Unsustainable Investment: International Finance Corporation's Support for Industrial Agribusiness in Brazil

Case Study

EXECUTIVE SUMMARY

This case study analyzes a 2022 loan of up to $275M by International Finance Corporation (IFC) to the Netherlands-based Louis Dreyfus Company B.V. (LDC) for on-lending to the company's wholly owned subsidiary, LDC Brasil.

The case raises questions about the appropriateness of IFC ("Bank") investments in multinational industrial agribusiness conglomerates, including corporations headquartered in non-client countries, that have both (a) ample access to private capital and (b) track records of significant negative environmental and social impacts in client countries.

The case raises additional questions around the extent to which the application of IFC's Performance Standards (PS) mitigates the environmental and social harms directly or indirectly associated with its lending activities[i] and challenges the notion that IFC's lending to or investment in agricultural conglomerates involved in industrial meat, dairy or animal feed production can or will be aligned with the Bank's commitments to align their strategies and activities with the aims of the Paris Agreement or UN Sustainable Development Goals (SDGs).[ii]

The case concludes with recommendations for IFC Management.

The authors of this report solicited feedback from IFC and thank the Bank for their contributions. These are incorporated via endnotes throughout this report.

Background information

In June 2022, the IFC Board of Directors ("Board") approved the Bank's proposed ~$275M[1] in financing to the Brazilian division of the Netherlands-based agricultural merchant and processor LDC. Owned by the Louis-Dreyfus family and ADQ, an Abu Dhabi-based sovereign wealth fund, LDC generated nearly $60B in revenue in 2022 and ranks among the world's largest agri-commodity traders alongside Archer Daniels Midland (ADM), Bunge, and Cargill.[2] Procuring and reselling/trading commodities including soy and maize is a central function of LDC's global business.

1 The proposed financing package included up to US$200 million to be comprised of (i) an A Loan in the amount of up to US$100 million; and (ii) a B Loan in the amount of up to US$100 million.

2 ADM, Bunge, Cargill, and LDC are collectively known as "ABCD" and control between 70% and 90% of the global grain market. China's COFCO is a major player in the remaining 10%-20%.

Project #44281 loan documents state that the $275M[1] investment aimed to support LDC in purchasing soy/corn from farmers committed to zero deforestation or natural habitat conversion. LDC had recently committed[iii] to eliminating deforestation and conversion of high-conservation-value native vegetation by 2025. IFC leadership asserted that the investment would aid LDC in meeting this goal.

IFC leadership also reported that they intended to provide advisory services to LDC to help the company quantify its Scope 3 emissions[iv] (a necessary step for LDC to commit to and operationalize GHG reduction targets aligned with the goals of the Paris Agreement)[3], noting that they had "focused efforts on partnering with like-minded companies that are willing and able to operate at the highest standards of accountability, more often above their peers." Among its peers LDC was and remains a sustainability laggard.[v] (For more information, refer to the Annex.)

A review of Project #44281 and LDC's operations revealed it was entirely unclear that IFC's investment could deliver the promised benefits or that the Bank had properly assessed the potential negative impacts of its support. It was also unclear that a Netherlands-based conglomerate generating nearly $60B in revenue and enjoying access to $3.5B in credit should have been eligible for IFC financing supporting "sustainable development", particularly when the company was a central figure in the expansion of extractive and unsustainable agricultural production that had taken hold in Brazil during the preceding two decades. Led by foreign conglomerates including LDC, the rise of industrial agriculture in Brazil has had devastating consequences on smallholder farmers, local communities, and the country's natural resources while also concentrating land access and wealth in the hands of a few, mostly foreign, operators. Industrial monocropping by LDC and the remaining ABCD corporations in the Cerrado and elsewhere is also putting the goals of the Paris Agreement and several of the UN SDGs out of reach.

With respect to IFC's claim that the Bank could support the elimination of deforestation and land conversion in LDC's supply chain:

The 200-300 industrial soy plantations referenced in Project #44281 loan documents were/are located in the Goiás, Mato Grosso, and Minas Gerais regions of the Cerrado, which had already largely been deforested at the time of the time of IFC's investment. Absent disclosures of plantation-level data, there was no way to ensure that IFC's investment prevented any deforestation or land conversion.[vi] In the event IFC-supported producer payments somehow resulted in deforestation avoidance, there was/is no guarantee such benefits could persist.

Furthermore, LDC's 2022 zero deforestation commitment was seven years' behind ADM's and Bunge's.[vi] Both of these companies were already reporting on progress and "demonstrat[ing] to other companies and regulators the feasibility of full [supply chain] traceability," as IFC explained its $275M investment in LDC had the "potential" to do. As of early 2025, ADM and Bunge both report having achieved 100% traceability in their Brazil-based soy supply chains and nearly 100% deforestation and conversion free (DCF) sourced soy across Latin America. As of early 2025, neither LDC nor Cargill reports having achieved this.

With respect to IFC's claim that the Bank could support LDC in quantifying the company's Scope 3 emissions: [viii]

In 2022, LDC had yet to calculate, disclose or set targets for its Scope 3 GHG emissions, putting the company behind ADM, Bunge, and Cargill. LDC finally disclosed modeled estimates of the majority of the company's Scope 3 emissions in 2023. **However, the company did not set — and as of early 2025 seems not to have set — a** Scope 3 reduction target, despite being signatory to the Agriculture Sector Roadmap to 1.5°C. According to the company's 2023 sustainability

3 Generally, Scope 3 emissions comprise over 90% of any agribusiness' carbon footprint, including agri-commodity traders'.

Entrance to the LDC soy crushing factory in Ponta Grossa. August/2023. Photo: Teresa Paris.

report,[4] "a Scope 3 emissions reduction target will be announced in due course."

> *"The research shows that even in areas considered consolidated, soy production causes significant deforestation and serious social consequences on peasant and Quilombola communities.*
>
> **- Rede Social de Justiça e Direitos Humanos interview with anonymous Ponta Grossa community member**

With respect to IFC's failure to consider the negative impacts of Project #44281:

In advance of the Board approval, over 150 civil society organizations (CSOs) voiced opposition to the investment, noting concerns that included the following:

- Commercial, highly mechanized, industrial "farms" like those that were the focus of Project #44281 engage in monoculture soy and corn production that relies on synthetic pesticides, herbicides and fertilizers that cause extensive environmental degradation and pollution.
- Pollution from the 200-300 "farms" inside the project's ringfence as well as from thousands of others in LDC's value chain had been linked to human illness, including among children.
- In recent years, LDC's supply chain had been linked to human rights violations in the region where the company was and is still operating.
- Brazil is the world's leading producer and exporter of soy (and the world's third-largest producer and leading exporter of corn). Clearing land for animal feed crops and grazing is the leading cause of deforestation in Brazil and a leading cause globally.
- While global food insecurity persists and access to healthy diets remains economically inaccessible to billions, roughly three-quarters of the world's soy is consumed by industrially reared livestock. According to the WBG's Investing in Sustainable Livestock Guide, industrial monocropping can result in "competition for resources between the production of livestock feed and human-edible food" in addition to "remote impacts on natural resources in feed-exporting regions."
- The various negative impacts of monoculture crop production are

4 As of February 2025, this was the most recent sustainability report available. A review of the company's website did not reveal a Scope 3 reduction target.

particularly pernicious in the Cerrado, given that the region is a biodiversity hotspot as well as a critical watershed and vitally important carbon stock. That far fewer environmental protections are in place to protect the Cerrado than the Amazon (just 7.5% of the Cerrado lies in legally protected areas vs. 46% of the Amazon) has made the region vulnerable to industrial exploitation and resultant diverse and potentially permanent negative impacts.

