



**Rabobank**

# Annual Sustainability Report 2008

## Responsible Banking for a Sustainable Future

***Rabobank Group***





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### ***Rabobank Group***

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# Key figures

	Page 75	2008	2007	2006	2005	2004
<b>Volume of services (amounts in millions of euros)</b>						
Total assets	●	612,120	570,491	556,455	506,573	483,574
Private sector loan portfolio	●	408,620	368,709	324,110	278,095	248,958
Due to customers	●	304,214	276,610	234,917	186,427	177,482
Assets under management and held in custody for clients	●	183,600	231,800	219,300	156,200	140,300
<b>Financial position and solvency (amounts in millions of euros)</b>						
Equity	●	33,459	31,409	29,377	26,349	23,004
Tier I capital <sup>1</sup>	●	30,358	28,518	26,391	24,860	21,404
Qualifying capital <sup>1</sup>	●	30,912	29,190	27,114	25,272	21,205
Risk-weighted assets <sup>1</sup>	●	238,080	266,573	247,458	213,901	196,052
<b>Profit and loss account (amounts in millions of euros)</b>						
Income	●	11,652	11,022	10,049	9,363	9,222
Operating expenses	●	7,611	7,663	6,887	6,242	6,177
Value adjustments	●	1,189	266	450	517	479
Taxation	●	98	397	367	521	773
Net profit	●	2,754	2,696	2,345	2,083	1,793
<b>Ratios</b>						
Tier I ratio <sup>1</sup>	●	12.7%	10.7%	10.7%	11.6%	10.9%
BIS ratio <sup>1</sup>	●	13.0%	10.9%	11.0%	11.8%	10.8%
Net profit growth	●	2%	15%	13%	16%	12%
Return on equity	●	9.7%	10.2%	9.4%	9.7%	9.1%
Efficiency ratio	●	65.3%	69.5%	68.5%	66.7%	67.0%
<b>Nearby</b>						
Member banks	●	153	174	188	248	288
Offices	●	1,112	1,159	1,214	1,249	1,299
Cash dispensing machines	●	3,097	3,107	3,139	3,116	3,062
Members (x 1,000)	●	1,707	1,638	1,641	1,551	1,456
Client satisfaction private individuals	●	7.7	7.5	7.5	7.4	7.3
Foreign places of business	●	569	349	330	267	244
<b>Market shares (in the Netherlands)</b>						
Mortgages	●	30%	28%	26%	23%	25%
Savings	●	43%	41%	39%	39%	39%
Small and medium-sized enterprises	●	39%	38%	38%	38%	40%
Food & agri	●	84%	84%	84%	83%	84%
<b>Ratings</b>						
Standard & Poor's	●	AAA	AAA	AAA	AAA	AAA
Moody's Investor Service	●	Aaa	Aaa	Aaa	Aaa	Aaa

<sup>1</sup> These figures have been based on the Basel II requirements with effect from 2008.

	2008	2007	2006	2005	2004
<b>Personell data</b>					
Number of employees (in FTEs)	60,568	54,737	50,573	45,580	50,216
Employee satisfaction	86%	85%	87%	81%	85%
Absenteeism	3.8%	3.8%	3.6%	3.7%	3.8%
Females employed	55.1%	55.4%	55.6%	56.3%	55.6%
Females in senior positions (> scale 7)	22.1%	20.7%	19.9%	19.0%	17.8%
WIA-influx	0.20%	0.15%	0.18%		
Training expenses	99.9	98.0	76.9	68.7	69.0
Training expenses in EUR per FTE	1,649	1,790	1,518	1,509	1,374
<b>Products and services specifically geared to sustainability (amounts in millions of euros)</b>					
<b>Investment</b>					
Rabo Green Bonds (cumulative)	3,622	3,518	3,130	2,644	1,984
Robeco sustainable assets	2,620	5,247	105	88	81
Robeco sustainable equity funds	516	420	191	122	5
Sarasin sustainable assets	4,363	4,778	-	-	-
Sarasin private equity funds	123	-	-	-	-
Third party sustainable investment products (via Schretlen & Co. and Rabobank Private Banking)	159	124	65	-	-
Robeco sustainable capital subject to engagement	9,555	15,125	5,249	-	-
Sarasin sustainable capital subject to engagement	1,069	-	-	-	-
Rabo sustainable seed capital, venture capital and private equity	138	3	10	4	3
<b>Payments, savings, loans</b>					
Green financing (outstanding)	3,373	2,882	2,409	2,184	1,814
Green saving	125	106	-	-	-
Climate mortgage loan					
- number	934	250	-	-	-
- amount	71.7	19.2	-	-	-
Stimulation loan, start-up loan, and Growth & Innovation loan (loans managed by Stichting Garantiefonds Rabobank)	451	367	267	-	-
Loans with Landbouw BF/BF+ surety fund	355	364	376	-	-
<b>Non-commercial sustainable activities (in millions of euros)</b>					
Rabobank Foundation, loans and donations	16.8	10.6	15.9	10.1	7.4
Project Funds, donations	3.7	1.1	1.3	1.6	2.8
Donations by local Rabobanks	20.4	20.3	-	-	-
Donations Rabobank Netherlands, Rabobank International and other Group entities	3.8	-	-	-	-
<b>Business operations</b>					
CO <sub>2</sub> -emissions attributable to business operations (tonnes CO <sub>2</sub> x1,000)	176	176	-	-	-
CO <sub>2</sub> per FTE (tonnes CO <sub>2</sub> )	3.0	3.1	-	-	-
Electricity usage (kWh per FTE) <sup>2</sup>	5,050	4,705	4,580	4,276	3,352
Share of green electricity <sup>2</sup>	85%	85%	86%	96%	25%
Gas usage (in m <sup>3</sup> per m <sup>2</sup> gross floor area) <sup>3</sup>	9.6	8.3	8.1	8.7	8.1
A4 Paper usage (kg per fte) <sup>4</sup>	39.1	45.2	48.7	50.6	46.5
Lease portfolio A, B and C cars (% of total)	73.3%	70.8%	-	-	-

2 These data cover 92% and 91%, respectively, of the number of FTEs of the Rabobank Group.

3 These data cover 90% of the number of FTEs of the Rabobank Group.

4 These data cover 99% of the FTEs of Rabobank Netherlands, local Rabobanks and Group entities Netherlands related to the share that is purchased centrally.



# Foreword

## Responsible banking for a sustainable future

Corporate social responsibility (CSR) is an explicit strategic choice for Rabobank Group. To give further body to this strategic choice in our day-to-day financial services, we defined such central themes as introducing sustainability to the food chain, encouraging sustainable production methods, promoting economic participation and fostering social cohesion. These themes are a logical progression from Rabobank's roots in society. This year's sustainability report bears the title 'Responsible banking for a sustainable future'.

Social responsibility is in Rabobank's genes. As a bank of and for people, we aim to promote socio-economic development by providing access to financial services. This involves issues such as independence, participation and emancipation of groups and individuals. A cooperative, in which those same people set the course, is the perfect business structure for this. This governance type basically dictates that corporate social responsibility is Rabobank's leitmotiv, which is, by definition, reflected in the Bank's attitude in respect of the activities it co-facilitates. As a result, we seek to engage in a constructive dialogue with our stakeholders.

In this annual sustainability report, we proudly present a picture of the efforts we have made to make another responsible financial product and service offering in 2008, both in the Netherlands and abroad. A great deal of work has been done within the Group to align our business operations to our CSR policy. With the modesty that suits a cooperative bank, we would immediately note that there are plenty of challenges left to be tackled. The impact large enterprises have on the environment around the world is more and more a subject of discussion, not only as part of the problem, but increasingly as part of the solution. Rabobank wants to play a pivoting role in that discussion and make its own contribution - visibly and noticeably. We keep a hand on the plough.



*Bert Heemskerk (left) and Piet Moerland (right).*

We are considering integrating our financial and sustainability reporting. In part in that light, 'CSR in our business operations' will be our motto for the coming years. What also counts is that reporting is more and more changing into a continuous and digital process\*, not only saving paper and, hence, the environment, but also resulting in on-going accountability. People are kept informed through Rabobank's corporate website not just once a year, but year-round.

Regardless of how this will work out, we would like to engage in a dialogue with you on how we can together flesh out responsible cooperative banking for a sustainable future.

**On behalf of the Executive Board,**  
Piet Moerland  
Responsible for CSR

Bert Heemskerk  
Chairman

\* The lion's share of this Annual Sustainability Report 2008 is offered in digital form only.

# Profile

Rabobank Group is an international financial service provider operating on the basis of cooperative principles. It comprises 153 independent local Rabobanks and their central organisation Rabobank Nederland and its subsidiaries. Rabobank Group employs around 61,000 FTEs in 45 countries. Its operations include retail banking, wholesale banking, asset management, leasing and real estate. It serves some 9.5 million clients around the world. In the Netherlands, its focus is on all-finance services and, internationally, on food & agri. The Rabobank Group entities have strong internal ties, that stem from its cooperative roots.

Rabobank Group has the highest credit rating, Triple A, awarded by the well-known international rating agencies Standard & Poor's and Moody's. In terms of Tier I capital, Rabobank Group is among the world's twenty largest financial institutions.

## Local Rabobanks, Rabobank Nederland and Rabobank International

The independent local Rabobanks make up Rabobank Group's cooperative core business. Firmly rooted in society, committed, near-by and a leader, each has its own work district. Clients can become members of their local Rabobank. In turn, the local Rabobanks are members of Rabobank Nederland, the supralocal cooperative organisation that advises and supports the banks in their local services. Rabobank Nederland also supervises the operations, sourcing, solvency and liquidity of the local Rabobanks. With around 1,100 branches and nearly 3,100 cash dispensing machines, the local Rabobanks form the densest banking network in the Netherlands. Together, they employ nearly 29,000 FTEs. In the Netherlands, the local Rabobanks serve approximately 7.5 million clients, both private and corporate, offering a comprehensive package of financial services.

Rabobank Nederland is the holding company of a number of specialised subsidiaries in the Netherlands and abroad. Rabobank Nederland employs more than 6,000 FTEs. Rabobank International is Rabobank Group's wholesale bank and international retail bank. It employs more than 15,000 FTEs world-wide and has branches in 27 countries.

## Mission and ambition

Rabobank Group works for the common interest of people and communities, with the objective to achieve their present and future ambitions by supplying the best possible financial solutions and by strengthening mutual collaboration. Based on its commitment, Rabobank Group aims to be a driver and an innovator that contributes to the sustainable development of prosperity and well-being. Based on this mission, Rabobank Group's ambition is to be the largest, best and most customer-driven and innovative financial institution in the Netherlands.

In the international environment, Rabobank Group aspires to be the best food & agribusiness bank, with a strong presence in the major food and agriculture countries. For this purpose, Rabobank Group uses the expertise it has accumulated in the Netherlands over many years. In addition, Rabobank Group aims at global excellence in sustainable entrepreneurship, as would befit its identity and position in society. Rabobank Group works hard to embed corporate social responsibility in its core activities even further.

## The Rabobank values

Rabobank's stance in the world is defined by core values that are derived from its mission and ambition: respect, integrity, professionalism and sustainability. All Rabobank Group entities have endorsed these core values as the preconditions for our actions.

- Respect: Rabobank Group works with others on a basis of respect, appreciation and commitment.
- Integrity: Rabobank Group aims to be fair, honest, careful and reliable in all its actions.
- Professionalism: Rabobank Group serves its clients with high-quality knowledge and facilities. It strives to maintain that high quality – anticipating where possible on clients' future needs – and to offer its services in an efficient manner.
- Sustainability: Rabobank Group aims to contribute to the sustainable development, both economically, socially and ecologically, of society. It achieves this through, among other things, the Rabobank Foundation, which is funded by Rabobank Group as a whole and helps disadvantaged groups, both at home and abroad, with the aim of giving them the perspective of becoming self-supporting. In addition, Rabo Development has been established with the aim of supporting, with both people and means, the development of partner banks in emerging countries.

Based on these core values, Rabobank Group offers all the financial services needed by clients as they participate in an economy-driven modern society. Rabobank respects the culture and traditions of the countries where it operates without losing sight of its own objectives and values, and laws and regulations.

## Rabobank Group

Situation at 1 January 2009

9.5 million clients

1.7 million members

153 local Rabobanks

### Rabobank Nederland

#### Support of local Rabobanks

- Private individuals
- Small & medium-sized enterprises
- Private Banking
- Other support units

#### Rabobank International

- Food & agri
- Wholesale banking
- International retail banking

#### Rabobank Group staff functions

- Corporate Social Responsibility
- Investor Relations
- Long Term Funding
- Other staff units

### Labels

#### Asset management

- Robeco
- Schretlen & Co
- Sarasin
- IRIS
- Orbay

#### Leasing

- De Lage Landen
- Athlon
- Freo
- Crediam

#### Real estate

- Rabo Real Estate Group
- Bouwfonds Property Development
- MAB Development
- FGH Bank
- Bouwfonds REIM
- Fondsenbeheer Nederland

#### Insurance

- Eureko (39%)
- Interpolis

#### Housing

- Obvion
- Moviq
- Zoekalhuizen.nl

#### Business

- Bizner
- Rembrandt F & O

The local Rabobanks and their members make up the core of the banking business. They are the cooperative's key stakeholders. Being the central (legal) entity, Rabobank Nederland is in the centre of the organisation chart. In the Netherlands, Rabobank Nederland facilitates the local Rabobanks, including the development of new products and marketing support. It performs staff functions for the local Rabobanks and for Rabobank Group as a whole, including Shared Services & Facilities, Group ICT and Cooperative & Management, Corporate Social Responsibility, Investor Relations, Long Term Funding, Human Resources, Legal and Tax Affairs, Knowledge & Economic Research and Communications. Finally, Rabobank International, with its expertise, serves a large number of corporate and retail clients all over the world. The bottom part of the diagram of the organisation describes the chief labels within the Rabobank Group operating in the various markets under their own brands.



# 1 CSR strategy and policy

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Serving the interests of customers is key in Rabobank's ambition statement. We do so by putting into practice our core values of respect, integrity, professionalism and sustainability. Rabobank wants to make an economic, social and ecological contribution to building a sustainable society. With this, corporate social responsibility (CSR) has been embedded in the heart of our operations. For Rabobank, corporate social responsibility means that we conduct our operations such that they contribute to the sustainable development of society at large.

Based on our mission, we, at Rabobank Group, use the following vision as our guiding principle.

- Society demands and expects that the business community acts in a sustainable and transparent manner in the interests of customers.
- Rabobank wants to conduct its business in a sustainable manner so as not to deprive future generations.
- CSR enhances the quality of the business, customer relations and the day-to-day operations.
- In this way, CSR helps us achieve the strategic objectives of our organisation and our brand.

We, at Rabobank, believe that the Bank's cooperative identity, with its focus on the long-term interests of customers and members, and on sustainable development, is the most important condition for the continuity of our business. This vision once again proved its worth in 2008, even in the midst of the financial and economic crises that swept the world this year.

## Principles of corporate social responsibility

We base our CSR policy on the Rabobank Group Code of Conduct, prevailing service provision principles and the Strategic Framework.

### Rabobank Group Code of Conduct

The Rabobank Group Code of Conduct governs our employees' day-to-day actions. It describes our ambitions, our four core values (respect, integrity, professionalism and sustainability) and the approach that Rabobank Group wants to take to the community, customers and employees. The Code of Conduct serves as a basis for all other internal rules of conducts.

### General service provision principles

Rabobank Group has ratified a broad range of external guidelines that entail general service provision principles. These include the OECD Guidelines for Multinational Enterprises, the UN Global Compact, the Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy of the International Labour Organisation (ILO) the UN Environmental Programme Finance Initiative (UNEP-FI), the Equator Principles, the Principles for Responsible Investment, and the Business Charter for Sustainable Development of the International Chamber of Commerce (ICC). Some of these principles impact internal guidelines and policies for corporate social responsibility. Internal guidelines have been developed, for instance, to form a position on human rights. For a list of guidelines used, please log on to our corporate website.

## Food & Agribusiness Principles

We started to define the Food & Agribusiness Principles in 2008 so as to steer our input into social issues in agricultural core markets. Five principles have now been formulated: adequate and secure food production, sustainable use of natural resources, a responsible society where public welfare is key, ethical treatment of animals, and awareness among consumers and citizens. These principles will be fleshed out in the months to come.

## Strategic Framework

Pursuing a sound CSR policy is an explicit strategic choice for Rabobank Group. We aspire to be among the Top 3 of sustainable banks globally. We started to revise the Strategic Framework in 2008 to adjust our course to the changing winds in the financial markets and the world as a whole. We have described, and elaborated on, the result of this revision, in the Financial Review 2008. A summary is given in the table below.

<u>Rabobank bases its strategy on the following five points</u>	<u>This strategy is based on the following starting points</u>
- Sound balance sheet ratios	- Cooperative identity
- Greater focus on the corporate market	- Ambition to become Dutch all-finance market leader
- Optimisation of operations: implementation of Rabobank 2010	- Ambition to become a global food & agribusiness bank
- Stronger focus on core activities abroad	- Retention of triple A status
- Stronger focus on added value for strategic targets at subsidiaries	- Sound CSR policy

## Four central CSR themes

Rabobank Group has defined four central themes in the Strategic Framework in order to give further body to the strategic choice for a sound CSR policy.

- Introducing sustainability to food & agri chains
- Encouraging new production methods and renewable energy sources
- Promoting economic participation and diversity
- Fostering social cohesion and solidarity

These themes are a logical progression from Rabobank's roots in society and are in keeping with the core values that lie at the base of the Rabobank Group Code of Conduct. The central themes demonstrate that we, at Rabobank, set great store by embedding CSR in our services, displaying commitment to the community and organising our own business processes such that they are responsible and sustainable. The themes have also been linked up to key social trends and market developments. The trends that Rabobank has identified based, in part, on talks with stakeholders are for example commodity shortages, climate change, food security, a higher standard of living, ageing and urbanisation, and increasing pressure from special-interest groups. Market developments that affect CSR policy are confidence in the financial sector, oversight, transparency of services, duty of care, the 24-hour economy, and independent, assertive and critical customers.

### Theme 1: Introducing sustainability to food & agri chains

Rabobank Group aims to introduce sustainability to food & agri chains by applying the five Food & Agribusiness Principles: adequate and secure food production, sustainable use of natural resources, a responsible society where public welfare is key, ethical treatment of animals, and awareness among consumers and citizens.

### Theme 2: Encouraging new production methods and renewable energy sources

Rabobank Group seeks to innovate production methods, and develop and use renewable energy, thereby placing less of a burden on the natural resources of future generations and contributing to the sustainable development of society in the longer run. All core activities are meant to encourage

new production methods and use renewable energy, and are at the innovative heart of the financial services that we provide to our customers. Examples include clean technology, sustainable building, sustainable mobility, and sustainable investments and asset management. We, at Rabobank Group, also promote the use of new production methods and renewable energy in our own business processes. Our operations have been climate-neutral since 2007, for instance, and we are currently working on improving our resource efficiency and stepping up our use of renewable energy.

### **Theme 3: Promoting economic participation and diversity**

Rabobank Group wants to create equal opportunities and economic participation for all people. This central theme is rooted in Rabobank's cooperative history. We promote participation and diversity, for instance by developing financial services for specific target groups, such as young people, the elderly or people with disabilities.

### **Theme 4: Fostering social cohesion and solidarity**

Rabobank Group has several ways of fostering social cohesion and solidarity. The local Rabobanks annually distribute cooperative dividend to civil society groups and projects. Rabobank also actively runs social funds such as Rabobank Foundation and the Share4More employee fund. Rabobank Development undertakes commercial banking activities globally in areas where there are relatively few banks. Employees are encouraged to harness their knowledge and skills by volunteering for Rabo Development or Rabobank Foundation. The group entities individually also promote community investment.

### **Focus on key performance indicators**

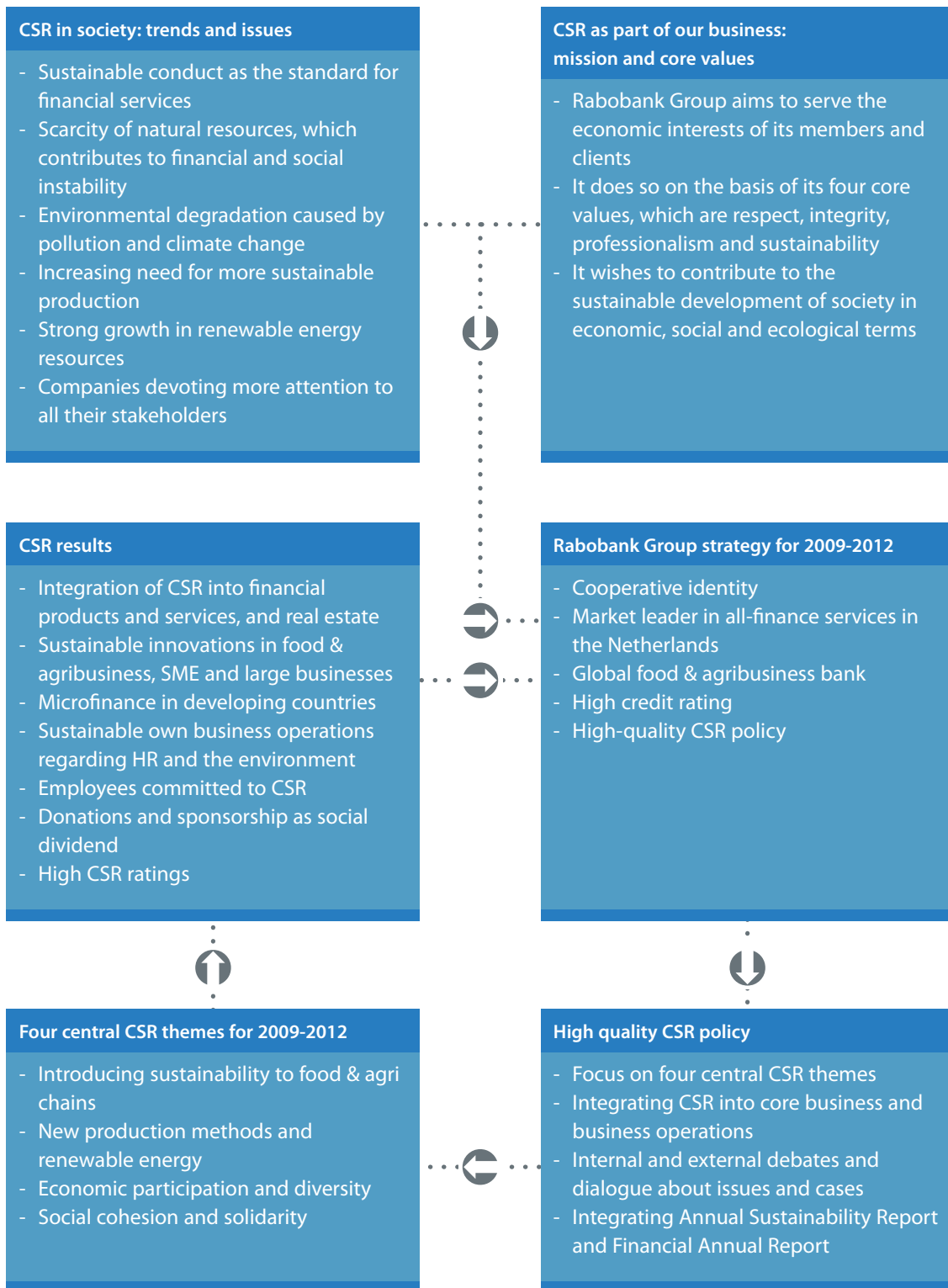
Key performance indicators (KPIs) were defined for each central theme in 2008. These KPIs help to track progress on the themes. The indicators will be fleshed out in 2009 and linked up with targets that will need to be achieved with effect from 2010.

