SECOND PARTY OPINION (SPO)

Sustainability Quality of the Issuer and Sustainability-Linked Securities

Pilgrims Pride Corporation
17th March 2021

VERIFICATION PARAMETERS

Type(s) of instruments contemplated	Sustainability-Linked Securities
Relevant standards	Sustainability-Linked Bond Principles, as administered by ICMA
Scope of verification	Pilgrims Pride Corporation Sustainability-Linked Securities Framework (March 2021)
Lifecycle	Pre-issuance verification
Validity	As long as Pilgrims's Sustainability-Linked Securities Framework and SPTs benchmarks remain unchanged

CONTENTS

SCOPE OF WORK

Pilgrims Pride Corporation ("Pilgrim's" or "the issuer") commissioned ISS ESG to assist with its Sustainability-Linked Bond by assessing three core elements to determine the sustainability quality of the instrument:

1. The sustainability credibility of the KPI selected and Sustainability Performance Target (SPT) calibrated – whether the KPI selected is core, relevant and material to the issuer's business model and sector and whether the associated target is ambitious.
2. Pilgrim's Sustainability-Linked Bond Framework (March 2021) and structural components of the transaction – benchmarked against the Sustainability-Linked Bond Principles (SLBPs), as administered by the International Capital Market Association's (ICMA).
3. Pilgrim's sustainability performance, according to the ISS ESG Corporate Rating.

ISS ESG SPO ASSESSMENT SUMMARY

SPO SECTION	EVALUATION[1] SUMMARY
Part 1: **KPI selection and SPT calibration**	**KPI selection: Relevant, core and not or only moderately material to the issuer's sustainability corporate strategy as it captures a limited material scope of impact.** **Sustainability Performance Target (SPT) calibration:** • **Ambitious against issuer's past performance** • **Ambitous against issuer's sectorial peer group** • **No evidence on alignment with Paris Climate Goals** The KPI selected is relevant, core and not or only moderately material to the issuer's business model as it covers Scope 1 and 2 emissions exclusively, accounting for a limited amount of the issuer's total GHG emissions. It covers a limited amount of material emissions across the issuer's value chain as the KPI does not include Scope 3 emissions, estimated to represent the majority of the issuer's GHG emissions. As the exact split between Scope 1, 2 and 3 emissions is not available, the exact level of materiality remains open. It is appropriately measurable, quantifiable, externally verifiable and benchmarkable. The SPT calibrated by Pilgrim's is ambitious against the company's past performance and compared to the Food & Beverages sector practices in terms of defining a GHG emissions reduction target. Pilgrim's is one of only ten companies in its selected peer group to have concrete targets for Scopes 1 and 2 GHG emission reductions. The SPT remains in a similar order of magnitude as other top tier companies, however some companies in the sector, as per ISS ESG Universe, have more ambitious goals. The issuer indicates an ambition to align with a 2°C emission pathway. However, the issuer did not provide evidence on the alignment of the SPT with the Paris Climate Goals. The target is set in a clear timeline, is benchmarkable and supported by a credible strategy and action plan.

[1] ISS ESG's evaluation is based on the engagement conducted in March 2021 on Pilgrim's Sustainability-Linked BondFramework (March 2021 version) and on the ISS ESG Corporate Rating applicable at the SPO delivery date (updated on the 28.02.2020).

SPO SECTION	SUMMARY[2]
Part 2: **Alignment with the SLBPs**	**Moderately aligned with ICMA Sustainability-Linked Bond Principles** The issuer has defined a formal concept for its Sustainability-Linked Securities regarding the selection of KPI, calibration of Sustainability Performance Targets (SPT), sustainability-linked securities characteristics, reporting and verification, although the KPI covers a limited amount of material emissions related to the issuer's value chain as the KPI does not to include Scope 3 emissions, estimated to represent the majority of the issuer's GHG emissions. Concepts and processes are moderately, but not fully in line with the Sustainability-Linked Bond Principles (SLBPs) administered by the ICMA.
Part 3: **Issuer sustainability performance**	**Consistent with issuer's sustainability strategy** According to ISS ESG Corporate Rating assessment, the company sustainability performance is medium, both compared against industry peers as well as in terms of the industry-specific requirements defined by ISS ESG The issuer is ranked 121st out of 307 companies within the Food & Beverages sector as of 17.03.2021. The KPI selected by the issuer is related to climate change. Climate change has been defined as one of the key priorities of the issuer in terms of sustainability strategy and ISS ESG finds that this is a material sustainability topic for the issuer. ISS ESG finds that this issuance contributes to the issuer's sustainability strategy thanks to the KPI's clear link to one of the key sustainability priorities of the issuer and due to an ambitious SPT against company's past performance and peer group. The strategy could be further strengthened by establishing targets aligned with the Paris Climate Goals.

[2] ISS ESG's evaluation is based on the engagement conducted in March 2021, on Pilgrims' Sustainability-Linked Securities Framework (03.2021 version) and on the ISS ESG Corporate Rating applicable at the SPO delivery date (updated on the 06.11.2020).

ISS ESG SPO ASSESSMENT

PART 1: SUSTAINABILITY CREDIBILITY OF KPI AND SPT

1.1. KPI selection

KPI selected by Pilgrim's

FROM PILGRIM'S FRAMEWORK

- **KPI:** Pilgrim's Global Greenhouse Gas (GHG) Emission Intensity (Scope 1 and 2, in tCO2e per 100 lbs of product)
- **SPT:** Reduce Pilgrim's Global GHG Emission Intensity (Scope 1 and 2, in tCO2e per 100 lbs of product) by 30% by 2030 with respect to a 2019 baseline; linear progress expected, defining a series of SPTs Pilgrim's could utilize from years 2025 to 2030.

Long-term goal: Keep global warming to 1.5^{o}C by 2050 through adoption of science-based emission intensity reduction targets across Scope 1 and 2 emissions, and 2^{o}C across Scope 3 emissions.

Rationale: Climate change is the most pressing issue facing society today and has the potential to negatively impact future generations if bold action is not taken immediately. This issue also poses significant risks to our business, our grower partners, customers and consumers. Our 2015 CMA identified climate change as one of our material issues.

In response, Pilgrim's established GHG, energy and natural gas use intensity reduction goals to be achieved by 2020. Pilgrims is on progress to meet all of these goals and our expanding our 2030 goals to include our Mexican and European-based operations.

