

Bank loans and credits to Grupo André Maggi

**A research paper prepared for
Fundação CEBRAC**

Final report: 4 June 2004

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Summary

This report provides information on (foreign) bank loans obtained by Grupo André Maggi over the past five years. Grupo André Maggi is the largest producer of soybeans in Brazil and probably in the world. Apart from its own soybean production in Mato Grosso in the western central Brazil, the company buys huge amounts of soybeans from other farmers in this region and transports these to export markets.

In 2004 Grupo André Maggi plans to plant 170,000 hectares, which would produce 360,000 tons of soybeans. The group expects to trade 2.5 million tonnes of soybeans from its own farms and from more than 900 other farmers. 90% of this amount will be exported to Europe and Japan, partly after crushing in the two crushing plants the group operates. Total sales of Grupo André Maggi reached US\$ 550 million in 2003.

To finance advance payments to its suppliers before planting and to finance storage and transport of soybeans, Grupo André Maggi needs large working capital facilities and investment loans. Most of these loans have been provided by foreign banking syndicates over the past five years. An overview of these loans is provided in the following table:

Date	Arranging bank	Country	Amount (US\$ mln)	Maturity (years)
December 1999	Société Générale	France	15	2
March 2001	Deutsche Investitions- und Entwicklungsgesellschaft	Germany	24	?
July 2001	Standard Chartered Bank	United Kingdom	70	1
January 2002	Rabobank	Netherlands	100	2
July 2002	Standard Chartered Bank	United Kingdom	50	1
September 2002	International Finance Corporation	International	30	?
June 2003	WestLB	Germany	80	1
January 2004	Rabobank	Netherlands	230	2
June 2004	BNDES	Brazil	34	?
Not decided yet	International Finance Corporation	International	30	?

For an overview of the other banks involved in these banking syndicates, we refer to Appendix 1.

For a number of these loans some information is found regarding the social and environmental conditions included in the loan agreements.

Introduction

The rise of large-scale soybean farming in the central western part of Brazil is causing severe social and environmental problems. Deforestation of the *cerrado* is increasing rapidly, while the soybean expansion is also threatening the Amazon rainforest more to the north. Monoculture is causing disruption of the hydrological balance in this area and is threatening its large biodiversity. Land conflicts with small peasants and indigenous groups have intensified.

Various social and environmental NGOs in Brazil and in the soybean export countries such as the Netherlands, Belgium, Switzerland, Germany and the United States, are stepping up efforts to control the social and environmental consequences of the soybean boom in the Brazilian Midwest. One of these NGOs is Fundação Centro Brasileiro de Referência e Apoio Cultural (CEBRAC) in Brasília.

On the request of Fundação CEBRAC, this report provides information on (foreign) bank loans obtained by Grupo André Maggi over the past five years. Grupo André Maggi is the largest producer of soybeans in Brazil and probably in the world. Apart from its own production in central western Brazil, the company buys huge amounts of soybeans from other farmers and transports these to export markets. To finance advance payments to its suppliers before planting and to finance storage and transport of soybeans, Grupo André Maggi needs large working capital facilities and investment loans. Most of these loans have been provided by foreign banks over the past five years.

This report aims to give an overview of (foreign) bank loans to Grupo André Maggi over the past five years. The report also looks at the social and environmental conditions included in the loan agreements (if any) and the mechanisms by which these conditions are being monitored.

The report is structured as follows. Chapter 1 provides an overview of Grupo André Maggi: history, operating subsidiaries and key figures. Chapter 2 lists the (foreign) bank loans provided to Grupo André Maggi over the past five years and describes the social and environmental conditions included in the loan agreements of these loans.

A summary of the findings of this report can be found on the first page of the report.

Acknowledgements

The author of this report would like to thank Fundação CEBRAC for commissioning this report. Acknowledgments to Jan-Maarten Dros of AIDEnvironment for his valuable inputs. The research for this report was funded by BankTrack, a network of civil society organisations tracking the operations of the private financial sector and its effect on people and the environment.

