BOND SPOTLIGHT

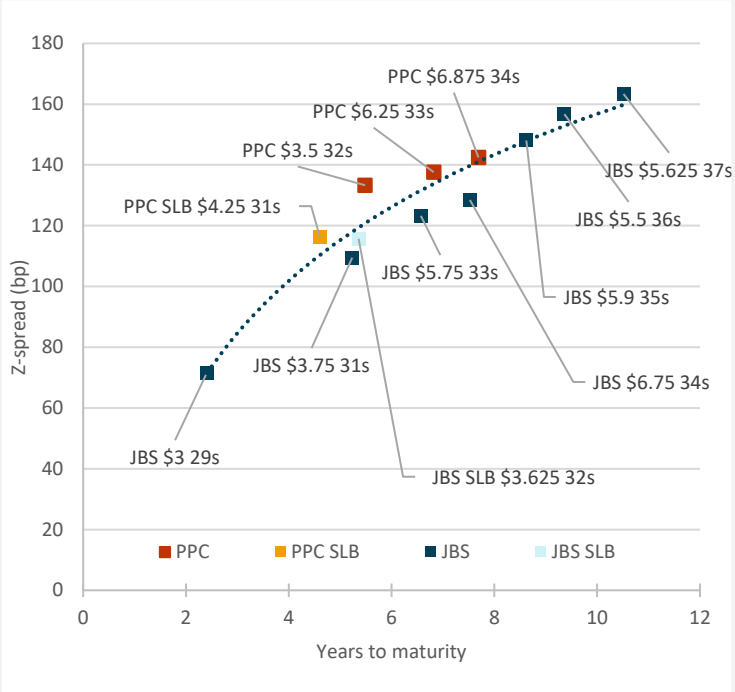
Pilgrim's Pride Corp's new bond: a cow in chicken's clothing

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SUMMARY

- Pilgrim's Pride Corp, a major pork and poultry producer that is majority-owned by JBS, is running investor meetings for an inaugural EUR-denominated bond this week.
- Pilgrim's board is concurrently considering JBS's latest bid for full ownership. If successful it plans to delist Pilgrim's.
- The takeover has potential implications for Pilgrim's bond investors, with investors exposed directly to JBS's sustainability credentials which may not meet their investment criteria.

Figure 1. JBS and PPC USD bond spreads, amount outstanding over USD0.3bn and maturity 11 years. Source: Bloomberg Finance L.P., accessed 7 Sep 2026.



Primary market activity offers investors the chance of scrutiny of companies looking to borrow money. In this case, the issuer Pilgrim's Pride Corp (Pilgrim's, ticker PPC) and its majority owner JBS (ticker JBS) are both already in the headlines for a takeover bid that has been launched for JBS to take full ownership of Pilgrim's.[1]

While JBS already has majority control (80.21%) and economic ownership, the proposal includes de-listing of PPC, which would likely result in reduced transparency for investors, and might even lead to debt re-assignment. A full look-through to JBS and its ESG ratings, may make PPC bonds less attractive for sustainability-oriented investors.

Figure 1 shows current pricing for existing PPC and JBS bonds. Note there is no guarantee by JBS of the PPC bonds, and PPC has a lower rating by Moody's (details later in Table 2), although both are BBB- by S&P and Fitch.

Both JBS and Pilgrim's have recently dropped net-zero 2040 targets, and seem focused on reducing Scope 1 + 2 emissions rather than those from land-use change in their full supply chains.[2] Significant share capital and voting control of JBS and therefore PPC is controlled by the Batista family, and so bondholder engagement may offer a window of influence for investors.

[1] "JBS makes new bid for full control delisting of Pilgrim's Pride", Reuters, 19 Aug 2026.
[2] "JBS drops net zero target", AFII, 9 Jul 2026.

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Introduction

Pilgrim's Pride Corp (Pilgrim's, ticker PPC) is one of the world's largest poultry and pork producers, and currently listed on the NASDAQ stock exchange. As a substantial consumer of soy beans for its animal feed, its sourcing policies have the potential to influence deforestation practices in that commodity supply chains.[3]

PPC's majority owner is JBS, the world's largest meat supplier. In 2009 as the company was in bankruptcy, JBS bought 64% of the company for cash.[4] Over the next 12 years JBS grew the stake organically to 80.21% before launching its first buyout offer in 2021.[5] This bid ultimately failed as pricing could not be agreed with the independent committee. In August 2026, JBS made a new bid for full control which is currently in review. If successful, JBS intends to delist the entity.[6,7] JBS is substantially exposed to deforestation, and included in AFII's Deforestation Debt Universe.[8] It also recently dropped its Net-Zero by 2040 target.[9]

On 4 September 2026 Pilgrim's announced Investor Meetings for a EUR500mn 7y issuance. This is notable as it marks the first issuance for either PPC or JBS in the EUR-denominated debt market, thus expanding its fixed income investor universe.[10]

PPC sustainability commitments

In 2021 JBS announced a commitment to be net-zero by 2040. In July 2026 this was dropped.[11]

PPC also set a net-zero 2040 target in 2021.[12] This commitment is now absent from its live climate website,[13] although we do not see reporting on an announcement that the target is dropped.

