

Ship breaking and recycling 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.

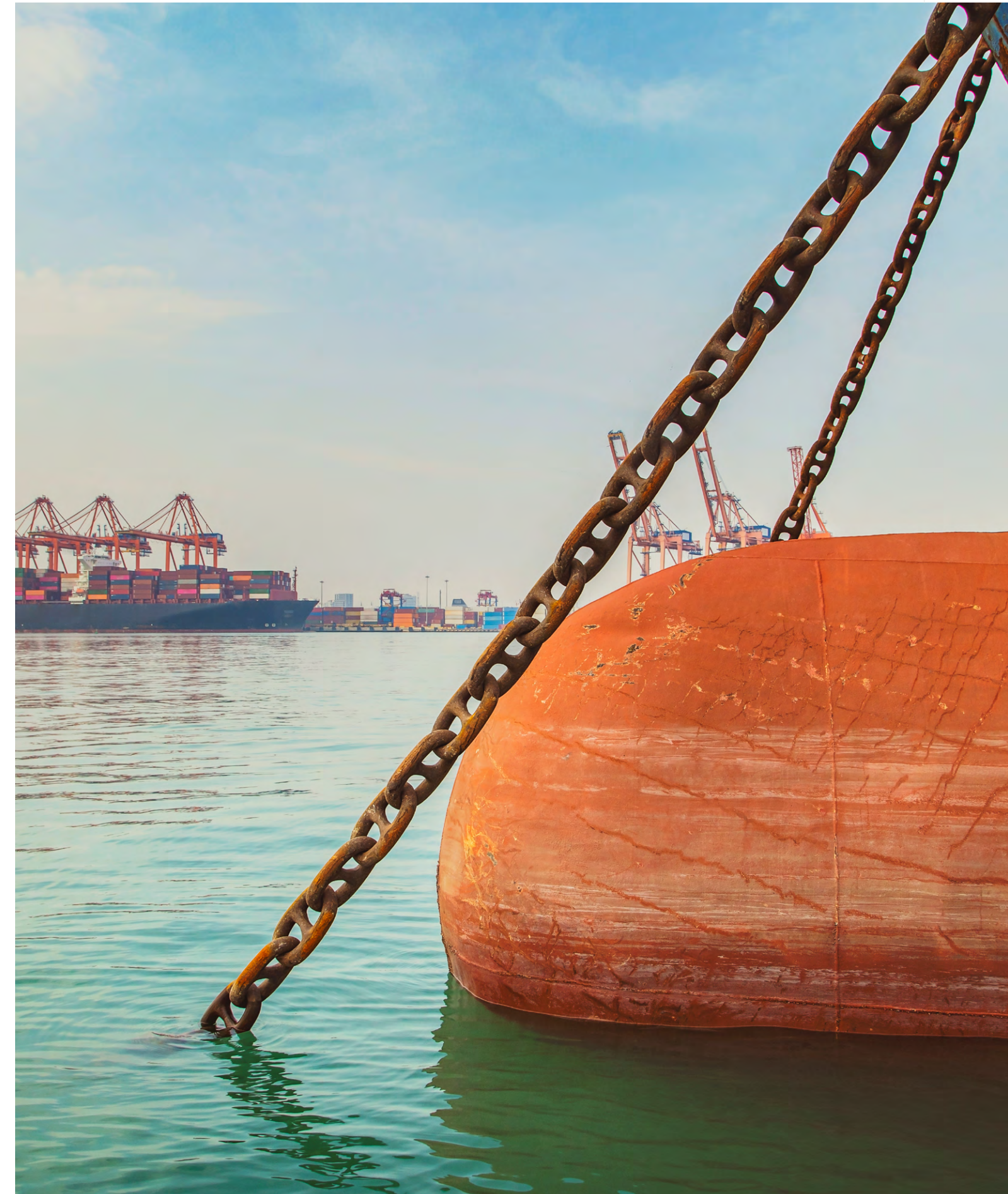
And we want to contribute to that as a cooperative bank. To us that means we act on climate, value nature and enable people. While the composition of our portfolio means that most of our focus is on helping our customers and their sectors transition to that sustainable future, we also make conscious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

The ship breaking and recycling industry disassembles steel and other recyclable items of end-of-life vessels. Many parts of a ship, from the hull structure to the machinery, can be recycled and reused as scrap metal. However, if this task is not conducted in a proper and safe way, ship recycling poses high-level risks to human beings and the environment, and can lead to high rates of fatalities, injuries and work-related illnesses. Ships contain many hazards, such as carcinogens and toxic substances that can intoxicate workers and can easily be dumped into the soil and coastal waters, which results in significant negative impacts on the environment. There is an increased risk of negative social and environmental impacts when the work is performed under poorly monitored conditions on beaches, using what is known as beaching or slipway methods, or if health and safety measures are disregarded.

Rabobank supports responsible ship recycling as it can contribute to sustainable development, to building a circular economy, and to increasing the wealth and welfare of communities.

Rabobank believes that governments and the private sector are responsible for contributing to the sustainable development of the shipping industry and for avoiding and mitigating the risks associated with irresponsible ship recycling practices.



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*



*Performance
monitoring*

Scope

This policy applies to all clients and business partners that are active in the shipping industry value chain, primarily in the demolition and recycling of ships and vessels systems, unless explicitly specified. This includes companies that own, operate, manage and charter vessels or that are involved in the construction, sale and, mostly indirectly, in recycling of ships or offshore vessels and systems. This policy only applies to clients and business partners working with ships that have more than 500 gross tonnage.



Rabobank's own activities

Regarding ship breaking and recycling, for activities in our direct control we will:

- foster a more circular economy by contributing to the introduction of vessels that are more environmentally friendly, that use less hazardous materials, natural resources and fuels more efficiently.



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:

- do not comply with international conventions, irrespective the flag state of the vessel, including the EU Ship Recycling Regulation and Hong Kong Convention¹ (complying with all requirements including those related to having and maintaining an inventory of hazardous materials and a sustainability policy that addresses key risks in the ship breaking and recycling industry)².

Activity-level

We do not accept activities related to:

- ship recycling at a site where the vessel is beached³;
- selling vessels at the end of their lifespan to purchasers⁴ so that the vessels can be reflagged to avoid having to comply with laws and regulations around ship recycling.

Performance monitoring

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

- any ship owned or controlled by a client or business partner that is taken out of service for dismantling, scrapping, or recycling, or sold to an intermediary with the intention of being dismantled, scrapped or recycled, is recycled at a recycling yard which conducts its recycling business in a socially and environmentally responsible manner, in accordance with the provisions of the EU Ship Recycling Regulation and/or the Hong Kong Convention.



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 more time to meet the requirements mentioned in this policy. For some clients and business partners, a temporary exception can be made, provided the exception is within the established limits of our risk appetite.

Endnotes

¹ The Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships.

² Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal; Safety and Health in Ship Breaking: Guidelines for Asian Countries and Turkey and conventions of the Organization for Economic Co-operation and Development (OECD).

³ Beaching/tidal beaching: Shipbreaking technique, by which the ship is taken ashore on a high tide and therefore becomes easily accessible from the beach. This process exerts unsafe working conditions and pressures on the environment, as hazardous materials that may be present on board, such as oils, asbestos or toxic paints, could be released into the local environment, disrupting biodiversity. Sources: [EMSA - European Maritime Safety Agency](#); [NGO Shipbreaking Platform](#).

⁴ Purchasers or intermediaries are sometimes referred to as cash buyers in this context.





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