

# Defence Industry Policy

April 2008



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### 1. Preamble

Being a respectable member of the societies we operate in, we aim to make a real contribution to our stakeholders' wealth and well-being. We believe strongly that taking on corporate sustainability in an active way is a fundamental to what we stand for as a company. Living our values and the Fortis Principles of Business Conduct is the starting point.

This means we conduct business in a responsible manner; achieving sustainable economic growth while anticipating the legitimate interests of our stakeholders and taking social and environmental responsibility. Living up to these standards, Fortis employees fulfil their role as ambassadors of our brand and reputation.

Within the broader framework of sustainability Fortis has developed a consistent and uniform policy regarding financing of, investing in, and other relations with the defence industry<sup>1</sup>.

Underlying policy fits in the framework of existing policies and procedures and is intended to give guidance to Fortis staff. We additionally rely on the common sense of our staff and their antenna for sensitive issues. Our business lines are expected to adhere to this policy and to develop tools and practises to customize it to the needs of their respective operations.

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<sup>1</sup> This policy is a revised version of the Fortis Defence Industry Policy of October 2005. It replaces the previous version.

## 2. Policy

Recognizing the right of democratic countries to defend themselves, Fortis wants to articulate how to deal with the delicate issue of our involvement in the defence industry.

### 2.1. Scope

The scope of this policy, which applies to the whole of Fortis<sup>2</sup>, is any company or group engaged in the manufacturing, trading, or other activity related to the defence industry.

### 2.2. Rules and regulations

All financing and other types of engagement are submitted to strict compliance with relevant rules and legislation. Based on our own values, or because of international consensus on certain issues, we obviously set our own standards. When appropriate we include these in our policies.

### 2.3. Client acceptance

Given the delicate characteristics of the Defence Industry we scrutinize our (potential) clients and the projects on:

- Standing and morality of our counterparty, which has to be irreproachable,
- Transparency regarding the company, group structure and shareholdership up to the ultimate level of control,
- Full understanding of the activities our (potential) client undertakes,
- Final destination of the weapons.

Our regular client acceptance policies form the basis for any engagement.

### 2.4. "Controversial weapons"

- a) Fortis does not want to be involved in financing or investing the production, trade or any other activity related to "controversial weapons". This is a dynamic concept susceptible to changes in time, determined by international laws, international consensus, or developing insights.
- b) At present Fortis considers as "controversial weapons":
  - Anti-personnel mines
  - Cluster weapons
  - Nuclear weapons<sup>3</sup>
  - Biological or chemical weapons
  - Depleted uranium ammunition
- c) A company is involved in controversial weapons when it produces a dedicated component for the controversial weapon or when the activity/service it provides is dedicated to the controversial weapon.

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<sup>2</sup> Including all lines of business, branches, subsidiaries and joint ventures in which we have a majority stake. When we establish new joint ventures in which we have a minority stake we strive to include our standards as part of the joint venture agreement. With regard to asset management, no investments for own account in companies directly involved in controversial weapons will occur. This does not concern the investments on behalf of clients. Our asset manager does offer sustainable investment funds and portfolio screening for customers who wish to exclude defence industry securities from their portfolio.

<sup>3</sup> An exception is made for companies that only contribute to government controlled nuclear weapon programmes in NATO countries that are permitted to possess nuclear weapons under the Nuclear Non-Proliferation Treaty.

- d) A company is strategically involved in controversial weapons when:
- The activity takes place within the mother company or within a subsidiary in which the company has a majority stake
  - The activity takes place within a subsidiary in which the company has a minority stake, but in which it holds a blocking minority of the voting rights. The meaning of a blocking minority depends on national legislation.

## 2.5. Elevation of authority

All new engagements and significant transactions with respect to the defence industry are to be taken by the management level that is one level higher than the regular decision level. The Fortis Group Executive Committee is to be consulted in last resort for dilemmas and remaining issues.

## 2.6. Follow-up

All files are subject to a yearly renewal.

## 2.7. Communication

This is a public document.

In case of any questions relating to this policy, Fortis Corporate Social Responsibility or your local Compliance Officer can be contacted.

## 2.8. Glossary

- Fortis Principles of Business Conduct:

The Fortis Principles of Business Conduct have been developed in 2002 with the aim of safeguarding our reputation as a reliable business partner that lives up to its core values (Entrepreneurship, Integrity, Straightforward and Caring).

- Anti-personnel mine:

A mine that is designed to be exploded by the presence, proximity or contact of a person and that will incapacitate, injure or kill one or more persons (definition from Ottawa convention, 1997)

- Cluster weapons:

A container or dispenser with a large number of sub munitions, also called bomblets; which is free falling; and blankets large areas of territory with sub munitions (definition from International Committee of the Red Cross)

- Nuclear weapon:

A device that is capable of releasing nuclear energy in an uncontrolled manner and which has a group of characteristics that are appropriate for use for warlike purposes (definition from Treaty for the Prohibition of Nuclear Weapons in Latin America and the Caribbean, 1967)

- Biological weapon:

Are defined in line with the Convention on the Prohibition of the Development, Production and Stockpiling of Bacteriological (Biological) and Toxin Weapons and on their destruction (1972)

- Chemical weapon:

Are defined in line with the Convention on the Prohibition of the Development, Production, Stockpiling and Use of Chemical Weapons and on their Destruction (1993)

- Depleted uranium ammunition:

Ammunition containing depleted uranium.

Definitions above are susceptible to changes over time. We will monitor international developments and continue to follow internationally recognised conventions where possible.

### 3. Contact

To be contacted for further information:

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Additional publicly available information:

- sustainability reports, available at [www.fortis.com](http://www.fortis.com)
- our sustainability section on internet (<http://www.fortis.com/sustainability>) including specific information about the Fortis Defence Industry Policy and other (sector) policies ([http://www.fortis.com/sustainability/sector\\_policies.asp](http://www.fortis.com/sustainability/sector_policies.asp))