Chapter 1 Overview of Grupo André Maggi

1.1 History

Grupo André Maggi was established by André Maggi, an Italian immigrant's son who started growing soybeans in the state of Parana in southern Brazil in 1950. In 1978 he sold his farm and moved to Mato Grosso in the centre of Brazil, buying a 12,000 hectare farm in Itiquira. From this starting point the Grupo André Maggi swiftly increased its agricultural estates in the Sapezal area in the Northwest of Mato Grosso, to become the largest soy producer in the world.¹

In the mid-1990s André Maggi transferred the management of the family group to his son Blairo, who set up a faster and cheaper soybean export route which gave an extra impetus to the growth of the soybean sector in Mato Grosso. In January 2003 Blairo Maggi became governor of Mato Grosso, while remaining chairman of Grupo André Maggi. André Maggi, the patriarch of the group, died in April 2001.²

1.2 Operating subsidiaries

The holding company of the group is Grupo André Maggi Participações Limitada, which owns the following operating subsidiaries:³

- **Agropecuaria Maggi Limitada:** The farming business of the Grupo André Maggi, which produces large quantities of soybean, corn, cotton and cattle.⁴
- **Amaggi Exportação e Importação Limitada:** The trading arm of the group, set up in 1983 as Sementes Maggi Limitada. This company buys soybeans from its own farm and from about 900 other farms in Mato Grosso centered around Sapezal, but extending north east to Sorisso/Chapada dos Parecís and north-west to Rondonia. At the beginning of the soybean cropping season (June-July) the company provides advances to small farmers, in the form of seeds, fertilizers, pesticides and cash. In the harvest time (January - April) the company purchases the soybeans for a reduced price (because advances are deducted) and stores the soybeans in its seven storage facilities. Total storage capacity amounts to 538,500 tons. From these facilities, the soybeans are transported to the market.⁵
Amaggi Exportação e Importação also operates two soybean crushing plants, one located in Cuiabá, in the state of Mato Grosso, and the other in Itacoatiara, in the state of Amazonas. The plant in Cuiabá is leased from Olvepar since early 2001 and has a daily capacity of 1,500 tons. The plant in Itacoatiara was built by Hermasa and was inaugurated in April 2002. This plant has a capacity to process 2,000 tons per day.⁶
- **Hermasa Navegação da Amazônia Limitada:** This transport company was set up in 1996, as a joint-venture with the state of Amazonas, to establish a faster and cheaper export route for soybeans from Mato Grosso. Previously, soybeans were shipped by boat and train to the ports of Santos and Paranaguá in south Brazil.

The new export route is 30% cheaper. Soybeans are transported by truck to Porto Velho in the state of Rondonia, a distance of almost 1,000 kilometers. In Porto Velho, which is located on the Madeira river, the company has built a barge and transshipment facility. The soybeans are loaded on barges, which transport them 1,150 kilometres over the shallow and rocky Madeira river to Itacoatiara in the state of Amazonas, where the Madeira river flows into the Amazon. Hermasa has invested US\$ 60 million in the vessels, to equip them with satellite-controlled navigation systems and with the stout motors, propellers and hulls of Baltic Sea icebreakers. Modern deep-sea port facilities established by Grupo André Maggi in Itacoatiara can suck 2,000 tons of soybeans out of the barges in little more than an hour, loading them on seafaring vessels which can steam up the Amazon.⁷

- **Maggi Energia:** This company operates two electricity generating companies, which produce electricity for its own operations and the surrounding towns. The hydro-electric plant in Sapezal has a 12.5 MW capacity, supporting Maggi's farms and the surrounding town. The thermo-electrical plant in Itacoatiara supports the terminal and the soybean crushing plant.⁸

1.3 Key figures

In May 2004, the IFC reported that the farming areas under direct control of Grupo André Maggi cover approximately 239,837 ha (including 49,805 ha leased from others) of which approximately 122,841 ha (including 46,800 ha leased from others) are cultivated.⁹

In January 2004 Grupo André Maggi itself reported that it had planted 118,000 hectares with soybeans, corn and cotton in the 2002/2003 season. In 2004 the group planned to plant 170,000 hectares, which would produce 360,000 tons of soybeans, 175,000 tons of corn and 20,000 tons of cotton.¹⁰

In 2004 Grupo André Maggi expects to raise its total soybean trading volume with 12% to 2.5 million tonnes. About 90% of this volume will be exported to Europe and Japan.¹¹ This means that about 15% of the soybeans traded are grown by Grupo André Maggi itself, the other 85% are acquired from external farmers.