To accelerate the climate change strategy, Pilgrim's will commit to the aim of the Paris Agreement under the United Nations Framework Convention on Climate Change to help keep global warming well below 2.0^{o}C by adopting science-based emission intensity reduction targets across scope 1 and 2 emissions. Pilgrim's is focusing on Scope 1 and 2 emissions for the purposes of this Framework given that Pilgrim's can have the most immediate impact by focusing on our own operations and what we can control as well as what we can accurately measure. Pilgrim's initial targets utilize resources from the Science-Based Targets Initiatives (SBTi) as guidance to create a trajectory we believe is aligned with well-below 2.0^{o}C scenario. We expect to engage with the SBTi as part of our longer term goal.

Given the absence of specific methodologies and guidance from SBTi for businesses in the food and agriculture sector, the emission intensity reduction target KPI and SPT in this framework is not subject to SBTi endorsement or verification.

As we undergo the SBTi process, Pilgrim's emissions targets may evolve, which may impact future sustainability-linked financings. Pilgrim's does not expect to revise SPTs of outstanding sustainability-linked financings based on SBTi progress made after the date of issuance.

Pilgrim's recognizes the importance of addressing Scope 3 emissions, but current data on supply chain emissions in their business and their industry is incomplete and less reliable. Scope 3 emission reductions are an integral part of Pilgrim's overall sustainability strategy and actively working with the company's suppliers to calculate and mitigate environmental impact, but they are not included within the scope of this Framework.

Baseline: GHG intensity 0.00988 Mt tonnes/100lbs product

Baseline year: 2019

2030 goal: 30% reduction from the 2019 verified baseline.

Scope: Production of poultry and products. GHG emission reduction KPI and associated target cover 100% of current global production according to the issuer. The KPI focuses on Scope 1 and Scope 2 emissions. Scope 1 emissions primarily result from fuels combusted, dry ice/gaseous CO2 used as a manufacturing aid, and wastewater treatment systems. PPC conservatively assumes that 100% of Dry Ice/CO2 gas is emitted as a fugitive source. I.e., 1 kg of dry ice purchased = 1 kg of CO2 emissions. Scope 2 emissions primarily result from electricity purchased. 2018 eGRID (March 2020) or similar location based emission factors were used.

Materiality and relevance

Climate change mitigation is considered as a key ESG issue faced by the Food & Beverages sector according to key ESG standards[3] for reporting and ISS ESG assessment. Companies of this sector are highly GHG emissions intensive, namely in the process of animal farming and processed food, and thus a highly GHG-emitting industry. Furthermore, the sector is exposed to water management and related climate change mitigation challenges such as maintenance of biodiversity and reducing the environmental and social impacts on communities.

ISS ESG finds that climate change mitigation and the GHG emissions reduction KPI selected by the issuer are:

- Relevant to Pilgrim's business as its industry is highly GHG-emitting and exposed to climate change mitigation challenges.
- Core to the issuer's business as climate change mitigation reduction measures will impact key processes and operations of the company (e.g. Scope 1 and Scope 2).
- Not or only moderately material to Pilgrim's from an ESG perspective. Although Scope 1 and 2 emissions are relevant ESG issues that the issuer can have a direct impact on, a key ESG issue where companies in the Food & Beverages industry have a material impact on climate change, are regarding GHG emissions in the upstream and downstream value chain (i.e. Scope 3 emissions). Furthermore, Scope 1 and Scope 2 emissions in this sector account for a minority percentage of the company's overall GHG emissions[4].Pilgrim's provides limited information with regards to the environmental performance of suppliers and does not include Scope 3 emissions in its target setting for this SPT.

Consistency with overall company's sustainability strategy

In 2015, Pilgrim's performed an extensive corporate materiality analysis (CMA) that identified the material issues for their business. This analysis, while inclusive of Pilgrim's internal perception of the

[3] Key ESG Standards include SASB and TCFD, among others.
[4] Scope 3 emissions (particularly purchased goods and services, e.g., agricultural raw materials, packaging materials, and outsourced transportation) account for the majority of emissions for companies in this sector.

company's sustainability performance, relied heavily on the views and perceptions of outside stakeholders, including non-governmental organizations, community organizations, key customers, suppliers, financial institutions, government officials, academia, industry trade associations and other industry stakeholders.

The topics identified through this consultation process defined they key priority areas, five-year goals and annual reporting details, and cover the following five key priority areas:

- Product integrity
- Team Member Health and Safety
- Animal Welfare
- Water
- Energy and Climate Change

Given the trajectory of the global population, the demand for sustainable protein will experience tremendous growth, particularly in countries that lack sufficient production capacity to support their demand.

Pilgrim's recognizes climate change as the defining issue of our time. This challenge requires a new, transformative approach where business practices evolve to strengthen the resiliency of natural resources and ecosystems. In order to meaningfully contribute to the global fight against climate change, Pilgrim's will:

1. Utilizing resources from the Science-Based Target Initiative as a guide, set scope 1 and scope 2 greenhouse gas emissions reduction goals that Pilgrim's views are in-line with limiting global temperature rise to well below 2.0°C above pre-industrial levels;
2. Ensure these reduction targets span Pilgrim's global operations across the U.S., Mexico, Europe and the UK;
3. Evaluate submittal of its targets for validation under the Science Based Targets initiative (SBTi) utilizing a sector-specific methodology if one becomes available for the food and agriculture sector, otherwise using the absolute contraction approach; and
4. Continue to advance its climate change journey, with an expectation to set SBTi-aligned target goals in line with the UN Global Compact "Business Ambition for 1.5°C" Pledge.

The issuer states that this transaction will also support Pilgrim's wider Sustainability Strategy and 2030 long-term goals (see section 3 of this report).

ISS ESG finds that the KPI selected by the issuer is consistent with the overall company's sustainability strategy.

Measurability

- **Material scope and perimeter:** The KPI selected covers a limited amount of material emissions related to the operations and activities of the issuer. The KPI does not to cover Scope 3 emissions, estimated to represent the majority of the issuer's GHG emissions. However, absence of Scope 3 emission targets in this sector is widely extended.

