THREE PRIORITIES FOR SUSTAINABLE PROSPERITY

Feed a Growing, Hungry World

Maintain a Strong Rural America

Do BOTH in the Most Sustainable Way Possible
FEEDING A GROWING, HUNGRY WORLD

Priority
#1

BY 2050
9.7B
To Feed
70%
More Food

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OUR PATH TO BECOMING WORLD’S LARGEST CHICKEN COMPANY

1 out of 5 chickens in the U.S. comes from

Nearly 1 out of every 4 chickens in Mexico

1 out of every 3 chickens in the UK

Business Units
- Case Ready
- Small Bird
- Big Bird/Commercial
- Prepared Foods
- Fresh Foodservice

Production Numbers
- 47,000,000 birds per week
- 11 billion lbs per year

Operations
- 52 Processing Plants
- 11 Pet Food Facilities
- 5 Protein Conversion Facilities
- 40+ Rendering Facilities
- 50 Hatcheries
- ~55,000 Team Members
- ~5,500 Farm Partners

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OUR CHALLENGE

By 2050, we will need 120% more poultry.

GLOBAL DEMAND FOR MEAT

2005 vs. 2050

(in tons)

Source: Food and Agriculture Organization of the United Nations, ESA Working Paper No. 12-03, p. 131
WHAT DO CONSUMERS WANT?

A mobile agricultural marketplace in China:

Fresh, Locally-Sourced, Completely Transparent, Convenient and Readily Available.
BALANCING PERCEPTION & PRODUCTION REALITIES

With 2.2 billion more mouths to feed by 2050, experts estimate food production must grow by 70%.

PERCEPTION VS REALITY
What are the issues surrounding food security?

- Population Growth & Shifts
- Changing Tastes
- Climate Change
- Scarcity
- Prosperous Farmers
- Safety & Affordability
- Nutrition
- Accessibility
- Food Waste
- Transparency

Food Security and Supply
MAINTAIN A STRONG RURAL AMERICA

Priority

#2
RURAL AMERICA IS THE NEW ‘INNER CITY’

Small counties fare worst by key measures of socioeconomic well-being

By Janet Adamy and Paul Overberg

At the corner where East North Street meets North Cherry Street in the small Ohio town of Kenton, the Immaculate Conception Church keeps a handwritten record of major ceremonies. Over the last decade, according to these sacramental registries, the church has held twice as many funerals as baptisms.

In tiny communities like Kenton, an unprecedented shift is under way. Federal and other data show that in 2013, in the majority of sparsely populated U.S. counties, more people died than were born—the first time that’s happened since the dawn of universal birth registration in the 1930s.

For more than a century, rural towns sustained efforts of churches and community groups, provided a viable social safety net in lean times.

Starting in the 1980s, the nation’s basket cases were its urban areas—where a toxic stew of crime, drugs and suburban flight conspired to make large cities the slowest-growing and most troubled places.

Today, however, a Wall Street Journal analysis shows that by many key measures of socioeconomic well-being, those charts have flipped. In terms of poverty, college attainment, teenage births, divorce, death rates from heart disease and cancer, reliance on federal disability insurance and male labor-force participation, rural counties now rank the worst among the four major U.S. popula-


http://farmpolicynews.illinois.edu/2017/05/wall-street-journal-looks-rural-america-new-inner-city/
MODERN FOOD & AGRICULTURE SECTORS MATTER

More Than 1/5th of U.S. Economy

25% of American Jobs Directly/Indirectly Tied to U.S. Food & Ag

43M+ JOBS

~$2T In Total Wages

$146B In Exports

Total Economic Impact: ~$6.8 Trillion

SOURCES: The Feeding the Economy food and agriculture industries economy study. www.feedingtheeconomy.com

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Modern Agriculture is Misunderstood

Perception vs. Reality

Perception: Believe U.S. Farms are run/owned by large corporations.

Reality: 97% family owned

Mid- to large-scale farmers:
- 9% of all farms
- Manage 46% of the land
- Responsible for 66% of production

Reality: 90% family owned

3/4 farms worldwide < 1 city block

Sources:
WORLDWIDE IN 2017

We Paid Our FAMILY FARM PARTNERS ~$900M

Our FAMILY FARM PARTNERS Raised ~2.1B CHICKENS

We Partnered With 5K+ FARMERS
WE ALSO SUPPORT AG BY SUPPORTING...