SLB performance

PPC has a Sustainability-Linked Bond (SLB) outstanding. The bond in question with ISIN US72147KAJ79 has total size USD1bn and was issued in April 2021 with maturity April 2031.

The bond has one Sustainability Performance Target (SPT) tied to achieving a 17.679% reduction in global Scope 1+2 GHG emissions intensity by 2030 compared to a 2019 baseline.[14] As per the company's webpage, it is reporting a reduction of 22.3% from 2019 to 2025, and so seems to have achieved this target.[15]

[3] "Ethical Sourcing Performance", Pilgrim's Pride Corp, accessed 07 Sep 2026.
[4] "Brazil's JBS buys majority stake in Pilgrim's Pride for $800M", ABC News, accessed 07 Sep 2026.
[5] "Brazil's JBS to acquire shares in Pilgrim's Pride with aim of delisting", Reuters, 13 Aug 2021.
[6] "JBS makes new bid for full control delisting of Pilgrim's Pride", Reuters, 19 Aug 2026.
[7] We note potential legislation was introduced into the US Senate that could have implications for ownership in the meat packing sector, specifically it could result in the need to break-up certain companies, and JBS is specifically listed as being in scope. However, the bill (and its House companion introduced in 16 Jul 2026) has so far attracted only Democratic sponsors with no confirmed Republican support. JBS' bid came after the bill's introduction. "Senate Democrats Introduce Sweeping Meatpacking Industry Legislation with Significant Antitrust Implications", Duane Morris, 11 Mar 2026.
[8] This is a list of fixed income issuers that are substantially exposed to deforestation. For the full universe and inclusion criteria please see "Deforestation Debt Universe: update", AFII, 29 Jan 2026.
[9] "JBS drops net zero target", AFII, 9 Jul 2026.
[10] For analysis on an earlier issuance please see "Pilgrim's Pride: tender-ising the meat bond market", AFII, 6 Oct 2023.
[11] "World's largest meat group JBS scraps a key climate goal", Financial Times, 9 Jul 2026.
[12] "Pilgrim's Sets Net Zero by 2040 Goal and Reports Progress", Concord Monitor, 7 Jul 2021.
[13] "Pilgrim's Sustainability Report", Pilgrim's Pride Corp, accessed 07 Sep 2026.
[14] "Pilgrim's Sustainability-Linked Bond Framework", Mar 2021.
[15] "Pilgrim's Sustainability Report", Pilgrim's Pride Corp, accessed 07 Sep 2026.

In the agricultural sector, as noted by the Second Party Opinion on this bond written by ISS ESG, Scope 1 and 2 emissions account for a minority of the overall emissions.[16] According to Pilgrim's most recent reporting (which goes to 2023), Scope 3 is 92.3% of its Scope 1 + 2 (market-based) and Scope 3 emissions.[17] We note Forest, Land and Agriculture (FLAG) emissions from land-use change is not included in the table.[18] A breakdown is shown in Table 1.

Table 1. Pilgrim's Pride Corp emissions. Source: Pilgrim's Pride.

Category	2021	2022	2023
Scope 1 & 2 (market-based)	**1,746,942**	**1,679,825**	**1,612,955**
Scope 1 & 2 (location-based)	**1,766,372**	**1,726,453**	**1,621,668**
Scope 3.1 Purchased goods and services	12,083,129	13,961,705	14,297,276
Scope 3.2 Capital goods	248,440	59,293	66,413
Scope 3.3 Fuel- and energy-related activities	367,521	367,896	319,223
Scope 3.4 Upstream transportation and distribution	1,030,008	418,315	852,123
Scope 3.5 Waste generated in operations	78,348	89,811	60,210
Scope 3.6 Business travel	5,423	5,196	7,755
Scope 3.7 Employee commuting	49,143	52,354	51,645
Scope 3.8 Upstream leased assets	260	260	260
Scope 3.9 Downstream transportation and distribution	873,685	1,839,752	807,352
Scope 3.10 Processing of sold products	269,867	277,903	277,508
Scope 3.11 Use of sold products	2,028,128	2,028,128	2,032,021
Scope 3.12 End-of-life treatment of sold products	494,283	572,475	496,856
Total Scope 3	**17,528,235**	**19,673,088**	**19,268,642**

The SLB has been effective in retaining accountability for the target. However, its impact is underpinned by the materiality of emissions covered, which do not include emissions from land-use change in Pilgrim's supply chain.

With free-float of PPC's shares not able to reach a majority, its bondholders are the investors best placed to engage for stronger climate and transition targets.[19]

Impact of JBS takeover

JBS is already the majority owner and controller of PPC, and therefore a full economic takeover may have limited direct impact for PPC bondholders. Nevertheless, there are a few potential consequences that are worth exploring.

