



Making CSR a good business

In order to run a healthy business today it is both natural and necessary that the companies assume social responsibility. CSR (Corporate Social Responsibility) is not just about obeying the law. It is also about creating an increased value, which both benefits the business, humans and the environment. For our members it is essential to create healthy and safe workplaces, to make more out of resources, to sharing of knowledge and cleaner technologies, to promote good animal welfare - and to support the social and economic development of local communities in a positive direction.

CSR strengthens the competitiveness

We typically work in countries where local laws are not always in line with internationally recognised CSR principles, or where it is not adequately enforced. Therefore, we must make an active effort. The CSR work, however, gives the greatest value to the business if efforts are designed to fit into the business concept and strategy. Experience shows that if the activities support the core business, there is both an opportunity to strengthen competitiveness and increase earnings. It can be through an optimised use of resources, increased productivity, lower environmental costs and reduced absenteeism. A strong CSR profile can also strengthen relationships with customers and suppliers, open up to new customer markets and facilitate the access to capital in the financial markets. In addition, the CSR can be important in order to attract and retain good employees.

Good reputation must be exploited

Last but not least, well thought CSR efforts will both strengthen the reputation of the individual agricultural companies and the entire association - and thus support the Danish companies' brand abroad. We would like to make use of this effect. Therefore, the association has drafted a code of conduct for environmentally and socially responsible farming, so members' CSR work can pull in the same direction. The code of conduct also gives us a common communications platform, which means that we can participate in the debate with authority in the networks where the CSR agenda is set.

Code of conduct, roadmap and good examples

This booklet for inspiration contains a code of conduct for environmentally and socially responsible agricultural farming, based on the internationally recognised principles of the UN Global Compact. The booklet also contains a roadmap for CSR work that can support our members in approaching their work systematically and thus get a good start. With the roadmap in hand, members can focus on the essential, using the resources correctly and get the full benefits of their efforts. Finally, the booklet gives several good examples of companies that have gained from their CSR work. Our association hopes that these examples can serve as inspiration to all.

*Wish you happy reading and work!
The Board*

Code of Conduct

for environmentally and socially responsible agricultural farming

Danish Farmers Abroad wishes to contribute to sustainable development in the countries where we operate. Our approach to sustainability is consistent with the principles of the UN Global Compact, which is the framework for our work.

Danish Farmers Abroad will work for an environmentally and socially responsible agricultural farming by:

1. Creating healthy and safe jobs

We will create healthy and safe jobs for our employees. We will do this by preventing accidents, by ensuring that our employees have the necessary safety equipment and by training them in managing health and safety risks.

2. Preventing pollution of the environment

We will prevent pollution by using the environmentally best available technologies, where economically and technically feasible. We will optimise the use of resources, reduce the use of pesticides, and reduce emissions of greenhouse gases and nutrients as well as store and dispose of waste and residues in an environmentally sound way. We will also promote greater environmental responsibility among our employees.

3. Respecting human and labour rights

We will respect the basic human and labour rights. This means, among other things, that we will ensure reasonable wages, reasonable working hours, free membership of trade union and the right to collective bargaining, freedom of speech and the right to privacy and reasonable accommodation for employees who live on our farms. We will not engage in forced labour, and we will comply with the minimum standards for children's employment. We will combat discrimination and promote equal rights for men and women at work. Furthermore we will respect the local population's rights of land and use.



4. Ensuring animal welfare

We will ensure animal welfare during adolescence, transport and slaughtering. This means that the animals will be housed, fed, watered and cared for in the best possible way, according to their behavioural and health needs and will be protected from pain, fear, injury or disease. We will also restrict the use of preventive treatment with antibiotics and ensure a regular veterinary inspection.

5. Ensuring good neighbourliness

We will ensure good relations with our neighbours and take an active part in the local community. We will be open and informative about our business and CSR efforts and listen to the local community's wants and needs to create the best possible basis for an on-going dialogue.

6. Promoting good business ethics

We will work against all kinds of corruption and bribery, including extortion and facilitation payments. Moreover, we will inform all our business partners of our position on anti-corruption and conduce to fair competition.

