

Agro-Industries

Position Statement





Agro-Industries Position Statement

Introduction

We remain committed to promoting sustainable practices in these sectors, while supporting economic growth and prosperity.

While the Group voluntarily adheres to these non-legally binding position statements, they reflect our aspiration to conduct our business with the highest standard of ethics and integrity and we strive to apply these principles consistently. All staff are required to adhere to the position statements and endeavour to achieve these goals in line with our [Group Code of Conduct](#) and to live up to our brand promise of [Here for good](#).

Applicable to

This Position Statement reflects the sector-specific criteria we assess our clients against when considering providing financial services to Agro-Industries.

Agribusiness refers to the cultivation, processing and distributing of products from agriculture including livestock, meat and dairy products, biofuels, rice, cotton, rubber, cocoa.

Tobacco refers to upstream tobacco growers and processors; and downstream tobacco leaf traders and product manufacturers.

Fisheries refers to the catching, processing, or selling of fish, shellfish or other aquatic animals for direct consumption or leisure purposes; and aquaculture.

Forestry refers to the cultivation and felling of trees, and downstream users involved in the milling of timber for pulp, paper, sawn timber and veneer, and operations which process, distribute and use products from forests such as timber and paper.

Palm Oil refers to palm oil plantations and mills, scheme smallholders, independent small holders, and palm oil refiners and related traders.

Soy refers to growers, refiners, processors and traders of soybeans or soy derivatives.

Our commitment

As a key part of our mission to be Here for good, we provide financial services only to clients that manage their environmental and social impacts responsibly. The sector-specific criteria in this Position Statement, along with our Cross-Sector Criteria set out the standards against which we assess our clients.

We regularly engage with our clients to confirm that they're aligned with our environmental and social criteria and consult with industry experts to ensure these stay relevant and effective.

Agribusiness

We will **not** provide financial services directly towards:

- New plantations or livestock ranches which convert or degrade High Conservation Value (HCV) or High Carbon Stock (HCS) Primary forests, peatlands, Key Biodiversity Areas ("KBA") or designated legally protected areas such as National Parks and Wildlife Reserves
- Operations which use fire, including for land clearance, and/or in the preparation of land for planting
- The production, manufacture or trade of fur or Angora wool
- Production systems using layer cages for poultry or caged rearing systems for livestock - applicable to producers



Agro-Industries Position Statement

- Operations that grow, process or trade soy from the Brazilian Amazon
- Operations that grow soy in the Brazilian Cerrado
- Operations that grow, process or manufacture first generation biofuels grown on HCV-HCS land or recently deforested land; where it directly competes with food sources; or in areas of high-water stress
- Operations using pesticides categorized as 1A or 1B by WHO; substances banned under the Stockholm Convention on Persistent Organic Pollutants (POP); or substances listed in Annex III of the Rotterdam Convention – applicable to producers

We will **only** provide financial services to clients who:

- Cultivate and/or trade in Genetically Modified Organisms (GMOs) in accordance with the requirements of the Cartagena Protocol on Biosafety
- Follow the IFC Good Practice Note on Improving Animal Welfare in Livestock Operations, including the Five Freedoms of animal welfare – applicable to producers

We **expect** clients:

- To implement a responsible sourcing policy – applicable to processors, traders and wholesalers
- To participate in, or be certified by, sustainability initiatives such as the International Sustainability & Carbon Certification (ISCC) for food based products, animal feed and biofuels or other multi stakeholder initiatives as appropriate such as Fairtrade International, Global Coffee Platform (GCP), Universal Trade Zone (UTZ) certified, Rainforest

Alliance (RA), Roundtable on Responsible Soy (RTRS), Sustainable Rice Platform (SRP), etc – applicable to producers of Soy, Cocoa, Cotton, Rubber, Rice, Coffee and Sugar

- Who grow and process first generation biofuels to achieve substantial reduction in life-cycle emissions relative to fossil fuel baseline
- That source, manufacture or trade finished biofuels (i.e. liquid fuels or waste/wood-based pellets) to have a responsible sourcing policy

We **encourage** clients to:

- Conduct appropriate studies to demonstrate that their operations do not negatively affect local or regional food security – applicable to producers
- Follow the international Code of Conduct on the Distribution and Use of Pesticides issued by the Food and Agriculture Organisation (FAO) – applicable to producers
- Adopt sustainable agriculture techniques that promote soil fertility and minimise GHG emissions and water usage – applicable to producers

Tobacco

We will **only** provide financial services to clients who:

- Publicly disclose the contents, emissions and ingredients of their tobacco products
- Ensure that tobacco packaging includes a graphic health warning about the addictive nature and mortal threat posed by tobacco consumption and do not use deceptive labels (e.g. 'light' or 'mild')
- Do not engage in advertising, promotion



Agro-Industries Position Statement

and sponsorship directed at minors

We **expect** clients to:

- Support initiatives to educate and spread awareness of the negative health impacts of tobacco products

Fisheries

We will **not** provide financial services to clients who:

- Practice shark finning or trade shark fin
- Use driftnet fishing, deep sea bottom trawling or fishing with the use of explosives or cyanide
- Conduct Illegal Unreported and Unregulated (IUU) fishing, or use vessels known to have conducted IUU fishing