Transparency

Pilgrim's Pride Corp, as an independent listed entity, affords certain transparency which may be removed if it is de-listed. The company is obliged to make certain reports available to the exchange, which offer investors the ability to understand how this individual company is performing, rather than being consolidated fully into

[16] "Second Party Opinion", ISS ESG, 17 Mar 2021.
[17] "Climate", Pilgrim's Pride Corp, accessed 07 Sep 2026.
[18] "Forest, Land and Agriculture Science-Based Target-setting guidance", SBTi, Dec 2023.
[19] To explore our toolkit of 11 tools for effective bondholder engagement please see "Bondholder engagement toolkit", AFII, accessed 07 Sep 2026.

the parent. From a sustainability point of view, it may be helpful to understand the performance of each company, given they are active in different segments of the agricultural sector.

Going further, there is some, perhaps limited, independent review of material intercompany dealing between individually listed entities, as governed by NASDAQ listing rule 5630. If PPC were made private, this transparency and oversight would be removed. At the margin this could remove governance controls for PPC bondholders.

Debt transferability

While the final prospectus for the new EUR-denominated bond is not yet available, we can see how earlier bonds have considered the point on debt transferability.

The prospectus for USD500mn 6.875% 2034 notes, issued by Pilgrim's Pride Corp, include the following term under **Substitution of the Company as Issuer**. "*We may, subject to certain conditions, at our option and without the consent of any holder of the notes, for purposes of the indenture, be substituted by (i) any direct or indirect parent of the Company or (ii) any Subsidiary of the Company that owns, or concurrently with the Substitution, will own, a majority of the assets of the Company for purposes of the indenture and have covenants (and related definitions) apply to the substituted company and its restricted subsidiaries.*" [20]

While this clause and the relevant bond indenture must be interpreted carefully, it is possible JBS can already be substituted as issuer of the bonds without the consent of the bondholders, while, if the takeover is completed, this is even more likely to be the case.. In that scenario PPC investors will move from being lenders to a company majority or entirely controlled and owned by JBS, to being lenders to JBS. This may be a clause they want to review in the upcoming bond issuance.

ESG data and Index Inclusion

PPC and JBS are currently distinct entities with distinct ratings for credit and ESG, as shown in Table 2.

Table 2. PPC and JBS ratings. Source: Bloomberg Finance L.P., accessed 7 Sep 2026.

		PPC	JBS
Rating	S&P	BBB-	BBB-
	Moody's	Ba2	Baa3
	Fitch	BBB-	BBB-
ESG Ratings	MSCI ESG Rating	N.S.	CCC
	Sustainalytics Risk Score	36.3	N/A
	S&P ESG Rank	57	22
	RepRisk Rating	CCC	N.S.

Specifically looking through an ESG lens, for the only score which both are rated on, S&P ESG Rank, PPC scores materially higher than JBS (this metric is 0-100 where 100 is the best score).

On other data points, for example MSCI ESG Rating, it may be that the lack of rating allows PPC to be included in certain ESG indices such as Bloomberg MSCI Global Corporate SRI Ex CCC Index. [21] Index inclusion has been shown to raise investor demand. [22]

There do also seem to be some ESG-aligned funds that hold PPC and not JBS, for example Fidelity Sustainability Bond Index Fund (ticker FNDSX). We note this fund is passively managed versus the benchmark

[20] Pg S-7 of "Prospectus", Pilgrim's Pride Corp, 27 Sep 2023.
[21] "Bloomberg MSCI Global Corporate SRI Ex CCC Index", 6 Aug 2024.
[22] These factors are explored in research underpinning the creation of this index "Cambridge research: First global bond index to address fossil fuel expansion", 11 Apr 2025.

Bloomberg MSCI U.S. Aggregate ESG Choice Bond Index which seems only to include those with ratings higher than BB,[23] so the PPC bond may fall into the 20% of assets that are not directly in their underlying index.

If PPC bonds are fully consolidated or transferred over to JBS, and all scored coalesce, that may cause it to fall out of some data-driven investment mandates, and lead to a lowering of investor demand.

Conclusions

In summary, this issuance is a useful chance for European investors to scrutinise both PPC and JBS, as the group comes to borrow money from the EUR-denominated bond market for the first time.

The potential takeover by JBS of PPC, looking to buy full ownership, is relevant for potential investors. If accepted, the delisting may reduce transparency and oversight, and it may be the prospectus allows the bonds to be re-assigned without consent, as seems the case in an existing USD-denominated security.

The agricultural sector is essential to reduce deforestation and promote sustainable land-use. Bondholders can use their investment decisions to support more commitment and focus from PPC and its parent JBS, two companies both exposed to commodities that can be produced through deforestation.

[23] "Bloomberg Barclays MSCI US Aggregate ESG Choice Bond Index", MSCI, accessed 07 Sep 2026.

Version log

Date	Comment
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