- **Quantifiable:** The KPI selected is measurable and quantifiable. GHG emission intensity per ton of products produced KPI is widely disclosed and standardized in the market. The issuer is not referring to key reporting and accounting protocols for GHG emissions.
- **Externally verifiable:** The GHG inventory of the issuer and therefore its baseline, has not been verified by a third-party verifier. However, the issuer commits to a post-issuance, third-party limited assurance audit. In the event that emissions data verification results in a restatement to the baseline, the SPT (expressed as 30% reduction relative to the baseline) will be adjusted accordingly. In the case that the baseline is adjusted, the issuer will be targeting the same relative reduction of 30% which can result in either a higher or lower absolute intensity per tonne of produced product depending on direction of baseline adjustment. All post-issuance annual progress updates will be based on the verified baseline.
- **Benchmarkable:** By referring to commonly acknowledged GHG accounting standards for Scope 1 and 2, the KPI is easily comparable with the data reported by other companies. Benchmarking of the SPT in relation with this KPI has been analysed in section 2.

Opinion: *ISS ESG finds that the KPI selected is relevant, core and not or only moderately material to the issuer's business model. Although it covers a material scope of Pilgrim's operations and activities that the company has direct control of (Scope 1 and 2), it does not cover emission standing from Scope 3 estimated to represent the majority of the issuer's GHG emissions, and therefore is not material to the issuer's scope of impact. The KPI is consistent with the issuer's sustainability strategy. It is appropriately measurable, quantifiable, externally verifiable and benchmarkable.*

1.2. Calibration of SPT

SPT set by the issuer

FROM PILGRIM'S FRAMEWORK[5]
Sustainability Performance Target: Reduce Pilgrim's Global GHG Emission Intensity (Scope 1 and 2, in tCO2e per 100lbs of product) by 17.679% by December 31,2025 with respect to a 2019 baseline, representing linear annual progress toward a 30% reduction in GHG emissions intensity by 2030. **Sustainability Performance Target Trigger:** 2026 **Sustainability Performance Target Observation Date:** 31 December 2025 **2019 Baseline Intensity:** 0.00988 Mt Tonnes CO_2e/100lbs product produced. Emissions data verification with respect to the 2019 baseline will be subjected to a to a post-issuance, third-party limited assurance audit. In the event that emissions data verification results in a restatement to the baseline, the SPT (expressed as a % reduction relative to the baseline) may also adjust accordingly. All post-issuance annual progress updates will be based on the verified baseline. **Strategic 2030 Goal and selection of methodology for calculating the SPT:** This SPT aligns with Pilgrim's 2030 Goal of reducing GHG emissions intensity by 30%.

[5] This table is displayed by the issuer in its Sustainability-Linked Bond Framework and have been copied over in this report by ISS ESG for clarity.

We continue to invest in energy efficient technologies including LED lighting, real-time measurement devices and predictive maintenance, equipment upgrades, electrification of heating systems and transportation and more efficient refrigeration systems.

We are currently looking at opportunities to use waste-to-energy processes. To date, one of our facilities uses biogas as a renewable energy source and 100% of the electricity that our Pilgrim's UK facilities source is renewable.

For our business units in the U.S. and Puerto Rico who participated in our 2020 goal-setting process, natural gas use intensity decreased by 11% and electricity use intensity decreased by 9% since 2015. Our teams will continue to stay focused on reducing energy use throughout our operations to meet our 14% reduction goal in natural gas and our 12% reduction goal in electricity by 2020.

We track direct GHG emissions from stationary and mobile sources (Scope 1), excluding manure emissions from our live animal operations, and energy indirect emissions (Scope 2). From 2018 to 2019, we reduced our GHG emission intensity by 5% across all Pilgrim's operations.

Factors that support the achievement of the target:

- Process controls/metering, project planning & design;
- Focus on refrigeration, water use, boilers/HVAC, renewables, vehicle emissions, sustainability;
- Development of cogeneration, biogas recovery and utility plant emissions.

Risks to the target: Pilgrim's views the key risks associated with achieving emissions targets as largely tied to the timing of implementing various emissions reductions investments. Other risks include revenue growth in operations / products with higher tCO2e per production unit, shift in consumer preferences / demand, extreme events (like pandemics), availability / affordability of certain energy efficiency technologies, availability / affordability of renewable energy sources, and other operational disruptions that could impact its ability to implement its climate strategy.

Ambition

Against company's past performance

PILGRIM'S PAST PERFORMANCE[6]				
Year	**2016**	**2017**	**2018**	**2019**
Pilgrim's Global GHG emission intensity (Mt of CO_2e per 100lbs of finished product)	0.01156	0.01038	0.01047	0.00988
Year-on-year percentage reduction (%)	-	-10.2%	+0.6%	-5.6%

Table 1: Pilgrim's Past Performance in terms of Global GHG emission intensity (Mt of CO2e per 100lbs of finished product).

Pilgrim's sets the SPT to reduce its global GHG emissions (scopes 1 & 2) intensity by 30% in 2030. This is estimate to be equal or less than 0.00691 Mt. Tonnes/100lbs product produced based on the current 2019 baseline. Once the 2019 baseline has been verified, the SPT would ultimately be adjusted to

[6] Based on data provided in Pilgrim's Sustainability-Linked Bond Framework 2021.

reflect a reduction by 30% to the 2019 baseline.

Achieving this target would represent a significant reduction of the GHG emissions intensity relative to the baseline year.

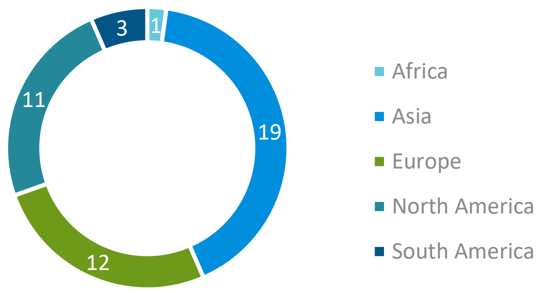
Factors in the global food & beverages sector that can influence the annual production of products by Pilgrim's are for example its operational risks such as: damages to production sites or the disruption of global logistics chains through extreme weather events; decrease in the availability of resources and commodities such as water, energy and crops as well as rising energy and commodity prices due to climate change; tightening of emission limits for production and products; changes in customer attitudes and preferences; and reputation damage.

In this context and compared to the baseline year, the SPT set by Pilgrim's is perceived by ISS ESG as ambitious against the company's past performance.

Against company's sectorial peers

ISS ESG conducted a benchmarking of the SPT set by Pilgrim's against the Food and Beverages peer group of 46 listed companies derived from the ISS ESG Universe. Those companies are located in the markets displayed in Figure 1.