> ***"The production of Brazilian soy destined for consumer markets in the Northern Hemisphere is accompanied by social and environmental impacts, which result in the worsening of the effects of the climate crisis in the country. While much of the profit goes abroad, the damage to the environment remains in Brazil.***
>
> **- World Wildlife Fund, 2023**

Key case study findings

IFC should have considered the negative impacts of LDC's operations within and outside the ringfenced scope of Project #44821.[ix]

Some of the reports of LDC suppliers' involvement in deforestation, local community intimidation, and land-grabbing focused on regions outside the "ringfenced" scope of Project #44281. However, there was nothing about IFC's $275M *per se* that restricted its use for a specific purpose[x]. (This fundamental interchangeability of currency is "fungibility".[5]) At a minimum, IFC indirectly supported LDC's broader value chain activities via the Bank's investment. Given the severity of those activities' impacts, IFC should have accounted for them in the project's environmental and social review.

The fact that Project #44281 involved IFC advisory services designed to help LDC calculate their Scope 3 emissions and trace indirect suppliers operating outside the project's "ringfence" provides additional support for the argument that IFC should have considered additional value chain impacts.[xi]

IFC should have applied Performance Standard 3 (PS3) and Performance Standard 4 (PS4) to Project #44281 (the Bank applied only PS2 and PS6).

IFC's finding that its investment in LDC would have impacts that must be managed in a manner consistent with only PS2 and PS6 failed to account for pollution and public health-related impacts of LDC's operations that IFC's investment would both directly and indirectly support.[xii]

IFC should have classified Project #44281 as Category A (not B) and required formal stakeholder consultation.

Given its diverse and potentially permanent environmental and social impacts, Project #44281 should have been classified as Category A rather than B. An "A" categorization would have required a detailed environmental impact assessment and stakeholder consultation prior to a board vote.

Project #44281 was aligned with neither the Paris Agreement nor the SDGs.

Numerous studies have enumerated the ways in which large-scale industrial monocropping and the industrial livestock value chain it props up are threatening to keep the goals of the Paris Agreement and several of the UN SDGs out of reach.

It is unclear that IFC provided financial or non-financial additionality, as the Bank's policies require.

5 Investopedia defines fungibility as "the ability of a good or asset to be interchanged with other individual goods or assets of the same type." In this context, the fungibility of IFC's funds means that, technically, LDC could utilize them for any purpose.

According to the MDBs' Harmonized Framework for Additionality in Private Sector Operations, MDBs should always seek to provide financial and/or non-financial additionality. Among other benefits, additionality should deliver financing that is not provided by the private market (and does not crowd it out), better development outcomes, and improved environmental, social, and governance standards.

At the time of IFC's investment in LDC, the company had access to ample private financing. And IFC might have crowded out at least some of it. In 2022, LDC was reporting nearly $60B in annual revenues and $11B in available liquidity, including $3.5B in committed undrawn bank lines.

With respect to better development outcomes and ESG standards, IFC noted in a June 2022 communication about the project that the Bank had "focused efforts on partnering with like-minded companies that are willing and able to operate at the highest standards of accountability, more often above their peers." Vis a vis sustainability-related commitments and action, LDC was and still is a laggard among its peers. LDC has also made little progress on its sustainability commitments and goals since IFC's 2022 investment, which raises questions around IFC's non-financial additionality.

> ***"The expansionist and destructive characteristic of agribusiness monocultures generates impacts on environmental protection areas, the water system and human health, in addition to reducing food cultivation areas and violating the land rights of Indigenous, Quilombola and peasant communities.***
>
> **- Rede Social de Justiça e Direitos Humanos interview with anonymous Ponta Grossa community member**

Recommendations for IFC Management

Based on the findings contained herein, IFC management should:

- Expand the scope of IFC's due diligence to include environmental and social assessments of agribusiness company's broader impacts beyond projects' "ringfenced" scopes[xiii]
- Recognize that in every global region, agribusiness value chain activities involve potential significant adverse environmental or social risks and/or impacts that are diverse, irreversible, or unprecedented and that any industrial agriculture-based project should be Category A.
- Ensure that agribusiness loan operations do not undermine key sustainable development goals and provide evidence of how these investments enhance (and do not further imperil) food security in the client country and advance other SDGs.
- Align agribusiness loans with the goals of the Paris Agreement by strengthening climate adaptation and mitigation requirements, including comprehensive and disaggregated (to prioritize methane) Scope 1-3 GHG reporting and adopting 1.5-aligned science-based and time-bound absolute emissions reduction targets.
- Follow the World Bank's own "Recipe" for reducing GHG emissions from the food system, including by:
    - Refraining from making investments in livestock and/or value chain operations that fuel continued overconsumption of meat and dairy in developed and emerging markets.
    - Supporting client countries in the scaling up of climate mitigating and adaptive food systems rather than high-emitting and otherwise destructive agribusiness infrastructure of the type that must be decommissioned in developed markets. These systems should prioritize production of nutritionally sufficient and regionally relevant crops for human consumption and integrate livestock *only* where such integration can deliver ecological and social benefits and effectively address—rather than exacerbate—food insecurity and economic inequality.

INTRODUCTION

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The case raises questions about the appropriateness of IFC ("Bank") investments in multinational industrial agribusiness conglomerates, including corporations headquartered in non-client countries, that have both (a) ample access to private capital and (b) track records of significant negative environmental and social impacts in client countries.

The case raises additional questions around the extent to which the application of IFC's Performance Standards (PS) mitigates the environmental and social harms directly or indirectly associated with its lending activities[xiv] and challenges the notion that IFC's lending to or investment in agricultural conglomerates involved in industrial meat, dairy or animal feed production can or will be aligned with the Bank's commitments to align their strategies and activities with the aims of the Paris Agreement and the UN Sustainable Development Goals (SDGs).[xv]

The case concludes with recommendations for IFC Management.

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IFC leadership also reported that they intended to provide advisory services to LDC to help the company quantify its Scope 3 emissions (a necessary step for LDC to commit to and operationalize GHG reduction targets aligned with the goals of the Paris Agreement)[8], noting that they had "focused efforts on partnering with like-minded companies that are willing and able to operate at the highest standards of accountability, more often above their peers." Among its peers LDC was and remains a sustainability laggard. (For more information, refer to the Annex.)

A review of Project #44281 and LDC's operations revealed it was entirely unclear that IFC's investment could deliver the promised benefits[xvi] or that the Bank had properly assessed the potential negative impacts of its support. It was also unclear that a Netherlands-based conglomerate generating nearly $60B in revenue and enjoying access to $3.5B in credit should have been eligible for IFC financing supporting "sustainable development", particularly when the company was a central figure in the expansion of extractive and unsustainable agricultural production that had taken hold in Brazil during the preceding two decades. Led by foreign conglomerates including LDC, the rise of industrial agriculture in Brazil has had devastating consequences on smallholder farmers, local communities, and the country's natural resources while also concentrating land access and wealth in the hands of a few, mostly foreign, operators. Industrial monocropping by LDC and the remaining ABCD corporations in the Cerrado and elsewhere is also putting the goals of the Paris Agreement and several UN SDGs out of reach.

With respect to IFC's claim that the Bank could support the elimination of deforestation and land conversion in LDC's supply chain:

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Furthermore, LDC's 2022 zero deforestation commitment was seven years' behind ADM's and Bunge's.[xviii] Both of these companies were already reporting on progress and "demonstrat[ing] to other companies and regulators the feasibility of full [supply chain] traceability," as IFC explained its $275M investment in LDC had the "potential" to do. As of early 2025, ADM and Bunge both report having achieved 100% traceability in their Brazil-based soy supply chains and nearly 100% deforestation and conversion free (DCF) sourced soy across Latin America. As of early 2025, neither LDC nor Cargill reports having achieved this.

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8 Generally, Scope 3 emissions comprise over 90% of any agribusiness' carbon footprint, including agri-commodity traders'.

