WHEREAS: Climate change has been confirmed by the Intergovernmental Panel on Climate Change and other expert analyses to exacerbate water scarcity issues for agriculture;

Climate change and increasing water scarcity can affect the production of animal feed, impacting availability and pricing that reduces profitability. 42% of our Company’s production costs comprise feed ingredients;\(^1\)

In the United States, chicken feed predominantly comprises corn (60%).\(^2\) 87% of irrigated corn production in the US is sourced from areas of high or extremely high baseline water stress;\(^3\)

Our Company recently experienced the effects of water scarcity on feed prices. A 2018 drought in Argentina caused corn and soybean prices to spike,\(^4\) leading feed costs per pound to increase 5.8% over the prior year;\(^5\)

The increase of water scarcity conditions can also impact the poultry production process in other ways, from providing drinking water, to treating wastes, to washing during processing, affecting our Company’s 6000\(^6\) contracted chicken houses as well as its processing facilities. Our Company reports that in FY2017 it used 1.093 gallons of water/saleable lb of chicken, and produced 4.3 billion pounds;\(^7\)

Our Company’s poultry processing plant, hatchery and feed mill in Hazlehurst and Gallman, Mississippi, are located in an area of high baseline water stress. The majority of facilities in Texas and Mississippi are located in areas of medium drought risk;\(^8\)

Thus, the increases in water scarcity caused by climate change can limit future access to water, affecting the ability to operate processing facilities, and negatively affecting revenues, credit profile and cost of capital;

\(^1\) Corporate Responsibility Report 2017, At 33.
\(^2\) https://ris.utwente.nl/ws/portalfiles/portal/5146067/Report-48-WaterFootprint-AnimalProducts-Vol1.pdf Figure 5.
\(^3\) https://blog.nationalgeographic.org/2015/02/10/corn-remains-king-in-usda-irrigation-survey/
\(^4\) https://www.reuters.com/article/argentina-grains-drought/argentina-drought-bakes-crops-sparks-grain-price-rally-idUSL2N1QK1TT
\(^6\) Supra Note 1, At 28.
\(^7\) Id.
The Sustainability Accounting Standards Board (SASB) has established industry-specific standards that assist companies in disclosing financially material, decision-useful sustainability metrics to investors. SASB’s Meat, Poultry and Dairy Industry Standards include water management disclosure;

Yet, our Company provides inadequate disclosure to its investors regarding its exposure to these risks. In the absence of material and decision-useful metrics, investors cannot compare the relative risks between competing investments, nor period-to-period progress in managing these risks;

**BE IT RESOLVED:** Shareholders request that, in order to allow tracking of water stress trends and impacts that are expected to be exacerbated by climate change, the Board of Directors report to shareholders on quantitative metrics identified by the Sustainability Accounting Standards Board (SASB) as providing material information on water resource risks for the Meat, Poultry and Dairy sector by 180 days after the 2020 Annual Meeting, at reasonable expense and excluding confidential information, and annually thereafter, including:

- Total water withdrawn, and percentage in regions with High or Extremely High Baseline Water Stress;
- Percentage of contracts with producers located in regions with High or Extremely High Baseline Water Stress;
- Percentage of animal feed sourced from regions with High or Extremely High Baseline Water Stress.