

A green tractor is positioned in the center of a field of golden wheat. The wheat stalks are in the foreground, some in sharp focus and others blurred, creating a sense of depth. The sky is a clear blue with a few wispy white clouds. The overall scene is bright and sunny, representing a typical agricultural landscape.

# *Agriculture*

Position statement  
Danske Bank

September 2019

Danske Bank

# Introduction

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## About Danske Bank Group

Danske Bank is a Nordic universal bank with strong regional roots and close ties to the rest of the world. For more than 145 years, we have helped people and businesses in the Nordic countries realise their ambitions. Today, we serve more than 3.3 million personal, business and institutional customers in 16 countries. In addition to banking services, we offer life insurance, pension, mortgage credit, wealth management, real estate and leasing services and products. Our vision is to be recognised as the most trusted financial partner.

## Societal impact and sustainability at Danske Bank Group

As one of the largest Nordic financial institutions, Danske Bank Group has a responsibility and sizeable societal impact. By being solid, balanced and predictable, we aim to conduct our business in a responsible, accountable and transparent manner that supports financial stability. We are driven by an ambition to create value for all our stakeholders, and we use our expertise to drive sustainable progress and make a positive impact in the societies we are part of.

We have committed to respecting human and labour rights, mitigating adverse environmental impacts and eliminating corruption in all of its forms throughout our business. Internationally recognised principles dealing with environmental, social and governance (ESG) aspects of business lay the foundation for how we conduct our business in a responsible and transparent manner. Furthermore, these provide a shared framework for our relations and dialogue with stakeholders.

Danske Bank Group observes and supports the following international agreements, guidelines and voluntary standards:

- 2030 Agenda and the UN Sustainable Development Goals<sup>1</sup>
- UN Global Compact<sup>2</sup>
- OECD Guidelines for Multinational Enterprises<sup>3</sup>
- UN Guiding Principles on Business and Human Rights<sup>4</sup>
- UN-supported Principles for Responsible Investment (PRI)<sup>5</sup>
- Principles for Responsible Banking<sup>6</sup>
- Task Force on Climate-related Financial Disclosures<sup>7</sup>
- The Universal Declaration of Human Rights<sup>8</sup>
- UN Environment Programme Finance Initiative (UNEPFI)<sup>9</sup>
- The ILO Declaration of Fundamental Principles of Rights at Work<sup>10</sup>

## Purpose and scope of position statements

Danske Bank Group works continually to improve its sustainable business practices, and we expect the companies we work with to do the same by integrating ESG in their business practices.

Our position statements clarify how Danske Bank Group operates and also outline the expectations we have for our business partners, our customers and companies

we actively invest in. These position statements establish a shared framework for a constructive and forward-looking dialogue about risks and opportunities. The statements apply to all of the markets we operate in and encompass all the operations of Danske Bank Group.

#### **Existing policies and position statements**

The internationally recognised principles that Danske Bank Group has endorsed lay the foundation for several of our policies and procedures. We have sector-specific position statements on agriculture, arms & defence, fossil fuel, mining & metals, and forestry. These position statements are complemented by cross-sector position statements on climate change and human rights.

In addition to the position statements, we have a Societal Impact & Sustainability Policy, Code of Conduct Policy, Whistleblower Policy, Sustainable Investment Policy, Supplier Code of Conduct and Credit Policy as well as Credit Directives on ESG risks in specific industries. We also publish an annual statement of carbon neutrality and annual statement on the steps taken over the course of the past financial year to eradicate and prevent modern slavery in the supply chain and any other parts of our business.

#### **Engagement, feedback and contact**

For more information about how we work in this area, please visit our website at [www.danskebank.com/responsibility](http://www.danskebank.com/responsibility). Please contact Kristina Øgaard, Head of Sustainability Strategy & Governance, Danske Bank ([krga@danskebank.com](mailto:krga@danskebank.com)) if you have any questions or comments.

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1) <https://www.un.org/sustainabledevelopment/sustainable-development-goals/>

2) <https://www.unglobalcompact.org/what-is-gc/mission/principles>

3) <http://www.oecd.org/>

4) [http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR\\_EN.pdf](http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf)

5) <https://www.unpri.org/about/the-six-principles>

6) <https://www.unepfi.org/wordpress/wp-content/uploads/2019/06/PRB-Consultation-Document-12-Web-june-2019.pdf>

7) <https://www.fsb-tcfd.org/>

8) <http://www.un.org/en/universal-declaration-human-rights/>

9) <http://www.unepfi.org/about/unep-fi-statement/>

10) [http://www.ilo.org/wcmsp5/groups/public/---ed\\_norm/---declaration/documents/publication/wcms\\_467653.pdf](http://www.ilo.org/wcmsp5/groups/public/---ed_norm/---declaration/documents/publication/wcms_467653.pdf)

# Agriculture

POSITION STATEMENT  
DANSKE BANK

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## 1. Introduction

The agriculture industry encompasses crops, livestock, fisheries and aquaculture, making it an essential part of the world's food production. According to the Food and Agriculture Organization of the United Nations, global food production must increase 61% from 2014 to 2050 in order to meet the changing dietary patterns and demands of a growing population<sup>1</sup>.

