



Rabobank

Annual Sustainability Report 2007

A sustainable position in the market

Rabobank Group

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Profile of Rabobank Group

The Rabobank Group is an international financial services provider operating on the basis of cooperative principles. Its operations include retail banking, wholesale banking, asset management, leasing and real estate. In the Netherlands, its focus is on all-finance services and, internationally, on retail and wholesale banking and food & agri. The organisation employs more than 60,000 staff in 43 countries. The Rabobank Group comprises the independent local Rabobanks plus their central organisation Rabobank Nederland and its (international) subsidiaries. Rabobank Group's structure is characterised by strong internal ties, that stem from its cooperative roots.

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

Local Rabobanks, Rabobank Nederland and Rabobank International

Together, the 174 independent local Rabobanks employ almost 34,000 staff and form the densest banking network in the Netherlands. Rabobank has over 1,100 branches and operates more than 3,100 cash dispensing machines. The local Rabobanks serve millions of Dutch clients, both private and corporate, with a comprehensive package of financial services.

The local Rabobanks and their members and customers make up Rabobank Group's cooperative core business. Firmly rooted in society, committed, near-by and a leader. Clients can become members of their local Rabobank. In turn, the local Rabobanks are members and shareholders of Rabobank Nederland, the supralocal cooperative organisation that advises the banks and supports their local services. Rabobank Nederland also supervises, on behalf of the Dutch central bank, the solvency, liquidity and administrative organisation of the local Rabobanks.

Rabobank Nederland is the holding company of a number of specialised subsidiaries in the Netherlands and abroad. Rabobank International is Rabobank Group's wholesale bank and international retail bank. It employs more than 10,000 staff world-wide and serves its customers from 29 countries.

Mission and ambition

The Rabobank Group puts the common interests of people and communities first. Based on its commitment to those interests, the Rabobank Group aims to be a driver and an innovator that contributes to the sustainable development of prosperity and well-being. Its goal is to help people and communities achieve their present and future ambitions. Strengthening mutual collaboration and supplying the best possible financial solutions are the means to achieve that end.

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, the Rabobank Group aspires to be the best food & agri bank, with a strong presence in the world's major food & agriculture countries. For this purpose, the Rabobank Group uses the experience it has accumulated in the Netherlands over many

years. In addition, the Rabobank Group aims at global excellence in sustainable entrepreneurship and banking, as would befit its identity and position in society. The Rabobank Group works hard to embed corporate social responsibility in its core activities even further.

Our values

In the Netherlands, the Rabobank Group offers all the financial services needed by clients as they participate in an economy-driven modern society. The Rabobank Group strives to ensure that its services are continually adjusted and updated so that they always meet the needs of private individuals and businesses alike. Rabobank believes that sustainable growth in prosperity and well-being requires careful nurturing of natural resources and the living environment and it aims to contribute to this with its activities. Rabobank respects the culture and traditions of the countries where it operates without losing sight of its own objectives and values. Rabobank Group's desired profile in the world is defined by four core values that are derived from its mission and ambition. All member entities of the Rabobank Group have endorsed these business principles. In a way, they are the preconditions for our actions:

- Respect: the Rabobank Group works with others on a basis of respect, appreciation and commitment.
- Integrity: the Rabobank Group aims to be fair, honest, careful and reliable in all its actions.
- Professionalism: the Rabobank Group serves its clients with high-quality knowledge 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: the Rabobank Group aims to contribute to sustainable development, both economically, socially and ecologically, of society.

Rabobank Group's cooperative roots

Rabobank Group's origins are in the local loan cooperatives that were established in the Netherlands over a century ago by enterprising people with almost no access to external financing after Friedrich Wilhelm Raiffeisen's example in Germany. These cooperative banks collected the savings from the rural population and used them to fill the need for loans. At first, they operated separately, as Raiffeisenbank and Boerenleenbank, and after their merger in 1972 together as Rabobank. The resulting local Rabobanks have a long tradition, especially in the agricultural sector and in small and medium-sized enterprises. In all those years, its cooperative structure and strong local ties have been its main characteristics.

Although idealistic motives drove the establishment of the first cooperative banks, realism characterised their way of working. This appears from the important business principles of the first cooperative banks: unlimited liability of its members; unsalaried management; adding profits to reserves for further growth; a limited local operating area and membership of a cooperative central bank while retaining local independence. The business elements behind the idealistic framework have been key to the successful development of the agricultural loan banks.

Collaboration is the thread in Rabobank's cooperative history: people working together, banks joining forces and specialised business units combining their expertise. Specifically, the cooperative structure means that the Rabobank Group considers serving its clients as its first and main task. It achieves this by:

- providing those financial services considered best and most appropriate by our clients;
- ensuring continuity in the services provided with a view to the long-term interests of the client;
- showing commitment to our clients and their environment, so that we can contribute to achieving their ambitions.

Members make the difference

The local Rabobanks and Rabobank Nederland, which is also the holding company of the Group's subsidiaries and equity investments, are managed in accordance with the cooperative model. A unique element in Rabobank Group's governance is the Central Delegates Assembly, Rabobank Group's parliament, which meets four times a year and where member influence makes itself heard in virtually all of Rabobank Nederland's strategic decisions.

Embedding member influence and control and recruiting engaged members are core policy elements. In this way, the cooperative identity is emphasised by means of the control members can exercise through the member councils. Member councils consist of 30 to 50 members of a local Rabobank and are cross-sections of the member base of local Rabobanks. These councils increasingly function as committed sounding boards to members of boards of directors and/or management and Supervisory Boards.

Cooperative dividend

Rabobank’s social engagement and ‘corporate citizenship’, as it is called, are reflected in the cooperative dividend that is returned to society each year from the profits of the local Rabobanks. Cooperative dividend comprises money and efforts for the improvement of the economic, social and cultural environment, including sustainability initiatives. A growing number of local Rabobanks translate their cooperative dividend into systems that include cooperative funds and regional sustainability funds. Members influence the allocation of these funds.

Rabobank Group



Key figures ¹

| | Page 93 | 2007 | 2006 | 2005 | 2004 |
|--|---------|------------------|---------|---------|---------|
| Volume of services (in millions of euros) | | | | | |
| Total assets | ● | 570,503 | 556,455 | 506,573 | 483,574 |
| Private sector lending | ● | 355,973 | 324,110 | 278,095 | 248,958 |
| Due to customers | ● | 249,515 | 234,917 | 186,427 | 177,482 |
| Assets managed and held in custody | ● | 301,300 | 291,200 | 224,200 | 223,400 |
| Results (in millions of euros) | | | | | |
| Total income | ● | 11,499 | 10,049 | 9,363 | 9,222 |
| Operating expenses | ● | 7,709 | 6,887 | 6,242 | 6,177 |
| Net profit | ● | 2,662 | 2,345 | 2,083 | 1,793 |
| Market shares | | | | | |
| Mortgages | ● | 28% | 26% | 23% | 25% |
| Savings | ● | 41% | 39% | 39% | 39% |
| Small and medium-sized enterprises | ● | 38% | 38% | 38% | 40% |
| Food & agri | ● | 84% | 84% | 83% | 84% |
| Client data | | | | | |
| Number of members (in thousands) | ● | 1,638 | 1,641 | 1,551 | 1,456 |
| Client satisfaction private individuals | ● | 7.5 | 7.5 | 7.4 | 7.3 |
| Physical presence | | | | | |
| Local Rabobanks | ● | 174 | 188 | 248 | 288 |
| Offices | ● | | | | |
| - branches | ● | 1,159 | 1,214 | 1,249 | 1,299 |
| - contact points | ● | 3,102 | 3,091 | 3,031 | 2,965 |
| Foreign places of business | ● | 349 | 330 | 267 | 244 |
| Personnel data | | | | | |
| Employees | | | | | |
| - Numbers | | 60,342 | 56,209 | 50,988 | 56,324 |
| - FTEs | | 54,737 | 50,573 | 45,580 | 50,216 |
| Females employed | | 55.4% | 55.6% | 56.3% | 55.6% |
| Females in senior positions (> grade 7) | | 20.7% | 19.9% | 19.0% | 17.8% |
| Sickness absenteeism | | 3.8% | 3.6% | 3.7% | 3.8% |
| Employee satisfaction | | 85% ² | 87% | 81.0% | 85.0% |
| WIA influx | | 0.15% | 0.18% | n/a | n/a |
| Investment in training (in millions of euros) | | 98.0 | 76.9 | 68.7 | 69 |
| Investment in training (in euros per FTE) | | 1,790 | 1,518 | 1,509 | 1,374 |

| | 2007 | 2006 | 2005 | 2004 |
|---|-----------|-------|-------|-------|
| Products and services specifically geared to sustainability | | | | |
| (in millions of euros) | | | | |
| Investment | | | | |
| Rabo Green Bonds (cumulative)..... | 3,518 | 3,130 | 2,644 | 1,984 |
| Robeco CDO Green Bonds | 30 | 30 | 30 | 30 |
| Robeco sustainable incl. SAM..... | 5,247 | 105 | 88 | 81 |
| Robeco Sustainable Equity Funds (incl. clean tech)..... | 357 | 191 | 122 | 5.3 |
| Schretlen Informal Investing Service 'Money meets ideas'..... | 0.3 | 1.5 | 0.6 | n/a |
| Sarasin sustainably managed client assets..... | 4,778 | n/a | n/a | n/a |
| Third party sustainable investment products (via Schretlen and Private Banking)..... | 124 | 65 | 48 | n/a |
| Sustainable capital subject to engagement..... | 15,125 | 5,249 | n/a | n/a |
| Funds transfers, saving and borrowing | | | | |
| Green financing (outstanding)..... | 2,882 | 2,409 | 2,184 | 1,814 |
| Green saving | 106 | n/a | n/a | n/a |
| Rabo Innovation Capital Fund..... | 2.6 | 10 | 4.3 | 3.4 |
| Climate mortgage loan..... | | | | |
| - number..... | 250 | n/a | n/a | n/a |
| - amount (in millions of euros)..... | 19.2 | n/a | n/a | n/a |
| Climate compensation credits cards (number)..... | 1,067,548 | n/a | n/a | n/a |
| Stimulation loan, start-up loan, and Growth & Innovation loan..... | 367 | 267 | n/a | n/a |
| (loans managed by Stichting Garantiefonds Rabobank) | | | | |
| Loans with Landbouw BF/BF+ surety fund..... | 364 | 376 | n/a | n/a |
| Non-commercial sustainable activities | | | | |
| Rabobank foundation loans/donations (in millions of euros)..... | 10.7 | 15.9 | 10.1 | 7.4 |
| Project Fund, donations (in millions of euros)..... | 1.1 | 1.3 | 1.2 | 1.6 |
| Donations by local Rabobanks (in millions of euros)..... | 16.1 | 13.8 | 11.9 | n/a |
| Hours spent by Rabobank employees on 'Make a Difference Day'..... | 16,086 | n/a | n/a | n/a |
| Business operations | | | | |
| CO ₂ emission attributable to business operations inclusive paper usage..... | 180,000 | n/a | n/a | n/a |
| (in tonnes of CO ₂)..... | | | | |
| Electricity usage (kWh per FTE)..... | 4,705 | 4,580 | 4,276 | 3,352 |
| Share of green electricity..... | 85% | 86% | 96% | 25% |
| Gas usage (in m ³ per m ² gross floor area)..... | 9.1 | 8.1 | 8.7 | 8.1 |
| A4 paper usage (kg per FTE)..... | 45.2 | 48.7 | 50.6 | 46.5 |
| Lease portfolio (numbers of A, B and C. vehicles)..... | 4,433 | 3,135 | n/a | n/a |

General note: the figures for the group entities do not always add up to the total Rabobank Group figure owing to the effects of consolidation. Changes expressed as a percentage can show variances because of rounding.

1 In some cases, these figures relate to a number of group entities only. Moreover, owing to changes in definitions, the data may differ from those published in previous years. For a proper understanding of developments and results, reference is made to the chapters of the

2007 Annual Sustainability Report, which contain the results.

2 Based on an employee satisfaction survey at Rabobank Netherlands, Schretlen, Alex, local Rabobanks and Orbay.

Preface

2007 has been a tumultuous year for the banking industry in many respects. Public confidence in financial institutions was dented on the back of the credit crisis. The media called the banks on the carpet over their investments in controversial weapons, as well as their financing of customers whose operations adversely impact our climate. Furthermore, the sector was once more reminded of the fact that customers are highly critical of financial products whose terms they believe lack transparency. And finally, Rabobank had to take decisive action during our cycling team's participation in the Tour de France. At the same time, major financial institutions are expected to be highly pro-active in dealing with the issues that face society, and with reason. After all, financial institutions have a significant influence on how relevant social issues are tackled, whether it be by extending micro-credits in the fight against poverty or by financing the generation of renewable energy.

Our 2007 Annual Sustainability Report addresses all of these issues, and many more. In doing so, it complies with international standards on sustainability reporting. As a result, the report is rather sizeable, which is why we only publish it on the Internet. In addition, it has now become a tradition for Rabobank to issue a publication in which we present our stakeholders with a number of case studies that illustrate the social issues we, as a bank, face. We have compiled a range of over twenty subjects that lend themselves very well to debate with stakeholders, both inside and outside of our bank. We invite you to let us know your views.

'A sustainable position in the market' is the motto for the Rabobank Group's 2007 Annual Sustainability Report. In it, we express the fact that CSR has an impact on the economy, and it does in two ways. Firstly, awareness is growing that, in considering social and ethical aspects, we contribute to managing our risks, as we prevent the economy from becoming unstable or confidence in the banking sector from being shaken. Secondly, it is becoming increasingly apparent how much CSR can contribute to the prevention and resolution of issues such as environmental pollution, climate change and poverty.

CSR is gradually working its way into the core of our business operations. For instance, 2007 was the first year in which we considered a number of CSR aspects in many of our lending decisions. Rather than to tell our customers off, we do this to identify risks and opportunities inherent in larger credit facilities and transactions. In addition, we substantially extended our range of sustainable investment products, developed innovative products in other sectors and made a robust start in incorporating CSR into our large real estate portfolio. We also took action to exclude dubious companies from our pension fund's investments and are taking steps towards achieving carbon-neutral business operations. Those who want to know about the return on these efforts we gladly refer to various lists that rank major companies according to their qualities as employers, their transparency, etc., in which Rabobank is often well-ranked. In fact, we frequently head a list.

We have identified three perspectives from which we wish to put CSR into practice and about which we would like to exchange views with stakeholders. The first of these perspectives is: we enter into lasting relationships with our customers, stakeholder groups and the world in

which we operate. A world of which we are in charge for the benefit of generations to come; in other words: a world we borrow from our children. This requires long-term attention. Our second perspective is: we wish to conduct our banking operations in a respectable manner, based on the four core values underpinning our Code of Conduct, which are respect, integrity, professionalism and sustainability. The Code also provides rules of conduct that govern our dealings with customers, employees and society at large. Given the importance we attach to the Code of Conduct, we will bring it to the attention of our employees on numerous occasions in 2008. Our third perspective is: we wish to support our customers in carrying on their business in a sustainable manner. True to our cooperative principles, we provide them with know-how and innovative products that create welcome opportunities.

“Rabobank wishes to be a committed bank in the thick of society, working on the sustainable development of prosperity and well-being.”

A fitting citation from our Code of Conduct to conclude this foreword.

Hans ten Cate
Member of the Executive Board
Rabobank Group
CSR portfolio holder

Bert Heemskerk
Chairman of the Executive Board
Rabobank Group

1 Our CSR policy

We aim to improve our CSR performance

The government, civil society organisations, our customers and the public at large are demanding that businesses take their corporate social responsibility (CSR) seriously by minimising their impact on the environment and contributing to building a sustainable society. In response to social trends affecting its areas of operations, we, at Rabobank, have taken a number of initiatives in the area of CSR aimed at maintaining our position as one of the world's leading organisations in terms of CSR within the banking sector. This will be shown in cutting-edge innovations and reduced risks in the management of our business, and our financial products and services.

Our take on CSR from our perspective as a cooperative

CSR is complementary to the cooperative philosophy. One of the characteristic features of cooperatives is that decision-making should take place in consultation with members. Rabobank's members come from all walks of life, which places Rabobank at the centre of society. As a result, our ambition and business strategy include a strong social component geared to the creation of value in the long term. Our Code of Conduct and our desire to account in a social debate for our policy and its impact make CSR a natural aspect of Rabobank's brand, strategy and activities. We intend to remain at the forefront of CSR among the world's leading banks.

Identifying trends through stakeholder consultation

The Rabobank Group's management approach, strategy and policy in the area of CSR are to a great extent responses to the following external developments:

- social trends and issues of relevance to Rabobank and its customers; and
- external guidelines whose scope affects the strategy, policy and direction followed by Rabobank in the area of CSR.

One way in which social issues and trends of relevance to the Rabobank Group are identified is by means of consultations with stakeholders. An extensive round of consultations is held every three years with several dozen external organisations that Rabobank considers important stakeholders. In addition to this, current events and the case studies published in our Annual Sustainability Report are discussed with a number of stakeholders each year.

Analysis of trends of relevance to the Rabobank Group

The Rabobank Group analyses social trends and issues to determine their relevance to its business, specifically the extent to which they may have a positive or negative impact on productivity and profitability in sectors in which we are active, and the consequences of this for our financial services and business operations. The framework used by the Rabobank Group to identify relevant opportunities and threats is based, in part, on the international guidelines we endorse, the Strategic Framework 2005-2010, and Rabobank Group's General Code of Conduct. The external guidelines endorsed by the Rabobank Group include the United Nations Environment Programme Finance Initiative (UNEP FI), OECD guidelines for multinational enterprises, the guidelines of the Global Reporting Initiative (GRI), and the UN Global Compact guidelines.

CSR reflected in Code of Conduct

Rabobank Group's General Code of Conduct states that Rabobank aims to serve the economic interests of its members and customers. Its cooperative structure allows it to be inspired and guided by members and customers, who as the users of its financial services qualify as stakeholders. Serving the long-term interests of the customer and a readiness to cooperate are defining principles, as are the organisation's core values of respect, integrity, professionalism and sustainability.

- Respect: the Rabobank Group's basis for collaboration is respect, appreciation and commitment.
- Integrity: in its dealings, the Rabobank Group is fair, honest, conscientious and trustworthy.
- Professionalism: the Rabobank Group uses expertise and high-grade facilities in its services to customers, and strives to maintain quality and provide an efficient service, where possible anticipating the future needs of customers.
- Sustainability: the Rabobank Group wants to make an economic, social and ecological contribution to building a sustainable society.

