



Extractive Industries policy

Rabobank Group

***Partial update Sustainability
Policy Framework - 16 January 2017***



Rabobank

Extractive Industries policy

this text is replacing the Extractive Industries Policy in our [Sustainability Policy Framework \(version November 2016\)](#)

Extractive industries involve the extraction of metals, minerals, aggregates, oil and gas from the earth. Extractive processes include mining, dredging, quarrying and drilling. Extracted resources are processed and produced in different ways, and are used in various industrial and consumer products. Other activities in the extractive industry could include trading, transport, storage and supply management.

The extractive industries have numerous environmental and social responsibility challenges as a result of their typically large footprint and their social and environmental impacts in the geographies in which they operate. The challenges include:

- maintaining good working and labour conditions for the people they employ
- fair treatment of indigenous people and local communities, including the avoidance of cultural disruptions
- mitigating the effects of the conversion of natural habitats that results in a loss of biodiversity, land and livelihood of directly impacted communities and those living downstream of operations
- avoiding the pollution of ground and surface water, air, soil and solid waste
- finding ways to minimize greenhouse gas emissions and related climate change impact as a result of its operations
- to contribute to economic and social progress of the country and local communities displaying accountability and transparency
- to avoid misappropriation of funds generated from raw materials mined from areas in armed conflict and used to fund militias (conflict minerals).

Our commitments

We will support our clients to continuously increase the environmental performance and carbon efficiency of their business in terms of both their products and their business process. As a result of this and through the development of our client portfolio we aim to contribute to reaching the Paris Accord goals for climate change.

We will not:

- directly finance the exploration, extraction or production of coal used for power generation, shale gas, tar sands and other nonconventional fossil natural resources, nor the transport up to the production unit, production, processing, or refining of these extractive industries products
- directly finance coal-fired power generation
- directly finance the trade of coal for power generation. We may directly finance the trade of higher grade metallurgical coals used for the production of steel and base metals only
- finance companies that realize more than 20% of their turnover in trading coal used for power generation.

Rabobank is convinced that extractive industries are partly indispensable and can become more sustainable through the use of new technologies and improved management techniques in combination with attention to labour conditions. In addition to our Sustainable Development Policy and our core sustainability policies, with regard to extractive industries we specifically commit to:

- encourage clients to be transparent about their sustainability policies and performance in accordance with international reporting guidelines and about the impact of their business operations on climate change and reverse
- diminish financing provided to companies who underperform in terms of carbon efficiency and environmental performance, transparency about carbon efficiency and environmental performance or goal-setting on its carbon efficiency and environmental performance
- increase finance to frontrunner companies
- encourage clients to adopt the good practices promoted through guidance documents and reports (such as the Voluntary Principles on Security and Human Rights), including securing sufficiently healthy and safe working conditions, and providing a sufficient remuneration for employees
- encourage clients to have systems in place to ensure that all commodities come from legally operated companies
- encourage clients to use more energy efficient extraction and production methods, for example, plants partly operated using solar energy
- discuss concerns with a wider range of (non-commercial) stakeholders
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We also commit to:

- not finance the production or delivery of essential, specifically designed and dedicated services and assets for the exploration and production of non-conventional fossil natural resources as long as impacts and risks for society in general and specifically our clients and the bank itself, have not been convincingly proven to be sufficiently mitigated by practical tests, regulatory oversight and by validation of expected impacts by scientific evidence, followed by a transparent, democratic dialogue with a positive outcome
- service our clients in the most responsible way possible within the legal possibilities, recognizing that, depending on the jurisdiction they are in, our clients may not have the control over the exploration and production of non-conventional fossil natural resources on, under, or near their properties
- remain aware of new insights and revise our position when we consider it appropriate.

What we expect of our clients

The majority of our clients are not active in extraction itself but are traders and distributors of natural resources (wholesalers and retailers), or part of the offshore sector. However some also are processors or are active in extraction, or own businesses in shipping, pipeline transport, equipment supply and services to extraction

companies, tank storage, blending, refining and electric power generation and manufacturing. In addition to our *Sustainable Development Policy* and our core sustainability policies, we specifically expect those clients that are active in the extractive industries to:

- plan, operate and close operations in a manner that enhances sustainable development (mine reclamation, restoring disturbed areas and the decommissioning of offshore facilities)
- promote and implement where possible the use of renewable energy sources and promote and implement the transition from energy use from fossil energy sources to energy from renewable sources
- focus on the continuous improvement of the environmental performance of the operations based on defined goals to prevent or mitigate adverse environmental impacts including among other things, water and air pollution, waste storage and disposal, greenhouse gas emissions, physical hazards, use of hazardous materials and hazardous waste
- avoid operations in national or international legally protected or preserved areas with a significant concentration of biodiversity values including HCV, HCS and peat areas
- refrain from corruption and report payments and revenues and the progress they have made toward achieving concrete sustainability goals
- refrain from activities that will significantly and negatively affect the livelihood of smallholders and local communities
- take adequate measures to safeguard the quality and quantity of ground and surface water
- have a purchasing policy that pays attention to the sustainability issues for mining production
- use properly trained security forces in protection of public security in line with the *Voluntary Principles on Security and Human Rights*
- have a statement regarding the avoidance of conflict minerals, when operating in mining activities of Tantalum or Coltan (Columbite-tantalite), Tin (Cassiterite), Tungsten (Wolframite) and Gold
- apply good land governance practices that meet our land governance policy.