

# Business relations in forestry and farming – Handelsbanken's guidelines

Established by the Group Chief Executive on 10 September 2018

Handelsbanken's view is that responsible actions are essential to long-term value creation. Long-term business relationships, low risk-taking and cost-awareness are cornerstones of Handelsbanken's business culture. They form the basis of successful banking operations being run in a responsible, sustainable manner.

The purpose of these guidelines is to make clear the Handelsbanken Group's (Handelsbanken's) view of approach to companies operating in forestry and farming. The guidelines should provide a guide for decision-making and establish the basis for instructions for the business operations. The guidelines apply throughout Handelsbanken and to all its operations, e.g. providing credit, financing, asset management, product development and purchasing.

## Background

Stable, productive and resilient ecosystems form the basis of secure, sustainable development. Today, such systems are under pressure. The challenges relate to everything from climate change, biological diversity, pollution and acidification to depletion of natural resources, eutrophication, land use, and the supply of fresh water. This will have consequences for both the regional and the global economy.

Responsible, sustainable forestry and farming is essential for maintaining and recreating sustainable ecosystems and a stable climate. At the global level, forestry and farming is one of the primary causes of the loss of biological diversity, and land-use change is one of the main sources of global greenhouse gas emissions.

The 2030 Agenda and the Sustainable Development Goals provide a clear direction and objectives as regards forestry and farming and their links to economic development, climate and the environment. Long-term sustainable forestry and farming create the conditions for biological diversity, stable climate, food supply and sustainable economic development.

Individual players cannot resolve all the challenges associated with the 2030 Agenda; international co-operation, shared responsibility and global efforts will be required. At Handelsbanken, we are convinced we have a role to play in the realisation of the 2030 Agenda and in the transition to a sustainable economy.

## Handelsbanken's undertakings

Through its operations, Handelsbanken wishes to encourage sustainable forestry and farming. In its business relations with companies active within forestry and farming, Handelsbanken must ensure that the company has processes for identifying and managing the relevant sustainability risks associated with its operations.

Handelsbanken expects companies operating within forestry and farming to comply with the relevant international, regional and local legislation, and to hold the requisite licences for their operations. Handelsbanken is positively disposed towards and encourages the environmental certification of forestry and farming, such as FSC, PEFC, the EU organic certification, etc.

Handelsbanken encourages a shift towards the production and use of sustainable palm oil. Companies that produce palm oil should be

members of the RSPO and certify most of their production. Companies that purchase or trade in palm oil should be members of the RSPO and/or undertake to purchase RSPO-certified palm oil.

Companies active in forestry and farming must respect the rights of their employees, including migrant workers, and all the customary rights of land use by indigenous populations. Natural resources should be extracted in consultation with the stakeholders concerned, and the local community.

Handelsbanken also expects companies operating within forestry and farming to minimise their negative environmental impact. Among other things, this includes reducing greenhouse gas emissions and substances that are harmful to the air and water. It also includes resource efficiency, for example in the form of effective use of water, and no unnecessary use of artificial fertilisers or pesticides. In addition, it means retaining biological diversity, preventing deforestation, protecting high conservation value forest (HCVF) and working to preserve natural forms of carbon sink. For companies active in forestry and farming, there must be care and respect in the treatment of animals.

## Relevant initiatives, guidelines and conventions

Global co-operation is vital to the transition to a sustainable economy, and thus Handelsbanken supports several international initiatives and guidelines. Such initiatives and guidelines constitute an important basis for Handelsbanken's sustainability activities. In the environmental field, the following initiatives, guidelines and conventions can be mentioned in particular:

### A. Initiatives and guidelines

- The UN Global Compact
- The UN Environment Programme Finance Initiative (UNEP FI)
- The UN Principles of Responsible Investment (PRI)
- International Finance Corporation's Performance Standards
- OECD Guidelines for Multinational Enterprises

### B. International conventions and agreements

- The Rio Declaration on Environment and Development
- The Convention on Biological Diversity
- The UN Framework Convention on Climate Change (UNFCCC)
  - The Kyoto Protocol
  - The Paris Agreement
- The Convention Concerning the Protection of the World Cultural and Natural Heritage (the UNESCO Convention)
- The Convention on Wetlands of International Importance, especially as Waterfowl Habitat (the Ramsar Convention)
- The UNECE Convention on Access to Information, Public Participation in Decision-making and Access to Justice in Environmental Matters (the Aarhus Convention)
- The Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal
- The Convention on International Trade in Endangered Species of Wild Fauna and Flora
- The International Convention on Civil Liability for Oil Pollution Damage
- The Convention on the Conservation of Migratory Species of Wild Animals