1. Introduction
The Board of Directors of Nordea Bank has adopted a Code of Conduct for Nordea Bank Abp and its subsidiaries, including branches and representative offices. It applies to all people working for Nordea. The Code of Conduct is primarily based on the ten principles of the UN Global Compact and sets out the general principles for how we aspire to work at Nordea and guides us in our business relationships. The Code of Conduct is supplemented by more detailed internal rules, policies and guidelines.

This is Nordea’s Sector Guideline for the Agricultural Industry which includes crop and livestock production, aquaculture and fisheries, and food production. The guideline was approved by the Business Ethics and Values Committee on 2020-09-14.

2. Commitment
Nordea is committed to conducting business responsibly and to integrating environmental, social and governance (ESG) criteria into our decision-making process. Nordea is a signatory to:

- the UN Global Compact
- the Principles for Responsible Investment (PRI)
- the Principles for Responsible Banking (PRB)
- the UN Net-Zero Asset Owner Alliance and
- the Equator Principles.

Nordea’s Policy for Anti-Money Laundering (AML), Counter Terrorist Financing (CTF) and Anti-Tax Evasion (ATE) risk management sets the framework and minimum standards for Anti-Money Laundering and Counter Terrorist Financing risk management. According to the policy, the Know-Your-Customer process is a key element in all AML/CTF activities. Dependent on the customer risk classification, Nordea either conducts Customer Due Diligence (CDD) measures or Enhanced Due Diligence (EDD) measures with regards to customers that present a higher risk of Financial Crime, in order to sufficiently mitigate any identified risk.

Nordea does not facilitate business with individuals, corporations or countries that are subject to relevant sanctions. Nordea has detailed processes for capturing potential violations of sanctions to ensure that transactions do not breach relevant sanctions imposed by UN, EU, the USA and applicable local regulators. Nordea has dedicated task groups and regular training in place.

3. Agriculture, Aquaculture, Climate Change and Biodiversity
The world population is projected to reach nearly 10 billion people by the year 2050. To be able to meet the challenges this poses and provide access to safe, affordable and nutritious food, it is necessary that the food production system is sustainable.

The Intergovernmental Panel on Climate Change (IPCC) and the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Service (IPBES) highlight the links between unsustainable land use, biodiversity loss and climate change. Carbon dioxide emissions are rising, and biodiversity is declining. Climate change is expected to affect the agriculture and aquaculture sectors with changing rainfall patterns, rising temperatures, variability in seasonality, changes in water currents, sea level rise and weather events, such as heat waves and droughts. While being impacted by climate change, agriculture also contribute to climate change through its release of greenhouse gases and other environmental impacts from degradation of soil, water and air through discharges such as agrochemicals, organic matter and drug residues.

Farmed fish is an important source of protein and has, in comparison with other livestock protein sources, a relatively low carbon footprint. At the same time aquaculture can entail risks of local environmental degradation for example through threat to wild fish stocks. Fisheries can also have environmental impacts through pollution, ghost fishing, damage to seabed or impact local ecosystems. Further, overfishing of the world’s fish stock and illegal and unregistered fishing are reasons for concern.

Sustainable agriculture, aquaculture and food production is imperative to halt biodiversity loss, enhance food security and meet the goals of the Paris Agreement and the UN Sustainable Development Goals. Sustainable agriculture is also an integral part of the European Union’s environmental policy objectives of a climate-neutral economy by 2050. The European Green Deal, including the Farm to Fork Strategy, the EU Action Plan for Financing Sustainable Growth and the EU taxonomy for sustainable activities aspire to include actions in the agricultural sector that can contribute to climate change mitigation and adaptation as well as the environmental objectives in EU’s policies.

4. Expectations for the Agricultural and Aquaculture Industry
Nordea recognises the responsibility to work towards a just transition to a sustainable society. Nordea expects clients and portfolio companies to acknowledge the IPCC scientific consensus on the influence of human activities on climate change and commit to the fulfilment of the objectives of the Paris Agreement. Nordea recognises the importance of maintaining ecosystems and preventing decline in biodiversity. Companies in the agricultural and aquaculture sectors should invest in and work towards sustainable land and water use and integrating ESG criteria in their businesses.