Focussing on CSR policy with key performance indicators

In order for sustainability to be implemented effectively, our CSR policy has to focus on those activities relating to our financial services and business operations where CSR has the greatest impact. The outcome of this is the introduction in stages of a small number of quantitative key performance indicators (KPIs) that provide the group entities with a basis for setting their own annual CSR objectives. KPIs provide periodic measures of the state of affairs within the organisation and can be used by the Executive Board to steer CSR policy in the right direction. Based on indicators from 2006, a proposal for a very limited number of KPIs has been presented to the Executive Board. These KPIs relate to areas where Rabobank can achieve significant progress. KPIs will not be set for areas where we are already considered to be in control or where CSR has already been embedded sufficiently. KPI objectives can be dropped once they have been achieved, and new KPIs can be added as and when there is a shift in the focus of the Rabobank Group.

CSR awards, nominations and rankings

The Strategic Framework 2005-2010 contains an expression of our ambition to remain at the international forefront of CSR. In 2007, our business received external recognition for the way in which we organise and report on CSR and base CSR on dialogue. We topped the 2007 Dutch Transparency Benchmark, and were presented with the 2007 Green Fleet Award for Innovation and the 2007 Dutch WNF Business Award.

Trends identified during stakeholder dialogue in 2006 still relevant

The two key trends affecting the Rabobank Group that were identified by stakeholders during the 2006 round of consultations will continue to have a significant impact on us in the years ahead. We expect that these trends (climate change and the growing relative scarcity of natural resources such as fossil fuels, and the growing need to integrate CSR in production chains) will remain high on the agenda of the international political and business communities.

The rapid increase in the world's population (from 6.5 billion in 2005 to over 9 billion in 2050), urbanisation, growing demand for energy and commodities, and increased affluence, particularly in Asia, will remain the dominant trends. Their impact has been visible for some time, and is particularly evident in fossil fuel prices. In addition, changing eating patterns (in particular increased meat consumption) is increasing pressure on available agricultural acreage. Added to this, environmental pollution has reduced the amount of clean water available, and climate change has led to greater insecurity in the area of agricultural output. The scarcity of products that are considered necessities has led to a sharp price rises in almost all commodities, both hard (e.g. tin, copper, gold and oil) and soft (grain, corn, soy and palm oil). Constantly rising prices will put economic growth under great pressure.

Trends create opportunities and threats for the Rabobank Group

The potential opportunities and threats relating to issues identified by means of the analyses described indicate the way in which the Rabobank Group should bring about sustainable growth in its financial services and business operations. With regard to financial services, this is done by offering high-grade products and services that:

- draw our customers' attention to potential social, ethical or environmental risks affecting their sector or business operations (risk management); and
- enable clients to apply sustainable innovations and technologies faster and on a larger scale (innovation).

In connection with this, we use criteria that have become an integral part of the risk assessment of transactions involving customers of our lending services, and in relation to investment, leasing and real estate.

Rabobank aims to manage and reduce social risks

The decrease in the amount of land available for agriculture as a result of climate change, water scarcity and environmental pollution can adversely affect the revenues of agricultural businesses served by Rabobank around the world. This could lead to deterioration in the solvency of this category of clients, as well as increased credit and investment risks for the Rabobank Group. It is therefore in Rabobank's interests to manage and reduce social risks. With this in mind, Rabobank wants to contribute to the implementation of CSR within production chains. In connection with this, we assess new clients and loan applications on the basis of their performance in the area of CSR, and in the event of poor performance with regard to social and environmental issues, we assist the customer where necessary and give them sufficient time to implement the necessary improvements. For the purpose of assessment, we use tools such as specific sector policy documents and issue lists. Asking clients to move towards sustainability creates responsibilities itself, and the Rabobank Group fulfils these by putting a great deal of energy into implementing CSR in its own business operations. It was decided, for instance, that our internal operations would become climate-neutral in 2007.

Social trends create commercial opportunities for the Rabobank Group

The trends described above also create commercial opportunities for Rabobank. The sharp rise in agricultural prices will certainly improve the financial position of many of Rabobank Group's agricultural clients in the short term. As a result, businesses in the agricultural sectors will be more willing to invest in necessary innovations in areas such as sustainability. Sustainable markets will enjoy very strong growth, and Rabobank believes this constitutes an additional reason for giving priority to financing sustainable investments, in particular investments in areas such as alternative energy (solar, wind and biomass), air purification, biotechnology, recycling, efficiency improvements in agricultural crop cultivation, and sustainable water management. The Rabobank Group responds to these commercial opportunities by launching new products and services on the market. Our banking initiatives in developing countries to provide people with access to financial services are compatible with this, since people who have access to financial resources are able to take steps to deal with growing scarcity, for example by investing in more efficient and productive farming methods and water systems.

We are convinced that, by contributing to sustainable development through our financial services, we can create significant value in the long term.

Accomplishment of objectives mentioned in 2006 report

The Rabobank Group Annual Sustainability Report 2006 contained objectives for the years 2007 and 2008. These objectives do not yet comply with our desired standard of measurability. For reasons of continuity, we have nevertheless reproduced these objectives verbatim in this report to ensure consistency and enable the reader to ascertain whether we are delivering on the promises we made in 2006. As the objectives relate to a two-year period, progress is still being made in several areas.

Objectives for 2007-2008 as set out in report for 2006

| Policy | Accomplished |
|--|--------------|
| – Update Rabobank Group's Code of Conduct and communicate to all employees in 2007. | ☹ |
| – Mapping method for relevant social issues in 2007. | ☺ |
| – Inclusion of CSR in bank policy at 90% of the local Rabobanks in 2007. | ☺ |
| Financial services | |
| – Integration in 2007 of CSR into propositions and marketing geared to private individuals (Metropolis and Immigrant Integration policies), SMEs (noticeable in 30% of marketing propositions) and Private Banking (socio-financial services in the field of charities, and inflow of 3-6% of total inflow to be 'sustainable'). | ☺ |
| – De Lage Landen: development of 'CSR-proof' products in 2007. | ☹ |
| – Introduction of five sector policy documents at group level for the palm oil, soy, tree felling, fishery/fish-breeding sectors, and sectors with high greenhouse gas emissions. | 📁 |
| – Charting of CO ₂ emissions of Dutch large corporate clients in lending (indirect impacts). | ☺ |
| – Implementation of CSR check in client acceptance and lending before 1 July 2007. | ☺ |
| – 80% of all relevant staff of Rabobank International branches have attended a CSR training course. | ☺ |
| – Implementation of the use of CSR issue check lists (Issues List) for the most relevant sectors of our large corporate accounts in the Netherlands. | ☺ |
| – Integrated CSR values for property development to be implemented in new Rabo Bouwfonds entity in 2007. | ☺ |
| – Robeco: in 2007 (a) 10% inflow to existing and new assets under management to be subject to engagement principle, and (b) 10% inflow to sustainable assets under management. | ☺ |
| – Robeco: increase of transparency of products and processes; product terms checked for transparency in 2007. | ☺ |
| Commitment to the community | |
| – Personnel of all group entities and of more than one half of all local Rabobanks to be engaged in CSR. Formats on CSR engagement are available to this end (including Make A Difference Day, Best Buddies and Readers Days), as well as a large number of best practices as a source of inspiration from Rabobank Group's day-to-day practice. | 📁 |
| Employees | |
| – Encourage 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'. | 📁 |
| – 10% of trainees to come from an ethnic minority or non-Dutch background in 2007. | ☺ |
| – 30% of trainees to come from a multicultural background in 2007. | ☹ |
| – 10% of the executive staff to be females in 2008. | ☹ |
| – 55% of local Rabobanks (and of other group entities) to participate in e-learning and other programmes in 2007. | ☺ |
| Operations | |
| – Implementation of CSR in Operation Management Handbook of local Rabobanks in 2008 (preparations have started). | 📁 |
| – Decision on the implementation of climate-neutral operations in 2007. | ☺ |
| – By the end of 2008, 65% of the local Rabobanks to participate in the ABC scheme (cars with the least impact on the environment). In addition, a total reduction in CO ₂ emissions by 30%. | ☺ |
| – The rate of local Rabobanks participating in the energy programme must be 80% in 2007 and 95% in 2008. | ☺ |

☺ = accomplished

📁 = in progress (partially accomplished)

☹ = not accomplished

Objectives for 2010

A number of objectives for 2010 were set out in the Rabobank Group Annual Sustainability Report 2006. These have been reproduced verbatim here with a view to ensuring continuity. In view of our intention of setting more challenging targets derived from key performance indicators, a revised version of these long-term objectives will be published in future reports.

Policy

- Full integration of CSR into policy and operations (globally in the Top 3 of CSR ratings).
- Next round of in-depth interviews with stakeholders (stakeholder consultation) in 2009.

Financial services

- CSR is fully integrated into the lending, leasing and investment processes and products.
- Policy documents for the ten most CSR-issue sensitive sectors are in use for lending and – if applicable – for leasing.
- CSR financial services criteria (implemented in 2007) to be 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.
- Charting of CO₂ emissions of Dutch large corporate clients in lending (indirect impacts).
- In the period 2007-2010, the Rabobank Group will launch five new or renewed products with clear CSR-based values.
- 2007-2009: growth towards 250 soil decontamination operations financed each year.

Community involvement

- 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.

Operations

- In 2010, a percentage (to be determined in 2007) of the then completed new and large-scale building alteration projects meet the Senter Novem 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, paper savings, and reduction in waste and CO₂ emissions attributable to business air and car traffic.
- CSR suppliers' assessment is part of the purchasing process. At RCI, all suppliers have also been assessed on this basis.

Topics covered in the following sections

The six policy areas identified in Rabobank Group's CSR policy correspond to the following sections of this report.

- Our identity and the management of our reputation in relation to CSR (Sections 2 and 3),
- Integration of CSR into our financial services (Sections 4, 5 and 6),
- Intensification of our banking activities in developing countries (Section 7),
- Commitment to the community: initiating and supporting activities that benefit Rabobank's members and society at large (Section 8),
- Modern employment policy aimed at the recruitment and development of talented people (Section 9), and
- Integration of CSR into our business operations (Section 10).

2 Our stakeholder dialogue

Dialogue is a vital element in corporate social responsibility

The Rabobank Group attaches great importance to the way stakeholders perceive how we operate within society. Our dialogue with them helps us to take well-considered decisions in the area of sustainable business and financial services, but it can on occasion lead to friction.

Stakeholder dialogue as part of issue management

Stakeholder dialogue forms part of issue management at the Rabobank Group. Trends and issues of relevance to the bank are analysed at an early stage, putting us in a better position to manage risk, capitalise on commercial opportunities and apply sustainable business principles. As well as stakeholder dialogue, websites and academic publications are also used for the purpose of analysing trends. Structural stakeholder dialogue is first and foremost a valuable source of information that can be used to identify new topics for our sustainability policy. The bankers of Rabobank and stakeholders hold meetings to communicate their positions on social issues to each other, and the information gained during these meetings is communicated to the relevant account management and product development departments. This dialogue also provides us with a better picture of the information our stakeholders require from us in order to be able to form a well-considered opinion of the Rabobank Group's performance in the area of sustainability.

Selection of issues for policy and reporting

The way in which we select stakeholders for a dialogue or consultation on trends and issues in relation to our CSR policy is described in our Annual Sustainability Report 2006. With regard to the selection of structural issues, we use a number of other sources to identify the issues of greatest relevance for our stakeholders and for the Rabobank Group. The selected issues are reported on in the annual sustainability report.

We use the following sources for this purpose:

- meetings, consultations and written correspondence (chiefly in the form of e-mail) with stakeholders,
- research into the most important issues reported in the media,
- issues that affect the Rabobank Group's day-to-day activities,
- international studies and evaluations (by rating agencies, for instance) of social developments and trends, and
- information gained attending conferences on social issues and trends.

In order to determine the importance of the social issues identified on the basis of these sources, we first drew up a long list of social issues. We then held several sessions to rate these issues on the basis of their relevance for stakeholders and their impact on the Rabobank Group. Finally, the issues were entered in a matrix in which the vertical axis

| | | | |
|-----------------------------|---|---|---|
| Relevance to stakeholders | 7 | 3 Financial literacy, duty of care, debt rescheduling for private customers | 1 Complaints handling, local communities, human rights, biodiversity, animal welfare |
| | 8 | 4 | 2 Diversity policy, carbon reduction, sustainable innovation |
| | 9 | 6 | 5 |
| Relevance to Rabobank Group | | | |

Note:

This matrix serves illustrative purposes only. Accordingly, it does not provide a full picture of the most important issues.

represents relevance for stakeholders and the horizontal axis represents relevance for the Rabobank Group (Box 1 indicating the highest relevance, and Box 9 the lowest). A gap analysis was also performed when the issues were placed in the matrix. All the issues in Boxes 1 to 4 are covered in the annual sustainability report in any event, while issues in the other boxes are reported on where we consider this would be useful, depending on the nature of the issue and any exceptional significance the issue may have for stakeholders or the Rabobank Group.

Case studies reflect wishes of stakeholders

Stakeholder dialogue also has an impact on the case studies we select for our annual sustainability report. Five of the six case studies included in the printed version of our Annual Sustainability Report 2007 were selected on the basis of wishes expressed by stakeholders during consultations in 2006. The sixth case study, on ethics in sports sponsorship, was chosen in view of the social debate following incidents that arose during the 2007 Tour de France, to which Rabobank's name was linked. The six case studies are:

- The quest for an optimum form of engagement
- Fish comes at a price
- Greenhouse horticulture from bulk energy user to energy supplier!
- Water usage in the cotton industry
- Does new policy offer opportunities for diversity?
- Ethics in sport sponsoring

We used a number of criteria to select the subjects of these case studies. We considered the themes that emerged during the dialogue with shareholders in relation to the requirements we believe case studies should meet, such as relevance for customers, focus on dilemmas, current events, and relevance to CSR, before selecting case studies for this report. Each case study was discussed with numerous stakeholders. The case studies can also be found at www.rabobankgroep.nl/mvo.

Sustainability trends in small and medium-sized enterprise

In its quarterly update Figures & Trends published in October 2007, Rabobank paid attention to CSR trends in small and medium-sized enterprises in nine sectors: manufacturing industry, construction, wholesale, food retailing, non-food retailing, hospitality and leisure, transport, professional services and health care. Some of these trends were discussed with business men and women in interviews about their plans in the area of CSR. These interviews can be found at www.rabobank.nl/bedrijven/advies/speciaal_voor/cijfers_trends/default.

Growing social awareness among customers

In 2007 there were various reports in the media about Dutch banks funding businesses that were alleged to have polluted the environment, contributed to deforestation or violated human rights. Attention was also paid in the media to companies involved in the production of controversial weapons. Rabobank Nederland was contacted by around 500 customers

who expressed concerns, and the local Rabobanks also received reactions from customers. Overall, in 2007 there was a rise in the number of customers who consciously think about how Rabobank deals with corporate customers that apparently do not take their corporate social responsibility very seriously. These concerned customers want to know what happens to their savings and investments, and are calling financial institutions to account for projects or businesses they fund that do not comply with CSR criteria. They have made it clear to Rabobank that if they do not receive a satisfactory answer they shall take their business elsewhere. Our vision has been formulated as a response to this, and reflects the complexity of certain social issues in relation to financial services.

Influence over customers often smaller than expected

During our contacts with stakeholders in 2007 it emerged that stakeholders sometimes overestimate the amount of influence that Rabobank can exert over customers, believing that financial institutions are able to call them to account for their business conduct at any moment. However, that would in our view not only be undesirable, it is also unfeasible in practice. Financial institutions are not regulatory authorities that monitor compliance with rules that are not related to finance. Our primary role is to bring together supply and demand for money subject to certain conditions, and the Rabobank Group accepts its responsibility in this area. There are two appropriate moments in time when we can assess the customers we provide finance to, and the conditions that apply.

These are:

- when deciding whether to accept a new customer, and
- when a customer applies for a loan.

At such times, we ask questions that are relevant to our CSR policy and set performance requirements that companies have to meet in the area of CSR. Also it is our policy to evaluate the CSR performance developments of our customers. If we receive signals or complaints from the market, society or the media concerning a particular customer's conduct in the area of CSR, we notify the company of this. We also ask them to take any complaints seriously and take steps as necessary to prevent a recurrence. In doing so, we encourage the customer to communicate their answer directly to the party that made the complaint.

Customer wishes lead to refinement of issue management

The growing awareness of customers with respect to the provision of financial services to businesses has led us to refine our issue management. First, our communications with stakeholders now provide more information about the areas where the Rabobank Group is able to exert influence, and the areas where it cannot or does not wish to do so, in its capacity as a financial institution. In addition, in 2008 we plan to improve the procedure for raising social concerns relating to the financing of businesses and projects by Rabobank. This is being done in order to meet a wish expressed by customers and civil society organisations.

Extended code of conduct on human rights (management approach to human rights)

One of the universal principles that the Rabobank Group supports wholeheartedly is that human rights should be safeguarded and respected. In order to minimise the risk that we become complicit in human rights violations by providing services to our customers, it is crucial that we have a clear definition of what we understand by human rights. For this reason, in July 2007 the Rabobank Group introduced its extended code of conduct on human rights. This robust code of conduct, which now forms an integral part of the CSR check in customer and credit assessments, is based on our 2002 code of conduct on human rights and emphasises specific matters we encounter when providing financial services in the Netherlands or abroad and over which a bank may be able to exert some influence. These are:

- Discrimination against employees
(including freedom of association and collective bargaining),
- Poor working conditions,
- Child labour,
- Forced labour, and
- Violation of rights of indigenous peoples.

Codes of conduct have been drawn up in relation to these five themes, based on various guidelines endorsed by Rabobank, such as the first 14 articles of the (draft) UN Standards for Business, the Universal Declaration of Human Rights and the ILO conventions. The additions to the 2002 code of conduct on human rights not only relate to the actions of Rabobank itself (including its treatment of its own staff), they also specifically address the conduct of our business relations – purchasers of our financial products as well as our suppliers – both now and in the future. Customers are expected to embrace these or similar guidelines, and to act in accordance with them.

Participation in national and international consultations

The Rabobank Group participates in a number of international consultations every year that set the agenda for sectors in which we have a significant stake. We view these consultations as platforms for exchanging views and sharing ideas about sustainability issues. In 2007 these consultations involved Amnesty International, the Roundtable on Responsible Soy, the Roundtable on Sustainable Palm Oil, and meetings on the role banks could play in reducing greenhouse gas emissions.