In 2003 Grupo André Maggi Participações Limitada realised total sales of US\$ 550 million.¹² The group presently has 2,400 permanent employees and during the soybean harvest seasons employs up to 3,000 people.¹³

Chapter 2 Bank loans and credits to Grupo André Maggi

2.1 Overview of bank loans and credits

During the past five years the following bank loans and credits were obtained by Grupo André Maggi:

- In December 1999, Sementes Maggi (now: Amaggi Exportação e Importação) and Agropecuaria Brazil Maggi obtained a two-year US\$ 15 million trade loan from (a syndicate arranged by) **Société Générale** (France). Other details are unknown.¹⁴
- In March 2001, Grupo André Maggi obtained investment loans with a total value of US\$ 24 million to finance the construction of five soybean storage silo's in Mato Grosso. These will enable the expansion of soybean production by independent farmers. The two loans of US\$ 12 million each are provided by **Deutsche Investitions- und Entwicklungsgesellschaft** (Germany) and **Rabobank** (Netherlands). The maturities of the loans are unknown.¹⁵
According to DEG no tropical rainforest nor land in the Pantanal wetland will be used for the silo's or the expansion of farm land. Indigenous groups will not be expropriated. The soybean will be grown in an environmentally responsible way and will not be grown as a monoculture. Grupo André Maggi will follow World Bank environmental guidelines.¹⁶
- In July 2001, Amaggi Exportação e Importação obtained a one-year US\$ 70 million loan from a banking syndicate arranged by **Standard Chartered** (United Kingdom). The loan probably carried an interest of 2.3% over LIBOR. When the loan matured in July 2002 it was replaced by a smaller facility, also arranged by Standard Chartered (see below).¹⁷
- In January 2002, Amaggi Exportação e Importação obtained a two-year US\$ 100 million loan from an international banking syndicate of 9 banks, arranged by **Rabobank** (The Netherlands). The loan was guaranteed by Maggi's soy exports and carried an interest of 2.8% over LIBOR. The following banks participated in the syndicate:¹⁸

• ABN AMRO Bank	The Netherlands	US\$ 10 million
• Banco BBA Creditanstalt, which is now part of Banco Itaú	Brazil	US\$ 5 million
• Banco Bradesco	Brazil	US\$ 10 million
• Banco Industrial e Comercial	Brazil	US\$ 5 million
• Banque Cantonale	Switzerland	US\$ 10 million
• BBVA	Spain	US\$ 5 million
• Fortis Bank	The Netherlands	US\$ 10 million
• Rabobank	The Netherlands	US\$ 20 million
• Standard Chartered	United Kingdom	US\$ 10 million
• WestLB	Germany	US\$ 15 million

When the loan matured in January 2004 it was replaced by a new and larger facility, also arranged by Rabobank (see below).

- In July 2002, Amaggi Exportação e Importação obtained a one-year US\$ 50 million loan from a banking syndicate arranged by **Standard Chartered** (United Kingdom). The loan carried an interest of 2.9% over LIBOR. Standard Chartered was originally looking for US\$ 70 million, but due to the recent volatility plaguing Brazil it had difficulties finding other banks willing to participate in the deal. The following banks participated in the syndicate:¹⁹

- | | | |
|-----------------------------------------------------------------|-----------------|-----------------|
| • Banco Sudameris,
which is now part of ABN AMRO Bank | The Netherlands | US\$ 5 million |
| • ING Bank | The Netherlands | US\$ 15 million |
| • Rabobank | The Netherlands | US\$ 10 million |
| • Standard Chartered | United Kingdom | US\$ 15 million |
| • WestLB | Germany | US\$ 5 million |

The loan matured in July 2003, and probably was replaced by a new facility arranged by WestLB (see below).

