, including connections to JBS. The company responded to the report by claiming that although there was deforestation on some of the farms identified, its purchases

⁴ The report is [here](#).

⁵ JBS's responses can be accessed [here](#) by creating a log-in.

⁶ The full report is [here](#), and the sections analyzing JBS's claims are found on pp. 98-99, and pp. 146.

⁷ The full report is [here](#).

from these were “fully compliant” with its procurement and monitoring protocols, and that others had adhered to its standards.⁸

Given the company’s years-long litany of false and misleading statements concerning not just its greenhouse gas emissions and climate impacts generally, but also those specific to illegal deforestation in its supply chain, there is no reasonable basis to credit this carefully parsed claim, and the Division of Enforcement should thoroughly scrutinize it.

JBS Cited as World’s Largest Carbon Emitter Among Factory Farming Companies

World Animal Protection issues an annual scorecard assessing the relative carbon emissions of large factory farming companies. Its most recent scorecard⁹ was released in March 2023, and notes that JBS’s emissions represent the equivalent of an additional 14 million cars on the road each year, and that its emissions are more than double those of the second-largest emitter in the category. As JBS is now well established as one of the world’s largest food companies, perhaps this figure should not be a surprise. However, it should not go unnoticed that the sheer magnitude of its animal slaughter numbers, and carbon footprint render indefensible its incessant claims to be on track to be “Net Zero by 2040.”

Civil Society Coalition Calls for JBS to be Stripped of Favorable Climate Rating

Unfathomably, but presumably in misguided reliance on JBS’s false and evasive public claims concerning its climate policies, an organization called CDP (formerly the Carbon Disclosure Project) awarded JBS an “A-” score and even granted “leadership” recognition for its efforts on addressing climate change.

Not surprisingly, a group of twenty civil society organizations, including Mighty Earth, issued an open letter¹⁰ calling for CDP to revoke these unfounded recognitions. The letter compiles many of the most egregious claims made by JBS, alongside the independent reports debunking those claims. Perhaps the most striking instance saw JBS claim to CDP that it was aware of no deforestation caused by its cattle supply chain since 2008, paired with its admission¹¹ that it had, through and including 2022, purchased cattle from a ranch responsible for deforestation. In response, CDP acknowledged that the A- was “too high a score” and indicated that it was carrying out an internal review of its procedures, ostensibly to determine how they may need to be reformed to avoid such an embarrassing and consequential error in the future.¹²

⁸ JBS’s response is contained within the [joint report](#).

⁹ The scorecard is [here](#).

¹⁰ The open letter is [here](#).

¹¹ JBS’s admission is [here](#). Substantial additional evidence of the company’s illegal deforestation is [here](#).

¹² The response from CDP is in The Guardian article [here](#).

Legislators Ask USDA to End Contracts with JBS

Senator Elizabeth Warren and Representative Jamie Raskin wrote a letter¹³ to Agriculture Secretary Tom Vilsack on April 19, 2023, calling for the U.S. Department of Agriculture to suspend its contracts with JBS due to credible allegations of criminal behavior by JBS, largely linked to the unlawful use of child labor at JBS’s U.S. slaughterhouses. The letter points to substantial evidence uncovered by investigative journalists, including those at *The New York Times*,¹⁴ that JBS routinely flouted child labor laws by employing children—mostly migrants—as young as thirteen years old in their plants in multiple states to perform extremely dangerous tasks, often leading to severe injury.

Warren and Raskin’s letter also compiles many instances of JBS’s prior criminal misconduct, including its conduct within the United States in connection with bribery and price-fixing schemes for which it has been convicted and fined billions of dollars in the aggregate. Additional instances of JBS’s serial criminal conduct are cited in our original submission.

JBS Questioned by Senate Finance Committee on Amazon Deforestation Negligence

Following a two-year investigation by the US Senate Finance Committee on Amazon deforestation, JBS was put in the hot seat for its negligence in fighting deforestation in a hearing on June 22, 2023.¹⁵ During the hearing, U.S. Senator Ron Wyden accused JBS of “turning a blind eye as parts of its supply chain burn down the Amazon.” Senator Wyden observed “JBS has made promises it would clean up his act when it came to deforestation. Most recently it said it would eliminate cattle involved in deforestation from supply chains by 2025. The reality is JBS is nowhere near meeting this commitment. Not even JBS’s direct suppliers are totally clean.”¹⁶

Conclusion

We respectfully submit that the facts underlying JBS’s Sustainability-Linked Bond sales, and presumably its planned offering of common shares to U.S. equity investors, 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”).

¹³ The letter is [here](#).

¹⁴ *The New York Times* report is [here](#).

¹⁵ A recording of the Full Committee Hearing is [here](#).

¹⁶ U.S. Senator Ron Wyden’s hearing statement is [here](#).

In relation to JBS's recent IPO plans, we have also submitted a letter outlining our concerns to the SEC's Division of Corporation Finance, requesting for the JBS N.V. IPO listing application process to not progress until the original Whistle blower complaint has been investigated and any sanctions are applied to JBS by the SEC ahead of an IPO approval.

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.