We will **only** provide financial services to clients who:

- Hold Marine Stewardship Council (MSC) certification, or equivalent national or international certifications, or have in place a time-bound plan to achieve certification – applicable to wild capture fisheries clients
- Implement policies and develop products aligned to the Food and Agriculture Organization of the United Nations (FAO) Code of Conduct for Responsible Fisheries – applicable to wild capture fisheries clients
- Hold Aquaculture Stewardship Council (ASC) or Best Aquaculture Practice (BAP) certification or can demonstrate alignment to these requirements – applicable to Aquaculture clients

We **expect** clients to:

- Adhere to FAO guidelines for the marking of fishing gear, or guidelines for the application of a system on the marking of fishing gear
- Adhere to the code of best practice to reduce lost and abandoned fishing gear at sea
- Implement a responsible sourcing policy to source from companies operating under a recognised catch certification scheme or are aligned to the FAO's Code of Conduct for Responsible Fisheries – applicable to processors and traders

Forestry

We will **not** provide financial services to clients who:

- Develop new plantations by converting or degrading High Conservation Value (HCV) or High Carbon Stock (HCS) forests, legally protected areas, or peatlands
- Use fire in forestry or plantation operations including in the clearance and preparation of land for planting
- Are involved in illegal logging or trading activities

We will **only** provide financial services to clients:

- Have Forest Stewardship Council (FSC) or Programme for the Endorsement of Forest Certification (PEFC) certification for their production sites; or have an agreed time-bound plan to achieve certification – applicable to producers
- Follow an appropriate chain of custody



Agro-Industries Position Statement

scheme (FSC, PEFC or equivalent scheme¹) for timber, pulp or paper products originating from high risk countries², to demonstrate the legal origin of the timber, including certification for those species regulated under the Convention of International Trade of Endangered Species (CITES) – applicable to processors, manufacturers and traders

Palm oil

We will **not** provide financial services to clients who:

- Develop new plantations by converting or degrading:
- High Conservation Value Forests (HCV)
- High Carbon Stock Forests (HCS)
- Primary forests
- Designated, national or international legally protected or preserved areas
- Develop new plantations on fragile soils, including swamps and peat, regardless of depth
- Use fire in their plantation operations, including in the clearance and preparation of land for planting
- Exploit people or local communities – we expect consent to have been obtained through a credible Free Prior Informed Consent process (as applicable)

We will **only** provide financial services to clients who:

- Have RSPO membership and achieve 100% RSPO certification of owned or managed units of production – applicable to producers
- Publicly commit to No Deforestation, No Peat and No Exploitation (NDPE), verified by credible assessors when developing new plantations – applicable to producers
- Have RSPO membership and RSPO Supply Chain Certification of owned facilities and/or obtain a Traders License – applicable to refiners and traders with direct linkages to units of production (plantations)

We **expect** clients to:

- Implement a responsible sourcing policy which includes a goal to source palm oil produced with no deforestation, burning, exploitation or planting on peat – applicable to refiners and traders with no direct linkages to units of production (plantations)

We **encourage** clients to:

- Use the High Carbon Stock Approach Toolkit and ProForest Good Practice Guidelines, for integrating HCS-HCV assessments and FPIC into the Environmental and Social Impact Assessment (ESIA) process

¹ **Equivalent scheme:** a recognised verification system for legality and sustainability, as defined by the GFTN Guide to Legal and Responsible Sourcing.

² **High-risk countries:** Bolivia, Brazil, Cambodia, Cameroon, Central African Republic, China, Colombia, Cote d'Ivoire, Democratic Republic of Congo, Ecuador, Equatorial Guinea, Estonia, Gabon, Ghana, Guatemala, Guyana, Honduras, India, Indonesia, Laos, Latvia, Liberia, Lithuania, Madagascar, Mexico, Mozambique, Myanmar, Nicaragua, Panama, Papua New Guinea, Peru, Republic of Congo, Russia, Solomon Islands, Thailand, Uganda, Vietnam, and clients stating the product origin as "unknown". Low-risk countries: All other countries not listed as 'high-risk countries'.



Agro-Industries Position Statement

Soy

We will **not** provide financial services directly towards:

- Operations that grow, process or trade soy from the Brazilian Amazon
- Operations that grow soy in the Brazilian Cerrado

For clients who source, process or trade soy from the Brazilian Cerrado:

We will **only** provide financial services to clients who can demonstrate:

- A responsible sourcing policy with the explicit aim of protecting High Carbon Stock (HCS) and High Conservation Value (HCV) land and
- A commitment to no deforestation and protection of native vegetation and
- Active participation in sustainability forums designed to protect HCV areas and stop land conversion (such as the Soft Commodities Forum (SCF), the Cerrado Working Group (GTC), the Roundtable on Responsible Soy (RTRS) or the Cerrado Manifesto and
- A commitment to report regularly on the efforts to achieve full traceability of the soy supply chain

Feedback

Your comments are important to us and we welcome your feedback on our Position Statement on Agro-Industries. Please contact us at sustainability.feedback@sc.com