



# Environmental, Social and Governance Policy





## ABOUT HEAVYFINANCE

We are here to remind the critical role that agriculture plays in the life and subsistence of any given society. Not only is it the backbone of the economic system, but it's also the source of food and raw materials.

On the other hand, the agriculture sector is one of the major climate polluters. We aim to return balance to nature, by helping farmers to deploy sustainable land management practices.

HeavyFinance operate as a pure marketplace for agricultural loans. It connects small and medium agricultural enterprises with a global investor community from retail investors, to companies and family offices, to institutional investors.

## ENVIRONMENTAL GOAL

By providing access to financing to small and medium agricultural enterprises across the European Union, Heavy Finance aims to reduce

# 1 gigaton

of CO2 emissions by 2050.

According to the European Environmental Agency, “between 2005 and 2019, the EU’s agricultural GHG emissions changed very little, and this trend is expected to continue, with Member State projections indicating that there will be only a modest 2% decline in agricultural GHG emissions by 2030, compared with 2005 levels. If additional measures currently planned by Member States are implemented, this would increase to a decline of 5%, which would be insufficient to meet most Member States’ binding annual targets.”

European Court of Auditors found out, that most of the European Union Common Agricultural Policy (CAP) mitigation measures “have a low potential to mitigate climate change. The CAP rarely finances measures with high climate mitigation potential”. That creates potential for additional efforts and initiatives by private market participants.

Therefore, HeavyFinance aims to support the Member States in climate target commitments by assisting farmers in adopting ecosystem-friendly practices. These pledges create climate change mitigation and resilience in the agro sector as well as reduce risks in the food supply chain.

Sustainable Agriculture is a tool for climate change mitigation because the soil is recognized as the second largest C pool after the oceans and one of the crucial components of the biosphere, supplying primary ecosystem services and functions. It acts as the nature-based solution for excessive greenhouse gas removal from the atmosphere through biological processes. Carbon Dioxide is sequestered in the soil in organic carbon form, which permanently locks excessive emissions. Soils play the role of the natural sink for carbon storage, enhancing numerous advantages for soil health, productivity, and biodiversity.



## ACTIVITIES TO REACH ENVIRONMENTAL GOAL

Heavy Finance's main activity aims to support regenerative and sustainable land management practices, such as: promotion of biodiversity (e.g., cover crops and crop rotation), reduce soil disturbance by changing tillage practices from intensive to minimal, no-till, or strip-till, reduce the use of synthetic fertilizers, usage of regenerative grazing management for livestock, etc.

Emissions avoidance from excessive fossil fuels by financing low-emission machinery for improved agriculture land management acquisition: financing farmers for enhanced machinery purchase, HeavyFinance aims to reduce fossil fuel emissions from equipment combustion and amount of time spent on the fields.

Heavy Finance will seek to ensure that major part of all company's funding allocations will be dedicated to the activities, that are in line with Taxonomy Regulation (Regulation (EU) 2020/852), specifically Article 9 activities: a) climate change mitigation; and f) the protection and restoration of biodiversity and ecosystems (described further in Articles 10 and 15).



## CONTRIBUTION TO OTHER THAN CLIMATE-CHANGE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (SDG)

**SDG 3:** Good Health and Well-Being. Application of sustainable land management practices will allow farmers to produce the quality of crop with increased nutrition facts for the health and benefit of the consumers.

**SDG 8:** Decent work and economic growth. The rural areas usually are not economically attractive and are gradually vanishing. Heavy Finance activities and incentives influence decent wages, stable employment, and economic development and can help evolve the country's rural areas.

## METHODS AND TOOLS TO EVALUATE IMPACT

To help farmers evaluate whether specific investment of the HeavyFinance complies with Taxonomy Regulation, Heavy Finance will provide to the farmers the “Green Eligibility Checker” tool <https://greenchecker.eib.org/selection>, developed by European Investment Bank.

To evaluate climate change mitigation effects in a quantitative manner, Heavy Finance is applying 2006 IPCC guidelines of National GreenHouse Gas Inventories (guidelines used by EX-ACT tool, developed by the Food and Agriculture Organization of the United Nations).

## VOLUNTARY CARBON MARKET PROGRAMME

To incentivize farmers to apply long-term regenerative agriculture and the protection and restoration of biodiversity/ecosystems practices, Heavy Finance adopted the Voluntary Carbon Market Programme. Farmers may choose to participate in the Programme, and thus gain financial benefits from the sale of carbon credits in voluntary markets.

Farmers' participation in a voluntary carbon scheme ensures integrity and credibility of emission reduction results as robust frameworks are applied.

Farmers can voluntarily participate in the Voluntary Carbon Market Program. The VCS methodology is applied to estimate and quantify greenhouse gas emissions reductions and monitor, report, validate or verify. The GHG projects comply with ISO 14060 family standards.

## SCOPE

This Environmental, Social and Governance Policy describes the main environmental, social and sustainable governance objectives of HeavyFinance.

contribute to public well-being with the focus on rural economies;  
promote sustainable governance;  
promote achievement of long-term goals.

# INTEGRATING ESG IN HEAVY FINANCE INVESTMENT PROCESS

## ASSESS

We assess investment applications through ESG due diligence and ESG materiality analyses.

## AVOID & EXCLUDE

We avoid to invest in farmers whose activity cause negative environmental and social impact with no opportunity to mitigate the negative impacts

We do not finance farmers whose direct or indirect activity cause environmental and social harm

## INCENTIVIZE & SUPPORT

We incentivize farmers who uses funds for significant mitigation of climate change by providing them with better financing conditions

We periodically evaluate positive change created by our activities and actively engage with farmers to help them build better understanding of regenerative agriculture

## REPORT

We ensure transparency of our activities by calculating climate change mitigation effect and publishing results in annual ESG reports



## OVERSIGHT

To ensure Heavy Finance compliance with ESG policy goals, the ESG Steering Committee (“Committee”) is established.

The Committee is responsible for steering operations of the company regarding principles, established in the ESG policy; reviewing the ESG Policy annually and amending it as needed.

The Committee is chaired by the Head of Decarbonization and Sustainability group and is composed of senior officers of the company from different areas.

## MONITORING AND REPORTING

Heavy Finance monitors a wide range of Key Performance Indicators (“KPIs”) in the assets of funds it manages and its own employees and activities, which are reviewed annually.

All KPI data are gathered and reviewed by the ESG Steering Committee.

A subset of these KPIs are reported publicly in the annual ESG report.





## KNOWLEDGE SHARING

We believe that collaboration and knowledge sharing is an important element of a good corporate culture and developing ESG related capabilities. We undertake the following to support this approach: encourage attendance of employees at relevant conferences and seminars;

organizing seminars (at least once a year for each theme) on environmental, social and governance topics inviting experts to share relevant information and updates on environmental, social and governance topics recent developments;

joining relevant associations and initiatives established to promote responsible environmental, social and governance practices.

## SUPPORTING DOCUMENTS

- [Environmental, Social And Governance Policy](#)
- [Transparency Policy](#)
- [Environmental Policy](#)
- [Diversity, Equity And Inclusion Policy](#)
- [Remuneration Policy](#)
- [Anti-Corruption Policy](#)
- [Code Of Ethics](#)
- [Conflict Of Interest Prevention And Management Policy](#)
- [Whistleblowing Policy](#)



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