Consultation with Amnesty International

As in previous years, Rabobank participated in Amnesty International's expert meetings and roundtable discussions in 2007. The themes under discussion included new employment legislation in China, and dilemmas in the production chain during sustainability audits. We also participated in Amnesty International's child labour working group.

Roundtable on Responsible Soy

The Development Group of the Roundtable on Responsible Soy (RTRS) held its first meeting in October 2007 in the Brazilian city of Cuiaba. This working group, which has the task of fleshing out the basic framework of the RTRS principles and criteria that were agreed in 2006 to bring about sustainable soy production, is made up of organisations from the following interest groups: Producers, trade, industry and finance, and civil society organisations. Rabobank is a member of the working group owing to its position in the financial sector.

Roundtable on Sustainable Palm Oil

Proposals for a certification system for sustainable palm oil were adopted by the fifth Roundtable on Sustainable Palm Oil (RSPO), which was held in Kuala Lumpur (Malaysia) in November 2007. This is a significant milestone on the way to a sustainable palm oil production chain. In future it will be possible to ask palm oil producers for a RSPO certificate and it will be easier to establish origin. Not all palm oil producers will have a RSPO certificate immediately, and a transitional period is required so that palm oil businesses have the opportunity to implement the changes necessary in order to qualify for certification.

Multi-stakeholder consultation on issues in 2007

Every year the Rabobank Group holds bilateral discussions on specific CSR issues with several stakeholders. Sometimes we invite one or more stakeholders to participate in discussions, and occasionally stakeholders call us to account in connection with our involvement in specific situations.

Introduction of palm oil sector policy document

In February 2007, Rabobank invited Oxfam Novib and Friends of the Earth Netherlands (known in the Netherlands as Milieudefensie) to discuss the Bank's palm oil policy. The subject under discussion was the draft version of a policy document it intended to introduce for the palm oil sector. After receiving a number of suggestions for improvements to the draft from both NGOs, the Bank decided it would bring its palm oil policy more closely into line with the outcome of fifth RSPO held in November 2007, in view of its expectation that the sustainable palm oil certification system would be adopted at that round table. In 2008 we will publish a position paper explaining how we will assess loan applications to see if they comply with RSPO criteria during the transitional phase leading up to full certification of palm oil plantations.

Communication of code of conduct for weapon industry to Oxfam Novib

In June 2007 Oxfam Novib published the results of a study into the involvement of four Dutch banks in the global weapon industry. In response to this, Rabobank held a meeting with Oxfam Novib to explain its code of conduct for the weapon industry. As a rule, we refuse to provide finance, although some exceptions apply: we do not finance the weapon industry unless strict assessment criteria are met.

In any event, Rabobank does not finance the production of controversial weapons such as cluster bombs, land mines, biological weapons, chemical weapons or nuclear weapons. We currently find ourselves facing a difficult dilemma. How are we to assess businesses that are themselves only partially involved in the controversial weapon industry, albeit often indirectly and to a very limited extent? A committee of internal experts was appointed at the end of 2007 to look into this matter, and it is expected to provide clarification in 2008.

Consultations on role of banks in reducing greenhouse gas emissions

In June 2007 Rabobank participated in a meeting of international banks organised by the Worldwide Fund for Nature (WWF) and Friends of the Earth. The NGOs presented a formula for calculating the greenhouse gas emissions of the banks' corporate customers, which the banks could use to encourage businesses that emit high levels of greenhouse gases to reduce their emissions and adopt more renewable energy solutions. This was followed by an animated debate on the appropriateness and benefits of the formula, and the amount of influence that banks are able to exert when it comes to reducing greenhouse gasses.

In October 2007 the Dutch Ministry of Housing, Spatial Planning and the Environment organised a similar meeting for the Dutch financial industry. This meeting also looked at the role financial institutions can play in reducing their customers' greenhouse gas emissions. Given the complexity of the problem and the close involvement of the industry and of civil society organisations, it was decided that a follow-up meeting involving all stakeholders should be held at the start of 2008.

Presentation of detailed human rights policy

In December 2007 Rabobank gave a presentation on its human rights policy at a meeting organised by BankTrack. This policy consists of its 2002 code of conduct for human rights and the extended version of this code produced in 2007. The extended version pays attention to the human rights issues that we believe we are most likely to come across (discrimination against employees, forced labour, child labour, poor working conditions and violations of the rights of indigenous peoples).

Consultation with Dutch Soy Coalition on Soy Production Chain Policy

In December 2007 Rabobank discussed its draft Soy Production Chain Policy with representatives of the Dutch Soy Coalition. The coalition called for more attention for high-value conservation areas outside the Amazon region, such as the Cerrado, the Chaco (seasonally-flooded savannas) and the Atlantic Rain Forest, and for the living conditions of local communities near soy plantations. The Soy Production Chain Policy will come into effect during 2008.

Rabobank talks to Friends of the Earth about future of livestock industry

In June 2007 Rabobank invited the agricultural campaign team of Friends of the Earth Netherlands to discuss our updated position paper on the future of livestock complexes. The position paper is a response to social expectations and demands concerning Rabobank's vision and attitude with respect to intensive livestock farming in relation to sustainability. Rabobank and Friends of the Earth exchanged their views on how to bring about sustainable livestock farming. Both parties are in agreement that sustainability is key to the economic future of the Dutch farming industry. Some differences of opinion existed when it came to the way in which this can be achieved and to what extent targets are realistic. Rabobank believes that large-scale farming, used alongside smaller businesses that are increasingly specialised, need not necessarily be unsustainable. Technological innovation has led to great benefits for the environment, animal welfare and food quality. In its interpretation of quality, Friends of the Earth places a greater emphasis on the way in which society perceives factory farming and the concerns that exist. The issue here is the extent to which the image of livestock farming is a reflection of reality.

Rabobank takes the view that technological advances are vital to sustainability. The Bank expects, for instance, that in time technological applications will enable organic fertilisers to replace artificial crop fertilisers, leading to a sustainable solution to the manure problem. Friends of the Earth shares this vision. Another key aim of Friends of the Earth is the achievement of a closed international mineral cycle. Rabobank believes that such a cycle could be possible within the European Union, but it would be in contravention of WTO agreements. Rabobank and Friends of the Earth are in agreement that in this case politics have to come into play.

Friends of the Earth is concerned about the advent of agro-production parks for pigs. Although Rabobank is not an advocate of high-rise stalls, we do not want to set maximum limits on the height of a building in advance, since a two-storey stall, for instance, could in certain situations be an appropriate solution from the perspective of sustainability. In any event, Rabobank is not in favour of setting up livestock farms in industrial areas. The Bank encourages the development of family businesses in rural areas, where the amount of labour available within the family and the size of the business are in balance.

Code of conduct on animal welfare

In response to the social and political debate on animal welfare, the Rabobank Group made a start in 2007 on formulating a code of conduct on animal welfare that contains conditions applicable to customers active in the livestock sector, entertainment industry and companion animal industry. These conditions govern the welfare of livestock kept for breeding, milking and slaughter, laboratory animals and circus animals. The code is expected to be ready in mid-2008.

Rabobank called to account

The Rabobank Group is occasionally called to account for alleged transgressions on our part or on the part of customers. In such situations our aim is to come to a solution that is satisfactory to all. Sometimes, however, we have to agree to disagree.

Dialogue on Burma

Following a request from the Burma Centre, in 2007 Rabobank's Ethics Committee investigated whether a customer of a local Rabobank branch had imported wood from Burma. It transpired that this was indeed the case. The customer stated that it aimed to be a sustainable business and felt it could achieve this in Burma. However, trading with Burma is controversial, particularly when it comes to the timber trade. This is one of the main sources of income for Burma's military regime, which keeps the Burmese population subjugated by means of detention, forced labour and other forms of repression. Rabobank is currently conducting talks with this customer in order to come to an acceptable solution. In connection with this case, in 2007 Rabobank conducted a stakeholder dialogue on doing business with Burma that involved the government, NGOs, trade unions and the industry association. It was agreed that a covenant would be drawn up under which no more business would be done with Burma. This initiative has now been superseded by the EU import ban on goods from Burma, including wood.

Criticism of Rabobank by Friends of the Earth

In spite of structural dialogue between Rabobank and Friends of the Earth on the subject of Rabobank's financing of the palm oil sector and despite the steps taken in recent years to improve the situation, on occasion major confrontations arise, sometimes in the public arena. In July 2007 Friends of the Earth published a report in which it accused a Rabobank customer of illegally felling high-grade tropical forests, causing forest fires and ignoring the land rights of indigenous peoples when planting new palm oil plantations. The customer was also said not to have obtained all the necessary permits. Friends of the Earth made public accusations against Rabobank as one of the financial backers of the business. The customer vehemently denied some of the allegations. On the one hand, it laid responsibility for a number of these allegations with third parties, such as for having started forest fires. On the other, it pleaded guilty on a number of counts, sometimes claiming there were exceptional circumstances. When such problems arise, there are usually two structural

issues at play: first, the parties have different view of the scope of codes of conduct, and second, the contexts in which such codes have to be applied can be complex. In the case of this particular matter relating to the palm oil sector, these issues were as follows:

On the one hand, Friends of the Earth believes that the scope of application of our code of conduct for palm oil plantations is too restricted, as the Rabobank only applies this code of conduct to plantations that are directly financed by the Bank and not to holding companies of groups with wide-ranging operations. However, the Rabobank takes the view that the position of Friends of the Earth is unrealistic, as the palm oil code of conduct was drafted with the express purpose of assessing the sustainability of palm oil plantations applying for loans. We also believe that the position taken by Friends of the Earth stretches our responsibility far beyond the boundaries of our responsibility for financial services provided specifically and directly by us. On the other hand, the code of conduct for financing palm oil plantations has turned out to be difficult to apply in practice – despite its clear language – owing to the complexity of the contexts in which it is used. The possibilities available to the Bank are therefore often more limited than people think. The Rabobank has discussed the issues raised by Friends of the Earth with the customer on several occasions in a process of engagement that is still ongoing. In addition, in 2005 we commissioned an external adviser to review the plantations we finance. We will repeat this exercise in 2008 to determine whether sufficient progress has been made in the areas that were identified for improvement in 2005.

Complaint concerning illegal deforestation in the Congo

In June 2006 Rabobank received a letter and a report from Greenpeace about businesses allegedly involved in illegal deforestation in the Democratic Republic of the Congo. One of these businesses was a Rabobank customer. We notified the customer about the complaints and asked it to give them serious consideration. Partly as a result of this, the customer entered into a dialogue with Greenpeace in London to discuss the complaints. Subsequently, the customer announced in a press release that it would renounce the two felling concessions it had been awarded by the Congolese government in 2005, and that it would not expand its timber activities until there was sufficient legal and political transparency in this area in the Congo. The customer also stated explicitly that sustainable forestry forms part of its corporate social responsibility and its long-term objectives.

Measuring bank brand in terms of CSR

The Rabobank Communication Monitor, our brand position survey of private individuals and businesses (including non-customers) has included four statements on CSR since 2004. Participants in the survey are asked to indicate the extent to which they feel that banks take CSR seriously. Over the years, Rabobank has consistently scored better than other banks, and its lead over other banks is increasing (see table).

| Statement | | Private individuals | | | | SME | | | |
|---|-------------------------|---------------------|------|------|------|------|------|------|------|
| | | 2007 | 2006 | 2005 | 2004 | 2007 | 2006 | 2005 | 2004 |
| Takes account of human, social and environmental impact as well as profitability | Rabobank score | 39% | 36% | 36% | 38% | 41% | 38% | 39% | 35% |
| | Score of next best bank | 13% | 17% | 17% | 18% | 17% | 21% | 18% | 18% |
| Finances sustainable innovations designed to lead to marked improvements in the areas of social welfare and the environment | Rabobank score | 38% | 29% | 31% | 29% | 41% | 34% | 35% | 30% |
| | Score of next best bank | 11% | 13% | 13% | 13% | 17% | 21% | 16% | 18% |
| Can be called to account for its actions and provides transparent answers | Rabobank score | 34% | 34% | 33% | 35% | 38% | 34% | 36% | 34% |
| | Score of next best bank | 21% | 24% | 23% | 24% | 20% | 23% | 25% | 17% |
| Involves stakeholders in its policy (e.g. customers, businesses and consumer organisations) | Rabobank score | 39% | 39% | 39% | 41% | 41% | 41% | 42% | 42% |
| | Score of next best bank | 14% | 17% | 15% | 16% | 16% | 20% | 21% | 22% |

Explanation: percentage indicates number of times Rabobank has been mentioned by respondents.

3 Managing our CSR

How we manage and organise our corporate social responsibility

The success of our corporate social responsibility (CSR) policy hinges, in part, on how we organise it. The right approach creates an understanding of what we see, what we want and what we do. Having a clear picture of the line of march also simplifies the explanation to staff of what is expected of them in the CSR arena. This increases the level of support and commitment on the part of our staff. One condition is that proper weight is attributed to CSR in decision-making processes at all levels and in all business processes. And this is what we see more and more.

The point of departure is the clear positioning of CSR in our Strategic Framework 2005-2010 and the embedding of sustainability in our Code of Conduct. We consider the organisation of CSR in processes and activities (corporate sustainability) to be essential for the creation of a well-balanced relationship between established policy, implementation, reporting and evaluation. This offers the Executive Board the possibility to give direction to the continuing integration of corporate social responsibility into our business processes. In our view, this integration is needed to further mitigate risks or threats from a CSR point of view and to capitalise on commercial opportunities. We give structured attention to the status of CSR integration into our core processes, as well as to raising CSR awareness among our staff, partly through periodic feedback in the form of reports and evaluation based on audits.

CSR management structure

This section briefly addresses the organisation of CSR and key developments in duties and responsibilities that took place in 2007.

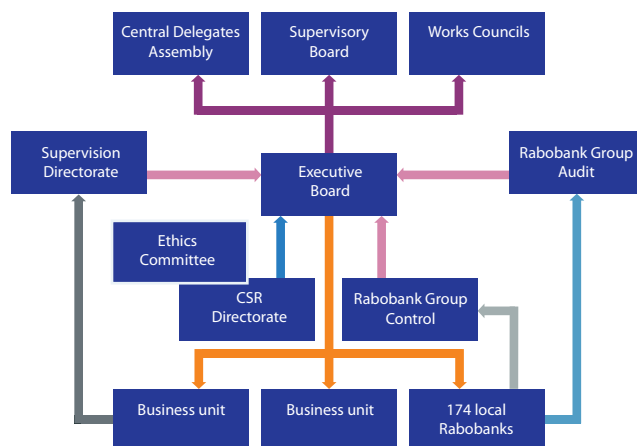
CSR in the Executive Board and the Supervisory Board

One of the members of the Executive Board of Rabobank Nederland is in charge of the corporate social responsibility (CSR) portfolio. The members of the Executive Board attach increasing importance to expertise in the area of CSR. CSR topics are often featured on the agenda of the weekly meetings of the Executive Board for decision-making. In 2007 the Executive Board discussed – and where necessary took decisions about – the further integration of CSR into the lending process, the Rabobank Code of Conduct and the recommendations in the management letter from the external auditor following the Annual Sustainability Report 2006. The Board also discussed the annual plans of the business units and the CSR targets included in these plans.

The Supervisory Board also regularly tackles CSR subjects. In 2006 it was decided that the Supervisory Board would be assigned a considerably larger advisory role with respect to CSR. CSR has now become a formal topic in the Cooperative Issues Committee, which has resulted in the Committee being renamed the Cooperative Issues & CSR Committee. In 2007 CSR was on this Committee's agenda three times. During its discussion of the Annual Sustainability Report 2006, for example, the Committee considered the vision on CSR and the headway made with the CSR policy in great detail, while examining the results achieved and offering a preview of 2008.

Organisation of CSR policy in Rabobank Group

- Accountability
- Policy and strategy
- Support
- Reporting
- Data gathering for planning and control purposes
- Check on quality and reliability of data
- Oversight of compliance with codes



CSR in the Central Delegates Assembly

The local Rabobanks are geographically organised in twenty Regional Delegates Assemblies. Through the representation of local executive and supervisory bodies in the Regional Delegates Assemblies, the members/customers of the local Rabobanks are represented in the Central Delegates Assembly (Dutch acronym: CKV). The Boards of the Regional Delegates Assemblies form the Central Delegates Assembly, which has 120 members. These members meet with the full Executive Board four times a year; the meetings are chaired by the Chairman of the Supervisory Board. The powers of the Central Delegates Assembly include the adoption of rules that must be observed by all Member Banks. It also approves the annual plans and the budgets of the Member Banks, and adopts the policy framework for executive remuneration. The outcome can influence Rabobank Nederland's policy. The Central Delegates Assembly regularly discusses CSR-related issues. Examples include the Bank's duty of care, policy concerning conditions of employment, human rights policy, updates of the Code of Conduct, cooperative dividend, mobility, service quality and accessibility of services, the Rabobank Foundation and the Project Fund.

CSR task force in Works Council

CSR has the attention of the different employee representation bodies, such as the Works Council of Rabobank Nederland. While discussing the Annual Sustainability Report 2006, the Works Council of Rabobank Nederland asked that particular focus be placed on ways of increasing active involvement on the part of staff. A Works Council delegation was also given a presentation on CSR, and it was subsequently agreed that the Works Council would create its own vision of, and objectives relating to, CSR in the second half of 2008 during a study session supervised by the CSR Department.

Corporate Social Responsibility Department

The Corporate Social Responsibility Department (Dutch acronym: DMVO) is the central driving force in the development and implementation of corporate social responsibility at the Rabobank Group. The director of the Department reports to the Executive Board member responsible for the CSR portfolio. In consultation with the Executive Board, the Corporate Social Responsibility Department formulates the CSR policy of the Rabobank Group at strategic level and supports the commercial and operational divisions in the specific activities based on this policy. In 2007 the Department also asked group entities to devote extra attention to topics such as sustainable products and services, energy management, sustainability in building, CSR monitoring and the integration of CSR into the lending process.

CSR coordinator in every Rabobank Group division

Each Rabobank Group division has a CSR coordinator to assist in the efficient implementation of CSR; all local Rabobanks have also had such a coordinator since 2007. There are a total of over 200 CSR coordinators, both in the Netherlands and internationally. To assist them in their duties, training programmes have been developed and a work conference was held in 2007. This work conference is an annually recurring event designed to help the CSR coordinators

acquire the relevant knowledge and experience. The work conference was attended by 230 employees in 2007. One of the topics of discussion was the way in which Rabobank markets CSR. The participants also received a brochure containing best practices in the CSR field.

