

39th TEXAS BROILER SYMPOSIUM

Homeland Security Regulations
(and more)

Vernon Rowe
Pilgrim's Pride Corporation

Homeland Security Regulations Summary

Chemical Facility Anti-Terrorism Standard (CFATS)

P.L. 109-295 requires DHS to regulate a high level of security risk with Chemical-terrorism chemical facilities that present priority on highest risk facilities

- Identify "high security risk" facilities
- Develop Risk Based Performance Standards (RBPS) for security at chemical facilities
- Approve and disapprove SVA (Security Vulnerability Analysis) and SSP (Site Security Plan)
- Perform Inspections to confirm facility security is in accordance with SSP
- Enforce facility compliance and seek remedies
- Manage objections and appeals process
- Receive, manage, store, and restrict access to Chemical Vulnerability Information
- Provide Consultations and Technical Assistance upon request

P.L. 109-295 requires DHS to regulate a high level of security risk with Chemical-terrorism

ON-FARM PROPANE

- Original Threshold Proposal – 7,500 pounds; 1,769 gallons
- 1,000 gallon propane tank holds 3,500 pounds of propane
- Current Discussions – Threshold increased to 18,000 gallons
- Estimated less than 1% of farms impacted by new threshold

Other Environmental Issues Impacting Poultry CAFO/AFO's

- Ammonia Release Reporting Exemption Petition
- Air Compliance Agreement
- EPA Poultry Farm Site Inspections
- CAFO Rule

Ammonia Release Reporting Exemption Petition

POLITICS

ACA Study Initial Poultry Farm Results

Agricultural engineers from Iowa State University (ISU) and The University of Kentucky (UK) spent 12 months sampling the air entering and leaving two Tyson-owned chicken houses. The researchers collected over 700 samples per day from the **houses**, which are each designed to hold up to **26,000 chickens**, and used mobile labs to test the samples on-site.

The study determined that the **daily average ammonia emissions were 30 pounds per day**. The study also found that the emissions rate was near zero pounds per day when the birds were young and increased with bird age. Comparatively speaking, the United States Environmental Protection Agency (EPA) has estimated that an average of 100 grams per bird marketed of ammonia is emitted, while this study found 35 grams per bird marketed is emitted, which is **only 35% of previous EPA estimates**.

ACA Study (continued)

1. The data from Kentucky poultry house air emissions monitoring study provided no surprises, and was in the range...and actually to the lower end of the range...of previous, less exhaustive studies done monitoring broiler house ammonia emissions.
2. The study confirmed that broiler house emissions at the 30,000 or so family farms engaged in modern poultry production do not rise to thresholds required for permitting under the Clean Air Act.
3. The study also confirmed the release of ammonia from the natural degradation of manure in a poultry house does not trip the reportable quantity thresholds established under CERCLA and EPCRA.
4. The study was consistent with the information provided in the industry petition to exempt poultry farmers from emergency release reporting under CERCLA/EPCRA.
5. As was demonstrated clearly in the petition, these natural ammonia emissions have no offsite or public health consequences.

EPA Poultry Farm Site Inspections

- Eastern Shore
- Unannounced
- Unprotected litter storage
- Adjacent receiving stream(s) water quality

CAFO RULE

- Texas farms covered under TSSWCB program
- Subject to EPA inspections
 - Unprotected litter storage
 - Adjacent receiving stream(s) water quality



Environmental Sustainability

Sustainable development meets the needs of the present without compromising the ability of future generations to meet their own needs.

Wal-Mart Environmental Sustainability EXECUTIVE SUMMARY



FROM BEN JOHNSTON, LOWY-CORBITZ

"If you are a buyer, sustainability is going to be your business."

Initiating program in U.S. over the next 18 months (from 11/05) that would show preference to suppliers who set their own goals and aggressively reduce their own emissions.

"The scope and scale of our business presents great potential to effect positive change. We see opportunities to influence our own operations, while also leading change in the business world at large. Focusing on the environment is key to our mission to improve the quality of life for people around the world. Environmental leadership is critical to our future ability to grow and thrive as a company."

