



Rabobank statement on the weapon industry

Rabobank has focussed attention on the method of financing and investing in the weapon industry and weapon trade for a number of years. Rabobank acknowledges the right of democratic countries to defend themselves. Our Weapon Industry Policy is consequently based on the principle of 'no, unless'. This principle is worded as follows: Rabobank should, based on moral convictions, refrain from facilitating the weapon industry, unless a company is involved that supplies non-controversial or weapon-related products.

A client must meet a number of criteria in order to be considered for credit lending concerning non controversial weapons.

These assessment criteria are:

- The client must stringently comply with all laws and regulations.
- If the client exports goods for military purposes, the exporter must possess an export permit.
- The client must respect the human rights criterion; the bank must ascertain that human rights are not violated.
- The client must not pursue business relationships with intermediaries, because this quickly obscures the actual purpose of the financing and the ultimate use of the weapons-related product.
- The client must respect the tension and stability criterion: the bank must ascertain that the possible use of the weapons will not contribute to provoking conflicts or increasing tensions which would have a negative implication for peace, safety and stability in the region.

Rabobank does not wish to be involved in financing or investing with its own funds in any activity that is related to 'controversial' weapons. The following weapons are currently considered controversial: cluster bombs, landmines, nuclear weapons and biological or chemical weapons. Finance may not be provided to controversial companies and/or for controversial purposes. It is important to note, however, that 'controversial' is a dynamic term that is subject to change.

We will make our critical standpoint about controversial weapons clear to customers who are involved with controversial weaponry in some way; we will express our concerns and request that they adapt their own policies in this domain accordingly. These companies will be added to a 'red list'. If any such customer fails to respond in an appropriate manner, the bank will eventually terminate its relationship with that customer.

Rabobank devotes extra attention to the correct conduct of clients and prospective clients and ethical behaviour in projects within this sector in view of the delicate practical issues. They are assessed according to factors including corporate governance, policy intentions and business activities and participations.

Rabobank shall not invest for its own account in companies that are directly involved in controversial weapons. This ban does not apply to investments that we make on



behalf of our clients. In this case we, in consultation with our investment clients, enter into a dialogue and discussion with the companies in which we invest on behalf of our clients. If the related company fails to implement a policy change within a specified period of time, we will advise our clients and investors to no longer invest in these companies.

Rabobank promotes sustainable investment among its clients. Both Rabobank and group divisions including Robeco and Sarasin offer special products for this purpose. Robeco has, for example, acquired a majority interest in Sustainable Asset Management (SAM), a leading Swiss organisation in the field of sustainable investment. Rabobank has had a CSR department since 1998. This department is responsible for initiating the production and distribution of products in the field of Corporate Social Responsibility by the Rabobank Group.

Last update: March 2009