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Why investors should think twice before going Dutch with JBS

An open letter from Greenpeace International to investors ahead of JBS' listing shares on the NYSE on 12 June

As you are no doubt aware, JBS is on the point of completing its move to the Netherlands and its NYSE listing – almost two whole years after it first announced its plan to do so. On 23 May, an extraordinary general meeting of the company narrowly avoided a humiliating defeat when a slim majority approved JBS' proposals. JBS is now in the process of implementing the final steps in the transaction, targeting 12 June as the first day of trading on NYSE.

There are obviously a number of reasons why JBS has been quite so keen to list on NYSE, not least the credibility it brings the group and its controlling shareholders beset by corruption scandals (their first attempt at a Wall Street listing blown off course in 2017, shortly after their embroilment in an enormous Brazilian corruption scandal). Central to this is JBS' stated aim of achieving a higher valuation, in order to unlock international capital and with it, almost certainly, a drive to refresh its shareholder register by attracting new investors.

Before jumping on the JBS bandwagon, we urge investors to better understand what we see as some of the risks attached to investing in a Dutch-based, NYSE-listed JBS.

You will be familiar with JBS' long history of social and environmental scandals. Through its supply chain relationships, JBS has been linked to human rights abuses including child labour and modern slavery, deforestation, and eyewatering greenhouse gas emissions, in addition to its direct implication in corruption scandals, most recently compiled by Greenpeace Brazil, and we do not need to restate our well-established position on the company here.

Since they were first announced, JBS' New York Stock Exchange listing and redomiciliation plans have been opposed by a broad range of NGOs as well as investors, and politicians in the United States, EU and the UK. Investor advisors Institutional Shareholder Services (ISS) and later Glass Lewis recommended that minority shareholders vote against JBS' listing and relocation proposals, with ISS stating JBS' proposed structure is "problematic and greatly disenfranchises minority shareholders".

Greenpeace International shared those views, warning in a letter to shareholders that by almost doubling the share of shareholder votes held by the billionaire Batista brothers from 48% to around 85%, via their Luxembourg based holding company J&F Investments Luxembourg S.à r.l., the restructure would allow them to cash out shares whilst maintaining absolute voting control, at the expense of other shareholders. This new voting structure (which appears at least in part to

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have driven the Batista Brothers' and JBS' choice to relocate to the Netherlands[1]) has been widely recognised as poor corporate governance.

Ultimately, the transaction was approved by a narrow majority of the minority shareholders eligible to vote. Early indications had shown that votes cast remotely had rejected the transaction – but (possibly surprisingly) that position was narrowly reversed at the EGM on 23 May. Nonetheless, over 46% of shareholder votes cast on a very high turnout continued to vote to oppose the plans, illustrating the considerable unease the transaction has generated amongst many minority shareholders.

It is clear from comments made by market participants in the run-up to the approval of JBS' listing plans that, whilst they are fully aware of the problematic history of JBS and the Batista brothers, these issues have simply been "priced in". So while issues such as bribery, corruption, links to deforestation and human rights abuses are well known, we believe that there is a further, new risk attaching to investments in JBS that the market has not to date "priced in" and now needs to do so.

JBS has now relocated to the Netherlands. So, as we recently pointed out in a letter to Joesley and Wesley Batista, their meat empire will now be required to play by the same rules as any other Dutch company. And Greenpeace International has warned that it will do its part to make sure that JBS operates within Dutch law.

Corporate growth plans on trial – welcome to the Netherlands!

JBS' NYSE equity story and its pitch to investors is based on continued, aggressive future growth, including entry into new markets – see for example its announced intention to make huge investments in Nigeria. However, as a Dutch company, the JBS growth story now risks being stopped in its tracks by the Dutch courts.

Investors should be aware that the Dutch courts have demonstrated that they are ready to uphold Dutch and international law with regards to corporate climate obligations.

In particular, the recent decision of the Court of Appeal in the Hague in *Shell v. Milieudefensie* made clear that the Dutch courts will scrutinise companies' growth plans where those plans contribute to an increase in emissions footprints. Indeed, NGO Milieudefensie has just announced a brand-new case against Shell demanding that Shell put a stop to all new oil and gas expansion.

JBS is already a major climate polluter. According to IATP, JBS' estimated annual scope 3 GHG emissions exceed those of Spain and according to a Greenpeace Nordic report, JBS' estimated methane emissions rival the methane emissions reported by ExxonMobil and Shell combined.

[1] On the reasons for the selection of new location for its parent company, JBS states in its Prospectus declared effective by the US SEC: "we further believe that the Netherlands would be an appropriate jurisdiction for JBS N.V. given that, among other things, (i) the Netherlands is a jurisdiction with political and financial stability, strong tax policy and currency, offers a well-developed legal regime and established infrastructure that is well suited to facilitate our business operations, (ii) Dutch company law allows for a tailor-made corporate structure that fully aligns with our ownership structure while ensuring due observance of stakeholder interests, and (iii) the Netherlands has a strong bilateral investment and tax treaty network and has historically been an important hub for international companies. Finally, the annual cost of maintaining a listed Dutch vehicle is lower compared to other well-established jurisdictions."

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It is clear that the JBS business model and equity story is firmly rooted in new investments and growth, whether in Nigeria, Vietnam or elsewhere. Such expansion linked to spiralling global emissions is simply not compatible with JBS' legal duty to act as a good Dutch corporate citizen as expressed by the Dutch courts.

We fully intend to make sure that JBS plays by the Dutch rules and will take whatever steps we feel are necessary to ensure that its future growth plans are challenged.

Your awareness of these potential consequences is vital to making an informed decision on any investment in the company following its NYSE listing becoming effective on 12 June 2025.

We urge you to not invest in JBS.

We would of course be more than happy to engage further.

Yours Sincerely,

Carmen Gravatt

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