

Industrial agriculture and forestry sector policy



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1. INTRODUCTION

In the frame of its Corporate Social Responsibility policy, and as a signatory of the Principles for Responsible Banking, the Group (as defined in 2.2 of this sector policy) intends to take into account the environmental, social (E&S) and governance issues associated with all its activities, to better control their impact and promote good practices.

The Group published [E&S general principles](#) which define the overall framework of its E&S risk management system for a responsible conduct of its banking and financial activities. Within this framework, transversal statements addressing issues common to all sectors have been developed, as well as sector policies where the Group looks more specifically into certain sectors identified as sensitive from an E&S standpoint and in which it plays an active role.

The Industrial Agriculture and Forestry sectors have been identified as such sectors.

The Group provides a range of banking and financial products and services to the Industrial Agriculture and Forestry sectors as well as the associated downstream activities. The Group believes that these industries should:

- allow all producers to carry on profitable, responsible and meaningful practices with dignity,
- secure to all access to healthy and traceable commodities and food,
- ensure the resilience of local populations,
- protect soils, water resources and biodiversity, and
- contribute to limit climate change while adapting to it.

The Group is willing to remain a value-adding partner to its clients, while ensuring that such support is provided in a responsible and considered manner. This is why the Group aims for the highest possible E&S standards when considering the provision of banking and financial products and services to the Industrial Agriculture and Forestry sectors.

In addition, the Group has identified sub-sectors of the Industrial Agriculture and Forestry sectors, requiring a sectorial or regional specific approach. Dedicated criteria have been developed and are detailed in appendices. They are applicable in addition to the ones developed in the umbrella policy. These sub-sectors are:

- Palm oil, soy and beef in South America and tropical crops (cocoa, coffee, rubber) sectors, due to their potential exposure to deforestation and land conversion risks,
- Forestry and pulp and paper production,
- Industrial aquaculture and fisheries.

2. SCOPE

2.1. Geographical scope

This sector policy is applicable worldwide.

2.2. Scope of the Group's activities

This sector policy applies to Societe Generale and all consolidated companies over which it exercises exclusive control (together, the "Group").

It applies to the following products and services:

- Banking and financial products and services: credit, debt and equity markets, guarantees and advisory activities.
- Services provided by the Group's entities managing proprietary assets and third-party assets, with the exception of index-linked products. External asset managers are monitored and encouraged to implement similar standards.
- Investment activities of the Group's insurance entities.

2.3. Scope of sector activities

This sector policy covers the following activities as well as client companies involved in them:

Upstream activities

- All kinds of industrial agriculture (i.e. agriculture characterized by an industrial mode of exploitation and maintaining a close relationship with the Downstream activities):
 - Field crops and other large-scale crops (cereals, legumes, oleaginous – including soy, palm oil, cocoa, coffee, sugar cane, industrial, energetic or forage crops, etc.),
 - Large-scale market gardening, fruit farming, arboriculture and viticulture,
- Breeding of all kinds of terrestrial animals,
- Commercial forestry,
- Industrial aquaculture and fisheries.

Agricultural cooperatives, as they provide services directly linked to agriculture, fall within the scope of the policy.

Downstream activities

As the downstream sector of the industrial agriculture and forestry value chains is a key driver of sustainable agricultural practices adoption, the Group's B to B corporate clients operating downstream the aforementioned activities are also included in the scope of this policy. This includes:

- First transformation of crops (like grain storage and processing, mills, oil-mills and crushing, etc.),
- Transportation, slaughtering and processing of all kinds of terrestrial animals,
- Woodcutting and first transformation of wood (including sawing, pulp, trituration and fiber processing),
- Trading of crops, terrestrial animals and meat, wood, and other related raw materials,
- Agri-food and forestry manufacturing,

but excluding distributors and retailers.

Exclusion of family farms and small businesses from the scope of the policy

Essential to world production and food security of communities, family farms and small agricultural food & forestry businesses cannot be subjected by the financial system to the same criteria as major corporate actors. Thus, the Group will not apply the criteria defined hereafter to non-incorporated family ventures, retail clients and small farms, nor to small businesses of the value chain. However, the Group expects all clients, whatever the type or size of their business, to respect the laws and regulations they are subject to (including in the field of human rights and fundamental rights at work, as well

as the protection of human health, soils, water and the environment).

To be noted that the following companies could also fall under other sector policies:

- Clients using biomass for power generation (and related dedicated transactions and services) may also fall in the scope of Societe Generale Thermal power sector policy.
- Clients with biofuel activities (and related dedicated transactions, products and services) may also fall in the scope of Societe Generale Oil & Gas sector policy.