Figure 1: Food & Beverages peer group per market geographies



As of 10.03.2021, ISS ESG evaluates Pilgrim's as a medium performer in terms of GHG emissions intensity of its operation against its industry peers. According to ISS ESG data, Pilgrim's ranks 38th out of 46 companies in the Food & Beverages Industry in terms of GHG emissions intensity.

In terms of target set, Pilgrim's is one of 10 companies in its industry to have a concrete GHG emission reduction target and it thus belongs to the top 25% tier of its peer group in terms of existence of such targets.

Among the top 25% tier, the SPT set by Pilgrim's is not as ambitious as GHG emission intensity reduction targets set by peers in terms of average yearly reduction but remains in a similar order of magnitude.

ISS ESG concludes that the SPT set by the issuer is ambitious compared to Food & Beverages sector practices in terms of defining a GHG emissions reduction target. The SPT remains in a similar order of magnitude as top tier companies in the Food & Beverages sector of ISS ESG Universe. However it is not as ambitious as other companies' that have set Scope 1,2 and 3 targets

Against international targets

Paris agreement

Pilgrim's has not benchmarked its SPT against any international targets. Given the absence of specific methodologies and guidance from SBTi for businesses in the food and agriculture sector, the emission intensity reduction target KPI and SPT is currently not subject to SBTi verification. The company is committed to undergo the science-based target setting process for its Scope 1 and 2 targets, however the SPT target will not be adjusted following this verification. The company commits to verification of set emissions targets by the Science-based Targets Initiative (SBTi), however, the commitment is not part of the SLB framework or bond prospectus and will therefore not impact the SPT.

ISS ESG cannot verify whether the SPT is ambitious and in line with the Paris agreement and well below a 2° Celsius warming scenario, based on a lack of information currently in the sector. However, according to guidance on target setting from the SBTi, any company where more than 40% of emissions stem from Scope 3, is required to include a Scope 3 target in its target setting.

Hence, there is indication that the current target set by Pilgrim's is not aligned with the SBTi methodology.

UN Sustainable Development Goals
ISS ESG, using a proprietary methodology, assessed that the SPT achievement would have a positive contribution to the SDG 13 "Climate action".

Measurability & comparability

- **Historical data:** The issuer provided relevant historical data by setting the baseline year of its SPT at 2019 and provided global annual GHG emissions intensity data available since then, aligning with the sustainability linked bond principles of providing historical data for the previous three years.
- **Benchmarkable:** By referring to commonly acknowledge GHG accounting standards, the KPI is easily comparable with the data reported by other companies.
- **Timeline:** The issuer defined a timeline related to the SPT achievement, including the target observation date and the frequency of SPTs measurement. However, no specific date has been set regarding the trigger event[7].

Supporting strategy and action plan

To reduce its GHG emission intensity per ton of finished product procuded by 2030, Pilgrim's will implement a set of investments in its operation to increase efficiency, including:

- Process controls/metering;
- Refrigeration;
- Cogeneration and biogas recovery;
- Water use;
- Boilers/ HVAC;
- Renewables;
- Vehicle emissions.

[7] At the time this SPO was written.

The supporting strategy and action plan contemplated by Pilgrim's aligns with good current market practices according to ISS ESG sector experts. This action plan is perceived as credible to support the achievement of the SPT set by Pilgrim's.

Opinion: *ISS ESG finds that the SPT calibrated by Pilgrim's is ambitious against the company's past performance and compared to Food & Beverages sector practices in terms of defining a GHG emissions reduction target. The calculation methodology selected by the issuer is widely used in the sector. The SPT remains in a similar order of magnitude as top tier companies in the Food & Beverages sector as per ISS ESG's Universe, however it is not as ambitious as other companies' targets which include Scope 3 emission. Furthermore, the issuer does not commit to verify that the SPT aligns with the Paris Agreement. According to guidance on target setting from the SBTi, requiring to include Scope 3 for any company where more than 40% of emissions stem from Scope 3, the current SPT does not align with the SBTi guidelines. The issuer indicates an ambition to align with a 2°C emission pathway. However, the issuer did not provide evidence on the current alignment of the SPT with the Paris Climate Goals. The target is set in a clear timeline, is benchmarkable and supported by a credible strategy and action plan. However, no specific date has been set regarding the trigger event*[8].

PART 2: SUSTAINABILITY-LINKED BOND PRINCIPLES

Rationale for Framework

The issuer is showcasing its intent to issue Sustainability-Linked Securities ("SLSs"), which include Sustianability-Linked Bonds ("SLBs") in order to enhance its power to address environmental issues where they have the ability to effect positive change. Pilgrim's sustainability-linked bond framework demonstrates its commitment to being a positive force in the fight against climate change and holds itself accountable to its public commitments and to society. The framework links the issuer's global sustainability strategy and GHG reduction efforts with their funding needs. Pilgrim's is committed to its long-term sustainability strategy, and sustainability-linked financing is a key element of increasing coordination throughout the entire organization.

Opinion: *ISS ESG considers the Rationale for Issuance's description provided by Pilgrim's as aligned with the SLBPs. The issuer has created and committed to publicly disclose its first framework of its kind in a comprehensive and credible manner.*

2.1. Selection of KPI

ISS ESG conducted a detailed analysis of the sustainability credibility of KPI selection available in section 1 of this report.

Opinion: *ISS ESG considers the Selection of the KPI as per the description provided by Pilgrim's as moderately aligned with the SLBPs. The KPI selected is relevant, core but not or only moderately material to the issuer's business model, as it covers Scope 1 and 2 emissions exclusively. . Although it covers a material scope of Pilgrim's operations and activities that the company has direct control of (Scope 1 and 2), it does not cover emission standing from Scope 3 estimated to represent the majority of the issuer's GHG emissions, and therefore is not material to the issuer's scope of impact.*

[8] At the time this SPO was written.

The KPI is consistent with the issuer's sustainability strategy (detailed analysis has been conducted in the section 1 of this report).. It is appropriately measurable, quantifiable, externally verifiable and benchmarkable. It is well quantified and calculated on a consistent methodological basis. The baseline selected for improvement as well as the rationale for that baseline, is well defined and the issuer commits to get the baseline verified by a third-party. The definition of applicable scope and the perimeter for the KPI is provided.

