

## **PGGM – Statement regarding exclusion of Israeli banks**

PGGM recently decided to no longer invest in five Israeli banks, namely Bank Hapoalim, Bank Leumi, First International Bank of Israel, Israel Discount Bank and Mizrahi Tefahot Bank. For several years PGGM has been in dialogue with these banks. The reason for this engagement was their involvement in financing Israeli settlements in the occupied Palestinian territories. This was a concern, as the settlements in the Palestinian territories are considered illegal under international humanitarian law. Moreover, international observers have indicated that the settlements constitute an important obstacle to a peaceful (two-state) solution of the Israeli- Palestinian conflict.

In 2004 the International Court of Justice concluded in an Advisory Opinion that the settlements in the Palestinian territories are in breach of Article 49 of the Fourth Geneva Convention relative to the Protection of Civilian Population in Time of War. This article prohibits an occupying power to transfer its own citizens to occupied territory. International bodies, including the UN General Assembly and the UN Human Rights Council have adopted various broadly supported resolutions, which state that the settlements are considered illegal. Israel disputes this interpretation of the applicability of international law.

In line with the Responsible Investment policy a dialogue has taken place with the before mentioned banks. Engagement is an important tool to allow PGGM to act as a responsible owner on behalf of its clients. The dialogue showed however that, given the day-to-day reality and domestic legal framework they operate in, the banks have limited to no possibilities to end their involvement in the financing of settlements in the occupied Palestinian territories. Therefore, it was concluded that engagement as a tool to bring about change will not be effective in this case. As concerns remain and changes are not expected in the foreseeable future, PGGM no longer invests in the companies concerned as of January 1<sup>st</sup> 2014.

PGGM continues its dialogue with a small number of other companies on the same issue and will report on progress through its regular reporting.