

ENVIRONMENTAL SUSTAINABILITY POLICY STATEMENT

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Our approach

Climate change and the scarcity of the world's resources represent one of our age's defining challenges. As a global practitioner in the commodities space, we are not just conscious, but committed to, being at the forefront of the increasing number of sustainability-linked initiatives, which are increasingly being catalysed by global environmental, social and governance (ESG) policies. The rising tide of initiatives in relation to capital markets are being driven by:

- Investors' requirements for supply chain transparency;
- The development of (investible) sustainable agricultural and commodity products.

We believe in our own proprietary opportunities to lead the way. Whether referenced as green finance, sustainable investing or other, by simply conducting business in the right way, we go beyond minimising the operational and environmental impact we have, to influencing and compelling other stakeholders too.

Commodity operators and traders have an integral role to play in the transition to a sustainable, low carbon economy. Our global trading, investing and financing business has a significant direct and indirect impact on the activities of other producers and consumers. As a business with a footprint in every continent, be it origination, procurement, financing or investing, we witness first hand some of the complexities involved in sustainable development.

A changing climate brings social and economic consequences for our suppliers, our customers and our investment partners. However, our purpose is to use these very challenges as the opportunities to drive change for the better. We have the expertise and means to address climate risks and develop new market opportunities in doing so.

In originating and financing natural resources, and specific agricultural commodities, we have a very direct environmental impact. We have sophisticated understanding of all the value chain actors in the supply chain, and our activities focus on several key aspects, with decarbonisation a central priority.

ARIA Commodities has a 5 year commitment towards 2025 to:

- Develop products and services for a low-carbon



and indeed zero carbon economy: this covers trading, investing and risk management services for clients which will drive capital towards net zero and low-carbon opportunities;

- Manage climate change risks: this includes collaborating with our stakeholders to minimise the risk to our own operations, as well as to our customers and clients. Through our financing operations, we promote, sustainable and restorative agricultural practices. Recipients of funding must demonstrate the highest ESG standards in their operations, established by our rigorous due diligence processes;
- Reducing our own carbon footprint. We invest and develop carbon capture technologies. We have introduced into our freight vessel by xxx. Across all of our operations, we adopt an approach that manages environmental impacts in both reducing and offsetting our carbon emissions.

The trend towards 'sustainable commodities'

Humanity and the societies it builds need resources. Even renewable technologies underpin demand for commodities – be that nickel for the production of new battery technologies, or rare earth minerals for solar panels. The transition towards a net zero carbon economy revolves around sourcing, supply and (re-) using commodities in the most sustainable manner. Encouragingly, industry bodies, often comprised of leading industry actors, are setting global standards in sustainable production. For example, the Rainforest Alliance certification is based on the Sustainable Agriculture Network (SAN) Standard, which is built around the guiding principles of effective farm planning and management, protection of biodiversity and natural resources, and improved livelihoods.

However, we trade across a number of verticals and look to adopt and drive best practice in each of them. At a minimum, our policy requires compliance with all relevant legislation and other requirements in the countries in which ARIA operates. In fact, whilst there are idiosyncrasies in adopting ESG principles across different businesses, sectors and commodities, there are

overarching international agreements which inform our own activities:

(a) the Paris Agreement, which obliges its 195 signatories to reduce the risk and impacts of climate change with an objective of the overall amount of global emissions peaking by 2030 at the latest;

(b) the United Nations Principles for Responsible Investment (UN PRI), which has led to an increase in asset owners and professional investors adopting ESG objectives and policy commitments; and

(c) the United Nations Sustainable Development Goals (SDGs), a set of aspirational sustainable objectives, many with targets that have to be achieved by 2030, agreed to by all member states of the United Nations.

We believe that the COVID-19 pandemic have accelerated many underlying technologies and trends – and building a greener and cleaner future is just such a cause that the pandemic should expedite. At a time when there is significant fiscal stimulus planned globally, the opportunity to focus on investments that are climate resilient for example is paramount. We provide, as inevitably will others, financing to producers explicitly linked to UN SDG goals, again another example of how sustainability initiatives can lead to a 'triple bottom' line of people, planet and profit.

Whilst we are not under mandated regulatory requirements, we operate by a number of ESG principles which hold across all our activities – we refer to them as our 'Climate Action Incentive Policies':

Our CAIP and how they manifest themselves in certain operations are as follows:

- Continually improving the environmental management systems that mitigate our direct environmental impacts, reduce our use of natural resources and prevent pollution of our offices whether they reside.
- Integrating environmental considerations into business decisions in line with our commitment to environmental sustainability. For example, onboarding counterparties includes an ESG DD questionnaire on their activities.
- Using sustainable practices and agricultural trading. We have a dedicated fund to provide producers with funding who are able to demonstrate supply chain transparency and certificated ESG production techniques.
- Setting targets on key metrics of environmental performance for certain funding of sustainability led transactions.
- Reducing carbon emissions from our own operations by investing in energy efficient buildings and technology, improving our energy management, managing our business travel and influencing colleagues' behaviour.

- Managing indirect impacts in the supply chain by collaborating with key suppliers to secure an improvement in our environmental performance and their own. Our assessment of suppliers within the sourcing process assigns appropriate weighting to their environmental performance issues.
- Raising our investors' awareness of environmental issues, encouraging environmentally responsible behaviour and providing appropriate training to enable them to play a full role in allocating capital towards a greener future.
- Engaging with industry groups and non-governmental organisations in order to contribute positively and proactively to environmental sustainability in commodity trading and producing.

Our policies we believe impact market participants and lead to changes in behaviour. We have visibility in relation to sustainability practices including. We have a commitment to sustainability audits on stakeholders we engage in and increasingly will require details of the carbon costs involved in all our transactions. Sustainable commodities is fast becoming our new reality.