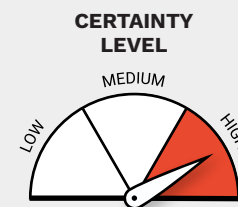
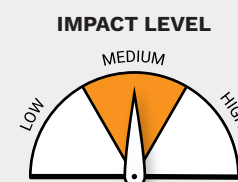


CASE STUDY: LAND-USE PACT SIGNED BY TOP COMPANIES AT COP 26

SECTOR
Beef, Palm
Oil, Soy,
Cocoa

LOCATION
Global

During COP 26, 10 commodity companies (including JBS, Cargill, Bunge, and Wilmar International) pledged to end deforestation in their supply chains by 2030. They join over 140 countries who have agreed to reinforce existing commitments to halt forest loss from agricultural commodity production and trade. If upstream soft commodity producers refuse to adhere to policies implemented by their buyers, they risk facing sanctions such as suspension of trade, exposing firms to market access risks.



INCOME STATEMENT IMPACTS

Climate-related risks that affect income, expenses and revenue

Sales Revenue

Soft commodity producers could lose market access due to increased scrutiny and stricter regulations.

RISK

Those who do will lose will see **decreased sales and revenue.**

SG&A

Soft commodity producers may face regulatory penalties, fines and/or legal action.

RISK

These result in **increased SG&A expenses.**

BALANCE SHEET IMPACTS

Climate-related risks that affect assets, liabilities and shareholder equity

Goodwill

Attention on compliance is increasing.

RISK

Laggards can suffer reputational damage and **loss of customer loyalty.**

OPPORTUNITY

First-movers can build a reputation as an environmental good actor and **improve customer opinion and retention.**

Write-downs and Impairment

Business practices and trade policy are changing in response to a warming climate.

RISK

At-risk assets can **lose their value** as a result of changes in business practices and government policy.

Weighted Cost of Capital (WACC)

Lenders and investors increasingly require compliance with environmental and social standards.

RISK

Laggards may face **higher financing costs and increased liabilities.**

OPPORTUNITY

Leaders may find **fewer barriers to capital** as a result of responsible actions.