

To: EBRD's CSO Stakeholder Engagement Team - cs@ebrd.com
Cc: Fotoulla Charalambous, Head of Internal Audit - lukaszey@ebrd.com
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September 26, 2025

Letter of concern re: MHP Sunflower Working Capital (project nr. [55954](#))

Dear CSO Stakeholder Engagement Team,

Following the recent letter to your team, we feel compelled to express our concerns about the recently disclosed investment in MHP Food Trading LLC, a direct subsidiary of MHP SE. According to the information provided by the EBRD, the US\$ 80 million is going to contribute to the company's working capital needs for its edible oil crushing segment in Ukraine, and specifically to cover the procurement and accumulation of sunflower seeds for crushing into oil for subsequent export.

We wish to note at the outset that this letter is not meant to discourage the EBRD from supporting the people of Ukraine and its agriculture sector during a time of war. However, EBRD's re-investment in the same factory farming corporation again and again begs the question whether this project is really meant to advance the goals of food security and sustainable food systems for Ukraine.

- **Late disclosure and lack of meaningful consultation**

First of all, the project was disclosed about four months after the approval date, despite being categorized with risk category B. This violates the EBRD's own Access to Information Policy, which requires the bank to disclose projects 30 days earlier than the projected Board discussion date.

Late disclosure is not only a procedural violation, but it also affects the rights of potentially affected communities to receive timely information, and to meaningfully participate in development projects in their territories and with impacts on their livelihoods.

We would be grateful to know why the PDS was not published at least 30 days before the projected Board discussion date. If the failure to disclose was based on an

‘Exception to Disclosure’, please provide a copy of your “*determination*” that a reasonably foreseeable harm from disclosure would outweigh the benefits.¹

In the absence of timely disclosure in accordance with your Access to Information Policy, we would also be grateful (i) for your explanation as to how your decision to finance this project took into account the legitimate interests of project-affected people, and (ii) to know what steps you took to identify vulnerable people who might be disproportionately impacted by the project (in keeping with paragraph 2.7 of your ESP).

- **Risk of increased harm and no benefits at the local level**

Among the disclosed project-related risk considerations, the EBRD states that “the purchasing, transport and processing of sunflower seeds is associated with a limited number of environmental and social issues”. While the sunflower seeds industry may be associated with low environmental and social impacts - although detailed information on project-specific procurement and MHP’s general suppliers is not disclosed, which makes that claim arguable - the industries for which it provides inputs are often linked to substantial adverse impacts on local communities and the environment. The risk assessment disclosed by the EBRD does not seem to take that into account.

Additionally, the public disclosure states that the Borrower, MHP Food Trading LLC, “will channel the Loan proceeds down to MHP’s subsidiaries in Ukraine to purchase sunflower seeds for further processing into sunflower oil for export.” This raises a question whether Zernoproduct Farm, one of MHP’s Ukrainian subsidiaries that grows sunflowers and other crops, will be among the ultimate beneficiaries of the EBRD loan proceeds. Zernoproduct Farm is the subject of ongoing and unresolved community complaints, as discussed below, raising issues including unfair land lease agreements and negotiation practices.²

Relevantly, among the concerns raised by local communities in their complaints - and repeatedly shared with the EBRD - there is also the fact that large numbers of trucks supplying inputs to the company - or distributing its outputs - led to fractures in the houses of villages around MHP’s farms in the Vinnytsia region, posing threats to inhabitants’ lives and livelihoods. The construction of a bypass road was not enough to resolve this issue: local residents have questioned whether it is consistently used by

¹ Paragraph 1.2 of your Access to Information Policy provides that: “*The exceptions to disclosure are limited to information **where the Bank has determined** that there is a reasonably foreseeable harm from disclosure that would outweigh the benefits.*”

² MHP holds approximately 220,000 individual land lease agreements covering 351,600 hectares in Ukraine, making it the second largest Ukrainian agricultural land user. CAO Appraisal Report, p. 23, <https://www.cao-ombudsman.org/sites/default/files/downloads/ComplianceAppraisal-Ukraine-MHP01-Feb-ruary2025-ENG.pdf>

MHP's employees and contractors. Plus, it was developed years after the farm began operations, after heavy vehicle traffic had already led to cracks forming in houses along a major MHP thoroughfare, yet this damage still has not been repaired.

Moreover, since the project is reportedly going to support operations focused on export, local communities - living in a country currently at war, which would benefit from investments in local food security based on sustainable farming practices - may be the ones ultimately suffering all project-related damages, while not gaining any substantial benefits. Indeed, with MHP being the largest employer in the territories where it operates, repeated reinvestments targeted to one large agribusiness risk leaving local communities with no other job opportunities, and therefore becoming tied to the company in a way that can lead to unfair contractual conditions and labor rights violations, as alleged in community complaints.

- **Existing concerns and pending complaints**

Secondly, the project consists of a significant investment in a company that has been the subject of numerous complaints by local communities over the last few years with regard to the environmental and social impacts of their industrial poultry operations in Ukraine. The company has also allegedly been involved in reprisals against local activists, in violation of the EBRD's Statement on Retaliation.

Due to these violations of human rights and environmental standards attributed to the company, MHP SE has been involved in complaints brought before the IFC's CAO and the EBRD's IPAM. Both are still ongoing: the IPAM's compliance report still needs to be released and reviewed by the Board of Directors and other stakeholders, together with a Management Action Plan to address any findings of non-compliance in the report. The CAO investigation is still underway.

Investments in MHP SE support the expansion of industrial animal agriculture, a system that causes severe and widespread animal suffering through overcrowding and inhumane conditions. Moreover, it is concerning that a company so heavily accused of serious misconduct, and subject to an ongoing investigation by the IPAM, is still considered as a viable client by the EBRD.

The project is one of almost a dozen in the poultry industry planned by the same investor, effectively all projects amounting to a single large industrial process. We are concerned that by separating the functional units of this big industrial undertaking, the investor is "salami slicing" its components which could result in the inadequate environmental assessment and a potential breach of the EU's environmental acquis.

- **Conclusion and demands**

As affected stakeholders, and in light of the concerns highlighted above, we demand that the investment in MHP is put on hold immediately. It must be reconsidered once the IPAM's report is made public and the Board had the opportunity to comment on it. It should also be disclosed to the public for at least 30 days prior to a new board decision.

In addition to that, we request the EBRD to disclose the following information:

- The role of Zernoproduct Farm in the project (i.e. as a supplier or a purchaser of sunflower seeds);
- What Group facilities relevant to the proposed Project were visited by the project team;
- Details about the client's new 'Autodrome' training facility, including its planned location and purpose;
- The EBRD's project-specific Paris-compliance assessment, as we strongly oppose the categorization of agricultural operations linked to the industrial livestock sector as Paris-aligned;
- Any social or environmental conditions or measures that were included in this project in response to IPAM's draft compliance report findings;
- The updated ESAP developed by the company.

Additionally, we request the EBRD to include in the project summary a reference mentioning the current complaint in the IPAM.

Last but not least, we refute the EBRD's claim that "the Group continues to make progress in the management of E&S issues related to its operations", as evidence reported by [CSOs' and communities' monitoring initiatives](#) within proximity of MHP's industrial production sites in Vinnytsia region show a different picture.

Kind regards,

[Redacted signature block]

CEE Bankwatch Network, *Regional (Central and Eastern Europe)*
Accountability Counsel, *Global*

International Accountability Project, *Global*
Sinergia Animal, *Global*
Stop Financing Factory Farming Coalition, *Global*
Friends of the Earth US, *USA*
In Defense of Animals, *USA*
The Coalition Against Factory Farming, *UK*