

Bauducco Incl. (49970)

Project Basic Information

Country: Brazil	Region: Brazil & Southern Cone	Project No.: 49970
Project Legal Name: Bauducco Inclusion	Company Legal Name: Pandurata Alimentos Ltda.	
Project Business Sector: F-AI - Other Food	Owning Department /Division: Regional Industry MAS LAC & EUR	
Environment Category: B		

IFC's Disclosure Requirements

 Date of initial ESRS disclosure
 11/4/2025

Date of revised ESRS disclosure

 Date of clearance by client for factual accuracy
 11/3/2025

Board Approval Date

Project Description

Pandurata Alimentos Ltda. ("Bauducco" or "the Company"), an existing IFC client, is a baked products company in Brazil, having six manufacturing plants, two located in Guarulhos (Sao Paulo), one located in Mogi das Cruzes (Sao Paulo), one located in Extrema (Minas Gerais), one in Rio Largo (Alagoas) and one in Miami (Florida, USA). IFC is a long-term partner of Bauducco, having committed five investments since 2007, namely #25765 disclosed in April 2007 (<https://disclosures.ifc.org/#/projectDetail/ESRS/25765>), #27783 disclosed in May 2009 (<https://disclosures.ifc.org/#/projectDetail/ESRS/27783>), #37708 disclosed in February 2016 (<https://disclosures.ifc.org/#/projectDetail/ESRS/37708>), #40796 disclosed in April 2018 (<https://disclosures.ifc.org/project-detail/ESRS/40796/bauducco-growth>), and finally #44358 disclosed in April 2022 (<https://disclosures.ifc.org/project-detail/SII/44358/bauducco-covid>). Bauducco's current environmental and social performance is satisfactory. Bauducco has a portfolio of products, including sliced bread, toasts, wafers, cookies, panettones, among others. All facilities are in industrial areas, except for the two facilities located in Guarulhos, which are in an urban area.

The proposed investment consists of a US\$30 million financing package to fund part of Bauducco's investment plan for FY24/FY25. The investment will primarily support the new small soft buns bread line in the Bonsucesso plant (the Bisnaguinha project) and the chiller's replacement and retrofit in the Extrema and Bonsucesso plants.

Overview of IFC's Scope of Review

IFC's environmental and social (E&S) review of this proposed investment focused on the assessment of environmental, health and safety (EHS), and social (including Human Resources) documentation submitted by Bauducco. This included: (i) Bauducco's E&S policies, procedures, and management systems; (ii) HR policies and procedures, including terms of employment and working conditions for both permanent and temporary (including migrant) workers; (iii) management of atmospheric and point-source air emissions, solid, liquid, and hazardous wastes; (iv) energy consumption and efficiency, including greenhouse gas (GHG) emissions; (v) community engagement and grievance mechanisms; and (vi) accident and incident records, and emergency response plans. The review also included meetings in August 2025 with Bauducco staff responsible for operations, EHS, HR, supply chain, logistics, and compliance, as well as field visits to two the project sites: Bonsucesso in Guarulhos, São Paulo, and Extrema, in Minas Gerais, Brazil.

Identified Applicable Performance Standards

Bauducco Incl. (49970)

While all Performance Standards are applicable to this investment, IFC’s environmental and social due diligence indicates that the investment will have impacts which must be managed in a manner consistent with the following Performance Standards.

PS1-Assessment and Management of Environmental and Social Risks and Impacts
PS2- Labor and working conditions
PS3-Resource Efficiency and Pollution Prevention
PS4-Community Health, Safety and Security

Environmental & Social Categorization and Rationale

This is a Category B project according to IFC’s 2012 Policy on Environmental and Social Sustainability. The E&S risks and impacts are limited, site-specific, and can be easily avoided or mitigated by adhering to generally recognized Good International Industry Practices (GIIPs) and design criteria. Key E&S issues reviewed for the project include: (i) the Company’s management and monitoring systems to manage E&S impacts from the operation of the new bisnaguinhas production line, as well as of the Bonsucesso and Extrema manufacturing plants; (ii) management of labor and working conditions and occupational health and safety (OHS) practices; (iii) emergency preparedness and response; (iv) management and monitoring of air and effluent emissions; (v) supply chain of materials essential for Bauducco’s core business ; and (vi) stakeholder engagement and community health and safety and security including risks and accidents arising from transportation activities.