<b>Introducing sustainability to the food &amp; agri chains</b>
<ul style="list-style-type: none"> <li>- Decision-making on food &amp; agri policy by Rabobank Group's Lending Policy Committee</li> <li>- Application of food &amp; agri policy in asset management</li> </ul>
<b>Encouraging new production methods and renewable energy sources</b>
<ul style="list-style-type: none"> <li>- Extent of sustainable loans in billions of euros and as a percentage of total lending</li> <li>- Extent of sustainably managed assets in billions of euros and as a percentage of total managed assets</li> <li>- CO<sub>2</sub> footprint in tons CO<sub>2</sub> per FTE</li> </ul>
<b>Promoting economic participation and diversity</b>
<ul style="list-style-type: none"> <li>- Microfinance in millions of euros in countries other than the Netherlands (portfolios of Rabobank Foundation and Rabo Development) and as a percentage of total funding outside the Netherlands</li> <li>- Microfinance in billions of euros for SME start-ups and first-time home buyers, as well as guarantee facilities for businesses in the Netherlands, also as a percentage of total funding provided in the Netherlands</li> </ul>
<b>Fostering social cohesion and solidarity</b>
<ul style="list-style-type: none"> <li>- Number of employees involved in, and number of hours spent, volunteering and working on initiatives developed by Rabobank Foundation and Rabo Development</li> <li>- Cooperative dividend and donations in millions of euros contributed by Rabobank Group overall</li> </ul>
<b>Result</b>
<ul style="list-style-type: none"> <li>- Global CSR rating</li> </ul>

## Strategic Framework linked up

Rabobank Group's cooperative character, our Strategic Framework, the central CSR themes and the KPIs can be linked up as illustrated below.

### Rabobank Group's CSR strategy



## 2 CSR performance in 2008

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The CSR performance of Rabobank Group can be summarised in a number of highlights. We will first address the CSR targets for the reporting period. We will indicate for each topic where in the report more information can be found.

### CSR targets for 2008

The Annual Sustainability Report 2007 mentions a number of Rabobank Group's CSR targets for the period 2007-2010. In addition, the different group entities had defined a number of specific policy targets for 2008. The target table lists these CSR targets and shows whether or not they were achieved. Starting in the Annual Sustainability Report for 2009, the extent to which targets are achieved will be linked to the central CSR themes and the KPIs that were described in Chapter 1.



Targets	Evaluation
<b>Policy</b>	
Update of Rabobank Group's Code of Conduct and communication to all employees in 2007 + 2008.	●
Full integration of CSR into our policy and operations (globally in the Top 3 of CSR ratings).	●
Next round of in-depth interviews with stakeholders (stakeholder consultation) in 2009.	2009
De Lage Landen: definition of strategic CSR policy.	●
<b>Financial services</b>	
CSR is fully integrated into the lending, leasing and investment processes and products.	2010
Policy documents for the 10 most CSR-sensitive sectors are in use for lending and - where applicable - leasing.	2010
CSR financial services criteria (implemented in 2007) tested for feasibility in 2008 and, if necessary, refined on the basis of new insight in 2009-2010.	●
For all sectors in large corporate accounts, CSR-issue lists are available and have been taken into service.	2010
Charting of CO <sub>2</sub> emissions of Dutch business customers in lending (indirect impacts).	●
In the period 2007-2010, Rabobank Group will launch five new or updated products with clear CSR-based values.	●
Rabo Real Estate Group: development of position paper on energy setting out solutions for more energy-efficient building and assessment on the basis of contribution to planet, people and profit.	●
<b>Commitment to the community</b>	
Employees of all group entities and of more than half of all local Rabobanks to be engaged in CSR.	●
Rabobank Nederland will encourage local Rabobanks to set up a programme by the end of 2010 in which their members and/or staff become actively engaged (volunteering) in the local community.	●
<b>Employees</b>	
Encouraging employees to include a CSR objective in their performance management of their own accord (compulsory for executive managers) by the implementation and use of the competency 'Corporate Social Responsibility in Action'.	●
25% of trainees to come from a multicultural background in 2007 and 2008.	●
10% of executive staff to be female in 2008.	○
<b>Operations</b>	
In 2010, a percentage (to be determined in 2007) of the then completed new and large-scale building renovation projects meet the SenterNovem sustainable real estate standards.	●
Further reduction in environmental impact of our operations by 10% relative to 2006, by taking measures in the field of energy and paper savings, and reduction in waste and CO <sub>2</sub> emissions attributable to business travel by car and air.	●
CSR suppliers' assessment is part of the purchasing process. All suppliers of Rabobank Group Purchasing have undergone this assessment.	●
Mobility: a group-wide picture of the current situation with regard to mobility and CO <sub>2</sub> emissions.	●
● Fully realised    ● Partially realised    ○ Unrealised	

### CSR in local Rabobanks

Judging from the annual CSR survey, the local Rabobanks made visible progress on the continued implementation of CSR in 2008. CSR was explicitly mentioned in the policy plans of 92% of the local Rabobanks, compared with 84% in 2007. Approximately half of the targets set by the local Rabobanks were achieved, including the objective of focusing on saving energy. Less progress was made on becoming market leader in CSR in the field of operation and on deciding on CSR policy with members. The involvement of Members Councils and Supervisory Boards in the development and monitoring of CSR policy has grown, however. In 2008, 12 regional meetings were organised for local Rabobanks on the subject of CSR and commerce. The topics covered during these meetings included sustainable investment and CSR in communications. In addition, a national gathering was organised once again in 2008, which was attended by 250 local CSR coordinators and sales directors.

### Further embedding of Rabobank Group Code of Conduct

In 2008 the Code of Conduct was further embedded in HR instruments, such as our competency language (the competency Corporate Social Responsibility in Action), the standard job profile, the leadership profile and performance management. Rabo Real Estate Group defined a new code of

conduct in 2008, geared specifically to its operations. The code describes three integrity principles: preventing (the semblance of) conflicts of interest, avoiding (the semblance of any form of) fraud, corruption and bribery, and being discreet and tactful when handling confidential information.

### Ethics Committee

The Ethics Committee celebrated its tenth anniversary in 2008. This advisory body, which is led by the Chairman of the Executive Board, offers its opinion on moral dilemmas to all echelons of Rabobank Group. Over the past decade, the Committee has applied ethical criteria to more than 150 business cases. In 2008 the Committee ruled on 14 real-life situations. Discussions focused on whether or not we should fund a provider of perhaps too easy to access loans and a private forestry company that offers investments in robina plantations. In addition, we discussed the welfare of sheep on long-distance transports to halal slaughterhouses. *See also Chapter 3.*

### Introducing sustainability to production chains

Rabobank has defined concept policies for several CSR-sensitive sectors, which help us cope with the potential impact of our funding. These concept sector policies will be discussed in internal sessions, after which we will hold a consultation round in 2009 with different external stakeholders. The formal adoption and implementation of the policy has been scheduled for the second half of 2009. The policy is already effective for the soy sector. The integration of CSR into our mainstream business involves applying CSR criteria to the lending process as well as asset management, and property development and management. *For more details, see Chapters 3 and 4.*

### Introducing sustainability to food & agri chains

In 2008 Rabobank was a participant in sector-wide global round tables, including the Round Table on Responsible Soy, the Round Table on Sustainable Palm Oil, the Better Cotton Initiative, the Better Sugar Initiative and the Round Table on Sustainable Biofuels. On both Rabobank's and stakeholders' initiative, talks involving a range of CSR issues were held also with key players. Ideas on the new palm oil policy were exchanged, for instance, with academics from all over the world, Friends of the Earth, Oxfam Novib and the Worldwide Fund for Nature. In 2008 we also took the initiative to define Food & Agribusiness Principles, which illustrate how Rabobank Group goes about its business in the international food & agribusiness market. *These are described in more detail in Chapter 3.*

### Promoting renewable energy

Rabobank developed a plethora of initiatives in the field of renewable energy in 2008, one of which was the investment by Rabo Ventures in Ecocern, a European renewable energy group. Another was the co-financing by Rabobank of the Princess Amalia Wind Farm in the North Sea. Rabobank Nederland is involved in initiatives for applying geothermal heat in horticulture, and Rabobank Westland contributed EUR 10 million to various renewable energy projects in that sector. Rabo Green Bank and Rabobank Oost-Achterhoek provided financial backing to Haagwinden, the largest onshore wind farm in the Netherlands. Rabo Green Bank saw its lending portfolio grow to more than EUR 3.4 billion in 2008, most of which was attributable to renewable energy. Athlon Car Lease introduced sustainable mobility programmes and strengthened its ties with Netherlands Railways in terms of the Railways Business Card. Sarasin, Robeco and Rabobank published several studies on renewable energy and climate impact. In addition, Rabobank wrote a report on water shortages and investments in efficient water usage in agriculture, which was presented at the Duisenberg lecture during meetings of the International Monetary Funds and the World Bank. *Chapter 4 elaborates on renewable energy initiatives in financial services.*

### Fostering economic and social cohesion

Rabobank was established as a cooperative bank of and for customers and members. Solidarity is a decisive organisational principle and fostering participation is a key driver. In the Netherlands, for instance, Rabobank contributes to the economic development and emancipation of a large segment of the population. Within this scope, we focused our efforts in 2008 on services for vulnerable groups, for instance by offering financial products for first-time home buyers, guaranteed products for business owners, and easy-access products for the elderly, people with a visual impairment, people with literacy problems, and the motorically challenged.

Rabobank also contributes to economic participation by all and equal opportunity for all on a global scale. Rabo Development helps rural banks active in developing countries to transform themselves into professional, modern financial institutions. As focus is on long-term development, short-term profitability is of minor importance. Partner banks remain independent and benefit from Rabobank's capital, expertise, products, network and management abilities. Experts in the areas of credit management, risk management, product development, distribution, ICT and HR are frequently sent on assignments. In total more than 250 people were sent on assignments in 2008. In 2008 Rabo Development acquired minority interests in Banco Regional in Paraguay and Banque Populaire du Rwanda. *For more information, see Chapters 5 and 6.*

### Employee involvement in CSR

Thousands of employees learned about CSR in e-learning courses, in regional and national internal seminars, and from playing the Game of Profit and Values. The executive management addressed the issue of CSR as well.

In 2008 Rabobank Group employees demonstrated their commitment to a great many social causes. Employees of our local Rabobanks spent over 79,000 hours volunteering, Rabobank International employees 11,382 hours and employees of other group entities 4,872 hours. The number of local Rabobanks that encourage their employees to volunteer increased by 14 percentage points in 2008, rising to 61%. In addition, 25 of our local Rabobanks offered the services of 1,700 employees in total, who spent more than 10,000 hours volunteering in 2008 within the context of the nation-wide Make a Difference Day (MADD), a volunteering initiative Rabobank has supported since 2005. *For details, see Chapter 7.*

### Diversity to stimulate enterprise

Rabobank Group's HR policy celebrates differences in people. Diversity encourages enterprise, and teams made up of people from varied backgrounds promote quality and creativity. In 2008, 20% of the students who took up work placements at local Rabobanks came from a multicultural background. Our aim is to reach the 25% mark. During 2008 Rabobank also encouraged and supported the social debate on how to increase the number of women in senior positions. In 2008 women accounted for over 10% of our senior management (senior staff and executive staff). The ambition is to raise this to 15% in 2009. As women accounted for just over 7% of the executive management of our organisation in 2008, we failed to reach our target for the year (10%). *More on this topic can be found in Chapter 7.*

### Introducing sustainability to our business processes

At Rabobank, we obviously aim to introduce more sustainable business processes in our own operations as well. Our efforts in this regard focus mostly on our climate policy (reducing greenhouse gas emissions and using natural resources responsibly) and diversity in our employee base. Rabobank Group's CO<sub>2</sub> footprint for 2008 was 176,000 tons of CO<sub>2</sub>, which is the same as that for 2007. CO<sub>2</sub> emissions per FTE dropped from 3.1 in 2007 to 3.0 in 2008. Rabobank Nederland aims to achieve a 20% reduction in CO<sub>2</sub> emissions over the next five years compared with the emissions level in 2008. *See also Chapter 8.*

### CSR and governance

The way we structure CSR within Rabobank was addressed extensively in the Sustainability Report 2007 and there have not been any changes to this form of governance since. A number of developments in 2008 are worth mentioning. Our Supervisory Board (and in particular its Cooperative Affairs Committee) paid more attention to CSR than it had done before. This Committee met three times, during which it discussed a range of topics, including the following:

- The Food & Agribusiness Principles;
- The key performance indicators for CSR;
- The value of cooperatives;
- Cooperative and CSR targets for revising the Strategic Framework;
- The assessment of client value and member policy;
- The revised Rabobank Group Code of Conduct;
- The position paper on human rights;
- The support provided by Rabo Development to rural banks in Tanzania, China, Zambia, Mozambique and Paraguay.

## Works Council

The Works Council of Rabobank Nederland also paid attention to CSR in 2008. It set up a working group on mobility, drew attention to the issue of employee commitment to CSR on an ongoing basis, and organised a full day's workshop for its members on how CSR can be placed at the centre of their activities.

## External appreciation of CSR efforts

The appreciation of a range of external parties for Rabobank Group's CSR efforts is reflected in the awards and ratings that we received in 2008. The following are worth mentioning.

- Runner-up, Sustainable Bank of the Year Award 2008, conferred by the Financial Times;
- Winner, Best Integration of CSR into Retail Banking Strategy Award 2008, conferred by Retail Banker International;
- Number one in the 2008 Transparency Benchmark and winner of the Best Annual Sustainability Report, conferred by the Dutch Ministry of Economic Affairs;
- A+ qualification of our Annual Sustainability Report 2007, awarded by the Global Reporting Initiative (GRI);
- Top sustainability ratings awarded by the Vigeo, Oekom Research and Sustainalytics rating agencies;
- Highest scoring financial services provider in the 2008 Intermediair Image Survey; favourite employer among female graduates, higher vocational education graduates and labour-market entrants entering the job market.

## Diverse and inclusive

Rabobank Vlietstreek-Zoetermeer and some forty other parties, including the Zoetermeer municipality, business enterprises and labour, income and care organisations, have joined hands in the promotion of diversity and inclusiveness, both in the Zoetermeer labour market and within their own operations. In that context, the 'Diversity and inclusiveness in business' covenant was signed at the office of the Rabobank Vlietstreek-Zoetermeer in December 2008. It was the official kick-off for intensive public-private partnership that should result in leverage of Zoetermeer's labour reserve in the period 2008-2010. Rabobank Vlietstreek-Zoetermeer has made available its locations and other facilities, participates in the ambassadors' network and facilitates an employers' platform. In addition, the bank is leveraging its expertise in helping other businesses achieve their diversity targets.



## 3 A dialogue with our stakeholders

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Rabobank uses dialogue and engagement to contribute to a more sustainable society and responsibility in action. We seek dialogue with our stakeholders on matters impacting the Bank or our stakeholder base, whether it concerns social trends and issues, or dilemmas surfacing in our service provision. Dialogue motivated by engagement with stakeholders is one of the distinguishing features of our vision of corporate social responsibility. The most important result is that Rabobank employees can deal with dilemmas in a practical and professional manner, and can make responsible decisions.

### Stakeholders of Rabobank Group

#### Customers

Rabobank's most important stakeholders are its customers. Membership allows engaged customers to obtain control of the cooperative structure. Usually organised in Members Councils, our 1.7 million members offer input into the direction and services of the Bank. Topics of discussion include office policy, opening hours and client services. Members Councils also have an important say at many local Rabobanks in deciding on donations from local project funds to charitable causes.

#### Employees

Our employees are our most important internal stakeholders. Employees and their representatives are asked to give their opinion on CSR topics in a variety of ways: via employee representation bodies, via regular employee satisfaction and vitality surveys, and via confidential contact persons. In addition, employees are closely involved in selecting and carrying out CSR activities, and they are invited to support community investment projects through the Share4More Fund.

#### Customer interest groups

Customer interest groups offer an indispensable sounding board that allows us to gear our services to the needs and requirements of the community. Besides meeting regularly with the Dutch Consumers' Association (Consumentenbond), we also consult frequently with interest groups of special customers, such as ethnic minorities, the elderly and the disabled. This dialogue has already resulted in special products and services, including the Goede Doelen Rekening (charities account), talking e-purse loading points and an Internet package for the visually impaired.

#### Government agencies

Government agencies also qualify as a stakeholder that we often talk with about CSR-related topics. We confer with the Ministry of Finance about the implications of the credit crunch, with the Ministry of Economic Affairs about innovations in the corporate sector, with the Ministry of Transport and Public Works about mobility and traffic management, with the Ministry of Agriculture, Nature and Food Quality about sustainability in agriculture, and with the Ministry of Housing, Spatial Planning and the Environment about measures to prevent climate change. Rabobank's view of political donations has been outlined in a position paper.



## Civil society organisations

Rabobank uses a number of criteria to weigh the relevance of other stakeholders. These might include civil society organisations that focus on social and environmental issues, that are influential and occupy a position of authority in the community, that have a sterling reputation, as well as a large following and a strong network, and that have a clear opinion of the activities undertaken by Rabobank Group. Only in exceptional cases does a stakeholder satisfy every criterion. This goes for the Worldwide Fund for Nature, for instance. That is why we saw fit, in 2006, to forge a three-year partnership with the Worldwide Fund for Nature.

## Ethics Committee: internal benchmark

Any employee of Rabobank Group can take the initiative to submit real-life issues and ethically sensitive topics to the Ethics Committee at their discretion. This group-wide committee, which is led by the Chairman of the Executive Board, is an advisory body that expresses opinions on the application of our corporate values to moral dilemmas. The Committee issues advisory opinions based on the Rabobank Group Code of Conduct and other internal policies, as well as external rules of conduct that the Bank has undertaken to follow. The Committee's opinions, which have been referred to as 'moresprudence', impact our actions as a bank because they are well-considered and broadly supported, and help us deal with social reality. The Committee has also, since 2004, advised on CSR issues that affect our operations, such as animal welfare, deforestation, genetic modification, human rights and the arms industry.

## Cases assessed for the four central themes of the Code of Conduct in the ten-year existence of the Ethics Committee

Number	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Respect		5	2		1	1		1			
Professionalism											
Integrity	9	4	10	11	16	6	6	5	4	7	3
Sustainability	5	1	4	9		11	10	12	3	2	2

## Social trends and issues

The relevance of social trends and issues is determined using the materiality principle. The relevance and impact of trends and issues are analysed and weighed based on criteria such as their contribution to sustainable development, their impact on the community and the business, and their sensitivity to Rabobank's business and special responsibility with a view to our product and service offering. Rabobank currently identifies the following social trends and issues that form the starting point for our dialogue with stakeholders. These trends and issues are considered in weighing, and taking decisions on, social issues.

## Twelve social trends

1. Continuing growth of world population.
2. Higher standard of living globally, including secondary effects such as changes in food patterns.
3. Various strong regional demographic trends, such as ageing and general flight from rural areas to cities.
4. Restriction of social freedoms due to constant pressure of special-interest groups; non-sustainable behaviour is becoming a dissatisfier/sustainability in action is becoming the standard for future financial services.
5. Greater scarcity of natural resources (water, nature and biodiversity) and the related implications, such as financial and social instability.
6. More severe environmental degradation due to pollution and climate change.
7. Structurally higher market prices in the future due to increasing demand for, and use of, commodities.
8. More uncertainty about agricultural production and revenue levels.
9. Increasing need for more sustainable production chains.
10. Increasing need for renewable energy sources and clean, renewable production processes: transformation.
11. Return to the Rhineland consensus model; more concern for all relevant stakeholders.
12. Increasing demand for educating vulnerable customers and teaching them how to become financially literate.

## Fifteen key themes

1. Employee discrimination.
2. Ban on freedom of association and collective bargaining.
3. Exploitative child labour.
4. Forced labour.
5. Poor working conditions.
6. Violation of rights of indigenous and native peoples.
7. Weapons abuse and production of controversial arms.
8. Climate change due to greenhouse gases.
9. Environmental pollution.
10. Depletion of scarce natural resources.
11. Cruelty to animals.
12. Economic flight from, and ageing in, rural areas.
13. Increasing uncertainty about the affordability of food.
14. Products and services that present (financial) risks to the health or safety of consumers.
15. Lack of transparency in governance and/or corruption.

### Effect of dialogue on policy and practice

Our dialogue with stakeholders about relevant social trends and issues, and any dilemmas arising affected Rabobank Group's policies and services in 2008 as well. This is best illustrated by a number of varying practical examples.

### Developing Food & Agribusiness Principles

The Food & Agribusiness Principles have been developed based on an analysis of some important trends, such as the increasing need for food security and the depletion of natural resources and commodities. The principles flesh out Rabobank's CSR targets for making food & agri chains more sustainable.

### Introducing sustainability to chains by participating in sector-wide talks

Rabobank supports concrete initiatives for introducing sustainability to food & agri chains by participating in sector-wide national and international talks. Examples are the Global Compact and the UN Environmental Programme Finance Initiative and the various Round Tables (on soy, palm oil, biofuel) and Initiatives (on cotton, sugar).

Progress was made in 2008, for instance, on preventing illegal deforestation for palm oil production. Greenpeace asked Unilever – the biggest single buyer of palm oil – to take action. Unilever then formed a coalition with NGOs and about 40 enterprises in the palm oil production chain. Rabobank supports this initiative because it is entirely in keeping with its CSR policy. Rabobank is also a co-founder of the New Plantings Working Group, which seeks to prevent expansion of palm oil plantations into primary forests. This Working Group was established on the initiative of the Worldwide Fund for Nature.

### Socially responsible lending

Rabobank uses sector policies to mitigate (potential) risks and capitalise on opportunities for innovation in specific sectors that are sensitive to environmental, social or human rights issues. Sector policies help employees in maintaining their client contacts and assessing transactions. This involves lending in the soy sector, for example. Policies are in the process of being fleshed out for production chains and sectors for palm oil, forestry, cotton, sugar cane, fisheries, bio-energy/biofuel, coffee, cocoa, mining, and oil and gas. The draft policies will be formally adopted in the second half of 2009. In 2008, for instance, Rabobank was involved in talks about the palm oil sector with international academics and NGOs such as Friends of the Earth, Oxfam Novib and the Worldwide Fund for Nature.

### Arms industry policy

A group-wide committee reviewed a number of business customers in 2008 for their compliance with the Rabobank Group statement on the arms industry. Following this review, group entities struck up a dialogue with some business customers, asking them to cease their production of controversial weapons. Within this context, we decided to let go of one of our business customers. Private Banking excluded a number of enterprises from their investment universe. In addition, on the Committee's advice, the review of indirect client groups (such as vendors in leasing transactions) has been relaxed and tracker funds are disregarded.

Rabobank also initiated a dialogue with Oxfam Novib in 2008 about its arms industry policy. Oxfam Novib's 'bank list' proved to be virtually the same as the Rabobanklist of enterprises that do not comply with the Rabobank Group statement on the arms industry.

### Human rights policy and implementation

Rabobank has had a human rights policy since 2002. Application of this policy in every-day banking is proving to be a challenge at times. To improve matters, we organised a group-wide theme meeting in June 2008 about human rights where focus was placed on policy application by employees. The delegates were especially appreciative of the cases we presented in real-life examples. In 2009 we will structure our business processes such that they will allow our employees to become even more aware of human rights issues and how to deal with them.

### Anti-corruption policy

Global Witness inquired about Rabobank's anti-corruption policy in 2008. This topic is addressed in the Rabobank Group Code of Conduct as well as in our lending manual. We also aligned our due diligence procedures to EU regulations based on which it can be assessed whether clients are politically influenced. If necessary, we investigate the client's sources of prosperity and earnings.