2.2. Calibration of Sustainability Performance Target (SPT)

ISS ESG conducted a detailed analysis of the sustainability credibility of SPT is available in section 1 of this report.

Opinion: *ISS ESG considers the Calibration of Sustainability Performance Target (SPT) description provided by Pilgrim's as aligned with the SLBPs. The SPT is ambitious against the company's past performance and compared to peers in the Food & Beverages sector practices in terms of defining GHG emissions reduction targets. The SPT remains in a similar order of magnitude as the top tier companies in the Food & Beverages sector in ISS ESG Universe, however it is not as ambitious as other companies' targets (detailed analysis has been conducted in the section 3 of this report). Furthermore, the issuer does not commit to verify that the SPT aligns with the Paris Agreement. According to guidance on target setting from the SBTi, requiring to include Scope 3 for any company where more than 40% of emissions stem from Scope 3, the current SPT does not align with the SBTi guidelines. Strategic information that would decisively impact the achievement of the SPT has been considered by Pilgrim's while calibrating the target. The timeline, calculation methodology and benchmark for the target achievement are defined.*

2.3. Sustainability-Linked Bond Characteristics

FROM PILGRIM'S FRAMEWORK
Pilgrim's SLBs have 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 SPTs. Timing for the adjustment will be defined. The relevant KPI, SPTs, coupon step-up amount or premium payment amount, as applicable, will be specified in the relevant documentation of the specific transaction (e.g. Final Terms of the relevant SLB). The Issuer will notify the investors of the achievement or not of the SPT as soon as possible (as defined in the instrument's documentation). If, for any reason, the KPI cannot be calculated, observed or reported in a timely manner (as defined in the instrument's documentation), the defined bond characteristic change will be triggered as if the target was not met (with effective dates aligned with the original SPT).

Opinion: *ISS ESG considers the Sustainability-Linked Bond Characteristics' description provided by Pilgrim's as aligned with the SLBPs. The issuer expresses the potential variation of the financial characteristics of the bonds, while clearly defining the KPI and SPT and its calculation methodologies in the bond agreement. While significant change in perimeters through material M&A activities or* *drastic changes in regulatory environment are covered by the issuer, "force majeure" was not taken into consideration.*

2.4. Reporting

FROM PILGRIM'S FRAMEWORK
Annually, and for any date/period relevant for assessing the trigger of the SPT performance, Pilgrim's will publish and make readily available and accessible on our website up-to-date information on KPI performance, including the baseline where relevant, a verification assurance report ("Limited Assurance") outlining the performance of the KPI against the SPT and any other relevant information that enables investors to monitor the progress of the selected KPI. Information may also include (when feasible) a qualitative or quantitative explanation of the contribution of the main factors, including M&A activities, behind the evolution of the performance/KPI on an annual basis, illustration of the positive sustainability impacts of the performance improvement, and/or any re-assessments of KPIs and/or restatement of the SPT and/or adjustments of baselines or KPI scope based on changes in calculation / approach as recommended by a qualified external reviewer.

Opinion: *ISS ESG considers the Reporting description provided by Pilgrim's as aligned with the SLBPs. This will be made publicly available annually and may include qualitateive and quantitative explanation behind the evolution of the SPT , as described above.*

2.5. Verification

FROM PILGRIM'S FRAMEWORK
<u>External Verification</u> Pilgrim's has obtained and made publicly available a Second Party Opinion ("SPO") from ISS ESG to provide an opinion on the sustainability benefit of this SLB Framework as well as the alignment to the SLBP 2020. The SPO will be available on Pilgrim's website. <u>Post-Issuance</u> Annually, and for any date/period relevant for assessing the trigger of the SPT performance and until after the KPI trigger event of a bond has been reached, Pilgrim's will seek independent and external verification of the performance level for the stated KPI by a qualified external reviewer with relevant expertise. The verification will be in the form of a "Limited Assurance". The verification of the performance of the KPI, will be made publicly available on Pilgrim's website.

Opinion: *ISS ESG considers the Verification pocesses provided by Pilgrim's as going beyond the SLBPs recommendations. The issuer plans on annually verify the values of the SPT, allowing investors to track the performance of the SPT throughout the life of the bond.*

PART 3: PILGRIM'S ESG PERFORMANCE AND STRATEGY

The ISS ESG Corporate Rating provides material and forward-looking environmental, social and governance (ESG) data and performance assessments "Prime" status is granted to industry leaders who fulfill demanding performance expectations. Industry leaders are considered the top three companies in an industry from the ESG Corporate Rating universe at the time of generation of this report.

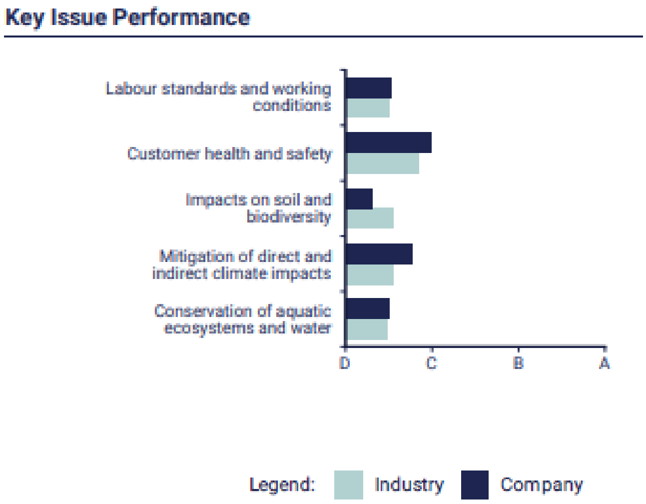
COMPANY	STATUS	DECILE RANK	TRANSPARENCY LEVEL
PILGRIMS PRIDE CORPORATION	NOT PRIME	4	HIGH

This means that the company sustainability performance is medium, both compared against industry peers as well as in terms of the industry-specific requirements defined by ISS ESG.

ESG performance

As of 17.03.2021, this Rating places Pilgrim's 121st out of 307 companies rated by ISS ESG in the Food & Beverages sector.

Key Challenges faced by companies in term of sustainability management in this sector are displayed in the chart on the right, as well as the issuer's performance against those key challenges in comparison to the average industry peers' performance.



