

# Review of JBS's F-4 Prospectus dated June 24, 2024

## Statement to the SEC

Submitted by Mighty Earth on July 18, 2024

### Overview

Below is Mighty Earth's analysis of the JBS F-4 Prospectus dated June 24, 2024, and filed with the Securities and Exchange Commission (SEC).<sup>1</sup> We found misleading statements related to JBS's 'Climate reduction goals by 2040' claims and material omissions relating to JBS's methane risk and its soy animal feed-related deforestation risk in its supply chain in the Cerrado in Brazil. We believe these omissions should be rectified and that unless and until the company does so, that the SEC should decline to declare JBS's registration statement effective and should not approve the company's shares to be listed on the New York Stock Exchange (NYSE).

### 1) Misleading statements about JBS's 'Climate Reduction Goals by 2040' commitment

JBS makes several misleading statements in its June 24, 2024 F-4 Prospectus in relation to its 'Climate reduction goals by 2040' commitment. Notably, JBS says:<sup>2</sup>

#### *Climate Reduction Goals*

*"In 2021, we became the first major global meat and poultry company to set climate reduction goals by 2040. As part of these environmental aspirations, we signed on to the United Nations Global Compact's Business Ambition for 1.5°C initiative, which aligns with the most ambitious aim of the Paris Agreement to limit global warming."*

JBS say in the F-4 that in 2021 it was the first major meat and poultry company to set 'climate reduction goals by 2040' and this exact phrase is mentioned nine times throughout the F-4. This

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<sup>1</sup> See U.S Securities and Exchange Commission, Form F-4, Registration Statement JBS B.V. No. 333-273211, June 24, 2024, see: <https://www.sec.gov/Archives/edgar/data/1791942/000119312524166974/d654052df4a.htm>

<sup>2</sup> See U.S Securities and Exchange Commission, Form F-4, Registration Statement JBS B.V. No. 333-273211, June 24, 2024, see: <https://www.sec.gov/Archives/edgar/data/1791942/000119312524166974/d654052df4a.htm>

carefully crafted, similar sounding, but deceptive and misleading phrase is clearly referring to JBS' 'Net Zero by 2040' climate commitment publicly announced by JBS in March 2021.<sup>3</sup>

JBS's statements relating to its 'Climate reduction goals by 2040' in the latest F-4 are deceptive and misleading because JBS's similar sounding 'Net Zero by 2040' commitment was successfully challenged by the National Advertising Review Board (NARB) in June 2023, and JBS was explicitly told by NARB to remove five key references related to its public statements related to its 'Net Zero by 2040' commitment.<sup>4</sup>

The NARB appellate decision confirmed the earlier recommendation by the National Advertising Division (NAD) of the Better Business Bureau that JBS stop using five of its 'Net Zero' claims for being misleading to consumers, specifically:<sup>5</sup>

- (1) "JBS is committing to being net zero by 2040";
- (2) "Global Commitment to Achieve Net-Zero Greenhouse Emissions by 2040";
- (3) "Bacon, chicken wings and steak with net zero emissions. It's possible";
- (4) "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"; and;
- (5) "The SBTi recognized the net zero commitment of JBS."

The NARB decision recognized that JBS's 'Net Zero' claims are misleading because they suggest JBS is "in the process of implementing a documented plan that has been evaluated and found to have a reasonable expectation of achieving 'net zero' by the year 2040."<sup>6</sup>

In fact, JBS's 'Net zero by 2040' commitment from March 2021 does not include any reduction in its 'Scope 3' supply chain emissions<sup>7</sup> – which JBS recently revealed to the corporate climate disclosure group CDP represent 97% of its total climate emissions.<sup>8</sup>

Indeed, JBS does not have any substantiated or externally validated net zero by 2040 goals, or similar sounding 'Climate reduction goals by 2040.' In reality, JBS's climate emissions are rising,<sup>9</sup> rather

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<sup>3</sup> See: "JBS Makes Global Commitment to Achieve Net-Zero Greenhouse Gas Emissions by 2040," Globe Newswire, JBS USA, March 23, 2021

<sup>4</sup> "National Advertising Review Board Recommends JBS Discontinue 'Net Zero' Emissions by 2040 Claims," Better Business Bureau, press release, June 20, 2023