### Investment fund voting on climate motions

In 2008 Friends of the Earth published a report by the title of *Aandelen in klimaatverandering* (Shares in Climate Change). In the period from 2006 to 2008 Robeco proved to have voted in favour of climate motions significantly more often than other investors. The PGGM pension fund led the pack, followed by Robeco. For more information on the dialogue with businesses and voting, please log on to the Robeco website.

### Socially responsible purchasing

Rabobank is in dialogue with suppliers on making purchasing more sustainable. Talks are centred on how to best serve this cause. Our suppliers' CSR policies and product specifications are important selection criteria. Rabobank seeks to conclude long-term contracts. *For details, see Chapter 8.*

## 4 CSR in our services

At Rabobank, we feel responsible for the impact that our services have on the community. That is why we go all-out to:

- manage our capital actively and responsibly;
- demonstrate transparency with regard to our products and services;
- limit product and reputational risks;
- adjust our acceptance and selection processes; and
- actively manage the impact of our services on society and the environment.

In 2008 we went on to integrate CSR into our policy (A), into our products and services (B) and into our customer service (C).

### A. Integrating CSR into our policy

We continued to make strides towards integrating CSR into lending, asset management and investing, and into our leasing and real estate activities in 2008.

#### Lending

- **Sector policy.** The Rabobank Group Lending Policy Committee, which is responsible for lending policy, defined a number of high-impact sectors in 2008. These sectors are: palm oil, wood-processing, soy, fisheries, fish farming, sugar cane, coffee, cocoa, oil and gas, mining, cotton and biofuel. Concept sector policy makes allowance for the interests of customers, for CSR issues in the sector in question and for Rabobank policies relating to ethical, social and environmental issues. In 2009, stakeholders will be consulted and formal decisions taken on the draft sector policies.
- **Country reports.** Country reports came to include CSR aspects in 2008. They hence provide an understanding of the main CSR issues that are at play in a specific country and are useful in advising customers or assessing transactions. This knowledge has been available to account managers since the beginning of 2009.
- **Risk management.** Rabobank International introduced the CSR Risk Identification Manual in 2008, which foreign offices can use to identify CSR risks. We assess, together with the customer, what issues are at play in the sector, how they affect the customer's business, what commercial opportunities are there to be grasped and how Rabobank can help. We have already met with many customers, especially in the wood-processing business, in fisheries and in the palm oil sector. This engagement strategy will be fleshed out in 2009.
- **Loan applications.** Rabobank International uses a CSR test to review loan applications. This methodology was further developed in 2008. The plan is to review all loan applications for 10 central themes and for compliance with the relevant sector policy.
- **Mortgage loans.** Obvion has explicitly included CSR in its new ambition statement and core values. In connection with this, the Rabobank Group entity has defined CSR targets for 2009 that are directly interrelated with the mortgage loans core business.
- **Project financing.** Rabobank applies the Equator Principles to project financing starting at USD 10 million that come under the Basel II definition. This entails an analysis of both the social and environmental impact of projects, as well as a risk classification. In 2008 Rabobank funded 15 renewable energy projects in the Netherlands, Europe, the US and Australia (six wind energy projects, six solar energy projects and three biofuel projects) and one traditional energy project. Given the environmental impact of the projects and the areas where the funding was provided (i.e. in OECD countries), the projects were classified as B and/or C (potential adverse and no adverse impact).

## Report on Equator Principles (number of projects reviewed)

EP category	2008	2007	2006
A (significant adverse impact)	0	0	0
B (potential adverse impact)	9	11	5
C (no adverse impact)	7	0	0
Total	16	11	5

### Asset management and investments

Demand for sustainable investments was on the rise in 2008, both among private and institutional clients. Group entities such as Robeco, Bank Sarasin, Schretlen & Co and Rabobank Private Banking worked to introduce more sustainability to their investment policies in 2008.

- **Rabobank Private Banking.** Private Banking wants to offer its clients an understanding of the sustainability level of its portfolio and show clients how socially responsible its investment offering actually is by giving funds and portfolios a sustainability label. Progress on CSR issues can then be achieved by seeking dialogue with the many suppliers of investment products and with clients.
- **Schretlen & Co.** This group entity has developed a sustainable asset management concept consisting of different modules, including sustainable investing. This helps clients bring sustainability to their investment portfolios.
- **Bank Sarasin.** Sarasin's business strategy revolves around sustainability and it is its most unique selling point in the market. Sarasin introduced a new ambition statement in 2008, which gives even more prominence to sustainability. In June 2008 it launched the motto Sustainable Swiss Private Banking since 1841.
- **Robeco; CSR instruments.** In 2008 Robeco adopted an ambition statement that steers the integration of Environmental, Social and Governance (ESG) factors into investment policy and business processes. In order to embed responsible investment practices in its service offering, Robeco also uses instruments such as exclusions, best-in-class criteria, engagement, voting and class action suits. The UN Principles for Responsible Investments (UN PRI) are an important guideline for the sustainability targets.

## Geothermal energy in horticulture

Like most sectors of the Dutch economy, horticulture is having a hard time. Due to high gas prices and low product prices, many horticulturalists are having difficulty to stay afloat. Traditionally, Rabobank has supported the sector in the profitable production of high-quality vegetables and flowers. However, as a sustainable bank, it would like to see this done in energy efficient greenhouses. By investing in these as well, the horticultural sector could free itself from the fetters of fossil fuels. For example, Rabobank, together with the governmental authorities, is promoting the use of geothermal energy - by pumping hot water to the surface - in horticulture. Geothermal drilling could bring great benefits to horticulture but it is very expensive. Especially the potential cost of dry wells are too high for any individual horticultural business to bear, and Rabobank is looking into possibilities that would help hedge the risk of unsuccessful drilling.





- **Robeco; Engagement Service.** Institutional investors are becoming more and more active in the area of sustainable asset management. They often opt for engagement: seeking dialogue with clients on CSR topics and corporate governance, or by tabling CSR-related proposals in shareholders' meetings and voting on such proposals. Robeco represents several parties with its Engagement Service, which allows it to exercise more influence.
- **Robeco; Assets under engagement.** Robeco's assets under engagement dropped to EUR 9.5 billion in 2008 (2007: EUR 15.1 billion), a key reason being the sharp drop in share prices due to the financial crisis. In 2008 Robeco voted at 1,792 shareholders' meetings (2007: 1,243) on 17,633 agenda items relating to sustainability and corporate governance (2007: 12,434). Robeco voted against management resolutions at 47% of shareholders' meetings (2007: 49%).
- **Robeco; Engagement topics.** Every year Robeco approaches a number of enterprises to map out how they address specific corporate governance and CSR issues. In 2008 the topics surveyed included the climate impact of utility companies, sustainability of pay & benefits policy, forced labour and controversial regimes.

### Sustainability in pay & benefits policy

In the fourth quarter of 2008 Robeco had a study conducted of how sustainable performance indicators are embedded in the remuneration structure of top executives of Dutch and globally based listed companies. This was linked to benchmarks such as an enterprise's general position on sustainability, its level of reporting based on the Global Reporting Initiative and the enterprise's place on the Dow Jones Sustainability Index. A limited number of enterprises had embedded sustainability indicators in their pay & benefits system. What is remarkable is that most enterprises have included sustainability in the short-term targets of their pay & benefits policy. This may not be very logical since the strategic choice for sustainability is generally a long-term decision. Sustainable performance indicators in executive pay & benefits policy seem to be mainly linked to strategy, welfare and security. Of the surveyed Dutch listed companies, no more than one-third of bonuses are linked to sustainability. In 2009 Robeco will specifically enter into dialogue with clients on how enterprises have incorporated sustainability ambitions into their pay & benefits policy.

**Robeco: Enhanced Engagement.** Since the beginning of 2008 engagement has also been applied to a selection of enterprises and progression has been measured based on indicators. Using this method, Robeco advises clients on whether or not to exclude an enterprise if they show insufficient progression or fail to comply with minimum requirements. Quarterly reports on Robeco's standard activities involving active dialogue and voting are posted on the Robeco corporate information website under the heading Betrokken Beleggen (responsible investing).

### Overview of engagement

	2008	2007
Number of engagement cases*	86	110
<b>Topics (%):</b>		
Corporate governance	32	30
Environment	25	24
Community	29	18
Human capital	8	6
Ethics	6	22

\* Robeco was in dialogue with 86 enterprises in 2008. This figure was down from 110 enterprises in 2007. Robeco has successfully used a 'smart' approach to all its engagement activities with effect from 1 January 2008, meaning that it determines in advance what the engagement objective is, when the engagement process will be terminated at the latest and on what conditions the engagement will be considered a success. This makes the results of the engagement activities tangible and measurable. This enhanced focus has led to a reduction in the number of engagement cases.

## Leasing

De Lage Landen adopted its current CSR strategy in 2008. Key objectives are to identify innovation opportunities and to streamline eco-efficiency in its organisation. What follows are some results.

- **Energy savings.** In 2008 some of the revenue generated by De Lage Landen was from combined heat and power, wind energy and heat/cold storage. De Lage Landen also started to grant consumer loans for energy-saving improvements in cooperation with energy companies.
- **Sustainable mobility.** CSR is also gaining importance in the leasing activities undertaken by Athlon Car Lease. It introduced a five-step sustainable mobility plan for instance, which forms the foundation for the advisory opinions offered to clients.

## Real estate

Rabo Real Estate Group reworked its CSR ambition under the heading 'Invest in the Future' in 2008. Every division has been asked to incorporate aspects such as taking active ownership of sustainable real estate, doing business with integrity, working with responsible business practices and showing commitment to the community into their policies and procedures.

- **Sustainable development.** Creating sustainable developments is one of the priorities of the Bouwfonds Property Development and MAB Development divisions. Bouwfonds Property Development has all its new building projects tested with effect from 2009 against the Municipal Practice Guideline for Buildings (*Gemeentelijke Praktijk Richtlijn Gebouw*, GPR). This computer program measures the sustainability of developments, making it transparent.
- **Sustainable building.** FGH Bank developed funding for sustainable real estate in 2008 with a view to promoting sustainable construction methods. Funding can be provided on more favourable conditions if a building meets a number of sustainability criteria.
- **Rabo FARM.** Bouwfonds REIM, the investment division, explored opportunities in 2008 to invest in farmland worldwide. Together with Rabobank International, Bouwfonds REIM established Rabo FARM, a new entity, especially for this purpose.

## Climate and renewable energy

At Rabobank, we also took steps in 2008 to chart the impact of climate change on our policies via research, alliances and publications.

- **CO<sub>2</sub> risks.** Rabobank commissioned a study, which was completed in 2008, by Ecofys (lending portfolio) and TruCost (investment funds) of CO<sub>2</sub> emissions and environmental pollution caused by businesses. The methodology and approach were reviewed by the Worldwide Fund for Nature and the World Resources Institute. The results of the study offer Rabobank the opportunity to develop a quantitative toolkit for determining risks related to energy, commodities and emissions.
- **BIOPEC.** With Rabobank as a co-initiator, the corporate sector, NGOs, competence centres and the government have joined forces under the name BIOPEC to promote sustainability in the biomass chain. In 2008 BIOPEC worked on certifying sustainable biomass flows, for instance. Biomass will come to play a key role in our energy supply, particularly in the transport sector, in electricity and heat production, and in the chemical industry.
- **Knowledge development.** Rabobank plays an active role in developing knowledge of climate and sustainability issues in the financial services sector. Rabobank commissioned or conducted the following surveys and issued the following publications in 2008.

Author	Title
SAM, in association with the Worldwide Fund for Nature and ETH (Swiss Federal Technological institute in Zurich)	<i>Study on the Effects of Climate Change on Financial Institutions.</i>
SAM	<i>SAM Whitepaper on Sustainability and Investing.</i>
Bank Sarasin	<i>Commodities – Still a Responsible Investment?</i> <i>Energy Efficiency – Hidden Capital. How Investors can Benefit from the Cheapest Source of Energy.</i> <i>Sustainability and Share Performance – A Long-running Debate Revised.</i> <i>Solar Energy 2008 – Stormy Weather will Give Way to Sunnier Periods.</i>
Robeco and Booz & Company	<i>Responsible Investing: A Paradigm Shift – From Niche to Mainstream.</i> About trends and developments in asset management in relation to sustainability.
Rabobank Food & Agri Clean Tech Research Desk	<i>Out to Sea Gain: Offshore Wind Energy Towards 2020.</i> Forecasts on the development of offshore wind energy in Europe up to 2020. <i>Which Way the Wind Blows: Onshore Wind Energy in Selected European Countries</i> by Food & Agri Clean Tech Research, Rabobank. Essential success factors in developing onshore wind energy in 10 European countries.
Rabobank Food & Agri Clean Tech Research in association with the Rabobank Nederland CSR Department	<i>Watering Scarcity: Private Investment Opportunities in Agricultural Water Use Efficiency.</i>

## B. Sustainable products and services

Selling sustainable products and services was a priority for many divisions of Rabobank Group in 2008, with focus being placed on payment and savings products, loans, sustainably managed assets in custody, and leasing. As usual, we also introduced a number of new products and services in the reporting period.

### Payment and savings products, loans

The table below breaks down the existing offering of sustainable payment, savings and lending products, and the development of revenue from these products.

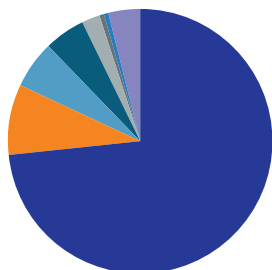
#### Sustainable products (in millions of euros)

Product	2008	2007	2006
<b>Loans</b>			
KlimaatHypotheek (climate mortgage)	72	19	0
Green loans	3,373	2,882	2,409
Stimuleringslening (incentive loan) and Groei & Innovatielening (growth & innovation loan) (SGR scheme)	451	367	267
Loans provided in conjunction with Borgstellingsfonds Landbouw BF/BF+	355	364	376
Loans with state guarantee (provided under BBMKB scheme)	1,222	1,163	1,042
VIV-plus loan in conjunction with Nationaal Groenfonds	9	5	0
Growth facility offered in conjunction with SenterNovem	19	6	0
Microcredits and start-up loans for SMEs in the Netherlands	1	<1	0
Sustainable project financing (excluding green loans)	313	155	105
<b>Total loans</b>	<b>5,815</b>	<b>4,961*</b>	<b>4,199*</b>
As a percentage of total lending to the private sector	1.4%	1.3%	1.3%
<b>Savings products</b>			
Rabo GroenSparen savings account	125	106	N/A

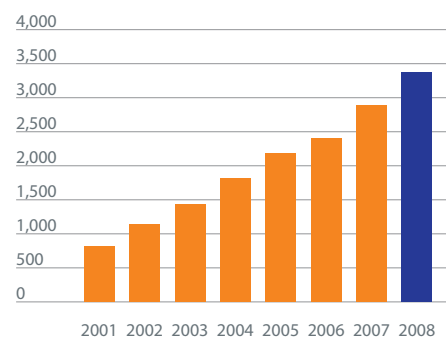
\* The Rabo Innovation Capital Fund has been disregarded.

Volume of outstanding green loans  
in millions of euros, per category,  
at year-end 2008

Green-label greenhouses	2,478
Wind energy	294
Organic farming	196
Forestry & nature	169
Sustainable construction	76
District heating	19
Other renewable energy	17
Other projects	124



Volume of outstanding  
green loans  
in millions of euros,  
at year-end



## Rabo Green Bank and climate services

The following is worth mentioning about developments in 2008 with regard to the Climate Card, Rabo Green Bank (green loans), emissions trading and funding of renewable energy.

- **Climate card with CO<sub>2</sub> offset.** Purchases paid for with the Rabocard in 2008 will be fully offset to achieve climate neutrality. The environmental pollution caused by a product is calculated automatically in terms of CO<sub>2</sub> emissions, which are offset by investing in Gold Standard projects that satisfy the strictest requirements. Rabobank invested in a number of projects in Asia and Eastern Europe in 2008. Discussions are ongoing with the Worldwide Fund for Nature, our partner, about whether the current offsetting method will continue to be offered in 2009.
- **Rabo Green Bank.** Rabo Green Bank granted 570 new loans in 2008, racking up a record amount of EUR 853 million. Loans outstanding at year-end 2008 amounted to EUR 3,373 million in total. As in 2007, private individuals showed great interest in 2008 in Rabo Groen Sparen (green savings) and Rabo Groen Obligaties (green bonds), which are socially responsible investments that come with tax credits. These private resources allow Rabo Green Bank to encourage climate-friendly and state-recognised green projects through low-interest loans. Many loans were granted for green-label greenhouses in 2008 due, in part, to the expected tightening of the requirements for green-label greenhouses by the government. In addition, there was an increase in the number of loan applications in sustainable non-residential construction, for solar panels (photovoltaic cells), solar collectors and heat/cold storage. A number of agricultural nature protection groups availed themselves in 2008 of the broadening of agricultural nature management policy with geese management. Where wind energy and energy from biomass (biogas plants) were concerned, projects were funded in 2008 that still came under the then prevailing subsidy scheme for improving the environmental quality of electricity production (*Milieukwaliteit van de elektriciteitsproductie*, MEP).

## Emissions trading

CLIMEX ([www.climex.com](http://www.climex.com)), an electronic trading platform that is a joint venture between Rabobank and TenneT, further strengthened its position in the European CO<sub>2</sub> emissions trading spot market in 2008. The platform gained 34 new members, including a number of large greenhouse horticulture businesses that are governed by the European emissions regime. The issue of CO<sub>2</sub> rights by European governments was a painstaking process. Besides European CO<sub>2</sub> rights, the CLIMEX platform also trades CO<sub>2</sub> rights from Clean Development Projects in developing countries. More than 4,9 million tons of CO<sub>2</sub> were traded on the CLIMEX platform in 2008 in total. With this, CLIMEX takes second place in the European market.

## Renewable Energy and Infrastructure Financing

The Project Financing division of Rabobank International was renamed Renewable Energy and Infrastructure Financing (REIF) in 2008. REIF not only funds wind and biofuel projects, but provides financial backing to solar energy farms and biomass projects in Europe as well. The total portfolio at year-end 2008 was EUR 500 million (including local Rabobanks). Of this amount, 36% was invested in wind energy projects, 35% in solar energy farms and 16% in biofuel projects. Activities will be broadened to India and North and South America in 2009. Dutch-based projects are occasionally funded in association with our local Rabobanks.

## Sustainably managed assets in custody

The table below breaks down the developments in Rabobank Group's sustainably managed assets in custody.

### Sustainably managed assets in custody (in millions of euros)

Product	2008	2007	2006	2005
Robeco Sustainable, including SAM .....(including private equity).....	3,166	5,604	409	319
Rabobank International.....	141	Not known	Not known	Not known
Sarasin.....	4,363	4,778	N/A	N/A
Bouwfonds Real Estate Investment Management.....	77 <sup>1</sup>	Not known	Not known	Not known
Schretlen & Co.....	46	Not known	Not known	Not known
Rabobank Groenobligaties (green bonds).....	3,622	3,518	3,130	2,644
Sustainable third-party investment products.....	168	124	65	48
<b>TOTAL sustainably managed</b> .....	<b>11,583</b>	<b>14,024</b>	<b>3,604</b>	<b>3,011</b>
Percentage of total managed assets in custody.....	5.2%	4.7%	1.2%	1.3%
Assets under engagement Sarasin.....	1,069	-	-	-
Robeco Engagement Service.....	9,555	15,125	5,249	-
Fondsenbeheer Nederland				
Assets held by the managed (autonomous) funds .....(Nat. Groenfonds, Nat. Restauratiefonds, SVn and BOEi).....	2,700	2,300	2,000	1,700*

\* not affiliated with Rabobank in this year

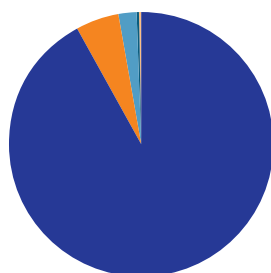
## Mergers and acquisitions

Rabobank was involved in some key sustainable business initiatives in 2008.

- **Rabo Ventures.** This globally operating venture capital fund provides risk-bearing capital to fast-growing cleantech businesses. Rabo Ventures invested in two Dutch companies in 2008: EWT (Emergya Wind Technologies) and Econcern. Rabo Ventures also took an equity stake in Xunlight, a US-based producer of flexible thin-film solar cells.
- **Econcern.** In association with SHV en Delta Lloyd, Rabobank has had a 50% interest in Econcern, a renewable energy company, since 2008.

Volume of outstanding  
sustainable leasing products  
In thousands of euros in 2008

Heat recovery equipment/CHP	331,402
Wind turbines	18,252
Environmental engineering and cleaning equipment	7,926
Biogas equipment	1,145
Waste-processing equipment	398
Extraction	225
Purification plants	89
Insulation equipment	81
Heat exchanger	50



## Leasing

Total sustainable leasing products amounted to EUR 359 million in 2008 (2007: EUR 316 million). This accounts for nearly 15% of total lending at De Lage Landen Financial Services.

## Newly introduced sustainable products and services

The following portfolios of new sustainable products and services were introduced in 2008.

### Payment and savings products

- Robeco Groen Garant is a green bond that Rabo Green Bank uses, for at least 70%, to fund environmentally friendly, state-recognised green projects relating to nature management, organic farming and renewable energy.

1 Relates to building management; Triodos Vastgoedfondsen manages the assets.



- Rabo Flexkrediet is part of an SME business package. This revenue-related form of credit offers between EUR 1,000 and EUR 25,000 to clients operating in the small business market.
- Rabo Streekrekening is an account that allows businesses, institutions and local authorities to achieve socially responsible savings. Local Rabobanks donate 5% of the interest that is due to account holders to an agreed regional cause, such as a nature protection organisation.

#### **Insurance**

- 'Zeker van je Zaak' is an insurance product for business start-ups that Rabobank has developed in association with Interpolis.

#### **Investing and asset management**

- The Robeco Responsible Private Equity II investment fund offers the option of responsible investments in standard private equity markets. Investments are subject to the Robeco Principles for Responsible Private Equity; the aim is to rack up EUR 250 million in assets.
- Sarasin Oekoselect is a fund of funds that invests nearly exclusively in sustainable equity funds.
- Sarasin Sustainable Agriculture Basket is a sustainable investment product with a focus on sustainable agriculture.
- Sarasin Sustainable Water Fund is a fund that invests worldwide in businesses that contribute to sustainable water management.

#### **Leasing**

- Athlon launched a sustainable mobility plan in 2008 to help reduce CO<sub>2</sub> emissions caused by its 125,000 cars leased. The plan offers leased car drivers a Netherlands Railways Business Card, and gives them access to flexible workstations and a mobile secretary who gives travel tips, among other advice.
- De Lage Landen developed a concept together with energy company NUON allowing private customers to settle investments in energy savings via their utility bill. The monthly utility bill shows both the energy saving, and the interest and repayment on the investment.

## **C. Customer service**

The added value that we, at Rabobank, want to provide to our customers implies that we offer high-quality, responsible customer services. We want our customers to be satisfied with our services, and set great store by our duty of care, safety and privacy, as well as by offering our customers the opportunity to participate. We boast a range of products that improve access to loans for both business and private customers. In addition, we are committed to improving access to loans for vulnerable groups by offering (special-purpose) products and services.

#### **Customer satisfaction**

Customer satisfaction is a very important indicator for Rabobank. In 2008 the customer satisfaction score among private customers was 7.7 against 7.5 in 2007. This score has been on the increase since 2003.

Surveys in the area of customer satisfaction are conducted regularly, including benchmark studies comparing large Dutch banks. Rabobank was rated as the bank with top customer satisfaction marks in 2008. A good complaints handling procedure is the main area for improvement and the position of Complaints Coordinator needs to be fleshed out further. Customers are most satisfied with our telephone services and the services we provide in our offices. The satisfaction level among primary private banking customers, i.e. customers who see Rabobank as their primary bank, was stable at more than a seven. In a customer satisfaction survey among 150,000 decision-makers held by Incompany magazine, De Lage Landen came first in its category. An internal customer satisfaction survey showed that, in the US, mutual trust is the key to meeting a client's expectations, and that De Lage Landen needs to become more proactive.