Because the agriculture industry is highly dependent on natural resources, it is exposed to climate change, the deterioration of natural resources, stressed ecosystems and the loss of biological diversity. The industry itself contributes to climate change through the emission of greenhouse gases into the atmosphere. The industry can also negatively contribute to ecosystems, soil quality and biological diversity.

These environmental issues are reflected in the ESG risks identified in the agriculture industry; these risks concern water use, biodiversity, ecosystems and pesticide use. The social risks in the agriculture industry concern animal welfare, land use, community relations, indigenous rights and working conditions such as working hours, child labour, wages, forced labour and health and safety measures.

At Danske Bank, we acknowledge the need for sustainability in the agriculture industry because it can help to maintain natural resources, reduce poverty and minimise hunger around the world. When working with the companies we invest in and lend to in the industry, we aim to minimise the potential adverse environmental and social effects and aim to support good governance by promoting recognised international principles whenever relevant.

## 2. Our approach

In promoting sustainable agricultural practices, Danske Bank is guided by a number of international principles. We expect the companies we invest in and lend to and our business partners to operate in accordance with relevant international norms, as well as with regional and national laws, regulations and permits.

As set forth in our Sustainable Investment Policy, Supplier Code of Conduct and Credit Policy, we take into consideration ESG risks based on international principles and standards in our investment, procurement and lending practices.

## 3. Implementation

To ensure that we manage our investments, business activities and lending associated with ESG risks based on the international principles that we endorse, we have implemented processes that have a risk-based approach and that are structured around two phases: 1) Screening and ESG risk analysis and 2) Dialogue

and engagement. We also regularly monitor and assess our efforts in order to meet the needs and expectations of our customers and stakeholders in the best possible manner.

#### **Screening and ESG risk analysis**

- We integrate ESG considerations in investment and lending practices and monitor the development of ESG risks on an ongoing basis.
- When investing in listed companies in the agriculture industry, we conduct an ESG screening of the portfolio companies in collaboration with our screening and research partners to ensure that their conduct is in accordance with our Sustainable Investment Policy and the international principles we endorse.
- When investing in unlisted companies in the agriculture industry, we screen for possible ESG risks as part of the due diligence process. If the ESG risks are assessed to be of significant importance, the results will be examined with the Sustainability & Impact Investment team in Danske Bank.
- When we decide to invest in agricultural activity that is not within close proximity, we prefer to do it in collaboration with other investors in order to create the best possible foundation for ESG risk management.
- When lending and renewing credit to the agriculture industry, we conduct an ESG assessment in order to ensure that our customers' conduct is in accordance with our Credit Policy, Societal Impact & Sustainability Policy and the international principles we endorse.

#### **Dialogue and engagement**

- We seek to influence the companies we invest in through ongoing dialogue, voting at general meetings, and participation in advisory boards and other relevant forums when we believe it will have a substantial effect.
- If there are allegations of possible breaches of international principles, identified ESG issues, or if the customer we lend to is not compliant with our Credit Policy or our Societal Impact & Sustainability Policy, we initiate a dialogue in order to determine a solution together with the customer. The aim is to clarify the circumstances, to recommend that they follow a set of international standards and principles (as set forth in section 4), and to determine whether the company plans to change its behaviour.
- We prefer to engage with the companies and encourage the development of higher standards of responsibility instead of excluding them from our portfolio or terminating the credit relationship. However, if the company fails to demonstrate sufficient commitment towards improvement, we reserve the right to terminate the relationship whenever possible and in a controlled manner.

#### **4. Standards and principles**

Whenever relevant, we expect the companies we lend to and invest in to operate in accordance with the following sets of international agreements and framework:

- UN Global Compact<sup>2</sup>
- OECD Guidelines for Multinational Enterprises<sup>3</sup>
- UN Guiding Principles on Business and Human Rights<sup>4</sup>
- The Universal Declaration of Human Rights<sup>5</sup>
- The ILO Declaration of Fundamental Principles of Rights at Work<sup>6</sup>

### Industry-specific

We expect the companies we invest in and lend to in the agriculture industry to follow the guidelines listed below whenever relevant:

- Limit the use of pesticides, and if their use is necessary, use them in a responsible manner
- Use water efficiently, and prevent water pollution
- In water-scarce regions, conduct water-scarcity impact assessments to prevent negative impacts
- Reduce direct and indirect emissions of greenhouse gases and harmful substances such as nitrogen oxide and ammonia
- Work with and adopt relevant standards and certifications for raw materials, e.g. Fairtrade<sup>7</sup>
- Observe and follow national and EU legislation as well as relevant industry assurance schemes on animal welfare
- Prevent the introduction of invasive alien species in ecosystems
- Meet the permission and processing requirements described in the UN Convention on Biological Diversity<sup>8</sup> and the related Nagoya Protocol<sup>9</sup> and Cartagena Protocol<sup>10</sup>
- Do not have a negative impact on the cultural and natural sites on the UNESCO World Heritage List<sup>11</sup>
- Do not have a negative impact on the protected areas that fall under categories I-IV of the International Union for Conservation of Nature (IUCN)<sup>12</sup>
- Do not have a negative impact on the wetlands covered by the Ramsar convention<sup>13</sup>
- Have management systems or processes that deal with employee complaints, labour law violations and conflicts, and monitor and ensure compliance with labour laws
- Have policy commitments on health and safety
- Ensure equal treatment and working conditions for all employees, including women and migrant workers
- Respect the rights of children and refrain from using exploitative forms of child labour, such as labour that damages children's physical or mental health or prevents them from going to school as stated in the Minimum Age Convention<sup>14</sup> and Worst Forms of Child Labour Convention<sup>15</sup>
- Respect indigenous people and their right to customary lands by obtaining acceptance when entering such land as described in the principles of Free, Prior and Informed Consent (FPIC)<sup>16</sup>

Because our credit customers in the agriculture industry mainly operate in the Nordic countries and Northern Ireland, where they are subject to a strict EU and national regulation and monitoring, there is very limited risk of breach of the international agreements, frameworks and industry-specific guidelines referenced above.

For the listed companies we invest in, we perform a screening in collaboration with our screening and research partners to make sure that they act in line with the following international principles and conventions:

- UNESCO World Heritage List<sup>17</sup>
- Ramsar convention<sup>18</sup>
- International Union for Conservation of Nature (IUCN)<sup>19</sup>
- Minimum Age Convention<sup>20</sup>
- Worst Forms of Child Labour Convention<sup>21</sup>
- Free, Prior and Informed Consent (FPIC) as covered in the ILO Convention 169<sup>22</sup> and the UN Declaration on the Rights of Indigenous Peoples<sup>23</sup>
- UN Convention on Biological Diversity<sup>24</sup> and the related Nagoya Protocol<sup>25</sup> and Cartagena Protocol<sup>26</sup>

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- 1) <http://www.fao.org/3/a-i3940e.pdf>
  - 2) <https://www.unglobalcompact.org/what-is-gc/mission/principles>
  - 3) <http://www.oecd.org/>
  - 4) [http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR\\_EN.pdf](http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf)
  - 5) <http://www.un.org/en/universal-declaration-human-rights/>
  - 6) [http://www.ilo.org/wcmsp5/groups/public/---ed\\_norm/---declaration/documents/publication/wcms\\_467653.pdf](http://www.ilo.org/wcmsp5/groups/public/---ed_norm/---declaration/documents/publication/wcms_467653.pdf)
  - 7) This is applicable for the companies that we invest in
  - 8) <https://www.cbd.int/convention/>
  - 9) <https://www.cbd.int/abs/doc/protocol/nagaya-protocol-en.pdf>
  - 10) <http://bch.cbd.int/protocol/text/>
  - 11) <http://whc.unesco.org/en/list/stat>
  - 12) <https://www.iucn.org/theme/protected-areas/about>
  - 13) <http://www.ramsar.org/sites/default/files/documents/library/sitelist.pdf>
  - 14) [http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100\\_ILO\\_CODE:C138](http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:C138)
  - 15) [http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100::NO:12100:P12100\\_ILO\\_CODE:C182:NO](http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100::NO:12100:P12100_ILO_CODE:C182:NO)
  - 16) Covered in the ILO Convention 169: [http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO:12100:P12100\\_INSTRUMENT\\_ID:312314:NO](http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO:12100:P12100_INSTRUMENT_ID:312314:NO) and the UN Declaration on the Rights of Indigenous People: [http://www.un.org/esa/socdev/unpfii/documents/DRIPS\\_en.pdf](http://www.un.org/esa/socdev/unpfii/documents/DRIPS_en.pdf)
  - 17) <http://whc.unesco.org/en/list/stat>
  - 18) [http://www.ramsar.org/sites/default/files/documents/library/scan\\_certified\\_e.pdf](http://www.ramsar.org/sites/default/files/documents/library/scan_certified_e.pdf)
  - 19) <https://www.iucn.org/theme/protected-areas/about>
  - 20) [http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100\\_ILO\\_CODE:C138](http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:C138)
  - 21) [http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100::NO:12100:P12100\\_ILO\\_CODE:C182:NO](http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100::NO:12100:P12100_ILO_CODE:C182:NO)
  - 22) [http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO:12100:P12100\\_INSTRUMENT\\_ID:312314:NO](http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO:12100:P12100_INSTRUMENT_ID:312314:NO)
  - 23) [http://www.un.org/esa/socdev/unpfii/documents/DRIPS\\_en.pdf](http://www.un.org/esa/socdev/unpfii/documents/DRIPS_en.pdf)
  - 24) <https://www.cbd.int/convention/>
  - 25) <https://www.cbd.int/abs/doc/protocol/nagaya-protocol-en.pdf>
  - 26) <http://bch.cbd.int/protocol/text/>