

February 20, 2024

Hon. Liane M. Randolph, Chair  
California Air Resources Board  
1001 I Street  
Sacramento, California 95814

Re: Proposed Low Carbon Fuel Standard Amendments

Dear Chair Randolph:

Bunge is the world's largest oilseed processor by crush volume capacity. Bunge buys and processes agricultural commodities, turning them into products used in the food industry, animal feed, and the renewable diesel industry. Bunge is also an industry leader in sustainability, embracing climate-focused decision making and setting ambitious goals. For instance, we are well on our way to meeting our commitment to eliminate deforestation and native vegetation conversion from our supply chain in 2025 and are helping to accelerate industry-wide progress through sector initiatives that seek to create common alignment and scalability on deforestation goals. Bunge's robust traceability and monitoring systems give us unprecedented insight into our supply chain. We achieved 82 percent traceability for soy in Brazil's high-risk areas in 2022, helping us achieve our 2025 commitment. Further, we have already achieved 100 percent traceability in our direct supply of soy in priority areas in South America. We are leveraging our experience working with farmers and incentivizing sustainable practices through the use of technology and data to scale our efforts across the wider agribusiness sector in many geographies where deforestation is a higher risk.

In general, Bunge supports the Low Carbon Fuel Standard ("LCFS") and the California Air Resources Board's ("CARB's") proposed 2024 amendments. Bunge recognizes the challenges that climate change poses to the world, as well as to Bunge's business and agriculture overall. The LCFS has addressed climate change by driving demand for lower-carbon fuels. Bunge applauds the success of CARB's LCFS implementation, which has increased volumes of low-carbon fuels such that California's overall petroleum fuel use has fallen by 1.3 billion gallons since 2019. Meanwhile, the carbon intensity ("CI") of the state's transportation fuels has declined 12.63 percent from 2010 levels.

Bunge appreciates the opportunity to comment on the amendments that CARB is proposing to update the LCFS in 2024. As a leader in renewable fuels and sustainable practices, Bunge broadly supports the proposed amendments. However, Bunge is concerned about aspects of CARB's proposed sustainability certification requirements. Bunge encourages CARB to clarify and/or modify the amendments to address these issues before finalizing the rule, as discussed further below.

### **Bunge Supports the LCFS, and CARB's Decision to Reject a Cap on Crop-Based Fuels**

Bunge commends CARB for proposing amendments that generally maintain and strengthen the LCFS as a market-based system that drives emissions reductions by using science to identify the CI of various fuels. Specifically, Bunge supports CARB's decision to reject an arbitrary cap on crop-based fuels. An arbitrary cap would have run counter to CARB's science-based approach, as we underscored in our March 15, 2023 letter in response to CARB's February 2023 public workshop. Still, we understand and appreciate CARB's desire to further address indirect land use change in the program. Indeed, impacts on land use change are driving Bunge's existing efforts to guarantee its supply chains are deforestation free. We appreciate that CARB's proposal seeks to address sustainability concerns through efforts to demonstrate that crops used in the program are deforestation-free, rather than by adopting an arbitrary cap on crop-based fuels.

### **Bunge Encourages CARB to Adjust Its Sustainability Certification Rules for Feasibility**

In general, Bunge echoes the comments of the National Oilseed Processors Association ("NOPA"), which represents Bunge and others in the industry. Like NOPA, Bunge is concerned about the details of CARB's proposed requirement that crop- and forestry-based feedstocks "maintain continuous third-party sustainability certification" to demonstrate they were not "sourced on land that was forested after January 1, 2008." See Proposed Regulation Order at § 95488.9(g).

In particular, Bunge has reservations about the feasibility of implementing certifications requiring high traceability with U.S. and Canada producers, for whom such certifications remain relatively foreign because deforestation risk is remote for these producers. U.S. Department of Agriculture data illustrates the low domestic deforestation risk: U.S. producers actually planted fewer acres of land as corn, soybeans, and wheat in 2022 than in 1980, as highlighted in NOPA's comment letter. If deforestation were a reality or risk, one would expect more acres of land planted in recent years, which would indicate that forested land had been cleared for crops. Instead, U.S. farmers today produce higher crop volumes on the same amount of land—or slightly less—than forty years ago. Programs like the federal Renewable Fuel Standard do not require third-party sustainability certification, recognizing the low deforestation risk in the U.S. and Canada. Requiring low-risk U.S. and Canada feedstocks to undergo certifications that are

suited to and designed for high-risk regions like South America could disadvantage some of the lowest-risk growers without attendant sustainability benefits.

We appreciate the value and utility of sustainability certifications. In fact, in our March 2023 letter, we suggested that CARB study certification options rather than pursue an arbitrary cap on crop-based fuels, reinforcing Bunge's commitment to sustainability. Still, Bunge believes such certifications are most useful and relevant in high deforestation risk contexts. For example, Bunge has found that certifications are valuable in parts of South America, such as Brazil, where the threat of deforestation has been an issue the industry has had to address. In these regions, Bunge has substantial experience tracing products from the point of origin to certify them as deforestation-free and thus compliant with sustainability requirements like the European Union's Renewable Energy Directive ("RED"). Specifically, Bunge has certified products in high-risk deforestation regions like South America using systems from the Round Table on Responsible Soy ("RTRS"), Biomass Biofuel Sustainability Voluntary Scheme ("2BSvs"), and International Sustainability and Carbon Certification ("ISCC"). Certifications that trace soy to the farm level have clear value in the Gran Chaco in Argentina and Paraguay and the Cerrado in Brazil, where there is significant agricultural expansion pressure. But in the U.S. and Canada, tracing soy to the farm level has little to no sustainability benefit because there is very little expansion pressure caused by agriculture, meaning deforestation risk is low.

With this context in mind, Bunge is concerned that these full traceability systems are less workable in the North American context, particularly on the implementation timeline that CARB is proposing. CARB's proposal requires crop-based feedstocks be certified at the point of origin by January 1, 2028. For a certification system to be approved, it must have been recognized by a government for at least 24 months. In other words, market participants have less than four years to implement certifications, and any certification scheme used must be recognized by a government now or in the very near future due to the 24-month criterion. Based on the European experience implementing RED, it is difficult to imagine development and implementation of a certification system that complies with CARB's proposed requirements within the proposed time frame. We are concerned that it will not be possible to develop new schemes that meet CARB's listed criteria on such a tight timeline and then implement those schemes. Factoring in the required two years of government recognition makes this even less feasible.

With these difficulties in mind, Bunge encourages CARB to consider workable solutions that guarantee LCFS feedstocks are deforestation free. For instance, CARB might consider altering the timeline and governmental-recognition requirement to give industry, the agency, and growers time to advance certification systems that are feasible in the North American context. The industry needs time to develop a risk-based approach that does not over burden the supply

chain with full traceability to the farm when the risk of deforestation in some areas of the world, such as the United States and Canada, is much lower than in others.

Bunge commends CARB's commitment to addressing climate change through its proposed LCFS amendments. Bunge also appreciates CARB's commitment to maintaining the science-based integrity of the LCFS, as demonstrated by the agency's rejection of an arbitrary cap on crop-based fuels. We look forward to working with CARB to make sure any sustainability certification requirements and timelines are feasible while also accomplishing the goal—which Bunge shares—of deforestation-free fuels.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert Coviello". The signature is fluid and cursive, with the first name "Robert" and last name "Coviello" clearly distinguishable.

Robert Coviello

Chief Sustainability Officer and Government Affairs