

Arable agriculture and forestry policies

Rabobank Group



Introduction

As a cooperative bank we use our industry knowledge, networks and financial solutions to help customers transition to a sustainable future and help move 'the system' in a more sustainable and just direction. This is about increasing positive impact and reducing negative impact. Because we know: change is needed.

And we want to contribute to that as a cooperative bank. To us that means we act on climate, value nature and enable people. While the composition of our portfolio means that most of our focus is on helping our customers and their sectors transition to that sustainable future, we also make conscious choices in growing our portfolio in a more sustainable manner.

We use policies to set minimum requirements which clients and business partners are expected to meet. This also holds for the arable agriculture and forestry sectors.

Rabobank has developed policies both related to the production of arable agricultural commodities and trade therein, specifically focused on commodity derivatives trading. Regarding the latter, Rabobank facilitates clients on the agricultural commodity derivatives¹ market, since derivatives can play a vital and stabilizing role in offsetting price risk (hedging) and in price discovery.

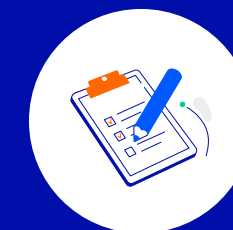
Agrochemicals are often used to optimize productivity of these crops and have become an integral part of most farming systems. However, if not used carefully, there are downsides to the use of agrochemicals to people, the environment and the ecology.

Similarly, plant gene technology can help achieve improved yields, enhanced nutritional value, consumer value, show greater resistance or tolerance to dry weather or soil conditions, and help reduce the application of agrochemicals such as herbicides or pesticides. There are however other potentially adverse or unintended impacts, such as food safety risks, environmental damage and ethical concerns.

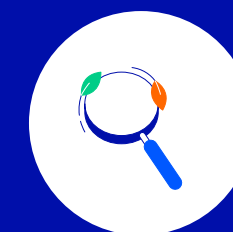
Finally, forestry also plays a crucial role in sustainable agriculture. It involves the management and conservation of forests to maintain their biodiversity, productivity, and ecological processes. Sustainable forestry practices can help mitigate climate change, protect water resources, and provide habitats for wildlife.

The policies

We distinguish between impacts in our direct control and those that are indirectly created through our relationships with clients and business partners. We therefore set requirements for our own activities ('Rabobank's own activities') and for our clients and business partners ('acceptance requirements' and 'performance monitoring'), to the extent applicable.



*Rabobank's
own activities*



*Acceptance
requirements*



*Performance
monitoring*



Agricultural commodities and forestry

Scope

This policy applies to clients and business partners active in agricultural commodities and forestry sectors with higher sustainability impacts, based on the potential adverse impact on people, nature, and climate. The sectors in scope of this paragraph are cocoa, coffee, cotton, palm oil, soy, sugarcane, tea and forestry (including pulp and paper). When specified, requirements apply only to one or more of these sectors.

We distinguish requirements for activities in the up, mid, and downstream value chain. Clients can be active in one or more parts of the value chain and, therefore, one or more of the requirements can apply:

- Upstream activities are those on the farm itself, incl. planting, cultivating, harvesting, and post-harvest processing, e.g. farmers/growers, harvesters and primary processors of agricultural products.
- Midstream activities are those after the farm gate, but not active in consumer facing activities, e.g. traders, storages, packagers, transporters and distributors of agricultural products.
- Downstream activities are those who have consumer facing activities, e.g. consumer goods companies, retailers, wholesalers, food services.

Rabobank's own activities

Regarding agricultural commodities and forestry, for activities in our direct control we will:

- help the sector transition towards increased resilience and sustainable production as supported by sustainable certification schemes;
 - regarding cocoa, coffee, cotton and tea, we will support and promote relevant sector initiatives with multi-stakeholder approaches, as they gradually develop;
 - regarding palm oil, we will support and promote the Roundtable on Sustainable Palm Oil (RSPO) and its certification scheme;
 - regarding forestry, we will support and promote principles of sustainable forest management as certified by the Forest Stewardship Council (FSC), and the Programme for the Endorsement of Forest Certification (PEFC);
 - regarding soy, we will be an active member of relevant networks, such as the Round Table on Responsible Soy (RTRS), and help the sector transition towards sustainable soy production, e.g. encouraging the cultivation of underused farmland and better farming practices, as well as shifting market demand and accountability;
 - regarding sugarcane, we will help the sector transition towards increased resilience and sustainable production taking Bonsucro as the benchmark;
- support (smallholder) farmers in emerging markets by providing financial services (e.g. blended finance) cooperative capacity building, and innovation initiatives through the activities of Rabobank Partnerships, Rabobank Foundation and Acorn and via their partners, including our corporate clients.



Acceptance requirements

Rabobank assesses clients and business partners and their activities against specific acceptance requirements, which are split into client and business partner-level and activity-level.



Client and business partner-level

We do not accept clients or business partners that:

- knowingly and structurally violate internationally accepted human rights.

