IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

CITY OF MIAMI BEACH FIRE AND POLICE PENSION FUND and BRUCE TAYLOR, on behalf of themselves and all other similarly situated stockholders of Pilgrim's Pride Corporation, Plaintiffs, v. JBS WISCONSIN PROPERTIES, LLC, JBS USA FOOD COMPANY, JBS USA FOOD COMPANY HOLDINGS, JBS, S.A., GILBERTO TOMAZONI, WESLEY MENDONÇA BATISTA, JOESLEY MENDONÇA BATISTA, ANDRE NOGUEIRA DE SOUZA, AJAY MENON, FARHA ASLAM, RAUL PADILLA, WALLIM CRUZ DE VASCONCELLOS JR., and ARQUIMEDES A. CELIS, Defendants, -and- PILGRIM'S PRIDE CORPORATION, Nominal Defendant.	C.A. No. 2025-0828-PAF **Redacted Version dated: July 23, 2025**

VERIFIED DERIVATIVE AND CLASS ACTION COMPLAINT

Plaintiffs City of Miami Beach Fire and Police Pension Fund and Bruce Taylor (together, "Plaintiffs"), on behalf of themselves and all other similarly situated public stockholders of Pilgrim's Pride Corporation ("Pilgrim's Pride" or the "Company") and on behalf of Nominal Defendant Pilgrim's Pride, bring the following Verified Derivative and Class Action Complaint ("Complaint") for breach of fiduciary duty against: (a) the Company's controlling stockholders JBS Wisconsin Properties, LLC, JBS USA Food Company, JBS USA Food Company Holdings, and JBS, S.A. (collectively, "JBS"); and (b) JBS-appointed directors Gilberto Tomazoni, Wesley Mendonça Batista, Joesley Mendonça Batista, Andre Nogueira de Souza, Ajay Menon, Farha Aslam, Raul Padilla, Wallim Cruz de Vasconcellos Jr., and Arquimedes A. Celis (the "Director Defendants").

The allegations of the Complaint are based on Plaintiffs' knowledge as to themselves, and on information and belief, including the investigation of counsel, documents produced by Pilgrim's Pride in response to Plaintiffs' books-and-records demands (together, the "Demands"), and the review of publicly available information, as to all other matters.

INTRODUCTION

1. This action (the "Action") challenges the actions of JBS, Pilgrim's Pride's controlling stockholder, to force through an amendment to the Company's Amended and Restated Certificate of Incorporation (the "Charter") to facilitate JBS's receipt of lucrative non-ratable tax benefits to the exclusion of public investors.

2. JBS owns approximately 82% of Pilgrim's Pride's common stock. Prior to the events challenged herein, the Company's Charter allowed JBS to elect seven of the Company's nine directors (approximately 77.8% of the board).

3. This presented a problem for JBS. When a parent owns at least (i) 80% of the total outstanding stock by value of its subsidiary and (ii) 80% of the total outstanding stock by voting power of its subsidiary, the parent entity can typically consolidate the subsidiary's financials for tax purposes. Among other things, this allows the parent to avoid paying taxes on any dividends issued by the subsidiary. Here, though, JBS could not consolidate Pilgrim's Pride because the second requirement is determined by the parent's ability to elect directors, and JBS could not unilaterally elect 80% of the Company's directors (for which it would need the ability to appoint eight of the nine directors). Therefore, in October 2024, JBS caused the Board to adopt an amendment to the Company's Charter (the "Charter Amendment") allowing it to elect directly 80% of the Company's directors.

4. This amendment gave JBS a unique benefit in the form of significant tax savings, including, in particular, when Pilgrim's Pride issues dividends—such as the $1.5 billion special dividend that the Company declared following the effectiveness of the Charter Amendment.

5. In connection with the Charter Amendment, JBS entered into a Tax Sharing Agreement, pursuant to which it will share a limited portion of its tax

savings with Pilgrim's Pride. But the Tax Sharing Agreement does not fairly compensate Pilgrim's Pride and its minority stockholders for the benefits provided to JBS under the Charter Amendment, because the Tax Sharing Agreement is limited to a two-year period and subject to an artificially low $750 million dividend cap that has already been exceeded.

6. The Charter Amendment and Tax Sharing Agreement subject to entire fairness review at common law. Defendants ignored the *MFW* roadmap entirely for the Charter Amendment and the associated agreements, declining to condition their effectiveness on the approval of a majority of the Company's disinterested stockholders. Accordingly, JBS's votes alone were enough to pass the Charter Amendment and related agreements, which became effective on December 30, 2024.

7. Defendants also cannot avail themselves of the safe harbors included in Senate Bill 21's amendments to 8 *Del. C.* § 144 ("Section 144"). Although the Charter Amendment and Tax Sharing Agreement were nominally approved by an Equity Committee (defined below), the Committee process failed to satisfy even the minimal requirements of Section 144(b):

- The Board never determined that the Equity Committee's members were independent *with respect to this specific transaction*.
- Nor did the Board make an express delegation of the authority to negotiate this transaction.
- Nor did the Equity Committee act in good faith and without gross negligence. The Equity Committee met, at most, once. It failed to retain independent

advisors or negotiate any term of the transaction, and simply rubber-stamped JBS's proposal.

8. Through this Action, Plaintiffs seek damages and other relief for Defendants' breaches of fiduciary duty in connection with the Charter Amendment and Tax Sharing Agreement.

PARTIES

9. Plaintiff City of Miami Beach Fire and Police Pension Fund has continuously been an owner of the Company's common stock since prior to the announcement of the Charter Amendment.

10. Plaintiff Bruce Taylor has continuously been an owner of the Company's common stock since prior to the announcement of the Charter Amendment.

11. Nominal Defendant Pilgrim's Pride is a Delaware corporation with its principal place of business located in Greeley, Colorado. The Company's common stock trades on the Nasdaq Global Select Market under the ticker symbol "PPC."

12. Defendant JBS Wisconsin Properties, LLC ("JBS Wisconsin") is a Wisconsin limited liability company that directly owns 82.4% of Pilgrim's Pride's outstanding shares.

