UK Agricultural Finance Limited

Our Approach to Net Zero

Supporting the transition to sustainable, resilient British farming

UK Agricultural Finance is a specialist lender to British farming and the rural economy. This statement explains how we will support the transition to a net-zero economy, whilst continuing to finance productive farms and a resilient rural economy. Climate change affects the land we lend against, the businesses we support and the long-term risks and opportunities in agricultural lending. Our borrowers are on the front line of a changing climate and they are central to any successful response to it. Our approach is practical: measure, engage, incentivise investment in transition, and report transparently on where we are on that journey.

What we are committing to

- **Reducing our own emissions.** We are measuring the emissions from running our business and reduce these towards net zero. Any small, unavoidable remainder will be addressed through high-integrity carbon removal; we will not use offsets to mask emissions that we could otherwise reasonably cut.
- **Understanding and reducing the emissions we finance.** As a lender, our largest climate impact comes from the businesses we support rather than from our own operations. Measuring these 'financed emissions' is genuinely complex, particularly in agriculture, where land use, livestock, inputs, sequestration and farming methods all require careful treatment. We are committed to doing this properly. We will set reduction targets once we can do this on a sound, evidence-based footing, with the long-term aim of aligning our lending with net zero by 2050, consistent with the UK's legal commitment.
- **Supporting a fair transition for farming.** Farming cannot be decarbonised by withdrawing finance from the sector. Our role is to help fund the transition through practical investment in more efficient, resilient and lower-emission agriculture, including energy efficiency, renewable energy, improved infrastructure, soil health, water resilience and quality, better data, and productivity enhancing technology.

How we are going about it

We will use recognised standards, including the GHG Protocol for measuring emissions, the PCAF methodology for financed emissions, and the science-based direction of the SBTi Financial Institutions Net-Zero Standard. We take an 'engagement-first' approach, working alongside our borrowers to support practical improvements that are environmentally, financially and operationally sustainable, as real change on-farm matters the most.

Being honest about where we are

We are at an early stage in this work. Our immediate priority is to establish reliable baselines for our own emissions and our financed emissions, and review how climate-related risks (and opportunities) are reflected in our lending policy. We would rather share fewer, dependable figures than make claims we cannot evidence. As we progress, we will report openly and distinguish between ambition, estimate, and achieved performance.

This commitment is overseen by our Board and reviewed at least annually, including our progress on measurement, target setting and borrower engagement. We welcome conversations with customers, funders and partners about how we can support the transition to sustainable, resilient British agricultural. Our aim is to remain a practical, responsible lender to British agriculture and the rural economy.