<sup>5</sup> "JBS Appeals National Advertising Division Recommendation to Discontinue 'Net Zero' Emissions by 2040 Claims," Better Business Bureau, press release, February 15, 2023

<sup>6</sup> "National Advertising Review Board Recommends JBS Discontinue 'Net Zero' Emissions by 2040 Claims," Better Business Bureau, press release, June 20, 2023

<sup>7</sup> See: "JBS Makes Global Commitment to Achieve Net-Zero Greenhouse Gas Emissions by 2040," Globe Newswire, JBS USA, March 23, 2021

<sup>8</sup> JBS CDP Climate Change 2023 disclosure, response to question C6.5, available with a login, see: <https://www.cdp.net/en/responses/9730>

<sup>9</sup> See: Institute for Agriculture and Trade Policy (IATP)/Changing Markets Foundation (2022) *Emissions impossible: How emissions from big meat and dairy are heating up the planet*, Institute for Agriculture and

than falling, and furthermore JBS tells investors it plans to grow and expand its global beef and meat business via improved access to funding from its proposed listing on the New York Stock Exchange.<sup>10</sup>

Significantly, the independent body that externally validates corporate net zero targets – the Science-Based Targets initiative (SBTi) – recently declined to validate JBS’s ‘Net Zero by 2040’ targets and, after a 2-year review process, removed JBS’s commitment from the SBTi online registry of validated corporate net zero commitments on March 7, 2024.<sup>11</sup> Instead of acknowledging its failure to be validated by SBTi and the removal of its net zero commitment from the SBTi website and corporate commitment registry, JBS makes this misleading statement in the latest F-4:

*“.... in 2021, we agreed to participate in the Science Based Target initiative (SBTi), which provides companies with a defined path to reduce emissions using science-based targets and we are currently working to establish those targets.”<sup>12</sup>*

In reality, JBS does not now have any SBTi net zero commitment, which is the first step for registering any interest in having their net zero by 2040 or climate reduction targets validated by SBTi. We believe it is a material omission that the latest F-4 fails to highlight that the SBTi recently declined to validate JBS’s net zero targets, that JBS’s net zero commitment has been removed from the SBTi website, and that JBS does not have any net zero commitment with SBTi.<sup>13</sup>

Furthermore, just weeks earlier, the New York Attorney General Letitia James sued JBS’s subsidiary JBS USA in the Supreme Court in New York on February 28, 2024, for misleading the public about JBS’s false, deceptive, and unsubstantiated ‘Net zero by 2040’ climate claims in relation to sales of its beef products.<sup>14</sup>

Despite these multiple challenges, JBS continues to flout the NAD, NARB and SBTi decisions on net zero and continues to publish statements, press releases and investor-facing materials that continue to make false, deceptive, and misleading claims that JBS is committed to be ‘Net Zero by 2040.’<sup>15</sup>

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Trade Policy (IATP)/Changing Markets Foundation: Minneapolis, MN, United States/Utrecht, The Netherlands; JBS CDP Climate Change 2023 disclosure, response to Module C6 Emissions data, available with a login, see:

<https://www.cdp.net/en/responses/9730>

<sup>10</sup> See U.S Securities and Exchange Commission, Form F-4, Registration Statement JBS B.V. No. 333-273211, June 24, 2024, see: <https://www.sec.gov/Archives/edgar/data/1791942/000119312524166974/d654052df4a.htm>

<sup>11</sup> “JBS struck off SBTi climate commitment register,” Just Food, Andy Conye, March 11, 2024

<sup>12</sup> See U.S Securities and Exchange Commission, Form F-4, Registration Statement JBS B.V. No. 333-273211, June 24, 2024, see: <https://www.sec.gov/Archives/edgar/data/1791942/000119312524166974/d654052df4a.htm>

<sup>13</sup> See U.S Securities and Exchange Commission, Form F-4, Registration Statement JBS B.V. No. 333-273211, June 24, 2024, see: <https://www.sec.gov/Archives/edgar/data/1791942/000119312524166974/d654052df4a.htm>

<sup>14</sup> “Attorney General James Sues World’s Largest Beef Producer for Misrepresenting Environmental Impact of Their Products,” Office of the New York State Attorney General, press release, February 28, 2024

<sup>15</sup> See: “The C.E.O. of the World’s Largest Beef Producer Answers Questions about its Environmental Record,” New York Times Events, interview by David Gelles, September 24, 2023, see 9:57 to 10:06 at:

<https://youtu.be/OF1PdxTptug?si=ss0RNfYp2xWQjLHi>; JBS (2022) JBS Sustainability Report, JBS: São Paulo, Brazil (see pp. 40-41); JBS CDP Climate Change 2023 disclosure, response to question C11.d, available with a login, see: <https://www.cdp.net/en/responses/9730>; JBS, Our Environment, Climate see: <https://jbsesg.com/our-environment/climate/>

## 2) Failure to disclose material risks from methane in its cattle supply chains

In a striking omission for the world’s largest beef company, JBS makes no mention of methane or methane reduction-related risks in its latest F-4 – despite the fact that Mighty Earth highlighted this material omission in a challenge to the SEC in August 2023 against JBS’s original F-4 filed on July 27, 2023.<sup>16</sup>

Animal agriculture is the largest source of anthropogenic methane emissions globally – contributing around 32% of total methane emissions each year – and cows contribute the lion’s share of methane emissions from animal agriculture. Methane is a highly potent greenhouse gas, which traps 80 times more heat than carbon dioxide.<sup>17</sup>

While Mighty Earth has earlier highlighted to the SEC that JBS has deliberately omitted and failed to disclose its detailed annual animal slaughter numbers to the SEC since 2017<sup>18</sup> - numbers that are crucial for investors to make an honest assessment of the company’s Scope 3 supply chain emission claims - JBS does confirm in its latest F-4 that it has the capacity to process approximately 75,700 cows per day.<sup>19</sup>

Methane-rich burps and belches from the huge number of cows in its global supply chains means that JBS is by far the largest emitter of methane out of the top 15 global meat and dairy companies – with estimated annual methane emissions greater than the combined livestock emissions of France, Germany, Canada and New Zealand.<sup>20</sup>

With Governments pressing the largest meat companies such as JBS to urgently accelerate the reduction in methane emissions in its operations by 45% by 2030 in order to meet the 1.5°C Paris Agreement goals,<sup>21</sup> we believe it is a major material omission that the top global actor in the agricultural methane emissions sector, JBS, makes no mention in its F-4 of the risks related to methane in its operations and fails to highlight any externally validated methane reduction goals, plans or targets.

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<sup>16</sup> See: Mighty Earth SEC Complaint, submitted on August 9, 2023. Available at: <https://www.mightyearth.org/wp-content/uploads/Mighty-Earth-SEC-JBS-IPO-Submission.pdf>

<sup>17</sup> United Nations Environment Programme (UNEP), 2021. *Methane emissions*. United Nations Environment Programme (UNEP). Available at: <https://wedocs.unep.org/xmlui/bitstream/handle/20.500.11822/35359/Meth.pdf>

<sup>18</sup> “Mighty Earth files complaint with US Securities and Exchange Commission against JBS ‘green bonds’,” Mighty Earth, press release, January 18, 2023

<sup>19</sup> See U.S Securities and Exchange Commission, Form F-4, Registration Statement JBS B.V. No. 333-273211, June 24, 2024, see: <https://www.sec.gov/Archives/edgar/data/1791942/000119312524166974/d654052df4a.htm>

<sup>20</sup> Institute for Agriculture and Trade Policy (IATP) and Changing Markets Foundation (2022) *Emissions Impossible: How Emissions from Big Meat and Dairy Are Heating Up the Planet*, Institute for Agriculture and Trade Policy (IATP) and Changing Markets Foundation: Minneapolis, MN, United States and Utrecht, The Netherlands.

<sup>21</sup> United Nations Environment Programme (UNEP), 2021. *An Eye on Methane: International Methane Emissions Observatory 2021 Report*. United Nations Environment Programme (UNEP): Nairobi, Kenya

### 3) Failure to disclose deforestation risk from soy for animal feed in the Cerrado savannah in Brazil

Finally, JBS fails to disclose in its latest F-4 the significant risk of deforestation and native vegetation conversion within JBS's animal feed supply chains linked to soy and corn production in highly threatened biomes such as the Cerrado savannah in Brazil.<sup>22</sup>

Given the huge number of animals raised by JBS for slaughter, their feed requires large areas of land and increasingly forest for growing corn and soybeans. The main composition of this animal feed is approximately 60% corn, 20% soybean and 20% other micro-nutrients.<sup>23</sup> To give a sense of JBS's financial exposure from grain purchases, the purchase of grain for animal feed, together with the purchase of livestock, represent the majority of JBS's cost of sales each year, which totaled \$65 billion last year.<sup>24</sup> The latest F-4 notes that JBS had future commitments for purchase of grain and cattle of \$35.6 billion at the end of 2023.<sup>25</sup>

Despite the material importance of grain purchases for JBS's manufacture of its own animal feed, JBS devotes almost all of its public deforestation-related disclosures to its cattle supply chain in Brazil and almost none to its soy and grain supply chains.

