

 <b>Rabobank</b>	<b>Banco Rabobank International Brasil S.A.</b>		
	<i>Policy</i>		<b>Code: POL-SA</b>
	<b>CSR Policy</b>		<b>Pp: 4</b>
	<b>Version 3.1</b>		
			<i>Valid since July, 2006 Last version: February, 2011</i>

### Rabobank Brazil - CSR Policy

Rabobank plays a worldwide leadership role in financing activities related to the food and agribusiness sector. Aware of its responsibility in the enterprises it finances, of its role in the financial sector and of the growing importance of sustainability for the success of a company or rural producer, Rabobank Brazil has developed a Social and Environmental Policy, applicable to all of its commercial activities in the country.

### Objective

The objective of Rabobank Brazil's CSR Policy is to ensure the provision of financial services in a manner consistent with its values: respect, integrity, professionalism and sustainability<sup>1</sup>, while also minimizing credit and reputation risks. Rabobank Brazil also expects that its policy will contribute to strengthen the Brazilian agribusiness, improving its competitiveness and minimizing the risk of trade barriers related to environmental and social issues.

The policy defines the social and environmental aspects that the bank considers unacceptable, the so-called exclusion criteria. There are also other criteria, which the bank believes it can contribute to improve over the long run, the so-called qualification criteria and good practices. Exclusion and qualification criteria are an integral part of Rabobank's contracts in Brazil.

To ensure compliance with its social and environmental policy and its commitment to sustainability, Rabobank has structured a client analysis system, through which it expects to promote the adoption of good practices and identify the possible occurrence of exclusion criteria. Rabobank understands its social and environmental policy as something dynamic, a first step towards sustainability. This policy will be periodically improved based on the knowledge gained through its implementation.

### Good Practices

Rabobank Brazil believes that agriculture and the food and agri sector has the potential to contribute to the generation of employment, conservation of natural resources and the growth of the country. To help its clients to achieve this potential, Rabobank support and provide incentives for the adoption of good social and environmental management practices, such as:

1. Adoption of good agricultural practices and environmental management systems, which contribute to biodiversity and soil conservation, and the maintenance of water and air quality;
2. Development of social and environmental policies concerning suppliers of raw materials;
3. Adoption of animal welfare practices;
4. Development of initiatives to reduce or mitigate the emission of gases responsible for global warming;

<sup>1</sup> The way in which the Rabobank Group views its role in the world is largely determined by four basic values derived from the Mission Statement.

a. Respect - The Rabobank Group works in concert on the basis of respect, appreciation and commitment.

b. Integrity - The Rabobank Group believes that all its activities must be carried out with honesty, sincerity, care and reliability.

c. Professionalism - The Rabobank Group provides its customers with high-quality expertise and facilities. It is committed to maintaining high quality - whenever possible anticipating the future needs of customers - and providing its services in an efficient manner.

d. Sustainability - The Rabobank Group is committed to contributing to the sustainable development of society in the financial, social and ecological sense.

[http://www.rabobank.com/content/images/Code\\_of\\_Conduct\\_Rabobank\\_Group\\_tcm43-37320.pdf](http://www.rabobank.com/content/images/Code_of_Conduct_Rabobank_Group_tcm43-37320.pdf)

5. Development of a documented social and environmental policy, with procedures and resources for its implementation.

Exclusion Criteria

Rabobank Brazil will not establish a commercial relationship with individuals where evidence has been found by Rabobank on the following practices:

1. Violation of Rabobank's social and environmental statements: Animal Welfare, Gene Technology, Human Rights and Arms Industry<sup>2</sup>;
2. Violation of the provisions contained in the International Labor Organization – ILO Fundamental Principles and Rights at Work, among them: Freedom of association and the right to collective bargaining; The elimination of forced and compulsory labor; The abolition of child labor, and; The elimination of discrimination in the workplace;
3. Non compliance with the Brazilian Rural Regulation no. 31 (Occupational Safety and Health in Agriculture, Cattle Breeding, Forestry and Aquaculture), specifically items: 31.8 – Pesticides, Adjuvant and related Products (record, manipulation, qualification, security, storage), 31.16 – Transport of Workers (vehicles and security), 31.20 – Measures of Individual Protection (Supply, instruction and collection in the use) and 31.23 – Areas of Experience – (Sanitary, Lodgings, Dwellings, Dining Halls);
4. Overlap of areas with conservation units;
5. Overlap of areas with indigenous or quilombola territories;
6. Trade in species listed in Appendixes I and II of CITES – Convention on International Trade in Endangered Species of Wild Fauna and Flora ([www.cites.org](http://www.cites.org));
7. Production, trade or use of prohibited pesticides or included in the exclusion list of the International Finance Corporation ([www.ifc.org](http://www.ifc.org));
8. Cultivation or manufacturing of products deemed illegal in Brazil;
9. Existence of land tenure irregularities;
10. Lack of legally registered workers, considering workers involved in the client's activities, directly or hired through contractors, on a permanent or temporary basis;
11. Involvement with non authorized deforestation<sup>3</sup> after January 2005<sup>4</sup>;
12. Involvement with legally authorized deforestation after January 2005, without the appropriate conservation of areas for Legal Reserve compliance, as well as protection of Permanent Preservation Areas, according to the requirements established in the Brazilian legislation<sup>5</sup>;
13. Processing, transporting or trading wood from natural forests without the applicable licenses and permits from competent authorities;
14. In the case of wood production from natural tropical forests, companies that are not certified or in the process of becoming certified according to accredited international organisms under standards for responsible forest management.
15. Lack of applicable licenses. In cases of agriculture and livestock production, the presentation of the license or protocol can be performed within one year from the date of the social and environmental assessment.

Industrial facilities (under construction)	Preliminary and Installation licenses, Deforestation permit.
Industrial facilities (in operation)	Operation license, Water use and Deforestation permits.

<sup>2</sup> Rabobank has social and environmental statements: [http://www.rabobank.com/content/csr/policy/codes\\_and\\_guidelines/](http://www.rabobank.com/content/csr/policy/codes_and_guidelines/)

<sup>3</sup> Deforestation in this policy is understood as the operation of total suppression of the native vegetation of determined area for the alternative use of soil. It is considered native all remaining, original vegetation or regenerated, characterized by the forests, savannahs, closed fields, clean fields, etc.

<sup>4</sup> Date in which Rabobank has started to work directly with farmers in Brazil.

<sup>5</sup> Legal reserve areas constitute the area of a property which has to be kept under native vegetation. According to the Brazilian legislation, the requirements for legal reserve are:

- 35% and 80% for the savannah (cerrado) and tropical forest region in the Legal Amazon, respectively;  
 - 20% for other types of vegetations and regions in the country.

<i>Agricultural / livestock activities (Farming)</i>	<i>Water use and Deforestation permits, other applicable licenses .</i>
<i>Agricultural, livestock and burning activities (farms)</i>	<i>Water use, Deforestation and Burning permits, other applicable licenses .</i>

16. *Existence of criminal activities (e.g. corruption, documentation fraud, etc).*

#### Qualification Criteria

*Rabobank Brazil recognizes that the Brazilian social and environmental legislation is complex, which at times can pose a challenge to its full compliance. Rabobank believes it can play a positive role in this issue, through supporting its clients to comply with the applicable legislation. Clients who have deficiencies:*

- 1. in fully complying with Rural Regulation no. 31, (exception made to items: 31.8 – Pesticides, Adjuvants and related products (records, manipulation, qualification, security, storage), 31.16 – Transport of Workers (vehicles and security), 31.20 – Individual Protection Measures (Supply, instruction and requirements for use) and 31.23 – Living Areas – (Sanitary, Lodgings, Dwellings, Dining Halls) mentioned in Exclusion Criterion 3;*
- 2. related to Permanent Preservation Areas;*
- 3. related to Legal Reserve areas;*
- 4. in complying with legal requirements related to proper storage, use and disposal of chemical products, fuels and lubricants, as well as their containers;*
- 5. in the proper disposal of waste generated;*