3. INDUSTRIAL AGRICULTURE AND FORESTRY SECTOR ESG RISKS

A non-exhaustive list of potential E&S and governance risks considered by Societe Generale in its risk management framework is provided in the E&S General Principles.

When evaluating corporates' activity in the Industrial Agriculture and Forestry sectors, particular attention will be paid to the following ESG risks:

Environnemental risks

- Deforestation and conversion of natural ecosystems and habitats into agricultural land, or damage to ecological continuity.
- Negative impacts on biodiversity present on and beyond farmed land, such as inappropriate spreading of chemical products or introduction of invasive species.
- Greenhouse Gases (GHG) emissions and other climate change impacts due to forest fires, forest or peatland clearance, and growing and transformation practices.
- Soil erosion, compaction or degradation.
- Unsustainable use of fertilizers and pesticides.
- Negative impact on surface waters availability and quality as well as fossil waters overexploitation.
- Pollution and other impacts on coastal and marine life and ecosystems.
- Disregard of appropriate standards of animal welfare.

Social risks

- Impact on workers' health and safety related to exposure to hazardous chemicals, use of heavy machinery, exposure to communicable diseases from livestock, and perilous weather as well as, for fishery sector, water conditions.
- Impact on workers' rights, particularly regarding vulnerable workers. Migrant workers are often to be considered vulnerable as a group more likely to be subject to bonded or forced labour conditions.
- Risks of forced or child labour.
- Impact on the health and safety of local communities due to the contamination of soil and water by chemicals and other pollutants, and the use of large volumes of water, particularly in dry environments, could reduce the availability and/or quality of water for downstream users and fisheries.
- Negative impact on small farmers income and unfair value share.

- Impact on the livelihood of the local population, due to loss of habitations or assets, resettlement away from traditional means of living, restricted access to previously available resources (such as access to fisheries, farmland or forest resources) or activities (economic resettlement).
- Impact on land rights as a result of forced relocation, a poorly managed expropriation process, or as a result of involuntary resettlement.
- Impact on indigenous peoples' rights, such as a lack of free, prior and informed consent where applicable, violent or forced removal from ancestral lands, and damage to sites that form the basis of the identity of these groups.
- Impacts on local food security and food prices.
- Inadequate access to remedy for impacted rightsholders, including workers and affected communities (with particular attention to vulnerable peoples among them).

Governance risks

Governance risks are managed as part of the Group's Know Your Customer (KYC) and other compliance processes to guarantee alignment of the Group with applicable laws and regulations, including exclusions based on international sanctions.

4. SECTOR SPECIFIC E&S STANDARDS AND INITIATIVES

The Group requests its clients to comply with the laws and regulations of each relevant country or region while encouraging them to apply the following E&S standards and initiatives.

A number of institutions, business associations of the Industrial Agriculture and Forestry sectors, and other civil society organizations have developed standards and initiatives addressing the E&S impacts resulting from the sectors activities. The standards and initiatives listed below provide general guidance for Societe Generale E&S assessment framework in the Industrial agriculture and Forestry sectors:

- The [ILO Declaration on Fundamental Principles and Rights at Work](#).
- The [FAO Code of Conduct on Pesticide Management](#).
- The [FAO Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests](#).
- The [FAO, IFAD, UNCTAD and World Bank Principles for Responsible Agricultural Investment \(PRAI\)](#).
- The [FAO-OECD Guidance for Responsible Agricultural Supply Chains](#).
- The [FAO Guidelines for Sustainable Agriculture and Food Assessments \(SAFA\)](#).
- The [relevant World Bank Group Agribusiness/Food production EHS Guidelines](#).
- The [UICN approaches to sustainable agriculture](#).
- The [UNEP-FI agriculture sector guide "Natural capital credit risk assessment in agricultural lending"](#).
- The [Cartagena Protocol on biosafety](#).
- The [IFC Global Map of Environmental & Social Risks in Agro-Commodity Production](#).
- The [IFC Good Practice Note on Improving Animal Welfare in Livestock Operations](#).
- The [Principles Underlying the Farm Animals Responsible Minimum Standards \(FARMS\)](#).

- The [French national strategy against imported deforestation \(SDNI\)](#).
- The [Global Canopy finance sector Roadmap for eliminating commodity-driven deforestation](#)
- The [CDP Forest Program](#).
- The [Science Based Targets Initiative Forest, Land and Agriculture Guidance](#) (SBTi FLAG)
- [The Accountability Framework Initiative \(AFi\)](#).
- [The Tropical Forest Alliance Agriculture Sector Roadmap to 1.5°C](#).
- [The Consumer Goods Forum \(CGF\) Forest Positive Coalition](#).