## Complaints handling

At Rabobank Group, we are continually seeking to improve our complaints handling procedures. We have highlighted some developments in 2008 below.

- Rabobank received a compliment from the Ombudsman for Financial Services for its complaints handling brochure.
- The complaints handling procedure was broadened to include loans to businesses and projects that come with social issues attached. The procedure, which has now been included in the concept sector policies, sets clear guidelines on when and how Rabobank should answer a complaint about a social issue. It now meets the requirements of customers and civil society organisations.
- At Rabo Real Estate Group, FGH Bank and Bouwfonds REIM drafted new complaints handling procedures.
- More complaints were registered because De Lage Landen started a project to introduce the Customer Registration and Information System (CRIS) complaints handling system in Europe.
- The introduction of a new order processing system led to an increase in complaints at Orbay. The number of complaints for each 100,000 stock market orders serves as an indicator.
- Sarasin piloted a complaints reporting system that is expected to come online in 2009.
- Obvion looks for satisfactory solutions for customers who are unable to pay their bills, trying to prevent their assets from being auctioned off and minimising their residual debts.

## Number of complaints received by group entities

Group entities	2008		2007		2006	
	The Netherlands	Other countries	The Netherlands	Other countries	The Netherlands	Other countries
Local Rabobanks	3,045	N/A	3,059	N/A	2,950	N/A
De Lage Landen (including Athlon)	5,477	5,576	411	1,171	6	130
Obvion	217	N/A	275	N/A	235	N/A
Robeco	406	65	585	234	400	N/A
Rabobank International	3	861	2	6,110	35	1,315
Schretlen & Co	110	N/A	21	N/A	33	N/A
Rabo Real Estate Group	7	86	25	Not known	16	Not known

The number of complaints between the group entities of Rabobank Group is not comparable, because complaints are defined differently and different complaints management systems are in use. The number of complaints is comparable, however, within each group entity through time, with the following exceptions.

- The high number of complaints at De Lage Landen is the result of the introduction of a new system.
- The high number of complaints at Rabobank International in 2007 compared with 2008 was due to a registration error in the first quarter of 2007.

## Access to private services

Most customers find few impediments to using Rabobank's products and services. But access to financial services is not a given for some people, for instance for those who have physical disabilities, do not speak Dutch or have a lack of skills. We, at Rabobank, go to great lengths to do away with any impediments to accessing our products and services. The following actions were taken in 2008.

### Payment and savings services

- The Random Reader Comfort allows people with a visual impairment and the motorically challenged to make use of our online banking services. It has oversized buttons and a speech function. A free training session and course materials were developed in association with Visio, the foundation for the visually impaired in the Netherlands.
- Rabobank has written a special customer brochure for persons with literacy problems. Rabobank also supports Literacy Week.
- Nearly 25% (i.e. about 750) of Rabobank ATMs have been equipped with a speech function for visually impaired and low-literacy users.
- People aged 60 and over were introduced via training sessions to Rabo Mobiel, the talking e-purse and online banking.
- Rabobank set up the Thuisadministratieproject (home accounting project) to help people whom circumstances prevent from organising their records.
- Robeco supported a curriculum on investing in 2008 by contributing both money and content.

## Mortgage services

- The Koopgarantlening (purchase guarantee loan) offered by Bouwfonds Property Development and Bouwfonds REIM makes home ownership more affordable for first-time buyers. They are given a credit when purchasing a home and a buy-back guarantee, which ensures that the home can be sold quickly, with any profit or loss being split. This also keeps homes affordable for the target group after the sale.
- SVn, a housing fund operated by Dutch local authorities and managed by Fondsenbeheer Nederland, a Rabo Real Estate Group division, offers the SVn Starterslening. This first-time buyer's loan bridges the difference between the purchasing costs of a home and the maximum loan that a first-time buyer is allowed to draw based on the requirements set under the Nationale Hypotheek Garantie (national mortgage guarantee scheme). Many Dutch local authorities offer the SVn Starterslening facility, as does Rabo subsidiary Obvion. The number of loan applications in 2008 was up on 2007.
- Rabobank started a pilot in 2008 with the SpringPlank Hypotheek (springboard mortgage), which helps first-time home buyers purchase their rental accommodation from housing corporations.
- Rabo Real Estate Group and several local Rabobanks signed an agreement early in 2008 for the joint development of housing for the elderly under the name Stichting Senioren Initiatieven Realisatie 55+ Woningbouw (SIR-55).

## Access to business loans

Rabobank formulated a definition of good banking practice in 2003 in an overall ratification scheme. Rabobank seeks to offer services that are useful for its customers and that bolster their continuity. In doing so, we weigh our risk and acceptance policies based on integrity, respect, expertise and our duty of care. We provide funding based on normalised circumstances, causing us to be prudent and critical in periods of strong economic growth, so that we can support our customers longer during a downturn in the market. We chose to stress this latter aspect in an advertising campaign in 2008.

We offer loans to highly innovative, high-risk businesses based on state guarantees and guarantees provided by Stichting Garantiefonds Rabobanken (SGR), our own guarantee fund. SGR seeks to advance the business operations of members of local Rabobanks that improve access to funding or encourage environmentally friendly behaviour. In 2008 EUR 451 million had been drawn via two products under SGR guarantee:

- the Stimuleringslening (incentive loan) for start-ups, restarts and businesses in designated sectors (expanding businesses);
- the Rabo Groei & Innovatielening (growth & innovation loan) for innovative agricultural businesses that invest in innovations, scale increases and/or sustainability.

## Default management

Bijzonder Beheer Rabobank Groep (BBR) (i.e. Special Accounts) is responsible for providing support to customers who have run into payment difficulties and whose cases have been reported by local Rabobanks and group entities in accordance with the related protocol. Where the activities of BBR used to be primarily designed to limit the Bank's potential losses, today it takes a proactive approach where it identifies at an early stage which clients are likely to develop problems and, when they do, helps them get back on their feet in a socially responsible manner. If investigations reveal that a company has a future, we may decide to continue a loan or even provide additional financing. Throughout this process, BBR collaborates closely with the customer's account manager, who knows the business and its proprietor well. Following intervention by BBR, a considerable number of businesses can usually be nursed back to financial health (without BBR having to intervene any further).

## Duty of care

Duty of care has gained greatly in importance over the past few years. At Rabobank, we have the ambition to deliver client value by offering suitable services, investing in sustainable relations and displaying commitment to our customers. This enables us to give every customer the care they deserve based on the services they select. In our mutual relationships, customers always stay responsible for their own actions, for the information that they provide to the Bank and for the product choices they make based on the advice they have received.

## Customer information

Rabobank Group pursues transparency and encourages customers to take their own decisions based on clear and open information. Robeco launched Robeco Connect, an online platform, in 2008 for instance to maintain an open dialogue with clients about asset management. Robeco uses the platform to provide details and elaborate on current affairs and questions relating to asset management. Visitors to the platform can also answer each other's questions. De Lage Landen introduced a Leenboekje (loans booklet) in February 2008. This booklet contains information about products, and the pros and cons of consumer credit. Its purpose is to increase transparency, allowing customers to take informed decisions based on the right reasons.

## Review Committee for new products

New Rabobank products need to satisfy strict requirements and are submitted to a Product Review Committee for approval. The Committee's priorities are to test any new products for compliance with the Bank's duty of care, risk relating to the advisory function and reputation risk. The Committee is chaired by a member of the Executive Board and meets every two weeks.

## Profiteering policies

The Ombudsman for Financial Services presented recommendations involving profiteering policies in March 2008. His recommendations mainly involved the effect of costs and insurance premiums on gross returns on unit-linked policies. His conclusion was that a cost level of no more than 2.5% is reasonable. Considering the shared responsibility of the insurer, the consumer, the insurance agent and the state, the cost level for existing policies was capped at 3.5%. Endowment insurance premiums are not included in the costs. In October 2008 the Netherlands Authority for the Financial Markets (*Autoriteit Financiële Markten*, AFM) presented the results of a fact-finding study of the transparency of unit-linked insurance policies in accordance with the methodology advocated by the Ombudsman. Worked examples showed how the selected products performed in commonly occurring situations. It was established that the total costs of the OpMaat Verzekering policy offered by Interpolis, a product that was sold to many Rabobank customers, amounted to 2% of gross returns, which is below the standard suggested by the Ombudsman. For this reason, the OpMaat Verzekering policy does not qualify as a profiteering policy.

## Real estate fraud

Rabo Real Estate Group was in the news late in 2007 because of an investigation by FIOD-ECD (the national fiscal and economic investigation service) into real estate fraud. Some former Bouwfonds employees were considered suspects in the fraud. Neither Rabo Real Estate Group nor its current employees are suspects. Rabo Real Estate Group conducted an extensive internal investigation into the matter, which was still ongoing in 2008. Rabo Real Estate Group did file charges on 1 October 2008 against a number of suspects in the 'Klim-Op' (climb-up) investigation by FIOD-ECD, including a number of former employees. On 19 March 2009 there was a second charge. We cannot exclude the possibility that more charges will be filed in the future.

## Advertising Code Committee

Both private individuals and corporations can file complaints about advertisements to the Dutch Advertising Code Committee (*Reclame Code Commissie*, RCC). Five complaints were filed about Rabobank advertisements in 2008 and two about Robeco advertisements. Proceedings were conducted for all these complaints. The Committee ruled in favour of the customer in four instances. All other complaints were rejected.

## Violations of rules

In 2008 five violations of laws, regulations and codes of conduct were identified in the field of product and service information. None of these violations resulted in a fine.

## Safety, security and privacy

Rabobank acknowledges the importance of safety, security and privacy of customers and employees. That is why we focus intently on safety and security and the perception of security, both in our offices and when it comes to online banking. More and more offices are becoming cash-less service points and self-service is ever on the increase. Some aspects of the physical security in our offices have improved.

Robeco prepared its own policy plan for the physical security of its buildings; this plan was modelled on the Rabobank security plan. The recommendations will be implemented in 2009. With a view to even better protection of customer data, Sarasin launched the 'SaraSafe' campaign in 2008 to increase its staff's awareness of ICT security. Having regard to the specific characteristics of the leasing sector, De Lage Landen aligned its privacy statement to that of Rabobank in 2008. Lease contracts were adjusted accordingly as well. Athlon performed a security check that will result in further improvements in 2009.

### Safety, security and privacy

	2008	2007	2006
Total number of bank robberies in the Netherlands	36	29	41
Bank robberies at Rabobanks	1	2	5
Number of customers present during robbery	0	1	4
Number of employees present during robbery	3	7	13
Non-compliance with privacy rules (complaints about local Rabobanks)	10	9	7
Non-compliance with privacy rules (complaints about other group entities)	8	15	13

### Cyber crime and skimming

Rabobank took appropriate action early in 2008 to prevent cyber crime. As soon as we suspect that a customer's computer has been infected, we temporarily block their access to online banking and we advise the customer on how to remedy this. The Dutch Consumers' Association is supportive of this approach. In association with other banks, we started the 'Don't Become a Money Mule' campaign to prevent bona fide customers from becoming involved in fraud.

Identity fraud is on the rise, meaning that a criminal assumes a customer's identity in some form or other and impersonates them in ordering products or transacting business. The occurrence of skimming also rose considerably in 2008. Skimming is a scam where the magnetic data on a bank pass is illicitly read by placing a device over the card slot of an ATM or payment terminal and using a pinhole camera to read the user's PIN at the same time. An important development in combating skimming is the new EMV chip on bank passes. All Rabobank-issued credit cards and about 3.5 million of our bank passes already have this chip. EMV passes carry data on the chip. All passes and ATMs will be equipped to accommodate the EMV chip over the next few months.

## 5 Commitment to the community and cooperative dividend

As a cooperative, Rabobank is rooted in Dutch society. One of the priorities of the Rabobank CSR policy is fostering social cohesion and solidarity. We invest a lot of effort and money in achieving this ambition year after year. We can do this because, as a cooperative, we do not have any shareholders who demand the highest possible profits and dividends. For this reason, Rabobank is in a position to pay 'cooperative dividend' to the community, both on a local and national scale via community investment funds and of course via sponsoring community initiatives. 95% of local Rabobanks have a cooperative fund. Members play a key role in considering and determining how the available money is spent. But our cooperative dividend is also about volunteering, the provision of tools and resources, media and the Rabobank network.

### Cooperative dividend

In 2008 the cooperative funds of the local Rabobanks and national funds such as Rabobank Foundation, the Rabobank Project Fund, the Herman Wijffels Innovation Award and the Share4More employee fund distributed more than EUR 45 million in cooperative dividend. Our total cooperative dividend is much higher even in actuality because contributions in the form of volunteering and the provision of tools and resources, media and network are difficult to express in figures.

### Cooperative dividend 2008 (in euros)

	2008
<b>Community investment funds</b>	
- Cooperative funds (local Rabobanks)	20.4 mln
- Rabobank Foundation	16.8 mln
- Project Fund	3.7 mln
- Herman Wijffels Innovation Award prize money	122,500
- Share4More	308,450
<b>Donations</b>	
Rabobank Nederland, Rabobank International and other group entities	3.8 mln
<b>Hours spent volunteering by employees</b>	
Local Rabobanks	79,000 hours
Rabobank International	11,382 hours
Other group entities	4,872 hours

### Rabobank Foundation

Rabobank Foundation was established in 1973 to help underprivileged people, both in the Netherlands and elsewhere. This autonomous foundation had developed from an initiative by local Rabobanks into a group-wide organisation that provides structural and sustainable support. Rabobank Foundation has 0.5% of group profit as its annual budget. In addition, the Foundation seeks to achieve sharp growth in donations from group entities (EUR 37.5 million by 2012).



Focus, cooperation and commitment are strategic priorities for the next few years. In the Netherlands, Rabobank Foundation wants to forge closer ties with the local Rabobanks and other group entities. An adoption programme was launched in 2008, allowing local Rabobanks to assign their annual donation to a specific project. Outside the Netherlands, Rabobank Foundation provides support in 25 selected developing countries. In these projects, the Foundation's cooperation with other group entities such as Rabo Development, Rabobank International and Corporate Clients will be stepped up (see Chapter 6).

### Rabobank Foundation in the Netherlands

In the Netherlands, Rabobank Foundation supports varying groups of people who could do with some help, such as homeless people, teenagers with problems, the mentally and physically impaired, persons with a psychological disorder, and the illiterate. In 2008 Rabobank Foundation was involved in such projects as:

- **Coalitie Eenzaamheid (coalition loneliness).** This is a three-year campaign by 14 large, nation-wide groups and umbrella organisations to draw the public's attention to loneliness in the Netherlands. Rabobank Foundation funds a multi-year study of the nature and scale of this problem and the effectiveness of the support offered.
- **Stichting VanHarte (heartfelt foundation).** This foundation wants to draw public attention to social poverty and loneliness by organising dinner meetings for local residents, social workers and other persons who are important locally, such as community police officers or local doctors.
- **Best Buddies.** Nearly half of all young people with a mental disability have no friends, which increases their chance of falling into social isolation. Best Buddies matches them with students and encourages them to develop a one-on-one relationship. Thanks to Rabobank Foundation's efforts, the Netherlands now counts 17 Best Buddies clubs.
- **(S)Cool on Wheels.** Rabobank Foundation supports this project to introduce children (with and without disabilities) to living with a disability and lets them get used to the idea that having a disability does not mean that you cannot play sport.
- **Ronald McDonald Children's Fund.** Via a long-standing alliance, Rabobank Foundation offers sick or disabled children the opportunity to play or exercise, or to go on holiday with their parents. Rabobank Foundation and Rabobank Amsterdam made a donation to the Ronald McDonald Centre Only Friends in Amsterdam. This is the first sporting and games arena for children with a disability.

### Rabobank Foundation – Dutch activities

	2008	2007
Number of applications in the Netherlands.....	302	292
Number of applications in the Netherlands granted.....	38	40
Value of funds committed (in millions of euros).....	2.6	1.8

### Rabobank Project Fund

The Rabobank Project Fund supports innovative, sustainable projects in the Netherlands that bring economic and social benefits to large groups of members. 23 applications were successful in 2008, including:

- **Zeeuwse Tong (sole from Zeeland).** This project studies the potential for sustainable production of sole as a new, competitive economic sector in the Province of Zeeland. The project is carried out in association with local Rabobanks and Food & Agri SME Rabobank Nederland.
- **Geothermal heat.** This involves a feasibility study on the island of Terschelling of a power station running on geothermal heat. This power station should be able to supply energy to about 40% of the people and businesses of Terschelling. One of the supporters of this project is Rabobank Leeuwarden-Noordwest Friesland.
- **Landelijk Platform voor de sector Landbouw en Zorg (national platform for care farming).** The objective is to professionalise care farming. Projects would, for instance, involve performing a broadly based study of the effects of care farming, and developing a benchmark and a quality mark for the sector. At Rabobank Nederland, the Food & Agri and Corporate Clients divisions champion these projects.

## Rabobank Project Fund

	2008	2007
Budget committed (in millions of euros)	1.5*	1.1
Special budget (in millions of euros)	2.2	-
Number of applications	65	68
Number of applications granted	23	25

\* (including 0.4 millions of euros in reappropriated funds)

### Herman Wijffels Innovation Award

The Herman Wijffels Innovation Award illustrates the value that we, at Rabobank, attach to innovation and sustainability, especially in SMEs and in agriculture. We received 409 entries in 2008, all of which were of high quality. First prize was awarded to **SensOor**, a cow-ear sensor that permanently tracks a cow's health status, allowing farmers to act fast when a cow falls ill and reduce medicine use. Second prize went to the **FishFlow**, a fish-friendly screw pump that also works as a hydro turbine. A new geothermal heat exchanger called the **Nethe** won third prize. The incentive award was for a young entrepreneur for her design of **Babybloom**, a child-friendly incubator. It is our ambition for the next few years to establish a nation-wide network made up of the innovators who entered the competition to win the Herman Wijffels Innovation Award.

### Share4More

Current and retired Rabobank Group employees can opt to make a monthly donation to the Share4More fund. The Executive Board of Rabobank Nederland doubles any donations made. The fund works to improve the position of women, children and disabled people in developing countries. Donors are free to nominate projects. Every year, the fund supports many small-scale projects that aim to improve healthcare services and the education system, and reduce poverty and child mortality. Share4More has the ambition to increase its donor base to 10,000 over the coming years. To increase commitment, it was decided in 2008 that the fund would start to operate autonomously under a board of donors. The fund will also become more professional in its approach.

### Share4More

	2008	2007
Number of donors	2,605	2,420
Number of applications	219	178
Number of applications granted	121	117
Scale of donations (in euros)	308,450	213,000
Average donation (in euros)	2,549	1,821

### Volunteering

Rabobank Group employees show their commitment to the communities in which they live and work all over the world. The number of local Rabobanks that encourage their employees to volunteer increased by 14% in 2008, rising to 61%. Employees of our local Rabobanks spent over 79,000 hours volunteering, and employees of Rabobank International and other group entities (with the exception of Rabobank Nederland) spent more than 16,000 hours doing volunteer work. Some key projects included:

- **Make A Difference Day.** Rabobank has been a partner in Make a Difference Day (MADD), a nation-wide volunteering initiative, since 2005. In 2008, 25 local Rabobanks took part in MADD, contributing a total of 1,700 employees who spent more than 10,000 hours volunteering. Many local Rabobanks and group entities also have their employees participate in volunteering initiatives other than the annual MADD.
- **Helden om de Hoek (heroes around the corner).** Rabobank is a co-initiator and sponsor of this project, which replaced the national volunteering award Nationaal Compliment (national compliment) in 2008. Helden om de Hoek want to give volunteers the attention and appreciation that they deserve. Ten Helden om de Hoek events were held in 2008.
- **Schretlen CSR Award for local Rabobanks.** Rabobank subsidiary Schretlen & Co reserves a percentage of its gross profit annually (1.2% in 2008) for sponsoring and donations. It awards EUR 5,000 every quarter for the best CSR initiative undertaken by a local Rabobank. Employees are given the opportunity to spend an amount of money and/or contribute their time to volunteering or to a charity.

# Charity Desk

Increasingly, wealthy people want to use part of their affluence for socially relevant causes. To accommodate this, Rabobank Private Banking and Rabobank subsidiary Schretlen & Co established the Charity Desk in 2008. Special advisers – called ‘charity managers’ – are helping high net-worth clients find appropriate charities for collaboration or donations. They also advise on donations through annuities or by will. The Charity Desk’s network comprises all local Rabobanks, many clients and numerous charities. Also, with a view to transparency, a special clients’ fund has been established within the Rabobank Foundation. This clients’ fund enables donations to be made to defined themes, for example microfinance, fair trade, or care and well-being. Other options include Donor-Advised Funds.



## Community sponsoring

Our sponsoring policy steers us towards sustainable partnerships that foster a vibrant and caring society. Focus is on culture and sport, and on cycling, field hockey and equestrian sport in particular. A dynamic community helps build social cohesion. The long-standing ties between local Rabobanks and many local sports clubs have laid a solid foundation under the existence of these clubs. In 2008 the local Rabobanks, Rabobank Nederland, Rabobank International and the other group entities spent nearly EUR 66 million on sponsoring. What follows are some notable examples.

- **Youth sport.** Local Rabobanks are holding *Rabo Dikke Banden Races* (Rabo fat tyre races) for children annually, working in tandem with local cycling clubs in about 200 towns and cities throughout the country. The purpose of these races is to get children to like the sport so that they join a cycling club. We also organise field hockey clinics at local field hockey clubs. These clinics are taught by field hockey professionals who are on Team Holland. And we distribute about 300 incentive packs annually at local equestrian events to participants under the age of 21. These packs contain a VIP invitation to the Rabo Talent Day, including a meet & greet with Anky van Grunsven, Olympic gold medallist in dressage, and many other top athletes.
- **Disabled sports.** Disabled sports are less highly regarded in the Netherlands than sports played by able-bodied persons. Rabobank was one of the first organisations to answer the call to donate 1% of its sport sponsoring budget to disabled sports (1% fair share facility). Rabobank supports the talent school for hand bikers, for instance, in association with the Dutch disabled sport fund (*Fonds Gehandicaptensport*) and the cycling union.
- **Bringing culture to the community.** Rabobank is one of the largest sponsors of culture in the Netherlands. In 2008 our local Rabobanks together spend EUR 7.5 million on supporting local cultural projects. Large nation-wide shows such as GoChina and the Van Gogh Museum could also count on our support. Rabobank literally brings culture to the people with the Museum Bus, which offers children an educational programme en route. A number of local Rabobanks operate their own museum bus in association with local museums.

Breakdown of sponsor money (in millions of euros)	Sponsor budget 2008	Sponsor budget 2007
Rabobank Nederland, Communications Dept.....	21.4	20.2
Rabobank International and other group entities.....	16.4	4.6*
Local Rabobanks.....	28	25.4

\* This figure does not include every form of financial backing provided by all other group entities and is, therefore, considerably lower than in 2008.