- In September 2002, Amaggi Exportação e Importação obtained a US\$ 30 million working capital facility from the **International Finance Corporation**, a subsidiary of the World Bank. The working capital is used for farmers' advances, the inventory of soybeans and its by-products and minor capital investments. Although the maturity is not disclosed, the IFC facility is described as long-term financing. It will replace short-term working capital facilities, mitigating the possible risk of refinancing which could follow from a financial crisis in the country.²⁰
- In June 2003 Amaggi Exportação e Importação obtained a one-year US\$ 80 million working capital facility from an international banking syndicate arranged by **WestLB** (Germany). The facility will be used for advances to soybean farmers. The facility will mature in June 2004 and will probably be refinanced.²¹
- In January 2004, Amaggi Exportação e Importação obtained a US\$ 230 million working capital facility from an international banking syndicate of 11 banks, arranged by **Rabobank** (The Netherlands). US\$ 150 million will be used as working capital to finance soybean stocks and has to be repaid between August 2004 and January 2005. The other US\$ 80 million will be used to finance inputs for soybean farmers supplying soybeans to Amaggi Exportação e Importação and will mature in April 2005. The facility is guaranteed by the soybean production of Grupo André Maggi itself. The facility was increased from US\$ 200 million, because of the strong interest of banks to participate. The following banks participated in the syndicate:²²

- | | |
|------------------------------------------------------------------------|---------------------------|
| • Banco Bradesco | Brazil |
| • BNP Paribas | France |
| • Crédit Suisse First Boston,
which is part of Crédit Suisse | Switzerland |
| • Fortis Bank | The Netherlands / Belgium |
| • HSB Nord Bank | Sweden |
| • HSBC | United Kingdom |
| • ING Bank | The Netherlands |
| • Itaú Europa,
which is part of Banco Itaú | Brazil |
| • Rabobank | The Netherlands |
| • UFJ Bank | Japan |
| • WestLB | Germany |

- In April 2004 the staff of the **International Finance Corporation**, a subsidiary of the World Bank, proposed to the IFC board to grant a new US\$ 30 million loan to Grupo André Maggi. The proposed maturity is not disclosed. This loan would partly finance a US\$ 125 million expansion plan of Grupo André Maggi in the east of Mato Grosso, which would include:

- the establishment of soybean collection centers;

- construction of silos with 250,000 tons storage capacity;
- refinancing a portion of short-term debt that is currently used to support Amaggi's permanent working capital needs.

The IFC loan will enable Amaggi to lower its financing costs and risks by meeting its permanent working capital requirements with long-term financing.²³

The IFC board has not yet taken a decision on this loan.²⁴

- In June 2004 the Brazilian development bank **BNDES (Banco Nacional de Desenvolvimento Econômico e Social)** approved a loan of US\$ 34.1 million to Hermasa Navegação da Amazônia, the transport company of Grupo André Maggi. The loan will be used to expand the volume of grains transported through the Madeira river to 1 million tons per year and to double the capacity of the floating terminal at the port of Itacoatiara. Total investment costs of this project are US\$ 42.7 million. The maturity of the loan is unknown.²⁵

2.2 Social and environmental conditions in loan agreements

2.2.1 DEG / Rabobank loan 2001

In March 2001, Grupo André Maggi obtained investment loans with a total value of US\$ 24 million from Deutsche Investitions- und Entwicklungsgesellschaft (Germany) and Rabobank (Netherlands) to finance the construction of five soybean storage silo's in Mato Grosso. According to DEG no tropical rainforest nor land in the Pantanal wetland will be used for the silo's or the expansion of farm land. Indigenous groups will not be expropriated. The soybean will be grown in an environmentally responsible way and will not be grown as a monoculture. Grupo André Maggi will follow World Bank environmental guidelines.²⁶

If these statements refer to *covenants* which are included in the loan agreement and how DEG will control if Grupo André Maggi meets these covenants, is unknown.