Environmental & Social Mitigation Measures

(Observations that are not to be disclosed must be recorded in ESG360)

IFC’s appraisal considered the environmental and social management planning process and documentation for the Project and gaps, if any, between these and IFC’s requirements. Where necessary, corrective measures, intended to close these gaps within a reasonable period of time, are summarized in the paragraphs that follow and (if applicable) in an agreed Environmental and Social Action Plan (ESAP). Through implementation of these measures, the Project is expected to be designed and operated in accordance with Performance Standards objectives.

PS1: Assessment and Management of Environmental and Social Risks and Impacts

E&S Policy and ESMS. Bauducco has an integrated occupational health, safety and environment policy which was last updated in August 2025. In this policy, which is aligned with IFC Performance Standards requirements, Bauducco commits to operate in compliance with Brazil’s applicable laws, while preventing and managing risks to health, safety, and the environment. The Company identifies E&S risks and impacts related to its operations mainly through an internal procedure focused on legal requirements. Brazilian authorities do not require an environmental impact assessment for expansion works within existing footprint.

Bauducco has implemented an Integrated E&S Management System (IMS) based on international standards (ISO14000 and ISO45000) at corporate level and across its six manufacturing facilities. In 2022, as a result of the previous investment, the Company hired an external consultant to undertake a gap analysis against ISO standards at three of their facilities (Bonsucesso, Extrema, and Itapegica), which resulted in a series of recommendations that are currently being implemented. Going forward, as per ESAP #1, Bauducco will finalize the implementation of the actions required to address the non-conformances and observations detected in the Gap Analysis.

Organizational Capacity and EHS Training. The Company has a dedicated corporate and plant-level EHS team in charge of the implementation of the IMS, including Occupational Health and Safety and Environment aspects. The EHS manager reports to the Director of Industrial Operations. In addition, Bauducco has an ESG department in charge of the development and implementation of the Company’s sustainability strategy. Bauducco has assigned competent technical resources in alignment with PSs. The Company provides training programs for new and existing employees and contractors at all operations, including EHS topics.

Emergency Preparedness and Response. The Company has adopted operational Emergency Preparedness and Response Plans covering all scenarios for emergency situations, such as fires, explosions at all its

Bauducco Incl. (49970)

operations, including Bonsucesso and Extrema. Firefighting equipment is in place, and the Company has trained fire brigade teams at each site; operating permits from the respective local fire departments have been issued and remain current.

Management and monitoring programs. Bauducco's IMS has defined several leading and lagging key performance indicators (KPIs) covering EHS aspects, including loss-time injuries, energy and water consumption, waste generation, waste recycled, and water treated. Further, in 2023, Bauducco set seven priority targets for 2023 covering sustainable packaging, social investment programs, diversity and inclusion, and greenhouse gas emissions.

Supply chain. Key agricultural inputs that are core to Bauducco's business include wheat flour, sugar, cocoa and palm oil. Bauducco has recently implemented a screening program for third-party suppliers and contractors consisting of the review of public databases and a self-assessment questionnaire covering some ESG aspects. However, the Company lacks a risk screening process to identify high-risk suppliers and does not have a formal traceability and verification system in place to monitor the E&S performance of identified high-risk core raw material suppliers. To manage risks related to its supply chain, as per ESAP #2, Bauducco will develop a supply chain management system, consisting of: (i) the development of a Responsible Sourcing Policy that explicitly prohibits child labor and forced labor and the sourcing from areas with recent or ongoing natural habitat conversion; (ii) a diagnostic assessment of its supply chain, including the identification and categorization of all suppliers of key raw materials, their locations and sourcing regions, supply chain tier (direct and indirect), volume purchased, certification status, potential environmental and social risks associated with their operations, and their level of traceability; (iii) the formalization of a Supplier Risk and Onboarding Procedure describing the due diligence for screening, categorization, approval, monitoring and verification; and (iv) a timebound Sustainable Sourcing Roadmap for high risk suppliers, including controls to manage risk, which may include adopting remote sensing tools to verify traceability and certification.

PS2: Labor and Working Conditions

Human Resources (HR) Policy and Procedures. Bauducco has a People and Culture Department, and established HR policies and procedures in alignment with Brazilian labor regulations which are consistent with IFC PS2 requirements.

Working Conditions and Terms of Employment. Bauducco follows legal requirements for working hours, rest periods and overtime limits. Flexible work arrangements, including home office options and adjustable schedules, are offered to eligible employees. Overtime compensation is managed through a structured bank of hours system. The Company informs new employees of the specific terms of employment, including wages and benefits, working hours, overtime arrangements and compensation, annual and sick leave, maternity and holidays. The Company respects freedom of association and collective bargaining agreements (CBA's). In addition to the ones outlined above, Bauducco has initiatives such as extended paternity leave, breastfeeding support rooms, and mental health awareness campaigns.