Wal-Mart Sustainability Goals & Targets

- **To Be Supplied 100% By Renewable Energy**
 - Existing stores 25% more efficient in 7 years
 - New stores 30% more efficient in 4 years.
- **To Create Zero Waste**
 - Have a 25% reduction in solid waste in 3 years
 - All private brand packaging improved in 2 years
- **To Sell Products That Sustain Our Resources & Environment**
 - To have 20% supply base aligned in 3 years
 - Design and support Green Company Program in China

WAL-MART Sustainable Value Networks

- Facilities
- Logistics
- Alternative fuels
- Packaging
- Food and Agriculture
- Climate Change
- Electronics
- Textiles
- Forest products
- Jewelry
- Seafood
- China
- Internal Operations
- Chemicals

Wal-Mart Sustainability Scorecards

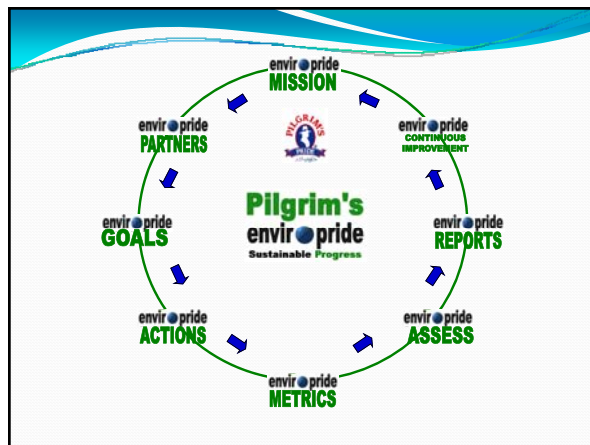
- Sustainable Packaging Scorecard
 - ✓ Packaging material
 - ✓ Recyclable
 - ✓ Renewable
 - ✓ Biodegradable
 - ✓ Cube utilization
 - ✓ Transport miles (food miles)
 - ✓ Innovation
 - ✓ Renewable energy utilization
- Sustainable Food and Agriculture Scorecard (pilot)
 - ✓ Manufacturing
 - ✓ Responsible PPC Partner
 - ✓ Compliance with laws
 - ✓ Environmental Management System
 - ✓ Energy resources
 - ✓ Waste reduction
 - ✓ Recycling
 - ✓ CI and goal setting
 - ✓ Supply chain assessment
 - ✓ Compliance with laws
 - ✓ Assessment and priority setting
 - ✓ CI
 - ✓ On farm assessment
 - ✓ Assessment and priority setting
 - ✓ Environmental plans
 - ✓ Third party certifications/audits
 - ✓ Metrics

We have completed scoring approximately 10% of our packages; remainder to be scored by Feb, 2008

Initial pilot group scores due November 1, 2007

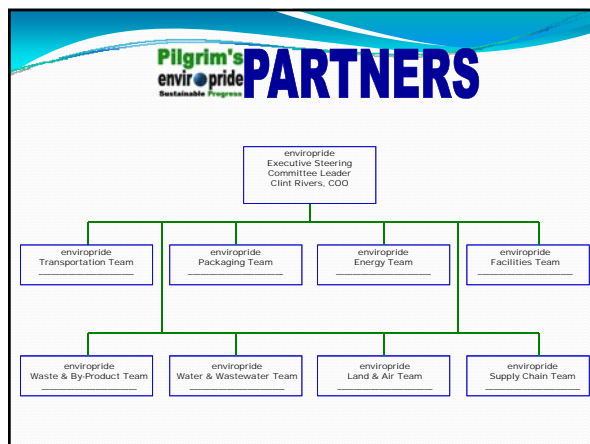
Pilgrim's enviropride

Sustainable Progress



Pilgrim's enviropride MISSION

"To be an industry leader in sustaining air, water, and land resources by minimizing the resources needed and the wastes generated at our facilities and farms, at our customers locations, and throughout our supply chain in the production of quality and affordable poultry products and by-products for our valued customers."



