

Armaments industry policy

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 more sustainable future, we also make conscious choices in growing our portfolio in a sustainable manner.

We use policies to set minimum requirements which clients and business partners are expected to meet. This also holds for the armaments industry.

Armaments are weapons, equipment (including product-specific parts) used in activities such as war, crime, hunting and law enforcement, and can be described as either controversial or non-controversial. It is difficult to reconcile the armaments industry and human rights because weapons, the trade in weapons and the armaments industry can lead to the violation of human rights, especially in conflict situations and in countries governed by a controversial regime.

Although Rabobank's primary focus is the food and agribusiness sector, it is essential to have a position on the armaments industry because business activities related to this industry are often conducted under the umbrella of large conglomerates.

Rabobank does not in any way want to be involved in controversial armaments. For non-controversial armaments we apply requirements for clients to meet. Rabobank does, however, acknowledge the right of democratic countries to defend themselves.



The policy

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*

Scope

This policy applies to all clients and business partners that are active in the armaments industry.

Rabobank's own activities

For activities in our direct control we will:

- not facilitate direct investments within the framework of our investment services (including asset management and associated advisory services) in controversial armaments;
- not invest our own funds in:
 - any activity that is linked to controversial armaments¹; or
 - government bonds issued by controversial regimes²; or
 - securities issued by companies that produce or trade in armaments with controversial regimes.



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:

- are involved in the production, research, development, services, management, system integration, testing, distribution and maintenance of or selling of:
 - a product that is considered a controversial armament;
 - key-components/services and dedicated components/services for a controversial armament;
 - non-controversial armaments and munitions that can be used for controversial purposes³, unless Rabobank has been assured this will not be the case.
- supply non-controversial armaments or armaments-related products to government agencies in controversial regimes;
- are government agencies of controversial regimes, including their central banks.

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 Rabobank distinguishes seven types of controversial weapons: cluster munitions, anti-personnel mines, white phosphorus used in incendiary weapons or munitions, depleted uranium munitions, biological, chemical and nuclear weapons. These are considered controversial because of their humanitarian impact and/or the large numbers of civilian casualties they cause, often for many years after the conflicts in which they were deployed have ended. There is no universally accepted definition of controversial armaments. Rabobank therefore defines ‘controversial armaments’ based on the following: Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-Personnel Mines and on their Destruction (Ottawa Treaty, 1997); Convention on the Development, Production and Stockpiling of Bacteriological (Biological) and Toxin Weapons and on their destruction (1972); Convention on the Prohibition of the Development, Production, Stockpiling and Use of Chemical Weapons and on their Destruction (1993); Convention on Cluster Munitions (Oslo Convention, 2008); and the Non-proliferation Treaty (1968).
- ² Controversial regimes: countries that are subject to both an armaments embargo and financial sanctions and travel restrictions as defined and imposed by the United Nations, the United States of America, and/or the European Union, and countries that are not subject to those sanctions, but which Rabobank deems to be at greater risk of armed conflict and/or violating human rights.
- ³ Controversial purposes: the purpose of (noncontroversial) armaments is considered controversial if the armaments have the potential to be used to provoke conflict or contribute to increased tension, and thus have a negative impact on the peace, safety and stability of a place.
- ⁴ Note that this policy is Rabobank’s standing armaments industry policy. An update may be performed if and when deemed necessary.



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