

Public consultation comments and responses

Agriculture Criteria

No.	Category	Feedback Received	Response
1	Definitions	What does 'farm holding' mean? What boundary have we set?	For clarification, these "farmgate to farmgate" boundaries can include non-contiguous lands and production systems. The farm is treated as the production unit so includes areas such as any forest holdings linked to the agricultural production system by ownerships or ecosystem function.
2	Scope of emissions accounting	The scope of accounting emissions should include the areas located inside the farms that are set aside for conservation purposes.	This has now been included in the scope of emissions counted.
3	Scope	Sugarcane, soy and cotton should be included in the list of examples in scope.	Sugarcane, soy and cotton have been added to the list of examples.
4		It is not clear why greenhouse or hydroponic production are out of scope.	Considered to have features more similar to industrial processes and therefore mitigation and adaptation criteria will be different
5	Use of proceeds	Consider agroforestry itself as a separate example of use of proceeds.	Clarity on agroforestry provided and new examples added
6		Consider agriculture for biofuel production itself as a separate example of use of proceeds.	The lifecycle and potential indirect effects of biofuel production on deforestation make its impacts difficult to reliably evaluate.
7		Mention precision agriculture more explicitly.	Precision agriculture has now been added to the example activities that are eligible.
8		Table 1 – examples of eligible capex – include conversion of pasture to soy/ag products and investments to increase yields.	Conversion would only be eligible if the net GHG balance of the new land use is higher than the pasture. Cannot indicate this as automatically eligible
9	Alignment with other CBI Criteria	Agricultural waste management should be covered by the waste criteria.	Manure management and crop residue management are not adequately covered by the waste criteria as they are often recycled on farm and may not involve industrial processes.
10		Use of the Criteria for Mexico as an example/benchmark can be confusing and create an expectation that all countries will have a Personalized Criteria.	The single country criteria for Mexico was unusual and undertaken by special request with funding provided. It is not typical of how CBI develop criteria.
11		We would suggest that the standard includes farmed fish.	Unfortunately, CBI has already attempted a Fisheries Criteria. It was deemed too difficult to accurately assess the mitigation and adaptation and resilience benefits of fisheries bonds at this point in time due to

			the lack of available data and tools. We have written a white paper about the progress we made with the criteria and this can be used in the future should more data and tools become more readily available.
12	Mitigation requirements (general)	CBI's current proposed requirements for "Mitigation" and "Compliance with Climate Adaptation and Resilience" should be applied to Corporate Growers, whereas a more feasible set of requirement/measurement should be considered in a pulverized CRA/bond with underlying assets of non-corporate growers. Please consider the recommendations for non-corporate growers based on market experience and sounding.	We have now made some specifications to make it easier for dispersed bonds/cooperatives throughout the document.
13		Are these requirements needed across all the farms the issuer manages and owns? Or just where the proceeds are being used? This is an important issue.	We have now clarified in text that requirements apply only where proceeds are being used.
14	Mitigation requirements: HCS land	No conversion of HCS appears not to include Cerrado habitat?	The land use change requirements prevent change to land use that emits more emissions than the previous land use.
15		The zero deforestation criteria post-2008 should be reassessed.	We have changed the date to 2010, unless it is in the EU, which will remain as 2008 to align with the EU sustainable finance taxonomy. If local deforestation law dictates a date earlier than 2010, then this date will be applied instead.
16		Establishing the tree height > 5 m or canopy percentage is clearly biased to humid or temperate rainforests. There are other biomes with smaller trees, lower canopy cover and high biodiversity where agriculture exists.	We have now expanded the tools used to define HCS land within the Criteria so that it is not just focused on temperate regions.
17		Please consider also diversifying the set of calculators indicated and being flexible in accepting new methods. 2.1. Since HCS calculators are essentially declarative tools (that is, growers answer questions in a platform that are processed to evaluate carbon emission mitigation), we suggest some other compliance criteria could also be based on grower's declarations, provided (i) the bond is highly pulverized; (ii) growers are classified as small or medium farmers; and (iii) there are monitoring and associated penalties for grower's that provide false or inaccurate information.	We have now included provisions for dispersed bonds/cooperatives within the Criteria.