Pilgrim's **enviro**pride **GOALS** Sustainable Progress

Transportation

- Increase fleet fuel efficiency ___ % by ___
- Fuel ___ % of fleet with renewable fuels by ___

Waste & By-Products

- Reduce the quantity of wastes from production and farm facilities by ___ % by ___
- Increase quantity of wastes & by-products recycled by ___ % by ___

Packaging

- Reduce packaging volumes by ___ % by ___
- Increase use of recyclable or biodegradable packaging by ___ % by ___

Water & Wastewater

- Reduce the volume of water used at processing facilities by ___ % by ___
- Reduce the quantities of pollutants discharged at processing facilities by ___ % by ___

Energy

- Increase energy efficiency of processing/milling/and rendering facility by ___ % by ___
- Increase use of renewable energy sources by ___ % by ___

Land & Air

- Reduce the emissions of greenhouse gases by ___ % by ___
- Achieve 100% use of agronomic based waste management plans at all poultry farms by ___

Facilities

- Increase energy efficiency at all existing support facility locations by ___ % by ___
- Achieve LEED Certification for all new construction after ___

Supply Chain

- Implement Pilgrim's enviropride Sustainable Progress throughout Supply Chain by ___
- Achieve ___ % Supply Chain conformance by ___

Pilgrim's **enviro**pride **REPORTS** Sustainable Progress

Sustainability Area	Greenhouse Gas Reduction, Tons per Year	Fuel Usage Reduction, gallons per year	Electricity Usage Reduction, KwHr per year	Natural Gas Usage Reduction, MCF per year	Water Usage Reduction, gallons per year	Waste Reduction, tons per year	Wastewater Pollutant Reductions, lbs per year
Transportation							
Packaging							
Energy							
Facilities							
Waste & By-Products							
Water & Wastewater							
Land & Air							
Supply Chain							
Total							

ENVIRONMENTAL BENEFITS ESTIMATOR PILGRIM'S PRIDE CORPORATION

*Poly bags in lieu of styrofoam trays for Wal-Mart Products—DC 7019 and 6095

PROJECT DESCRIPTION:	W/STYROFOAM		W/POLY BAGS	
	DC 7019	1,414,400 DC 6095 1,029,392 TOTAL 2,443,792	DC 7019	1,414,400 DC 6095 1,029,392 TOTAL 2,443,792
TOTAL PACKAGES PER YEAR:				
ESTIMATED ENVIRONMENTAL BENEFITS FROM SHIPMENT OF PACKAGING MATERIAL TO PPC-PLANT				
WEIGHT OF MATERIALS, LBS/PK		0.12		0.03
WEIGHT OF MATERIALS, LBS/YR		293,255		73,314
WEIGHT PER LOAD, LBS		40,000		40,000
SHIPMENTS PER YEAR		7.33		1.83
LOAD DISTANCE, MILES		250		250
TOTAL SHIPMENT DISTANCE, MILES/YR		1,833		458
VEHICLE FUEL EFFICIENCY, MILES/GAL		5		5
VEHICLE FUEL USAGE, GAL/YR		367		92
VEHICLE FUEL USAGE, LITERS/YR		1,387		347
DIESEL FUEL SAVINGS WITH POLY BAGS, GAL/YR				1,041
ESTIMATED CO2 EMISSION, KG/LITER		2.63		2.63
ESTIMATED CO2 EMISSION, KG/YR		2,649		912
ESTIMATED CO2 EMISSION, LBS/YR		8,038		2,209
ESTIMATED CO2 EMISSION, TONS/YR		4.02		1.00
ESTIMATED CO2 EMISSION REDUCTION WITH POLY BAGS, TONS/YR				3.01
ESTIMATED ENVIRONMENTAL BENEFITS FROM USE OF RECYCLABLE POLY BAG VERSUS STYROFOAM TRAY (*)				
WEIGHT OF MATERIALS, LBS/PK		0.12		0.03
WEIGHT OF MATERIALS, LBS/YR		293,255		73,314
WEIGHT OF MATERIAL TO LANDFILL, LBS/YR		293,255		96,657
WEIGHT OF COMPACTED MATERIAL IN LANDFILL, LBS/CU FT		40		40
LANDFILL VOLUME USED PER YEAR, CU FT/YR		7,331		916
LANDFILL VOLUME USED PER YEAR, CU YD/YR		272		34
ESTIMATED LANDFILL VOLUME REDUCTION WITH POLY BAGS, CU YD/YR				238

Wal-Mart Sustainability 360 Summary

- Wal-Mart's six paths and "**Sustainability 360**" are about:
 - Doing the right thing.
 - Doing better for our customers, our companies and for our planet.
 - And doing it together.
- Sustainability** is an opportunity and a responsibility.
- Sustainable** companies and countries made up of people who live **sustainable** lives will make **sustainability... sustainable**.
- And leave a healthier humanity and a healthier planet to future generations.