Ethics Committee

The Ethics Committee is an advisory body set up for and by the Rabobank Group, which is chaired by the Chairman of the Executive Board of Rabobank Nederland. The Ethics Committee advises on the application of Rabobank's corporate values to moral dilemmas as well as on real-life social issues and ethically sensitive topics. In many cases, this involves practical situations that departments or individual staff members of the Rabobank Group submit to the Committee. The Committee met on six occasions in 2007 and made recommendations in eight specific cases. These cases range from whether or not to do business with 'questionable' customers to whether to facilitate a customer that undertakes business activities in Congo. In half of the cases the Committee advised its rejection. The weapons industry and doing business in Burma were on the agenda of the Ethics Committee on a number of occasions.

CSR in planning, control and audit

Corporate social responsibility is one of the topics in the planning and control cycle. In broad outline, the cycle is as follows: the group entities have included CSR objectives in their standard annual plan. Since 2007 reports about the extent to which they realise these objectives have formed part of the management reports to the Executive Board. The Board, which receives these reports on a quarterly basis, can suggest changes as appropriate. The Executive Board also discusses these reports in condensed form with the Supervisory Board.

Rabobank Nederland provides feedback on the progress made on the CSR objectives to the individual group entities in the form of made-to-measure annual CSR theme reports. These reports also show the extent to which the group entities keep pace with Rabobank Group policy. In addition, the executive management of Rabobank Nederland and the group entities (excluding executive management members of local Rabobanks) are required to include at least one CSR objective in their performance management.

Group Risk Management reports on CSR incidents

Group Risk Management (GRM) reports to the Executive Board every quarter on incidents resulting from operational risks and any associated losses. These include risks and incidents that qualify as CSR incidents. Such incidents may arise, for instance, in the event of non-compliance with arrangements agreed in covenants and rules set out in codes which we have endorsed. In 2007, one instance of fraud was reported. It may well be of material significance (i.e. over 100,000 euro), but as the item is still outstanding, the amount of the loss is as yet unknown. CSR incidents involving discrimination were reported, however, although no penalties ensued from these in 2007.

Control Rabobank Group compiles and analyses

Control Rabobank Group (CRG) plays an important role in the CSR reports, both where data compilation and data analysis are concerned. In 2007 the compilation of information concerning the objectives became a standard process. Only information compilation at local Rabobanks is lagging in this respect.

Audit Rabobank Group offers suggestions for improvement

Since 2004, Audit Rabobank Group (ARG) has verified the information included in the Annual Sustainability Report in consultation with the external auditor involved in the verification process. ARG also reviews whether the relevant procedures have been properly followed. Thanks, in part, to the significant input from ARG, an positive auditor's opinion (providing reasonable assurance) was issued in respect of the Annual Sustainability Report 2006.

A number of areas for improvement emerged from the audit, including (1) broadening of the scope of the report to include the foreign branches, (2) more attention for the interrelationship between strategy, key performance indicators, goals and implementation, (3) research into the effects of the implementation of CSR in the lending manual, and (4) more attention in the Annual Sustainability Report 2007 for the integration of CSR at local Rabobanks. These points were addressed in 2007. Also in 2007 ARG started to conduct

interim audits, which are performed to identify any problems early on, the aim being to further improve the reliability of the information. The audit departments of Robeco and De Lage Landen were also involved in reviewing the Annual Sustainability Report in 2007.

Supervision by the Compliance Department and compliance officers

Alert supervision and effective management are designed to safeguard our integrity and protect our reputation worldwide. This begins with the systematic listing of relevant rules and regulations, and tracking developments relating to social standards for integrity. In the event non-compliance with relevant external regulations (e.g. relating to market abuse and duty of care) and in-company procedures, the Compliance Department monitors whether management takes the necessary corrective action. It is also important for staff to have the right attitude towards compliance with regulations. For that reason, they are regularly reminded of the importance of respecting internal and external codes, and statutory rules.

In the compliance structure, compliance officers perform a key role. Every business unit, every local Rabobank and every foreign branch has a compliance officer to support management in these areas. The compliance officers are supported by the Compliance Department and report their findings to the local management and to the Department. The Department issues coordinating reports to the Executive Board and the Supervisory Report, which are used as management information for the business operations. This includes issues that Rabobank will not, or cannot, be involved in. Examples of improper activities by customers include money laundering, financing of terrorism, insider trading, price manipulation, tax offences and evasion of reporting requirements. The Bank's own conduct and that of its staff is also an important topic for our compliance officers. This concerns such matters as failure to exercise due care, misleading communication, conflicts of interest, as well as insider trading and price manipulation.

Local Rabobanks and group entities are autonomous

The cooperative Rabobank Group attaches great value to its decentralised structure. Our group entities and the local Rabobanks have considerable freedom in their decision-making, including where CSR is concerned. Choices and decisions are made based on the power of persuasion and perseverance. There are benefits and drawbacks to this freedom in decision-making. A benefit is that the business is underpinned by an intrinsic belief that CSR is important for the organisation. A drawback is fractured control, because every group entity has its own priorities. In order to provide direction to the entities of the Rabobank Group within this context, key performance indicators (KPIs) were developed in 2007. The KPIs form the basis for the CSR objectives (at least two) of local Rabobanks and other group entities that need to be determined annually. Since every group entity has its own activities, the degree and timing of implementation of actions on a KPI may be different. It is the responsibility of the CSR Department to monitor the course of Rabobank Group's CSR and identify any changes in this course.

Greater CSR awareness among staff

A crucial factor in the effectiveness of the organisation of corporate social responsibility is knowledge and experience of this topic among our staff. To gain more of an understanding of CSR awareness among staff, a baseline measurement at Rabobank Nederland and local Rabobanks was performed in 2005 to determine the extent to which staff were familiar with CSR. This survey was repeated in 2007. The conclusions are encouraging: CSR as a concept has become more widely known, especially among directors and managers of local Rabobanks. Employees have a more positive attitude towards Rabobank's CSR policy. Our social engagement and environmentally friendly working methods are perceived as strong points in particular. The most important area for improvement lies in building a direct connection between CSR and the day-to-day activities of non-executive staff. To further underpin CSR awareness, a game (Profit and Values) has been developed to accompany training and education. This gives staff an understanding of the importance of CSR in the banking environment. It is estimated that this game was played by more than 2,000 staff members in 2007. In addition, a lot of information about CSR was offered internally. The topic regularly came up for discussion during staff meetings, for instance.

Little affinity with codes of conduct

At Rabobank Group, we have endorsed a number of external CSR guidelines and, partly based on these, also drafted in-house codes of conduct and statements in order to shape our CSR policy. Link in- en externe codes.

Rabobank Group's Code of Conduct forms the basis for all offshoot in-house codes of conduct. In 2005 Audit Rabobank Group found that staff still had little affinity with this Code. At the end of 2007 a specially formed study group presented specific proposals to bring about a change in this respect. It proposed, for instance, that the Code of Conduct should be extended on a number of points, that it should be more rigidly implemented within the Bank and that its compliance oversight should be fleshed out further. The aim is to familiarise staff with the Code of Conduct so that they can take it as an example for their conduct. In 2007 the Executive Board endorsed the proposals, allowing their implementation in 2008.

Progress on CSR integration

The reports on the CSR objectives and the internal CSR Monitor 2007 show that the integration of corporate social responsibility is well advanced throughout the Rabobank Group (see table below).

Implementation of CSR policy aspects in our organisation

| CSR Objectives | Group entities (number of FTEs) | | | | | | | | |
|---|---------------------------------|---------|-----------------|--------|----------------|----------------|---------|----------------|---------|
| | RN | RIL | Local Rabobanks | Robeco | De Lage Landen | Schretlen & Co | Obvion | Rabo Bouwfonds | Sarasin |
| CSR embedded in policy documents | ● | ● | ○ (50%) | ● | ● | ● | ● | ● | ● |
| Presence of CSR coordinator | ● | ● | ● | ● | ● | ● | ● | ● | ● |
| Specific objectives in annual plan for 2007 | ● | ● | ○ (50%) | ● | ● | ● | ● | ● | ● |
| Code of Conduct integrated into staff appraisal/induction | ○ (50%) | ○ (50%) | ○ (50%) | ● | ● | ○ (50%) | ○ (50%) | ○ (50%) | ○ (50%) |
| Active testing of compliance with codes of conduct (via compliance, audits, etc.) | ○ (50%) | ○ (50%) | ○ (50%) | ● | ● | ○ (50%) | ○ (50%) | ○ (50%) | ○ (50%) |
| Translation of CSR targets into executive performance management | ● | ● | ○ (50%) | ● | ○ (50%) | ○ (50%) | ● | ○ (50%) | ○ (50%) |
| Sustainable purchasing policy | ● | ○ (50%) | ● | ● | ○ (50%) | ● | ● | ● | ○ (50%) |

The scores at the local Rabobanks are also positive. The Monitor was completed by 91% of the local Rabobanks, representing an improvement over last year. Many local Rabobanks address CSR locally and create their own specific policies. In 2008 the extent to which CSR is included in the policy plans of the different departments of local Rabobanks will be explicitly examined.

| | 2007 | 2006 | |
|---|---------------------------|---------------------------|--------------|
| Policy | (participation rate: 91%) | (participation rate: 80%) | Change |
| CSR is explicitly and implicitly included in policy documents | 84% | 69% | 16% |
| Decision was taken to actively discuss Code of Conduct in performance appraisal interviews | 22% | N/A | N/A |
| CSR objectives and results are communicated to staff at least twice a year | 59% | 35% | 24% |
| Financial services | | | |
| Written policy is in place for breaches of internal and external CSR rules by clients | 21% | 17% | 4% |
| Specific policy is in place for financial services with respect to the disabled, elderly people, people from ethnic minorities and young people | 21%/43%/13%/31% | 14%/43%/6%/N/A | 7%/0%/7%/N/A |
| Commitment to the community | | | |
| Written policy is in place in respect of cooperative dividend | 90% | N/A | N/A |
| The Bank promotes employee volunteering initiatives during working hours | 67% | 47% | 20% |
| Employees | | | |
| Policy in place to promote career opportunities for, and increase salaries of, female staff | 78% | 66% | 12% |
| Policy in place to promote access to work for the disabled | 79% | 53% | 21% |
| Policy in place to promote career opportunities for, and increase salaries of, staff from ethnic minorities | 69% | 55% | 14% |
| Operations | | | |
| The Bank participates in the Rabobank Energy Programme | 85% | 83% | 2% |
| The Bank has a policy to reduce the use of cars | 60% | 54% | 6% |
| The Bank has a policy to reduce the number of leased cars | 50% | 48% | 2% |
| The Bank serves Max Havelaar, Utz Kapeh or Cafe de Origen coffee | 18% | 17% | 1% |

Local Rabobanks prioritise CSR

In 2007 84% of the local Rabobanks had included corporate social responsibility (CSR) in their policy cycle and 91% participated in the CSR Monitor. Both percentages were higher than in 2006. The Member Banks Policy Framework included four types of CSR objectives that local Rabobanks could choose from:

- Our local Rabobank projects an image of a provider of sustainable products and services, and seeks to become market leader in this area.
- CSR is fully integrated into the lending process (loans of over 1 million euro), the required knowledge is available in the front and back offices.
- Our staff have the most expert knowledge of CSR at their disposal, as well as being motivated to make their own individual contributions.
- Focus in our own sustainable operations is on energy-savings and sustainably designed office space.

Local Rabobanks that have already advanced further, increasingly select the following objective:

- Following dialogue with our members, our Rabobank defines in its long-term perspective how it plans to contribute to the sustainable development of its field of operation.

For the local Rabobanks, the annual theme reports are an important tool to enable them to compare their performance with that of other local Rabobanks. The scores suggest that CSR is steadily gaining momentum at the local Rabobanks. Nearly all local Rabobanks have a social fund, known as the cooperative dividend. CSR is also receiving more attention in the lending process, particularly in the small and medium-sized enterprise segment.

Rabo Bouwfonds: CSR policy plan for every division

Rabo Bouwfonds is a leading European property company. The company came into being in December 2006 following the acquisition of Bouwfonds by Rabobank. Within the company, Rabo Bouwfonds Property Development is responsible for developing real estate. FGH Bank is responsible for real estate financing activities under the RHHB Hypotheekbank label. Bouwfonds Asset Management specialises in real estate investments. Through Bouwfonds Public Fund Management, Rabo Bouwfonds offers prominent support to developing and financing socially relevant real estate propositions. The integration process began in 2007. An integrated CSR policy plan was produced, within which each division has the room to develop their own CSR activities. Rabo Bouwfonds has its own code of conduct that is tailored to the real estate sector. The code will be implemented in 2008 and its effectiveness monitored.

Rabobank International: CSR criteria included in credit manual

Rabobank International has integrated CSR policy into the core processes of its business services. The most important development was the inclusion of CSR criteria in the credit manual and the associated CSR training courses at all branches of Rabobank International. This has resulted in extensive due diligence reviews of CSR aspects among new and existing customers. In 2007 the majority of the branches developed CSR activities, which were directed towards awareness, energy-saving, CO₂ reductions and active involvement on the part of staff and customers in sustainability issues. Specific activities that are worth mentioning include the publication of research reports (worldwide), the sponsoring of conferences on sustainability and the organisation of the Round Table on Sustainable Seafood in Singapore.

4 Measuring our business performance

Striking a balance between financial and non-financial performance

In terms of business performance, from both a non-financial and financial perspective, 2007 was a good year for the Rabobank Group. Many customers expressed satisfaction with our services. We strengthened our market leadership in the Netherlands and exceeded our financial targets. Profit for the 2007 rose by 14% to 2,662 million euro. The domestic retail banking operations made a major contribution to the increase in net profit. Net profit of Rabobank International dropped due to the turbulent times on the financial markets.

The Rabobank Group creates value for its customers and for society by working towards our mission and ambitions. It goes without saying that, in managing the Rabobank Group, our first priority is to achieve our mission and ambitions. We do not seek to score the highest possible ratings on one particular aspect, but try to strike the optimum balance between all aspects. Placing too much emphasis on just one aspect has adverse consequences for the achievement of other goals. Giving the highest priority to our financial performance alone may cause more unfavourable rates for our customers and a poorer quality of service. This is immediately reflected in the appreciation expressed by customers for our services and in the development of our market shares. We need to perform a continuous balancing act, attaching the appropriate relevance to the different aspects in a dynamic environment. That is why the Rabobank Group uses a large number of non-financial and financial indicators in managing the Bank.

Measuring non-financial performance

The Rabobank Group measures its non-financial performance on the basis of several indicators. This chapter focuses on:

- customer satisfaction,
- complaints handling,
- Advertising Code Committee
- product responsibility,
- duty of care,
- security and privacy,
- monetary value of penalties for violation of statutory rules, and codes of conduct concerning product and service information, and
- developments in market shares in the Netherlands.

In addition to these indicators, the Rabobank Group uses many other non-financial indicators for its management. These include the measurement of our CSR performance and the performance of our staff by means of, for example, the rate of absenteeism due to illness and/or employee satisfaction. The measurement of our CSR performance will be covered in chapter 3 and there is more about the performance of our staff in chapter 9 of this report.

Rabobank Group customer satisfaction

Realising financial targets is not an end in itself for the Rabobank Group. A sound financial situation is essential to help our customers achieve their ambitions. Our focus is on the customer. For this reason, we attach considerable value to satisfied and loyal customers. This gives us indications about the extent to which our products and services meet the wishes of the customers.

Customers are satisfied with service offering of local Rabobanks

In 2007 individual customers of local Rabobanks rated their satisfaction as 7.5 (2006: 7.5). This is in line with our long-term objective of 7.5. Compared with the competition, Rabobank scores well on points such as telephone accessibility, quick referral to the right person, staff knowledge and complaints handling. In addition, customers believe that Rabobank provides advice when they really need it. It emerges from the survey that customer loyalty is high in 2007. Loyalty dropped at all surveyed banks, but it dropped more strongly at the competition than at Rabobank.

Rabobank also measures customer satisfaction among private banking customers each year. In 2007 customer satisfaction was awarded a 7.5 (2006: 7.6). Customers were happy with our professionalism, reliability and customer-friendly processes, the multitude of possibilities for reaching Rabobank, as well as our leading products and clear customer information. They claimed that the rate of customer satisfaction could rise even higher, however, if the local Rabobanks were to act more pro-actively and decisively by broaching the right subject at the right time.

Satisfaction among customers in the small and medium-sized enterprises (SME) segment rose in 2007 compared with 2006. Entrepreneurs in this segment value personal attention through close contacts with their account manager or adviser. Services to small businesses improved. They are satisfied with the speed of telephone responses and feel welcome at Rabobank. This group of customers would, however, like more transparency in banking charges. The relationship with larger SME customers remained good. This group is happy with their account manager and therefore feels committed to Rabobank.

The extremely high rate of customer satisfaction in the agricultural sector levelled off slightly. Agricultural customers are very positive about their agricultural account managers. They would, however, like to see even more competitive financial products from Rabobank and would welcome more transparency in banking charges. Agricultural entrepreneurs also attach great value to being appreciated as business clients. Traditionally, agricultural customers and Rabobank have had very strong ties. This translated into a high level of loyalty in 2007 as well.

Positive customer response to Rabobank Group subsidiaries

In the annual survey conducted by the *Incompany* business magazine, private banking customers chose Schretlen & Co as the best private bank in 2007. Rabobank Private Banking was ranked second.

At De Lage Landen, the integration of Athlon Car Lease and Translease did not come at the expense of the customer satisfaction. In 2007 Heliview chose Translease as the most customer-friendly lease company in the Netherlands, while Athlon Car Lease shared second place. Customers rated their overall satisfaction with both lease companies as 7.7 (2006: 7.6) and 7.5 (2006: 7.3) respectively.

The intermediaries working with Obvion were satisfied with the services of this organisation. Thanks, in part, to the strong and long-term relationship with its intermediaries, Obvion won the Gouden Spreekbuis in 2007. This prize is awarded annually by Blauw Research to the mortgage provider with the best image among intermediaries.