13. Defendant JBS USA Food Company ("JBS USA FC") is a Delaware corporation that owns all of the outstanding shares of JBS Wisconsin.

14. Defendant JBS USA Food Company Holdings ("JBS USA FC Holdings" and, together with JBS USA FC, "JBS USA") is a Delaware corporation that owns all of the outstanding shares of JBS USA FC.

15. Defendant JBS, S.A. is a Brazilian multinational corporation and the ultimate parent of JBS Wisconsin, JBS USA FC, and JBS USA FC Holdings. JBS is one of the world's largest meat processing companies.[1]

16. Defendant Gilberto Tomazoni ("Tomazoni") has served as the Chairman of the Pilgrim's Pride Board since July 2013. JBS appointed him and designated him as a "JBS Director." Tomazoni has also served as the CEO of JBS since 2018 and before that served as JBS's President of the Global Poultry Division. In his role as a director, Tomazoni voted in favor of the unfair Charter Amendment and Tax Sharing Agreement.

17. Defendant Wesley Mendonça Batista ("W. Batista") has served as a Company director since February 2024 and is a co-controlling stockholder of J&F Investimentos S.A. ("J&F"), which controls JBS. Due to his ownership of J&F, W.

[1] JBS's stock recently began trading on the New York Stock Exchange, following an unusual direct listing (as opposed to following a roadshow and traditional listing-day bell-ringing ceremony). Several of the largest American banks, including Morgan Stanley, JPMorgan Chase, and Goldman Sachs, will not do business with JBS for compliance reasons. In particular, J&F Investimentos S.A., which is run by the Batista family and controls JBS, admitted in 2017 to paying about $150 million in bribes to Brazilian politicians to help secure cheap government funding for acquisitions. Defendants Wesley Mendonça Batista and Joesley Mendonça Batista spent several months in jail as a result.

Batista can be deemed to beneficially own the Pilgrim's Pride shares owned by JBS Wisconsin. JBS appointed him and designated him as a "JBS Director." In his role as a director, W. Batista voted in favor of the unfair Charter Amendment and Tax Sharing Agreement.

18. Defendant Joesley Mendonça Batista ("J. Batista") has served as a Company director since February 2024 and is a co-controlling stockholder of J&F. Due to his ownership of J&F, J. Batista can be deemed to beneficially own the Pilgrim's Pride shares owned by JBS Wisconsin. JBS appointed him and designated him as a "JBS Director." In his role as a director, J. Batista voted in favor of the unfair Charter Amendment and Tax Sharing Agreement.

19. Defendant Andre Nogueira de Souza ("Nogueira") has served as a Company director since 2014. JBS appointed him and designated him as a "JBS Director." According to his Linkedin profile, Nogueira has been a director of JBS USA FC since 2023. Nogueira has served in various roles with JBS, including as the Global President of Operations — North America of JBS USA FC. From January 1, 2013 to 2021, Nogueira was the President and Chief Executive Officer of JBS USA FC. Nogueira began his career with JBS USA Holding Lux S.à.r.l. (formerly known as JBS USA Holdings Inc.) in 2007, serving as Chief Financial Officer through 2011. He then served as Chief Executive Officer of JBS Australia

Pty. Ltd. (a subsidiary of JBS), in 2012. In his role as a director, Noguiera voted in favor of the unfair Charter Amendment and Tax Sharing Agreement.

20. Defendant Ajay Menon ("Menon") has served as a Company director since March 2021. On February 4, 2025, JBS reappointed Menon to the Board and designated him as a "JBS Director." Menon has also been the President and CEO of Colorado State University Research Foundation since October 2019. He is responsible for the protection, management, and commercialization of intellectual property resulting from research at Colorado State University ("Colorado State"). Previously, he served as the Dean of Colorado State's Colleges of Agricultural Sciences. In his role as a director, Menon voted in favor of the unfair Charter Amendment and Tax Sharing Agreement.

21. Defendant Farha Aslam ("Aslam") has served as a Company director since 2019. JBS appointed her as a "JBS Director." In her role as a director, Aslam voted in favor of the unfair Charter Amendment and Tax Sharing Agreement.

22. Defendant Raul Padilla ("Padilla") has served as a Company director since 2022. JBS appointed him as a "JBS Director." In his role as a director, Aslam voted in favor of the unfair Charter Amendment and Tax Sharing Agreement.

23. Defendant Wallim Cruz de Vasconcellos Jr., ("Vasconcellos") has served as a Company director since 2009. In his role as a director, Vasconcellos voted in favor of the unfair Charter Amendment and Tax Sharing Agreement.

24. Defendant Arquimedes A. Celis ("Celis") has served as a Company director since 2019. From 2001 to 2015, Celis was the CEO of Grupo Lala, a Mexican dairy company; on information and belief, Celis continued to serve as a director of Grupo Lala through at least 2024. In 2017, Grupo Lala, S.A.B de C.V. bought a controlling stake in Vigor Alimentos S.A., including purchasing JBS S.A.'s then-current 19.43% stake for approximately $241 million. In his role as a director, Celis voted in favor of the unfair Charter Amendment and Tax Sharing Agreement.

25. Collectively, Defendants JBS Wisconsin, JBS USA FC, JBS USA FC Holdings, and JBS are referred to herein as the "Controller Defendants."

26. Collectively, Defendants Tomazoni, W. Batista, J. Batista, Nogueira, Menon, Aslam, Padilla, Vasconcellos, and Celis are referred to herein as the "Director Defendants."

SUBJECT MATTER JURISDICTION AND FORUM

27. This Court has subject-matter jurisdiction over this Action, which asserts claims for breaches of fiduciary duty, pursuant to 10 *Del. C.* § 341, which in turn provides that this Court "shall have jurisdiction to hear and determine all matters and causes in equity."

28. As directors of the Company, the Director Defendants have consented to the jurisdiction of this Court pursuant to 10 *Del. C.* § 3114.