2.2.2 IFC loan 2002

In September 2002 Amaggi Exportação e Importação obtained a US\$ 30 million working capital facility from the International Finance Corporation, a subsidiary of the World Bank. The loan agreement includes several *conditions of disbursement (CoD)*, to which Amaggi has to adhere. If the company defaults on these conditions, the IFC can demand immediate repayment of the loan.

While some of the CoD are purely financial, others refer to social and environmental issues. With respect to these social and environmental issues, the following CoD are included in the loan agreement:²⁷

- A CoD details which occupational health and safety improvements the company will undertake at its facilities in Cuiabá, Porto Velho and Itacoatiara. Details of such improvements (relating to use of personal protective equipment, ambient air quality, noise and use of compressed air) and a timetable for their implementation are set out in the CoD.
- A CoD stipulates that the company will initiate monitoring of air emissions at its Cuiabá soy crushing plant and will implement improvements if air emissions fail to comply with IFC requirements. Details of such improvements and a timetable for implementation are set out in the CoD.

- A CoD details which improvements the company should make to ambient dust levels at its Cuiabá soy crushing plant. Details of such improvements and a timetable for their implementation are set out in the CoD.
- A CoD stipulates that the company will provide design specifications and confirmation that the waste water treatment works will achieve Brazilian and IFC standards at its Itacoitiara soy crushing plant.
- A CoD stipulates that the company will provide details, design specifications and - as necessary - guarantees that the thermoelectric generators at its Itacoitiara soy crushing plant will be able to operate in compliance with IFC requirements.
- A CoD stipulates that the company will have to develop an environmental management system (EMS) which will address environmental, occupational health and safety and social issues of Amaggi's direct farming, transport, and processing operations. The EMS will also be designed to monitor key environmental and social issues in relation to indirect (pre-financing) activities. Components of the EMS will relate to external relations, communications and disclosure, roles and responsibilities for environmental issues, community development and social initiatives, and documentation of information and training/capacity building for employees.
The EMS specifies procedures to ensure that no child labour is employed, no negative impacts to the natural habitats occur, indigenous communities are present in Amaggi's own operations as well as the operations of third party farmers who receive pre-financing from Amaggi. The pre-financing contracts that the company has developed for each pre-financing agreement (*Cedula de Produtor Rural*), include a special clause that requires farms to confirm that they have no involvement with child labour, do not finance farms with land conflicts, and that farming activities will not affect indigenous peoples or conservation units (*Unidade de Conservação*).
The CoD further stipulates that the company will recruit full time qualified staff to screen each application, assess environmental and social risk and monitor performance.

To make sure that the *Conditions of Disbursement* are met, the IFC requires the company to prepare annual monitoring reports. These reports will cover ongoing performance of project-specific environmental, health and safety and social activities as reflected in the results of periodic and quantitative sampling and measuring programs. The IFC may also conduct periodic site supervision visits.²⁸

2.2.3 Rabobank loan 2004

In January 2004, Amaggi Exportação e Importação obtained a US\$ 230 million working capital facility from an international banking syndicate of 11 banks, arranged by Rabobank (The Netherlands). The loan will be used as working capital to finance soybean stocks and inputs for soybean farmers supplying soybeans to the company.

This loan, as well as other loans in the soybean sector, are checked by Rabobank to see if they comply with its code of conduct for the palm oil industry. This code of conduct containing guidelines on social and environmental issues was adopted in November 2001 after pressure from NGOs. The code of conduct is not adapted to the specific circumstances of the soybean sector, but Rabobank maintains it is used as a guideline for Rabobank's activities in the soybean sector as well.²⁹

The loan agreement includes several *covenants*, to which Amaggi has to adhere. If the company defaults on these covenants, Rabobank can demand immediate repayment of the loan. Most covenants are purely financial, only one refers to social and environmental issues.³⁰

- The company should comply with local, national and international laws and regulations on social and environmental issues.

One other clause is also relevant in this respect. This is the so-called *material adverse change* clause, which is included in virtually all loan agreements worldwide. This clause generally reads as follows:³¹

- An event of default occurs if any event or circumstance occurs or arises which in the opinion of the bank causes a material adverse change in the financial condition of you such as is likely to prejudice your ability to meet your obligations under your loan.