Complaints handling

Rabobank wants its customers to be satisfied, which includes having a proper complaints procedure available to them. Complaints are effective signals, constituting a valuable source of information for service quality assurance.

| Group unit | Number of complaints in 2007 | Number of complaints in 2006 |
|-----------------------------------|---------------------------------|---------------------------------|
| Local Rabobanks | 3,059 | 2,950 |
| De Lage Landen (including Athlon) | 411 (Netherlands) | 6 (Netherlands) |
| | 1,171 (abroad) | 130 (abroad) |
| Obvion | 275 | 235 |
| Robeco | 585 (Netherlands) | |
| | 234 (abroad) | 400 (Netherlands) |
| Rabobank International | 2 (Netherlands) | 35 (Netherlands) |
| | 6,110 (abroad) | 1,315 (abroad) |
| Schretlen & Co | 21 | 33 |
| Sarasin | Not available | Not available |
| Rabo Bouwfonds | 25 | 16 |

Note:

In 2007 the Complaints Service of local Rabobanks received 3,059 complaints compared with 2,950 complaints in 2006, representing a 4% increase that can partly be attributed to complaints about the relatively new Rabo Mobiel product.

To reduce the number of complaints or prevent their recurrence, Complaints Handling developed 19 suggestions for improvement in 2007 (2006: 23), a number of which have been implemented. The figures for Rabo Bouwfonds relate to the former FGH Bank and Rabo Vastgoed entities. Robeco saw the number of complaints increase in 2007. This increase is of a temporary nature and can be ascribed to the fact that the mortgage accounting system was transferred to another party. Adjusted for this effect, the number of complaints fell slightly. The substantial increase seen at De Lage Landen (DLL) in the Netherlands was caused by the fact that Athlon was included in the complaints records in 2007. The increase at DLL outside the Netherlands was caused by the large number of complaints registered in Germany that relate to the change-over to the high VAT rate and the introduction of complaints records in Italy in September 2007. The increase in the number of complaints at Rabobank International outside the Netherlands was due to the large number of complaints from Australian retail customers due to IT problems that affected Internet banking. At Sarasin, the complaints procedure was updated in October 2007. Figures are as yet unavailable.

Advertising Code Committee

If a private individual or firm believes that an advertisement violates the Dutch Advertising Code, a complaint can be submitted to the Advertising Code Committee (Dutch acronym: RCC). If a private individual submits a complaint, it is handled without charge. The Retail/Legal Affairs Department puts forward a defence on behalf of Rabobank Nederland or the local Rabobanks in question. In 2007 eight complaints were submitted about Rabobank advertisements; in the case of two complaints, the Advertising Code Committee indicated in advance that, in its opinion, there was no question of any conflict with the Dutch Advertising Code. Five complaints proceedings were eventually lodged in 2007. Four complaints were awarded, one procedure is still ongoing.

Product responsibility

At Rabobank, focus is on the interests of, and the relationship with, our customers. After all, Rabobank seeks to forge long-lasting partnerships with its customers. That is why strict demands are made of the products that we, at Rabobank, offer our customers. All products that are provided to retail customers through the network of local Rabobanks are first tested by a specially appointed review committee. This Committee is chaired by a member of the Executive Board and meets every two weeks. The Committee's priorities are a review of the Bank's duty of care, risk relating to the advisory function and reputation risk. A review committee has also been instituted for complex products in the wholesale domain, i.e. the Complex Transactions Committee. This committee is also chaired by a member of the Executive Board.

Duty of care

Within the scope of the duty of care, a lot has happened during the past few years in the field of transparency, understandability and suitability of financial products for customers. Rabobank is, and will continue to be, aware of its role within the context of the duty of care. For Rabobank, our continuous duty of care is inextricably linked to the way we do business with our customers.

Rabobank explains workings of investment-based mortgage to customers

It is paramount for us at Rabobank that our customers are offered products that are suited to them. A survey conducted by the Dutch Central Bank and the Netherlands Authority for Financial Markets (AFM) showed that consumers might not always be fully aware of the workings and the risks of investment-based mortgages. Rabobank takes its duty of care seriously, which is why it took the initiative back in 2006 to inform its clients of the system and risks involved in the Opmaat Hypotheek mortgage loan in a letter and brochure. Subsequently, in 2007, the bank invited all of its Opmaat Hypotheek clients for individual meetings, in which they were given advice. After all, individual customer situations are unique. Based on the clients' personal situations, it was assessed whether the investment-based mortgage loan still matched their current profile. If it no longer matched their profile, alternatives were discussed with the clients and investment-based mortgage loans converted to other types of mortgage loans. These discussions have shown that customers value the attention the bank devotes to their personal situation. Nevertheless, in the last quarter of 2007, the Opmaat mortgage was in the news as a result of media coverage on TROS Radar, a Dutch consumer affairs television programme, as well as being targeted by Stichting Woekerpolis Claim, a special-interest organisation fighting profiteering policies. Rabobank still believes that personal interviews are the best way to stay in contact with customers and also offer a means of individual tailoring.

Three information models in response to the De Ruiter Committee

In 2007 the Dutch Association of Insurers fleshed out the proposals of the Investment-Linked Insurance Policies Transparency Committee – also known as the De Ruiter Committee – concerning the transparency of unit-linked insurance into three specific information models: an information model for proposals, a model for changes and a model for value statements. These models make it possible for customers to easily compare unit-linked insurance products from different insurers. Rabobank urged its most important suppliers of unit-linked insurance to quickly implement these models. They did so at the end of 2007.

MiFID rules introduced

The European Commission has formulated a directive 'to promote fair, transparent, efficient and integrated financial markets,' called the Markets in Financial Instruments Directive or the 'MiFID'. Most of the MiFID rules were implemented within Rabobank in November 2007.

All financial parties were granted respite on a number of elements until 1 April 2008.

For our customers, this means that our information provision will cover the workings and risks of complex financial products in even greater detail, so that they are even better placed to assess whether a product suits them.

Responsible consumer loans

In 2007 the consumer loans portfolio of the local Rabobanks was transferred to the De Lage Landen Consumer Finance. Consumer Finance complies with the code of conduct of the Netherlands Association of Finance Companies (VFN). The aim of the code is to limit the risk of excessive loans. In the light of increasing social and political discussion about the lack of transparency in the loans market, Consumer Finance took the initiative, early in 2007, to introduce a hallmark for the sector. Unfortunately, no support was forthcoming from the sector and so Consumer Finance has developed its own consumer credit hallmark, the so-called Freo-norm®, which is based on six principles for fair and responsible lending.

Customer safety and privacy

Banking and trust must go hand in hand. Because more and more people have a latent sense of not feeling safe, Rabobank pays increasing attention to the safety and perception of safety of its customers.

| Product | 2007 | 2006 | 2005 |
|--|------|------|------|
| Total number of bank robberies in the Netherlands | 29 | 41 | 73 |
| Bank robberies at local Rabobanks | 2 | 5 | 18 |
| Number of customers present during robbery | 1 | 4 | 33 |
| Non-compliance with privacy guidelines (number of complaints at local Rabobanks) | 9 | 7 | 5 |
| Non-compliance with privacy guidelines (number of complaints at other group entities) | 15 | 13 | 4 |

Cybercrime

Criminals increasingly try to deviously mislead consumers by eliciting confidential information from them. Rabobank and other banks are pulling out all the stops to keep Internet banking as safe as possible. For this reason, we keep close track of any developments and modify processes and systems where necessary. In addition, we actively inform consumers about what they can do to bank safely online. Besides the information on the website, the interbank 'knock three times' campaign is a case in point. When criminals are active, we immediately inform our customers with detailed information and tips.

Violation of regulations and codes of conduct for product and service information

In 2007, two violations of relevant regulations and codes of conduct were identified in the field of product and service information. The monetary value of the penalties was very small.

Market leadership in the Netherlands

In a large number of sectors, Rabobank Group is the market leader in financial services in the Netherlands. From time immemorial, we have been closely associated with the food & agri sector, our market share in this sector being 84% (2006: 84%). We are also strong in the savings market, the mortgage market and the small and medium-sized enterprises sector. Rabobank also has solid positions in the investment market, the leasing market and the property market. Robeco has been market leader in the Dutch investment fund market for years. De Lage Landen, in combination with Athlon and Translease, ranks second in the Dutch car lease market. Rabo Bouwfonds is the undisputed market leader in housing development in the Netherlands.

Larger market share for mortgages

In 2007 the local Rabobanks and Obvion succeeded in increasing their position in the mortgage market. Rabobank Group's market share rose from 26% to 28%. At the local Rabobanks, market share was up by 2.1 percentage points, rising to 22.4%. The market share of Obvion, a mortgage lender for the intermediary channel, was 0.1 percentage point higher at 5.3%.

More savings customers

More savers chose Rabobank in 2007. As a result, our market share increased from 39% to 41%. The market share of the local Rabobanks grew by 1.2 percentage points to 38.6%. At Roparco, the Robeco savings bank, the market share of savings increased as well. At year-end 2007 Roparco had a market share of 2.1%, an increase of 0.2 percentage point.

Stable SME market share

The Rabobank Group maintained its position in the small and medium-sized enterprise sector in 2007. The share in this market, as measured by the TNS NIPO market research agency, was 38%.

Market shares

in %

- 2005
- 2006
- 2007



Financial targets achieved

The financial performance of the Rabobank Group is measured with financial indicators. The Rabobank Group is primarily managed on the basis of its financial targets, but indicators that provide information about the scope of our services and about profit development are also important.

The Rabobank Group employs three ratios for financial stability. Each year, we aim to achieve an increase in net profit of at least 12%, a Tier 1 ratio of 10 or more, and a return on equity of at least 10%. In 2007 all financial targets were achieved: net profit rose by 14% (2006: 13%), the Tier 1 ratio was 10.7 (2006: 10.7) and return on equity amounted to 10.1% (2006: 9.4%).

Increase in lending, savings and assets under management

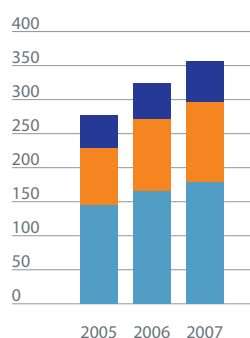
In 2007 loans to private clients rose by 10% to 356.0 billion euro (2006: 324.1 billion), mainly due to the growth of the domestic residential mortgage portfolio, which grew by 10% to 177.4 billion euro (2006: 160.9 billion). Total lending to private individuals increased by 8% to 180.1 billion euro (2006: 166.1 billion). Corporate lending in the trade, industry and services sector grew by 10% to 116.4 billion euro (2006: 105.5 billion).

In the food & agri sector, lending increased by 13% to 59.4 billion euro (2006: 52.5 billion). Most of this was furnished to the primary agriculture sector, where loans and advances increased to 40.1 billion euro (2006: 34.3 billion).

Lending by sector

in billions of euros

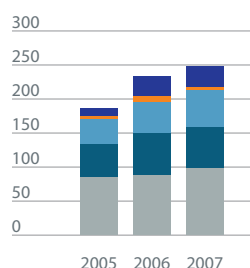
- Food & agri
- Trade, industry, services (TIS)
- Private individuals



Breakdown of amounts due to customers

in billions of euros

- Other amounts due to customers
- Repurchase transactions
- Time deposits
- Current accounts/settlement accounts
- Savings

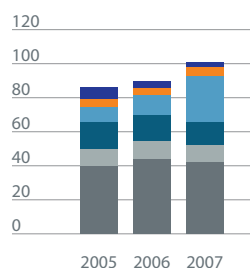
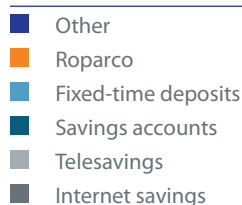


Growth in amounts due to customers

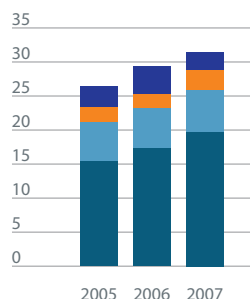
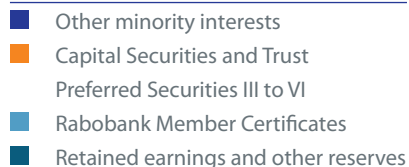
During the year under review, amounts due to customers rose by 16% to 249.5 billion euro (2006: 234.9 billion). Savings accounted for much of this growth. These increased by 13% to 101.2 billion euro (2006: 89.5 billion). There was a substantial inflow of new savings customers to the local Rabobanks in 2007. The greater part of the savings – 89.6 billion euro (2006: 80.5 billion) – has been entrusted to the local Rabobanks. As a result of higher interest rates, a larger number of private individuals opt for term deposits. The share of fixed-term deposits increased by 14 percentage points to 26% of total savings. Thanks to the large number of new foreign Internet saving customers, savings at four foreign Internet banks rose by 65% to 5.1 billion euro (2006: 3.1 billion).

Among business clients, term deposits increased by 19% to 55.0 billion euro (2006: 46.3 billion).

Breakdown of savings in billions of euros



Equity in billions of euros



Increase in equity

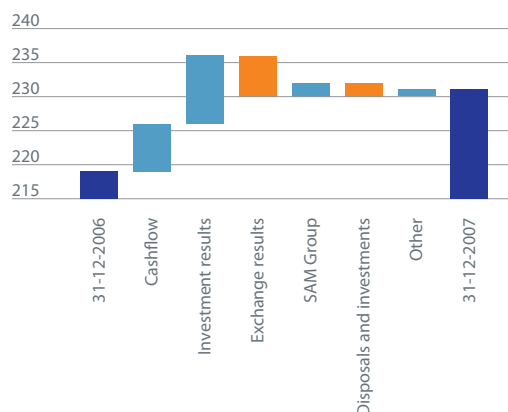
Equity increased by 8% to 31.6 billion euro (2006: 29.4 billion). The increase was due to retained earnings. Retained earnings and other reserves increased in 2007 by 2.4 billion euro to 19.7 billion euro (2006: 17.4 billion). The issues of Capital Securities for private investors in Asia and New Zealand also led to an increase in equity of 1.0 billion euro. Of equity, 62% consisted of retained earnings and other reserves, 20% of Rabobank Member Certificates, 9% of Capital Securities and Trust Preferred Securities III-VI, and 9% of minority interests.

Increase in assets managed and held in custody

Assets managed and held in custody grew by 6% in the reporting year, rising to 232 billion euro (2006: 219 billion). As the interest paid on deposits increased, deposits became a more interesting investment category for customers. At Robeco, this resulted in an outflow of assets at a number of investment funds, such as Robeco Lux-o-rente and Rorento. Despite the inflow of assets to Sustainable Asset Management Group and Harbor Capital Advisors, subsidiaries of Robeco, cash flows at Robeco were slightly negative. Total cash flows of

the Rabobank Group amounted to 7 billion euro and were mainly attributable to an inflow of assets at Sarasin. Despite the turbulence on financial markets, returns on most equity investment funds in 2007 were positive. This produced positive investment results. As a consequence, assets increased by 10 billion euro. The depreciation of the US dollar by 11% and of the Swiss franc by 3% cancelled out the effect of the positive investment returns to a large extent. Due to the consolidation of Sustainable Asset Management Group from the beginning of 2007, assets rose by more than 2 billion euro. The sale of Sarasin's Luxembourg-based activities and the acquisition of DWS Investment Switzerland by Sarasin led to a net decrease in assets of more than 2 billion euro.

Changes in assets managed and held in custody for clients in billions of euros



Developments in results: increase in both income and expense

Results (in millions of euros)

| | 2007 | 2006 | Change |
|-------------------------------|--------|--------|--------|
| Interest | 6,771 | 6,472 | 5% |
| Fees and commission | 2,857 | 2,296 | 24% |
| Other income | 1,871 | 1,281 | 46% |
| Total income | 11,499 | 10,049 | 14% |
| Staff costs | 4,445 | 4,117 | 8% |
| Other administrative expenses | 2,846 | 2,429 | 17% |
| Depreciation and amortisation | 418 | 341 | 23% |
| Operating expenses | 7,709 | 6,887 | 12% |
| Value adjustments | 742 | 450 | 65% |
| Taxation | 386 | 367 | 5% |
| Net profit | 2,662 | 2,345 | 14% |

Balance sheet (in billions of euros)

| | 31-Dec-07 | 31-Dec-06 | |
|------------------------------------|-----------|-----------|-----|
| Total assets | 570.5 | 556.5 | 3% |
| Private sector lending | 356.0 | 324.1 | 10% |
| Due to customers | 249.5 | 234.9 | 6% |
| Assets managed and held in custody | 301.3 | 291.2 | 6% |

Ratios

| | | | |
|------------------------------|--------|--------|----|
| Tier 1 ratio | 10.7 | 10.7 | |
| Return on equity | 10.1% | 9.4% | |
| Number of employees (in FTE) | 54,737 | 50,573 | 8% |

Increase in income

Total income increased in 2007 by 14% to 11,499 million euro (2006: 10,049 million). Net interest income rose by 5% to 6,771 million euro (2006: 6,472 million). Penalty interest and the interest margin dropped, but this was compensated by the growth in lending. The increase in asset management fees was largely due to the fact that Sarasin was consolidated from the end of 2006. The excellent investment performance of the Transtrend Diversified Trend Program and the increase in the participation in Transtrend also contributed to the increase in fees and commissions. Mainly as a result of this, fees and commission income rose by 24% to 2,857 million euro (2006: 2,296 million). Other income increased by 46% to 1,871 million euro (2006: 1,281 million). The parts of Bouwfonds that were acquired in December 2006 contributed substantially to this growth. The acquisition of Athlon in the second half of 2006 and the sale of activities at Sarasin also resulted in an increase in other income.

Operating expenses on the rise

Operating expenses increased in the year under review by 12% to 7,709 million euro (2006: 6,887 million). Staff costs were up 8%, rising to 4,445 million euro (2006: 4,117 million) as a result of the increase in number of staff; within the Rabobank Group there was an 8% increase in 2007 to 54,737 FTEs (2006: 50,573). About 2,800 FTEs of this increase are the result of acquisitions. Other administrative expenses rose by 17% to 2,846 million euro (2006: 2,429 million) due to the increase in activities.

Value adjustments of 22 basis points in line with the five-year average

The value adjustments item increased to 742 million euro (2006: 450 million). This corresponds with 22 basis points (2006: 15) of average lending and is thus in line with the five-year average of 23 basis points.

Increase in taxation

The recognised tax expense in 2007 amounted to 386 million euro (2006: 367 million). This corresponds with an effective tax rate of 12.7% (2006: 13.5%). The reduction in the rate of corporate income tax in the Netherlands contributed to the decrease in the effective tax rate.

Covenant with tax authorities

Rabobank Nederland concluded a covenant with the Dutch tax authorities, thus applying what is known as horizontal supervision, something the tax authorities aim to introduce. This covenant is based on mutual transparency and trust. The collaboration agreed on will result in more efficiency in establishing tax liabilities, among other things because tax issues are addressed as they arise.