Sustainability Opportunities

Pilgrim's Pride is one of the the world's largest chicken producers. The majority of its product portfolio consists of fresh and prepared products, accounting for 74.4% and 15.6% of sales in 2018, respectively. Processed chicken products, such as chicken nuggets, are considered problematic from a nutritional perspective as they usually contain relatively high amounts of fat and salt. While Pilgrim's Pride has expanded its organic chicken product offerings in recent years, their share is still estimated to be below 5%.

Sustainability Risks

While Pilgrim's Pride mitigates some risks related to its own operations to a certain extent, there is no evidence of an adequate management of social and environmental risks linked to the company's supply chain, especially regarding its outsourced production at contract farms. With regard to the social domain, the company has implemented a health and safety management system and a group-wide certified food safety management system. Nevertheless, in early 2020 the company is facing allegations of having failed to protect its workers from the spread of the Coronavirus in its facilities

Minnesota and Texas, US. In addition, the company is facing allegations of having kept workers' wages low since 2009. Furthermore, Pilgrim's Pride fails to demonstrate actions to manage further relevant risks in relation to responsible marketing and the nutritional value of its product portfolio. However, the company has implemented a general animal welfare standard and complementing compliance measures such as trainings and audits. Yet, the effectiveness of these measures can be put into question as the company has also been criticized for animal welfare irregularities occurring at its contracted farms. Furthermore, there is no evidence of a reasonable labor standard for suppliers and complementing measures to ensure compliance with these standards, e.g. audits and trainings. Furthermore, the company is facing allegations of anti-competitive behavior in the US. In the environmental domain, Pilgrim's Pride has general strategies in place to manage risks related to climate change and water impacts of own operations. While these strategies are reflected by decreasing greenhouse gas and energy intensities, there is still room for improvement regarding the company's water use intensity which has increased in recent years. However, the company does not demonstrate adequate efforts to address climate change, sustainable water use and soil and biodiversity management in agriculture and livestock farming along its value chain.

Governance opinion

Pilgrim's Pride's major shareholder is JBS S.A. (78.31% of total shares as at December 31, 2019). JBS S.A. is also represented at board level by several members, including the chairman (Gilberto Tomazoni, as at November 25, 2019). Therefore, the majority of the company's board members are not considered independent. There are several risks arising from this concentration of supervisory and controlling functions within the company which the company tries to counteract by having set up a fully independent audit committee and a partly independent committee in charge of nomination. However, members of the company's remuneration committee are predominantly not considered independent. Pilgrim's Pride discloses its remuneration policy for some of its executives, including long-term components, which could incentivize sustainable value creation. Regarding the company's governance of sustainability, there is no evidence of relevant structures such as an independent sustainability committee. It remains unclear whether the company's remuneration policy includes ESG targets. Pilgrim's Pride has established a code of ethics covering issues such as corruption, antitrust violations, insider dealings, gifts, favors, and entertainment, and conflicts of interest in general terms. However, apart from compliance training, anonymous and confidential reporting channels, and offering whistleblower protection, there are no indications of comprehensive compliance procedures including e.g. compliance audits and risk assessments. In addition, the company is facing allegations of anticompetitive behavior in the US.

Sustainability impact of products and services portfolio

Using a proprietary methodology, ISS ESG assessed the contribution of the issuer_name current products and services portfolio to the Sustainable Development Goals defined by the United Nations (UN SDGs). This analysis is limited to evaluation of final product characteristics and does not include practices along the issuer_name's production process.

PRODUCT/SERVICES PORTFOLIO	ASSOCIATED PERCENTAGE OF REVENUE	DIRECTION OF IMPACT	UN SDGS
Certified organic products	2.5%	**CONTRIBUTION**	15 LIFE ON LAND
Food products with a low nutritional value and/or potential negative health impacts	15%	**OBSTRUCTION**	3 GOOD HEALTH AND WELL-BEING
Highly processed food products with critical levels of certain nutrients (e.g. salt, sugar, fat)	15%	**OBSTRUCTION**	2 ZERO HUNGER
Others	N/A	NO NET IMPACT	N/A

Breaches of international norms and ESG controversies

The company is not facing any severe controversies.

Issuer's commitment to address climate change

In 2015, Pilgrim's performed an extensive corporate materiality analysis (CMA) that identified the material issues for their business. This analysis, while inclusive of Pilgrim's internal perception of the company's sustainability performance, relied heavily on the views and perceptions of outside stakeholders, including non-governmental organizations, community organizations, key customers, suppliers, financial institutions, government officials, academia, industry trade associations and other industry stakeholders.

The topics identified through this consultation process defined they key priority areas, five-year goals and annual reporting details, and cover the following five key priority areas:

- Product integrity
- Team Member Health and Safety

- Animal Welfare
- Water
- Energy and Climate Change

Given the trajectory of the global population, the demand for sustainable protein will experience tremendous growth, particularly in countries that lack sufficient production capacity to support their demand.
Pilgrim's recognizes climate change as the defining issue of our time. This challenge requires a new, transformative approach where business practices evolve to strengthen the resiliency of natural resources and ecosystems. In order to meaningfully contribute to the global fight against climate change, Pilgrim's will:

1) Utilizing resources from the Science-Based Target Initiative as a guide, set scope 1 and scope 2 greenhouse gas emissions reduction goals that Pilgrim's views are in-line with limiting global temperature rise to well below 2.0ºC above pre-industrial levels;
2) Ensure these reduction targets span Pilgrim's global operations across the U.S., Mexico, Europe and the UK;
3) Evaluate submittal of its targets for validation under the Science Based Targets initiative (SBTi) utilizing a sector-specific methodology if one becomes available for the food and agriculture sector, otherwise using the absolute contraction approach; and
4) Continue to advance its climate change journey, with an expectation to set SBTi-aligned target goals in line with the UN Global Compact "Business Ambition for 1.5ºC" Pledge.

The issuer states that this transaction will also support Pilgrim's wider Sustainability Strategy and 2030 long-term goals.