18	Mitigation requirements: new emissions from land use change	Cutoff date is one year before investment period, but with no harmonized cutoff date (i.e., this will result in different dates for different issues).	This requirement has now been changed to "No clearing of woody vegetation over 3 metres in height after 2020 on the production unit in question." Compliance can be demonstrated by submission of maps (see Global Forest Watch maps), georeferenced photographs or satellite imagery of land use change and burning, for example. Vegetation surveys or other formal government data can be used as well. This disqualification is designed to prevent clearing to increase the area of grazed or tilled land. It should not be applied to disqualify clearing as a necessary adjunct to the commercial operation of the enterprise. So, for example, clearing is permissible to build farm infrastructure such as roads, dams or fences or to create a firebreak or around power lines or to otherwise mitigate fire risk around farm infrastructure.
19		We believe that the concept of "investment period" is not clear enough and should be further detailed.	This is usually the tenor of the bond.
20		We understand this criterion implies a farmer can change land use (for instance, from forest to crops), provided he adopts proportional compensating measures to reduce carbon emission and/or increase carbon stock. Is that right? Could change of crop be considered as a change of land use (ex: from soybean to corn)? It should be stressed that, in Brazil, crop change (rotation) is normal practice and helps fixing land's nutrients.	
21	Mitigation requirement: GHG target threshold reductions	Based on our experience, most agricultural operations in tropical developing countries will struggle to meet either option of requirement 3. One possible workaround is the use of the resilience exception, whose criteria will likely be easier for farmers (particularly smallholders) to meet. However, the restriction around export production means that export-oriented supply chains that often drive deforestation and rely on a large number of smallholders will be excluded from the scheme, which seems counter-productive in terms of the standard's environmental and social impacts. We recommend that you relax this restriction.	Export-oriented supply chains are assumed to have more resources to be able to address mitigation. Activities that drive deforestation cannot be eligible.

22		<p>It is not clear if the suggested rates for the reduction trajectory (20% in the first 10 years, 30% after 20 years and 40% after 30 years) are examples/recommendations or a specific requirement itself. Despite mentioning that the threshold can be adjusted for investments of less than ten years, more objective guidance should be provided (e.g., reduction of 40% of emissions at the end of investment period).</p>	<p>These are specific targets. An investor may have up to ten years to demonstrate reduction to account for time needed to develop a low-emissions system (e.g., tree growth).</p>
23		<p>IPCC calls for "decline by about 45% from 2010 levels by 2030, reaching net zero around 2050 (2045–2055 interquartile range)" Why CBI is deviating from the IPCC 1.5C degree recommendations in favour of alignment with the EU taxonomy? Given that criteria is forward-looking, what happens in case the project does not meet one/several of the GHG reduction milestones in the future? Is there any plan to make the loan's interest rate or its repayment contingent upon the strict adherence to the required GHG trajectory?</p>	<p>We have now included a 1.5 degree target instead. Net zero is an economy-wide target. Current targets reflect the least cost mitigation contribution of the agriculture sector based on integrated assessment models of the IPCC's 2.6 degree representative concentration pathway (RCP).</p>
24		<p>Is there any plan to make the loan's interest rate or its repayment contingent upon the strict adherence to the required GHG trajectory?</p>	<p>This is not something we can address with this Criteria. This document should just be used to certify green bonds as climate-aligned.</p>
25	Mitigation requirement: best practices list	<p>The application of option 2 is restricted to projects >5 years as a result of the 'management of soil and biomass for net carbon sequestration' criteria. Given the requirements for management to ensure sequestration persists for 20 years there doesn't seem to be a need for the 5-year project length. It is important to look at it from the perspective of what kinds of agri bonds would be issued (if some of these are with short-dated maturities of 1-3 yrs, then it is important for the CBI criteria to accommodate for that).</p>	<p>The 5-year period is necessary to ensure sufficient time under the project's control for increases of soil carbon to occur that are detectable and can be verified. The 20-year period is only for evidence of maintenance.</p>
26		<p>More detail should be provided about what is considered as right source, right timing and right placement of fertilizer. Are these the same as "controlled release fertilizer"? Reference to footnote 15 is missing. In the energy practice, detail should be provided to justify the exclusion of wood, since it could be adopted for renewable sources.</p>	<p>Right placement can be indicated by machinery used; right timing and right source by nutrient management plan. This has been emphasised further in the document. No single measure can be evaluated as sufficient independently, but controlled-release fertilizer would be an example of a more efficient fertilizer application.</p>

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27		Some kind of residue management shall be a core required practice for all kinds of best practice requirements for every crop production (not only flooded rice). Sustainable energy use of residues, for example, can also be included.	This has been added to the best practice list.
28		It seems expansion on cleared land or sustainable intensification should be included here as a means to reduce GHG emissions.	Both are within scope if they use best practices or reduce emissions compared to the base year, but cannot be considered automatically eligible.
29		We would suggest the standard address contaminated growing conditions. According to the World Health Organization, mycotoxins of which aflatoxins are a subset, are poisonous substances produced by certain kinds of fungi that contaminate food crops and pose a serious and fatal health threat to humans. Aflatoxins cause an estimated 25% or more of the world's food crops to be destroyed annually.	Under best practices, we now include category of Food loss, and the requirement of "No mycotoxins or other contaminated growing conditions that could result in reduced yields"
30		Please clarify periodicity and form of monitoring required when verifying the introduction of 'best practices'. We believe there should be greater flexibility when considering what exactly are 'best practices'.	We are open to working with organisations to develop regionally-specific best practice lists. Brazil will be the first regionally-specific list.
31	Methodological Notes	When it comes to the demonstration of compliance are "maps, georeferenced photographs or satellite imagery of land use change" only examples? What would be other ways to demonstrate it? In Brazil, for some areas "no conversion" is considered a legal requirement at rural properties, and we have formal government data to prove it.	These are examples; other similar means can be used, too.
32		In the first paragraph of the page are listed some tools for estimated Carbon Emissions. But it needs to be clear that is not an exhaustive list. There are some regional tools that can be more effective on the calculations of one country/region. Also, GHG Protocol Agricultural Guidance could be used.	We have added the clarification and this tool to the list.
33		When detailing the approaches for calculating reduction in GHG emissions, the Brazilian GHG Protocol Tool should be pointed as a methodological option (https://pastagem.org/index.php/pt-br/tools/documents/download/12-	We have added this tool to the list.

