

# Rabobanks position on Aquaculture

Rabobank Group

by our Code of Conduct and the Aquaculture Supply Chain Policy we have drawn up for this specific purpose; the policy is a supplement to the CSR section of our credit manual. It has been designed to support sustainable practices, sustainability being defined in economic, social and ecological terms. The philosophy behind the policy is 'positive engagement' (meaning constructive dialogue) with clients to identify and resolve CSR issues, thus enabling Rabobank Group entities to positively influence clients in CSR issues and avoid any risks to Rabobank. So, the engagement idea is to solve CSR related problems in partnership with the client and to meet challenges for the future.

This approach will enable Rabobank to gradually exclude certain undesired operational practices and to motivate clients whenever possible to work towards realizing more sustainable business operations. The aquaculture policy embraces some binding conditions between the bank and the clients based on material issues we have determined in the aquaculture sector.

## Our aim

Sustainability is one of the four core values of Rabobank Group, next to Respect, Integrity and Professionalism. We aim to contribute to the sustainable development of society in economic, social and ecological terms. In order to cope with risks related to global environmental change and resource scarcity, it is essential that supply chains become sustainable. Companies face a number of sustainability challenges. This implies that sustainable solutions need to be integrated in their daily business. Sustainable resource management will be key for the long term viability of their business. In our view sustainability is not an option but a condition for future prosperity. This implies that sustainability issues need to be integrated in daily business and that positive and negative impacts as a result of our clients' activities on society and on the environment throughout the supply chain need full consideration in our decision making processes.

Rabobank aims to positively affect the overall sustainability of the operations of our clients. Our clients in the aquaculture sector have to deal with sustainability issues in their business operations. We want to contribute to the realization of a sustainable aquaculture supply chain by *client assessment* and *client engagement*. The assessment of how our clients deal with material issues will be guided

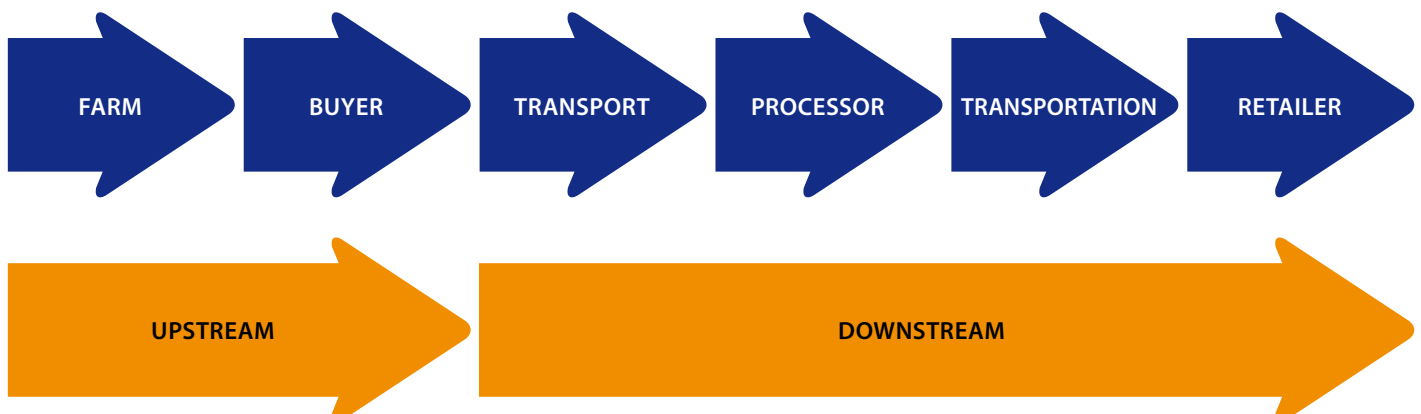
## Scope of our aquaculture supply chain policy

Our Aquaculture Supply Chain Policy<sup>1</sup> applies to all commercial banking services such as credit facilities, project finance, advisory services and trade finance provided by Rabobank in the aquaculture sector.

The policy provides conditions for assessing upstream companies (farmers). Downstream companies (fish products industry, trading companies, wholesalers and retailers) will be assessed on how they take their responsibility in the supply chain. It applies to all aquaculture activities, including a/o fin- and shell fish and algae.

<sup>1</sup> Because of the difference in issues in each sector, Rabobank has developed a separate policy for wild catch.