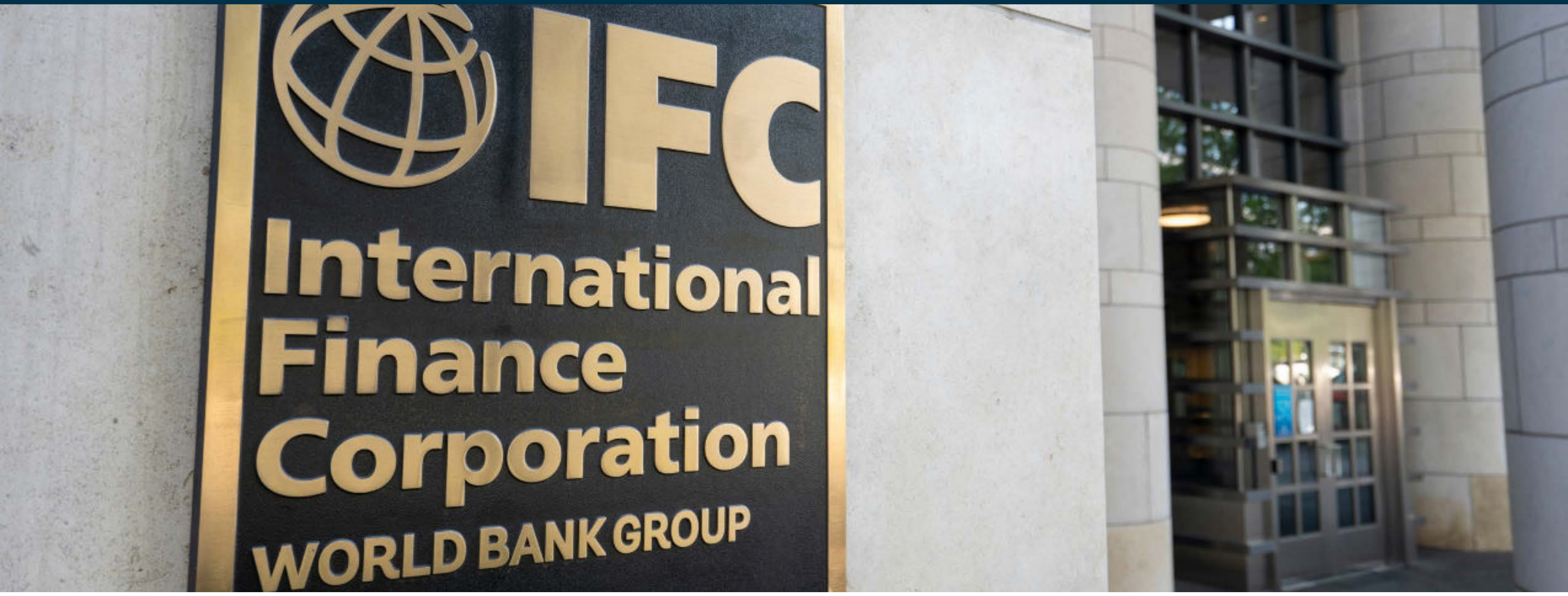
sustainability report,[9] "a Scope 3 emissions reduction target will be announced in due course."

With respect to IFC's failure to consider the negative impacts of Project #44281:

- In advance of the Board approval, over 150 civil society organizations (CSOs) voiced opposition to the investment, noting concerns that included the following:
- Commercial, highly mechanized, industrial "farms" like those that were the focus of Project #44281 engage in monoculture soy and corn production that relies on synthetic pesticides, herbicides and fertilizers that cause extensive environmental degradation and pollution.
- Pollution from the 200-300 "farms" inside the project's ringfence as well as from thousands of others in LDC's value chain had been linked to human illness, including among children.
- In recent years, LDC's supply chain had been linked to human rights violations in the region where the company was and is still operating.
- Brazil is the world's leading producer and exporter of soy (and the world's third-largest producer and leading exporter of corn). Clearing land for animal feed crops and grazing is the leading cause of deforestation in Brazil and a leading cause globally.
- While global food insecurity persists and access to healthy diets remains economically inaccessible to billions, roughly three-quarters of the world's soy is consumed by industrially reared livestock. According to the WBG's Investing in Sustainable Livestock Guide, industrial monocropping can result in "competition for resources between the production of livestock feed and human-edible food" in addition to "remote impacts on natural resources in feed-exporting regions."
- The various negative impacts of monoculture crop production are particularly pernicious in the Cerrado, given that the region is a biodiversity hotspot as well as a critical watershed and vitally important carbon stock. That far fewer environmental protections are in place to protect the Cerrado than the Amazon (just 7.5% of the Cerrado lies in legally protected areas vs. 46% of the Amazon) has made the region vulnerable to industrial exploitation and resultant diverse and potentially permanent negative impacts.

9 As of February 2025, this was the most recent sustainability report available. A review of the company's website did not reveal a Scope 3 reduction target.

KEY FINDINGS



IFC should have considered the negative impacts of LDC's operations within as well as outside the ringfenced scope of Project #44281.

LDC's supply chain operations have been linked to significant negative environmental and social impacts. As documented in correspondence with IFC staff, various organizations and media outlets have reported on LDC's supply chain ties to deforestation, land and water pollution, and human illness, as well as land-grabbing and violence against local community members. LDC was (and still is) a major investor in Ferrogrão, a proposed railway to facilitate soy and other agribusiness exports in Brazil. Researchers in the region noted that the Ferrogrão was expected to exacerbate the already tense land conflicts with Indigenous communities.

Various reports of LDC suppliers' involvement in deforestation, local community intimidation, and land-grabbing focused on regions outside the "ringfenced" scope of Project #44281. However, there was nothing about IFC's $275M *per se* that restricted its use for a specific purpose. (This fundamental interchangeability of currency is "fungibility".[10]) At a minimum, IFC indirectly supported LDC's broader value chain activities via the Bank's investment. Given the severity of those activities' impacts, IFC should have accounted for them in the project's environmental and social review.

The fact that Project #44281 involved advisory services designed to help LDC calculate their Scope 3 emissions and trace indirect suppliers operating outside the project's "ringfence" provides additional support for the argument that IFC should have considered additional value chain impacts.

Following the Board's approval of Project #44281, over 100 CSOs sent a letter to the Board noting LDC's broader operations had been linked to deforestation and local community intimidation. CSOs requested that the Board ask IFC to require LDC and its joint venture company ALZ Grãos cut ties with suppliers known to be involved in illegal deforestation and/or land grabbing or other human rights violations.

10 Investopedia defines fungibility as "the ability of a good or asset to be interchanged with other individual goods or assets of the same type." In this context, the fungibility of IFC's funds means that, technically, LDC could utilize them for any purpose.

IFC should have applied PS3 and PS4 to Project #44281.

IFC concluded that only Performance Standards 2 and 6 applied to Project #44281, given that the "key risks" of the investment related to child labor, deforestation, and stakeholder engagement. However, given the project entails sourcing from chemical-intensive monoculture soy and corn farms which have major negative environmental and social impacts, IFC should have applied PS3 and PS4.

With respect to PS3: LDC's value chain soy and corn production activities occur on somewhere between ~1,000,000 and ~5,000,000 acres (~405,000 and ~2,024,300 hectares). The project ESRS noted that most of the proposed project's "ringfenced" production would come from "commercial, highly mechanized, industrial farms" as large as 6,000 hectares. Monocropping on these industrial plantations relies on synthetic fertilizers, herbicides, and pesticides that individually and collectively cause soil acidification, exhaustion, and erosion as well as eutrophication and biodiversity loss. Certainly, these impacts involve the "release of pollutants to air, water, and land...with the potential for local, regional, and transboundary impacts" that PS3 seeks to mitigate or avoid.

At least within (if not also outside) the "ringfenced" scope of the project, IFC should have required that LDC "avoid the release of pollutants or, when avoidance is not feasible, minimize and/or control the intensity and mass flow of their release." Neither the project ESRS nor the ESAP makes any mention of herbicides, pesticides, or any other chemicals used in mass monoculture production.

With respect to PS4: Numerous public health risks are tied to industrial soy producers' environmental impacts. Malnutrition, hunger, and disease are all linked to industrial monocropping's contributions to water shortages and use of herbicides and pesticides. Brazil is the world's largest purchaser and consumer of pesticides, including several that are banned in other regions' soy production accounts for roughly half the country's pesticide use. Documented impacts on rural communities include land, air, and water pollution as well as the poisoning of residents, including children. Again, at least within (if not also outside) the "ringfenced" scope of the project, IFC should have required that LDC "avoid or minimize the potential for community exposure to hazardous materials and substances that may be released by the project," contaminating air, soil, and water.