Net profit increases by 14%

Net profit for 2007 of the Rabobank Group rose by 14% in 2007 to 2,662 million euro (2006: 2,345 million). All group divisions, with the exception of Rabobank International, contributed to the increase in net profit. With an increase of 258 million euro, the domestic retail banking operations contributed much of the increased profit in absolute terms. Net profit of Rabobank International dropped due to the turbulence on the financial markets.

The domestic retail banking operations had an excellent financial year with net profit rising by 24% to 1,349 million euro (2006: 1,091 million). Because income rose and expenses fell, the efficiency ratio improved by 3.6 percentage points to 66.2%.

At Rabobank International, net profit fell by 43% in 2007 to 394 million euro (2006: 687 million). The results of Rabobank International were adversely affected by the credit crisis. As the trade on various professional markets came to a virtual standstill, there was a drop in profits at Global Financial Markets.

5 Our climate policy

Climate change is a crucial CSR issue for Rabobank

Climate change has far-reaching effects on our planet. For us at the Rabobank Group, climate change is a crucial topic in our corporate social responsibility (CSR) policy. We are taking on a wide variety of initiatives to help combat climate change. Our approach to this topic is broad-based, from raising customer and staff awareness, incorporating it in our own business operations, to introducing climate-friendly products and services, and funding sustainable initiatives.

Scientists claim that the increase in the average temperature of the earth is caused mainly by human activity. Emissions of carbon dioxide (CO₂) and other greenhouse gases have risen as a result of burning fossil fuels (coal, oil and gas), changes in land use and deforestation, causing an increase in the average temperature of the earth. In order to limit this global warming to a minimum, we need to radically reduce our greenhouse gas emissions. The expected consequences for society and the costs of climate change are high, considering the loss of agricultural acreage, the drop in food production, the harmful effect on vital ecosystems, reduced availability of drinking water and increasing damage as a result of flooding and storms.

In accordance with the Kyoto Protocol, the target of the Dutch government is to reduce greenhouse gas emissions by 5% in the period from 2008 to 2012 compared with the level of 1990. At the UN Climate Change Conference in Bali in 2007, the international community agreed to aim for a reduction in greenhouse gas emissions, and of CO₂ in particular, by no less than 30% in 2020 compared with the emissions level in 1990. These are ambitious targets. A number of significant steps have already been taken towards achieving these targets, for instance through the instruments available under the Kyoto Protocol and the EU Emissions Trading Directive, but also through a host of other initiatives undertaken by the private sector.

Rabobank is committed to energy transition

Governments and NGOs are increasingly holding the financial sector accountable for the extent of greenhouse gas emissions caused by the companies they finance. In their view, by issuing loans and investments, and providing other financial services, commercial banks play an essential and steering role in the design and structure of economic activity in the private sector. Governments and NGOs feel that, with this position, commercial banks have a responsibility to take on a pioneering role in the private sector in fighting ongoing climate change. Internationally speaking, Rabobank focuses on the food & agri sector and clean technology ('clean tech'). Rabobank has only a limited market share in funding the coal, oil and gas industries and mining.

Stakeholders play a complex role when it comes to greenhouse gas emissions. In international environmental law, the polluting party is held accountable for the damage done to the natural environment. This is known as the 'polluter pays' principle. But in the case of a coal-fired power plant, the builder, the fuel supplier, the lender and the end user of the

electricity also play a role. After all, customers can influence their own energy consumption and achieve savings. In addition, they have the choice to switch to green electricity, for instance. Builders can construct more efficient power plants, fuel suppliers can offer lower-emitting fuels and electricity companies can opt for different types of energy generation. Lenders will study the risks of higher CO₂ emissions, because CO₂ has been attributed a price under the law, and customers are offered choices in a deregulated energy market.

If we look at the issue of global energy consumption in relation to the use of fossil and renewable energy, it is clear that the use of energy is an essential element in the workings of our society. Cuts in our energy supply result in major and acute problems. Even if we save more energy and encourage more rapid growth of renewable energy, we cannot make do without fossil fuels at present. But we can significantly accelerate the transition to a sustainable, climate-friendly energy supply by investing in energy conservation, in renewable energy sources and in more efficient use of sources of fossil energy. The Rabobank Group contributes to this cause by funding innovations, clean tech, renewable energy generation and related technologies.

Our goal is to use our financial services to effectively add to the transition from a high-CO₂ to a low-CO₂ economy. We regard the provision of financial services to enterprises specialising in developing and applying energy-efficient and renewable energy technology as a first step, with the provision of financial services to enterprises active in the broader field of clean tech being the second step. Our ambition is not only driven by the social responsibility that we feel towards current and future generations, but we also act out of our conscious self-interest as a financial institution. After all, the far-reaching effects that climate change may have for our agricultural clients worldwide come with credit risks for Rabobank. What is more, the transition to an economy with a low greenhouse gas intensity also offers commercial opportunities for financing projects designed to accelerate sustainable energy applications and clean tech.

The Rabobank Group plays its role within the value chain, and we use our knowledge, products and services to help reduce the CO₂ footprints of our customers.

Rabobank climate programme

The Chairman of the Executive Board of Rabobank Nederland has repeatedly stressed in his speeches that the key to a sustainable future lies in the hands of those enterprises that are committed to developing a new generation of clean technology. In line with this, the climate theme was cascaded throughout the bank in 2007. Four sides of the climate issue were highlighted by:

- encouraging alliances designed to promote energy conservation and the generation and use of renewable energy,
- developing climate-related products and services,
- providing our own contribution to a better climate, and
- proving ourselves to be a socially responsible bank when it comes to climate initiatives.

The climate programme will be scaled up in 2008, in which process Rabobank's short and long-term vision and strategy will be linked up with specific CO₂ reduction goals.

Initiative for alliance for sustainable biomass

The deployment of biomass plays an important role in the ambitions of the European Union and the Dutch Government to reduce greenhouse gas emissions and lower our dependency on fossil fuels. What is crucial in that regard is that biomass can be sustainably produced. The definition of sustainability criteria by the Cramer Committee – in which Rabobank had close involvement – marks an important first step towards these goals. With Rabobank as a co-initiator, the corporate sector, NGOs, competence centres and the government then joined forces to develop concrete plans and forge business alliances with a view to achieving sustainability throughout the biomass chain. Under the name Biopec, this alliance works towards developing a certification system for sustainable biomass. In addition, Biopec wants to create sustainable biomass production chains that demonstrate how the envisaged certification can be undertaken on economically viable terms. The possibility of scaling

up these examples is crucial, in addition to achieving benefits for the local economy, creating support for bio-energy in importing and exporting countries, and achieving high net CO₂ reduction.

Rabobank develops plethora of climate-related products and services

Over the course of the past years, the Rabobank Group developed a plethora of climate-related products and services of varied composition:

- we apply climate criteria in issuing loans as part of the CSR test,
- we offer innovative products, including an electronic spot market and auction for CO₂ emission rights and clean tech funds,
- we link up climate measures to existing or new products, such as mortgages and credit cards, and
- we inform customers about opportunities for emissions reductions, among other topics.

Drawing on this range of options, we enter into dialogue with large corporate customers and fund managers with the goal of formulating solutions together.

Rabobank maps out indirect effects of financial services

The World Resources Institute (WRI) – a reputable think-tank in the US – has called upon the financial sector to develop a climate strategy with regard to their lending policies and investments. In the WRI's opinion, the execution of such a strategy will result in the use of less fossil-based energy, a considerable reduction in CO₂ emissions and a shift in investments towards renewable energy and clean tech.

In 2007 the Rabobank Group, in collaboration with research agencies Ecofys and Trucost, conducted an extensive study of indirect greenhouse gas emissions that are tied in with our lending and asset management. With regard to lending, this study involved loans in all national and international sectors. Where asset management was concerned, the study concerned itself with funds that invest in listed companies. The study will give us a clearer view of risks and opportunities companies face as a result of climate change. Furthermore, this baseline measurement enables the Rabobank Group to actively consider carbon and environmental footprints where investment and lending decisions are concerned, as well as in our communications with its customers.

Wholesale: emissions trading

In the wholesale market, the Rabobank Group facilitates emissions trading through CLIMEX, an electronic trading platform (www.climex.com). In emissions trading, emission rights are marketable securities based on the 'polluter pays' principle, with the party reducing its CO₂ emission benefiting in a financial sense. We regard CO₂ emission trading as an incentive for customers that produce clean technologies or want to invest in it in terms of revenue, CLIMEX is the second-largest market for CO₂ in Europe, with a volume of 7 million tonnes. CLIMEX also organises auctions of CO₂ credits for a range of European public-sector organisations.

Rabobank International in climate

Our climate is changing noticeably. The weather is becoming more unsettled, exposing a range of industries, including the energy sector, agriculture, the foodstuffs industry, tourism and – last but not least – the public sector, to considerable financial risk. Rabobank International's Commodity & Weather Derivatives Group (CWDG) trades in CO₂ rights and certified emission rights for large corporate customers. In 2007 this Group closed a major deal for the Dutch government. Under this deal, Rabobank will, over the next few years, purchase up to one million Certified Emission Reductions (CERs) from two hydropower projects in China. CWDG has also become party to an initiative undertaken by the UK private and public sectors designed to encourage the sustainable and responsible development of Clean Development Mechanism (CDM) projects in Africa. In addition, CWDG participated in a UNFCCC workshop intended to back investment flows that are needed to prevent climate change. CWDG is increasingly involved in the renewable energy sector as well, concentrating on biofuels.

New climate-related investment funds

In the areas of asset management and private equity, the Rabobank Group develops funds that invest in renewable and clean technologies (clean tech). In 2006, for instance, Robeco introduced the Robeco Clean Tech Private Equity II, fund of funds. This fund, which is a successor to the Robeco Sustainable Private Equity fund of funds launched in 2004, invests in businesses specialising in efficient use of energy sources, development of alternative energy sources and specific technologies for efficient use of raw materials and recycling. Private investors have been welcome to indirectly (via a certificate) invest in this fund since the beginning of 2007. The Rabobank Group also established a Clean Tech Research Desk early in 2007. This desk supports our private equity investment activities and is at our customers' service. In addition, Robeco introduced the Robeco SAM Biofuel Certificate in 2007; this certificate provides access to biofuel investments.

Swiss-based firm Sustainable Asset Management (SAM) has been a division of Robeco since 2006; it offers a range of sustainable funds. In February 2007 the firm introduced the SAM Climate Change Fund next to the existing SAM Sustainable Water Fund and the SMART Energy Fund.

The Rabobank Group acquired a majority interest in Bank Sarasin in 2007. Sarasin also offers a formidable portfolio of sustainable investment funds.

Carbon Disclosure Project

The Rabobank Group has been involved in the Carbon Disclosure Project (CDP) since this project was launched in 2003. CDP champions greater transparency of listed companies in the area of CO₂ emissions. Businesses are requested to complete a questionnaire pertaining to their emissions policy. Robeco has asked a number of participating enterprises in which it invests to increase their transparency regarding CO₂ emissions.

Climate criteria in lending

At Rabobank, we have introduced a CSR test in all our lending processes. The test revolves around ten central CSR themes: in the central theme 'Depletion of Natural Resources', climate risks are an area that is relevant to the loan application procedure. In this process, climate risks are linked up to specific sectors and countries. Climate change is relevant in this CSR test because it potentially affects cash flows and the balance sheet position of businesses in a great many industries. Enterprises causing CO₂ emissions are already faced with changing rules and regulations where emission caps and product standards are key concepts. The effective change in our climate affects a much larger group of businesses on a global scale that experience damage due to storms, extreme draught or flooding. On the other hand, climate change also offers opportunities for firms that supply products or services designed to reduce greenhouse gas emissions or to mitigate the impact of climate change. What is clear is that there may be huge differences between the threats and opportunities experienced in every sector and business. This requires a tailor-made approach. In our contacts with customers, we at Rabobank will do our utmost to mitigate risks and seize potential opportunities where we can.

Linking up climate measures to standard products

Where possible, we link up climate measures to our standard financial product offering. Examples include the credit card with climate compensation and the climate mortgage.

Rabocard with climate compensation

In 2007 Rabobank launched a credit card with climate compensation in collaboration with WNF, the Dutch chapter of the World Wide Fund for Nature. Customer surveys have shown that consumers are willing to do their part to stop climate change. The Rabocard allows 1.1 million Rabobank customers to do just that. A specially developed and by Ecofys tested calculation method converts the total CO₂ emissions caused by customer purchases into a monetary amount, which we will invest mainly in renewable energy projects that comply with the Gold Standard. This quality standard was instituted, by the WWF, among other organisations, for renewable energy and energy-saving projects (solar and wind energy, hydropower and biomass), contributing to reducing CO₂ emissions, mostly in developing countries. These projects are highly demanding in terms of environmental requirements, and guidelines for biodiversity and local development.

Johan van de Gronden, managing director of WNF, the Dutch chapter of WWF

"A year after its launch, one million customers use the Rabocard credit card with climate compensation. This is an unprecedented result. The picture of a panda on the Rabocard triggers people's interest, the word climate indicates the cause, and there we go: we have created awareness and all those credit card holders are truly contributing to combating climate change. Obviously, it was not only crucial that Rabobank issued such a card to every card holder, but also that it communicated with them about the use of the card in a personal letter. The times are in our favour: interest in our climate is larger than ever. But at the same time, there is a risk of overexposure, simply because media attention for the problems that we face is overwhelming. The effects of climate change are so universal that people can start to feel powerless. And that's exactly what WWF wants to prevent. The answer lies in offering perspectives, which we try to do, for instance, by forging partnerships with businesses. We take small steps ahead, with large groups of people. The introduction of the credit card with climate compensation hardly qualifies as a small step: with it, Rabobank has helped WNF take a giant leap forward. That's why we're not surprised that both our donors and our business partners selected Rabobank as WNF partner of the year. On behalf of all those credit card holders, Rabobank invests in energy projects, mainly in developing countries. These are projects that we have awarded the 'Gold Standard' label. And results count, of course. They have to be visible. Fortunately, there are some examples already: computers at a school in India because electricity is now generated locally. No more gathering wood every day for hours on end thanks to a biogas installation. This makes a huge difference for people who are severely affected by climate change whilst their own limited consumption habits are hardly to blame for the problems. These projects have given us a taste for more."

Rabo climate mortgage

In 2007 Rabobank started marketing the Rabo climate mortgage (KlimaatHypotheek), which is designed to encourage energy-saving investments in newbuild, renewal and refurbishment developments. The climate mortgage is an interest-only loan of between 10,000 euro and 50,000 euro (existing properties) or 100,000 euro (newbuilds). Customers are offered an interest rate rebate of up to 1% in the first ten-year, fixed-rate period if they can demonstrate that they have taken energy-saving measures, for instance if they install a high-efficiency boiler, a solar-powered boiler or solar panels, or buy an energy-efficient/sustainably built new house. Where existing properties are concerned, customers need to demonstrate, based on an Energy Performance Certificate (Dutch acronym: EPA) and an energy label, that their house has climbed at least two efficiency ratings after the renovation. A newbuild should have an Energy Performance Coefficient of at least 0.7.

This type of mortgage encourages local Rabobank advisers to discuss energy conservation with their clients. The climate mortgage has been certified by HIER (Dutch for 'here'), a nation-wide Dutch effort to change and direct the energy behaviour of consumers, businesses and authorities. So far, we have not sold as many climate mortgages as expected. We foresee that demand will grow in 2008, however, following the introduction of the statutory energy label for residential buildings. As a result, energy efficiency will become increasingly important in the sale of homes.

CO₂ reductions in our business operations

The Rabobank Group pursues an active environmental policy, aimed at reducing the volumes of raw materials and energy that we use in our own business operations. For instance: we source sustainable products, we use recycled paper and green electricity, our offices are sustainably built, we drive leased cars carrying energy label ABC, and we encourage the use of public transport.

Greenhouse gas accounting

In order to better map out the interrelationship between our environmental policy and the impact of our business operations on the climate, we decided to set up a system for greenhouse gas accounting in 2007 in accordance with the methods suggested in the Greenhouse Gas (GHG) Protocol. The accounting records comprise greenhouse gas emissions caused by the use of gas, electricity, mobility and paper sourcing, and covers all divisions of

the Rabobank Group worldwide. The principal objective is to identify opportunities for CO₂ reductions, monitor the effectiveness of our environmental measures and define additional climate goals.

Climate-neutral business operations

At the Rabobank Group, we take action to lower our energy consumption and reduce our CO₂ emissions where possible. Measuring our CO₂ footprint will result in more efficient business operations and energy savings. The Rabobank Group has decided to offset emissions caused by our own operations, approximately 180,000 tonnes of CO₂ in 2007, by purchasing CO₂ credits. We also set up accounting records for CO₂ emissions caused by the use of gas, electricity, mobility and paper in the reporting period. The objective is to identify relevant opportunities for CO₂ reductions, monitor the effectiveness of environmental measures and define additional climate goals.

Climate policy pursued by foreign divisions

A number of our foreign divisions are raring to flesh out their climate policy. Our activities vary from modifying our own internal operations and introducing CO₂ emission products to financing renewable energy projects. Examples include investments in Dutch wind parks and the introduction of the Rabobank International's Travel Policy, which aims to reduce air mileage. Rabobank International also contributes to knowledge exchange and awareness. For example, RI-Corporate Clients set up a Clean Tech Desk, a great deal of research into biofuels was carried out across the globe and RI-India sponsored a conference on renewable energy and carbon credits.

Rabobank Foundation supports climate initiatives

In 2007 Rabobank Foundation supported climate projects in Vietnam and Indonesia (Jakarta), in collaboration with the Red Cross Climate Centre, among other organisations.

In Vietnam, trees are planted to combat advancing desertification. The fact that trees also capture CO₂ dioxides makes this an exemplary and valuable combination project.

In Jakarta, the project revolves around community-based risk reduction. In this project, Rabobank Foundation uses microcredit to prevent flooding and its effects. Small businesses are informed of the risks, so that they can take suitable measures. In the Netherlands, Rabo Bouwfonds is investigating, together with WNF, how these types of activities can be integrated into property and nature developments.

Supporting and sponsoring climate initiatives

Produce your own climate movie

In 2007 Rabobank supported SenterNovem's 'inconvenient truth' webquest. More than a thousand high school students participated in the educational curriculum developed by this Dutch government agency for innovation and sustainable development. The webquest addressed climate dilemmas and challenged students to film their own climate movie. Many local Rabobanks contacted high schools in their local communities to promote the webquest and give practical expression to the activities together with the schools.