Note: specific commodity programs, certificates and conventions for sub-sector issues are discussed in appendices.

New regulations and voluntary standards will be developed in the future. The Group will closely follow these developments, use them as references in implementing its Industrial Agriculture and forestry sectors policy and update it where necessary.

5. IMPLEMENTATION PROCESS

While it is incumbent on the Group's clients to manage the E&S risks associated with their operations and to comply with the applicable E&S laws and regulations, the Group evaluates, for its part, the consistency of their activities with the Group's E&S commitments.

The Group's E&S General Principles set out the main features and implementation processes of the Group's E&S risk management system. The Group's decisions are based on public information, information made available by its clients or from external data providers. The Group shall make its reasonable endeavors to ensure the quality and reliability of this information but accepts no liability whatsoever in connection with any such information.

Three types of application criteria have been defined:

The **E&S exclusion criteria** are intended to exclude certain types of corporates, dedicated transactions or services or financial products from the Group's activities.

The **E&S priority evaluation criteria** are criteria for which an analysis is requested as part of the evaluation process. For client's evaluation, if the relevant criteria are not fulfilled, a positive evolution from the company current practices is expected in a limited and reasonable timeframe and can be formalized through action plans or contract clauses. For dedicated transactions on projects, alignment with the criteria is expected as part of the project development; for dedicated advisory services ahead of a project's development, the client's commitment to develop the project according to these criteria is evaluated.

The **other E&S evaluation criteria** aim to identify the other risk factors of the sector, that will also be considered as part of the evaluation, and also to specify the best practices that the Group wishes to encourage.

The E&S evaluation criteria are applicable in a proportionate manner based on the importance of the E&S risks inherent to the clients' activities and to the underlying activities related to dedicated transactions, products and services.

The results of the evaluation regarding the different criteria will provide evidence for decision-making process to the Group. The Group will only work with clients within the implementation scope of the policy who meet or aim at meeting the applicable E&S criteria.

The Group may refuse to provide banking or financial products or services to certain corporates or refuse to be involved in certain transactions as a result of this evaluation, even if the exclusion criteria defined in this sector policy are not applicable. The Group may also require additional actions or engage in an additional due diligence process before concluding on the acceptability of a client or a transaction.

Any deviation from this policy may be granted, on an exceptional basis, by a Societe Generale group oversight committee chaired by senior management.

6. APPLICATION CRITERIA OF THE POLICY

Based on the analysis of the initiatives listed in Section 4. and of best practices of multilaterals and other financial institutions, the Group has defined the following E&S criteria which are incorporated into its decision-making process when considering provision of banking and financial products and services in the Industrial agriculture and Forestry sectors.

In addition, the Group has developed specific criteria for some sub-sectors of the Industrial Agriculture and the Forestry. They are detailed in appendices and are applicable in addition to the ones developed below.

6.1. Client criteria

Exclusion criteria

The Group will not provide new financial products or services to:

- Any corporate entity active in upstream industrial agriculture or forestry which makes direct use of child or forced labour, as defined in the associated International Labour Organisation (ILO) Conventions.

Priority evaluation criteria

When conducting a corporate E&S assessment of a client involved in **upstream activities of the industrial agriculture or forestry sectors**, the Group considers whether the client company has E&S risk management measures in place, commensurate to its impacts, and addressing in particular:

Environmental impacts

- Impact on biodiversity, including the use of fertilizers and pesticides.
- Water management.
- Waste management.

- Where applicable¹, peatlands integrity and deforestation control.
- Where applicable, animal welfare in farming practices.

Social impacts

- Workers' health and safety and working conditions.
- Impacts on human rights, with specific consideration of child and forced labour as defined in the International Labour Organization (ILO) Conventions, and, where applicable, management of impacts on indigenous people.
- Engagement with local stakeholders.

When conducting a corporate E&S assessment of a client involved in **downstream activities of industrial agriculture or forestry sectors** (i.e. traders, first transformers, agri-food and forestry industrials but excluding distributors and retailers), the Group considers whether the client company has measures in place to encourage better farming practices in its supply chain of critical raw materials, in particular:

- Biodiversity.
- Human rights and working conditions.
- Traceability (supported by a certification approach when applicable).
- Where applicable, animal welfare.
- Where applicable, deforestation control.
- Where applicable, food safety.

When conducting a corporate E&S assessment of **agricultural cooperatives**, the Group considers whether the client company has set-up constructive dialogue and training for its members, and whether it promotes sustainable farming practices, the rational use of pesticides and fertilizers and animal welfare practices where applicable.