IFC indicated that its engagement would involve helping "train the participating [ringfenced] suppliers in meeting the Principles and Criteria of the Roundtable on Responsible Soy (RTRS), ProTerra, or other

Table 1: Beyond deforestation and land use change: negative environmental and social impacts of industrial monocropping (please see Annex 2 for Performance Standards text)

	Land	Climate	Water
PS1	Agricultural commodity giants including LDC rely on monoculture cropping practices that involve the extensive use of synthetic fertilizers, herbicides, and pesticides that individually and collectively cause soil acidification, exhaustion, and erosion in addition to eutrophication and biodiversity loss.	Fertilizer application, soil preparation and the manufacturing of pesticides, fertilizers, and herbicides, soy oil extraction, crude oil refining, biodiesel production, and transport all contribute significant value chain GHG emissions.	In the Cerrado and other regions, pesticide and fertilizer intensive large scale monocropping is driving significant soil erosion, pesticide and fertilizer-based water pollution that 2022 World Bank report points out are disproportionately impacting indigenous and poor communities across Brazil and Latin America. In some regions, there is significant depletion of water resources.
	Para(s): 2, 3, 7, 8, 12	Para: 7	Para(s): 8, 12
PS3	Para(s): 10, 11, 14 - 17	Para: 7, 11	Para: 9, 11
PS4	Para(s): 7, 8, 9		Para(s): 7, 8, 9

credible certifications, including the adoption of Good Agricultural Practices (GAPs) at farm-level for sustainable soy production." (Links added.) According to loan documents, 15 supplier farms within the "ringfenced" scope of the investment were certified by the Roundtable on Responsible Soy (RTRS).[xix]

However, absent a quantification of volume/% of sourcing from these farms and (even predictive) quantitative mitigation disclosures, there was no way to determine whether or to what extent these or additional farmers' adherence to RTRS (or LDC's own Sustainable Agriculture standards) might reduce relevant impacts. It is also important to note that RTRS and other industry-led certification schemes have come under fire for providing false assurances of companies' sustainability. "Claims of supporting sustainable production are...misleading, allowing companies a green image even if they are still contributing to human rights abuse and/or the destruction of nature," Greenpeace writes about RTRS.

> ***"Debt and the lack of alternatives deepen the condition of subordination of producers in negotiations with companies. Many are forced to sell their land and this deepens land concentration in the region.***
>
> **- Rede Social de Justiça e Direitos Humanos interview with anonymous Ponta Grossa community member**

IFC should have classified Project #44281 as Category A (not B) and required formal stakeholder consultation.

Given Project #44281's diverse and potentially permanent environmental and social impacts within and outside the ringfenced scope, Project #44281 should have been classified as Category A. Such a categorization would have entailed a detailed environmental impact assessment[xx] and stakeholder consultation prior to a board vote.[xxi]

Project #44281's "B" categorization is part of a broader trend of agribusiness investments with diverse and potentially permanent impacts being classified as "B" when they should be classified as "A". Recent other examples include Project #46874, a $48M investment in GXYX, a multi-story industrial pig breeding and rearing facility in China, and Project #41934, a second investment for IFC in the Ecuador-based factory farming conglomerate Pronaca.

In the project's ESRS, IFC identified LDC's stakeholder engagement and community grievance mechanism as "key E&S risks" of the project. To address these risks, IFC required that LDC "revise its stakeholder engagement policy and procedure to identify stakeholders nearby its soy/corn operations and effectively plan engagement activities, in particular around clusters of prefinanced soy/corn farms and farmers on the spot market." IFC also required that LDC overhaul its proprietary grievance mechanism, "Ethics Point". Objectives of the overhaul included "ensur[ing] communities affected by soy/corn operation (i.e., communities nearby logistics and soy farms) are aware of the mechanism, its objectives, how complaints are handled, and how feedback is provided to complainants."[xxii]

Despite these concerns, IFC did not require stakeholder consultation during project preparation.[xxiii] Consultation during this stage would have been particularly important since the concentration of land, wealth, and power into the hands of a small number of industrial producers, including LDC, has disproportionately negatively impacted indigenous communities and smallholder farmers.[xxiv]

Since the 1990s, the rise of industrial soy production in Brazil has concentrated land and power in the hands of a relatively small number of vertically integrated industrial farm operations. Just 10% of the country's soy production comes from smallholders (less than 50 hectares); most of the remainder is produced on industrial farms of more than 500 hectares and as many as 10,000. In the Cerrado, soy farms average between 1,000 and 2,000 hectares. According to IFC loan documents, most of the "ringfenced" production associated with Project #44281 would originate in "commercial, highly mechanized, industrial farms" as large as 6000 hectares.

Such operations have destroyed the lives and livelihoods of smallholder farmers in the Cerrado and across much of Brazil and other Latin American countries while providing little employment opportunity for local farmworkers. This Oxfam report details how even "responsible" monoculture cropping in Latin America by LDC and the remaining ABCD producers has displaced communities, undermining smallholder livelihoods and worsened local food security. "Inclusive" business models that vertically integrate smallholders into corporate supply chains have also proven financially devastating for farmers across Latin America and other regions. A report published in April 2022 by Friends of the Earth US and Rede Social de Justiça e Direitos Humanos highlights industrial soy producers' involvement in land-grabbing, including the expropriation of the land of Indigenous communities and the forced migration of peasant farmers in the Cerrado and other regions.

Project #44281 is aligned with neither the Paris Agreement nor the UN SDGs.

LDC's supply chain operations involve negative environmental and social impacts that threaten to keep the goals of the Paris Agreement and several UN SDGs out of reach.

Paris Misalignment

Project #44281 involved no requirements that LDC disclose their Scope 1-3 emissions or commit to Paris-aligned GHG reduction targets.

Specific concerns included:

- LDC's Scope 1 and 2 1% yearly intensity-based reduction targets were woefully inadequate to mitigate their regional and global impact. By 2022, all of the remaining ABCD companies had disclosed their Scope 3 emissions; Bunge and Cargill had disclosed Scope 3 reduction targets.
- LDC had yet to quantify its Scope 3 emissions, let alone set a verifiable Paris-aligned absolute reduction target. (Like all agricultural conglomerates, LDC's Scope 3 emissions likely comprise more than 90% of the company's total.) In addition to land conversion and deforestation, soil preparation and the manufacturing of pesticides, fertilizers, and herbicides, soy oil extraction, crude oil refining, biodiesel production, and transport all contribute significant value chain emissions.
- IFC noted that the project involved "helping LDC quantify its Scope 3 emissions." However, LDC's publicly available financial documents showed that the company possessed ample resources to calculate these without the support.

SDG Misalignment

With respect to industrial soy (and corn) production, this report by the German Federal Ministry for Economic Development details the various ways in which it undermine SDGs 1, 2, 3, 6, 8, 12, 13, and 15. Taking into consideration the broader context in which LDC operates—most significantly, industrial livestock production—additional SDG-related threats accrue.

Most of the commodities purchased with the help of IFC's funding loan will likely be used to feed industrially farmed animals in Brazil and abroad, exacerbating food insecurity and imperiling SDG 2. Globally, livestock consume 77% of soy produced. As the World Bank's Investing in Sustainable Livestock Guide explains, feed production for intensive livestock systems is increasingly sourced from "high-input intensity grain and legume monocultures" that "can result in remote impacts on natural resources in feed-exporting regions, as well as competition for resources between the production of livestock feed and human-edible food." As described in more detail in these civil society letters from November 2020 and February 2021, expanding financing for the industrial livestock sector directly undermines 15 of the 17 Sustainable Development Goals (SDGs).

It is unclear that IFC provided financial or non-financial additionality, as the Bank's policies require.

According to the MDBs' Harmonized Framework for Additionality in Private Sector Operations, MDBs should always seek to provide financial and/or non-financial additionality. Among other benefits, additionality should deliver financing that is not provided by the private market (and does not crowd it out), better development outcomes, and improved environmental, social, and governance standards.