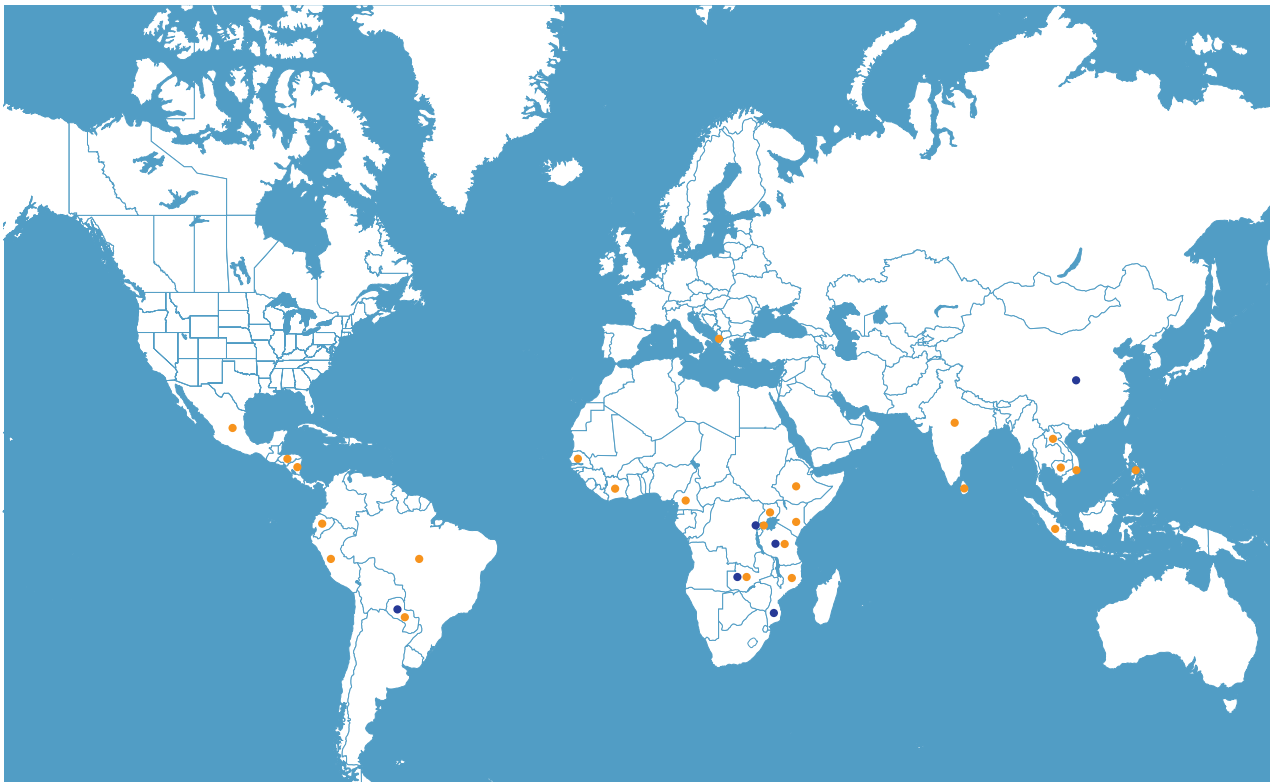
### Helping clients achieve their social ambitions

High net worth individuals are increasingly showing an interest in leveraging their wealth to promote socially relevant causes. Rabobank Group offers several services to capitalise on this trend.

- **The Charity Desk.** Rabobank Private Banking and Schretlen & Co started successfully piloting the Charity Desk in 2007, which helps wealthy clients achieve their social ambitions. This service, which has now been introduced to every local Rabobank, drew a number of extremely high net worth players (both individuals and foundations) in 2008. In 2009 the Charity Desk wants to develop into a centre of expertise that helps to make the philanthropic landscape in the Netherlands more professional.
- **Rabobank Foundation Client Fund.** A special-purpose client fund was established in 2008 under the umbrella of Rabobank Foundation. Within the ambit of this fund, Rabobank clients can make a donation to go towards a specific cause, such as microfinance, fair trade or health and welfare. There is also an option to create in-honour or in-memory funds.

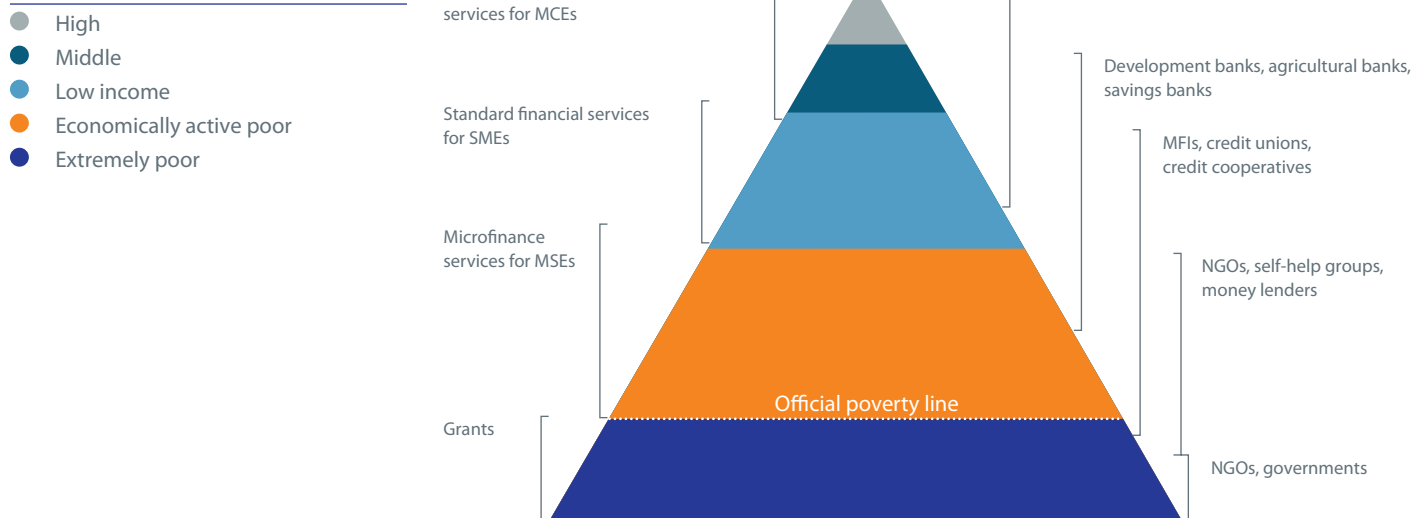
## 6 Economic participation and solidarity with foreign countries

Rabobank wants to make financial services accessible to as many people as possible, not only in the Netherlands but in other parts of the world as well. On a global scale, nearly four billion people currently still have no access to savings products, loans or insurance. Many commercial banks do not feel responsible for changing this situation. Because of our cooperative roots, we, at Rabobank, do see it as our mission to help these people. In developing countries, for instance, we help set up savings and loan cooperatives, we support farmers' cooperatives and we contribute to the development of the financial and agricultural sectors. Our goal is to foster sustainable development. In working towards this goal, Rabobank Foundation focuses on providing support to rural areas, Rabo Development offers banking support to rural banks, and Rabobank International helps to develop the food & agribusiness sector. Other group entities frequently initiate activities that follow on from their own specialist areas.



● Rabobank Foundation      ● Partner banks Rabo Development

## Financial landscape in developing countries and emerging economies



### A coordinated approach

It was decided in 2007 to better align the initiatives in developing countries undertaken by Rabobank Foundation, Rabo Development and Rabobank International. This policy line was continued into 2008 and has already created better synergies and bolstered the ambition to introduce more sustainable food & agri chains. We bring together our network and our expertise in the area of cooperatives, banking and the food & agribusiness sector to help other countries develop. Rabobank Foundation has the know-how, experience and network necessary to support farmers' organisations in the first stage of the production chain. Thanks to support from Rabobank Foundation, farmers can organise themselves in cooperatives and improve the quality, sustainability and productivity of their crops. Rabobank International customers that are active in the food & agribusiness sector benefit from well-organised production chains. Professional farmers' cooperatives and savings and loans cooperatives are also interesting as Rabo Development's partner banks, while cooperatives in turn need robust, healthy banks. In this way, the synergy between Rabobank Foundation, Rabo Development and Rabobank International means that we can achieve more in developing countries.

### Rabobank Foundation globally

Rabobank Foundation provides support in the form of know-how, expertise, financial resources and networks (customer and bank networks) to groups of people in rural areas, mostly organised in cooperatives, in order to offer poor farmers the opportunity to build a decent life for themselves and become economically independent by means of financial liberation. Rabobank Foundation operates in 25 developing countries and works chiefly in association with cooperatives, microfinance organisations and non-governmental organisations (NGOs). Factors taken into account when selecting countries include a country's economic and social situation, opportunities for agricultural development and its rural financial infrastructure. The option of linking up with Rabo Development and/or Rabo International is also a key criterion. As a rule, Rabobank Foundation supports projects for up to five years.

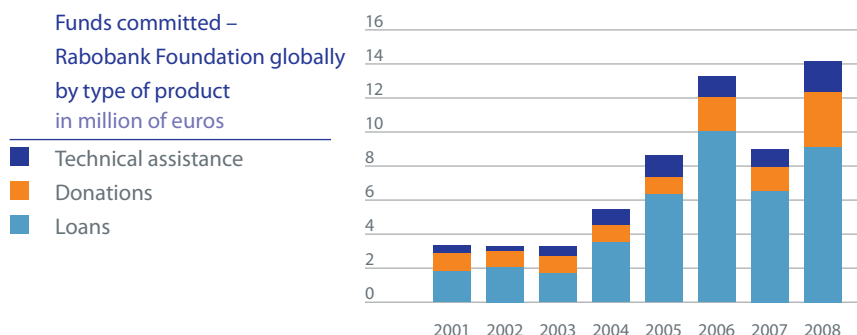
### Countries where Rabobank Foundation operates

Africa	Tanzania, Zambia, Mozambique, Uganda, Ghana, Senegal, Ethiopia, Cameroon, Kenya and – starting in 2008 – Rwanda
Asia	India, Indonesia, Sri Lanka, Philippines, Vietnam, Laos and Cambodia
Central and South America	Peru, Brazil, Mexico, Honduras, Ecuador, Nicaragua and Paraguay
Eastern Europe	Albania (activities here will be cut back once Albania joins the EU)



## Instruments available to Rabobank Foundation globally (in %)

	2008	2007
Fair trade finance.....	24	43
Microfinance.....	27	29
Donations.....	34	12
Technical assistance.....	10	9
Guarantees.....	4	7



## Lending portfolio – Rabobank Foundation globally (in %)

	2008	2007
South America.....	41	68
Asia.....	42	24
Africa.....	12	5
Eastern Europe.....	4	2
The Netherlands.....	1	0.2

## Rabobank Foundation – foreign activities

	2008	2007
Number of foreign applications.....	274	293
Number of foreign applications granted.....	140	105
Value of funds committed abroad (in millions of euros).....	14.2	8.9

## Rabo Development

Rabo Development helps rural banks active in developing countries to transform themselves into professional, modern financial institutions. These partner banks differ from other banks as their market is specifically rural areas. Rabo Development forms alliances with the partner banks, taking strategic minority interests, and helps them develop along the lines of Rabobank in the Netherlands. As the focus is on long-term development, short-term profitability is of minor importance. Partner banks remain independent and benefit from Rabobank's capital, expertise, products, network and management capabilities. To this end, Rabo Development makes use of the knowledge and experience of staff from all parts of the organisation. Experts in the areas of credit management, risk management, product development, distribution, ICT and HR are frequently sent on assignments. In total more than 250 people went on assignment in 2008. Rabo Development currently has six partner banks. In 2008 Rabo Development acquired minority interests in Banco Regional in Paraguay and in Banque Populaire du Rwanda.

## Partner banks of Rabo Development

Partner banks	Number of customers
Tanzania (National Microfinance Bank)	1,000,000
Mozambique (Banco Terra)	1,000
Zambia (Zambia National Commercial Bank)	200,000
China (United Rural Cooperative Bank of Hangzhou)	980,000
Paraguay (Banco Regional)	12,000
Rwanda (Banque Populaire du Rwanda)	600,000

### The power of cooperation

The power of the coordinated efforts by Rabobank Foundation, Rabo Development and Rabobank International is reflected in many development projects. With this, we hope to contribute to creating more sustainable production chains. A number of notable examples include:

- **Cotton project in Paraguay.** Ecom, a customer of Rabobank International, is a major international trading company in Paraguay and a key player in the global cotton market. Ecom wants to revitalise Paraguay's cotton sector by producing cotton in a sustainable manner, which will strengthen the position of smaller producers. Rabobank Foundation helps Ecom to strengthen the position of farmers and their organisations. Farmers receive education about soil fertility and natural pesticides, enabling them to improve the productivity, quality and safety of their cotton crops. In 2008 Rabo Development acquired a minority interest in Banco Regional in Paraguay, an agricultural bank. This creates funding opportunities for farmers.
- **Top quality seeds in Indonesia.** Rabobank Foundation launched a project in Indonesia with East West Seed (EWS), the country's leading supplier of vegetable seeds, in 2008. EWS works to improve the incomes and living conditions of farmers by offering them top-quality tropical vegetable seeds. Almost all varieties are produced on the basis of contract farming with 7,000 farmers. EWS is looking to organise these farmers in a single cooperative so that they can obtain cheaper loans, and savings and insurance products. The cooperative also allows the farmers to reduce the costs of artificial fertilisers and pesticides through joint procurement activities, and enables their quality to be guaranteed. Rabobank Foundation provides the cooperative with technical assistance and has granted it a loan for its working capital.
- **Tropical fruit juices from Africa.** AfricaJUICE is a Dutch company that wants to become the world's largest producer and exporter of tropical fruit juices, concentrates and purees from Africa. It works entirely on the basis of sustainable development. All its products bear the Max Havelaar fair trade certification mark. The farmers supply their fruit products to the africaJUICE processing plant and are being organised in a cooperative. Rabobank Foundation is helping to build the cooperative and provides the small farmers with support so that they can become part-owners of the juice processing plant. This project means improved income for the farmers. In addition, the premium paid on certified fair trade products is passed on to the farmers, their families and local communities.
- **Sugar in Mozambique.** A similar project was launched in Mozambique in 2008. Rabobank Foundation, Rabo Development and Rabobank International London are working together with Illovo Sugar Ltd. to breathe new life into sugar production and to organise small producers into a cooperative.

### Other alliances in 2008

- In Tanzania, Rabobank Foundation, Rabobank Development and partner bank National Microfinance Bank (NMB) collaborate in a long-term programme to provide technical support to farmers' cooperatives.
- Rabobank Foundation, Oikocredit and ICCO have joined forces in Terrafina Microfinance to promote agricultural loans and other financial services in rural markets in Africa. A Rabobank Foundation employee will provide support and advice to microfinance organisations in Rwanda for the next three years.
- In 2008 Rabobank Foundation and Rabobank International India stepped up their collaboration. Rabobank's expertise in the areas of cooperatives and banking has been put to use in combination with its local networks in order to finance new projects and expand the portfolio.
- Possibilities for closer cooperation between Rabobank Foundation and Rabobank International Indonesia were explored at the end of 2008. Opportunities exist for Rabobank in the areas of microfinance and agricultural finance.
- The Procotton programme was launched in 2008. The aim of this programme is to improve the income position of small cotton farmers through the production of organic cotton. Procotton is an initiative of Organic Exchange, Solidaridad, Stichting Doen and Rabobank Foundation.

# Nature and man in balance

The expanse of the Xingu river basin, in Brazil, is a classic example of biological and natural diversity. Here, human intervention is the cause of numerous ecological and social issues. As a global food & agribusiness bank, Rabobank recognises that the balance between food production and nature poses a precarious and difficult challenge. Against this backdrop, the bank is working with farmers and Brazilian environmental protection organisations on the Xingu basin's restoration. Financial mechanisms, developed for this purpose by Rabobank, enable reforestation by farmers to be financed from the sale of emission rights created by newly planted trees. In 2008, a pilot was performed on 32 hectares of land, divided among eight farmers. In 2009, another 32 hectares will be restocked. If these project phases prove successful, enterprises could be involved in this mechanism on a larger scale and application would also be within reach in other regions in Brazil where Rabobank International operates.



Photograph: Fábio Almeida Coelho, Aliança da Terra

## Specific services

Rabobank Group also develops specific types of financial services that are meant to further the position of the agricultural sector, cooperatives and small producers globally. What follows are two examples of such special services.

- **Rabobank Agri Fund.** Via Rabobank Agri Fund, Rabobank International provides credit guarantees to local banks in South America, Africa and Asia with the aim of providing the agricultural sector access to export finance and building a sustainable commercial relationship with local banks. One of the cooperatives to benefit from the Agri Fund is COCLA, a large coffee cooperative in Peru. This cooperative represents 7,000 small farmers. Thanks to a credit guarantee that Rabobank Agri Fund provided to the local bank, COCLA is able to access working capital to purchase coffee from its members, and subsequently process and ship it. As it mainly sells fair-trade and organic coffee on the international markets, its members receive a better price for their coffee. In addition to coffee, Rabobank Agri Fund also provided finance for cocoa, artichokes, cotton and sesame in 2008.
- **Microleasing.** In 2008 leasing specialist De Lage Landen (DLL) and the Albanian Savings and Credit Union (ASC Union), a cooperative bank in Albania, started looking into possibilities for offering leasing products to members of ASC Union. DLL assists ASC Union by providing knowledge and expertise.

## Rabobank and the Millennium Development Goals

There are many ways in which Rabobank contributes to achieving the Millennium Development Goals relevant to it that were defined by the United Nations (189 countries) in 2000. The most pressing global problems need to be addressed before 2015, with the following eight goals in mind:

- End Poverty and Hunger
- Universal Education
- Gender Equality
- Child Health
- Maternal Health
- Combat HIV/AIDS
- Environmental Sustainability
- Global Partnership

Rabobank Foundation contributes to eradicating poverty and hunger, providing microfinance to enable people to improve their situation. Microfinance is also an effective way to promote gender equality and empower women. In its support of farmers' cooperatives, Rabobank Foundation focuses on sustainable development along the chain, primarily in the coffee, cocoa, fruit and cotton sectors. Farmers are educated about how to introduce sustainability to their production, processing and distribution methods.

Another example is the Rabobank Share4More employee fund (*see Chapter 5*), which helps to improve the position of women, children and disabled persons in developing countries. This fund supports projects that promote education for children and teenagers, provide sanitation and clean water supplies, and educate people about HIV/AIDS.

# 7 Employees as the key to our success

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For a service provider such as Rabobank, employees are the key to success. They are the capital that helps us to achieve our strategic targets. That is why we invest a great deal in our employees, not just in terms of their conditions of employment, but also by providing training, opportunities for growth, promoting health and helping them strike a good work/life balance. It is essential that our employees are and remain employable, especially in view of ageing issues. This is particularly relevant in a changing and innovative environment such as that in which Rabobank operates, as our work becomes less time and place dependent in order to cater to the wishes of our customers. We, at Rabobank, set great store by talent development, diversity and CSR awareness among our employees. Our HR policy proved its worth in 2008: we have a high level of employee satisfaction, and we are ranked highly in employer league tables.

## New style of working

Our organisation is undergoing a transformation so that we can continue to fulfil the needs and expectations of our customers. Our new organisation is based on the exchange and combination of information, collaboration in a variety of forms, and diversity in workstations. Employees are being encouraged to think in terms of output, innovation and teamwork. Work will no longer be time and place dependent. Employees will be able to decide for themselves, more than ever before, where, how and when they will do their work. The new method of working is based on trust, responsibility for one's own actions, and flexibility, together with a good work/life balance. This ties in with Rabobank's performance management system, which incorporates targets, the proper coaching, appraisal and remuneration. The new style of working is being introduced in two programmes: Rabo Unplugged and Rabobank 2010.

## Rabobank 2010: new competencies and skills

The Rabobank 2010 programme for local Rabobanks capitalises on the fact that customers are increasingly using virtual channels to contact the Bank. This calls for a new style of working and cooperation, and places great emphasis on flexibility, enterprise and the need to focus on results. It also means changes in the work that employees do, calling for other competencies and skills. We provide intensive training and support to help them prepare for this. In 2007, five banks involved in a pilot project made a start on modifying their procedures and optimising accessibility, and this process was continued in trials at nine more banks in 2008. The programme is now broadly available and 14 other local Rabobanks have started to introduce it in the interim.

## Rabo Unplugged: fewer rules, greater responsibilities

At Rabobank Nederland, the new style of working is being introduced with Rabo Unplugged. The guiding principle behind this programme is that individual employees should be bound by fewer rules and have greater responsibilities. Employees can work at the office and elsewhere, and are not tied to normal office hours. A uniform style of working and standardised tools have been introduced to facilitate teamwork. Employees are able to make choices when performing their work, and have a responsibility to ensure they take adequate steps to relax. Managers evaluate staff on the basis of their results, not on the basis of their presence. This means that trust and giving employees sufficient scope to be enterprising are vital aspects of the management style.

### Pilot involving 500 employees

In October 2008, 500 employees of Rabobank Nederland moved to a new location and started a pilot project in which they work in accordance with the principles of Rabo Unplugged. The experience gained from this pilot project is being used in the final concept for the new management centre in Utrecht that is scheduled to be put into use in 2010.

The Rabobank Group Occupational Health and Safety Service has developed a range of workshops (Striking a Healthy Work/Life Balance, Health and Computers, and Healthy Change) especially for employees involved in the Rabo Unplugged programme. Training courses have also been developed for managers, as have workshops for teams, focusing on individual aspects as well as cooperation and management in a virtual working environment. The Rabobank Group Occupational Health and Safety Service also has a say in the design of buildings and workstations. Experiences gained from this new style of working are evaluated in the HR Monitor.

### CSR and our employees

It is vital that our employees gain knowledge and experience of CSR if we are to integrate CSR into our day-to-day business. In connection with this, Rabobank provides e-learning courses and CSR workshops. Employees from local Rabobanks can play the Profit and Values Game, in which they consider CSR issues in the context of their local Rabobank by applying topical issues to their own situation. In 2008 this game was played by 2,000 employees at 20 banks. In total, 96% of De Lage Landen's workforce have followed a training programme in CSR. At Sarasin, all new employees are given training in CSR as well. At Rabobank, Obvion, Orbay, Robeco, Sarasin en Schretlen & Co, employees are given information on their own division's targets, projects and results in the area of CSR at least twice a year. The recruitment process also pays attention to CSR. The Sam Group for instance, which is part of Robeco, pays specific attention to sustainability when assessing new employees, based on the view that this provides added value to the organisation and the service offering.

### CSR and performance management

In order to ensure that CSR is embedded in day-to-day activities, Rabobank's competency language incorporates corporate social responsibility in action. The executive staff of Rabobank Nederland set a CSR target for each department, which is agreed with the Executive Board. What is more, the executive management are required to include at least one CSR target in their personal performance management. Increasingly, these targets are being converted into collective targets for all employees.

### Diversity to stimulate enterprise

Rabobank Group's HR policy celebrates differences in people. Diversity encourages enterprise, and teams made up of people from varied backgrounds promote quality and creativity. Rabobank Group actively participates in seminars focusing on the issue of diversity throughout the Netherlands. In 2008 local Rabobanks in major cities sponsored conferences organised by special networks, and employees from multicultural backgrounds took the initiative to set up multicultural networks. In 2008, 20% of the students who took up work placements at Rabobank came from a multicultural background. As we would like to increase this number to 25%, one of the focuses of the HR policy for 2009 is to recruit and develop talented staff from this target group. With effect from 2009 senior executives will also be set targets aimed at promoting cultural diversity.

Fighting discrimination is one of the ways to stimulate diversity. Reports of discrimination at Rabobank are scarce. In its case study about diversity presented in 2007 ('Does new policy offer opportunities for diversity?'), Rabobank extensively addresses the attention paid in its organisation to fighting discrimination. As an employer, Rabobank wants no discrimination on the shop floor, in order to stimulate diversity.

### More women in senior positions

Encouraging the promotion of women to and the appointment of women in senior positions is a key part of Rabobank Group's management and talent development programme. In order to achieve this, we aim for a balance of male and female participants in our talent development programmes, and we have targets for the recruitment of new female corporate management trainees. During 2008 Rabobank Group participated actively in a number of initiatives designed to encourage the social debate on how to increase the number of women in senior positions. In 2008 women accounted for over 10% of our



senior management (senior staff and executive staff). Our aim for 2009 is to increase this figure to 15%<sup>2</sup>. As women accounted for just over 7% of the executive management of our organisation, we failed to reach our target for 2008.