DISCLAIMER

1. Validity of the SPO: For Pilgrim's Sustainability-Linked Bond issuances as long as the Sustainability-Linked Bond Framework (March 2021), SPTs benchmarks and structural securities characteristics described in this document do not change.
2. ISS ESG uses a scientifically based rating concept to analyse and evaluate the environmental and social performance of companies and countries. In doing so, we adhere to the highest quality standards which are customary in responsibility research worldwide. In addition, we create a Second Party Opinion (SPO) on bonds based on data from the issuer.
3. We would, however, point out that we do not warrant that the information presented in this SPO is complete, accurate or up to date. Any liability on the part of ISS ESG in connection with the use of these SPO, the information provided in them and the use thereof shall be excluded. In particular, we point out that the verification of the compliance with the selection criteria is based solely on random samples and documents submitted by the issuer.
4. All statements of opinion and value judgements given by us do not in any way constitute purchase or investment recommendations. In particular, the SPO is no assessment of the economic profitability and credit worthiness of a bond but refers exclusively to the social and environmental criteria mentioned above.
5. We would point out that this SPO, in particular the images, text and graphics contained therein, and the layout and company logo of ISS ESG and ISS-ESG are protected under copyright and trademark law. Any use thereof shall require the express prior written consent of ISS. Use shall be deemed to refer in particular to the copying or duplication of the SPO wholly or in part, the distribution of the SPO, either free of charge or against payment, or the exploitation of this SPO in any other conceivable manner.

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ANNEX 1: ISS ESG Corporate Rating Methodology

The following pages contain extracts from Pilgrim's 2021 ISS ESG Corporate Rating.

Pilgrims Pride Corporation

Methodology - Overview

The ESG Corporate Rating methodology was originally developed by Institutional Shareholder Services Germany (formerly oekom research) and has been consistently updated for more than 25 years.

ESG Corporate Rating - The ESG Corporate Rating universe, which is currently expanding from more than 8,000 corporate issuers to a targeted 10,000 issuers in 2020, covers important national and international indices as well as additional companies from sectors with direct links to sustainability and the most important bond issuers that are not publicly listed companies.

The assessment of a company's social & governance and environmental performance is based on approximately 100 environmental, social and governance indicators per sector, selected from a pool of 800+ proprietary indicators. All indicators are evaluated independently based on clearly defined performance expectations and the results are aggregated, taking into account each indicator's and each topic's materiality-oriented weight, to yield an overall score (rating). If no relevant or up-to-date company information with regard to a certain indicator is available, and no assumptions can be made based on predefined standards and expertise, e.g. known and already classified country standards, the indicator is assessed with a D-.

In order to obtain a comprehensive and balanced picture of each company, our analysts assess relevant information reported or directly provided by the company as well as information from reputable independent sources. In addition, our analysts actively seek a dialogue with the assessed companies during the rating process and companies are regularly given the opportunity to comment on the results and provide additional information.

Analyst Opinion - Qualitative summary and explanation of the central rating results in three dimensions:
(1) Opportunities - assessment of the quality and the current and future share of sales of a company's products and services, which positively or negatively contribute to the management of principal sustainability challenges.
(2) Risks - summary assessment of how proactively and successfully the company addresses specific sustainability challenges found in its business activity and value chain, thus reducing its individual risks, in particular regarding its sector's key issues.
(3) Governance - overview of the company's governance structures and measures as well as of the quality and efficacy of policies regarding its ethical business conduct.

Norm-Based Research - Severity Indicator - The assessment of companies' sustainability performance in the ESG Corporate Rating is informed by a systematic and comprehensive evaluation of companies' ability to prevent and mitigate ESG controversies. ISS ESG conducts research and analysis on corporate involvement in verified or alleged failures to respect recognized standards for responsible business conduct through Norm-Based Research.

Norm-Based Research is based on authoritative standards for responsible business conduct such as the UN Global Compact, the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles for Business and Human Rights and the Sustainable Development Goals.

As a stress-test of corporate disclosure, Norm-Based Research assesses the following:
- Companies' ability to address grievances and remediate negative impacts
- Degree of verification of allegations and claims
- Severity of impact on people and the environment, and systematic or systemic nature of malpractices

Severity of impact is categorized as Potential, Moderate, Severe, Very severe. This informs the ESG Corporate Rating.

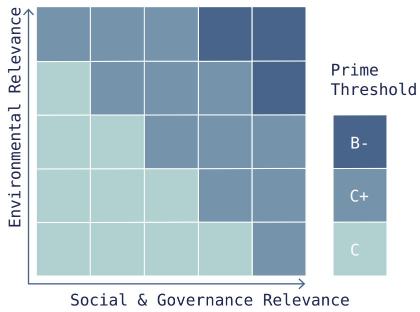
Decile Rank - The Decile Rank indicates in which decile (tenth part of total) the individual Corporate Rating ranks within its industry from 1 (best – company's rating is in the first decile within its industry) to 10 (lowest – company's rating is in the tenth decile within its industry). The Decile Rank is determined based on the underlying numerical score of the rating. If the total number of companies within an industry cannot be evenly divided by ten, the surplus company ratings are distributed from the top (1 decile) to the bottom. If there are Corporate Ratings with identical absolute scores that span a division in decile ranks, all ratings with an equal decile score are classified in the higher decile, resulting in a smaller number of Corporate Ratings in the decile below.

Distribution of Ratings - Overview of the distribution of the ratings of all companies from the respective industry that are included in the ESG Corporate Rating universe (company portrayed in this report: dark blue).

Pilgrims Pride Corporation

Methodology - Overview

Industry Classification - The social and environmental impacts of industries differ. Therefore, based on its relevance, each industry analyzed is classified in a Sustainability Matrix.
Depending on this classification, the two dimensions of the ESG Corporate Rating, the Social Rating and the Environmental Rating, are weighted and the sector-specific minimum requirements for the ISS ESG Prime Status (Prime threshold) are defined (absolute best-in-class approach).



Industry Leaders - List (in alphabetical order) of the top three companies in an industry from the ESG Corporate Rating universe at the time of generation of this report.

Key Issue Performance - Overview of the company's performance with regard to the key social and environmental issues in the industry, compared to the industry average.

Performance Score - The ESG Performance Score allows for cross-industry comparisons using a standardized best-in-class threshold that is valid across all industries. It is the numerical representation of the alphabetic ratings (D- to A+) on a scale of 0 to 100 with 50 representing the prime threshold. All companies with values greater than 50 are Prime, while companies with values less than 50 are Not Prime. As a result, intervals are of varying size depending on the original industry-specific prime thresholds.

Rating History - Development of the company's rating over time and comparison to the average rating in the industry.

Rating Scale - Companies are rated on a twelve-point scale from A+ to D-:
A+: the company shows excellent performance.
D-: the company shows poor performance (or fails to demonstrate any commitment to appropriately address the topic).
Overview of the range of scores achieved in the industry (light blue) and indication of the grade of the company evaluated in this report (dark blue).