For upstream clients or business partners that are active in the palm oil sector, we do not accept those that:

- are not members of the Roundtable on Sustainable Palm Oil (RSPO).

For clients or business partners in the forestry value chain, we do not accept those that:

- cause or contribute to illegal trade and to harvest and trade in endangered timber species that are protected under the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) without the necessary permits;
- are active in logging or purchasing of logging equipment for use in primary tropical moist forest.

Performance monitoring

We can request supporting information on our accepted clients' and business partners' controls and progress that demonstrate they:

- are members of a relevant sector initiative;
 - For soy, the relevant initiative is the Round Table on Responsible Soy Association (RTRS);
 - For sugarcane, the relevant initiative is Bonsucro;
 - For cocoa, coffee, cotton and tea, the relevant initiatives are those complying with International Social and Environmental Accreditation and Labelling (ISEAL) standards, e.g. Rainforest Alliance, Fairtrade, Better Cotton Initiative;
 - For forestry, the relevant initiative is the Forest Stewardship Council (FSC), and if it is justified that FSC is not (yet) feasible, the Programme for the Endorsement of Forest Certification (PEFC).
- commit to the provision of good working conditions and paying a decent wage to workers in their own operations and in their value chain.



We can request supporting information on our accepted clients' and business partners' controls and progress in the upstream value chain that demonstrate they:

- progress in certifying the company and/or its products according to the relevant sector initiatives;
- if active in the sugarcane sector, document all use of agrochemicals and monitoring all handling, storage, collection and disposal of chemical waste and empty containers;
- if active in the palm oil value chain, are compliant with the principles and criteria of the RSPO by certification or verification based on a timebound plan for 100% completion of RSPO certification.

We can request supporting information on our accepted clients' and business partners' controls and progress in the mid, and downstream value chain that demonstrate they:

- are transparent about their current sourcing and plans to increase sourcing of sustainably produced commodities;
- progressively increase the volume of certified sustainable commodities entering their supply chains as a proportion of the total commodity volume;
- if active in the palm oil value chain, are members, or working towards becoming members, of the RSPO.
 - if they are RSPO members, are compliant with the principles and criteria of the RSPO by certification or verification based on a timebound plan for 100% completion of RSPO certification.
- clients in developing regions like Africa, Asia can work with other industry standards although at a slower pace e.g. Malaysian Sustainable Palm Oil (MSPO) to be able to transition into becoming RSPO members in the future.

Agricultural commodity derivatives trading

Scope

This policy applies to clients that trade agricultural commodities derivatives via Rabobank, and if derivatives trading is considered material to their activities.



Rabobank's own activities

Regarding agricultural commodity derivatives trading, for activities in our direct control we will:

- support research and further analysis on the impacts of commercialization of the agricultural commodity markets, including diminishing price risks for small-scale producers; and
- engage with, amongst others, policy makers, regulators and commodity futures exchanges on the long-term stability of agricultural commodities markets, and to improve governance and transparency of commodity futures and over-the-counter markets.



Acceptance requirements

Rabobank assesses clients and business partners and their activities against specific acceptance requirements, which are split into client-level and activity-level.



Activity level

We do not accept trade in commodity derivatives:

- with corporate clients for speculative purposes. An exception are commodity traders for which we acknowledge that they can have positions which are not only related to hedging.

Agrochemicals

Scope

This policy applies to clients and business partners that produce active ingredients and formulations in the agrochemical sector value chain. The scope is limited to synthetic crop protection ingredients and formulations only.



Rabobank's own activities

Regarding agrochemicals, for activities in our direct control we will:

- support the transition towards long-term food security, better public health and decreasing the environmental footprint of our food system by facilitating more sustainable farming systems; and
- facilitate and stimulate the dialogue with, and between, stakeholders on more sustainable farming systems, product stewardship², and the possibility to urgently replace categories of agrochemicals with high levels of negative side effects by effective solutions that have as few side effects as possible; and
- take measures as soon as a science-based identification and classification of the impact of higher risk active ingredients³ on people, the environment or the ecology is accepted.



Acceptance requirements

Rabobank assesses clients and business partners and their activities against specific acceptance requirements, which are split into client and business partner-level and activity-level.



Client and business partner-level

We do not accept clients or business partners that:

- have been proven to not meet local laws and regulations with respect to market access, production, distribution and use of agrochemicals⁴;
- do not have a transition plan⁵ to replace Highly Hazardous Pesticides⁶, as defined by World Health Organization (WHO)/ Food and Agriculture Organization of the United Nations (FAO), with other effective active ingredients and formulations from either biological or chemical origin, or with technology-based solutions or alternative farming practices, such as integrated pest management⁷.