29. By virtue of its ownership of Company stock, the Controller Defendants are subject to Article 10 of Pilgrim Pride's Bylaws, which contains an exclusive forum selection provision designating the Court of Chancery of the State of Delaware as the exclusive forum for derivative and other stockholder disputes asserting a claim of breach of a fiduciary duty:

> Unless the Corporation consents in writing to the selection of an alternative forum, and to the fullest extent permitted by law, the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of the Corporation, (ii) any action asserting a claim of breach of a fiduciary duty owed by any current or former director, officer, other employee or stockholder of the Corporation to the Corporation or the Corporation's stockholders, (iii) any action asserting a claim arising pursuant to any provision of the Delaware General Corporation Law, the Certificate of Incorporation or these Bylaws or as to which the Delaware General Corporation Law confers jurisdiction on the Court of Chancery of the State of Delaware or (iv) any action asserting a claim governed by the internal affairs doctrine shall be the Court of Chancery of the State of Delaware and any state appellate court therefrom within the State of Delaware (or if the Court of Chancery of the State of Delaware declines to accept jurisdiction over a particular matter, any state or federal court within the State of Delaware). Any Person or entity purchasing or otherwise acquiring or holding any interest in shares of capital stock of the Corporation shall be deemed to have notice of and consent to the provisions of this Article 10.

SUBSTANTIVE ALLEGATIONS

I. JBS CONTROLS PILGRIM'S PRIDE

30. Pilgrim's Pride is a leading global producer of chickens and chicken products, with additional capabilities for pork and plant-based products.

31. JBS, including its affiliates and subsidiaries, has controlled Pilgrim's Pride since 2009. As of October 25, 2024, JBS beneficially owned 82.4% of the Company's outstanding stock.

32. The structure of Pilgrim's Pride's Board is unusual and provides JBS with significant control. Prior to the Charter Amendment, the Company's Charter established two "classes" of directors on the Board: the "JBS Directors" and the "Equity Directors." JBS Directors are nominated by a JBS Nominating Committee, which is composed solely of JBS-affiliated directors. Equity Directors are nominated by an Equity Nominating Committee.

33. Prior to the Charter Amendment, the Board had six JBS Directors (Tomazoni, W. Batista, J. Batista, Nogueira, Aslam, and Padilla) and three Equity Directors (Menon, Vasconcellos, and Celis). The Equity Directors were also the members of the Equity Committee discussed below. JBS is required to vote its shares in the same proportion as those held by minority stockholders in elections of the Equity Directors.

34. Prior to the Charter Amendment, the Company's Charter was last amended and restated in April 2021 and Section 5.2 set the ratio of JBS Directors to Equity Directors in accordance with JBS's ownership percentage in the Company as follows:

% Owned By JBS	# of JBS Directors	# of Equity Directors[2]
≥ 90%	8	1
≥ 80% but < 90%	7	2
≥ 50% but < 80%	6	3
≥ 40% but < 50%	5	4
≥ 35% but < 40%	4	5
> 10% but < 35%	3	6
≤ 10%	0	9

35. Under that Charter, the size of the Board was set at nine. As seen in the chart above, JBS had the right to designate up to seven directors on the Board if JBS owned at least 80% of the Company's outstanding stock (and up to eight if JBS owned at least 90%). But the JBS Nominating Committee could choose to fill only six of those spots, which it did prior to the Charter Amendment. The prior Charter

[2] The Charter initially required one "Founder Director" to also serve on the Board. But that requirement has essentially been moot for years. Article 5, Section 5.2(b) of the Charter provides that "upon the occurrence of the Founder Triggering Event, there shall no longer be a Founder Director on the Board, and the number of Equity Directors on the Board … shall be increased by one."

also provided that JBS maintained the right to nominate up to six directors—or a 2/3 majority of the Board—so long as it maintained beneficial ownership of at least 50% of Company stock.

36. Section 5.5 of the Charter required approval by a majority of the Equity Directors to amend Section 5.2 (setting out the ratio of JBS Directors to Equity Directors).

37. JBS is also party to a Stockholder Agreement with Pilgrim's Pride that, with respect to the Board composition, is consistent with the provisions of the Charter discussed above.

II. THE FAILED AMENDMENT

38. In 2023, JBS unsuccessfully tried to wrest even more power for itself. In the Company's 2023 annual proxy, JBS caused Pilgrim's Pride to propose an amendment to the Charter and corresponding amendment to the Company's bylaws (the "Failed Amendment").

39. The Failed Amendment would have provided: "if the JBS Stockholder beneficially owns at least 80% of the issued and outstanding Common Stock and the Board determines that it would be desirable under the Code and that an increase in JBS Directors is necessary or appropriate for this purpose, then the JBS Nominating Committee may choose to increase the number of JBS Directors by one."

40. If that amendment had taken effect, JBS would have been able to designate eight of the Company's nine directors if the Board determined it would be desirable under the "Code," which was defined as the Internal Revenue Code of 1986.

41. The 2023 Proxy stated that JBS would vote its shares "in the same manner as [the minority stockholders] with respect to" this proposal. Stockholders overwhelmingly voted against the power grab, with 210,168,195 voting against and only 17,195,990 voting for the Failed Amendment. As a result, the Failed Amendment did not take effect.

III. THE CHARTER AMENDMENT

42. On July 31, 2024, the Board held a regular meeting. Among other matters, [redacted] As of June 30, 2024, Pilgrim's Pride had $1.3 billion in cash and cash equivalents, an 85% increase from the $700 million it had as of the end of 2023. Although not stated in the minutes, if the Board determined to declare a dividend at that time, it would have been taxable to JBS like all other Company stockholders. The Board took no action to deploy the Company's cash.

43. In response to the Demands, the Company produced a presentation for an "Equity Directors Special Meeting" that did not contain a date, but that the

Company's counsel represented was dated September 27, 2024.[3] [redacted]

44. The presentation obliquely references [redacted][4] The presentation, however, contains no discussion whatsoever on what those efficiencies are or how much they would be worth to JBS.