Other evaluation criteria

When conducting a corporate E&S assessment of a client involved in industrial agriculture and forestry sectors, the Group also considers the following criteria:

- Whether the company measures and has a strategy to reduce its Green House Gas (GHG) emissions.
- When involved in operations affecting indigenous peoples, and in the circumstances prescribed by IFC Performance Standard 7, whether the client company implements a Free, Prior and Informed Consent (FPIC) consultation process.

In addition, the Group encourages its clients active in livestock farming to adopt a time-bound plan for transitioning towards production or sourcing systems meeting FARMS requirements.

¹ Applicable in the producer countries with exposure to deforestation as identified by [Forest500](#).

6.2. Dedicated transactions, products and services criteria

Exclusion criteria

The Group will not provide dedicated financial transactions, products and services when the underlying activities are:

- Development or expansion of upstream industrial agriculture activities located within peatlands, a UNESCO World Heritage Site, a Ramsar site, a nationally protected area (IUCN categories I-IV) or a site identified by the Alliance for Zero Extinction.
- Any operation with material adverse impacts on the Outstanding Universal Value of a UNESCO World Heritage Site as well as on High Conservation Value or High Carbon Stock areas.
- Involving large slash-and-burn clearing or definitive clear-cutting, except for sanitary reasons.
- Trade of species regulated under CITES (Convention on International Trade in Endangered Species) or species on the IUCN Red List of threatened species, outside of conservation actions or scientific framework.
- Production or trade of pesticides/herbicides subject to international phase outs or bans such as pesticides 1A or 1B WHO, products forbidden by the Stockholm convention on POP (Persistent Organic Pollutants) or listed in the Appendix III of the Rotterdam Convention.
- Industrial production of 1st generation biofuels (apart from direct use limited to the customer's needs).
- Upstream industrial agriculture and forestry activities involving forced or child labour, as defined by the ILO Conventions.
- In the circumstances prescribed by IFC Performance Standard 7, upstream industrial agriculture and forestry activities for which the Free, Prior, and Informed Consent (FPIC) of affected Indigenous peoples has not been obtained.
- Upstream industrial agriculture and forestry activities with a footprint overlapping areas where Indigenous Peoples are known to live in voluntary isolation.

Priority evaluation criteria

When conducting an E&S assessment of a dedicated transaction, product or service in this sector, the Group considers the following criteria:

Environmental impacts

- When the activities associated with the transaction or service are located within, or with potential material impacts on Key Biodiversity Areas or protected areas, whether a third-party assessment of the potential impacts on biodiversity and related ecosystem services has been carried out. The assessment will have demonstrated that:
 - The client is implementing a mitigation strategy which prioritizes efforts to prevent or avoid adverse impacts to biodiversity, then to minimize and reduce those effects, to repair or restore them, and finally to offset or compensate them, with a view to achieving no net loss, and preferably gain, of biodiversity.
 - Adequate consultation of local population and other stakeholders, where relevant.

For activities located within, or with potential material impacts on a protected area, if the exclusion criteria are not triggered, evidence is provided that the development is legally permitted and consistent with any regulatory management plans for such area.

- When the activities associated with the transaction or service are located within a water stressed area, whether water management mitigation measures have been developed to minimise water use and impact on water availability for other users.
- Whether a management plan related to pesticides, herbicides and fertilizers use, specific to the project, has been developed in line with FAO International Code of Conduct on Pesticides Management and consistent with country commitments under the Stockholm, Rotterdam and Basel Conventions; the project must have a time-bound plan to terminate the use of paraquat, if used.
- Where applicable, whether a management plan related to animal welfare, specific to the project, has been developed, in line with the IFC's Good Practice Note "Improving Animal Welfare in Livestock Operations" and the FARMS requirements.

Social impacts

- When the activities associated with the transaction or service involve significant involuntary resettlement due to land acquisition or restrictions on land use, whether the client operates in compliance with IFC Performance Standard 5.
- Whether a health and safety management plan has been developed.
- Whether the client has a project policy in place for non-discrimination and equal opportunity in terms of employment.
- Whether an effective grievance mechanism for workers and affected communities has been developed.
- Whether local stakeholders' engagement is developed and if necessary, a process of Informed Consultation and Participation (ICP).

The Group applies the [Equator Principles](#) to the transactions and services falling in the scope of this initiative. The criteria above are applied in conjunction with, or in addition to the underlying standards of this initiative, including when applicable the IFC Performance Standards and the World Bank Group EHS Guidelines.

Other evaluation criteria

When conducting an E&S assessment of a dedicated transaction or service in the industrial agriculture and forestry sectors, the Group also considers the following criteria:

- Whether a soil management plan specific to the project has been developed.
- Where applicable, whether an invasive species management plan specific to the project has been developed.
- Where applicable, whether a Greenhouse gas emissions management plan, specific to the project, has been developed (including CO₂, CH₄ and N₂O).

