

Soft Commodities Compact

What

Using the Compact Technical Guidance and best practice, banks develop policies and financing solutions for clients in four soft commodity supply chains that support the net zero deforestation goal. Performance of the policies is disclosed and time-bound. Adoption is open and extended to non-BEI banks.



How

Banks set their own policies and compliance processes, report on progress and explore financing solutions that incentivise sustainable practices along the supply chain.



Policies and solutions can cover a range of bank products, including project finance, trade finance and various other banking services.

Banking and the Soft Commodities Supply Chain



- **Growers:** farmers of soft commodities, often small-holders. Banks can help to create loans that incentivise sustainable farming practices.
- **Processors:** purchase the crop of small-holders and process it at scale. Banks provide project finance for facility expansion or construction.
- **Commodities trader:** buy from growers or processors. Banks provide foreign exchange services and trade finance, such as letters of credit.
- **Consumer goods company:** create products from the processed commodity. Banks provide a full-range of corporate banking services, e.g. invoice financing.
- **End user:** the consumer, who can express a preference for certain products through what they choose to buy.