During peak seasons (Easter and Christmas), Bauducco employs temporary workers, hired through employment agencies, as well as migrant workers from other regions of the country. Migrant workers are provided with transportation and lodging. As per ESAP #3, Bauducco will assess and manage the accommodation provided to temporary and migrant workers in accordance with Brazilian Regulatory Standard NR-24 and with IFC/EBRD Guidance Note on Workers' Accommodation: Processes and Standards. These requirements will be reflected in the contracts with relevant accommodation providers. Further, Bauducco will develop procedures outlining the behavior expected from workers at accommodations, including GBV and SEAH as well response procedures for cases of GBV and SEAH.

Non-discrimination & equal opportunity. In 2024, Bauducco launched its Diversity, Equity and Inclusion Policy that establishes guidelines related to diversity, inclusion and human rights to promote a workplace that fosters respect and equal opportunities. The Company has programs for People with Disabilities and a Code of Conduct that includes specific provisions against moral and sexual harassment.

Grievance Mechanism. Bauducco provides a whistleblower channel, managed by a third party, for employees and external parties to report concerns or violations of the Code of Conduct. Reports can be submitted anonymously via phone, website, or e-mail. The Company has documented a Whistleblower Policy that outlines the procedures for receiving, handling, and investigating complaints, including the Ethics Committee Structure. However, the Policy does not include a mandate for women's representation in the Ethics

Bauducco Incl. (49970)

Committee Structure to prevent biases and address gender-specific issues. As per ESAP #4, and in line with good international industry practices, Bauducco will supplement its Whistleblower Policy to (i) specify a minimum representation of women for grievance investigation and decision-making; and (ii) reflect the mechanisms and workflows to receive and treat worker grievances that are not related to violations to the Code of Conduct.

Protecting the workforce. Bauducco's Code of Conduct includes specific provisions against child and forced labor and reserves the right to discontinue any relationship with organizations (partners or suppliers) found engaging in such practices.

Workers engaged by third parties. Contracted workers are mostly hired to do non-routine activities such as construction, electrical and mechanical work on production lines. Bauducco contractually requires contractors to participate in induction training and to comply with relevant OHS management plans, including risk prevention, Personal Protective Equipment (PPE), and fall prevention among others. Contracted companies are also part of Bauducco's screening program, including the review of public databases and labor suits.

Occupational Health and Safety. The main OHS risks associated with Bauducco's operation are related to the operation and maintenance of rotating and moving equipment (mixers, conveyors, packaging machines), exposure to high temperatures from ovens, and potential slips, trips, and falls in the production area. Bauducco OHS's management system follows ISO 45001 requirements and Brazilian Legislation, defined by Brazilian Regulatory Standard (NR) of the Ministry of Labor. In addition, the Company has a Workplace Risk Prevention Program (PPRA) and Occupational Health Monitoring Program (PCMSO) in alignment with legal requirements. There are several programs to monitor risks such as periodic workplace noise monitoring, ergonomic assessments, safety of electrical facilities assessment and daily OHS workplace inspections. All workers are subject to admission and periodic medical examinations. The Company requires contractors to have an OHS Management Plan that meets local requirements. Bauducco is currently in the process of upgrading its equipment in alignment with NR-12 on workplace safety in machinery and equipment.

In 2024, Bauducco reported a lost time accident frequency rate of 1.88 per 200,000 hours, which is higher than the US Bureau of Labor Statistics benchmark for food manufacturing (1.3). All incidents are summarized and discussed in the quarterly management meetings. In case of accidents, the E&S team prepares an "alert of occurrence" which is immediately communicated to the workforce. Later, the team carries out an investigation report including a cause analysis and action plan which is subsequently implemented. However, investigation reports are mainly focused on immediate factors and unsafe behavior rather than root causes. As part of ESAP #5, Bauducco will update its accident investigation procedure (POP SGI 009) to identify root causes and address systemic issues.

PS3: Resource Efficiency and Pollution Prevention

Resource (Energy and Water) Efficiency. Bauducco sources electricity from the national grid with 88% coming from renewable sources (mainly hydro, wind, and solar). Natural gas is used for thermal energy for ovens, and LPG and diesel are used for forklifts and backup generators. Bauducco's new bisnaguinha production line has an energy intensity of 1.54 MJ/kg, which is within the 1.5-3.0 MJ/kg range typically achieved by efficient industrial bakery operations according to international industry sources (e.g., Carbon Trust, UNIDO). This represents a significant improvement over Bauducco's current average of 3.71 MJ/kg. Water is sourced from the municipal network and Bauducco has implemented actions to reduce its water footprint, including operational training for employees and improvements in waste segregation to prevent incorrect disposal into drains. However, water intensity is still above the established internal efficiency target. At the Bonsucesso factory, water intensity in June 2025 was 1.61 m³ per ton of product against a target of 0.90 m³/ton. In June 2025, water use reached 12, 447m³. This indicates ongoing challenges in optimizing water use.