45. The presentation recommended that [redacted][5]

46. The Equity Directors, however, did not retain independent counsel or engage in any negotiations whatsoever concerning the terms of the Charter Amendment or Tax Sharing Agreement. In fact, it is not clear the Equity Directors

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[3] Pilgrim0000007.

[4] Pilgrim0000009.

[5] Pilgrim0000010.

ever met to discuss the Charter Amendment. Although the Company produced an agenda for a purported October 23, 2024 meeting of the Equity Directors, the Company's counsel represented that the Company is not in possession of any minutes for any Equity Director meetings.

47. On October 24, 2024, the full Board, including the JBS-affiliated directors, met. This appears to be the only recorded meeting held to discuss the proposed Charter Amendment and Tax Sharing Agreement.

48. The Board minutes state that [redacted][6] According to the minutes, [redacted]

49. An undated presentation produced by the Company explains that [redacted]

[6] Pilgrim0000028.

[redacted][7] It also explained that any dividends paid by Pilgrim's Pride after the Charter Amendment would no longer be taxable to JBS USA. Although the proposed Tax Sharing Agreement required JBS to pay Pilgrim's Pride the incremental tax savings on the first "$[725] million" [sic] in dividends paid, JBS would not "be required to make any payments to Pilgrim's with respect to any future dividend payments."[8]

50. The presentation [redacted][9] The presentation did not include any forecasts or projected dividends to be paid by Pilgrim's Pride following the Charter Amendment, so it did not quantify the expected benefits flowing to JBS as a result of the amendments.

51. The "General Counsel" referred to in the Board minutes appears to be JBS USA's General Counsel, not the Company's own counsel or an independent legal advisor. The minutes state that only the following individuals were present in

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[7] Pilgrim0000003.

[8] Pilgrim0000004.

[9] Pilgrim0000004.

addition to the directors: (i) Fabio Sandri, the Company's President and CEO; (ii) Matthew Galvanoni, the Company's CFO; (iii) Kim Pryor, JBS USA's General Counsel; (iv) Todd Anderson, JBS USA's Head of Corporate Tax; (v) Forrest Yang, JBS USA's Global Head of Tax; and (vi) Kelsy Kubiak, JBS USA's Corporate Counsel. As a result, the Board received no independent advice whatsoever. The legal advice received by the Board came from JBS USA's own attorneys, and the only tax advice provided to the Board was from JBS executives.

52. The Company initially redacted portions of these minutes and other documents on the grounds that Pilgrim's Pride and JBS shared a common interest with respect to the Charter Amendment and Tax Sharing Agreement. The Company maintains that position to this day.[10] This position illustrates that the Charter Amendment and Tax Sharing Agreement did not result from an adversarial process.

53. The Board made no attempt to consult with independent financial or legal advisors or negotiate whatsoever with JBS to improve any of the terms for the Company. Instead, at the conclusion of the meeting, the Board unanimously adopted resolutions approving the Tax Sharing Agreement and amendments to the Charter,

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[10] The Company produced such documents in unredacted form only after Plaintiffs agreed that they would not argue the production of the documents constitutes a waiver of privilege and that such production will not be argued as grounds to determine the documents are not privileged. In any event, such documents are not privileged because Pilgrim's Pride and JBS were, or should have been, adverse parties in negotiating the Charter Amendment and Tax Sharing Agreement.

Bylaws, and JBS Stockholders Agreement, all in the forms proposed by management. The meeting lasted thirty-nine minutes.

54. The resolutions contained in the minutes state [redacted][12]

55. However, neither the Equity Committee nor the Audit Committee had executed written consents prior to this meeting. Instead, the next day, October 25, 2024, the [redacted].[13]

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[11] Pilgrim0000029.

[12] Pilgrim0000029.

[13] The Equity Committee resolutions claim those directors received the proposed Tax Sharing Agreement and amendments to the Charter, Bylaws, and JBS Stockholders Agreement in advance of their approval. But the Board and Audit Committee resolutions do not contain a similar statement and documents produced by the Company in response

56. On October 25, 2024, Pilgrim's Pride filed a preliminary proxy statement disclosing the Board's approval of the Charter Amendment and Tax Sharing Agreement (the "Preliminary Proxy") and scheduling a special stockholder meeting originally scheduled December 4, 2024.

57. Following the issuance of the Preliminary Proxy, the SEC provided Pilgrim's Pride comments on the Company's disclosures and the proposed amendments. JBS and Pilgrim's Pride agreed to minor changes to the Charter and Bylaw Amendments that removed outdated provisions concerning the Company's founder and old stock transfer restrictions to address the SEC's comments.

58. Then, on November 21, 2024, JBS USA's General Counsel once again emailed the full Board asking the Board and the Equity Committee members to approve unanimous written consents approving the updated Charter and Bylaw Amendments. The directors, including the Equity Directors, proceeded to approve those written consents without any meeting, debate, or negotiation.

59. On December 10, 2024, Pilgrim's Pride filed a definitive proxy statement (the "Proxy") and rescheduled the special stockholder meeting for December 23, 2024.

60. The only issue up for a stockholder vote was the Charter Amendment.

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to the Section 220 Demands contain no indication the rest of the directors received copies in advance of their approval.

61. The Charter Amendment provides that, for so long as JBS owns at least 80% of the Company's shares, the size of the Board shall be set at ten directors and divided into eight JBS Directors and two Equity Directors. In other words, the Charter Amendment expands the Board from nine to ten and allows the JBS Directors to fill the extra spot. With the Charter Amendment, JBS can elect 80% of the Company's directors instead of the 66.6% of the directors it previously elected (or 77.8% it could have previously elected).

62. The Proxy also informed stockholders that if the Charter Amendment was approved, the Company would make corresponding amendments to the Company's Bylaws and the JBS Stockholders Agreement, and that JBS and Pilgrim's Pride would enter into a new Tax Sharing Agreement, as discussed below.

63. Unlike with the Failed Amendment, for the Charter Amendment, JBS did not commit to vote its shares in proportion to the votes cast by the Company's public stockholders. Instead, according to the Proxy, JBS would vote its shares "in its sole and absolute discretion," which made the approval of the Charter Amendment a *fait accompli*.