At the time of IFC's investment in LDC, the company had ample access to capital, including private financing, at least some of which IFC might have crowded out. In 2022, LDC was reporting nearly $60B in annual revenues and $11B in available liquidity, including $3.5B in committed undrawn bank lines. The company's very favorable financial position also meant it could afford to invest in sustainability measures without IFC's help.

There were three major areas of non-financial additionality IFC claimed Project #44281 would provide. First was helping LDC quantify its Scope 3 emissions.[11] However, neither IFC nor LDC disclosed any time-bound targets for calculation, reporting, or emissions reductions, which made it impossible to assess the potential value of any such "help". Equally important, LDC had ample resources to calculate (or model) these emissions on its own. The company's wanton refusal to keep pace with its peers like Bunge, which had disclosed its Scope 3 emissions in 2019 in response to shareholder pressure, was not IFC's to address.

A second element of non-financial additionality was supporting LDC's 2022 zero deforestation commitment. When LDC finally made this commitment, the company was seven years behind ADM and Bunge and neither needed nor merited IFC's support. It was also unclear that this support could result in avoided deforestation at all. According to Global Forest Watch, the 200-300 industrial farms in Goiás, Mato Grosso, Minas Gerais from which IFC's investment would support LDC's purchases were in areas that had already been largely deforested (see images). IFC conceded as much in the Project #44281 ESRS, noting, "The geographic scope of this investment principally involves consolidated agricultural landscapes in southern Mato Grosso, Goiás and Minas Gerais that present very low risk of significant habitat conversion."

A third element of non-financial additionality was supporting LDC's effort to trace its indirect suppliers, which was a necessary first step toward complying with its new

11 Generally, Scope 3 emissions comprise over 90% of any agribusiness conglomerate's carbon footprint.

2025 zero-deforestation commitment. A number of environmental organizations with relatively negligible budgets had investigated deforestation in the **Cerrado** and already traced LDC to a number of producers engaged in legal and illegal land conversion. LDC's peers were already tracing their supply chains as well. As of mid-2022, ADM and Bunge were reporting their progress and "demonstrat[ing] to other companies and regulators the feasibility of full [supply chain] traceability," as IFC explained its $275M investment in LDC had the "potential" to do.

Even if one steps back from these more granular goals to take a broader view of whether Project #44281 could have resulted in "better development outcomes", the answer is, at best, unclear. The project's ESRS noted that most of the proposed project's "ringfenced" production would come from "commercial, highly mechanized, industrial farms" as large as 6,000 hectares. Led by foreign conglomerates like LDC, the industrialization of agriculture in Brazil during the last thirty years has had devastating consequences on smallholder farmers, local communities, and the country's natural resources while also concentrating wealth in the hands of a few, including foreign, operators. Industrial monocropping by LDC and the remaining ABCD corporations in the Cerrado and elsewhere was — and still is — putting many of the UN SDGs as well as the goals of the Paris Agreement out of reach. If alignment with such global commitments is a hallmark of "better development", Project #44281 fell short on this additionality requirement.

> ***"Some small farming communities resist these impacts and produce agroecological food. In an attempt to stop pollution, a family of small producers in a community planted a green barrier on the border with the soybean plantation. For a long time, pesticides killed this barrier, but the family resisted. Small producers also reported concern about the risk of losing their organic certification as a result of the expansion of soybeans and, therefore, the intensive use of pesticides.***
>
> **- Rede Social de Justiça e Direitos Humanos interview with anonymous Ponta Grossa community member**

Small producer next to LDC facility planting organic vegetables, threatened by contamination from pesticides sprayed on neighboring crops. Ponta Grossa, August/2023. Photo: Teresa Paris.

PROGRESS REPORT: LDC

With respect to the major areas of concern regarding Project #44281, the following progress updates have emerged from IFC and/or LDC.

Deforestation

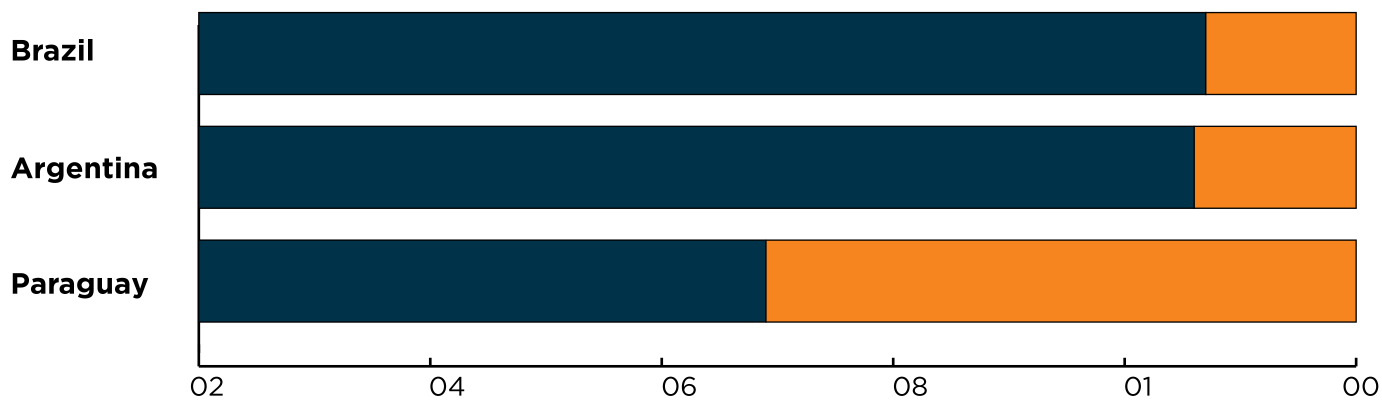
According to a December 2024 update from IFC, LDC has made significant progress in achieving traceability within its direct soy and corn supply chains in Brazil and still aims to achieve full traceability to farm level for its indirect supply chains in "priority regions with deforestation and conversion risks" by the end of 2025.

While IFC's update implies that LDC is making progress toward its zero-deforestation commitment (100% traceability to farm level being the necessary first step), actual confirmation of progress would require that LDC disclose how much of the company's procurement volume has been traced to farm level and confirmed to comply with the cut-off dates specified in its zero-deforestation commitment.

LDC's 2023 integrated report includes the graph below. However, LDC does not specify what the percentages represent or whether these refer to suppliers, farms or procurement volumes. Absent clarifications on this point, this figure provides no insight into LDC's progress toward traceability, let alone confirmation of elimination of deforestation from its supply chain.

Here, it is also important to note CSOs' earlier concerns regarding additionality and the likelihood that IFC's investment would result in avoided deforestation or land conversion. In a June 2022 letter, CSOs pointed out that the majority of Project #44281's geographically ringfenced area was already deforested, which limited IFC's potential impact.

In 2023, our verified zero deforestation and conversion soy ration was as follows:



In 2024, we intend to accerelate indirect supplier engagement in more priority regions in Brazil, Argentina and Paraguay.

In its 2023 integrated report, LDC pointed out that the company had distributed "the US$275 million credit facility through the International Finance Corporation, to fund crop purchases from eligible Brazilian farmers committed to zero deforestation and conversion of natural habitats (with a cut-off date of 2016). We also reward the conservation efforts of farmers who voluntarily conserve native vegetation beyond legal requirements." IFC has also referred to these "extra" incentives.[xxvi] In the event any of these incentives resulted in deforestation avoidance, the question now is what happens when IFC-supported incentives disappear?

LDC has been a member of the Brazilian Soy Moratorium since its inception in 2006.[12] The collaborative industry platform significantly reduced soy production-related deforestation in the Amazon. But it also intensified land conversion in the Cerrado. As of early 2024, 80% of the Amazon was legally protected from deforestation and conversion, while just 20-35% of the Cerrado benefited from such protections. LDC is not a signatory to the 2017 Cerrado Manifesto, which calls for commitments and policies to eliminate deforestation and conversion in the region.

GHG emissions disclosures and target-setting

As of early 2025, IFC has not provided specific updates regarding LDC's progress on Scope 3 calculations, comprehensive GHG disclosures, reduction target-setting, or mitigation strategies. However, LDC's latest sustainability report provides some context.