6.3. Financial product criteria

Commodity derivatives have been developed with a view to assisting market players in better managing their price and currency risks. The Group is an actor of these markets and makes its expertise available to its clients to propose the most appropriate solutions.

Following the food price shocks in the past, and their consequences on the poorest populations, the Group is aware that activities considered as speculative may, according to some research studies, play a role in the volatility of agricultural

commodities prices. That is why, the Group supports the development and implementation of appropriate regulation in futures exchanges and markets such as adequate supervision, increased transparency, and positions control so as to limit all material impact on agricultural commodities prices.

It applies all the checks required by the regulation against market abuses and strives as far as possible to check the coherence of the position held by clients with their risk situation.

The Group is not engaged in proprietary trading in commodity derivatives, apart from market making.

6.4. Asset management and investment criteria

Exclusion criteria

The Group entities investing in assets or managing assets for their own account or on behalf of third parties exclude from their investments:

- Agricultural-based funds and investment products (i.e. funds and investment products for which the majority of risked positions are purposively linked to agricultural commodities inventories).

The Group will not create such funds and products or get them created. In addition, the Group does not proactively market retail saving products primarily linked to agricultural commodities.

The Group will only act as an intermediary if the client expressly requires access to such products, proposed by other financial institutions.

7. APPLICATION DATE AND UPDATES

This sector policy is applicable from the date of its publication, with exceptions for pre-existing business commitments or opportunities at an advanced stage of negotiation.

This sector policy may evolve in time, according to legislative or regulatory evolutions and as a result of the discussions between the Group and its various stakeholders. Therefore, the Group reserves the right to modify this sector policy at any time. Updated versions will be posted on the Group's website, where the E&S General Principles and the E&S transversal statements and other sector policies are also available.

This sector policy has been established in French and in English. In case of inconsistency between the French and the English version, the French version shall prevail.

8. APPENDICES

The Group has identified specific issues and criteria for some sub-sectors of the Industrial Agriculture and Forestry sectors that are applicable in addition to the ones developed in the umbrella policy and are detailed in the following appendices.

8.1. Group's position on deforestation and land conversion

The Group is highly concerned by the negative impacts of deforestation and land conversion² on local communities, water resources, biodiversity, soil fertility and, on a global scale, climate change.

The main driver of deforestation and land conversion is the expansion of agricultural land. Acknowledging the limits of many past initiatives to fight deforestation, individual and collective efforts must be pursued to accelerate the decoupling of agri commodities production from deforestation and conversion. The Group is committed to progress on this path. Targeting full traceability is part of the solution. The Group recognizes that not all its clients have 100% traceability over their supply chains at the date of publication of this policy, but it requires that all of them work towards this goal.

As such, the Group engages with its corporate clients active in the most sensitive sectors as regards deforestation and conversion to assess their strategies to tackle both.

This position covers client companies acting as **producers, traders and 1st transformers** in the following sectors: **palm oil, South American soy and beef, cocoa, coffee, rubber and timber**.

- A more stringent approach based on exclusion criteria is applied on Large Corporate clients³ active in palm oil and South American soy and beef sectors, due to their significant impacts on deforestation and land conversion.
- On other commodities (cocoa, coffee, rubber and timber), the Group has developed a progressive approach based on evaluation criteria aiming at strengthening client engagement on deforestation and land conversion issues.

The identification of such clients is based on third party information with a materiality approach, and completed by internal expert assessment. The Group has defined dedicated E&S criteria, additional to those defined in the umbrella policy. They are incorporated into its decision-making process when considering provision of banking and financial services in sectors linked to deforestation and conversion.

In particular:

i. Palm oil

Scope

- Industrial plantations of oil palm trees.
- Mills, traders and refiners of palm oil.

² **Deforestation** refers to the loss of natural forest as a result of: i) conversion to agriculture or other non-forest land use; ii) conversion to a tree plantation; or iii) severe and sustained degradation. Natural forests include primary forests, second-growth forests, and managed natural forests, but exclude tree plantations.

Conversion refers to the change of a natural ecosystem to another land use or profound change in a natural ecosystem's species composition, structure, or function.

³ **Large corporate** category covers non-financial private law companies or group of companies that have sales, consolidated sales or proforma aggregated sales above or equal to 50 MEUR.