64. Following stockholder approval, on December 30, 2024, Pilgrim's Pride filed an Amended and Restated Certificate of Incorporation with the Delaware Secretary of State that included the Charter Amendment.

65. On January 9, 2025, JBS USA's General Counsel again emailed the Board asking them to approve a unanimous written consent expanding the Board to from nine to ten directors with eight directors designated JBS Directors and two directors designated Equity Directors.

66. On February 4, 2025, pursuant to the Charter Amendment, the JBS Nominating Committee reappointed former Board member Joanita Karoleski ("Karoleski") to the Board as a JBS Director. JBS also reappointed Menon to the Board and reclassified him from an Equity Director to a JBS Director.

IV. THE CHARTER AMENDMENT IS UNFAIR

67. The Proxy makes clear that the sole motivation behind the Charter Amendment was to provide favorable tax treatment to JBS. As the Proxy explains, the Charter Amendment was necessary because:

> To achieve the consolidation for U.S. federal income tax purposes, JBS USA must own outstanding capital stock of the Company representing both (i) at least 80 percent of the total outstanding capital stock (by value) and (ii) at least 80 percent of the total stock voting power.

68. Although JBS appeared to already satisfy both requirements, the Proxy explained that the IRS did not deem the second requirement to be satisfied because JBS only had the right to elect seven of nine directors:

> The second requirement, which is generally determined by the *ability to elect directors*, is not currently satisfied, because the JBS Stockholder only has seven (7) directors

> out of the nine (9) (or approximately 77.8 percent of the Board). For the JBS Stockholder to have the right to elect 80 percent of the Board, and for JBS USA thus to be deemed to have 80 percent of the total stock voting power for U.S. federal (and applicable state and local) income tax purposes, the Certificate must be amended as proposed.

69. As a result, the Charter Amendment will provide significant tax benefits to JBS by allowing it to utilize the Company's tax assets and avoid taxes on dividends issued by the Company, which is a significant financial benefit for JBS.

70. In connection with the Charter Amendment, JBS and Pilgrim's Pride entered into the Tax Sharing Agreement "governing the allocation, and certain payment and reimbursement obligations, of U.S. income tax liabilities and assets among the Company and its relevant U.S. corporate subsidiaries . . . on the one hand, and JBS USA and its relevant U.S. subsidiaries . . . on the other hand."

71. Although the Tax Sharing Agreement requires JBS to share some of the tax benefits it will enjoy with Pilgrim's Pride, the agreement heavily favors JBS. The Tax Sharing Agreement provides, among other things:

- The Company will make payments to JBS in an amount equal to the Company's U.S. federal and state income tax liability, if any, for each tax year beginning on or after December 30, 2024 (an "Effective Tax Year").
- JBS will make payments to the Company in an amount equal to JBS's U.S. state income tax liability, if any, in each Effective Year in which the Company will be responsible for paying the U.S. state income tax liability of JBS.
- JBS will make payments to the Company for the utilization of any Company tax assets by JBS during an Effective Tax Year.

- JBS will be required to make payments to the Company for the incremental tax cost savings to JBS arising from the planned consolidation with respect to any dividends paid by the Company on or after December 30, 2024, but prior to December 30, 2026, in the aggregate amount of up to $725 million (estimated to be approximately $50 million upon the payment of the full $725 million in dividends over the course of those two years) (the "DRD Benefit").

72. The DRD Benefit provision is most concerning. The Proxy indicates that the possible dividend-related tax benefits flowing to JBS was the major impetus behind the Charter Amendment:

> The Board's decision to pursue a consolidation seriously at this time was based on various factors, including the current financial condition of the Company (including the Company's strong cash and cash equivalents balance of approximately $1.9 billion as of September 30, 2024, compared to cash and cash equivalents of approximately $700 million as of December 31, 2023) and other strategic business and financial priorities of the Company.

73. As the Company's controller, JBS was able to manipulate the timing and amount of any dividend payments to minimize or eliminate its obligation to remit any payment to the Company. Prior to the Charter Amendment, the Company had not paid recent dividends, and its most recent Form 10-K, filed on February 13, 2025, stated that Pilgrim's Pride "does not have a policy of paying dividends."

74. Despite the fact that the Company's balance of cash and cash equivalents increased by nearly $1.6 billion—from approximately $400 million to $2 billion—between the end of 2022 and the end of 2024, JBS prevented the

Company from issuing dividends until JBS could pass the Charter Amendment so that JBS could maximize its own tax savings.

75. With the Charter Amendment in place, on March 14, 2024, JBS caused the Company to declare an enormous special cash dividend of $6.30 per share or $1.5 billion in the aggregate. The special dividend was $775 million higher than the $725 million DRD Benefit cap contained in the Tax Sharing Agreement for which JBS is obligated to share dividend-related tax benefits with Pilgrim's Pride. As a result, JBS no longer has any obligation to share any tax benefits it receives from further dividends with Pilgrim's Pride.

76. JBS received over $1.23 billion from this dividend and immediately moved to deploy its proceeds. On March 21, 2025, JBS USA FC sent a conditional notice of redemption for $850 million in aggregate principal amount of its 5.5% Senior Notes due 2030, conditioned upon the receipt of the Pilgrim's Pride special cash dividend.

77. Despite the clear benefits JBS will enjoy from the Charter Amendment and the Tax Sharing Agreement, JBS did not condition its approval on the achievement of the *MFW* procedural safeguards—namely, approval by both (i) a fully empowered and disinterested Board committee and (ii) a vote by the majority of the Company's minority stockholders. Notably, JBS forced the Charter

Amendment through without subjecting it to a majority-of-the-minority vote after failing to receive enough public stockholder support for the Failed Amendment.

V. DEFENDANTS ARE NOT ENTITLED TO SAFE HARBOR CLEANSING

78. The Charter Amendment and Tax Sharing Agreement do not qualify for safe harbor cleansing under Section 144 as amended by Senate Bill 21.

