

Agribusiness Position Statement

(Effective October 2024)



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Our commitment

Standard Chartered is committed to promoting economic and social development in the markets we serve. We seek to drive positive impact whilst at the same time reducing potential negative impacts to people and planet through managing environmental and social (E&S) risks.

There are a minimum set of standards that we apply to our clients regardless of the sector in which they operate and these are set out in our cross sector Position Statements on [human rights](#), [climate change](#) and [nature](#). Our approach is informed by international standards including the IFC Performance Standards, the Equator Principles, OECD Guidelines for Multinational Enterprises, OECD Due Diligence Guidance for Responsible Business Conduct and the UN Guiding Principles on Business and Human Rights. Furthermore, clients must comply with all applicable laws and regulations and we expect that their approach be guided by international conventions, international standards and best practice.

We have established sector specific criteria to manage the heightened E&S risks associated with the Agribusiness sector. How we apply our cross sector and sector specific Position Statements is explained in our [Environmental and Social Risk Management \(ESRM\) Framework](#). This Position Statement should be read in conjunction with our ESRM Framework, which explains in greater detail how our Position Statements are applied in practice.

Key potential E&S risks faced by the agribusiness sector

Animal welfare: raising livestock at scale can cause considerable environmental impacts and implications to the health and wellbeing of the animals if high welfare standards are not adopted. Key avoidable welfare risks arise from confinement of livestock and poultry in cages, painful and mutilating interventions without anaesthesia, irresponsible breeding techniques, excessively long transportation in cramped conditions, slaughter using unnecessarily painful or ineffective techniques, and where training and infrastructure are not designed with animal behaviour or welfare in mind.

Human rights: the agricultural sector can be considered higher risk for modern slavery, including forced labour, human trafficking, and child labour, given the high number of seasonal or migratory workers required. Working conditions can be hazardous, for example, because of a lack of protective equipment or training when using pesticides, fertilizers, dangerous machinery, or handling livestock, or at processing, packaging, or slaughtering facilities. Large-scale land acquisitions for agricultural use may lead to involuntary resettlement or livelihood impacts, to local, indigenous, or vulnerable people. Local communities may also be negatively impacted by noise, waste, odours, and other forms of agricultural pollution.

Nature and biodiversity: land conversion for agricultural expansion is a major driver of deforestation and biodiversity decline. Loss of forests, illegal logging, use of fires for vegetation clearance and unsustainable farming practices can lead to soil erosion, land degradation, loss of topsoil, algal bloom and a decline in bees and other pollinating insects, whilst the introduction of non-native or invasive plants and animals can damage native populations and the provision of ecosystem services.

Pollution to air and climate risks: livestock raising, land use change and arable crop production, including peatland drainage, can release large quantities of methane and carbon dioxide, contributing to climate change and removing natural climate sinks. High levels of water abstraction for crops and agricultural processes can deplete aquifers, limit availability of freshwater and cause a decline in water quality, putting the sector at higher risk from physical climate risks such as droughts, sea-level rise and flooding.

Pollution to water and land: pesticides, fertilizers, sewerage, other toxic chemicals and antibiotics used in the meat and dairy sectors, can degrade fresh water, oceans, leach into nearby soil, and enter the human food chain, posing a risk to ecosystems and human health. Ocean pollution from fishing equipment, such as old nets and other waste can trap and kill fish and marine mammals, negatively impacting remaining biodiversity and marine habitats.

Agribusiness

This Position Statement includes overarching criteria which are set out below and apply to all sectors in scope of this Position Statement. Additional sub-sector specific criteria, also included further below, apply to activities in the Animal Welfare, Aquaculture and Wild Fisheries, Biofuels, Forestry, Palm Oil, Soy and Tobacco and Vape sectors respectively.

Sector scope: activities within the scope of this Agribusiness Position Statement include:

- The growing, harvesting, processing, and distributing of products from agricultural activities, including but not limited to livestock, meat, eggs, dairy products, seafood and other animal products, forestry, biofuels, rice, cotton, rubber, sugar, cocoa, forest, soy, palm oil, tobacco and other crops or plantations.