This sector guideline provides direction on best practice as well as on the international conventions and standards that we encourage and expect companies to follow, relevant to the nature and size of their operations. In addition to adherence to applicable national laws and regulations, we expect companies to follow and respect internationally recognized and frequently applied norms and standards in all relevant areas and jurisdictions of their operations.

Examples of such standards for the agricultural and aquaculture industries may include:

- Including clauses on the compliance with social, economic and environmental criteria in their contracts with subcontractors and suppliers,
- Having environmental, health, and safety (EHS) and quality and food safety management systems meeting standards such as ISO 9001, 14001, 18001, 50001 or FSSC 22000,
- Following applicable certifications or
standards, such as “Arlagården” or “Klimakontrolleret Gris,”
• Preventing the pollution of air, water and soil by applying the best available techniques, such as multi-year crop rotation, carbon sequestration, irrigation improvements and water conservation,
• Reporting regularly on material sustainability matters, in line with established standards, such as the GRI Standards or SASB, (applied to companies required to report according to Directive 2014/95/EU),
• Reporting to CDP’s Program (if requested by CDP),
• If relevant having a Code of Conduct and a Supplier Code of Conduct ensuring ethical business practices and striving for best practices as well as a compliance function including whistleblower and grievance mechanisms,
• Conventions such as the European Council Regulations (EC) No 1/2005 of 22 December 2004, No 1099/2009 of 24 September 2009 and the UN convention on the Law of the Sea,
• Applicable regional fisheries management organisations’ conventions as well as set fishing quotas,
• Fish farms and fisheries are certified according to the criteria of certification schemes such as the Aquaculture Stewardship Council (ASC) or the Marine Stewardship Council (MSC).

Animal Welfare
For companies involved in livestock products it is expected that they have standards for ethical operations concerning animal welfare and follow relevant national and EU regulations, such as the EU directive 98/58/EC.

It is further expected that companies integrate animal welfare criteria relevant to their operations into their procurement and operational policies and include clauses such as the compliance with criteria on animal welfare in their contracts with subcontractors and suppliers. Restricted housing methods such as calves in crates, hens in battery cages and sows in feeding cubicles are to be avoided.

Nordea expects clients and portfolio companies to meet high standards with regards to the sustainable management of land and water assets, and to consider and reduce the environmental impact of produced products, such as emissions and pollution of land and water. This includes, for example the integration of biodiversity and water scarcity in the environmental management planning and decision-making processes together with undertaking environmental baseline studies and assessing environmental impact of operations.

Nordea expects companies throughout the supply chain to refrain from involvement in operations in areas protected by international conventions and respect the objectives and rights with regards to children, indigenous people, workers, modern slavery, environment, wetlands, biological diversity and wildlife as expressed in;

Environment
• the UN Convention on Biological Diversity (CBD),
• the International Union for Conservation of Nature and Natural Resources (IUCN) with regards to protected areas defined therein,
• the United Nations Educational, Scientific and Cultural Organization (UNESCO) World Heritage Convention with regards to sites listed therein and,
• the Ramsar Convention on Wetlands of International Importance especially as Waterfowl Habitat (RAMSAR)

Human Rights
• the United Nations “Protect, Respect and Remedy” framework set out in the UN Guiding Principles for Business and Human Rights
• the United Nations Convention on the Rights of the Child
• the Children’s Rights and Business Principles

ILO Fundamental Conventions and Principles
• the ILO Minimum Age Convention (no 138)
• the ILO Worst Forms of Child Labour Convention (no 182)
• Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87)
• Right to Organise and Collective Bargaining Convention, 1949 (No. 98)
• Forced Labour Convention, 1930 (No. 29) (and its 2014 Protocol)
• Abolition of Forced Labour Convention, 1957 (No. 105)
• Equal Remuneration Convention, 1951 (No. 100)
• Discrimination (Employment and Occupation) Convention, 1958 (No. 111)

Nordea is committed to engage in a dialogue with our stakeholders, clients and portfolio companies to fulfil the objectives of this sector guideline. The purpose of our sector guidelines is to establish a common framework for a dialogue with the clients and portfolio companies we work with. This includes both business opportunities and risk reduction.

Sector guidelines provide direction on best practice as well as on the international conventions and standards that we encourage and expect companies to follow. We are committed to engage and work with our clients and portfolio companies towards improved business practices.