



# Arion Bank's Sustainability Policy on Agriculture

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*Arion Bank aspires to work with ambitious people and organizations in agriculture who promote the growth and development of the sector and at the same time safeguard natural resources for the future.*

*We want to work with people and organizations who utilize natural resources responsibly and who are committed to animal welfare and protecting the natural environment. It is important to us that our customers make every effort to reduce greenhouse gas emissions and capture carbon with the goal of making Iceland carbon neutral by 2040.*

*We want to work with people and organizations who respect human rights, support equality and place importance on sound and meticulous corporate governance.*

*We encourage all of our customers to act with transparency in terms of their performance in environmental, social and governance issues.*





# Arion bank and sustainability in Agriculture

At Arion Bank we want to pay attention to detail and do things right and make an impactful contribution to sustainable development. We seek to do business with people and companies who share this vision with us. We place great importance on environmental and social issues and good corporate governance in our operations. We are involved in extensive partnerships in the field of sustainability and social responsibility and are a signatory to numerous treaties and declarations in this area.

Arion Bank supports the UN Sustainable Development Goals and has selected six goals which it intends to focus on. These goals are number 5 on gender equality; number 7 on affordable and clean energy; number 8 on decent work and economic growth; number 9 on industry, innovation and infrastructure; number 12 on responsible consumption and production; and number 13 on climate action.

Arion Bank's sustainability policy on agriculture aligns with the Bank's focuses and obligations in the field of sustainability.





# Incentive for farmers and companies in agriculture

Icelandic agriculture plays a vital role in increasing sustainability and safeguarding food security. Arion Bank encourages farmers to adopt circular economy principles when utilizing resources and to target zero emissions for the benefit of the environment and society. Together we want to develop a progressive sector underpinned by respect for the land, animal welfare and human rights.

## Examples of positive measures:

- Reduce greenhouse gas emissions so that Iceland can meet its obligations under the Paris Climate Agreement and become carbon neutral by 2040
- Invest in green technology and equipment where possible
- Replace fossils fuels with more environmentally friendly fuels
- Pursue and nurture innovation in the sector
- Provide decent conditions and apply the proper expertise to safeguard the health and welfare of animals
- Produce domestic foods wherever imported goods have bigger carbon footprint
- Obtain or maintain recognized environmental certification, e.g. ISO 14001, Swan Ecolabel or Tún certification
- Sustainable use of grazing lands and cultivated areas
- Utilize resources and energy more effectively
- Sustainable forestry and certified revegetation projects
- Protect and restore wetlands
- Take action to maintain and restore biological diversity
- Use antibiotics responsibly
- Fully utilize products where possible, reduce waste, recycle and reuse
- Optimize waste management
- Show responsibility throughout the value chain
- Improve use of livestock fertilizer and artificial fertilizer and increase use of organic fertilizer
- Reduce methane emissions from livestock
- Carbon offset activities which cannot be prevented
- Choose more environmentally friendly packaging and reduce the use of plastic
- Focus on the health and safety of employees
- Respect the contractual rights of employees and their right to be trade union members



# Successful business relationships

We want to encourage our customers to continue to make a difference and to develop strong and fruitful business relationships. In order to allow our business relationships to thrive, it is important to us that our retail and corporate customers do not have a negative impact on people or the environment.

## Factors related to agriculture which may have a negative impact on business relationships:

- Human rights abuses
- Environmentally harmful accidents due to negligence
- Activities which infringe upon animal welfare standards
- Harmful chemicals transmitted into the environment through wastewater



# Financial framework for a green future



Arion Bank has published a Green Financing Framework which addresses the Bank's funding and lending activities. The Framework sets out clearly and transparently the conditions which the Bank's loans need to meet in order to be considered environmentally friendly.

Arion Bank offers green business loans under the Bank's Green Financing Framework. In order for loans to companies and people in the agriculture sector to be classed as green, more than 90% of operating income needs to be generated by projects which come under the Green Financing Framework. Stricter requirements are also made concerning disclosure of non-financial indicators.

In addition to green business loans the Bank offers green car loans, loans for environmentally certified housing and green savings.

[Arion Bank's Green Financing Framework](#)  
[Opinion from Cicero](#)  
[Impact and Allocation Report for 2023](#)

**Our specialists in Investment & Corporate Banking look forward to talking to you**

At Arion Bank we aspire to have strong relationships with our customers and help them reach their goals and achieve success.