Agribusiness Position Statement criteria:

We will <u>not</u> provide financial services to clients who:	• Convert or degrade High Conservation Value (HCV) areas, including forests or High Carbon Stock (HCS) forests, peatlands, Key Biodiversity Areas (KBA) or International Union for Conservation of Nature (IUCN) Protected Area categories I-III for new plantations or farmland. • Use fire, including for land clearance, and/or in the preparation of land for planting. • Use pesticides categorized as 1A or 1B by the World Health Organisation (WHO); substances banned under the Stockholm Convention on Persistent Organic Pollutants (POP); or substances listed in Annex III of the Rotterdam Convention in their operations – applicable to producers.
We will <u>only</u> provide financial services to clients who:	• Have a policy in place to ensure safe production, cultivation, trade and transport of living genetically modified organisms and have appropriate permits as required by the Cartagena Protocol on Biosafety.
We <u>expect</u> clients to:	• Implement a sustainable sourcing policy – applicable to processors, traders and wholesalers. • 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. • Have a sustainable use policy to minimise the use of pesticides, herbicides, fungicides and fertilisers – applicable to producers.
We <u>encourage</u> 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.

Animal welfare

Sector scope: activities within the scope of this section of this Position Statement include:

- The raising, keeping, breeding, slaughtering and transportation of livestock for meat, dairy and other animal products and services, including fur, exotic leather, or angora wool.
- The processing or trading of products from fur, exotic leather or angora wool.

Animal Welfare Position Statement criteria

We will not provide financial services directly towards:	• The production, manufacture or trade of fur, angora wool or exotic leather¹. • Production systems using layer cages for poultry or caged rearing systems for livestock, including gestation and farrowing crates for sows – applicable to producers.
We will only provide financial services to clients who:	• Follow the IFC Good Practice Note on Improving Animal Welfare in Livestock Operations, including the Five Freedoms of animal welfare – applicable to producers. • Transport or slaughter livestock and poultry where the Welfare Risks Transport and Slaughter criteria of the FARMS Initiative Responsible Minimum Standards² are implemented – applicable to producers.
We encourage clients to:	• Implement the FARMS Initiative Responsible Minimum Standards. • Refrain from prophylactic or routine use of antibiotics, unless no alternative is available.

¹Exotic leather includes leathers from alligators, crocodile, lizards, python and kangaroos

² www.farmsinitiative.org



Aquaculture and wild fisheries

Sector scope: activities within the scope of this section of this Position Statement include:

- **Aquaculture:** cultivation or farming of aquatic plants and animals, including fish and shellfish farming, for direct consumption or leisure purposes.
- **Wild capture fisheries:** catching, processing, or selling wild aquatic animals, including fish and shellfish fishing, for direct consumption or leisure purposes.

Aquaculture and Wild Fisheries Position Statement criteria:

We will not provide financial services to clients who:	• Practice shark finning, commercial whaling or process or trade shark fin and/or whales – applicable to wild capture fisheries. • Use driftnet fishing, deep sea bottom trawling or fishing with the use of explosives or cyanide – applicable to wild capture fisheries. • Conduct Illegal Unreported and Unregulated (IUU) fishing, or use vessels known to have conducted IUU fishing – applicable to wild capture fisheries. • Harvest, trade or process species listed on the Convention of International Trade in Endangered Species of Wild Fauna and Flora (CITES).
We will only provide financial services to clients who:	• Operate in or source from fisheries that are certified by the Marine Stewardship Council (MSC), or equivalent certifications, or have in place a time-bound plan to increase their sourcing from certified fisheries – applicable to wild capture fisheries. • 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. • Operate or source from farms that are certified to the Aquaculture Stewardship Council (ASC) or Best Aquaculture Practice (BAP) certification, or equivalent certification, or have a time bound plan to increase their sourcing from certified aquaculture producers– applicable to aquaculture.
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 – applicable to wild capture fisheries. • Adhere to the FAO Code of Conduct for Responsible Fisheries to reduce lost and abandoned fishing gear at sea – applicable to wild capture fisheries. • Implement a sustainable sourcing policy to source from companies operating under a recognised catch certification scheme or are aligned to the FAO Code of Conduct for Responsible Fisheries – applicable to midstream and traders. • Have mapped or are working to map the supply chain traceability of their seafood products from the place of origin – applicable to midstream. • Have policies to minimise fish escapes – applicable to aquaculture producers.
We encourage clients to:	• Apply the FARMS Initiative Responsible Minimum Standards for farmed fish – applicable to aquaculture producers



Biofuels

Biofuels are derived from biomass (once living material), usually plants or algae, animal waste, or other biowaste, and can be a liquid (e.g. bioethanol, biodiesel), solid (e.g. wood pellets, wood chips) or gas (e.g. biogas, biomethane, syngas).

Sector scope: activities within the scope of this section of this Position Statement include:

- Growing plants, trees or algae for biofuels, or the production, processing, manufacturing or trading of biofuels.