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		planilhas/269-ferramenta-de-calculo-ghg-protocol-agropecuario.)	
34	Alternative Meat and Dairy Products	Can we include pulses within this category?	We have removed this as its own separate category and instead have added research into alternative meat and dairy products to the list of eligible supporting activities outside of the production unit.
35		More detail should be provided about the scope of "alternative meat and dairy products". For instance, does it include soy production and manufacturing for plant-based burgers?	Response?
36		Production of selected alternative meat and dairy products is itself a different and specific use of proceed. Therefore, there should be provided more details on its inclusion as a category for this kind of project/asset.	Response?
37		It is not clear why soy and almond milk are out of scope.	Response?
38		It may create a disadvantage to producers who cannot prove the use of their products. Also, the standard's scope for crop and livestock production is "farm-gate to farm-gate". Considering the end use (in the case of alternative meat and dairy) of products seem to be out of this standard's scope.	Response?
39		Clarity needed on whether soy and almond milk do not qualify just under the alternative meat and dairy and so aren't required to meet mitigation criteria or whether they can not be certified as Climate Bonds. Recommend a table of processes that qualify as alternative meat and dairy.	Response?
40	Resilience measures on farm and off farm	A more detailed distinction should be provided in order to clarify these as different categories. The interdependence component in resilience measures complexifies the understanding of its scale (if it is specifically orientated to an area/property or if it impacts a whole region).	We have reordered the categories now to hopefully make them more distinct.
41	Resilience requirements	The resilience requirements are far beyond the capacity of developing such studies and analysis, especially in the South American context. It is not feasible	We have now included a low-income exemption within the Criteria, which if an issuer can meet, then certain requirements are not needed.

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		in terms of available data and scenario models, and its complexity might be an entrance barrier. The requirements must be simplified and detailed guidance must be provided in order to achieve objective results. Specific tools and frameworks to be adopted should be pointed, in the same way that are for the mitigation requirements (e.g., GHG Protocol), in order to avoid subjective or broad conclusions about the possible benefits.	
42		Additional guidance on risk assessment needed to establish scenarios and/or baselines for the activities under the adaptation pillar. Important to recognise these studies are not easily found for the agriculture sector and in most cases are expensive and demand data availability and technical knowledge which can inviabilize an operation, especially for smaller projects. It would help if these studies, as well as those for GHG emissions baseline, could be undertaken during the first months of the Project.	We have clarified within the text now that scenarios/baselines for the adaptation and resilience requirements do not need a professional assessment and do not need to scenarios, etc. These are just provided as guidance.
43		Additional definition needed on the term “to increase resilience”. The adaptation pillar is crucial for the sector. However, it is necessary to provide additional guidance on the activities/projects that could be undertaken under this category.	We have listed out the specific eligible activities in this category now.
44	Dispersed bonds/cooperatives	Has CBI considered how the CBI Agriculture Standard should be applied in case fixed-income securities backed by receivables originated from businesses between rural producers or cooperatives? In this type of issuance, the company transfers its receivables to a securitisation vehicle, which issues bonds and makes them available to investors. What about Letter for Agribusiness Credits (LCA – as used in Brazil), where a financial institution issues the security? It doesn't seem feasible to prove that the underlying projects or assets are originated from practices that comply with CBI Agriculture criteria.	We have now included provisions for dispersed bonds/cooperatives within the Criteria.
45	Conservation areas within farms	How will the policy account for jurisdictions where agricultural producers are obliged to preserve a % of their property and maintain native forests?	Accounted for as conserved area and included if same owner or demonstrated ecological function for farm

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46		We suggest the insertion of rural activity in the conservation of native forests as a mechanism for maintaining the soil's carbon reservoirs and providing various environmental services.	Forest management is out of scope.
47	Document accessibility	The traffic light table in the Criteria and background doc is not accessible for colour blind readers. No difference in the colours of the traffic lights.	We have changed the table to use shapes instead.