Sources of Information - A selection of sources used for this report is illustrated in the annex.

Status & Prime Threshold - Companies are categorized as Prime if they achieve/exceed the sustainability performance requirements (Prime threshold) defined by ISS ESG for a specific industry (absolute best-in-class approach) in the ESG Corporate Rating. Prime companies are sustainability leaders in their industry and are better positioned to cope with material ESG challenges and risks, as well as to seize opportunities, than their Not Prime peers. The financial materiality of the Prime Status has been confirmed by performance studies, showing a continuous outperformance of the Prime portfolio when compared to conventional indices over more than 14 years.

Transparency Level - The Transparency Level indicates the company's materiality-adjusted disclosure level regarding the environmental and social performance indicators defined in the ESG Corporate Rating. It takes into consideration whether the company has disclosed relevant information regarding a specific indicator, either in its public ESG disclosures or as part of the rating feedback process, as well as the indicator's materiality reflected in its absolute weight in the rating. The calculated percentage is classified in five transparency levels following the scale below.
0% - < 20%: very low
20% - < 40%: low
40% - < 60%: medium
60% - < 80%: high
80% - 100%: very high
For example, if a company discloses information for indicators with a cumulated absolute weight in the rating of 23 percent, then its Transparency Level is "low". A company's failure to disclose, or lack of transparency, will impact a company's ESG performance rating negatively.

ANNEX 2: Methodology

ISS ESG Corporate Rating

The ESG Corporate Rating universe, which is currently expanding from more than 8,000 corporate issuers to a targeted 10,000 issuers in 2020, covers important national and international indices as well as additional companies from sectors with direct links to sustainability and the most important bond issuers that are not publicly listed companies.

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In order to obtain a comprehensive and balanced picture of each company, our analysts assess relevant information reported or directly provided by the company as well as information from reputable independent sources. In addition, our analysts actively seek a dialogue with the assessed companies during the rating process and companies are regularly given the opportunity to comment on the results and provide additional information.

Alignment of the concept set for transactions against the Sustainability-Linked Bond Principles, as administered by ICMA

ISS ESG reviewed Pilgrim's Sustainability-Linked Bond Framework, as well as the concept and processes for issuance against the Sustainability-Linked Bond Principles administered by the ICMA. Those principles are voluntary process guidelines that outline best practices for financial instruments to incorporate forward-looking ESG outcomes and promote integrity in the development of the Sustainability-Linked Bond market by clarifying the approach for issuance.
ISS ESG reviewed the alignment of Pilgrim's issuance concept with mandatory and necessary requirements as per the Appendix II - SLB Disclosure Data Checklist of those principles, and with encouraged practices as suggested by the core content of the Principles.

Analysis of the KPI selection and associated SPT

In line with the voluntary guidance provided by the Sustainability-Linked Bond Principles, ISS ESG conducted an in-depth analysis of the sustainability credibility of the KPI selected and associated SPT. ISS ESG analysed if the KPI selected is core, relevant and material to the issuer's business model and consistent with its sustainability strategy thanks to its long-standing expertise in evaluating corporate sustainability performance and strategy. ISS ESG also reviewed if the KPI is appropriately measurable by referring to key GHG reporting protocols and against acknowledged benchmarks.
ISS ESG analysed the ambition of the SPT against Pilgrim's own past performance (according to Pilgrim's reported data), against Pilgrim's sector peers (as per ISS ESG Peer Universe and data), and the UN SDGs (according the ISS ESG proprietary methodology). Finally, ISS ESG evaluated the measurability & comparability of the SPT, and the supporting strategy and action plan of Pilgrim's.

ANNEX 3: Quality management processes

SCOPE

Pilgrim's commissioned ISS ESG to compile a Sustainability-Linked Bond SPO. The Second Party Opinion process includes verifying whether the Sustainability-Linked Bond Framework aligns with the ICMA SLBPs and to assess the sustainability credentials of its Sustainability-Linked Bond, as well as the issuer's sustainability strategy.

CRITERIA

Relevant Standards for this Second Party Opinion

- ICMA Sustainability-Linked Bond Principles

ISSUER'S RESPONSIBILITY

Pilgrim's responsibility was to provide information and documentation on:

- Framework
- Bond Agreement

ISS ESG'S VERIFICATION PROCESS

ISS ESG is one of the world's leading independent environmental, social and governance (ESG) research, analysis and rating houses. The company has been actively involved in the sustainable capital markets for over 25 years. Since 2014, ISS ESG has built up a reputation as a highly-reputed thought leader in the green and social bond market and has become one of the first CBI approved verifiers.

ISS ESG has conducted this independent Second Party Opinion for the SLB to be issued by Pilgrim's based on ISS ESG methodology and in line with the ICMA Sustainability-Linked Bond Principles.

The engagement with Pilgrim's took place in February and March 2021.

ISS ESG'S BUSINESS PRACTICES

ISS has conducted this verification in strict compliance with the ISS Code of Ethics, which lays out detailed requirements in integrity, transparency, professional competence and due care, professional behaviour and objectivity for the ISS business and team members. It is designed to ensure that the verification is conducted independently and without any conflicts of interest with other parts of the ISS Group.

About ISS ESG SPO

ISS ESG is one of the world's leading rating agencies in the field of sustainable investment. The agency analyses companies and countries regarding their environmental and social performance.

As part of our Sustainable (Green & Social) Bond Services, we provide support for companies and institutions issuing sustainable bonds, advise them on the selection of categories of projects to be financed and help them to define ambitious criteria.

We assess alignment with external principles (e.g. the ICMA Principles), and review the sustainability performance of the issuer themselves. Following these steps, we draw up an independent SPO so that investors are as well informed as possible about the quality of the bond from a sustainability perspective.

Learn more: https://www.isscorporatesolutions.com/solutions/esg-solutions/green-bond-services/

For Information about SPO services, contact:

Federico Pezzolato
SPO Business Manager EMEA/APAC
Federico.Pezzolato@isscorporatesolutions.com
+44.20.3192.5760

Miguel Cunha
SPO Business Manager Americas
Miguel.Cunha@isscorporatesolutions.com
+1.917.689.8272

For Information about this SLB SPO, contact: SPOOperations@iss-esg.com

Project team

Project lead	Project supervision
Marine Durrieu Associate ESG Consultant	Viola Lutz Associate Director Deputy Head of Climate Services