79. *First*, JBS is a "controlling stockholder" within the meaning of Section 144(e)(2) because it controls a majority of the Company's voting power and is able to elect unilaterally the eight JBS Directors who constitute a majority of the Board. *Second*, the Charter Amendment (including the related Tax Sharing Agreement) was a "controlling stockholder transaction" within the meaning of Section 144(e)(3) because it was "an act or transaction from which [JBS] receives a financial or other benefit not shared with the corporation's stockholders generally." *Third*, neither the Charter Amendment nor the Tax Sharing Agreement is a "going private transaction" within the meaning of Section 144(c), so the applicable safe harbor provision is Section 144(b).

80. To qualify for safe-harbor cleansing and avoid entire fairness review under Section 144(b)(3), Defendants can rely on either committee cleansing (under Section 144(b)(1)) or a majority-of-the-minority vote (under Section 144(b)(2)). Here, there was no majority-of-the-minority vote, so Defendants will be left to argue

that the Charter Amendment and Tax Sharing Agreement were cleansed under Section 144(b)(1).

81. Committee cleansing under Section 144(b)(1) requires proof of several elements:

- **Express determination of independence as to the transaction.** The committee must "consist[] of 2 or more directors, each of whom the board of directors has determined to be a disinterested director with respect to the controlling stockholder transaction";

- **Express delegation to negotiate.** The board must have "expressly delegated [to the committee] the authority to negotiate (or oversee the negotiation of) and to reject such controlling stockholder transaction";

- **Full disclosure.** "The material facts as to such controlling stockholder transaction (including the controlling stockholder's or control group's interest therein) [must be] disclosed or ... known to all members of [the] committee"; and

- **Good faith, non-grossly negligent approval.** The "controlling stockholder transaction [must be] approved (or recommended for approval) in good faith and without gross negligence by a majority of the disinterested directors then serving on the committee."

82. The process here failed at least three of the four elements.

83. *First*, there is no evidence that the Board ever made an express determination—or *any* determination—that the members of the Equity Committee were disinterested **with respect to the Charter Amendment and Tax Sharing Agreement**. The Board appears to have simply relied on the Company's certificate of incorporation which (1) defines the Equity Directors by reference to the method

by which they are selected (Article XII)[14] and (2) requires approval by the Equity Directors for certain charter amendments, including the Charter Amendment challenged here (Section 5.5(iv)).

84. *Second*, there is no evidence that the Board made an express delegation to the Equity Committee of the authority to negotiate or reject the Charter Amendment or the Tax Sharing Agreement. The Company's books-and-records production did not include any resolutions that granted the Equity Committee any power to negotiate or oversee negotiations. Nor did the Company's production include any meeting minutes that reflected any discussion about the Equity Committee's duties or responsibilities. A management presentation [redacted]

[14] Defining the "Equity Directors" as "the two (2) directors designated as 'Equity Directors' on Schedule 3.01(a)(iii) to the Stockholders Agreement, their successors as nominated by the Equity Nominating Committee and elected by the stockholders of the Corporation or appointed by the Equity Nominating Committee to fill any vacancy pursuant to Section 5.3 and any other person, other than a JBS Director, nominated by the Minority Investors to succeed an Equity Director in accordance with this Certificate of Incorporation and the Bylaws and elected by the stockholders of the Corporation; *provided* that, if at any time the ownership by the JBS Stockholder of the issued and outstanding Common Stock as a percentage of the total issued and outstanding Common Stock changes to a threshold amount set forth in Section 5.2(b), then the number of Equity Directors shall be changed to the corresponding number of Equity Directors set forth in Section 5.2(b); *provided further* that each person serving as an Equity Director must qualify as an independent director."

[redacted][15] Yet that is not the express board-level delegation necessary to satisfy Section 144(b)(1).

85. *Third*, the Equity Committee did not act in good faith and without gross negligence in approving the Charter Amendment and Tax Sharing Agreement. According to the Unanimous Written Consent of the Equity Committee approving the Agreements, the Equity Committee [redacted][16] Nothing in the Company's production indicates the Equity Committee sought or received any independent advice or oversaw or conducted any negotiations. Instead, the entire Board relied on the advice of JBS, which should have been treated as adverse to the Company with

[15] Pilgrim0000010.

[16] Pilgrim0000018.

respect to the Charter Amendment and Tax Sharing Agreement. A committee that simply acts as a "rubber stamp" does not act in good faith.[17]

DERIVATIVE ALLEGATIONS

86. Plaintiffs bring this Action derivatively to redress injuries suffered by the Company as a result of breaches of fiduciary duty and other misconduct by the Defendants as alleged herein. Plaintiffs currently are beneficial owners of Pilgrim's Pride common stock and continuously owned Pilgrim's Pride common stock at all times relevant to this Complaint. Plaintiffs will continue to hold Pilgrim's Pride stock through the resolution of this Action.

87. Plaintiffs will adequately and fairly represent the interests of Pilgrim's Pride and its stockholders in enforcing and prosecuting their rights and have retained counsel competent and experienced in stockholder derivative litigation.

88. Plaintiffs repeat and reallege each allegation above as if set forth in full herein.

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[17] *Firefighters' Pension Sys. of City of Kansas City v. Found. Bldg. Mat'ls, Inc.*, 318 A.3d 1105, 1166 (Del. Ch. 2024); *Berteau v. Glazek*, 2021 WL 2711678, at *24 (Del. Ch. June 30, 2021) (committee did not act in good faith where "Plaintiff's allegations support a reasonable inference that negotiations over deal terms were limited to the minimum necessary to confer a scintilla of legitimacy to the Special Committee process, and that the Special Committee abdicated their fiduciary duties after the March 29 TPB Meeting."); *In re CBS Corp. S'holder Class Action & Deriv. Litig.*, 2021 WL 268779, at *43 (Del. Ch. Jan. 27, 2021) (similar).

89. Plaintiffs did not make a demand on the Board to institute this Action. Such demand would be futile because the Board is incapable of making an independent and disinterested decision to institute and vigorously prosecute this action.

