

Draft for Public Consultation 23042024

PART E: ENTITY CERTIFICATION FOR AGRI-FOOD DEFORESTATION AND CONVERSION FREE SOURCING

Introduction

Entity Certification under the Climate Bonds Standard for Agri-Food Deforestation and Conversion Free (DCF) Sourcing is available to non-financial Entities in the Agri-Food sector compliant with the Climate Bonds Standard for Entity Certification under the Agri-Food Deforestation and Conversion Free Sourcing Criteria (Agri-Food DCF Sourcing).

1. Eligibility and Accounting Rules

1.1. Applicant control over the Certified Agri-Food DCF Entity

The Applicant must either be the same legal entity as the Certified Agri-Food DCF Entity or have operational control over the Agri-Food DCF Certified Entity.

1.2. Boundary of the Certified Entity

The Agri-Food DCF Certified Entity may be a group of legal entities within a Parent Group or a single legal entity, at the Applicant's discretion. Certification of a Parent Company must include all subsidiaries and other controlled companies that fall in scope of Agri-Food Entities, as defined in the Agri-Food DCF Sourcing Criteria.

1.3. Obtaining Agri-Food DCF Entity Certification

Before applying for Agri-Food DCF Entity Certification under this Part E, the Applicant receives a Verification Report from an Approved Verifier that:

- i. The Certified Entity meets the Agri-Food DCF Criteria Performance requirements in Clause E2.1 and the Governance requirements in Clause E.2.2.
- ii. The Parent Group meets the Climate Safeguard requirements in Clause E.3.1.
- iii. The Certified Entity and Parent Group meet the Disclosure requirements in Clause E.4.

Applicants seeking Agri-Food DCF Entity Certification must apply by submitting the following documents to the Climate Bonds Standard Board Secretariat:

- a. A completed Climate Bonds Information Form;
- b. The Verification Report from an Approved Verifier that meets the requirements of this Part E;
and
- c. An executed Certification Agreement.

If Climate Bonds is satisfied that the Applicant is in conformance with the Pre-Certification requirements, then it will provide a statement confirming the Certification of the Certified Agri-Food DCF Entity. The Applicant must identify within the Climate Bonds Information Form which of the information provided are confidential and which can be publicly disclosed on the Climate Bonds Initiative website once Certification is confirmed.

Certification is valid for five years from the date of certification, subject to compliance with the requirements laid out in Clause 1.4.

1.4 Maintaining Agri-Food DCF Entity Certification

The Applicant receives an annual Verification Report from an Approved Verifier that:

- i. In respect of the Agri-Food DCF Certified Entity:
 - a. Confirms that the Certified Entity continues to be compliant with the Agri-Food DCF Sourcing Criteria.
 - b. Communicates any changes in clauses E2.1 and E2.2 (DCF Sourcing Criteria requirements and Governance) and provides verification of compliance with any changes.
 - c. All disclosure requirements have been met (per Clause E.5); and
- ii. The Parent Group remains in compliance (per Clauses E.3 and E.4); and
- iii. The Applicant is not subject to revocation of certification as per Clause 1.5
- iv. The Applicant supplies to the Climate Bonds Standard Secretariat, a copy of the annual Verification Report.

Applicants seeking to maintain Entity Certification must submit the following documents to the Climate Bonds Standard Board Secretariat on an annual basis:

- a) A completed Climate Bonds Information Form;
- b) The annual Verification Report from an Approved Verifier which meets the requirements per Clause E.1.4.).

If the Climate Bonds Standard Board is satisfied that the Applicant is in conformance with the ongoing requirements, then it will provide a statement confirming the certified status of the Certified Entity.

1.5 Revocation of Agri-Food DCF Entity Certification

Entity Certification will be rescinded at any time where:

- a. The Applicant becomes aware that the Certified Entity and/ or the Parent Group no longer conforms with the Climate Bonds Standard and provides a written statement to that effect to the Climate Bonds Standard Secretariat; or
- b. A Verification Engagement commissioned by the Climate Bonds Standard Board, finds that the Certified Entity and/ or the Parent Group no longer conforms with the Climate Bonds Standard; or
- c. The Applicant has breached any contractual obligation towards the Climate Bonds Initiative.

2. Compliance

For the Certified Entity, all of the following requirements must be met:

2.1. Performance

2.1.1. Agri-Food DCF Sourcing Criteria

The Entity must meet all the requirements set out in the [Agri-Food DCF Sourcing Criteria](#) on an annual basis for the duration of the certification (5 years).

2.1.2. Board approval

The Board of the Certified Entity has approved the Agri-Food DCF Sourcing Commitment no earlier than one year prior to the application for Certification. The Agri-Food DCF Sourcing Commitment states that the Certified Entity will continue to comply with Agri-Food DCF Sourcing until 2050.

2.2. Governance

The following accountability mechanisms are in place to govern the delivery of the Agri-Food DCF Sourcing Performance.

2.2.1. Board and senior executive responsibility

2.2.1.1. Board mandate

The Board (or equivalent governance body) has a clear mandate to:

- I. Oversee the design of the Agri-Food DCF Sourcing strategy; and
- II. Approve the Agri-Food DCF Sourcing strategy; and
- III. Oversee the execution and monitor progress of the Agri-Food DCF Sourcing strategy; and
- IV. Approve and monitor any corrective actions required.