Standards & Initiatives

- [Consumer Goods Forum's Forest Positive Palm Oil Roadmap](#)
- [The Palm Oil Collaboration Group](#)
- [Tropical Forest Alliance Agriculture Sector Roadmap to 1.5°C](#).
- [NDPE Implementation Reporting Framework](#) (NDPE-IRF).
- [International Sustainability and Carbon Certification](#) (ISCC).
- [Roundtable on Sustainable Palm Oil](#) (RSPO).

Clients criteria

Exclusion criteria

For large corporate clients active in the palm oil sector:

The Group will only provide financial products and services to clients:

- Committed to deforestation-free activities (own operations and supply chain) by end of 2025,
- That have a NDPE (No deforestation, No peat, No exploitation) policy, applicable to its own plantations and to its supply chain, and including at a minimum the following exclusions:
 - New development on High Conservation Value (HCV), High Carbon Stock (HCS) areas,
 - Burning for the development of new oil palm plantations,
 - Development of new palm oil plantations on peatlands, regardless of depth,
 - Exploitation of people and communities, such as child or forced labour and the violation of the rights of local communities (including Free Prior and Informed Consent),
- Committed to establish and systematize traceability in their supply chain, and able to report progress annually on traceability in terms of scope of implementation and/or percentage of achievement.

For prospect companies, a target of eliminating conversion by the end of 2025 is required additionally.

Priority evaluation criteria

When conducting a corporate E&S assessment of clients active in the palm oil sector, in addition to the criteria set by the umbrella policy, the Group considers whether the client company:

- Has a time-bound commitment, satisfactory to the Group, to achieve conversion-free activities;
- Has measures in place to respect Human rights, notably the right of local communities and Indigenous people and the rights of land, environmental, and human rights defenders.
- Is or is in the process of becoming, a member of a credible certification scheme (RSPO, ISCC)

Other evaluation criteria

When conducting a corporate E&S assessment of a client involved in palm oil activities, the Group also considers whether the client implements appropriate measures to verify, possibly through a third party, the implementation of its policies in its supply chain.

Dedicated transactions, products and services criteria

Priority evaluation criteria

When conducting an E&S assessment of a dedicated transaction or service with an oil palm plantation as an underlying asset, the Group considers the following criteria, in addition to the criteria set by the umbrella policy:

- Whether new plantations are RSPO/ISCC certified or engaged in a time-bound process with a view to obtain certification or independent verification of the RSPO/ISCC principles and criteria within 3 years after acquiring or developing new operations.

ii. Soy and beef in South America

Scope

- Beef cattle activity and beef meat production in South America.
- Soybean and soy co-products (oil and meal) production in South America.
- Trading of soybean, soy co-products (oil and meal) and beef meat produced in South America.

As well as clients generating the majority of their revenues from the first transformation of soy and beef produced in South America.

Standards & Initiatives

- [Amazon Soy Moratorium](#)
- [Consumer Goods Forum's Forest Positive Roadmaps for Soy, Beef and Cattle-derived Products](#)
- [Pará Green Grain Protocol](#)
- [Soft Commodities Forum - Cerrado](#)
- [Tropical Forest Alliance Agriculture Sector Roadmap to 1.5°C](#)
- [Visión Sectorial del Gran Chaco Argentino \(ViSeC\)](#)
- [Earthworm Foundation Zero Deforestation and Conversion](#) (ZDC).
- [Global Roundtable for Sustainable Beef](#) (GRSB).
- [Roundtable on Responsible Soy Association](#) (RTRS).
- [ProTerra Standard](#)

Clients criteria

Exclusion criteria

For large corporate clients active in South American soy and beef sectors, the Group will only provide financial products and services to clients:

- Committed to deforestation-free activities (own operations and supply chain) by the end of 2025,
- Committed to establish and systematize traceability in their supply chain, and able to report progress annually on traceability in terms of scope of implementation and/or percentage of achievement.

In addition, the Group will not provide new financial products or services to any company involved in beef or soybeans production or trading from land cleared or converted after 2008 in the Amazon.

For prospect companies, a target of eliminating conversion by the end of 2025 is required additionally.

Priority evaluation criteria

When conducting a corporate E&S assessment of clients sourcing soy, soy by-products or beef produced in South America, in addition to the criteria set by the umbrella policy, the Group considers whether the client company:

- Has a time-bound commitment, satisfactory to the Group, to achieve conversion-free activities,
- Has measures in place to respect Human rights, notably the right of local communities and Indigenous people and the rights of land, environmental, and human rights defenders.
- Implements a purchasing policy or practices that address the sustainability issues in line with best practices or certification schemes.

Other evaluation criteria

When conducting a corporate E&S assessment of a client involved in soy and beef activities in South America, the Group also considers whether the client company implements appropriate measures to verify, possibly through a third party, the implementation of its policies in its supply chain.