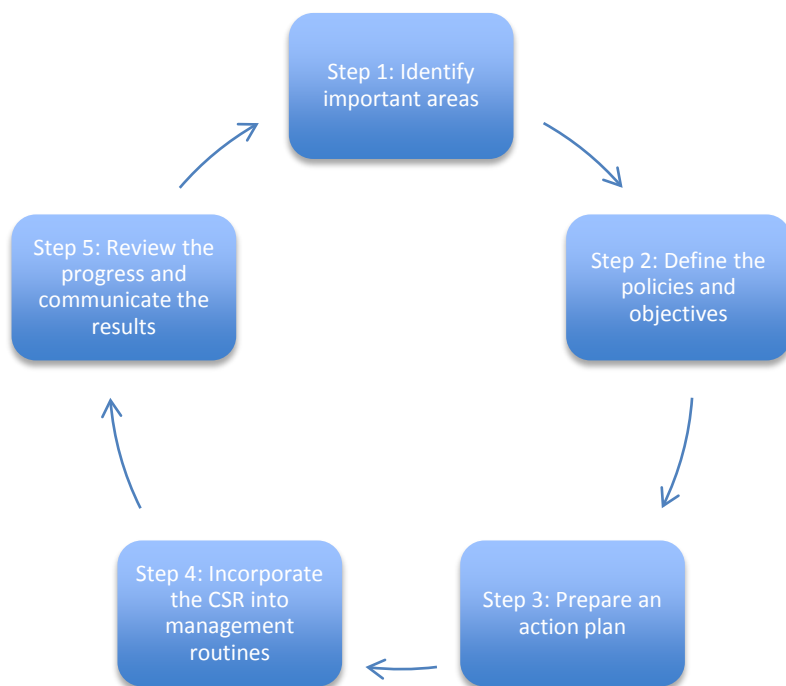
7. Promoting the CSR in the value chain

We will promote high CSR standards to customers, suppliers and other business partners. We will also work with suppliers to improve the CSR conditions, where relevant.

Roadmap for the CSR-work:

You approach the work in the following way and make a strong start

Below please find a roadmap for the CSR work in five steps. The 5 steps ensure that you approach the work systematically and thus make a strong start. You can work on the level of ambition and at a pace that suit the company's challenges and resources. The 5 steps reflect that the CSR work is a continuous process that will evolve in line with that your business risks, opportunities and the outside world's expectations of your CSR efforts change. Are you already in progress, it may be an opportunity to review the progress of the work and assess if there is a need for new focus areas.



Step 1: Identify important areas

Your CSR efforts have to be based on the right foundation, so you can prioritise correctly, and utilise the resources where they make the biggest difference to the business, the stakeholders and the society. The first step is therefore to identify the most important areas. This is done by:

- **Identifying your CSR impacts and risks:** How does the company influence the outside world and what risks are related to your own activities and to each part of your value chain? What are you already in control of, and where is there a need to strengthen the efforts? There are many mapping tools. One of them is the Global Compact Self-Assessment Tool, which can be used to assess to which extent you meet the internationally recognised CSR principles and best practice. The tool is free and you will find it at: <http://www.globalcompactselfassessment.org>
- **Listening to your stakeholders:** What are your stakeholders' requirements and expectations of your CSR efforts? Stakeholders include both your employees, customers, investors, professional bodies, neighbours and others in the community. You can make use of your existing contacts to the stakeholders to ask them which CSR efforts are most important to them.
- **Learning from other companies:** What do your competitors or other companies in your local community do with regards to CSR? It may be important for the outside world's expectations to your CSR efforts and might also inspire you to CSR initiatives. You can both share your experiences in an ERFA group within the association, and you can take part in the industrial network in Denmark and in the local community.



Systematic CSR-efforts attract investors

Idavang operates 13 modern pig farms in Lithuania and Russia. The company employs about 400 employees.

Right from the start Idavang has systematised the CSR work, and

environmental and social considerations permeate today all business decisions.

At Idavang the CSR performance is followed just as closely as the key economic data, and once a month the management discusses the progress in the CSR work, and if there is a need to strengthen efforts. In addition to this the division leaders monitor that all activities comply with the company's CSR standards, while employees are engaged in both identifying priority areas and drawing up action plans. It creates commitment and gives ownership to the CSR initiatives that are launched. Each year, a report is made that is published, so that the outside world can follow the company's CSR work.