2.2.1.2. Senior management responsibility

Senior management has responsibility for execution of the Agri-Food DCF Sourcing Performance, and the responsible parties have authority and access to resources to ensure execution.

3. Commitments of the Parent Group

3.1. Exclusions

3.1.1. Expansion of fossil fuel activities

If any legal entity within the Parent Group is in the business of exploration or extraction or fossil fuels, or is a utility company generating or supplying power or heat generated from fossil fuels, the Parent Company has, within the last year, publicly (re)committed to no expansion of any of the following activities across the Parent Group after 1 January 2023:

- i.** The exploration and extraction of proven conventional and unconventional fossil fuel reserves;
- ii.** The exploration of new conventional and unconventional fossil fuel resources;
- iii.** Natural gas production;
- iv.** Refining crude oil to produce derivative products;
- v.** The supply and/or use of fossil fuels for power generation and heat.

3.1.2. Deforestation and Conversion of natural ecosystems

The Parent Company has, within the last year, publicly (re)committed that as of 31 Dec 2020, no entity within the Parent Group has or will engage in deforestation or conversion of other natural ecosystems¹.

4. Disclosure

4.1. Information to disclose

The Applicant publishes and keeps accessible on their website the information presented in Table E1.

Disclosures have been and will be made according to the customary practices regarding corporate disclosures, such as annual reporting, dedicated sustainability reporting, statutory filings, and investor presentations, at the discretion of the Applicant.

¹ According to the definitions set in the Climate Bonds Agri-Food DCF Sourcing Criteria (2024)

Table E1: Disclosure requirements for Agri-Food DCF Entity Certification

Relevant clause	Pre-Certification disclosure	Annual disclosure thereafter
E.1.1 Applicant control of the Certified Entity	<p>The name of the Applicant.</p> <p>The entity that is the Certified Entity.</p> <p>The relationship between the Applicant and the Certified Entity (if different).</p>	Any changes in the relationship between the Applicant and the Certified Entity.
E.1.2. Boundary of the Certified Entity	All legal entities of the Applicant, noting which are included within the boundary of the Certified Entity and which are not.	Any changes to the boundary of the Certified Entity.
E.1.3. Obtaining Entity Certification	<p>Which legal entities form part of the Parent Group, and the economic activities they practice.</p> <p>The assurance provider.</p> <p>The level of assurance obtained (limited assurance or reasonable assurance).</p> <p>The professional standard(s) against which the Verification Engagement was performed.</p> <p>The Approved Verifier's pre-Certification Verification Report.</p>	n/a
E.1.4 Maintaining Entity Certification	n/a	<p>The assurance provider.</p> <p>The level of assurance obtained (limited assurance or reasonable assurance).</p> <p>The professional standard(s) against which the Verification Engagement was performed.</p> <p>The Approved Verifier's annual Verification Report.</p> <p>Any revocation of Certification.</p>

Relevant clause	Pre-Certification disclosure	Annual disclosure thereafter
E.2.1. Agri-Food DCF Sourcing Performance	<p>The Agri-Food DCF Sourcing Performance (per Clauses E.2.1.1 (Agri-Food DCF Sourcing Criteria) and E.2.1.2 (Board Approval).</p> <p>The date the Agri-Food DCF Sourcing Performance was approved by the Board of the Certified Entity (E.2.1.2)</p>	Whether Agri-Food DCF Sourcing Performance has changed (per Clause E.2.1), including any changes in materiality (any agri-food commodity with procurement spend > 1%).
Relevant clause	Pre-Certification disclosure	Annual disclosure thereafter
E.2.2. Governance - Board and senior executive responsibility	<p>The named individual, committee or Board responsible for the Agri-Food DCF Sourcing Performance.</p> <p>The management structure in place for executing the Agri-Food DCF Sourcing Performance.</p>	Any changes to the named individual, committee, or Board responsible.

Relevant clause	Pre-Certification disclosure	Annual disclosure thereafter
E.3. Parent Group Commitments – Exclusions	<p>Commitment by the Parent Company on behalf of the Parent Group to zero future expansion of any of the activities detailed in Clause C.3.1.1</p> <p>Statement by the Parent Company on behalf of the Parent Group that no entity within the Parent Group has expanded any of the activities detailed in Clause C.3.1.1 since 1 January 2023.</p>	<p>Statement from the Parent Company on behalf of the Parent Group that no entity within the Parent Group has expanded any of the activities detailed in Clause C.3.1 since the previous Verification Engagement.</p>
	<p>Commitment by the Parent Company on behalf of the Parent Group that no entity within the Parent Group will or is planning to deforest or convert other natural ecosystems as detailed in Clause C.3.1.2.</p> <p>Statement by the Parent Company on behalf of the Parent Group that no entity within the Parent Group has engaged in deforestation or the conversion of other natural ecosystems (Clause C.3.1.2) since 31 December 2020.</p>	<p>Statement by the Parent Company on behalf of the Parent Group that no entity within the Parent Group has engaged in the deforestation or the conversion of other natural ecosystems (Clause C.3.1.2) since the previous Verification Engagement.</p>