In the case of the Rabobank loan to Amaggi this means, among other things, that Rabobank could recall its loan when Amaggi defaults on its loan from the IFC (as this would certainly classify as a *material adverse change*). And as the loan from the IFC includes various social and environmental *Conditions of Disbursement*, Amaggi would default on this loan if it would not meet these conditions.³²

In this way the Rabobank loan is indirectly linked to the same social and environmental conditions as formulated by the IFC. But Rabobank leaves the controlling if these conditions are met to the IFC and cannot act towards Amaggi if the IFC does not declare a default.

2.2.4 IFC loan 2004

In April 2004 the staff of the International Finance Corporation, a subsidiary of the World Bank, proposed to the IFC board to grant a new US\$ 30 million loan to Amaggi Exportação e Importação. This loan would be used for working capital and investment purposes, enabling Amaggi to increase its own production capacity as well as its capacity to buy, store, transport and trade soybeans produced by other farmers.³³

According to the IFC, Amaggi “has presented plans to strengthen its programs to ensure that the proposed project will, upon implementation of specific agreed measures, comply with the environmental and social requirements, host country laws and regulations and the World Bank/IFC environment and social policies and the environmental, health and safety guidelines.”³⁴

According to the International Finance Corporation, “the company has made significant efforts to date to develop and implement an environmental and social management system (ESMS) and to enhance the system's ability to assist the company maintain compliance with Brazilian regulatory and IFC policy and guideline requirements. An important objective of the ESMS is to formalize and improve Amaggi's capacity to manage environmental and social issues in their own operations and on farms with which the company has prefinancing contracts.

The company established an Environmental, Health and Safety Department that is principally responsible for ESMS implementation; this department reports directly to senior management and is currently staffed with twelve professionals. As part of the second investment the company will develop supplemental procedures to guide and direct additional environmental and social activities and obtain ISO certification of the management system.”³⁵

If the loan is granted, the loan agreement will probably include several *conditions of disbursement (CoD)*, to which Amaggi has to adhere. Apart from financial issues, these CoD will treat social and environmental issues as well. Details on these CoD are provided in the *Corrective Action Plan* agreed between IFC and Amaggi (see Appendix 2).³⁶

On monitoring and compliance the IFC provides the following information: “IFC will evaluate the project's compliance with the applicable environmental and social requirements and the ESMS during the lifetime of the project by reviewing the annual monitoring reports (AMRs) prepared for the project covering:

- the status of implementation of any measures contained in the Environmental and Social Corrective Action Plan and
- ongoing performance of project-specific environmental, health and safety and social activities as reflected in the results of periodic and quantitative sampling and measuring programs. Periodic site supervision visits will also be conducted.³⁷

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Appendix 2 Corrective Action Plan May 2004

Task Description	Output	Required Completion/ Submittal Date
1. <u>Expand Scope of ESMS Procedures.</u> Develop additional procedures for planning, conducting, documenting and managing professional meetings and relations with state and federal agencies (i.e. Funai, FEMA, et. al). Procedures shall provide formats for minutes and meeting outputs along with responsibilities for preparation, documentation and distribution of meeting outputs and completing follow-up actions.	Provide copies of new procedures for IFC	September 2004
2. <u>Obtain LAU permits for remaining farming operations.</u> Obtain environmental permits under the Unified Environmental Law (LAU) for all existing farms addressing all state conservation set-aside requirements.	Submit copies of permits to IFC.	December 2004
3. <u>Provide Expansion Program Assessment Study.</u> Complete expansion assessment study and provide a detailed list of additional installations to be built including identified impacts and mitigation measures along with an implementation schedule for all indicated mitigation measures.	Submit Copy of Study to IFC	August 2004
4. <u>Implement Mitigation Measures defined in Expansion Program Assessment Study.</u>	Submit documentation to IFC demonstrating that mitigation measures have been implemented.	December 2005
5. <u>Provide Land Documentation for Recently Acquired Farms.</u> Provide detailed definition of Legally Reserved and Permanent Preserved areas for recently acquired farms. Provide indicated data for Tanguro, Alvorada do Norte-Lote 01.	Submit land documentation data to IFC	December 2004
6. <u>Design Safety In Transportation Program.</u>	Provide copy of the Safety In Transportation Program and detailed description of integration of the program into the ESMS.	Condition of First Disbursement
7. <u>Implement Safety In Transportation Program.</u>	Provide evidence acceptable to IFC of successful implementation of Safety Transportation Program and integration into the ESMS.	June 2005
8. <u>Design air Emissions Controls at Cuiaba.</u> Install air pollution control system for the boiler of the Cuiaba Plant to achieve compliance with particulate and other IFC emissions parameters. Define detailed design, procurement and construction schedule and projected completion data.	Submit Implementation schedule for air emissions controls installation to IFC.	August 2004
9. <u>Install Air Emissions Controls at Cuiaba.</u> Install air pollution control system for the boiler of the Cuiaba Plant to achieve compliance with particulate and other IFC emissions parameters. .	Submit evidence acceptable to IFC demonstrating completed installation of air emissions controls at Cuiaba.	July 2005