In 2023, LDC began reporting to CDP, several years behind the remainder of the ABCD companies. In the company's Climate Change disclosure for that year, LDC finally disclosed modeled estimates of the majority of the company's Scope 3 emissions. Despite emphasizing that the company is signatory to the Agriculture Sector Roadmap to 1.5°C, LDC did not set a 1.5°C-aligned Scope 3 reduction target (despite Scope 3 emissions likely comprising >90% of the company's carbon footprint). A review of the company's website indicated that as of early 2025, LDC has yet to set a Scope 3 reduction target.

LDC received a "B" for its CDP Climate Disclosure, as did ADM; Cargill and Bunge each received an A-.

12 As of early 2025, the Amazon Soy Moratorium is under attack by agribusiness and political interests.

LDC received an "F" for its CDP Forests Disclosure, which indicates either that CDP solicited a disclosure but LDC did not submit one or that LDC failed to provide sufficient information to CDP to be evaluated. All other ABCD companies submitted CDP Forest Disclosures. For details regarding ABCD disclosures and CDP scores, see this analysis.

Land, air, and water pollution and associated public health impacts

In late 2024, IFC reported that with the Bank's support, LDC provided technical support to 10 additional farms to adopt RTRS standards and plans to create an RTRS farmer group in 2024 that will support around 50 farms toward sustainability certification.

Quantifications that would help confirm impact mitigation are missing from this update. These include:

- The number of farms (not suppliers) from which LDC procures agri-commodities. According to the loan documents for Project #44281, 200 suppliers (which may source from multiple large-scale farms) were inside the ringfenced scope. LDC operates in several areas outside the ringfenced scope, procuring raw materials from presumed hundreds of suppliers and thousands of farms. To assess the impact of "around 50 farms", one would need to understand what percentage of LDC's raw material procurement they provide.[xxvii]
- Detailed analyses of farms' practices before and after certification, including changes in use of herbicides and pesticides, GMOs, water, energy, and labor, to name a few relevant inputs. On its own, RTRS certification does not assure impact mitigation.

Human rights issues, including land-grabbing and child labor

IFC reported in late 2024 that LDC has strengthened internal capacity for on-site monitoring at farms and instituted internal audit protocols designed to address conflicts between contracted farmers and Indigenous Peoples, Quilombolas, neighboring communities and workers hired by suppliers. IFC also reported that LDC has developed a stakeholder engagement policy and is implementing Stakeholder Engagement Plans (SEPs) with the help of a community relations consultant.

Absent detailed disclosures regarding the scope and nature of LDC's "on-site" monitoring and an accounting of conflicts addressed, it is impossible to determine whether the company's "internal capacity development" has reduced land-grabbing and human rights-related harms occurring in its supply chain.

CONCLUSION AND RECOMMENDATIONS

Conclusion

This case study highlights critical concerns regarding IFC's 2022 loan to Louis Dreyfus Company B.V. (LDC) and its subsidiary, LDC Brasil. It underscores the challenges of reconciling IFC's investments in multinational industrial agriculture conglomerates with its mandate to promote sustainable development in client countries.

The analysis raises important questions about the efficacy of applying IFC's Performance Standards to mitigate environmental and social harms, particularly when financing entities with substantial access to private capital and histories of significant adverse impacts. Furthermore, the case calls into question the alignment of such investments with the Paris Agreement and the UN SDGs, challenging IFC's broader commitments to environmental and social responsibility.

As the global community continues to prioritize sustainable and equitable development, this case serves as a call for greater scrutiny of institutional lending practices and the necessity of ensuring that investments genuinely contribute to long-term environmental and social well-being.

Recommendations for IFC Management:

Based on the findings contained herein, IFC management should:

- Expand the scope of IFC's due diligence to include environmental and social assessments of agribusiness company's broader impacts beyond projects' "ringfenced" scopes.
- Recognize that in every global region, agribusiness value chain activities involve potential significant adverse environmental or social risks and/or impacts that are diverse, irreversible, or unprecedented and that any industrial agriculture-based project should be Category A.
- Ensure that agribusiness loan operations do not undermine key sustainable development goals and provide evidence of how these investments enhance (and do not further imperil) food security in the client country and advance other SDGs.
- Align agribusiness loans with the goals of the Paris Agreement by strengthening climate adaptation and mitigation

requirements, including comprehensive and disaggregated (to prioritize methane) Scope 1-3 GHG reporting and adopting 1.5-aligned science-based and time-bound absolute emissions reduction targets.

- Follow the World Bank's own "Recipe" for reducing GHG emissions from the food system, including by:
  - Refraining from making investments in livestock and/or value chain operations that fuel continued overconsumption of meat and dairy in developed and emerging markets.
  - Supporting client countries in the scaling up of climate mitigating and adaptive food systems rather than high-emitting and otherwise destructive agribusiness infrastructure of the type that must be decommissioned in developed markets. These systems should prioritize production of nutritionally sufficient and regionally relevant crops for human consumption and integrate livestock *only* where such integration can deliver ecological and social benefits and effectively address—rather than exacerbate—food insecurity and economic inequality.

ANNEX 1: ABCD SUSTAINABILITY COMMITMENT AND DISCLOSURE HISTORY

	Scope 3 Disclosure	Scope 3 Target Announced	Zero Deforestation Commitment Announced	Zero Deforestation Commitment Date	CDP Climate Reporting: Start date 2023 Score	CDP Forests Reporting: Start date 2023 Score	CDP Water Reporting: Start date 2023 Score
ADM	2022	2023	2015	2030/updated to 2025 (progress)	Start date: **2014** (not all reports are scored/ available) **2023 score: B**	Start date: **2016** (not all reports are scored/ available) **2023 score: B-/B**	Start date: **2016** **2023 score: B**
Bunge	2019	2022	2015	2025	Start date: **2014** (not all reports are scored/ available) **2023 score: A-**	Start date: **2016** (not all reports are scored/ available) **2023 score: D/B**	Start date: **2012** (not all reports are scored/ available) **2023 score: B-**
Cargill	2019	2019	2023	2025 in HCV areas across Brazil, Argentina and Uruguay; 2030 globally	Start date: **2011** (not all reports are scored/ available) **2023 score: A-**	Start date: **2014** (not all reports are scored/ available) **2023 score: B/B**	Start date: **2019** **2023 score: A-**
LDC	2023	--	2022	2025	Start date: **2023** **2023 score: B**	LDC declined to participate **2023 Score: F**	**No submission/ no score**

ANNEX 2: RELEVANT TEXT FROM PS1, PS3 AND PS4

Relevant text from PS1:

Paragraph 2: At times, the assessment and management of certain environmental and social risks and impacts may be the responsibility of…third parties over which the client does not have control or influence. Examples of where this may happen include:…(ii) when specific actions directly related to the project are carried out by…third parties such as providing land for a project which may have previously involved the resettlement of communities or individuals and/or leading to loss of biodiversity. While the client cannot control these government or third party actions, an effective ESMS should identify the different entities involved and the roles they play, the corresponding risks they present to the client, and opportunities to collaborate with these third parties in order to help achieve environmental and social outcomes that are consistent with the Performance Standards.

Paragraph 7: When the project involves existing assets, environmental and/or social audits or risk/hazard assessments can be appropriate and sufficient to identify risks and impacts…. The risks and impacts identification process will be based on recent environmental and social baseline data at an appropriate level of detail. The process will consider all relevant environmental and social risks and impacts of the project, including the issues identified in Performance Standards 2 through 8, and those who are likely to be affected by such risks and impacts. The risks and impacts identification process will consider the emissions of greenhouse gases, the relevant risks associated with a changing climate and the adaptation opportunities, and potential transboundary effects, such as pollution of air, or use or pollution of international waterways.

Paragraph 8: Where the project involves specifically identified physical elements, aspects, and facilities that are likely to generate impacts, environmental and social risks and impacts will be identified in the context of the project's area of influence. This area of influence encompasses, as appropriate:

- The area likely to be affected by: (i) the project and the client's activities and facilities that are directly owned, operated or managed (including by contractors) and that are a component of the project (ii) impacts from unplanned but predictable developments caused by the project that may occur later or at a different location; or (iii) indirect project impacts on biodiversity or on ecosystem services upon which Affected Communities' livelihoods are dependent.