Performance monitoring

We can request supporting information on our accepted clients' and business partners' controls and progress that demonstrate they:

- have developed an approach to product stewardship, including for example production and distribution measures that prevent the illegal sale of (formulations) of their agrochemicals. In line with the International Code of Conduct on the Distribution and Use of Pesticides issued by the FAO concerning the manufacture, sale, distribution and advertising of pesticides;
- are committed to working towards adherence to the international standards of managing the Environmental, Health and Safety (EHS) risks and hazardous waste at their production facilities (e.g. IFC Performance Standard and World Bank EHS Guidelines) and their supply and distribution chains (e.g. participation in the Together for Sustainability (TfS) initiative).



Plant gene technology

Scope

This policy applies to all clients and business partners that are active in applying plant gene technology in seed production, when it is considered material to their activities. Animal applications of gene technology are out of scope and need to be reviewed on a case-by case basis.



Rabobank's own activities

Regarding plant gene technology, for activities in our direct control we will:

- acknowledge, and actively communicate with scientists, ethicists, politicians and social organizations about concerns, opportunities and dilemmas regarding plant gene technology;
- evaluate and document credit applications related to product development on a case-by case basis within their own specific context and only with clear justification for exceptions in the phase of research and development activities on a non-commercial scale.



Acceptance requirements

Rabobank assesses clients and business partners and their activities against specific acceptance requirements, which are split into client and business partner-level and activity-level.



Client and business partner-level

We do not accept clients or business partners that:

- use genetic engineering⁸ (techniques) that do not provide environmental or social benefits (e.g. enhance a product's shelf life or enhance disease resistance).

Performance monitoring

We can request supporting information on our accepted clients' and business partners' controls and progress in the upstream value chain that demonstrate:



- they commit to conducting genetic engineering in line with the UN Convention on Biological Diversity, notably the Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of Benefits Arising from their Utilization and the Cartagena Protocol on Biosafety;
- their products released on a commercial scale are accessible to users without discrimination, in the region(s) the product is launched in;
- they are transparent about the genetic engineering (techniques) they applied to the seeds and/or crops they sell.

Implementation

Rabobank embeds these acceptance requirements and performance monitoring in its business operations taking into account the applicable and relevant finance practices, thresholds per client and business partner type, different impacts per sector and region, and risks and controls that are applicable in the specific business operations and subsidiaries. As a result, requirements may be implemented differently across business operations and subsidiaries. In light of ongoing regulatory and societal changes, our sustainability policies are regularly reviewed and updated as necessary. This means that implementation is a continuous process, and there may be instances where parts of our policies are not fully implemented at a given time.

Rabobank supports its clients and business partners on their journey to become more sustainable and acknowledges that they might need time to fully meet the requirements mentioned in this policy. A limited number of exceptions can be made, in line with internal governance.

Endnotes

- ¹ Agricultural commodities derivatives can be future contracts, forward contracts, options and swaps of agricultural commodities.
- ² Product stewardship: An approach to managing materials and products that reduces their impact on the environment, human health and safety throughout their lifecycle.
- ³ Higher risk active ingredients: Active ingredients and formulations that meet Criterion 8 of the definition of Highly Hazardous Pesticides of the International Code of Pest Management by FAO and WHO, based on a science based, internationally widely accepted and legally or multilaterally accepted classification system have severe adverse impacts on human health and/or the environment or ecology.
- ⁴ Source: [Restrictions and bans | Pesticide Registration Toolkit | Food and Agriculture Organization of the United Nations \(fao.org\)](#)
- ⁵ A plan can constitute a strategy, engagement in R&D, changing product mix, introducing alternate solutions, active engagement with Value Chain partners on the topic.
- ⁶ Pesticides meeting one or more of the Criteria 1 to 8 of the International Code of Pest Management by FAO and WHO (i.e., Pesticides categorized as 1A or 1B by WHO; categorized as 1A or 1B by Globally Harmonized System on Classification and Labelling of Chemicals (GHS); substances banned under the Stockholm Convention on Persistent Organic Pollutants (POP); or substances listed in Annex III of the Rotterdam Convention and other pesticides that show a high incidence of severe or irreversible adverse effects on human health or the environment). Source: [The WHO Recommended Classification of Pesticides by Hazard and Guidelines to Classification 2019](#)
- ⁷ Integrated pest management: An ecosystem approach to crop production and protection that combines different management strategies and practices to grow healthy crops and minimize the use of pesticides. IPM is an approach-based method for analysis of the agro-ecosystem and the management of its different elements to control pest and keep them at an acceptable level (action threshold) with respect to the economic, health and environmental requirements. Source: [Plant Production and Protection Division: Integrated Pest Management \(fao.org\)](#)
- ⁸ Genetic engineering: Genetic engineering refers to the direct manipulation of an organism’s genes using biotechnology. This process involves altering the genetic material of an organism to achieve desired traits, such as resistance to pests or diseases, improved nutritional content, or faster growth rates. GMOs and CRISPR-Cas9 are both examples of genetic engineering, whereas the latter techniques are a more recent and targeted method of genome editing.



Rabobank