Idavang's convincing CSR efforts benefited the company when they wanted the World Bank as an investor in connection with a production expansion in Russia.

- The World Bank only invests in companies that meet high CSR standards. Our work meant that we could easily prove that we are in control of the CSR matters, says Jytte Rosenmaj who is the vice chairman of the Board of Idavang.

Step 2: Determine the policies and objectives

Once you have identified the key CSR areas, the next step is to set a realistic level of ambition for the work. You must decide on a CSR policy and set up CSR goals that you can work towards.

You can make the association's code of conduct be your policy or adjust it to your company, for example by adding specific features that are special to you. The CSR policy is a communication tool which you can use to explain internally and externally, what you want to achieve with the CSR work. You must therefore ensure that there is consistency between the ambition that you communicate, and the effort that you have the resources to implement.

The CSR objectives should be part of your company goals. This ensures that the effort is rooted in the company's business strategy. The objectives should also be measurable, so you can continuously assess your progress. This applies not only the objective of e.g. reducing the energy consumption or the frequency of accidents – also objectives to train employees or to establish cooperation with suppliers can be measurable.

The management's support for the policies and objectives is essential if your employees are to be serious, and your management should therefore communicate the ambitions for all employees so that they understand what is expected of them. You should also communicate the policy to all your business partners, so they know what you stand for.



Health offers for lower absenteeism and higher productivity

Danper Trujillo in Peru cultivates processes and exports asparagus, artichoke, pepper and fruit worldwide. The company has more than 6,000 employees and is a major player in the local communities.

One of the company's most important CSR activities is to help increase the health of the rural population by facilitating access to healthcare. Danper has its own health centre, which advises and treats employees and their families. As half of the employees are women, offers especially focus on pregnant women, mothers and children. Together with the regional health authorities Danper has also established a health centre for all residents in the local area. The centre carries out campaigns to prevent health problems and offers services such as – among other things - free ultrasound scanning.

- Our investment in the employees and the local communities is returned tenfold in the form of more loyal, motivated and productive employees - and fewer sick days, says Chairman Arne Berg.

Step 3: Prepare an action plan

Once you have determined your level of ambition for the CSR work, the next step is to develop an action plan that describes the specific activities that you will launch in order to achieve the objectives, when the activities are to be implemented and who is responsible for the individual activities.

You are not supposed to solve all challenges at once, but you should have a plan. If your mapping has identified critical circumstances where you do not meet the legal requirements or basic CSR principles, you must prioritise these issues at first, and the action plan should describe how and when you will rectify the situation. Circumstances that are critical to humans or the environment should be remedied immediately - for example, lack of personal protective equipment or incorrect storage of chemicals and waste. If the mapping has revealed violations of CSR principles at your business relationships - for example, child labour at a supplier - you should try to take advantage of your opportunities for influence to stop the violation and to ensure that those concerned receive the necessary help.



Close dialogue with the local community is essential to the operation

Danosha operates an advanced pig production in Ukraine with 600 employees. When the company applies the organic waste from pig farms as fertiliser, the smell cannot completely

be avoided. It is therefore important that Danosha has a good dialogue with the local community about how the application can be planned in order to bother the neighbours as little as possible.

It takes both time and patience to establish a good dialogue. The experience shows that it saves the company for much trouble, if you meet people where they are and listen to their concerns. Danosha has - among other things - participated in several meetings in the village hall, and if complaints about smells arise, a representative from the management immediately sets out to find the source together with the complainants.

- We take all feedback seriously, even if we do not expect that we are to blame. It is a very important signal that it is the management of the company that turns-out. In this way people can well figure out that we really mean it when we say we will listen to them. It provides security, but it is a relationship of trust that has to be built up over a long time and kept alive, says Chairman Tom Axelgaard.

Step 4: Incorporate the CSR in the management routines

Step 4 is about making the CSR work a natural part of the company's operations. This is best achieved by integrating CSR into the existing decision-making and daily management routines rather than by building new parallel management systems.

It is a good idea to appoint an overall CSR Officer who can coordinate the efforts, allocate tasks, provide resources and ensure progress of the work. It is also important to consider which employees are to be involved in the work, in order to secure support and ownership of the CSR efforts.