Dedicated transactions, products and services criteria

Exclusion criteria

In addition to the criteria set by the umbrella policy, the Group will not provide financial transactions, products or services when the underlying activities are:

- Soy production or cattle raising in the Amazon and the Cerrado.
- Processing plants whose sourcing in soy or beef is coming in majority from the Amazon or from the Cerrado.

Priority evaluation criteria

In addition to the criteria set by the umbrella policy, when conducting an E&S assessment of a dedicated transaction or service with soy processing plants as underlying assets, the Group has the following requirement:

- Whether new processing plants are managed following the industry's best practices for responsible soy production and processing, such as the Roundtable on Responsible Soy (RTRS) Standard for Responsible Soy Production or the Basel Criteria for Responsible Soy Production.

iii. Tropical crops (cocoa, coffee, rubber)

Scope

- Cocoa:
 - Cocoa beans production and processing.
 - Trading of cocoa beans and co-products (liquor, butter, powder).
- Coffee:
 - Coffee growing and processing.
 - Trading of coffee.
 - Coffee roasters.
- Rubber:
 - Industrial plantations of rubber trees.
 - Natural rubber processing and trading.

Standards & Initiatives

- [Cocoa & Forests Initiative](#)
- [Coffee Public-Private Task Force](#)
- [Global Coffee Platform](#)
- [Global Platform for Sustainable Natural Rubber](#)
- [International Cocoa Initiative](#)
- [Sustainable Coffee Challenge](#)
- [Tropical Forest Alliance Agriculture Sector Roadmap to 1.5°C](#)
- [Common Code for the Coffee Community \(4C\) Certification.](#)
- [Fairtrade.](#)
- [Forest Stewardship Council \(FSC\) certification – Rubber](#)
- [Program for the Endorsement of Forest Certification \(PEFC\) - Rubber](#)
- [Rainforest Alliance](#)

Clients criteria

Priority evaluation criteria

When conducting a corporate E&S assessment of the clients operating in the above-mentioned activities, in addition to the criteria set by the umbrella policy, the Group considers whether the client company:

- Has a time-bound commitment, satisfactory to the Group, to achieve deforestation and conversion-free (where applicable⁴) activities,
- Implements and systematizes traceability over its supply chain,
- Has measures in place to respect associated Human rights, such as rights of local communities and Indigenous people and rights of land, environmental, and human rights defenders.

Other evaluation criteria

When conducting a corporate E&S assessment of a client involved in, tropical crops (cocoa, coffee and rubber) activities, the Group also considers whether the client company implements appropriate measures to verify, possibly through a third party, the implementation of its policies in its supply chain.

iv. Timber

Please refer to 8.2. on Forestry and pulp & paper sectors.

⁴ In the producer countries with exposure to deforestation as identified by [Forest500](#).

8.2. Forestry, pulp and paper

While logging in sustainably managed forest does not contribute to deforestation, massive clear-cuts are increasingly questioned for their impacts on biodiversity and water resources, even with proper replantation.

Primary transformation of wood-products through industrial processes, and notably the paper industry, can have a significant impact on natural ecosystems and face many challenges in the fields of occupational health and safety and social rights. It is therefore of importance to promote and implement sustainable forestry and logging practices, cleaner and safer industrial processes as well as related sourcing policies.

This is why the Group has defined the following E&S criteria, additional to the umbrella policy, which are incorporated into its decision-making process when considering provision of banking and financial services in the forestry and pulp and paper sectors.

Scope

Forestry is the practice of creating, managing, using, conserving, repairing and caring for forests. It also includes the direct upstream activity of seedlings production as well as the downstream activities of timber exploitation and first processing of wood (including sawing, pulp trituration and fiber processing).

This appendix covers the following activities as well as client companies involved in them:

- Growing and harvesting of timber in artificial plantations and forestland.
- Commercial forestry, woodcutting and first transformation of wood (including sawing, pulp, trituration and fiber processing).
- Timber trading and wholesale supply.
- Pulp and paper industries.

