

To: Natalia Zukhova, Director of Food and Agribusiness - agribusiness@ebrd.com
Cc: Fotoulla Charalambous, Head of Internal Audit - lukaszey@ebrd.com

18 February 2024

Dear Ms. Zukhova,

We wish you a happy new year and look forward to fruitful engagements with the EBRD in 2025.

Re: concerns about Fortenova Group Agriculture (project nr. 55382)

We note that on December 23rd, the EBRD disclosed information about a US\$ 53.96 million loan to Podravka Inc. for the acquisition of Fortenova Group's ([project 55382](#)) agribusiness activities, including the production of meat and dairy products.

The project is classified as category B and "due diligence did reveal several E&S issues" in Fortenova Group's operations, including "community complaints in relation to selected pig farms, and the need for better maintenance for a number of facilities".

Given the project-related high risks, it is unclear why the EBRD disclosed the project more than five months after the approval date, denying potentially affected communities the possibility to participate in the project design and implementation process and in adequate consultations.

According to the 2024 Access to Information Policy:

1.7. Proactive disclosure

The EBRD will proactively share information, recognising that routine disclosure reduces the burden on both the Bank and those wishing to access information. Such information will include documentation relating to the environmental and social risks and impacts of projects during their preparation and implementation. Details about information routinely published by the Bank will be set out in the Directive on Access to Information.

Information should be published or disclosed in line with the timeframes set out in the Directive on Access to Information.

According to the Directive, Art.1.4.2 (i) "For private-sector projects approved by the Board of Directors, the PSD shall be disclosed at least **30 calendar days** prior to

consideration of the project by the Board of Directors.”

We note that, according to the project disclosure page, *“The due diligence did reveal several E&S issues which will be addressed through actions within the environmental and social action plan (ESAP). Key issues that arose include community complaints in relation to selected pig farms, and the need for better maintenance for a number of facilities to ensure continuation of good operation and adequate protection of health and safety.”*

Given the fact that there are several unresolved E&S issues, and existing community complaints, could you please explain why no disclosure was made 30 days prior to consideration by the Board of Directors?

According to Section III, paragraph 1.2 of the 2024 Access to Information Policy, *“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.”* A similar limitation on exceptions is outlined in the 2019 policy in Section III, art.2. If the late disclosure on this project was made because you determined that there was an exception in line with the policy, could you please provide a copy of the determination?

This disregard from the EBRD for communities’ right to information violates the bank’s own policies, according to which *“for projects approved by Bank management where the Board of Directors has delegated approval authority, the PSD shall be disclosed prior to the start of the relevant no-objection notification period to Bank members in accordance with Article 13 (iii) of the Agreement Establishing the EBRD.”* (Directive on Access to Information, 1.4.2. (iii))

The confidentiality of business transactions should not compromise communities’ right to access information that may affect their lives. Podravka Inc. is likely going to promote further industrialization or the expansion of activities in the animal agriculture sector acquired from Fortenova Group, which may result in adverse impacts on the local environment and on local communities, who should have been therefore properly informed about the transaction and the involvement of the EBRD in it.

We also note that the EBRD states that *‘the due diligence team also included an animal welfare specialist tasked with reviewing livestock activities against EU animal welfare requirements’*. We would be grateful if you could let us know the specialist’s conclusions regarding the livestock activities’ compatibility with EU animal welfare requirements. We

would be particularly interested in the specialist's conclusions regarding welfare in the dairy sector where the EU has no species-specific legislation on dairy cow welfare.

Finally, we request that the EBRD stops supporting operations and business transactions involving industrial animal agriculture, and that information is disclosed in a timely manner to allow stakeholders' inputs and participation, in line with the EBRD's policies.

Kind regards,

Alessandro Ramazzotti - International Accountability Project