### Simplified overview of the aquaculture supply chain



## Material issues

Aquaculture production takes place in different ways and under different circumstances. Rabobank acknowledges that sustainability issues vary accordingly and moreover that regional and local differences can occur, depending on the economic, environmental and social contexts. Taking this into account issues generally associated with the aquaculture sector, include:

- pollution of surface water;
- loss of biodiversity as a result of impact on wild fish by farm fish (escapes, diseases);
- habitat destruction including mangroves, wetlands and sea beds resulting in loss of biodiversity;
- use of fishmeal and fish oil as feed resulting in depletion of wild stocks;
- poor treatment and violations of the rights of indigenous people and local communities;
- poor working and labour conditions;
- food safety and food security.

- non-native species to take adequate measures to minimize the harmful effects of introducing non-native species or genetically altered stocks into waters;
- use of raw materials to purchase feed from reliable suppliers that have a responsible approach to raw materials sourcing;
- biodiversity to protect areas containing globally, regionally or nationally significant concentrations of biodiversity values;
- prior consultation to involve affected stakeholders before establishing new operations (process of free, prior, and informed consultation);
- social and environmental impact assessment (SEIA) to undertake a SEIA prior to establishing new aquacultural operations;
- smallholders and local communities: to refrain from activities that will negatively affect the livelihood of smallholders and local communities;
- animal welfare to respect and uphold the Animal Welfare Statement of the Rabobank Group;
- food safety to apply food safety standards.

## Rabobanks 'conditions for investments' for upstream and downstream companies

Our aquaculture supply chain policy includes 'conditions for investments' for upstream and downstream companies based on the identified material issues as mentioned above. These conditions relate to (1) legality, (2) human rights, (3) water quality, (4) non-native species, (5) use of raw materials, (6) biodiversity, (7) prior consultation, (8) social and environmental impact assessment, (9) small holders/ local communities (10) animal welfare and (11) food security.

### Rabobank requests a company with regard to:

- legality to show the legality of its operations and comply with all applicable local, national and international ratified laws and regulations;
- human rights to work in accordance with the Human rights guidelines as described in the Human Rights policy of the Rabobank Group<sup>2</sup>;
- water quality to take adequate measures to safeguard the undiminished quality and availability of surface water and aquifer;

<sup>2</sup> The Human Rights Policy is based on the Universal Declaration of Human Rights and the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights, as well as the four fundamental labour norms expressed in the core conventions of the International Labour Organisation (ILO).

Rabobank believes that downstream companies play an important role in the sustainable aquaculture supply chain. The extent to which downstream companies can exercise influence on sustainability issues depends among other things on their role and their impact in the supply chain. Therefore, Rabobank recommends companies to have a purchasing policy in place that pays attention to the sustainability issues for the aquaculture sector and the conditions for investments as mentioned for the upstream companies. In addition, we advise a company to apply food safety standards and to trace back the products to the farm and the aquaculture practices being used.

## Monitoring progress in sustainable management

Rabobank is aware that the process of implementing sustainable management standards and practices is challenging and takes time. We accept that some clients are more advanced than others, as long as clients are able to show significant progress in implementing environmentally and socially responsible management practices and responsible purchasing. If we have reason to believe the client does not comply with the abovementioned conditions or shows insufficient progress in integrating sustainability measures in daily operations, we will engage with the client to achieve the desired improvements within an arranged time frame.

# Engagement practices to contribute to improvements

There is no single, globally applicable sustainable management solution. As issues can vary widely from one region to another, improvements towards sustainability can vary accordingly. Nonetheless, sustainability principles can be applied across different regions and climates. Rabobank is convinced that a sustainable aquaculture industry can be achieved through the use of new technologies and improved management techniques in combination with attention being paid to working and labour conditions. Rabobank chooses therefore to adopt an active and positive engagement approach to contribute to improvements in the sector.

For example, we will encourage companies to be *transparent* on their current production or procurement and their plans to increase the production of sustainable farmed fish from sustainable sources among other things.

We will also encourage companies to deploy *good practices* such as - among other things - setting up a track and trace system to identify sustainably sourced fish food or looking for alternatives for fish oil and fish meal used as feed.

## Disclaimer

Neither this position paper nor any of its contents may be used without the prior written consent of Rabobank Nederland. The information in this position paper reflects prevailing market situations and our judgment as of this date, all of which may be subject to change.

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