Relevant text from PS3:

Paragraph 7: Greenhouse Gases

In addition to the resource efficiency measures described above, the client will consider alternatives and implement technically and financially feasible and cost-effective options to reduce project-related GHG emissions during the design and operation of the project. These options may include, but are not limited to, alternative project locations, adoption of renewable or low carbon energy sources, sustainable agricultural, forestry and livestock management practices, the reduction of fugitive emissions and the reduction of gas flaring.

Paragraph 9: Water Consumption

When the project is a potentially significant consumer of water, in addition to applying the resource efficiency requirements of this Performance Standard, the client shall adopt measures that avoid or reduce water usage so that the project's water consumption does not have significant adverse impacts on others. These measures include, but are not limited to, the use of additional technically feasible water conservation measures within the client's operations, the use of alternative water supplies, water consumption offsets to reduce total demand for water resources to within the available supply, and evaluation of alternative project locations.

Paragraphs 10 and 11: Pollution

10: The client will avoid the release of pollutants or, when avoidance is not feasible, minimize and/or control the intensity and mass flow of their release. This applies to the release of pollutants to air, water, and land due to routine, non-routine, and accidental circumstances with the potential for local, regional, and transboundary impacts. Where historical pollution such as land or ground water contamination exists, the client will seek to determine whether it is responsible for mitigation measures. If it is determined that the client is legally responsible, then these liabilities will be resolved in accordance with national law, or where this is silent, with GIIP.

11: To address potential adverse project impacts on existing ambient conditions,12 the client will consider relevant factors, including, for example (i) existing ambient conditions; (ii) the finite assimilative capacity13 of the environment; (iii) existing and future land use; (iv) the project's proximity to areas of importance to biodiversity; and (v) the potential for cumulative impacts with uncertain and/or irreversible consequences. In addition to applying resource efficiency and pollution control measures as required in this Performance Standard, when the project has the potential to constitute a significant source of emissions in an already degraded area, the client will consider additional strategies and adopt measures that avoid or reduce negative effects. These strategies include, but are not limited to, evaluation of project location alternatives and emissions offsets.

Paragraphs 14-17: Pesticide Use and Management

14: The client will, where appropriate, formulate and implement an integrated pest management (IPM) and/or integrated vector management (IVM) approach targeting economically significant pest infestations and disease vectors of public health significance. The client's IPM and IVM program will integrate coordinated use of pest and environmental information along with available pest control methods, including cultural practices, biological, genetic, and, as a last resort, chemical means to prevent economically significant pest damage and/or disease transmission to humans and animals.

15: When pest management activities include the use of chemical pesticides, the client will select chemical pesticides that are low in human toxicity, that are known to be effective against the target species, and that have minimal effects on non-target species and the environment. When the client selects chemical pesticides, the selection will be based upon requirements that the pesticides be packaged in safe containers, be clearly labeled for safe and proper use, and that the pesticides have been manufactured by an entity currently licensed by relevant regulatory agencies.

16: The client will design its pesticide application regime to (i) avoid damage to natural enemies of the target pest, and where avoidance is not possible, minimize, and (ii) avoid the risks associated with the development of resistance in pests and vectors, and where avoidance is not possible minimize. In addition, pesticides will be handled, stored, applied, and disposed of in accordance with the Food and Agriculture Organization's International Code of Conduct on the Distribution and Use of Pesticides or other GIIP.

17: The client will not purchase, store, use, manufacture, or trade in products that fall in WHO Recommended Classification of Pesticides by Hazard Class Ia (extremely hazardous); or Ib (highly hazardous). The client will not purchase, store, use, manufacture or trade in Class II (moderately hazardous) pesticides, unless the project has appropriate controls on manufacture, procurement, or distribution and/or use of these chemicals. These chemicals should not be accessible to personnel without proper training, equipment, and facilities to handle, store, apply, and dispose of these products properly.

Relevant text from PS4:

Paragraph 7: Hazardous Materials Management and Safety

7: The client will avoid or minimize the potential for community exposure to hazardous materials and substances that may be released by the project. Where there is a potential for the public (including workers and their families) to be exposed to hazards, particularly those that may be life-threatening, the client will exercise special care to avoid or minimize their exposure by modifying, substituting, or eliminating the condition or material causing the potential hazards. Where hazardous materials are part of existing project infrastructure or components, the client will exercise special care when conducting decommissioning activities in order to avoid exposure to the community. The client will exercise commercially reasonable efforts to control the safety of deliveries of hazardous materials, and of transportation and disposal of hazardous wastes, and will implement measures to avoid or control community exposure to pesticides, in accordance with the requirements of Performance Standard 3.

Paragraph 8: Ecosystem Services

The project's direct impacts on priority ecosystem services may result in adverse health and safety risks and impacts to Affected Communities. With respect to this Performance Standard, ecosystem services are limited to provisioning and regulating services as defined in paragraph 2 of Performance Standard 6. For example, land use changes or the loss of natural buffer areas such as wetlands, mangroves, and upland forests that mitigate the effects of natural hazards such as flooding, landslides, and fire, may result in increased vulnerability and community safety-related risks and impacts. The diminution or degradation of natural resources, such as adverse impacts on the quality, quantity, and availability of freshwater,2 may result in health-related risks and impacts. Where appropriate and feasible, the client will identify those risks and potential impacts on priority ecosystem services that may be exacerbated by climate change. Adverse impacts should be avoided, and if these impacts are unavoidable, the client will implement mitigation measures in accordance with paragraphs 24 and 25 of Performance Standard 6. With respect to the use of and loss of access to provisioning services, clients will implement mitigation measures in accordance with paragraphs 25–29 of Performance Standard 5.

Paragraph 9: Community Exposure to Disease

The client will avoid or minimize the potential for community exposure to water-borne, water-based, water-related, and vector-borne diseases, and communicable diseases that could result from project activities, taking into consideration differentiated exposure to and higher sensitivity of vulnerable groups. Where specific diseases are endemic in communities in the project area of influence, the client is encouraged to explore opportunities during the project life-cycle to improve environmental conditions that could help minimize their incidence.

ENDNOTES

[i] IFC comment: "IFC/E&S entirely derisk the soy/corn sourcing from PS6/biodiversity standpoint by defining the cut-off (2008/ Amazon Biome and 2016/Cerrado Biome) for eligible farmers. As for the social risks (CL/ FL), as the farms are fully mechanized, this risk was considered not material. At the request of IFC, LDC Brazil is strengthening its OHS oversight over the targeted farmers (for use of agro-chemicals)." FOE US response: IFC's acknowledgment of the harms associated with agro-chemical use on mechanized farms is important and indicates an opportunity for formal assessment and mitigation requirements under PS3.

[ii] IFC comment: IFC's financing targets eligible farms that can demonstrate compliance with the Amazon Soy Moratorium and Round Table on Responsible Soy (RTRS) cut-off date. Also LDC aims to pilot incentives for eligible farmers to preserve more environmental set-asides than the minimum legal requirement. FOE US response: As this case lays out, (1) IFC's financing indirectly supports LDC's broader activities, (2) it is unclear that supporting LDC's procurement of soy/maize from producers operating farms on deforested land will reduce deforestation in the Cerrado or beyond, and (3) absent a commitment by LDC to quantification and disclosure, it is unclear that pilot incentives will yield any environmental or social benefits.

[iii] IFC comment: LDC has been at the forefront of major traders since 2018 in its commitment to achieve no-deforestation and non-conversion of native vegetation among ABCD + COFCO in its soy/corn sourcing in Brazil. IFC has been very selective in its choice of working with LDC and of the cut-off parameters applying to this investment (2008 for the Amazon Biome and 2016 for the Cerrado Biome). FOE US response: Please see Annex 1 for publicly available information regarding major agri-commodity producers' deforestation-related commitments.

[iv] IFC comment: The GHG scope 3 emissions work is about to start. IFC selected a service provider through a competitive process, and the work shall be implemented at more than 30 farms, collecting real data. It will be implemented by Unique company, in partnership with Produzindo Certo and Ibra.

