



Agriculture (Excluding Palm Oil)

Sector Policy

Introduction

The agriculture sector plays an essential role in the economy, feeding the world's population and supporting food security, providing raw materials for industrial production as well as uplifting income and employment of rural populations. However, if not managed sustainably, it also has the potential to generate negative environmental and social impact. Forest and land clearing may lead to the loss of biodiversity, while excessive use of fertilisers, agrochemicals and unmanaged waste can result in pollution and soil contamination. Negative social impact can arise from poor labour conditions and infringement of the rights of local communities.

Scope

UOB's Agriculture Policy relates to the cultivation, production, processing and wholesale distribution of products from agriculture, including but not limited to crops (excluding palm oil), livestock, dairy, eggs, animal feed and fish.

Principles

UOB will not knowingly provide financing to companies:

- for the development of greenfield plantation projects that have not undergone Environmental and Social Impact Assessments (ESIAs), Environmental Impact Assessments (EIAs) or other equivalent regulatory impact assessment studies prior to development;
- involved in the use of open burning in new or ongoing operations for land clearance, land preparation, land management and waste management (on their own plantations and/or associated smallholder land);
- involved in and/or convicted for the trade of endangered species as regulated under the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES);
- where their operations or projects threaten the outstanding universal value or special characteristics of UNESCO World Heritage Sites, RAMSAR Wetlands, forests of high conservation value or sites with critical natural habitats;
- without measures in place to manage or to mitigate the risk of air, soil and water pollution;

- involved in the exploitation of labour (including forced labour and child labour);
- in violation of the rights of local communities or without measures in place to avoid or to manage adverse impact on local communities;
- without measures in place to manage material occupational health and safety risks;
- involved in and/or convicted for animal cruelty;
- involved in fishing with the use of explosives or cyanide; and
- involved in conducting illegal unreported and unregulated (IUU) fishing or using vessels known to have conducted IUU fishing.

We require that our customers:

- comply fully with local environmental, social and governance regulations and obtain the requisite certifications in the countries in which they operate;
- put in place measures to safeguard the rights of local communities, minimally in compliance with local regulations, and which can be achieved through a Free, Prior and Informed Consent (FPIC) process;
- commit to implementing a sustainable sourcing policy and/or processes to exclude purchases from sources that generate significant negative environmental and social impact; and
- implement or work towards implementing an appropriate Environmental and Social Management System (ESMS) to address key environmental and social risks in their operations and/or projects.

We also recommend that our customers:

- adopt relevant established industry standards in respect of environmental, health and safety (EHS) guidelines such as the International Finance Corporation (IFC) Performance Standards or the World Bank Group EHS Guidelines pertaining to Agribusiness/Food Production;
- improve traceability in their supply chains by purchasing certified sustainable products;
- adopt relevant established industry standards such as those set by the Global Good Agricultural Practices and the World Organisation for Animal Health;
- adapt to and manage climate-related risks which may include developing a strategy to assess the potential financial impact of climate-related risks through climate scenario analysis and adopting the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD); and
- adopt best agricultural practices, including setting targets, in relation to:
 - reducing greenhouse gas emissions;
 - proper waste management;
 - water management and stewardship; and
 - animal welfare.

In addition, for the animal protein sector, we recommend that our borrowers:

- put in place policies to safeguard the Five Freedoms of Animal Welfare¹;
- commit to a responsible usage of hormones and antibiotics on animals and aquaculture, minimally complying with all applicable laws and regulations;
- seek internationally-recognised certifications with regards to quality production and responsible farming practices; and

¹ Five Freedoms of Animal Welfare refer to (i) freedom from hunger and thirst; (ii) freedom from discomfort; (iii) freedom from pain, injury and disease; (iv) freedom to express normal behaviour; and (v) freedom from fear and distress.



- demonstrate commitment in enhancing disclosures and transparency on their supply chain's sourcing standards, including their suppliers' farming policies.

Where we deem that our customers are unable or unwilling to manage the potential adverse impact of their operations, the Bank may choose to exit the relationship.