*must commit to continuous improvement, which will be verified annually through on site visits.*

*Farmers identified as presenting a high social and environmental risk for the bank must commit to improvement of their processes through an action plan to be drawn up with the bank's corporate and social responsibility area. The monitoring of the implementation of this plan shall be carried out with the corporate and social responsibility area and by the client's relationship manager.*

*A lack of interest or commitment of a client in demonstrating evidence of improvement in the fulfilling of these aspects with a period Rabobank considers reasonable may result in Rabobank deciding to end its relationship with this client in the medium or long term.*

#### Sustainable Supply Chain

*Rabobank believes that food processing companies play an important role in the sustainability of the supply chain. The way in which such companies may influence social and environmental aspects depends, among other things, on their role in and impact on the production chain. Therefore, Rabobank recommends that companies have a supply policy that bears in mind the social and environmental aspects of the production process, as well as social and environmental criteria for the financing of suppliers. Moreover, Rabobank recommends that companies progressively increase the volume of raw material produced in a sustainable manner which is socially and environmentally certified by an internationally recognized body.*

#### Sectorial Policies

*Besides the provision in this policy, the specific social and environmental criteria for the sectors considered sensitive by Rabobank Group apply to all the commercial activities at Rabobank Brasil. Such criteria may be found in Sectorial Policies<sup>6</sup> available for the following sectors: soy, sugarcane, cotton, coffee, cocoa, palm oil, forests, biofuels, aquiculture, fishing, mining, oil and gas.*

<sup>6</sup> To consult Sectorial Policies, go to: [http://www.rabobank.com/content/csr/policy/codes\\_and\\_guidelines/](http://www.rabobank.com/content/csr/policy/codes_and_guidelines/)

### Collateral

1. Notwithstanding the provisions contained in items 11 and 12 above, Rabobank establishes a five year moratorium<sup>7</sup> for accepting farms in the Amazon biome<sup>8</sup> as collateral.
2. Operations done after 1<sup>st</sup> of June, 2006 will consider the lack of applicable Legal Reserve as environmental liability. Therefore, all collateral will be analyzed according to the lack of applicable Legal Reserve and will have their worth decreased.

### Implementation

To ensure compliance with its social and environmental policy, Rabobank Brazil will analyze its clients based on field visits, publicly available information and interviews with clients themselves and on field visits to farmers who are clients. This analysis will help the bank identify issues on which it can work together with the client for environmental improvements and the adoption of good practices. As a sign of its commitment to sustainability, social and environmental analyses may have an influence on interest rates of loans provided by the bank.

Rabobank Brazil believes that its social and environmental policy is just the first step in the path towards the sustainability of its activities and of its clients. Thus, to enable continuous improvement, the policy will be assessed and revised every two years, through an internal analysis and with stakeholders.

### Transparency

In order to guarantee transparency in the implementation of its CSR Policy, Rabobank Brazil produces an annual report with an analysis of the cases assessed and actions taken, , within the possibilities of the confidentiality requirements applicable to the bank. Validation of published information is done by external and internal audit Any public consultations must be requested from the bank's corporate and social responsibility area.

### Communication

Rabobank has also established a communication channel, which can be used for complaints or suggestions related to its CSR Policy. Any suggestions must be sent to the "Social and Environmental Sustainability Department", through:

E-mail: [socioambiental@rabobank.com](mailto:socioambiental@rabobank.com)

Mail: Av. das Nações Unidas 12.995 7º andar – 04578-000 – São Paulo, SP

FAX: +55 (11) 5503 7007

### Ombudsman

There is an official service responsible for representing the interests of the public by investigating and addressing complaints reported by customers. Service is available from Monday to Friday, from 9 am to 6 pm, through the e-mail [ouvidoria@rabobank.com](mailto:ouvidoria@rabobank.com) or through the telephone number 0800 703 7016 (toll free).

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<sup>7</sup> Rabobank Brazil has imposed in 2006 a moratorium on financing farming activities on deforested land in Amazon biome in the past 5 years.

<sup>8</sup> Tropical forests areas in the Brazilian Legal Amazon.