### A popular employer

The labour market for highly educated and talented people is still extremely competitive, although the financial crisis is expected to lead to changes in the supply side of the labour market in the near future. The challenge facing us is to recruit people whose values include enterprise, flexibility and cooperation, and who are comfortable working in a network-based organisation. The starting point is to offer equal opportunities to all, and Rabobank Group recruits men and women of all ages and ethnicities. Rabobank was the highest scoring financial services provider in the 2008 Intermediar Image Survey. We were also rated favourite employer among female graduates, higher vocational education graduates and labour-market entrants entering the job market. Surveys revealed that the ability to work from home, as offered by our Rabo Unplugged and Rabobank 2010 programmes, is highly valued as a fringe benefit.

### Studies into future policy

During the collective bargaining agreement negotiations for 2007-2009, it was agreed that a number of studies would be carried out that could provide input for future policy and for the new collective bargaining agreement. These studies focused on the three following issues in 2008.

- **Pay differentials.** A wide-ranging debate has been conducted as part of a collective bargaining agreement study into pay differentials. There is support for differentials based on position, albeit subject to some reservations. The findings were set out in a report. In addition, a trial involving different pay variants for mortgage advisers was conducted in 2008.
- **Effectiveness of the Social Charter.** Executive staff, HR advisers and Works Council representatives were asked to describe their experiences with the Social Charter in an online survey. In addition, an outside study looked into ways of approaching the labour market and facilitating mobility. This studies revealed that frameworks such as the Social Charter, including the principle of providing support from one job to the next, are felt to be appropriate for Rabobank.
- **Flexible services, flexible work.** A study was conducted into the way in which agreements on staff flexibility and availability need to change as a consequence of changes in styles of working. A questionnaire was sent to a number of employees as preparation for interviews on this subject. The response rate was 70%, which is a clear indication of how important this issue is to employees.

### Management development

There is a growing demand for highly educated and qualified employees within Rabobank Group. This is due to Rabobank's growth, the age distribution in our current workforce, and the fact that our services are becoming increasingly complex. Demand is particularly strong when it comes to senior management positions and specialist positions. As we cannot expect the external labour market to provide new staff to fill these positions, given the structurally tight conditions, it is more important than ever that we develop the talent of our existing employees and increase staff loyalty.

### Group-wide talent development

Our ambitions, the changes in our organisation and the rapidly changing environment in which we operate place high demands on management. As a result, developing (management) talent has become one of our strategic priorities. A leadership profile was defined in 2008, which applies also to succession management for key positions within Rabobank Group. The proportion of appointments involving transfers from one group entity to another is between 25% and 30%. A special department tracks down talented staff within a group, trains them for senior management positions and develops results-oriented programmes for current senior managers. The talent development programmes and management programmes help us promote talented people to more senior or broader managerial positions within Rabobank Group. Career advisers help individual employees obtain a clear picture of their ambitions, competencies and potential. In 2008, 244 employees of Rabobank Nederland received career advice. Local Rabobanks developed the TOPtalent programme using the group-wide leadership profile. This development programme, which targets professionals and managers, emphasises how bringing in leading talent from outside the organisation and promoting talented employees within the organisation can create synergy. With this, it serves as a breeding ground for more onerous managerial positions within Rabobank Group.

<sup>2</sup> Applies only to Rabobank Group in the Netherlands.

## Employee development

Partly in the light of internal developments such as Rabobank 2010 and Rabo Unplugged, we, at Rabobank, make sure that courses are appropriate for our employee and leadership profiles, and that they suit our need for highly trained, qualified staff.

## Continuing education and accreditation of prior learning

Continuing education is a requirement in an increasing number of positions in order to maintain expertise and good performance, and to guarantee permanent employability. This is done increasingly in the form of e-learning courses, which enable employees to study at the time that suits them best. A training guide was developed in 2008 that employees can use to identify courses that are appropriate for their competence level and position. Much of the range of courses on offer for local Rabobanks is presented in the form of learning plans for each core position. These plans ensure employees have the necessary expertise and comply with applicable laws and regulations, such as the Dutch Financial Supervision Act (*Wet op het financieel toezicht, Wft*).

According to initial figures published on accreditation of prior learning, Rabobank is at the forefront when it comes to encouraging employees to obtain accreditation for work experience. Accreditation enables employees to obtain a level 4-MBO certificate of secondary vocational education. In 2008 a total of more than 1,000 employees of local Rabobanks and Rabobank Nederland applied for accreditation. Studies have confirmed the value of accreditation for retaining experienced employees for an organisation. In addition, it promotes their mobility on the labour market. Moreover, accreditation of prior learning makes employees more likely to start another course.

## Permanent employability

With a view to achieving our strategic targets, we, at Rabobank, like to see our employees show personal and professional growth, and we want for them to stay employable in a constantly evolving and changing environment. Following the completion of a wide-ranging study of employability, a number of initiatives were launched in 2008 to support employability:

- An employability scan was developed to stress the importance of employability to managers and staff. The scan, which employees complete on a voluntary basis, poses challenging questions to encourage them to think about their careers and discuss them with their managers.
- The Seniorship programme was launched for employees aged 45 and over in order to enable them to think about their future careers. The programme provides a great deal of scope for contemplation and sharing ideas. It also offers practical orientation training both within and outside Rabobank Group. Participants are enthusiastic about the programme.
- Personal stories that Rabobank employees have written about their own unusual career moves have been posted on our intranet site as a source of inspiration for colleagues.

## Integrated health management

Integrated health management was put into practice in 2008. The emphasis of this programme is on vitality. In connection with this, the Rabobank Nederland canteen provides staff with free fruit, and a logo is used to indicate healthy food choices. In addition, several tools and tests have been made available, including a vitality scan, a digital questionnaire on lifestyle, and a plan for organising a health market. At Obvion, employees have been issued with a 'workstation passport' which contains information on how their personal workstation should be set up. Furthermore, Schretlen & Co and Obvion offer employees chair massages at the office.

## Absenteeism due to illness

At 3.8%, the rate of absenteeism in 2008 was the same as in 2007. In 2008 the direct costs of absenteeism (continued payment of salary during illness) amounted to approximately EUR 140 million (2007: EUR 144 million). Absenteeism is monitored and analysed by the Rabobank Group Occupational Health and Safety Service. We try to help employees who have become fully or partially incapacitated to return to work as soon as possible by providing them with support during their absence from work and with reintegration. Both employees and managers are satisfied with the level of support<sup>3</sup>, awarding scores of 8.0 and 7.6, respectively. In order to avoid absenteeism, the Occupational Health and Safety Service paid attention in 2008 to the mismatch between the burden on employees and job requirements. Also, the Absenteeism

3 The survey relates to Rabobank Nederland, local Rabobanks and Schretlen & Co.

in Balance workshop was rejuvenated. It addresses how absenteeism can be avoided by identifying various risk factors at an early stage and taking action where necessary. Working with computers and pressure of work form significant occupational health risks. Research and interventions by the Rabobank Group Occupational Health and Safety Service help reduce these risks and prevent such conditions as WRULD (work-related upper limb disorders) and work-related stress. The percentage of employees at an increased risk of absenteeism due to illness relating to pressure of work was 9% in 2008. During the year, a number of pilot projects were conducted: MyDailyLifestyle (digital lifestyle coaching) and Sport en Zaken (Sports and Business). Nearly 5,000 employees made use of the health check service during 2008.

### Satisfied employees

In 2008 more than 43% of employees took part in the periodic employee satisfaction survey that is combined with surveys from 40 other major Dutch companies as part of a benchmark. Rabobank's employee satisfaction score of 86% (85% in 2007) is better than the average score achieved by the other companies included in the benchmark (73%). Employee satisfaction is also high within the group entities.

### Rabobank pension fund

Pension provisions relating to employees of Rabobank Nederland, the local Rabobanks, De Lage Landen, Schretlen & Co, Obvion and Rabo Real Estate Group are administered by the Rabobank pension fund. Robeco has its own pension fund. At the end of 2008 the pension provision at the Rabobank pension fund amounted to EUR 9.3 billion while the fund's assets were EUR 11.9 billion. This corresponds to a coverage ratio of 128% at the end of 2008 (2007: 160%). From the autumn of 2007 onwards, the Rabobank pension fund has protected its coverage ratio from falling, mostly by using derivatives contracts. Although the coverage ratio dropped in 2008 due to plummeting stock market prices and low interest rates, it is still considerably higher than the statutory minimum of 105% thanks to the derivatives contracts. That is why – contrary to many other pension funds – the Rabobank pension fund is in good shape. Pension contributions amounted to EUR 404 million in 2008. At year-end 2008 the assets of the Rabobank pension fund were invested in the following categories.

Category	in %
Equities	33.3
Fixed-income securities	45.3
Alternative investments	9.7
Real estate	8.3
Liquid assets	3.4

### Appraisal and remuneration of senior management

In 2008 the remuneration of the members and former members of the Executive Board amounted to EUR 9 million. This amount was made up as follows.

Amounts in millions of euros	2008	2007
Salaries	6.7	7.1
Pension charges	1.1	1.2
Performance-related bonuses	1.0	2.3
Other emoluments	0.2	0.2
<b>Total</b>	<b>9.0</b>	<b>10.8</b>

In view of the credit crunch and the social debate that has arisen as a result, the Supervisory Board will investigate in 2009 whether Rabobank's remuneration policy for the executive management needs to change. This will be considered in the light of the new version of the Dutch Corporate Governance Code, and draft recommendations issued by the Dutch Central Bank (*De Nederlandsche Bank*) and the Netherlands Authority for the Financial Markets.

### Employment disputes

In 2008, 216 disputes were reported under the Rabobank Employment Disputes Regulation (2007: 190). In six cases (4%) the Employment Disputes Committee issued a binding decision, advice and a plan of action were provided in 83% of cases, and mediation in 13%.

### Whistleblower regulation

Rabobank Group has a Regulation on the Internal Reporting of Abuse with a confidential contact person and a committee set up in connection with this regulation. In 2008 the confidential contact person received eight enquiries, which were discussed with the employee in question. In seven of these cases, it was not considered necessary for the matter to be dealt with formally by the committee.

### Headcount

The total headcount at Rabobank Group rose by 5,831 in 2008 to 60,568 employees. This growth is mostly the result of the consolidation of Polish-based Bank BGZ. We increased our stake in this bank in 2008, obtaining a majority interest in the process.

# HR tables

## Key data

	2008	2007	2006	2005
Employees*				
- number	66,136	60,342	56,209	50,988
- FTEs	60,568	54,737	50,573	45,580
Percentage of female employees **	55.1%	55.4%	55.6%	56.3%
Percentage of female employees in senior positions ** 1	22.1%	20.7%	19.9%	19.0%
Part-time employees **				
- male	6.1%	6.5%	5.0%	4.7%
- female	62.8%	63.1%	64.0%	64.2%
Absenteeism due to illness **	3.8%	3.8%	3.6%	3.7%
Employee satisfaction ***	86%	85%	87.0%	81.0%
Percentage of employees becoming disabled for work under the WIA **	0.20%	0.15%	0.18%	
Training investments in millions of euros *	99.9	98.0	76.9	68.7
Training investments in euros/FTE *	1,649	1,790	1,518	1,509

\* Entire Rabobank Group

\*\* Rabobank Group in the Netherlands

\*\*\* Rabobank Nederland, local Rabobanks and Schretlen & Co (i.e. excluding De Lage Landen, Obvion, Rabo Vastgoedgroep, Robeco and operations outside the Netherlands), as from 2008 including De Lage Landen International and Rabobank International

1. Job scale 8 and up

## Staff development policy: key data (in %)

	2008			2007			2006			2005		
	LB	RN	RG NL*	LB	RN	RG NL	LB	RN	RG NL	LB	RN	RG NL
Rabobank offers me sufficient opportunities for personal development	78	71	75	76	68	74	74	66	73	68	64	67
Rabobank offers me sufficient training opportunities in my current position	88	78	81	87	74	84	86	75	84	81	76	80
Total number of employees who have a Personal Development Plan	76	67	71	76	67	75	69	72	69	64	53	62

\* Rabobank Group in the Netherlands includes Rabobank Nederland, local Rabobanks and Schretlen & Co (i.e. excluding De Lage Landen, Obvion, Rabo Vastgoedgroep, Robeco and operations outside the Netherlands)

With effect from 2007, the total number of employees who have a Personal Development Plan also includes Robeco in the Netherlands, Obvion and Rabo Vastgoedgroep

As from 2008 'Total number of employees with POP' for Rabobank Group total excluding Obvion

As from 2008 'sufficient options for personal development' and 'sufficient training options in respect of my current job' for Rabobank Group in the Netherlands including De Lage Landen International and Rabobank International

## Number of employees in 2008

	Numbers					FTEs		
	Netherlands	Abroad	Total in 2008	Total in 2007	Difference 08-07	Netherlands	Abroad	Total in 2008
<b>Domestic retail banking</b>								
Local Rabobanks	33,237		33,237	33,820	-583	28,667		28,667
Obvion	309		309	266	43	287		287
	33,546		33,546	34,086	-540	28,954		28,954
<b>Wholesale banking and international retail banking</b>								
Rabobank International	1,945	13,492	15,437	10,046	5,391	1,987	13,236	15,223
<b>Asset management</b>								
Robeco Group	1,137	632	1,769	1,809	5,391	1,063	613	1,676
Schretlen & Co	326		326	325	1	315		315
Alex				218	-218			
Sarasin & Co		1,593	1,593	1,204	389		1,537	1,537
Orbay	91		91	92	-1	91		91
	1,554	2,225	3,779	3,648	131	1,469	2,150	3,619
<b>Leasing</b>								
De Lage Landen (incl. Athlon)	1,450	3,443	4,893	4,625	268	1,385	3,282	4,667
<b>Real estate</b>								
Rabo Vastgoedgroep	1,317	542	1,859	1,794	65	1,231	512	1,743
<b>Other units</b>								
Rabobank Nederland	6,350		6,350	5,902	448	6,110		6,110
Rabobank Development	25		25	21	4	24		24
Other Rabobank Nederland	245	2	247	220	27	227	1	228
	6,620	2	6,622	6,143	479	6,361	1	6,362
<b>Total</b>	<b>46,432</b>	<b>19,704</b>	<b>66,136</b>	<b>60,342</b>	<b>5,794</b>	<b>41,387</b>	<b>19,181</b>	<b>60,568</b>

## Trends in Rabobank Group's workforce: 2005-2008

Year	Number of employees at 31-12	Absolute increase/ (decrease) compared with previous year	Percentage increase/ (decrease) compared with previous year
2005	50,988	-5,336	-9.4
2006	56,209	5,221	9.1
2007	60,342	4,133	7.4
2008	66,136	5,794	9.6



## Trends in staff costs\*

Amounts in millions of euros	2008	2007	2006	2005
Total wage costs	3,342	3,219	2,792	2,637
Total staff costs	4,290	4,400	4,115	3,880
Staff and other administrative expenses	7,087	7,180	6,546	5,826
Total training costs	99.9	98.0	76.9	68.7
Net profit	2,754	2,696	2,345	2,079
Number of FTEs	60,568	54,737	50,573	45,535
Amounts in euros				
Total wage costs per FTE	55,178	58,808	55,207	57,911
Total staff costs per FTE	70,829	80,384	81,407	85,209
Staff and other administrative expenses per FTE	117,009	131,173	129,437	127,946
Total training costs per FTE	1,649	1,790	1,521	1,509
Net profit per FTE	45,024	49,254	46,369	45,657
Training costs/wage costs	3.0%	3.0%	2.8%	2.6%
Number of times training was followed**	174,964	140,071	162,772	94,500
Costs of training (in millions of euros)	99.9	98.0	76.9	68.7
Percentage of wage bill	3.0%	3.0%	2.8%	2.6%
Average costs per FTE (in euros)	1,649	1,790	1,518	1,509
Number of e-learning participants	131,838	116,600	135,397	77,500
Number of digital exams taken	38,227	36,600	27,240	25,000

\* Entire Rabobank Group

\*\* Figures for Rabobank training only concern Rabobank Nederland, local Rabobanks

## Inflow from and outflow to outside parties

Age	% male		% female	
	Inflow	Outflow	Inflow	Outflow
up to and including 24	42.9	41.3	57.1	58.7
25 up to and including 34	49.5	41.3	50.5	58.7
35 up to and including 44	57.6	47.8	42.4	52.2
45 up to and including 54	58.2	48.9	41.8	51.1
55 and up	56.1	66.0	43.9	34.0
Total	51.3	46.9	48.7	53.1

## Inflow from and outflow to outside parties \* / \*\*

Total (%)	2008	2007	2006	2005
Inflow from outside Rabobank Group*	11.4	11.3	10.1	8.3
Outflow to outside Rabobank Group	10.5	10.6	8.4	8.6

\* With effect from 2007, figures for Rabobank Group do not include Rabo Vastgoedgroep operations outside the Netherlands

\*\* As from 2008 Rabobank Group as a whole

## Rabobank Group in the Netherlands in 2008 \* / \*\*

		% ethnic		% on contracts for indefinite period	% aged up to and including 24	% aged 25 to 34 inclusive	% aged 35 to 44 inclusive	% aged 45 to 54 inclusive	% aged 55 and up
	% female	minorities*	% part-time						
All employees	55.1	9.0	38.7	90.2	3.5	28.1	38.5	22.0	7.9
Employees in job scales 1 to 7 inclusive	71.0	9.5	51.0	87.3	5.2	33.3	34.5	19.8	7.2
Employees in job scales 8 to 11 inclusive	23.8	7.8	13.8	95.9	0.1	18.7	47.8	24.9	8.5
Members of senior management	11.3	8.7	10.4	99.4	0.0	1.4	41.3	43.1	14.2
Members of executive management	6.5	3.6	2.0	99.3	0.0	0.7	22.5	50.8	26.1

\* As from 2007 Rabobank Group - the Netherlands

\*\* Ethnic minorities for centralised registration and Athlon only

## Absenteeism due to illness \* / \*\*

	2008	2007	2006	2005
Absenteeism percentage	3.76	3.77	3.61	3.71
Average number of cases of absenteeism reported per employee (in %)	1.45	1.48	1.43	1.50
Number of employees returning to work from WIA	93	67	74	
Percentage of employees becoming disabled for work under the WIA (in %)	0.20	0.15	0.18	

\* With effect from 2007, figures are for Rabobank Group in the Netherlands

\*\* There are no WAO entrants, because of the introduction of the WIA and continued salary payments during the second year of illness

## Wage bill broken down according to management level \* / \*\*

	2008	2007
Executive management	3%	2%
Senior management	6%	6%
Middle management	40%	39%
Other (scales 1 to 7 inclusive)	51%	53%
Total	100%	100%

\* Based on annual gross salaries on a full-time basis

\*\* With effect from 2007, figures are for Rabobank Group in the Netherlands

## Wage bill broken down according to age \*

	Male	Female
up to and including 24	22,252.16	22,039.52
25 up to and including 34	33,142.50	28,735.55
35 up to and including 44	49,383.14	32,075.20
45 up to and including 54	51,442.13	30,000.22
55 and up	49,358.31	27,130.86
Average	45,155.15	29,892.32

\* Based on median annual gross salaries on a full-time basis

## Workforce broken down according to Group division in 2006-2008 \* / \*\*

	Number of employees* / **	% female	% part-time	% female part-time	% male part-time	% female in senior positions (>7)	Average age	% aged 55 and up
2006	45,941	55.6	37.8	64.0	5.0	19.9	38.8	6.7
2007	46,392	52.3	36.6	58.7	5.0	20.7	36.5	7.3
2008	46,432	55.1	38.7	62.8	6.1	22.1	39.7	7.9
<b>Retail Banking</b>								
Local Rabobanks	33,237	62.3	45.4	69.5	5.5	22.2	39.6	8.0
Obvion	309	52.4	29.4	53.1	3.4	32.9	39.0	7.4
<b>Wholesale banking</b>								
Rabobank International	1,945	31.3	12.9	33.4	3.6	21.9	37.9	3.7
<b>Asset management</b>								
Robeco Group	1,137	32.5	27.7	53.8	15.1	16.6	37.7	3.3
Schretlen & Co	326	37.7	27.6	60.2	7.9	16.0	39.9	5.2
Orbay	91	27.5	7.8	14.3	5.4	6.7	36.8	3.9
<b>Leasing</b>								
De Lage Landen	1,450	37.3	21.9	43.3	11.3	13.0	38.9	6.1
<b>Real estate</b>								
Rabo Vastgoedgroep	1,317	37.4	31.1	59.3	14.3	16.9	39.7	10.0
<b>Other</b>								
Rabobank Nederland support units	6,620	38.7	20.9	45.4	5.5	25.5	41.1	9.5
* With effect from 2006, this includes Robeco in the Netherlands and FGH bank								
** With effect from 2006, figures are for Rabobank Group in the Netherlands								

## 8 CSR in our operations

With our 66,000 employees, our operations have a major impact on the environment. Because we pursue a sound CSR policy, we aim to minimise our climate footprint, i.e. reduce our CO<sub>2</sub> emissions, where we can. At Rabobank Group, we take an energy-efficient approach where at all possible, preferably by using renewable sources and sustainable products and services. Any greenhouse gases that we do emit we offset by purchasing CO<sub>2</sub> certificates. The Rabobank policy and targets for achieving sustainable operations are fully in line with the goals formulated by the Dutch government to emit 30% fewer greenhouse gases in 2020, conserve 2% energy annually and generate 20% of all energy from renewable sources in 2020.

### Climate-neutral business operations

At Rabobank Group, we have tracked our climate footprint since 2007 using the methodology prescribed in the Greenhouse Gas (GHG) Protocol. We record our energy usage, lease mileage and business mileage clocked up, business flights, use of air conditioning and paper consumption. Based on this information we can steer our policies towards climate neutrality. In 2008 we bought CO<sub>2</sub> certificates for clean energy generated by a large wind turbine park in Maharashtra, India, to offset our climate footprint for 2007. With this, we achieved climate neutrality in our operations in 2007. We have already started to purchase certificates to offset our footprint in 2008.

### CO<sub>2</sub> emissions caused by operations of Rabobank Group (in tons of CO<sub>2</sub>)<sup>4</sup>

Emission source	2008	2007 <sup>5</sup>
<strong>Scope 1</strong>		
Use of natural gas	29,800	35,200 <sup>6</sup>
Use of other fuels	300	5,700
Use of air conditioning	1,900	2,000
Lease mileage clocked up	49,600	50,600
<strong>Scope 2</strong>		
Use of electricity	44,600	33,600
Use of heat	2,200	0
<strong>Scope 3</strong>		
Business mileage clocked up	9,500	10,400
Business flights	33,300	32,900
Use of paper	5,000	5,100
<strong>Total CO<sub>2</sub> emissions (in tons of CO<sub>2</sub>)</strong>	<strong>176,200</strong>	<strong>175,500</strong>
CO <sub>2</sub> emissions per FTE	2.98	3.10

4 The extrapolated data is based on the climate footprint for 2008 and rounded to hundreds of tons, and is exclusive of Bank BGZ. In addition, the data for 2008 is at variance with the key figures disclosed in the Financial Review 2008, due, in part, to recalculations dictated by the GHG Protocol.

5 The climate footprint for 2007 is at variance with that described in the Annual Sustainability Report 2007 and that disclosed in the key figures in the Financial Review 2008 due to an update of emission factors.