Task Description	Output	Required Completion/ Submittal Date
10. <u>Demonstrate performance of air Emissions Controls at Cuiaba.</u> Collect analytical data to demonstrate compliance with particulate and other IFC emissions parameters.	Submit analytical data package demonstrating compliance with particulate and other IFC emissions parameters	August 2005
11. <u>Obtain Internationally Recognized Certification of the ESMS.</u> Obtain ISO-9001 and/or ISO 14001 certification of the ESMS.	Submit certification granted by a authorized ISO certifying agency	August 2005
12. <u>Hire Social/community development specialist.</u> To augment Environmental and Social Management Department staff, identify and hire social/community development specialist with community development experience in rural Brazil.	Submit Job Description and Mandatory Qualifications to IFC for comment. Start Date for Specialist	August 2004 October 2004
13. <u>Develop Social Programs Work Plan.</u> With the new social specialist develop the program work plan to include identifying key mandatory programs by operation site, production of Social Balance Sheet, etc. a. Develop the Social Balance Sheet b. Publish Social Balance Sheet	Copy of work plan to IFC Submit Social Balance Sheet to IFC Social Balance Sheet placed on Amaggi web	December 2004 December 2004 December 2004
14. <u>Develop Revised Training Program for Amaggi Employees that work with farmers with prefinance contracts.</u> Develop expanded training program particularly focused on personnel dealing directly with the farms with Amaggi prefinance contracts.	Submit detailed description of training program and associated procedures required to integrate the training program into the ESMS. Submittal to IFC should include schedules, subjects, and approach of the program.	August 2004
15. <u>Implement Training Program for Amaggi Employees that work with farmers with prefinance contracts.</u> Implement expanded training program particularly focused on personnel dealing directly with the farms with Amaggi prefinance contracts.	Submit training completion data for employees that work with farmers with prefinance contracts.	December 2004
16. <u>Collect and Submit Baseline Data for Pre-financed Farms.</u> Results of field audit and confirmation of accuracy on data provided by pre-financiers.	Report results of data collection program and list of Improvements to the information gathering process. Publish on Amaggi web page on the Internet.	June 2004 July 2004

Appendix 3 Notes

- 1 Project number 11344 - Grupo Andre Maggi, Summary of Project Information (SPI), International Finance Corporation, Washington, 9 May 2002; O 'rei' da soja assume o poder, Eduardo Gomes, Diário de Cuiabá, Cuiabá, 31 December 2002.
- 2 O 'rei' da soja assume o poder, Eduardo Gomes, Diário de Cuiabá, Cuiabá, 31 December 2002.
- 3 Project number 11344 - Grupo Andre Maggi, Summary of Project Information (SPI), International Finance Corporation, Washington, 9 May 2002.
- 4 Project number 11344 - Grupo Andre Maggi, Environmental Review Summary, International Finance Corporation, Washington, 9 May 2002.
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