90. The Pilgrim's Pride Board (the "Demand Board") has ten members consisting of (i) Director Defendants Tomazoni, W. Batista, J. Batista, Nogueira, Menon, Aslam, Padilla, Vasconcellos, and Celis; and (ii) non-Party Karoleski.

91. The Director Defendants all acted in bad faith in rubber-stamping the unfair Charter Amendment and Tax Sharing Agreement and facilitated JBS causing Pilgrim's Pride to adopt the Charter Amendment and Tax Sharing Agreement for JBS's benefit. Accordingly, they face a substantial risk of liability in this Action and cannot be expected to consider a demand impartially.

92. In addition, at least six of the ten directors have disabling conflicts viz-à-vis JBS that would prevent them from impartially considering a demand.

93. **Defendants W. Batista and J. Batista** are directly interested in the Charter Amendment and Tax Sharing Agreement. They are the controllers of JBS and its affiliates and are deemed to beneficially own the Pilgrim's Pride shares owned by JBS. Both are JBS Directors. Accordingly, they cannot impartially consider a demand.

94. **Defendants Tomazoni and Nogueira** serve or served as long-time JBS officers and owe their careers and livelihoods to JBS. Both are JBS Directors. Tomazoni currently serves as the CEO of JBS and Nogueira currently serves as a director of JBS USA FC. Accordingly, they owe fiduciary duties to both JBS and Pilgrim's Pride and cannot impartially consider a demand.

95. **Defendant Menon** has been the President and CEO of Colorado State University Research Foundation since October 2019. He is responsible for the protection, management, and commercialization of intellectual property resulting from research at Colorado State University. Prior to that, he served as the Dean of Colorado State's Colleges of Agricultural Sciences.

96. JBS has been a significant donor and long-term partner of Colorado State. For example, in 2017, JBS donated $12.5 million to Colorado State to establish the "JBS Global Food Innovation Center." Colorado State and JBS announced the donation as JBS entering "into a strategic partnership with Colorado State University that is currently valued at $12.5 million. This unique partnership includes a $7.5 million philanthropic contribution to build the JBS Global Food Innovation Center at the university and an employee educational programming

investment valued at $5 million."[18] Menon himself is quoted in the announcement praising JBS's long-term partnership with Colorado State:

> We have had a long-standing research and academic partnership with JBS, and this gift will allow us to cement that relationship for years to come. This facility is designed to provide our students with the hands-on experiences that will position them for careers in industry and academia, especially as they work alongside faculty members who are producing innovations in food safety, food security, and animal welfare.[19]

97. Nogueira, the CEO of JBS USA FC at the time, was also quoted discussing JBS's close relationship with the community and its use of Colorado State as a quasi-farm system:

> Many of our most promising young team members come to JBS from Colorado State University. While we enjoy a global presence, the location of our North American headquarters in Greeley makes Colorado a special place for our company. The innovation and education that will take place in this new facility will help to train the next generation of dynamic food and agricultural leaders in Colorado and across the nation.

98. When the JBS Global Food Innovation Center opened in 2019, Menon stated:

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[18] Jason Kasovski, *$12.5 million investment from JBS USA with CSU to establish new Global Food Innovation Center*, COLO. STATE UNIV. (Mar. 25, 2017), https://source.colostate.edu/12-5-million-investment-jbs-usa-csu-establish-new-global-food-innovation-center.

[19] *Id.*

> We take a global view of our education and research, and we were looking for new ways to spur innovation in livestock and meat science, food safety, food security and animal welfare. JBS provides that necessary partnership – our goals and values align well with theirs – and we're very grateful for their support.[20]

99. Menon's ties and loyalty to JBS are so strong that JBS decided to convert Menon from an Equity Director to a JBS Director. Given JBS's funding and close partnership with Colorado State, Menon cannot be expected to impartially consider a demand regarding the conduct alleged herein.

100. **Non-Party Karoleski** was reappointed to the Board following the adoption of the Charter Amendment as one of the eight JBS Directors. Karoleski previously served on the Board from 2022 to 2024 where she also served as a JBS Director. Karoleski has served as a JBS employee for years. Her last employment appears to have been as the President of JBS Fund for the Amazon, a JBS initiative to advance forest conservation and develop local communities, from 2020 to 2024. Despite stepping down as President, Karoleski remains a director of the JBS Fund for the Amazon. From 2013 to 2020, Karoleski served as CEO of Seara Alimentos LTDA, a Brazilian meat company owned by JBS. Given her long history of working

[20] $20 Million JBS Global Food Innovation Center Opens on Colorado State University Campus, GLOBENEWSWIRE (Apr. 12, 2019), https://www.globenewswire.com/news-release/2019/04/12/1803544/0/en/20-Million-JBS-Global-Food-Innovation-Center-Opens-on-Colorado-State-University-Campus.html.

for JBS, including her current role as a director of a JBS affiliate, Karoleski cannot be expected to impartially consider a demand.

CLASS ACTION ALLEGATIONS

101. Plaintiffs also bring this Action pursuant to Rule 23 of the Rules of the Court of Chancery, individually and on behalf of all other holders of Company common stock (except Defendants herein and any person, firm, trust, corporation, or other entity related to or affiliated with them) who have been or will be threatened with injury arising from Defendants' wrongful actions, as more fully described herein (the "Class").

102. This Action is properly maintainable as a class action.

103. The Class is so numerous that joinder of all members is impracticable. As of April 30, 2025, there were 237,123,061 shares of Company common stock issued and outstanding. Thus, upon information and belief, there are thousands of Company stockholders scattered throughout the United States.

104. There are questions of law and fact common to the Class, including, inter alia, whether:

- The Controller Defendants breached their fiduciary duties;
- The Director Defendants breached their fiduciary duties; and
- Plaintiffs and the other members of the Class were injured by the wrongful conduct alleged herein and, if so, what is the proper measure of damages.

105. Plaintiffs are committed to prosecuting this Action and have retained competent counsel experienced in litigation of this nature. Plaintiffs' claims are typical of the claims of the other members of the Class, and Plaintiffs have the same interests as the other members of the Class. Plaintiffs are an adequate representative of the Class.