Air emissions. Bauducco's operations use natural gas-fired cooking ovens, boilers, and heaters, as well as emergency diesel generators; these combustion sources are generally low emitters of air pollutants, with only the industrial heater (aquecedor - Linha 2 da Batata) requiring periodic NOx monitoring under CETESB regulations. As part of the previous investment, Bauducco developed an air emissions monitoring plan which has been updated in 2025 to include the requirements of new regulation.

GHG emissions. Bauducco developed a decarbonization roadmap which aims to reduce Scope 1 and Scope 2 greenhouse gas emissions by 30% by 2030 and achieve Net Zero by 2050 through initiatives like transitioning to renewable energy, reducing fugitive emissions, and developing carbon offset projects for Scope 3 emissions. In addition, the Company has developed an action plan to reduce GHG emissions

Bauducco Incl. (49970)

related to fugitive sources by phasing out refrigeration systems using R22.

Noise. The Company maps and monitors its noise emissions and has deployed noise control measures for its reduction. The Bonsucesso facility is located in a densely populated area and is surrounded by houses. In contrast, the Extrema plant is located in an isolated location with no nearby residential receptors. Noise measurements at the facilities were generally within the applicable NBR 10.151:2019 limits and WBG EHS Guidelines for industrial/commercial limits.

Liquid effluents. Sanitary and industrial effluents are treated on site at wastewater treatment plants (WWTPs). Throughout the years, the Company has continued to improve the plants (e.g. installation of a turbidity meter to automatically divert off-spec effluent for reprocessing). Planned enhancements include installing flow meters at the WWTP inlet and outlet to improve volume control, treatment efficiency, and chemical dosing. The new Bisnaguinhas line does not require water for its process and therefore, not new upgrades are expected as part of the Project. At Extrema, a Basic Project for adequacy of the WWTP has been prepared in August 2025 to handle increased flows from new production lines, including an emergency tank, higher-capacity flotator, new membrane bioreactor (MBR) tank, flow meters, stormwater segregation, and nutrient dosing. Overall, effluent parameters at both sites are aligned with Brazilian environmental legislation and WBG Food & Beverage EHS Guidelines. As part of the previous ESAP, Bauducco documented the procedures for adequate operation of the new WWTP.

Solid waste. Bauducco has a solid waste management procedure at each plant that covers the identification, classification, storage, and final disposal of waste. The Company’s activities generate various types of residues, such as organic and food processing waste, paper and cardboard, plastics, and plastic drums. Solid waste is properly stored and disposed of in landfills, collected and recycled by licensed service providers, and/or used as animal feed. In addition, Bauducco is part of a nationwide reverse logistics initiative to recover post-consumer packaging.

Hazardous material and waste. Hazardous waste such as batteries, lamps and medical waste from the infirmary are sorted, handled, and disposed in a manner consistent with applicable legal requirements. Bonsucesso has diesel tanks used for emergency generators. These have secondary containment. Regarding pest management control, Bauducco has a pest management plan in line with local requirements that relies on certified third parties.

PS4: Community Health, Safety and Security

Community Health and Safety. The Bonsucesso manufacturing plant is located in Guarulhos, an urban area in São Paulo, and community health and safety risks are mainly related to increased traffic, presence of trucks in public streets, odors and noise. The Extrema plant is located in a rural area with no immediate neighbors.

Bauducco has planned several measures to mitigate impacts on surrounding communities. As part of ESAP #6, Bauducco is required to prepare and submit a Community Health and Safety Management Plan including specific activities to mitigate impacts on surrounding communities such as the development of risk assessment in affected areas, enhancements to WWTPs to prevent odors, and renovations at the truck parking area to allow greater capacity. The action plan should include a clear execution timeline and the associated budget.

Road safety. Finished products are transported by either Ellece Logistica, a transportation company that is part of Grupo Pandurata, or by third-party logistics operators. All of these are required to hire third parties specialized in logistics management and risk monitoring for cargo transportation which cover road safety aspects. As per ESAP #7, Bauducco will update its road safety policy, including gender-based violence considerations, and submit a timebound implementation plan.

Security. Security services are provided by third-party companies that meet local training and qualification requirements. Security guards are unarmed.