While the F-4 does include reference to JBS's Brazilian subsidiary Seara's *Sustainable Grain and Oil Sourcing Policy* and its commitment to the Amazon Soy Moratorium, deforestation-free, and zero illegal deforestation soy supplies for its animal feed production,<sup>26</sup> JBS fails to acknowledge that the solely Amazon rainforest-focused Amazon Soy Moratorium does not apply to the vast 200 million-hectare Cerrado savannah in southeastern Brazil, and that much of the huge amounts of soy-based animal feed from its key suppliers risks being heavily linked to record levels of deforestation and native vegetation conversion in the largely legally unprotected Cerrado biome.<sup>27</sup>

Known as an 'upside-down forest' because of its deep roots structure, the Cerrado is the most biodiverse savannah in the world – almost 50% of which has been destroyed over recent decades –

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<sup>22</sup> Repórter Brasil (2022) *Forest turned into Animal Feed*, Repórter Brasil: São Paulo, Brazil

<sup>23</sup> Repórter Brasil (2022) *Forest turned into Animal Feed*, Repórter Brasil: São Paulo, Brazil

<sup>24</sup> See U.S Securities and Exchange Commission, Form F-4, Registration Statement JBS B.V. No. 333-273211, June 24, 2024, see: <https://www.sec.gov/Archives/edgar/data/1791942/000119312524166974/d654052df4a.htm>

<sup>25</sup> See U.S Securities and Exchange Commission, Form F-4, Registration Statement JBS B.V. No. 333-273211, June 24, 2024, see: <https://www.sec.gov/Archives/edgar/data/1791942/000119312524166974/d654052df4a.htm>

<sup>26</sup> See U.S Securities and Exchange Commission, Form F-4, Registration Statement JBS B.V. No. 333-273211, June 24, 2024, see: <https://www.sec.gov/Archives/edgar/data/1791942/000119312524166974/d654052df4a.htm>

<sup>27</sup> MapBiomias (2024) *RAD2023: Relatório Anual do Desmatamento no Brasil 2023*, MapBiomias: São Paulo, Brasil

and it is an ecosystem currently experiencing record levels of deforestation and native vegetation conversion, largely due to soy expansion.<sup>28</sup>

Numerous recent reports have linked extensive soy and corn-driven deforestation and native vegetation conversion in the Cerrado to key JBS soy suppliers – including ADM, AMAGGI, Bunge, Cargill and LDC<sup>29</sup> – but these widespread, extremely serious, and rapidly intensifying deforestation and native vegetation conversion risks remain a material omission in the current F-4 Prospectus.

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<sup>28</sup> See: MapBiomas (2024) *RAD2023: Relatório Anual do Desmatamento no Brasil 2023*, MapBiomas: São Paulo, Brasil; Mighty Earth (2023) *Saving the Cerrado: Why Bunge, supermarkets and governments must act fast*, Mighty Earth: Washington, D.C., United States

<sup>29</sup> See: Repórter Brasil (2022) *Forest turned into Animal Feed*, Repórter Brasil: São Paulo, Brazil; Chain Reaction Research (2021) *Key Cerrado deforesters linked to the clearing of more than 110,000 hectares*, Chain Reaction Research; Mighty Earth (2023) *Saving the Cerrado: Why Bunge, supermarkets and governments must act fast*, Mighty Earth: Washington, D.C., United States; Repórter Brasil (2022) *The trail of destruction caused by soy in Brazil's Cerrado*, Repórter Brasil: São Paulo, Brazil; ActionAid USA, Friends of the Earth U.S., & Rede Social (2023) *Land grabbing and ecocide: The impacts on people and planet*, ActionAid USA, Friends of the Earth U.S., & Rede Social