For activities that involve bioenergy power plants whereby the energy generated is from the combustion or processing of biofuels please see the [Power Generation Position Statement](#).

Biofuels Position Statement criteria

We will <u>not</u> provide financial services directly towards:	• Operations that grow, process or manufacture biofuels grown on HCV-HCS land or recently deforested land; where it directly competes with food sources; or in areas of high-water stress.
We will <u>only</u> provide financial services directly towards:	• Operations that process and/or trade biofuels where there is a sustainable sourcing policy.
We <u>expect</u> clients to:	• Demonstrate alignment to, or be certified by, sustainability initiatives such as the Roundtable for Sustainable Biomaterials (RSB) Standard for biofuel production; International Sustainability and Carbon Certification (ISCC); Bonsucro; Roundtable on Responsible Soy (RTRS); Roundtable on Sustainable Biomaterials (RSB); Roundtable on Sustainable Palm Oil (RSPO); 2BSvs Biomass Biofuels Sustainability; RED Bioenergy Sustainability Assurance Standard (RBSA); Forest Stewardship Council (FSC); Programme for the Endorsement of Forest Certification (PEFC) or equivalent – applicable to producers.

Forestry

Sector scope: activities within the scope of this sections of this Position Statement include:

- The growing, 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.

Forestry Position Statement criteria:

We will not provide financial services to clients who:	• 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 who:	• Have Forest Stewardship Council (FSC) or Programme for the Endorsement of Forest Certification (PEFC) certification for their production sites; or have an agreed timebound plan to achieve certification – applicable to producers. • Follow an appropriate chain of custody 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.
We expect clients to:	• Implement a sustainable sourcing policy which includes a goal to source wood or pulp and paper produced with no deforestation, burning, or exploitation of people – applicable to processors, manufacturers and traders.
We encourage clients to:	• Have a public commitment to No Deforestation, No Peat, No Exploitation (NDPE).

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

²High-risk countries: High risk countries are defined using the Transparency International's Corruption Perceptions Index (CPI).

Palm oil

Sector scope: activities within the scope of this section of this Position Statement include:

- Palm oil plantations and mills, scheme smallholders, independent smallholders, and palm oil refiners and related traders.

Palm Oil Position Statement criteria:

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; or • Designated, national or international legally protected or preserved areas. • Develop new plantations on fragile soils, including swamps and peat, regardless of depth.
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Palm Oil Position Statement criteria:

We will <u>not</u> provide financial services to clients who:	• 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 (FPIC) process (as applicable).
We will <u>only</u> provide financial services to clients who:	• Have Roundtable on Sustainable Palm Oil (RSPO) membership and initiated certification as per RSPO Principles and Criteria Certification System for owned or managed units of production, with a timebound plan to become fully certified – 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 RSPO Traders License – applicable to refiners and traders with direct linkages to units of production (plantations).
We <u>expect</u> clients to:	• Implement a sustainable 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 <u>encourage</u> 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.

Soy

Sector scope: activities within the scope of this section of this Position Statement include:

- Growers, refiners, processors and traders of soybeans or soy derivatives.

Soy Position Statement criteria:

We will <u>not</u> provide financial services to clients who:	• Grow, process or trade soy from the Brazilian Amazon in contravention of the Amazon Soybean Moratorium implemented in 2006. • Grow soy in the Brazilian Cerrado.
For clients who source, process or trade soy from the Brazilian Cerrado and / or Brazilian Amazon, we will <u>only</u> provide financial services to those who can demonstrate:	• A sustainable sourcing policy with the explicit aim of protecting High Carbon Stock (“HCS”) and High Conservation Value (“HCV”) land; • A commitment to no deforestation and protection of native vegetation; • 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.

Tobacco and vapes

Sector scope: activities within the scope of this sections of this Position Statement include:

- Upstream tobacco growers and processors; and downstream tobacco leaf traders and tobacco product and vapes manufacturers and traders.

Tobacco and Vapes Position Statement criteria:	
We will only provide financial services to clients who:	• Disclose the emissions and ingredients of their tobacco products. • Ensure that the packaging of tobacco products 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') or engage in advertising, promotion or sponsorship directed at minors. • For vapes, ensure that the packaging includes a warning about the addictive nature of nicotine, and do not engage in advertising, promotion or sponsorship directed at minors.

Important notice



Please refer to the Important Notice included in our [ESRM Framework](#), which also applies to this Position Statement.