6 The recalculations show that incorrect data was reported; this was rectified for 2007.

Rabobank Group's CO<sub>2</sub> footprint for 2008 was 176,200 tons of CO<sub>2</sub>, which represents an increase by 0.4% on 2007. This corresponds with 2.98 tons per full-time equivalent (FTE), which is 4% lower than in 2007. The drop is mainly attributable to improved energy reports at the foreign offices. Air travel (in kilometres) by Rabobank International has dropped also – if we extrapolate the figures – now that flights have been booked through one central desk since 2008. CO<sub>2</sub> emissions per FTE in the Netherlands have risen by 5% to 2.42 tons, which was due primarily to an increase in electricity use and air travel. Improved reporting has lowered CO<sub>2</sub> emissions in countries other than the Netherlands to 4.75 tons of CO<sub>2</sub> per FTE (from 5.98 tons). Direct emissions amounted to about 81,700 tons of CO<sub>2</sub>, which represents a drop by 17.4% on 2007. This was mostly attributable to lower usage by the international group entities. Indirect emissions increased by about 15% in 2008 compared with 2007, rising to 94,700 tons of CO<sub>2</sub>. The main reason here was higher usage by both the Dutch and globally based group entities.

### Improvement in climate footprint

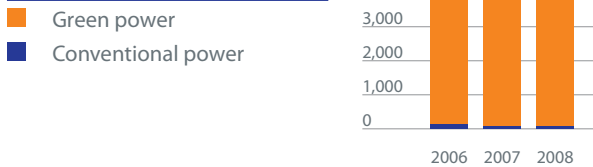
It is essential that, at Rabobank Group, we should not only offset our CO<sub>2</sub> emissions. Rather, we should clearly demonstrate that we are committed to reducing them. That is why one of our Key Performance Indicators for CSR is reducing the climate footprint of each FTE. It was decided in 2008 that Rabobank Nederland will seek to achieve a 20% reduction in CO<sub>2</sub> emissions over the next five years. The main focus will be on energy and mobility, the two activities that impact our footprint the most. Rabobank Nederland has worked with an energy management system since 2007; local Rabobanks will also be hooked up to this system in 2009. We commissioned energy saving studies of all of Rabobank Nederland's freehold properties in 2008. Following up on Rabobank Nederland's target of reducing its CO<sub>2</sub> emissions, the offices of Rabobank International in the US also launched a CO<sub>2</sub> reduction project, entailing purchases of environmentally friendly products, energy savings and sustainable mobility, among other aspects.

### Use of electricity, gas and water

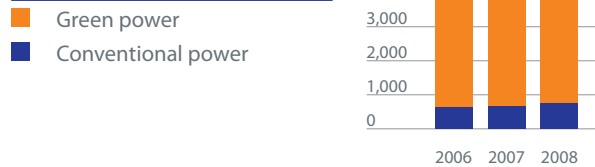
Extrapolated for the entire Rabobank Group, we consumed about 3,340 terajoule (TJ) in energy in 2008. The Dutch offices accounted for 2,756 TJ of this total energy usage. In 2008 Rabobank Group reported on the use of electricity and gas (including district heating) by 92% and 90% of all FTEs, respectively. With this, the reporting coverage for electricity usage was in line with previous years. The reporting coverage for gas usage was 12% higher than in 2007, especially since three foreign group entities started to report on their consumption.

- **Electricity.** Rabobank Group consumed 298 GWh in electricity (extrapolated) in 2008. Electricity use per FTE rose by about 7% on 2007. Usage per FTE in the Netherlands was up by about 8%. This was due mainly to an increase at the local Rabobanks and at the data centre at Best, where a new computer room came online in 2008. The proportion of green electricity (in the Netherlands and abroad: 85%; in the Netherlands: 98%) did not change compared with 2007.
- **Gas.** In 2008 Rabobank Group used approximately 17 million m<sup>3</sup> in gas (extrapolated). The absolute use of gas was lower than in 2007 thanks to the higher reporting coverage so that fewer extrapolations were needed to create a fairer view of the use of gas. Also, 2008 was the first year in which the use of district heating was recorded, which causes fewer CO<sub>2</sub> emissions than natural gas. Rabobank Group used 129 TJ in district heating, which accounted for about 2,000 tons of CO<sub>2</sub>. The use of gas per m<sup>2</sup> reported increased by approximately 16% compared with 2007, which was due mainly to higher usage at the local Rabobanks. Rabobank Nederland managed to reduce its use of gas per FTE by no less than 23%, the main reason being that the data centre at Best has no longer been hooked up to the combined heat and power plant since April 2008, but now avails itself of underground heat/cold storage. In 2008 Rabobank Nederland closed a contract with Essent for the supply of green gas from 1 January 2009 onwards. The contract is for about 50% of the volume used by Rabobank Nederland and the local Rabobanks. The gas, which is released through the attenuation of organic substances in landfill sites, is upgraded to natural gas and then fed back to the gas grid. Seen from the perspective of the chain, this gas does not cause any CO<sub>2</sub> emissions.
- **Water.** Water consumption by Rabobank Group in the Netherlands was 714,580 m<sup>3</sup> in 2008 (extrapolated), which corresponds with 15.9 m<sup>3</sup> water per FTE on average. This figure is 26% higher than in 2007. This increase is attributable mainly to the local Rabobanks; the reason is because we now have a better understanding of our actual water consumption after readings started to be taken in 2007.

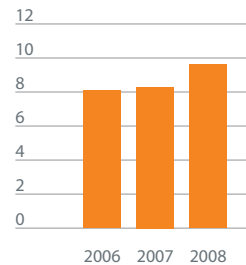
Electricity use of Rabobank Group in the Netherlands in kWh per FTE



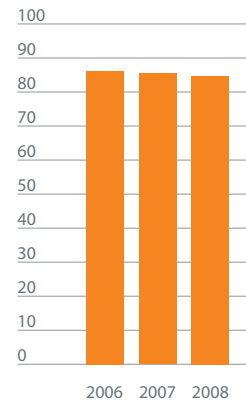
Electricity use of Rabobank Group (NL + INT) in kWh per FTE



Gas use by Rabobank Group (inclusive of district heating and exclusive of correction factor degree-days) in m<sup>3</sup> of gas per m<sup>2</sup>



Green power used by Rabobank Group (in the Netherlands and elsewhere) in %



## Cradle to cradle

The cradle to cradle vision means that products should not only be designed to be useful during their lifecycle, but also to go back into nature or be completely reborn as new products when they are obsolete. This vision is based on a future where there is no waste and products are good for people and their environment. Waste becomes food for the technical, or rather the organic, system. Rabobank started to explore the options for cradle to cradle in 2008 by launching a pilot for catering processes and products. Depending on its results, we might broaden this approach in 2009. In addition, it is our ambition to use a number of certified cradle to cradle products in our new management centre.

## Data centres rated as best in class

The ICT sector is responsible for an estimated 2% of electricity usage globally. The growth in the number of national and international payment transactions, and the demand for offering round-the-clock system stability warrant a safe and secure ICT infrastructure. That is why Rabobank operates two data centres in the Netherlands at two locations, which process transactions simultaneously. In 2008 the Gartner research agency assessed the recently renovated data centre at Best and the data centre at Boxtel, which is under construction, for their environmental impact. Gartner rated the centres as best in class, because energy is used extremely efficiently. Traditional data centres often have an energy factor of 2 or higher, meaning that an additional kilowatt hour should be added to every kilowatt hour needed to cool rooms, to light the building, and to operate lifts and other building facilities. By applying state-of-the-art technologies and design principles, we are reducing this energy factor for the Rabobank data centres to less than 1.5.

## Sustainable building

Our CO<sub>2</sub> reduction targets have prompted us to tighten the sustainable building policy for Rabobank Nederland. New freehold buildings need to come with a Greencalc+ A rating<sup>7</sup>. The new management centre in Utrecht, which will be put into use at the beginning of 2011, has received a green certificate as the first large office tower in the Netherlands. This certificate is awarded by the Dutch government to buildings that deserve the title of 'sustainably designed building'. To qualify, FSC certificates need to be submitted, among other documents, to prove that FSC-certified wood was used in the construction process. Our local Rabobanks at Heerenveen and Apeldoorn also received green certificates for their new buildings.

<sup>7</sup> GreenCalc+ expresses the sustainability of an office building in a rating: the environmental index. The rating is a reflection of the building's energy use, water consumption and use of materials.



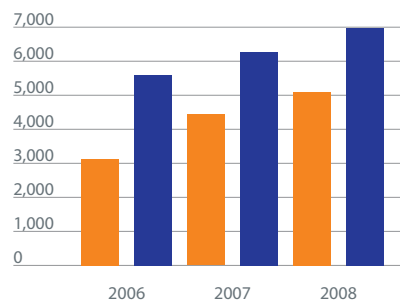
## Sustainable mobility

Mobility is an important aspect of our CO<sub>2</sub> footprint. Smart, sustainable mobility solutions can help us save on travel time and costs as well reducing our CO<sub>2</sub> emissions.

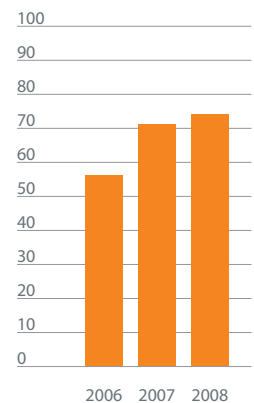
- **Reduction in CO<sub>2</sub> emissions caused by leased cars.** The total fleet of cars leased by Rabobank Group rose by 16% in 2008 to 8,073. The increase at Rabobank Nederland and the local Rabobanks was 9% (5,529)<sup>8</sup>. To minimise CO<sub>2</sub> emissions caused by leased cars, the options for leased car drivers have been limited to the most energy-efficient cars with energy label A, B or C. The percentage of leased cars bearing these labels rose to 73%, thanks, in part, to which CO<sub>2</sub> emissions per kilometre clocked up by the local Rabobanks and Rabobank Nederland dropped to 0.176<sup>8</sup> kilograms of CO<sub>2</sub>.
- **Bio-ethanol as a fuel.** By way of a pilot, 79 project managers of Rabobank Nederland have been driving a Volvo C30 since October 2007. Besides being petrol-fuelled, these cars are also equipped to run on bio-ethanol, which is produced from biomass and/or biodegradable waste. Raw materials used include sugar cane, sugar beet, corn, wheat and barley. Considering the limited number of fuelling stations for bio-ethanol, the goal was to rack up 10% of the cars' total mileage on bio-ethanol in the first year. The 8% achieved just fell short of the mark.

Leased cars rated A, B or C proportionate to total number of leased cars

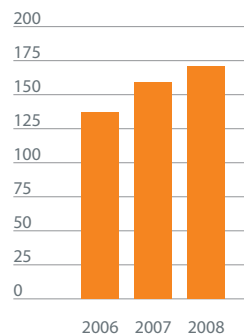
■ Rabobank  
■ Total



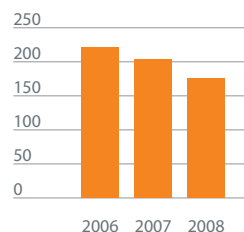
Leased cars rated A, B or C in %



Car mileage travelled in millions of kilometres



CO<sub>2</sub> emissions in grammes per kilometre travelled by car



- **Commuting allowance.** The public transport commuting facility at Rabobank Nederland was broadened in 2008: employees are now fully reimbursed for the costs of public transport if they commute over a distance of six kilometres or more (lowered from 40 kilometres).

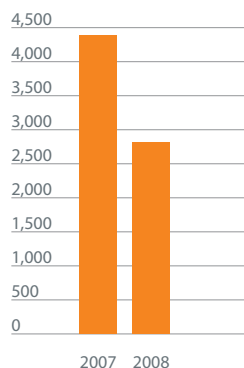
- **Netherlands Railways Business Card for leased car drivers.** The Netherlands Railways Business Card, which has been available to leased car drivers at Rabobank Nederland and the local Rabobanks since 2007, can now also be used for train commutes. Train mileage travelled using the card amounted to 4.39 million kilometres in 2008, which was 56% more than in 2007. Had this mileage been racked up in cars, we would have caused an additional 593<sup>9</sup> tons in CO<sub>2</sub> emissions.

- **Road Accessibility Platform (*Platform Nederland Bereikbaar*).** The Dutch Road Accessibility Platform organised a congestion-free day on 9 October 2008 to create awareness among motorists and businesses that the roads need not always be congested on weekdays. Rabobank employees in the Netherlands were able to decide for themselves where they went to work that day. Many local

<sup>8</sup> Calculations are based on the number of cars coming under the 'car scheme' for Rabobank Nederland, the local Rabobanks and Obvion. See the table of CO<sub>2</sub> emissions per kilometre clocked up.

<sup>9</sup> The CO<sub>2</sub> emission factor per train passenger kilometre is based on a survey conducted by NS/CE Delft for 2007.

Train mileage travelled  
using Netherlands Railways  
Business Card in thousands  
of kilometres



Rabobanks and other group entities took initiatives to avoid the rush hour traffic by serving a very early breakfast to employees or asking them to cycle to the office together. Rabobank Nederland tracked the use of remote-access connections on this day. During the morning rush hour, nearly twice as many employees worked from home than on the same day the week before.

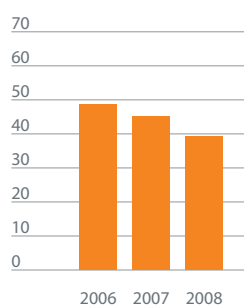
- **Air travel.** We gained a better understanding in 2008 of the number of flights taken by our employees because we started to book all flights through a central desk. This also gives us the opportunity to make adjustments where needed. In 2009 we will translate the data into a reduction target for air travel. In 2008 air mileage rose to 169 million kilometres compared with 110 million kilometres in 2007 (i.e. a 53% increase on 2007).

## Sustainable purchasing

Products and services for Rabobank Nederland and the local Rabobanks, as well as most products and services for De Lage Landen, Obvion and Schretlen & Co, are purchased centrally. Purchases represented a value of EUR 1.6 billion in total. In 2008 steps were taken to make the purchasing process more sustainable.

- **CSR analysis.** Purchasing transactions have been conducted using the Rabobank Sourcing Methodology (RSM) since January 2008. This approach consists of a number of standard process steps, forcing buyers to analyse any CSR impact. Purchasing teams can use the CSR specification sheets and information sheets listing the relevant CSR aspects when defining their purchasing strategy.
- **Sustainability Statement.** In 2008 more than 100 suppliers were informed of their CSR performance based on a self-assessment. Where necessary and advisable, an improvement programme will be initiated. The suppliers were also presented with the 'Rabobank Group Business Partners' Sustainability Statement'. This code of conduct, which is based on that of Rabobank Group, addresses issues such as the environment, child labour, working conditions and human rights. The statement now forms an integral part of all new purchasing contracts.
- **Biodegradable wrapping foil.** Rabobank Nederland sends out several magazines to members, customers and employees annually. The use of traditional wrapping foils is a burden on the environment. Besides, the foil manufacturing process is extremely energy-consuming. In dialogue with Rabobank Nederland, the supplier developed a sustainable, compostable foil that turns into biodegradable waste. We sent out the first magazines wrapped in biodegradable foil in July 2008. Other businesses have since also been approached to share in the innovation.

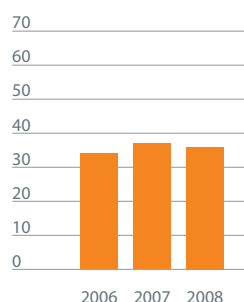
Use of A4-sized paper  
by Rabobank Group  
in the Netherlands  
in kg per FTE



## Paper usage

At Rabobank, we want to reduce our paper usage because it places a burden on the environment. In 2008 we saw a 13% drop in the use of A4-sized paper throughout Rabobank Group in the Netherlands thanks to targeted actions, such as double-sided printing and copying. The paper that we use also has to be FSC-certified, meaning that the wood pulp from which it is made has been harvested from sustainably managed forests. The volume of paper used in the Netherlands for bank statements, memos/policy papers/billings and giro transfer slips, and for envelopes fell in 2008 by 1% and 3%, respectively, compared with 2007.

Bank statements, memos/  
policy papers/billings and  
giro transfer slips Rabobank  
Group in the Netherlands  
in kg per FTE



## Rabox: a touch of green

We sell approximately 300,000 Raboxes for safe and easy online banking every year, which has prompted us to test the solution for its CSR aspects from every angle and to change it where necessary. We have added a touch of green to all types of the Rabox since the end of 2008. The most important improvement is that we have replaced the Rabox's plastic interior by a cardboard (FSC) one. This means that the Rabox packaging can now be recycled as paper products.

## Waste

Reducing waste starts with sustainable purchasing, and attention to the waste stage of products and packaging methods. In addition, we look to achieve a high level of waste segregation to avoid having to incinerate waste and to facilitate recycling. That is part of the reason why the EcoSmart concept has been introduced to all offices of Rabobank Nederland. Using this concept, waste is divided into five categories: paper, cardboard, kitchen and garden waste, cups and residual waste. Within Rabobank Group in the Netherlands, the amount of paper and cardboard waste dropped by 55% on 2007, landing at 66 kilograms per FTE. There were many relocations and renovations in 2006 and 2007, making this year's figure much lower. The amount of residual waste per FTE at Rabobank Group in the Netherlands was down in 2008 as well, falling by 37%. This has brought it back into line with the figure for 2005.

## Organic catering

Sales of organic products in Rabobank Nederland canteens were up significantly in 2008, rising to 38% (from 23%). Of all products on offer in drink vending machines, 87% were organic in 2008.

# GRI indicators

		Page numbers	Extent of reporting	Reason	Explanation P/N reporting	Explanation F reporting
<b>1</b>	<b>Strategy and analysis</b>					
1.1	Statement from the most senior decision-maker of the organization about the relevance of sustainability to the organization and its strategy.	4	●			
1.2	Description of key impacts, risks, and opportunities.	8-20	●			
<b>2</b>	<b>Organisational profile</b>					
2.1	Name of the organization.	6	●			
2.2	Primary brands, products, and/or services.	7	●			
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	6-7	●			
2.4	Location of organization's headquarters.	6	●			
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	6-7, 38-43, AR: 21	●			
2.6	Nature of ownership and legal form.	6	●			
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	2-3 AR: 18-21	●			
2.8	Scale of the reporting organization.	2	●			
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	72-74	●			
2.10	Awards received in the reporting period.	16	●			
<b>3</b>	<b>Report parameters</b>					
	<b>Report profile</b>					
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	72	●			
3.2	Date of most recent previous report.	72	●			
● Fully realised    ● Partially realised    ○ Unrealised						

		Page numbers	Extent of reporting	Reason	Explanation P/N reporting	Explanation F reporting
3.3	Reporting cycle (annual, biennial, etc.).	72	●			
3.4	Contact point for questions regarding the report or its contents.	76	●			
Report scope and boundary						
3.5	Process for defining report content.	72-74, 8-11, 17-20	●			
3.6/ 3.7	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers).	73-74	●			
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	72-74	●			
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report.	74	●			
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement.	72-74	●			
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	72-74	●			
GRI content index						
3.12	Contents.	61-71	●			
Assurance						
3.13	Policy and current practice with regard to seeking external assurance for the report.	75	●			
4	Governance, commitments and engagement					
Governance						
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	15, AR: 13-14, 78-79	●			Information on this indicator was reported in the Rabobank Group Annual Sustainability Report 2007 (p. 23 and pp. 97-98).
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	15, AR: 78-79	●			Information on this indicator was reported in the Rabobank Group Annual Sustainability Report 2007 (pp. 97-98).
● Fully realised    ● Partially realised    ○ Unrealised						

		Page numbers	Extent of reporting	Reason	Explanation P/N reporting	Explanation F reporting
4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.		○	Not applicable	Rabobank does not have a unitary board structure.	
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	15	●			Information on this indicator was reported in the Rabobank Group Annual Sustainability Report 2007 (p. 24).
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives, and the organization's performance.	15, 45, 48	●			Information on this indicator was in part reported in the Rabobank Group Annual Sustainability Report 2007 (p. 25).
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	15	●			Information on this indicator was reported in the Rabobank Group Annual Sustainability Report 2007 (p. 26).
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on CSR topics.	15	●			Information on this indicator was reported in the Rabobank Group Annual Sustainability Report 2007 (pp. 23-24).
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to CSR performance and the status of their implementation.	8-11	●			
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of CSR performance, relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	15	●			Information on this indicator was reported in the Rabobank Group Annual Sustainability Report 2007 (pp. 23 and 25).
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to CSR performance.	9-11, 15	●			The Cooperative Affairs Committee of the Supervisory Board supervises Rabobank's CSR performance. CSR is embedded in the Bank's strategy and policies.
Commitments to external initiatives						
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	15, 18-25	●			Information on this indicator was in part reported in the Rabobank Group Annual Sustainability Report 2007 (pp. 26 and 32).
● Fully realised    ● Partially realised    ○ Unrealised						



		Page numbers	Extent of reporting	Reason	Explanation P/N reporting	Explanation F reporting
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	8, 21-22, 43-44	●			
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization.	19-20, 24-26, 41	●			
Stakeholder engagement						
4.14	List of stakeholder groups engaged by the organization.	17-18	●			
4.15	Basis for identification and selection of stakeholders with whom to engage.	17-18	●			
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	17-18	●			
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns.	8, 17-20	●			
5 Management approach and performance indicators						
Economic performance indicators						
DMA	Economic aspects.	9, 11, 33-43 AR: 4-5	○	Not available	Reporting on indirect economic impacts in relation to the Bank's own business operations, purchasing and lending in sensitive sectors. Full reporting on indirect impacts of all business lines is too complicated to achieve in any valid way, in view of the nature of financial services. Rabobank aims to increasingly report on indirect impacts.	
EC1	Economic value generated and distributed.	2-3, 33, 35, 37	●			
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	9, 14, 20, 23, 24, 26	●			
EC3	Coverage of the organization's defined benefit plan obligations.	48	○	Not material	Extensive reporting on this matter is included in the annual report of the Rabobank pension fund sent to employees each year.	
● Fully realised    ○ Partially realised    ○ Unrealised						

		Page numbers	Extent of reporting	Reason	Explanation P/N reporting	Explanation F reporting
EC4	Significant financial assistance received from government.		○	Not applicable	Rabobank Group does not receive any material financial assistance from the government.	
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	59	●	Not material	Rabobank Group does not have a specific purchasing policy in place in respect of locally based suppliers.	
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.		○	Not material	Rabobank Group does not have a policy in place in the field of local hiring. The issue is implied in overall management.	
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	33, 36-37, 38-41	●			
Environmental performance indicators						
DMA	Environmental aspects.	13, 55	●			
EN1	Total amount of paper consumption (Most relevant material used by Rabobank Group) by weight or volume.	59	●			
EN3	Direct energy consumption by primary energy source.	55, 57	●			
EN4	Indirect energy consumption by primary source.	55, 57	●			
EN8	Total water withdrawal by source.	56	●			Water use is reported. Information is not available by source, because this information is not material to the business and the sector.
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	9, 14, 19, 20	●			For business sectors with high impacts on the environment, Rabobank drew up sector policies in which the impact on biodiversity of customers is weighed in the acceptance of and services to customers.
EN16/ EN17	Total direct and indirect greenhouse gas emissions by weight.	55	●			
● Fully realised      ● Partially realised      ○ Unrealised						