You need management routines in order to:

- Continually identify and assess your CSR impacts and risks
- Preclude, reduce and remedy identified CSR impacts
- Follow up on the launched activities and communicate the results to the employees
- Train employees so that they have the necessary CSR competences
- Handle inquiries from concerned stakeholders, including complaints

Perhaps you already have a management system in which the CSR routines can be included. Otherwise, there are a number of management standards for CSR, where you can find inspiration how to establish management routines. For example, ISO 14000 (environmental management), OHSAS 18000 (Occupational Health and Safety Management Systems—Requirements), SA 8000 (Social Accountability) and Global GAP (Good Agricultural Practice).



Zero tolerance for bribery protects reputation

West African Fish creates employment for 100 employees and livelihoods for about 400 families with their sustainable fish farming in Ghana. All fish is sold on the local domestic market.

From day one the company has had a zero-tolerance policy on corruption and bribery of any kind. This has – among other things - meant that the company has had to wait two years and nine months for an environmental approval in connection with an expansion of production. If the company had bribed the right places, the approval would have been granted on the following day.

West African Fish persisted in its policy in order not to jeopardise the company's good reputation. And though it may still be uphill, the company experiences that the authorities' administrative procedures today run more smoothly. It shows that it really pays to be persistent in the long run.

- We are in contact with authorities at many levels both locally and centrally. They all know that we do not pay anything, no matter what, and that we can afford to wait. At the same time, I believe that our persistence commands respect among the locals. But the main thing for me is that I have a clear conscience when I get up in the morning, says Chairman of West African Fish Mogens Mathiasen.

Step 5: Review the progress and communicate the results

Step 5 is about reviewing the progress of the CSR work and assess whether there is a need to adjust the strategy, enhance the efforts, identify new efforts and set new goals. It is a good idea to prepare an annual progress report which will give an overview of the year's CSR efforts and results. The report can be an opportunity to put the CSR work on the Board's agenda.

The progress report can also be an opportunity to inform external stakeholders about your CSR work, so you get credit for your efforts. At the same time a visible external communication on the CSR efforts also helps to retain focus and commitment internally.

You can use the progress report to select and target the CSR information at selected stakeholders, with whom you would like to enter into dialogue on CSR. With advantage you can make use of the communication channels through which you normally reach them. It may be your annual report, website, sales and marketing materials or the social media.

It may also be worthwhile to communicate openly about the challenges and dilemmas that you experience in your CSR work, because this will have the result that you are stronger if you will need to explain unacceptable CSR efforts at yourself or at your suppliers. Dialogue with the stakeholders will strengthen their confidence in you and also give you a valuable insight into their expectations and requirements, which you can take into account when you have to prioritise and plan your CSR efforts.



Measurable CSR goals ensure progress

FynBloem grows South Africa's national flower Protea and sells the flowers on both local and overseas markets. FynBloem considers participation in the decision making and empowerment of the

employees as the core of the development of the business. All 160 employees are actively involved in the CSR work through a number of committees, which among other things focus on the environment, work environment and equal treatment. The company also has extensive training programmes, for example, a mentoring programme for the training of middle managers.

FynBloem sets ambitious goals for the CSR efforts and has extensive programmes that follow up and report, to which extent the objectives are achieved. The dissemination of the progress and results make it clear to the employees what the company strives for and what the benefits might be to society, the company and themselves.

- It provides both greater commitment and openness to changes when the employees know of and understand the objectives. We also discuss our CSR goals with our customers and find that they would like to be included in our momentum, explains Chairman Laurits Møller Larsen.

Local involvement gives talented labour

DCH International operates five large, effective pig farms in Romania. The company has 250 employees, and the majority comes from the local communities. It is difficult to find skilled labour in the rural areas, and DCH International therefore has its own training programme. Normally the company recruits totally inexperienced staff, as they train them in the company's working procedures, including the environmental and work environment routines and good animal welfare. During the training period the new employee works closely together with an experienced employee. Talented employees with leadership potential undergo a long-term course and training programme in Denmark.



DCH International cooperates with local universities and technical schools, as they offer internships, so that the future workforce also improves their qualifications. In addition, the company supports a number of local organisations with sponsorships.

- We would like to give something back and support the development of local communities, particularly in the areas where our employees live. A good reputation and good relations with local communities are essential to attract and retain the best employees, explains CEO Lars V. Drescher.