106. The prosecution of separate actions by individual members of the Class would create the risk of inconsistent or varying adjudications with respect to individual members of the Class that would establish incompatible standards of conduct for Defendants or adjudications with respect to individual members of the Class that would, as a practical matter, be disjunctive of the interests of the other members not party to the adjudications or substantially impair or impede their ability to protect their interests.

COUNT I

INDIVIDUAL AND CLASS CLAIM FOR BREACH OF FIDUCIARY DUTY AGAINST THE CONTROLLER DEFENDANTS

107. Plaintiffs repeat and reallege each and every allegation above as if set forth in full herein.

108. As explained herein, the Controller Defendants own 82% of Pilgrim Pride's stock and control the Company. As controlling stockholders, the Controller Defendants owe Plaintiffs and the Class fiduciary duties.

109. By reason of the foregoing, the Controller Defendants breached their fiduciary duties by, among other things, causing the Company to adopt the Charter Amendment, which provides the Controller Defendants with significant unique financial benefits that will not be fairly shared with Plaintiffs and the Class.

110. The Controller Defendants also breached their duties to the Class through the entrenching effect of the Charter Amendment and its reduction of the Class's influence at Pilgrim's Pride. The Charter Amendment directly reduces the influence of the public stockholders on the Board's decision making by reducing the percentage of directors they can elect.

111. As a result of the Controller Defendants' breaches of fiduciary duty, Plaintiffs and the Class have been harmed.

112. Plaintiffs and the Class have no adequate remedy at law.

COUNT II

INDIVIDUAL AND CLASS CLAIM FOR BREACH OF FIDUCIARY DUTY AGAINST THE DIRECTOR DEFENDANTS

113. Plaintiffs repeat and reallege each and every allegation set forth herein.

114. The Director Defendants, as Pilgrim's Pride directors, owed the Company and stockholders the utmost fiduciary duties of care and loyalty. By virtue of their positions as directors of Pilgrim's Pride and their exercise of control and ownership over the business and corporate affairs of the Company, the Director

Defendants have, and at all relevant times had, the power to control and influence and did control and influence and cause the Company to engage in the transactions complained of herein.

115. The Director Defendants were required to (i) use their ability to control and manage the Company in a fair, just, and equitable manner, and (ii) act in furtherance of the best interests of Plaintiffs and the Class.

116. Instead, the Director Defendants breached their fiduciary duties by, among other things, approving the Charter Amendment and Tax Sharing Agreement in bad faith, which provided significant nonratable benefits to the Controller Defendants, without negotiating a fair Tax Sharing Agreement that equitably divided those benefits between the Company and the Controller Defendants.

117. The Director Defendants also breached their duties to the Class through the entrenching effect of the Charter Amendment and its reduction of the Class's influence at Pilgrim's Pride. The Charter Amendment directly reduces the influence of the public stockholders on the Board's decision making by reducing the percentage of directors they can elect.

118. As a result of the Director Defendants' breaches of fiduciary duty, Plaintiffs and the Class have been harmed.

119. Plaintiffs and the Class have no adequate remedy at law.

COUNT III

DERIVATIVE CLAIM FOR BREACH OF FIDUCIARY DUTY AGAINST THE CONTROLLER DEFENDANTS

120. Plaintiffs repeat and reallege each and every allegation above as if set forth in full herein.

121. As explained herein, the Controller Defendants own 82% of Pilgrim Pride's stock and control the Company. As controlling stockholders, the Controller Defendants owe the Company fiduciary duties.

122. By reason of the foregoing, the Controller Defendants breached their fiduciary duties by, among other things, causing the Company to adopt the Charter Amendment and Tax Sharing Agreement, which provides the Controller Defendants with significant unique financial benefits that will not be fairly shared with the Company.

123. As a result of the Controller Defendants' breaches of fiduciary duty, the Company has been harmed.

124. The Company has no adequate remedy at law.

COUNT IV

DERIVATIVE CLAIM FOR BREACH OF FIDUCIARY DUTY AGAINST THE DIRECTOR DEFENDANTS

125. Plaintiffs repeat and reallege each and every allegation set forth herein.

126. The Director Defendants, as Pilgrim's Pride directors, owed the Company and stockholders the utmost fiduciary duties of care and loyalty. By virtue of their positions as directors of Pilgrim's Pride and their exercise of control and ownership over the business and corporate affairs of the Company, the Director Defendants have, and at all relevant times had, the power to control and influence and did control and influence and cause the Company to engage in the transactions complained of herein.

127. The Director Defendants were required to (i) use their ability to control and manage the Company in a fair, just, and equitable manner, and (ii) act in furtherance of the best interests of the Company.

128. Instead, the Director Defendants breached their fiduciary duties by, among other things, approving the Charter Amendment and Tax Sharing Agreement in bad faith, which provided significant nonratable benefits to the Controller Defendants, without negotiating a fair Tax Sharing Agreement that equitably divided those benefits between the Company and the Controller Defendants.

129. As a result of the Director Defendants' breaches of fiduciary duty, the Company has been harmed.

130. The Company has no adequate remedy at law.

PRAYER FOR RELIEF

WHEREFORE, Plaintiffs demand judgment and relief in their favor and in favor of the Company, and against the Defendants, as follows:

(a) Declaring that this Action is properly maintainable as a derivative action and that demand is futile;

(a) Declaring that this Action is properly maintainable as a Class Action, appointing Plaintiffs as Class Representatives, and appointing Plaintiffs' chosen counsel as Class counsel;

(b) Finding the Controller Defendants liable for breaching their fiduciary duties;

(c) Finding the Director Defendants liable for breaching their fiduciary duties;

(d) Awarding appropriate equitable relief, including, without limitation, the appointment of new and independent directors and such other corporate governance reforms as may be appropriate;

(e) Awarding damages in an amount which may be proven at trial, together with pre- and post-judgment interest thereon;

(f) Awarding Plaintiffs their reasonable attorneys' and expert witness fees and other costs; and

(g) Awarding such other relief as this Court deems just and equitable.

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