Ecolution

Former Dutch astronaut Wubbo Ockels is having a yacht built that is fitted with the latest in ecologically responsible and technological equipment. The Ecolution is set to become the most ecologically friendly ship in the world, which does not run on fossil fuel. The ship is built to demonstrate and test systems. The plan is to build a series of similar ships after this one is finished. Rabobank is the financier and principal sponsor of this project.

2008 Frisian Solar Challenge

Racing on solar energy for six days, sailing the legendary Eleven City Tour in the northern Province of Friesland. Rabobank Nederland and the Frisian local Rabobank are sponsoring the 'Frisian Solar Challenge' in 2008. The challenge is to sail along the eleven cities as fast as possible using solar energy. About fifty institutes of technology from around the world will take part in this race. The requirements that are made of the ships are considerably stricter in

the new edition: the solar-powered ships need to develop a minimum speed, for instance. The importance of organising and promoting such sustainable races lies in the spin-off of useful innovative applications.

When the ice melts

'When the ice melts', an exhibition staged by the National Museum of Ethnology in Leiden, focuses on life in the polar regions (Greenland, Canada, Alaska, Lapland and Siberia) throughout the centuries and the effects of climate change on these areas. The development of the exhibition produced 297 tonnes in CO₂ dioxide emissions. Of these emissions, 70% were offset by the purchase of green electricity. The remaining 109 tonnes will be offset by Rabobank Nederland through an investment in a sustainable energy project. This makes the exhibition a climate-neutral affair.

6 Creating value for our clients

Awareness results in new sustainable products

In 2007, demand for a more sustainable society received support from many new quarters, thanks to a great extent to Al Gore. He managed to reach a mass audience with 'An inconvenient truth', a disturbing tale that led to a turnaround in global opinion. In view of this turnaround, the Rabobank Group introduced many new sustainable products and services.

Al Gore helped to get things moving. Today, environmental and social awareness are common and enjoy broad support. Sustainability has become big business, and many sustainable products and services will be launched on the market in the years ahead. Organisations such as Rabobank, which have been working towards more sustainable business practices for a number of years, are entering a new phase in which it will be harder for us to stand out in the area of sustainability, and we will have to be able to demonstrate exactly how we sustainably create value for our clients.

Rabobank wants to create value for its clients

The Rabobank Group's CSR policy emphasises the creation of sustainable value for clients and for society. The Rabobank Group wants to create value by providing high-quality financial products and services, by launching new financial products and services that promote sustainability and innovation in certain sectors and markets, for instance. Value is also created by offering services that are in keeping with our reputation as a reliable and progressive service provider. In order to do this, we need to start at the very least with a thorough knowledge of financial legislation, comply with this to the best of our knowledge, and go beyond what we are required to do by law and develop services that increase the accessibility to our regular financial services. Our services are given an additional social dimension by focusing special attention on groups of customers of a particular cultural or religious background, or customers who are in a vulnerable position within society, such as the elderly, people with disabilities, people with literacy and numeracy difficulties, homeless people and children.

To sum up, this management approach results in the following features in the value chain:

- we develop new products and services that provide added value for our clients and increase the accessibility to our regular financial services,
- we discuss CSR issues with clients in order to encourage them to make improvements (strategy of engagement), and
- attention for customer satisfaction, complaints, product responsibility, duty of care, transparency, promotion and privacy.

Engagement as the basis of our services

One of the Rabobank Group's principles is that the impact of our financial products and services should not exceed the bounds of our corporate social responsibility (CSR). As a result, we may enter into constructive dialogues on sustainability with clients if their conduct is not in keeping with CSR principles. The dialogue may reveal that the client was not aware

of their conduct or that they failed to anticipate future developments. Using our strategy of engagement as a starting point, we try to help the client bring about improvements in sustainability. We may occasionally be forced, for reasons connected with CSR, to restrict the financial services we provide to a client or refrain from providing services.

At the heart of our strategy of engagement is our principle of seeking to discuss with our clients the social and ecological issues relating to CSR that affect the sector or countries in which they operate. These issues may become a threat or an opportunity for the client's business or for the Rabobank Group. Failure to pay attention to social and environmental risks may undermine our clients' ability to continue as a going concern, or their competitive or financial position, which could constitute a credit risk to us. At the same time, identifying commercial opportunities created by social and ecological issues at an early stage can lead to the development of innovative new products and services, and result in an improved competitive and financial position, which again has consequences for Rabobank.

Ten key social issues considered in assessments

In 2007, the Rabobank Group updated its credit manual and added a new section relating to corporate social responsibility (CSR). A review based on ten key CSR issues now forms the basis for the assessment of sustainability at clients in connection with loan applications. In addition to this, we are formulating specific policies for ten sectors (production chains) that have a major social and environmental impact (soy, palm oil, sugar cane, timber, fishery, cocoa, cotton, biomass, mining, and oil and gas extraction). Policies were drafted for the fishery, soy and timber sectors in 2007, and will be drafted for the seven other sectors in 2008. For many other sectors we use issue lists to identify and assess aspects relating to the main social issues affecting the sector in question.

Ten primary discussions on CSR

1. Governance, including corruption
2. Labour practices and decent work
3. Exploitation of employees (directly or indirectly)
4. Exploitative child labour
5. Discrimination
6. Pollution of the environment
7. Irresponsible depletion of natural resources
8. Cruelty to animals
9. Violation of rights of indigenous peoples
10. Products and services that present risks to the health or safety of consumers

Many new sustainable products and services introduced in 2007

The strategic objective of the Rabobank Group is to integrate sustainability fully in our offering to the mass market. We have not achieved this yet. Sustainable products and services are still niche markets but are gradually becoming accepted by the mainstream. The recent growth in the amount of attention paid to corporate social responsibility around the world was visible at Rabobank, in the form of the launch of a wide range of new sustainable products and services, and strong interest in existing sustainable products. Sustainable products were defined by GRI in its draft financial services sector supplement (FSSS) as products that are designed to offer the client clear social or environmental benefits.

New sustainable products and services introduced in 2007

Investment

- Robeco SAM Sustainable Climate Fund
- Robeco SAM Biofuel Certificate
- Sarasin European Solar Power Index
- Robeco Groen Garant Obligatie
- Sarasin European Solar Power Index
- Sarasin and the German Stock Exchange created two sustainability indices for German and Swiss securities, and the first SaraZert Open End Certificate on the DAXglobal® Sarasin Sustainability Switzerland Index was launched

- Sarasin New Power Fund, a retail fund focusing on renewable energy and energy efficiency
- Sarasin Managed Fund Portfolio Sustainable, a fund with three different strategies (defensive, balanced and dynamic) that invests in sustainability funds managed by Sarasin or by third parties
- Sarasin Green Building Basket, an investment product focussing on energy efficiency in the construction industry
- Rabo Charity Desk to provide high net-worth clients with financial advice on achieving their social/financial objectives
- Rabo Garantiecertificaat: Rabo Duurzaam Garant September-07 (underlying index: Dow Jones EURO STOXX Sustainability Index®).

Payments, savings and loans

- Rabo Mortgage KlimaatHypotheek
- Rabocard with climate compensation
- Rabo GroenSparrekening: a savings account paying an attractive rate of interest that qualifies for tax breaks
- VIV-pluslening (10-year bullet loan paying 2% interest): this loan product is based on an agreement between Nationaal Groenfonds and Rabobank aimed at supporting business in the intensive livestock sector that relocate in connection with nature regeneration projects
- Financing for soil decontamination, provided in conjunction with the Dutch Soil Centre
- Rabo Vermogen Versterkingslening, a loan introduced as part of the Regeling Groeifaciliteit scheme operated in conjunction with SenterNovem. The scheme increases access to the credit market for small and medium-sized enterprise
- Random Reader Comfort, a bank card reader for people with visual impairments.

Leasing

- Car leasing policy incorporating sustainability criteria and measures aimed at minimising environmental impact
- Micro leasing.

Real estate

- Bouwfonds Development test of sustainability, comfort and quality for new property developments developed in conjunction with GPR Gebouw and others
- Rabo Bouwfonds Asset Management is working on several sustainable property funds that will have an environmentally friendly, sustainable and/or CSR profile.

Sustainable investment enters new phase

In 2007 investment institutions were forced by the media to provide information on the sustainability of their investment policy, particularly with regard to investments in the weapon industry. It became clear that clients had the implicit expectation that we would manage their assets in a financially and socially responsible manner, and were unpleasantly surprised, or even shocked, if they discovered that their portfolio was not sustainable, while we expected clients to make an explicit choice as to whether they would invest in sustainable equities or funds or not. In view of this expectation gap, our investment activities are about to enter a new phase with regard to sustainability. Clients expect us to actively make suggestions or for our business to be in accordance with principles of sustainability.

From niche to mainstream

What was a niche market is moving to the mainstream. During 2007 several group entities took further steps to integrate sustainability in investment policy, as described below. We have identified three forms of sustainable investment: negative screening, best-in-class investment, and engagement.

Invested assets and assets under management complying with sustainability principles (in thousands of euros)

| Product | 2007 | 2006 | 2005 |
|--|---------------|--------------|--------------|
| Robeco sustainable including SAM | 5,247 | 218 | 197 |
| Robeco Sustainable Private Equity; | | | |
| Robeco Clean Tech Private Equity | 357 | 191 | 122 |
| Sarasin | 4,778 | N/A | N/A |
| Rabobank Groenobligatie bond | 3,518 | 3,130 | 2,644 |
| Sustainable investment products of third parties | | | |
| (via Private Banking and Schretlen) | 124 | 65 | 48 |
| Total sustainable | 14,024 | 3,604 | 3,011 |
| Percentage of total invested assets | | | |
| and assets under management | 4.7% | 1.2% | 1.3% |
| Robeco Engagement Service | 15,125 | 5,249 | N/A |
| Schretlen informal investing service Money Meets Ideas | 0.3 | 1.5 | 0.6 |

Notes:

- The Robeco Sustainable Private Equity Fund invests in mainstream funds that have adopted sustainability guidelines (fund of funds) and in clean tech funds, whereas the Robeco Clean Tech Private Equity II fund invests in funds and enterprises active in clean tech private equity (fund of funds and direct investment). New closings took place in both funds in 2007. The latter fund is not fully invested as yet, its size now being 357 million euro. In 2007, a total of 420 million euro was committed to these funds.
- Robeco including SAM consists of Robeco Duurzame Aandelen, SAM Asset Management, Robeco Groen CDO and sustainable equity management for clients.
- The rise in the Robeco Engagement Service relates, in part, to engagement services for retail funds (see Box, 'From niche to mainstream').
- Sales of sustainable products from third parties take place through the Private Banking and Schretlen distribution channels. These consist chiefly of the sustainable equity funds managed by Triodos and ASN, and green bonds issued by other banks.

Negative screening as part of sustainable investment

Negative screening (or minimal exclusion) is the original form of sustainable investment and provides the basis for other forms. Businesses are excluded from investment on the basis of their products or major violations of international rules. Various group entities have offered negative screening investment to clients for several years. Exclusions relate mainly to areas such as controversial weapons, alcohol, gambling, tobacco, fur and nuclear energy. In 2007 the subject of the exclusion of weapon companies came under the spotlight. In response to this, the Rabobank Group appointed an internal committee that verified information on weapons using information obtained from the relevant companies and from independent sources. It has been suggested to institutional investors that certain businesses be excluded from investment. This was arranged for these clients in 2007.

Increase in best-in-class sustainable investment

When selecting the investment universe for best-in-class sustainable investment, we take account of performance in the area of sustainability. A portfolio is put together from the investment universe on the basis of a financial analysis, which may be done in combination with a sustainability analysis. Although the best-in-class sustainability investment portfolio is a niche market, it grew by 99% in 2007 to 14 billion euro (2006: 3.6 billion), representing 4.7% (2006: 1.2%) of all invested assets and assets under management. Demand is growing from all quarters: institutional investors, clients of retail funds and, increasingly, private banking clients. In view of this growth in demand, Rabobank positioned itself as a major supplier by the acquisition of Bank Sarasin and the SAM group (via Robeco), two globally renowned players in the field of sustainable asset management. The Rabobank Group currently offers 52 sustainable investment funds: 14 from Robeco/SAM, 28 from Sarasin and 10 from third parties.

Growth in investments under engagement

Assets under management in the form of investments subject to engagement (the third form of sustainable investment) grew by 188% in 2007 to 15.1 billion euro (2006: 5.2 billion). Engagement takes the form of:

- a) entering into dialogue with businesses on CSR; and/or
 - b) submitting or voting in favour of proposals relating to CSR at annual general meetings.
- Within the Rabobank Group, engagement is already in place at Robeco and Sarasin, but not yet at Schretlen. Engagement has more and more influence over CSR policy and CSR performance within businesses. The subject of sustainability is enjoying greater attention from the market, and businesses are becoming more open to questions and suggestions about their sustainability policy. Furthermore, cooperation has been shown to work. Partly in view of the UN principles for responsible investment, we expect cooperation to intensify, and our links with parties such as Eumedion and the Carbon Disclosure Project to become closer.

a. Dialogue

In 2007 Robeco had contact with 110 companies, holding dialogues on corporate governance (30% of dialogues) and CSR issues (70%) such as working conditions in the metal and mining sector, sustainable palm oil, controversial weapons, and climate change. Sarasin's contacts with businesses relate chiefly to its research activities, and these contacts resulted in the discussion of a wide range of sustainability issues. Sarasin uses customised questionnaires for this purpose.

b. Voting

Sarasin focuses on voting on issues relating to corporate governance and the environment. Voting is done on a small scale, through a service provider. Sarasin voted at 156 annual general meetings in 2007, but did not submit any proposals. In 2007 Robeco voted on 12,434 agenda items relating to sustainability and corporate governance at 1,243 meetings. It voted against proposals at 49% of these meetings. The majority of shareholder proposals relating to sustainability were not sufficiently realistic or substantiated. Well-substantiated proposals that contribute to sustainable business can count on support. Proposals that received support included the definition of CO₂ emission targets at Chevron, the publication of a sustainability report by Amgen, and reporting on the impact of operations at ConocoPhillips.

From niche to mainstream

Robeco's engagement activities were extended at 1 January 2007 to include Dutch equities (retail funds), meeting the implicit demand among clients for assets to be invested sustainably. As a result, conventional funds are becoming more sustainable. Quarterly reports 'Betrokken Beleggen' and brochures on this topic can be obtained from Robeco and can also be downloaded from the Robeco website.

Sarasin has started to provide information on sustainability to employees in its conventional asset management operations.

A new sustainable investment philosophy has been developed at Schretlen. Schretlen's business plan states that CSR will form a fully fledged, integrated element of the customised services it offers.

Rabobank Private Banking currently pays little attention to screening funds and portfolios, but this will be embedded in 2008.

Sustainable investment studies published in 2007

- 'Water stress: investing in solutions': an IRIS study into the threat to the global water supply and related investment opportunities
- 'Cleantech opportunities for AEX companies': an IRIS study into the use and development of clean technology by companies listed on the Amsterdam Stock Exchange
- 'IRIS sustainable country advice': a tie-in with the introduction of sustainable country advice as part of IRIS's bond advisory service
- 'Climate change creates investment opportunities': an IRIS publication on climate change, potential solutions and the businesses that develop them

- ‘Annual outlook on the solar industry; the industry continues to boom’: a Sarasin report (update).
- ‘A healthy future? An analysis of the sustainability of the medical technology industry’ by Sarasin
- ‘Assessing corporate sustainability – methodology of the Sarasin rating company’
- ‘A multi-track future- An analysis of the social and environmental aspects of railways and public transport’ by Sarasin
- ‘The Sustainability Yearbook 2007’: an annual publication by SAM with sustainability trends and analysis on 58 business sectors.

Rabobank Charity Desk supports social ambitions

In the final quarter of 2007 Rabobank Private Banking launched its Charity Desk pilot project in order to provide expert help to clients who wish to use their assets to accomplish social aims. The Charity Desk also provides information and advice on the various ways in which clients can support charities. Clients can, for instance, contribute to international projects in over 25 developing countries via Rabobank Foundation. Eight branches are participating in the Charity Desk pilot project, and the decision on whether to introduce the Charity Desk nationally will be taken in 2008.

Rabobank Pension Fund adopts new governance model and votes actively

In 2006 the Rabobank Pension Fund modified its governance model in line with the principles for good pension fund governance contained in the Dutch Pensions Act. This model was put into practice in 2007. As part of internal monitoring, a committee consisting of three independent experts reported on administrative procedures within the fund and the management of long-term risks. The fund’s management reported to an accountability council made up of representatives of the fund’s stakeholders for the first time in 2007. In addition to employers and employees, since the middle of 2007 pension beneficiaries have also been represented on the fund’s board.

As part of its corporate governance policy, the Rabobank Pension Fund strives to exercise the voting rights attached to the shares it holds around the world, since shareholders can improve the quality of corporate governance by actively voting at annual general meetings. In addition, at annual general meetings, the Rabobank Pension Fund enters into constructive dialogues with enterprises on corporate governance, social issues and environmental issues. By doing so, we actively contribute to improvements at businesses in this area. In 2007 the Rabobank Pension Fund conducted a study into a number of manufacturers of cluster bombs, land mines and nuclear weapons. On the basis of this study, several companies were excluded from the portfolio of the Rabobank Pension Fund.

First phase of integration of CSR in payments, savings and loans

Sustainability has not yet been properly embedded in the Rabobank Group’s conventional banking services, and individual employees are still developing a genuine awareness of the importance of sustainability when exploiting commercial opportunities. To achieve high volumes in sustainable products, services and processes, we need to make our existing range more sustainable. The first steps in this direction were taken in 2007.

The integration of CSR in payments, savings and loans is still in an early stage. A start has been made on the development of special sustainable versions of conventional products and services, such as the Rabo KlimaatHypotheek mortgage, the Rabocard credit card with climate compensation, and the Rabo Groen Sparen savings account. Although the market for these products is still small, demand is growing. CSR is also taken into account in procedures relating to our services, such as assessments of corporate clients applying for finance.

Volume in sustainable banking products still low

Absolute volumes in banking products that are specifically designed to be sustainable remained low in 2007 (see Table). Only 1.4% of the total amount lent to the private sector was specifically in the form of sustainable finance, such as green loans. The Rabocard credit card with climate compensation (quantity in 2007: over 1 million) only represents a small portion of total payment services, although it does encompass 100% of credit card services to private individuals. The Rabo KlimaatHypotheek mortgage (number provided in 2007: 250) makes up only a fraction of the mortgage portfolio, but it is an icon for the integration of CSR at Rabobank and also marks the start of a new direction for our organisation: we are only satisfied if our mortgage clients consider borrowing money for energy saving projects as they would for a new bathroom. This means attention for sustainable investment will have to become a conscious, explicit and compulsory element of the standard procedure for providing mortgages. That is what we are working towards.