[v] IFC comment: To the contrary, LDC has been at the forefront of all traders in term of its sustainability agenda and policy commitment - as one point of evidence, among others, LDC has been working closely with The Nature Conservancy (TNC) to improve its sourcing practices as per FEFAC guidelines - https:// fefac.eu/. FOE US response: Please see Annex 1 for publicly available information regarding major agri-commodity producers' deforestation-related commitments.

[vi] IFC comment: IFC reviewed/cleared the risk screening platform adopted by LDC during appraisal (ref. SERASA). We/IFC was able to confirm that this risk screening platform could address all the sourcing risks detailed in the ESRS / PS1. Supply Chain section. IFC had accessed to the geo-location of all eligible suppliers financed by this investment, at the times of the appraisal. In 2023 and 2024 - as per ESAP#2, independent verification audit done by Control Union (based on a random sample of farmers eligible under the loan) confirmed the validity of the risk screening platform and its effective implementation for all eligible farmers. The audit reports have been reviewed/cleared by IFC. FOE US response: This case does not challenge the accuracy or reliability of any risk screening platform. Rather, the case raises the question of whether IFC's support of LDC's procurement of soy/maize from producers operating farms on deforested land will reduce deforestation in the Cerrado or beyond.

[vii] IFC comment: IFC strict requirements applying to this investment - and agreed upon by LDC - was the 2008 and 2016 cut-off dates (ref. Amazon and Cerrado Biome respectively). LDC has been a sustainability leader in deforestation-free sourcing of soy/corn in

Brazil. Please see below the comment from Mighty Earth (in 2018) when LDC released its soy policy. Finally, IFC has been the catalysator for traders in developing/implementing traceability/risk screening as part of a trader sourcing operations. Please refer to COFCO transaction in 2014 - https://disclosures.ifc.org/project-detail/ESRS/34738/noble-cofco. FOE US response: Please see Annex 1 for publicly available information regarding major agri-commodity producers' deforestation-related commitments.

viii IFC comment: The GHG scope 3 emissions work is about to start and it will be assessed through on ground real data (rather than secondary data, as many actors do). IFC selected a service provider through a competitive process, and the work shall be implemented at more than 30 farms, collecting real data. It will be implemented by Unique company, in partnership with Produzindo Certo and Ibra. The work will include assessing GHG emissions, C stocks and also recommending practices to farmers in order to reduce GHG emissions.

[ix] IFC comment: IFC focused the scope of the E&S due diligence towards the use of proceeds as defined in the Project Description. As for the sector impact, IFC believes that the strict sourcing requirements applying to the prospective / eligible farmers for this LDC loan would have a sector impact to other traders and FIs. FOE US response: As this case lays out, the soy/corn production by the 200-300 plantations that were the focus of Project #44281 involved and involves environmental and social impacts that went unaddressed during the E&S due diligence process. Adding to this, IFC's $275M investment indirectly supports LDC's broader activities.

[x] IFC comment: LDC Soy Policy would apply to all direct / indirect suppliers. In addition, MAS/AS worked closely with LDC since 2022 till today to increase the farm-gate traceability of indirect suppliers, especially in the high-risk municipalities.

[xi] IFC comment: The scope of IFC's E&S due diligence is based on the definition of the use of proceeds. Aside from the fence of the use of proceeds, IFC would assess the reputational risks of the sector and/or the client - which has been done for this investment.

[xii] IFC comment: While the proposed investment does not finance annual crop production by the client, LDC is providing technical assistance support to some of its direct suppliers to increase the adoption of Good Agriculture Practices (GAPs), as defined in IFC PS3 and World Bank Group Environmental Health and Safety Guidelines (Annual Crop Production). This includes compliance with the principles and criteria of RTRS and/or LDC's Sustainable Agriculture Program (aligned with the European Compound Feed Manufacturers' Federation (FEFAC)'s Soy Sourcing Guidelines). Through these programs, LDC promotes the implementation of GAPs by its suppliers, including minimizing the use of pesticides and fertilizers. As for PS4, the use of proceeds did not involve the transport/storage of the soy/corn, only its sourcing. Even though the PS4 requirements was not triggered, IFC verified during appraisal that LDC's transport and warehouse operations met PS4 requirements.

[xiii] IFC comment: This is part of our process, as per contextual/sector risks done at PDS-Concept and through reputational risk assessment done during appraisal.

[xiv] See endnote i.

[xv] See endnote ii.

[xvi] IFC comment: Annual auditing report (prepared by Control Union) - as part of ESAP#2, has confirmed such developmental / E&S objectives. FOE US response: We encourage IFC to publicly share clients' quantifiable progress on E&S objectives.

[xvii] IFC comment: This is confidential information which was shared by LDC during appraisal. As per 2012 AIP, including commercially sensitive information, there is no justification for IFC to disclose such information. The farm-level data for all suppliers is found into SERASA risk screening system (LDC proprietary system). This system is independently audited on a yearly basis - ref. ESAP#2. FOE US response: As the case points out, "The 200-300 soy/corn farms referenced in Project #44281 loan documents

were/are located in the Goiás, Mato Grosso, and Minas Gerais regions of the Cerrado, which had already largely been deforested at the time of the time of IFC's investment. Absent disclosures of plantation-level data, there was no way to ensure that IFC's investment prevented any deforestation or land conversion."

[xviii] IFC comment: LDC disclosed a soy policy in 2018 which Mighty Earth congratulated for its leadership/comprehensiveness.

[xix] IFC comment: This low percentage was explained by the minimal sustainability premium of the RTRS certified soy, against the cost of farmers in implementing all RTRS P&Cs.

[xx] IFC comment: A detailed supply chain risk assessment has been carried out by IFC during appraisal - as per the use of proceeds. Please refer to ESRS. PS1/PS2/PS6 supply chain section. FOE US response: As the case notes, Project #44281 involved "diverse and potentially permanent environmental and social impacts", which would align with a Category A classification.

[xxi] IFC comment: Stakeholder consultation took place during the appraisal. FOE US response: Project #44281 loan documents did not indicate that stakeholder consultation had taken place. Rather, the documents note, "As outlined in the PS2 Section, LDC has an integrated confidential and anonymous channel named 'Ethics Point' to receive grievances from all stakeholders. Although the Ethics Point channels are open for communities to file grievances, it is not clear whether communities nearby LDC's operations have knowledge of, or would use, these channels." To the extent IFC conducts stakeholder consultation, we welcome the Bank publicizing its efforts and sharing outcomes.

[xxii] IFC comment: This is ESAP#3, which is in good progress. ESAP#1 and ESAP#2 have been successfully completed.

[xxiii] IFC comment: We/IFC did external consultation during appraisal. FOE US response: See endnote xxi.

[xxiv] IFC comment: SERASA's risk screening platform identified IP lands, as part of the eligibility supplier review, to avoid overlap. Ref. ESRS-PS1. Supply chain section. FOE US response: As the case documents, LDC's value chain activities have involved negative impacts on local, traditional, and Indigenous communities outside the ringfence of Project #44281.

[xxv] IFC comment: 100% of the sourcing is traced to farms. 100% of the sourcing is processed/cleared through SERASA (LDC proprietary risk screening platform). FOE US response: As the case documents, CSO concerns regarding negative environmental and social impacts extend beyond the ringfenced scope of Project #44281.

[xxvi] IFC comments: IFC incentives for farmers who have more vegetation than required by law, have been reaching farmers through a LDC partnership with Koppert, a global leader on biological solutions. Farmers receive biological products for free, for pests & diseases control. Therefore, those farmers have an opportunity to either start using biological practices or reduce costs with products they are already buying. As such, LDC can promote the use of cleaner and efficient practices, leading to an overall reduction in the use of synthetic pesticides. As farmers learn, and trust in the use of biological practices, those practices should remain and also influence other farmers to use biological practices.

[xxvii] IFC comment: One important issue is to ensure compliance with PS2/PS6 supply chain related requirements. This compliance has been validated in 2023 and 2024 by Control Union audit report. FOE US response: We welcome IFC publicizing outcomes.