Standards and Initiatives

- [Consumer Goods Forum's Forest Positive Paper, Pulp and Fibre-based Packaging \(PPP\) Roadmap](#)
- [Forest Stewardship Council \(FSC\) certification.](#)
- [IFC EHS Guidelines on Pulp and paper mills.](#)
- [Origine et Légalité des Bois \(OLB\)](#) de Bureau Veritas.
- [Program for the Endorsement of Forest Certification \(PEFC\).](#)
- [Sustainable Forestry Initiative \(SFI\)](#)

Clients criteria

Priority evaluation criteria

When conducting a corporate E&S assessment of a client involved in forestry, pulp and paper sector, in addition to the criteria set by the umbrella policy, the Group considers the following criteria:

- Whether the client company active in the growing, harvesting, trading or 1st transformation of timber:

- Has a time-bound commitments, satisfactory to the Group, to achieve deforestation-free activities (where applicable⁵),
 - Implements and systematizes traceability over its supply chain,
 - Has measures in place to respect Human rights, notably the right of local communities and Indigenous people and the rights of land, environmental, and human rights defenders.
- Whether the client company active in the growing and harvesting of timber has policies and procedures ensuring the legal compliance of its operations and preventing illegal logging (as per the OLB referential for instance and the associated certifications).
 - Whether the client company active in the growing and harvesting of timber is engaged in a sustainability certification scheme for its operations (either FSC or PEFC).
 - Whether the client company active in the downstream sector (1st transformation, trading and wood supply, as well as in pulp and paper industry) implements purchasing policy that addresses the sustainability issues for forestry, including illegal logging. This could mean getting a Chain of Custody certification and giving preference to certified products sourcing where possible.
 - Whether the client company active in the pulp and paper industry develops a credible transition plan toward ECF or TCF technology for existing plants, as per IFC recommendations.
 - Whether the client company active in the pulp and paper industry provides a management plan to monitor water effluents and air emissions.

Other evaluation criteria

When conducting a corporate E&S assessment of a client involved in the forestry, pulp and paper sector, the Group also considers whether the client company implements adequate measures to verify, possibly through a third party, the implementation of its policies in its supply chain.

Dedicated transactions, products and services criteria

Exclusion criteria

In addition to the criteria set by the umbrella policy, the Group will not provide new dedicated financial transactions, products or services when the underlying activities are:

- New pulp mills with a bleaching process if they are not using ECF or TCF technology.

⁵ In the producer countries with exposure to deforestation as identified by [Forest500](#).

8.3. Industrial aquaculture and fisheries

While the seafood sector is a vital source of income, employment and food security for many millions of people, particularly in coastal and island nations, it can also have a significant negative impact on the environment and on local communities. Fishing activities have contributed to the decline of non-target fish stocks, the mortality of cetaceans, marine mammals and seabirds, and exacerbated marine ecosystem degradation due to destructive fishing practices. Aquaculture operations can also impact negatively biodiversity and ecosystem functioning when located in ecologically sensitive areas and indirectly contribute to the decline of wild capture fisheries.

This is why the Group has defined the following E&S criteria, additional to the ones of the umbrella policy, which are incorporated into its decision-making process when considering provision of banking and financial services in the aquaculture and fisheries sectors.

Scope

This appendix covers the following activities as well as client companies involved in them:

- Aquaculture: raising/harvesting of aquatic organisms such as fish, crustaceans, molluscs, plants and algae. Aquaculture includes fish farming.
- Fisheries: wild catch/harvesting of any marine or freshwater species.

Standards and Initiatives

- [The FAO Code of Conduct for Responsible Fisheries.](#)
- [The UN General Assembly Resolutions pertaining to sustainable fisheries \(including ban of driftnets\).](#)
- The UNEP-FI practical guide for financial institutions: “[TURNING THE TIDE: How to finance a sustainable ocean recovery](#)”.
- [The 2007 ILO convention “Work in Fishing” \(n°188\).](#)
- [The Marine Stewardship Council \(MSC\) and Aquaculture Stewardship Council \(ASC\).](#)
- [The Global Sustainable Seafood Initiative](#)

Clients criteria

Priority evaluation criteria

When conducting a corporate E&S assessment of a client involved in this sector, the Group considers the following criteria, in addition to those defined in the umbrella policy:

- Whether the client company has E&S risks management measures in place, commensurate to its impacts, and addressing in particular:
 - Illegal, unreported or unregulated (IUU) fishing.
 - Destructive fishing practices such as explosive, electrical fishing, sharks fining, driftnets beyond the limits set by UE regulation, mammals or seabird catch or deep-sea bottom trawling beyond 2000ft.
 - By-catch of not target species that are listed on the IUCN red list of threatened species.
 - Overfishing.

- For aquaculture: pollution and water contamination.
- Whether the client company is involved under a credible certification scheme such as MSC or equivalent listed under GSSI.

Dedicated transactions, products and services criteria

Priority evaluation criteria

When conducting an E&S assessment of a dedicated transaction, product or service in aquaculture sector, the Group will consider the following criteria, in addition to the criteria of the umbrella policy:

- Whether the client company has a sustainable sourcing policy regarding the food input for the aquaculture operation, with a goal to avoid wild fish as a primary food supply.