Stakeholder Engagement

Bauducco Incl. (49970)

Bauducco engages with communities on an ongoing basis through the implementation of a range of social investment initiatives such as the Bauducco Institute and partnerships with organizations that assist children from low-income families, youth with learning disorders, and people with disabilities. To strengthen community engagement and as part of the previous investment, the Company has established a dedicated communication channel called Canal Comunidade via WhatsApp and e-mail to receive grievances from communities. The ESG team is responsible for reviewing them and directing them to the relevant departments for resolution. Signage promoting this channel has been installed at all operational site entrances. In Extrema, the channel has been disseminated door by door as requested by local authorities. Further, Bauducco has documented a stakeholder engagement and grievance mechanism procedure as a result of the last investment, including roles and responsibilities and response times. As part of ESAP #8, Bauducco will update the procedure based on the stakeholder mapping conducted in 2023.

In addition, Bauducco operates a Consumer Services Center (SAC), accessible via its website, toll-free phone line (0800 701 1599), or postal mail (Caixa Postal 11039, CEP 05422-970), with contact information widely publicized on its products.

Broad Community Support

Not Applicable

BCS Comment :

Local Access of Project Documentation

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Environmental & Social Action Plan (ESAP)

Is there an ESAP to be disclosed for this project?

Yes

Mitigation Measures / Environmental & Social Action Plan (ESAP)

SNo	Description	Anticipated Completion Date
1	Bauducco will prepare and submit a Community Health and Safety Management Plan including specific activities to mitigate impacts on surrounding communities such as the development of risk assessment in affected areas, enhancements to WWTPs to prevent odors, and renovations at the truck parking area to allow greater capacity. The action plan should include a clear execution timeline and the associated budget.	6/30/2026
2	Bauducco will finalize the implementation of the actions required to address the non-conformances and observations detected in the Gap Analysis performed for Bonsucesso and for Extrema plants. This will include updating any relevant procedure of their ESMS.	8/31/2026
3	Bauducco will update its accident investigation procedure (POP SGI 009) to provide details on how to identify root causes and address systemic issues. Updated accident investigation report June 30th, 2026	6/30/2026
4	Update the road safety policy, including gender-based violence considerations, and submit a timebound implementation plan.	7/31/2026

Bauducco Incl. (49970)

5	Bauducco will update the stakeholder engagement and grievance mechanism procedure.	6/30/2026
6	Bauducco will develop a supply chain management system, consisting of: (i) the development of a Responsible Sourcing Policy that explicitly prohibits child labor and forced labor and the sourcing from areas with recent or ongoing natural habitat conversion; (ii) a diagnostic assessment of its supply chain, including the identification and categorization of all suppliers of key raw materials, their locations and sourcing regions, supply chain tier (direct and indirect), volume purchased, certification status, potential environmental and social risks associated with their operations, and their level of traceability; (iii) the formalization of a Supplier Risk and Onboarding Procedure describing the due diligence for screening, categorization, approval, monitoring and verification; and (iv) a timebound Sustainable Sourcing Roadmap for high risk suppliers, including controls to manage risk, which may include adopting remote sensing tools to verify traceability and certification.	1/29/2027
7	Bauducco will develop: (i) a procedure for assessing and managing the accommodation provided to temporary and migrant workers in accordance with Brazilian Regulatory Standard NR-24 and with IFC/IEBRD Guidance Note on Workers' Accommodation: Processes and Standards. This procedure will guide a risk assessment of the accommodation and identify key provisions to be reflected in the contracts with relevant accommodation providers; (ii) behavioral guideline for lodged workers outlining the behavior expected from workers at accommodations, including GBV and SEAH; (iii) response procedure for handling cases of GBV and SEAH.	1/30/2026
8	Bauducco will supplement the Whistleblower Policy to (i) specify a minimum representation of women for grievance investigation and decision-making and establishing; and (ii) reflect the mechanisms and workflows to receive and treat worker grievances that are not related to violations to the Code of Conduct.	2/28/2026

Activity Log/Comments

Workflow Initiated by Mayra Gabriela Guerra Lopez (Draft Environmental and Social Review Summary) Nov 04, 2025 03:22 PM ET

Comments:

ESGRM Approved by Pablo Alberto Taborga Oroza Nov 04, 2025 04:48 PM ET

Comments:

CRU Member Approved and Appraisal Disclosure Initiated by Ejura Phoebe Audu Nov 04, 2025 08:25 PM ET

Comments:

Client clearance received on 11/03/2025.

Supporting Documents

S.No.	Document Details
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