- Future Farmers of America
- Land Grant Universities & U.S. Egg & Poultry
- Trade & Foreign Ag Programs
DOING THIS IN THE MOST SUSTAINABLE WAY POSSIBLE

Priority

#3
2050 TRENDS ILLUSTRATE THE REAL CHALLENGE

- Requiring MORE Protein
- Currently Consuming 1.5x Planet’s Available Resources

MEAT PROTEIN CONSUMPTION WILL RISE RAPIDLY

USDA Long-Term Agricultural Projections: Global Meat Consumption & Trade

Growth in global meat consumption is projected to continue. Poultry consumption rises fastest, with a projected annual growth rate of 1.8 percent, while beef and pork each grow at a 0.9 percent rate.

ERS/USDA | Published on: Jan 9, 2018

(pork)
Sustainability Defined

Responsibly meeting the needs of the present while improving the ability of future generations to responsibly meet their own needs…
OUR **TOP 5 SUSTAINABILITY PRIORITIES & HOLISTIC APPROACH**

Address improvements in **social, environmental** and **economic** issues.

1. **PRODUCT INTEGRITY**: Product quality, impacts on society, consumer health and safety, marketing and communications and supplier ethical business practices.

2. **TEAM MEMBER HEALTH & SAFETY**: Occupational health and safety.

3. **ANIMAL WELFARE**: Animal breeding and genetics, livestock husbandry, transportation, handling and slaughter.

4. **WATER**: Water use, water quality and emissions.

5. **ENERGY & CLIMATE CHANGE**: Energy use and emissions.

See our 2016 Sustainability Report >
DRIVE EFFICIENCY & EXCELLENCE ACROSS OUR SUPPLY CHAIN

SOURCES: 2016 Think Sustainability - The Millennials View, Deloitte The 2016 Deloitte Millennial Survey, CSR and RME in Business Schools and Students Predisposition
EFFICIENCY IS KEY TO SUSTAINABILITY

No Matter What the Food Production System is…

Do more with less

WE MUST
Consumers now demand increased transparency:

- Products with perceived health benefits (natural, organic, NAE, GMO-free)
- Animal welfare (slow growing birds, humane certification)
- Fresh & local claims

No animal protein has been more efficient over time, but new consumer demands abound.

### Poultry – efficiency matters

### Chicken – improvement evolution

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<th>1965</th>
<th>1985</th>
<th>2005</th>
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<td>Mortality %</td>
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*projected

WE ARE AT A CROSSROADS

ARE WE ON THE ROAD TO RUIN?

OR THE PATH TO PROSPERITY?
WHAT HAS EXPERIENCE TAUGHT ME?

'If the rate of change on the outside exceeds the rate of change on the inside, the end is near.'

– Jack Welch
WHAT IS PILGRIM’S IMPERATIVE?

Connecting PEOPLE to a PURPOSE & their PASSIONS

Become the best and most respected company in our industry creating the opportunity of a better future for our team members.

Creating a MORE SUSTAINABLE food system and better future for more people.

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THE PILGRIM’S PHILOSOPHY: EMBRACE CHANGE

TIME FOR CHANGE

1. DISTINGUISH what our Customers WANT from what they NEED (there is a difference!)
2. LISTEN to CONSUMERS rather than tell them THEY ARE WRONG or MISINFORMED
3. CELEBRATE the DIVERSITY of Agriculture and the MANY OFFERINGS we can provide
4. PARTNER with KEY CUSTOMERS & GOVERNMENT & REGULATORY AGENCIES to create and drive new market VALUE

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WHAT IS AGRICULTURE’S IMPERATIVE?

Connecting PEOPLE to a PURPOSE & their PASSIONS

When farmers, scientists, business people and governments work together, we will feed a growing and hungry world, rural America will remain the strength of our nation, and social progress will accelerate.

Creating a MORE SUSTAINABLE food system and better future for more people.

thank you!