		Page numbers	Extent of reporting	Reason	Explanation P/N reporting	Explanation F reporting
EN22	Total weight of waste by type and disposal method.	60	●	Not available	Not yet available, because suppliers are as yet unable to furnish this information. The intention is to make this information suitable for reporting in the medium to short term. Is in line with our policy to achieve resource efficiency and climate-neutral business operations.	
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	55, 56, 57	●	Not applicable	This indicator mainly pertains to industrial production environments, but these initiatives are taken where possible within Rabobank Group.	
Social performance indicators: labor practices and decent work						
DMA	Labor practices and decent work.	13, 44	●			
LA1	Total workforce by employment type, employment contract, and region.	50, 51, 54	●	Not material	Classifying information by region not material up to now, because it was not necessary for managing operations. Preparations are underway to access employee data by region. Reporting is expected in the medium term.	
LA2	Total number and rate of employee turnover by age group, gender, and region.	51-52	●	Not material	Classifying information by region not material up to now, because it was not necessary for managing operations. Preparations are underway to access employee data by region. Reporting is expected in the medium term.	
LA4	Percentage of employees covered by collective bargaining agreements.	46, 53	●	Not material	Not material to foreign branches. Information on Rabobank Group's foreign operations is not available. The number of employees in Rabobank Group's foreign operations is too low compared with the number of employees in the Netherlands to organise the monitoring function to include such information.	
● Fully realised      ● Partially realised      ○ Unrealised						

		Page numbers	Extent of reporting	Reason	Explanation P/N reporting	Explanation F reporting
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	46	●	Not available	This information is included in collective bargaining for the Dutch branches. This information is not available for foreign offices and will not become available in terms of materiality.	
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.	47-48, 53	●			
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	47-48	●			
LA10	Average hours of training per year per employee by employee category.	52	●	Not available	Data is reported in euros for each FTE, not in the average number of hours. Time sheets are not available for training. Moreover, within Rabobank Group, this is managed in euros for each FTE, not in hours.	
LA12	Percentage of employees receiving regular performance and career development reviews	46-47, 50	●			
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	45-45, 53-54	●	Not material	Despite an active diversity policy, a distinction into minorities is not considered relevant. Information on 'being a member of a specific social minority' is not available.	
LA14	Ratio of basic salary of men to women by employee category.	53	●			The proportion is irrelevant to us, as the information provided is fully transparent regarding the distribution of the wage and salary bill in terms of age and gender.
● Fully realised      ● Partially realised      ○ Unrealised						

		Page numbers	Extent of reporting	Reason	Explanation P/N reporting	Explanation F reporting
Social performance indicators: human rights						
DMA	Human rights.	8, 18-20, 59	●			
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	14, 20-23	●			In 2007, Rabobank Group introduced the 'Extensive Human Rights Code of Conduct'. Since July 2007, this elaborated code of conduct has been an integral part of the CSR check in customer and credit assessments. Monitoring at agreement level is not deemed material and is, moreover, impractical.
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	59	●	Not available	Our key suppliers are actively questioned about their CSR performance, including human rights. Publication of the percentage of suppliers is not considered material.	
HR4	Total number of incidents of discrimination and actions taken.	45	●			
HR5/ HR6/ HR7	Operations identified as having significant risk for incidents of (1) not exercising freedom of association and collective bargaining, (2) child labor, (3) forced or compulsory labor; and measures taken to contribute to the elimination of the incidents.	21-23	●	Not applicable	The activities of Rabobank Group proper carry no risks of cases of child labour, forced labour, etc.	
Social performance indicators: society						
DMA	Society.	15-18, 33, 38	●			Information on this indicator was in part reported in the Rabobank Group Annual Sustainability Report 2007 (pp. 23-29).
SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	33-34, 38, 39, 42-43	●	Not available	This information is difficult to obtain. The question as to whether and, if so, how these impacts can be determined in any useful way are currently the subject of examination.	
SO2	Percentage and total number of business units analyzed for risks related to corruption.		○	Not allowed	The information requested by this indicator is sensitive information for Rabobank Group, so that we are reticent on this matter.	
● Fully realised      ● Partially realised      ○ Unrealised						

		Page numbers	Extent of reporting	Reason	Explanation P/N reporting	Explanation F reporting
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.		○	Not available	Not available, because no information is collected about this matter. The question as to how this information can be made suitable for reporting in the medium to short term is the subject of examination.	
SO4	Actions taken in response to incidents of corruption.	13-14, 20, 30-32	●			
SO5	Public policy positions and participation in public policy development and lobbying.	17-20	●			
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	31	●			
Social performance indicators: product responsibility						
DMA	Product responsibility.	15, 28, 30-32	●			The subject of compliance was reported in the Annual Sustainability Report 2007 (p. 26) and is, therefore, not included in this report. Health and safety aspects do not apply to our products and services.
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	29-31	●			
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	28	●			
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	29-31	●			
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	32	●			
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	31	●			
● Fully realised    ● Partially realised    ○ Unrealised						



		Page numbers	Extent of reporting	Reason	Explanation P/N reporting	Explanation F reporting
Financial Services Sector Supplement (FSSS)						
DMA FSSS						
FS1	Description of policies with specific environmental and social components applied to business lines.	8-11, 13, 17, 19-25	●			
FS2	Description of procedures for assessing and screening environmental and social risks in business lines for each policy.	21-25	●			
FS3	Description of processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions.	21-23	●			
FS4	Description of process(es) for improving staff competency to address environmental and social risks and opportunities.	13, 21, 45	●			
FS5	Description of interactions with clients/investees/business regarding environmental and social risks and opportunities.	17, 21-23	●			
FSSS performance indicators						
FS6	Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME/large) and by sector.	27, AR: 22-54	●			This indicator is extensively addressed in the annual financial report and is, therefore, not also included in the annual sustainability report.
FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose.	2-3, 25-28	●			
FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose.	2-3, 25-28	●			
FS9	Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures.	15	●			Information on this indicator was reported in the Rabobank Group Annual Sustainability Report 2007 (p. 25).
● Fully realised    ● Partially realised    ○ Unrealised						

		Page numbers	Extent of reporting	Reason	Explanation P/N reporting	Explanation F reporting
FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues.	22-23	●			CSR issues are raised in respect of customers, using sector policies in the field of CSR and CSR tests in lending. This is embedded in policies, supporting instruments and processes. Publishing percentage rates in this field is not considered material.
FS11	Percentage of assets subject to positive and negative environmental or social screening.	27	○	Not available	Monitoring does not yet take place in this way. The relevant monitoring system is under development.	
FS12	Voting polic(ies) applied to environmental or social issues for shares over which the reporting organization holds the right to vote shares or advises on voting.	22-23	●			
FSSS performance indicators: social						
FS13	Access points in low-populated or economically disadvantaged areas by type.		○	Not available	Monitoring does not yet take place in this way.	
FS14	Initiatives to improve access to financial services for disadvantaged people.	29-30	●			
FSSS DMA product responsibility						
FS15	Policies for the fair design and sale of financial products and services.	28-32	●			
FSSS performance indicators: product responsibility						
FS16	Initiatives to enhance financial literacy by type of beneficiary.	29-31	●			
● Fully realised    ○ Partially realised    ○ Unrealised						

## Accounting for application of GRI indicators

The Indicator Table is based on the guidelines for sustainability reporting of the Global Reporting Initiative ('GRI'). In this Annual Sustainability Report, we have applied the G3 guidelines officially adopted by the GRI. The table contains the G3 core indicators. With the exception of some additional indicators considered material by Rabobank, the additional indicators were disregarded so as to warrant the proper applicability of the indicators in our reporting. The table includes not only the G3 core indicators relevant to Rabobank Group, but also the indicators from the sector supplement (Financial Services Sector Supplement - FSSS). Rabobank Group holds the view that its Annual Sustainability Report 2008 can be rated A+ under the G3 guidelines of the Global Reporting Initiative. The GRI has checked and validated this. A third-party check was also carried out against the GRI guidelines.



# Reporting principles

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## Offering customised information

The annual sustainability report sets out all relevant corporate social responsibility (CSR) developments of 2008. The information contained in the report is intended for analysts assessing enterprises and sustainability, and for investors, academics, employees and civil society organisations. A summary of the report is included in a separate chapter of our Financial Review.

Just as for the Annual Sustainability Report 2007, we use 'facet navigation' for the online publication of this Annual Sustainability Report 2008. This increases transparency and ease of use for visitors to the Bank's corporate website on which its reports are posted. Facet navigation enables visitors to filter and search information from the annual sustainability report for topics in which they are interested. They can refine search results, retrieving only the information they find relevant.

A research firm specialising in online reporting and transparency has assessed the online Rabobank Group Annual Sustainability Report 2007 and the Rabobank Group Interim Report 2008 for, among other things, their ease of use and the extent to which representatives of various groups of stakeholders were able to find information to suit their taste. Visitors to the website on which the reports are posted were asked to assess the site and report on their experiences with it. The research findings resulted in improvements in the online Rabobank Group Annual Sustainability Report 2008. Moreover, the annual financial report and the annual sustainability report will be fully integrated based on the online annual sustainability report, as facets of those two documents are closely related and refer to each other.

In addition to publication by means of facet navigation, a PDF version of the report can be downloaded. It contains clear structure indicators, page and section references, and links to information not provided in the report but available on our website or on the websites of other relevant bodies. Information can also be accessed via the GRI Table (see below under 'G3 Guidelines'), which refers to the relevant page numbers in the PDF version and to specific facets in the online report. The annual sustainability report also contains links to information not provided in the report but available on our website [www.rabobankgroup.com/reports](http://www.rabobankgroup.com/reports) or on the websites of external parties. This increases dynamics and interaction between the contents of the report and the information posted on the website.

## Annual Sustainability Report focus

This Annual Sustainability Report 2008 focuses on the strategic framework that forms the basis for our CSR policy principles and activities for the coming years (*Chapter 1*). The priorities in question are also expressed as new key performance indicators. We equally focus on the further integration of CSR into our banking products and services (*Chapter 4*), commitment to the community (*Chapters 5 and 6*), employees (*Chapter 7*) and CSR in our operations (*Chapter 8*).

## Compliance with G3 Guidelines

The Rabobank Group Annual Sustainability Report 2008 is based on the reporting principles of materiality, involvement of stakeholders and completeness, and on the G3 Guidelines for sustainability reporting of the Global Reporting Initiative (GRI). In addition, the GRI's Financial Services Sector Supplement (FSSS) was used in drawing up the report. This is an additional set of performance indicators specifically applying to the financial sector.

The GRI uses application levels to indicate the extent to which its reporting principles and guidelines have been applied. We hold the view that our Annual Sustainability Report 2008 should again be qualified as A+ under the G3 Guidelines.

In view of transparency, this report contains a GRI Indicator Table. The Table is also posted separately on [www.annualreportsrabobank.com](http://www.annualreportsrabobank.com), and provides details as to where in the report or on the Internet reference is made to the GRI indicators.

#### *The GRI principle of materiality*

In identifying material issues, a plethora of sources are accessed, systematically involving stakeholder interests, social issues and trends, financial considerations and standards applied by rating institutions.

We determined the contents of the annual sustainability report on the basis of talks and written communications with stakeholders, research into the key issues addressed in the media, international studies and conferences on sustainability reporting. To determine the relevance of any social issues arising from the sources referred to, a long list of social issues was first prepared. Using several sessions, the issues were then rated for their relevance to stakeholders and for their impact on Rabobank Group. A matrix was used in the process, showing an issue's relevance. The topics addressed in this report were determined in part on the basis of the insight provided by the matrix.

#### *The GRI principle of involvement of stakeholders*

Chapter 3 provides information on our contacts with a range of stakeholders about social issues. It also provides a response to the issues and trends noted by those stakeholders, as well as explaining matters about which stakeholders have held Rabobank Group to account and shedding light on the current status of various issues. In addition, new issue management and stakeholder dialogue policy steps are addressed. Finally, the types of consultations to which Rabobank Group is a party are set out. To Rabobank, stakeholder dialogue is its most important source of information about what society expects from Rabobank Group. That's why readers of this report are being invited to provide feedback.

#### *The GRI principle of completeness*

Rabobank ensures that issues selected on the basis of stakeholder dialogue are broadly addressed and managed where they play a significant role in the organisation. Chapter 1 of the report provides a complete picture of the 'translation' of the social issues noted (see the principle of materiality) into strategy and policies. Results and policy development are set forth in the other chapters.

We have systematically gathered information on policies and practical details, using our CSR monitoring system to collect facts and information, and by appointing Chapter Managers. These Chapter Managers are responsible for the quality, accuracy and completeness of 'their' chapters.

Rabobank Group aims to include the most exhaustive information covering its entire organisation in its report. In other words, it focuses on 'scope'. This Annual Sustainability Report 2008 compares with the Annual Sustainability Report 2007 to the extent possible where this 'scope' is concerned. Together with the general Rabobank Group Annual Report 2008, it provides financial and non-financial information as required by our stakeholders. In some cases, the scope decided on for the annual sustainability report differs from that used for the general annual report. All Rabobank Group entities supplied information for this annual sustainability report. In other words, the report basically furnishes information regarding all group entities. A restricted reporting scope, confined to only one or a couple of group entities in the Netherlands or abroad, is mentioned explicitly, also in cases where a topic cannot be outlined in full. The topics addressed in the chapter on employees exclusively pertain to the Dutch situation. Information gathering by local Rabobanks is a separate process. A full report on new entities is offered in the year following their acquisition. No report is drawn up regarding entities disposed of as from the year of their disposal.

#### **AA1000APS (2008) and AA1000AS (2008)**

In October 2008, AccountAbility issued two new standards replacing the old AA1000AS standard. Rabobank regards the new standards as important instruments to bring its CSR approach, reporting and assurance process in line with the expectations, requirements and wishes of its organisation's stakeholders.

## AA1000APS (2008) Accountability Principles Standard

The way in which and the extent to which Rabobank complies with the AA1000 Accountability Principles Standard (2008) are set out below on the basis of the three principles of 'inclusivity', 'materiality' and 'responsiveness'.

### Assurance including AA1000AS (2008)

Immediately in the first year after the issue of the new AA1000AS, we asked KPMG Sustainability to perform a Type 2 assurance process as per AA1000AS (2008). Apart from reviewing the contents of the report, the process contained tests for the three AA1000APS principles of inclusivity, materiality and responsiveness.

#### *Inclusivity*

To an organisation accounting to those on whom it impacts and those impacting on it, i.e. its internal and external stakeholders, 'inclusivity' means that stakeholders contribute to the development of the organisation's sustainability strategy and activities. Based on the information provided in Chapter 3, Rabobank holds the view that its stakeholder dialogue processes satisfy the criteria set by AA1000APS, though not yet fully where the following points are concerned.

- Rabobank virtually fully satisfies the criterion of implementation of a procedure to warrant internal stakeholder participation. In 2008, internal stakeholders were interviewed so as to build up internal CSR business cases. Knowledge and methodologies supplied by KPMG Sustainability underpinned the interviews. In 2009, Rabobank intends to launch an internal CSR dialogue with senior management - a next step in the process of developing business cases and involving internal stakeholders.
- Although there is an exhaustive list of relevant stakeholders and engagement methods, a complete overview of contact frequency per stakeholder is lacking.

#### *Materiality*

'Materiality' means that relevance and importance of an issue for an organisation and its stakeholders are determined. A material issue affects the decision-making process, actions and performance of an organisation and its stakeholders. Based on the information provided in Chapter 3, Rabobank holds the view that its procedures for determining materiality satisfy all criteria set. It should be noted, however, that internationally materiality analysis is being given a great deal of attention, although a consistent and formal process is lacking.

#### *Responsiveness*

'Responsiveness' is an organisation's response to issues stakeholders put forward. Rabobank holds the view that the responsiveness criteria are fully satisfied, although not all procedures as per which stakeholder responses are dealt with have been formalised. Moreover, Rabobank's response is not always in line with the requirements of a specific stakeholder or group of stakeholders. This is due to the fact that the Bank has to deal with various stakeholders and, hence, different requirements and interests.

## Techniques and bases of calculation for measuring data

### *CSR information gathering process*

The way in which information on corporate social responsibility as assumed by Rabobank Group entities was gathered for this report does not differ from that used for the Annual Sustainability Report 2007. The CSR Department is responsible for content and Rabobank Group Control gathers the actual data. Qualitative and quantitative questionnaires are used to obtain CSR information from group entities and local Rabobanks. The questionnaires are based on external standards Rabobank Group endorses (see *Chapter 1*) and on internal business principles and policies. The CSR Coordinators of the group entities or local Rabobanks in question are responsible for gathering and reporting on the information. Centralised management information systems are also accessed to obtain information. Rabobank Group Control and the CSR Department check the data for plausibility. Rabobank Group Audit verifies the information to be included in the annual sustainability report. If the information supplied is not complete, it can be extrapolated. If this is done, the report makes explicit mention of this.

#### *Calculation of data on our environmental care*

The information relating to Rabobank Group's business operations is commonly derived from invoices or registration and management information from its own management information systems, or from suppliers. Factors taken from reliable sources and fixed protocols are used to arrive at the required conversions. For instance, conversion factors of SenterNovem are used to convert electricity and gas use into TJ and CO<sub>2</sub>, gas use in the Netherlands is adjusted for weather influences using EnergieNed's degree-days information and the Greenhouse Gas (GHG) Protocol 8 is applied to convert our lease mileage into CO<sub>2</sub> emissions. We set up a CO<sub>2</sub> inventory using the GHG methodology to calculate our - direct and indirect - CO<sub>2</sub> emissions. KPMG additionally tests our CO<sub>2</sub> inventory.

#### **Comparability with preceding reports**

The most important information providing an insight into Rabobank Group's sustainability performance in the economic, social and ecological fields is furnished at the beginning of this annual sustainability report. A compilation of this information is presented under 'Key information' and is comparable with the information provided as from 2005.



# Assurance report

To the readers of the 2008 Annual Sustainability Report of Rabobank Group.

## Introduction

We have been engaged by the Executive Board of Rabobank Group (further referred to as 'Rabobank') to provide assurance on the information presented in the 2008 Annual Sustainability Report ('the Report'). The Executive Board of Rabobank is responsible for preparing the Report, including the identification of stakeholders and material issues. Our responsibility is to provide an opinion on the Report.

## Context and scope

Our procedures were designed to provide reasonable assurance on whether:

1. Rabobank has applied the 'AA1000 Accountability Principles Standard (2008)' as described on page 73 and 74;
2. the Report is fairly stated based on the reporting principles set out on pages 72 and 73.

The scope of our engagement conforms to the requirements of a Type 2 assurance engagement as set out in the AA1000 Assurance Standard (2008) of AccountAbility.

With regard to the financial data included in the Key figures that are marked with ●, our procedures were limited to verifying that these data were correctly taken from Rabobank Group's audited financial statements. To obtain a thorough understanding of Rabobank Group's financial results and financial position, the 2008 audited financial statements should be consulted.

## Reporting criteria

Rabobank applies the AA1000APS (2008) criteria for the three principles of inclusivity, materiality and responsiveness as set out on page 74.

For the Report Rabobank applies the Sustainability Reporting Guidelines (G3) of the GRI as set out on pages 72 and 73.

## Assurance standards

We conducted our engagement in accordance with Standard COS 3410N: Assurance Engagements Relating to Sustainability Reports, issued by the Royal Dutch Institute of Registeraccountants (NIVRA) and the AccountAbility 'AA1000 Assurance Standard (2008)'. Reasonable assurance in COS 3410N is consistent with a high level of assurance as defined by AA1000AS (2008). Among other things, these standards contain requirements regarding the independence and competency of the assurance team.

## *Independence, impartiality and competence*

We conducted our engagement in accordance with the 'IFAC Code of Ethics for Professional Accountants' which requires, among other things, the independence of the members of the assurance team and of the assurance organization, including not being involved in writing the Report. The Code contains detailed requirements regarding the integrity, objectivity, confidentiality and professional competence and behaviour. KPMG has internal systems and processes to monitor compliance with this Code and to prevent potential conflicts regarding independence.

We conducted our engagement with a multidisciplinary team including specialists in AA1000APS/AS, stakeholder engagement, environmental, social and financial aspects, with experience in similar engagements in the financial sector.

## Procedures

We carried out the following work:

- An evaluation of the results of Rabobank's stakeholder consultation process and processes for determining the material issues for Rabobank's key stakeholder groups;
- A media analysis and an internet search for references to Rabobank during the reporting period;
- Interviews with relevant staff at group level and business unit level concerning the CSR strategy and policies, communication and management of these in the business, and with other staff responsible for providing the information in the Report;
- Interviews with representatives of a number of external stakeholder groups;
- An evaluation of the design and existence, and testing of the operation of the systems and methods used to collect and process the information reported, including the results of internal monitoring reports and the aggregation of the data into the information as presented in the Report;
- Auditing the information in the Report using internal and external documentation, to determine in detail whether the information presented in the Report corresponds to the information in the relevant underlying sources and whether all the relevant information contained in such underlying sources has been included in the Report;
- With regard to the financial data included in the Key figures that are marked with ● verifying that they were correctly derived from Rabobank Group's 2008 audited financial statements;
- Assessing the reasonableness of the assumptions underlying the forward-looking statements set out in the Report;
- An evaluation of whether the information presented in the report is in line with our overall knowledge of, and experience with, sustainability at Rabobank.

During our investigation, we discussed the necessary changes to the Report with Rabobank and verified that these changes were adequately incorporated into the final version.

## Conclusions

### *1. In relation to the AA1000APS principles of inclusiveness, materiality and responsiveness:*

Based on our procedures, we conclude that Rabobank has applied the AA1000APS (2008) principles as set out on pages 73 and 74 of the Report. As Rabobank has disclosed, the following aspects require further attention:

- In relation to the principle 'Inclusiveness':
  - further involvement of internal stakeholders by starting dialogue with higher management;
  - formalising the dialogue frequency per stakeholder group.
- In relation to the principle 'Materiality':
  - development of a formal materiality analysis by the international group entities of Rabobank.
- In relation to the principle 'Responsiveness':
  - formalizing the process for feedback to stakeholders;
  - increasing the transparency around how Rabobank deals with differences between the wishes and interests of stakeholders in its decision-making processes.

### *2. On the Report:*

Based on our procedures we conclude that the Report is fairly stated on the basis of the reporting principles set out on pages 72 and 73.

## Comments

In addition to the points mentioned under '1' above, our assessment resulted in a number of findings that are important for improving future reporting. Without prejudice to our conclusions presented above, we would like to draw readers' attention to the following:

In 2008 Rabobank developed Key Performance Indicators (KPIs) for each central theme. These will be further developed in 2009 including setting targets. In the past the ownership of targets in the organization was not always clear and the involvement of the group entities was sometimes limited. We therefore recommend that Rabobank, when implementing the KPIs, involves the group entities from the start in determining the targets and setting out the responsibilities for monitoring and achieving these, and to use these in developing the structure of the next report.

Rabobank has set out four central themes for sustainability and plans to subject these to extensive stakeholder consultation in 2009. We recommend Rabobank to use the consultation process not only to test the central themes with stakeholders, but also to identify and discuss other areas ('emerging issues') with the stakeholders.

Amsterdam, 18 May 2009

KPMG Sustainability  
W.J. Bartels, Partner

# Colophon

## Published by

Rabobank Nederland Communications

## Disclaimer

This Annual Sustainability Report is a translation of the Dutch Annual Sustainability Report. In the event of any conflict in interpretation, the Dutch original takes precedence.

## Our reports

Rabobank Group publishes the following reports in both Dutch and English:

- Annual Summary 2008 (March 2009)
- Annual Report 2008 (April 2009)
- Consolidated Financial Statements 2008 (April 2009)
- Annual Sustainability Report 2008 (April 2009)
- Financial Statements Rabobank Nederland 2008 (April 2009)
- Interim Report 2009 (August 2009)

All reports are available online at:

[www.rabobank.com/reports](http://www.rabobank.com/reports) and [www.rabobank.com/jaarverslagen](http://www.rabobank.com/jaarverslagen)

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## Photography

The covers of our reports contain edited photographs. The photographic concept consists of two layers: an environment layer and a people layer, with the people in the foreground overlapping the various living and work environments. This emphasises the diversity in people and communities, as well as their interdependence. It is in the context of this diversity and interdependence that that Rabobank operates: reliable to people and committed to their way of living.



Rabobank Group Annual Sustainability Report 2008

[www.rabobankgroup.com/reports](http://www.rabobankgroup.com/reports)



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