Volume in sustainable banking products (in millions of euros)

| Sustainable lending | 2007 | 2006 |
|--|----------------|--------------|
| KlimaatHypotheek mortgage | 19.2 | 0 |
| Green loans | 2,882 | 2,409 |
| Rabo Innovatiekapitaalfonds | 3 | 10 |
| Stimuleringslening, Opstartlening and Groei & Innovatielening (SGR scheme) | 367 | 267 |
| Loans provided in conjunction with Borgstellingsfonds | | |
| Landbouw BF/BF+ | 364 | 376 |
| Loans with state guarantees provided under BBMKB scheme | 1,163 | 1,042 |
| VIV-pluslening in conjunction with Nationaal Groenfonds | 5 | N/A |
| Growth facility offered in conjunction with SenterNovem | 6 | N/A |
| Microcredits and start-up loans for SMEs in the Netherlands | <1 | N/A |
| Sustainable project financing (excluding green loans) | 155 | 105 |
| Total sustainable lending | 5,021 | 4,219 |
| As a percentage of total lending to the private sector | 1.4% | 1.3% |
| Sustainable savings | | |
| Rabo GroenSparen savings account | 106 | N/A |
| Sustainable payment transactions | | |
| Rabocard with climate compensation (quantity) | over 1 million | N/A |
| Insurance | | |
| Environmental damage insurance | 8 | 7 |

Notes:

According to the GRI/UNEP-FI definition, sustainable products are loans that offer social or environmental benefits. These benefits are greater in some sustainable products than in others. Products offering social benefits include products that simplify access to financial services, products for start-ups, and products that promote innovation.

- Green loans: the amount includes 12.3 million euro in green mortgage loans granted to private customers (2006: 12.4 million euro).
- Loans falling under the foundation Stichting Garantiefonds Rabobanken (SGR) are intended for businesses to which we would not be able to provide appropriate finance under normal banking terms. These include the Opstartlening loan for start-ups, the Stimuleringslening loan for business restarts and businesses in specific sectors (growers) and the Rabo Groei & Innovatie Lening loan for agricultural businesses to support investments in modernisations in the area of innovation, scale increases and/or sustainability.
- The objective of BF/BF+ is to encourage farming practices to be brought closer into line with society's more stringent demands regarding production.

- Loans with state guarantees issued under the BBMKB scheme ease access to conventional credit markets but otherwise contain only a limited element of sustainability. They do, however, promote desirable developments within society. Loans provided with such guarantees and/or with the support of the European Investment Fund encourage new businesses, innovation, job creation and the protection of the environment. The loans in question are the BSK guarantee loan, the IBSK loan for innovation, and the BBSK loan for soil decontamination, various equity reinforcement loans and former versions of these products.
- The VIV-pluslending is a 10-year bullet loan with 2% interest based on an agreement between Rabobank and the foundation Nationaal Groenfonds en Rabobank to support intensive livestock businesses that relocate in connection with nature regeneration projects.
- The Groeifaciliteit scheme was developed by SenterNovem, an agency of the Dutch Ministry of Economic Affairs that promotes sustainability and innovation. Under this scheme, a guarantee can be obtained for additional risk capital that can help reinforce an SME's financial buffer. An adequate buffer is required for access to the regular credit market, among other things. Rabobank was one of the first financial institutions to receive approval from SenterNovem to offer the Groeifaciliteit. The first Rabo Vermogen Versterkingslending equity reinforcement loan to be issued in this context was provided to an organisation that aims to increase the proportion of the population holding bank accounts in countries where levels are currently low.
- Micro credits and start-up loans increase access to financial services for small and start-up businesses. Micro credits are loans not exceeding 30,000 euro. In 2007, seven were granted, totalling 200,000 euro.
- Sustainable project financing : Further information on is contained in the report on Equator Principles.
- The Rabo GroenSparen savings account was introduced at the end of 2007 as an exclusive offer for members. Rabo GroenSparen is the first savings account on the Dutch market qualifying for tax exemptions in the area of social investments from which withdrawals can be made immediately. Subscription closed at the start of 2008, owing to the fact that there was a limit in the number of official green projects that can be invested in. A decision will be made in the course of 2008 as to the form in which the GroenSparen account will next be made available.
- Environmental damage insurance: premium volumes concern policies in the agricultural and SME sectors.

The soil contamination finance product

The soil decontamination finance product launched in 2007 has not been included in the table. In 2007 dozens of soil decontamination projects were started with the Dutch Soil Centre, and approximately 10,000 applications were received for subsidies nation-wide, including 1,636 received directly via the Dutch Soil Centre. This financing is not recorded separately.

Rabo Groen Bank remains market leader

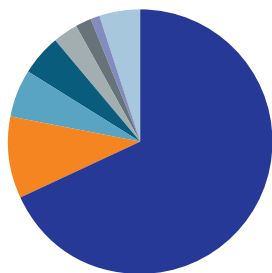
Rabo Groen Bank uses the assets invested in Rabo Groen Sparen and Rabo Groen Obligaties BONDS to finance and promote environmentally friendly government-approved projects, referred to as social investments. In 2007 these projects included the Waste and Energy Company, the green arrangement for the association BoerenNatuur, and Groenlabelkas.

2007 was a good, if turbulent, year for Rabo Groen Bank (RGB).

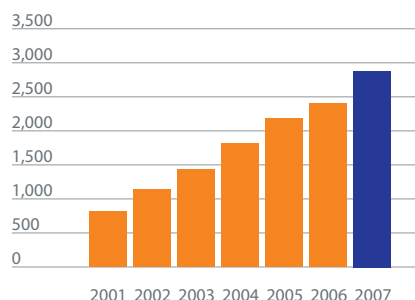
Although strong growth in demand for green money was outpaced by the even faster growth in the supply of green money, the decision was taken to launch Rabo GroenSparen, a product that is unique on the market and which is the result of a the policy adopted many years ago to achieve diversification on the funding side. As a consequence, Rabo Groen Bank will not have to rely so much on future on the few bonds that do not create any problems. In 2007 Rabo Groen Bank maintained its leading position. The total size of the portfolio is 2,882 million euro. New loans totalled 790 million euro (2006: 502 million euro) while net growth

Value of outstanding green loans
in millions of euros per category

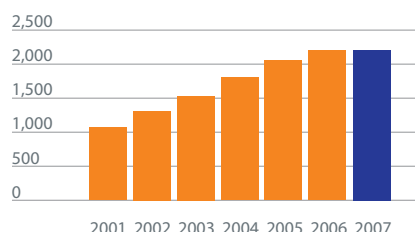
| | |
|--------------------------|-------|
| ● Groenlabelkas scheme | 1,996 |
| ● Wind turbines | 289 |
| ● Organic farming | 172 |
| ● Forestry and nature | 156 |
| ● Sustainable housing | 74 |
| ● District heating | 43 |
| ● Other renewable energy | 18 |
| ● Solar energy | 1 |
| ● Other projects | 131 |



Outstanding green loans in millions of euros as at year-end



Number of outstanding green loans total quantity, cumulative figures



amounted to 460 million euro (2006: 226 million euro). The growth is spread over 242 new green projects. Within one project more than one green loans can be sold. The desired level of differentiation was not achieved, and growth was largely attributable to wind energy and the Groenlabelkas project. The make-up of the portfolio as a whole remained largely unchanged, and as in previous years the majority of the new loans related to the development of nature, organic farming and the Groenlabelkas project.

CSR at Obvion

In October 2007 Obvion launched a campaign with the slogan 'Live responsibly with Obvion's endowment mortgages'. Customers who accepted proposals for endowment mortgages during the period the campaign was running received vouchers for 35 euro, and in addition at the end of the campaign Obvion donated 50 euro to good causes for each proposal for an endowment mortgage that was accepted. The good causes were De Hoenderlo Groep, a treatment facility for delinquent youths, and Ronald McDonald Kinderfonds (Dutch chapter of Ronald McDonald House).

Obvion received the 2007 Gouden Spreekbuis award for mortgage lenders. This prize is awarded annually to the lender with the best image according to a poll of intermediaries.

In 2007 budget mortgages came under the media spotlight. The Obvion BasisHypotheek mortgage came out top in tests published in various publications, including InFinance and Cashtoday (mid-April 2007), thanks to its competitive rate of interest, its favourable terms and conditions, and the lack of any unusual penalty provisions or other questionable conditions.

CSR assessment of business loans

In mid-2007 Rabobank finalised the introduction of CSR assessments in its national and international lending operations, an area where our stakeholders feel it is important we make adequate progress. The loan application form used throughout the entire Rabobank Group requires advisers to assign a CSR-rating to the client and describe how the client deals with issues relating to CSR (including a plan of action).

At Rabobank International, CSR assessments have been entered in the system for 82% of loans in excess of 5 million euro. Local Rabobanks are required to conduct a CSR assessment for clients with commitments exceeding 1 million euro. In 2007 the CSR rating was based on answers to seven questions. The formal CSR rating (acceptable, unacceptable or acceptable on certain conditions) was not introduced at the local Rabobanks until March 2008. At the moment little can be said regarding the quality of the CSR assessment procedure or the substance of the CSR issues discussed with clients. The requirement that employees pay specific attention has set a learning process in motion, and in future the CSR assessment will be audited (this is already being done on a small scale).

Sustainable programmes and training courses developed in 2007

Various programmes and training courses were developed in 2007 with the aim of embedding sustainability at the heart of the lending process.

- As part of the introduction of a CSR check for all corporate clients, a training team from Rabobank International organised a CSR training course for almost all branches of Rabobank International. At the time of writing 90% of branches had followed the training programme; the cycle is scheduled for completion in the first quarter of 2008.
- Rabobank Opleidingen incorporated CSR as a separate module of its lending operations training programme (Dutch acronym: AFB), with the aim of further embedding CSR in lending operations. Course participants debated CSR assessment using case studies. The AFB training course was followed by approximately 250 executive directors, chair persons of credit committees, and account managers. Starting in 2008, other training courses for advisers to the corporate market will incorporate CSR as standard when they are due for revision.
- In 2007 the descriptions of CSR issues for the primary sectors were updated, and, following talks with industry associations, engagement questions relating to important CSR issues for 25 SME sectors were included in the industry information system, BIR. This will make it easier for account managers to discuss CSR with their clients. Publication in Rabobank Cijfers & Trends, quarterly update October 2007, theme: CSR. Furthermore, various CSR studies were published on the subjects of renewable energy and regions, mobility, CSR at major banks and micro financing. In 2007 the descriptions of CSR issues for the primary sectors were updated, and, following talks with industry associations, engagement questions relating to important CSR issues for 25 SME sectors were included in the industry information system, BIR. This will make it easier for account managers to discuss CSR with their clients. Publication in Rabobank Cijfers & Trends, quarterly update October 2007, theme: CSR. Furthermore, various CSR studies were published on the subjects of renewable energy and regions, mobility, CSR at major banks and micro financing.
- Rabobank International Food & Agri Research published industry surveys on palm biodiesel in Southeast Asia, agri-based alternative energy, East Asia seafood, BRICS and biofuels. The Clean Tech Desk of Rabobank International F&A Research closely monitors any developments and opportunities relating to bioenergy.
- In 2007, Group Risk Management and the CSR Directorate, in collaboration with SAM, studied the statistical relationship between CSR indicators and credit risk. This study involved a comparison between SAM's sustainability ratings of several hundreds of customers with three external credit ratings and the internal Rabobank Risk Rating and showed a clear correlation. The results will be published in 2008.

Supporting clients in trouble

Within Rabobank Nederland, Bijzonder Beheer Rabobank Groep (BBR) (i.e. Special Accounts) is responsible for the central co-ordination of clients in difficulty. In accordance with the applicable regulations, local Rabobanks and group entities report clients that find themselves in dire financial straits or are at risk of doing so. The activities of BBR used to be primarily designed to limit the bank's potential losses, but today it takes a proactive approach in which it identifies at an early stage which clients are likely to develop problems and helps them get back on their feet in a socially responsible manner. This is not only in the interests of the client's business and stakeholders, it is also in our own interests. We want to continue the relationship with the client for as long as we can. For this reason, if our initial investigations reveal that a company has a future, we may provide additional financing. Throughout this process, BBR works in close conjunction with the client's normal account manager, who knows the business and its proprietor well. Following intervention by BBR, 80% to 85% of businesses are nursed back to financial health.

Reporting on Equator Principles

Rabobank plays a very small role in international project finance. In 2007 11 projects in OECD countries received more than 10 million euro in finance (the threshold for the application of the Equator Principles). These projects were four wind farms, six bioethanol plants and a biomass fermentation plant. These were assessed as being Category B. CSR issues relating to wind energy include the impact on birds and bats, visual pollution, soil contamination

(onshore wind turbines) and the potential side effects associated with offshore wind turbines, while the carbon balance is an important issue in bioethanol production. Important aspects of the impact assessment include the presence of the necessary environmental permits, as these impose requirements in relation to the above issues. In 2007 the Equator Principles were included more clearly in the Rabobank Group credit manual, and a formal Equator Principles procedure was developed in line with the CSR assessments introduced at Rabobank at the end of 2006. The new procedure will be incorporated into the internal control structure of Rabobank International Renewable Energy and Infrastructure Finance, which is responsible for assessment in the context of the Equator Principles.

Report about Equator Principles (number of projects reviewed)

| EP Category | 2007 | 2006 |
|--------------------------------|------|------|
| A (significant adverse impact) | 0 | 0 |
| B (potential adverse impact) | 11 | 5 |
| C (no impact) | 0 | 0 |
| Total | 11 | 5 |

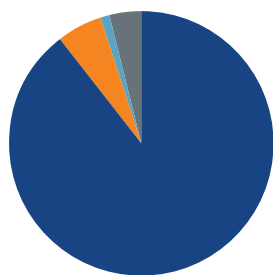
Sustainability in leasing

De Lage Landen has extensive international vendor leasing operations. Its clients – vendors - are the manufacturers and distributors of products such as photocopiers, fork lift trucks and medical equipment. Vendor leasing enables the vendor to offer its products on the basis of a lease arranged by De Lage Landen. The client acceptance criteria in the area of CSR applied by De Lage Landen are in line with those applied by Rabobank. Although, in vendor leasing, the vendor has the commercial relationship with the end customer (the user of the product), De Lage Landen still applies its CSR criteria when accepting end customers. The client acceptance policy, which contains CSR criteria, applies around the world and is elaborated if this is called for in view of the situation in a particular country.

Reducing environmental impact of clients' car fleets

There is a clear trend in the vehicle leasing sector towards reducing the environmental impact of car fleets, and more and more clients are setting environmental criteria in this area. Rabobank is at the forefront of this development, and insists that all its lease cars are in

category A, B or C. Athlon Save Lease launched the SAVE Lease, an incentive programme for lease car drivers, aimed at encouraging lease car drivers to minimise fuel consumption and reduce CO₂. The car fleet manager promotes lower fuel costs and greater fuel efficiency by providing information on actual fuel costs and the car's usage, and encourages lease car drivers to modify the way they drive and their fuelling patterns by passing on some of the savings to them. A total of 2,600 drivers participate in this programme. In addition, in 2007 Athlon conducted a particulate filter campaign in which clients of Athlon and Translease had retrofit particulate filters fitted in their diesel cars for free, in order to minimise emissions of particulate matter. Athlon has also offered all its lease car drivers a Railway Business Card.



Volume in existing sustainable leasing products 2007

In millions of euros ultimo 2007, total 316 million

| | |
|--------------------------------|-----|
| Heat recovery equipment/CHP | 286 |
| Wind turbines | 18 |
| Biogas equipment | 2 |
| Sewage treatment plants | 0.2 |
| Other environmental technology | 11 |

Note:

Environmental technology includes leasing sewage treatment plants, wind turbines, heat recovery equipment, CHPs, biogas equipment and other environmental technologies. Some of this portfolio has been financed with green loans or qualified for tax breaks.

Leasing environmental technology

The environmental leasing portfolio amounted to 316 million euro in (2006: 216 million euro), of which 162 million euro related to new contracts (2006: 99 million euro). De Lage Landen tries to help clients of the local Rabobanks wherever it can to make use of various incentive schemes relating to the environment. It tries to encourage businesses to use environmentally

friendly investments by using a leasing product in which the leasing company claims the tax breaks and passes these on to the business in the form of reduced financing charges. In this way, equipment such as combined heat and power stations and wind turbines can be leased.

Almost all of the increase in 2007 is attributable to the growing use of combined heat and power stations in the horticultural sector. Combining the production of heat and electricity and CO₂ has turned out to be highly efficient and financially appealing. Demand is expected to fall in 2008 as many market gardeners already have a combined heat and power station. In 2007 De Lage Landen also provided 3 million euro in finance for wind turbines based on lease constructions qualifying for the energy investment allowance.

Microleasing abroad

The principle behind the CSR policy of De Lage Landen is that corporate social responsibility should be closely related to its core competences. This means, among other things, that the business makes expertise and resources available for banks in developing countries with a view to supporting them with the development of leasing and microleasing products. In connection with this, the possibility of developing a leasing product for farmers who want to invest in items such as agricultural equipment, greenhouses, ploughs or irrigation systems is being investigated in conjunction with SCA Union Albania. A leasing project has also been carried out in Armenia, where the overwhelmingly rural population has access to land that they can cultivate but lack the means to do so. Microcredit helps them purchase sowing seed or fertiliser, while money for larger sustainable means of production is provided in the form of leasing. Armenia's AREGAK Bank has started to introduce hire-purchase contracts for members/farmers.

Rabo Bouwfonds integrates sustainability in core activities

Rabo Bouwfonds intends to integrate sustainability in its core activities: development, finance and investment management. In addition, Rabo Bouwfonds supplies facilities and staff on a not-for-profit basis via its Public Fund Management with the aim of promoting a sustainable society.

Rabo Bouwfonds Development aims for sustainability, comfort and quality

Sustainable property development consists mainly of the development of sustainable areas, buildings and homes, and the assessment of new projects against sustainability criteria. In 2007 Rabo Bouwfonds' Development division started to use the GPR Gebouw software program for managing sustainability, comfort and quality during the development of new properties. This software calculates a weighted average for each project based on the proportion of homes of each type, and a second weighted average based on all property developments based on the number of homes per development. This weighted average is at least 7 for each type of home, which means that specific consideration is given to sustainable design, construction processes and utilisation in the areas of energy, materials, water, health, conveniences and waste.

The Development division is also focusing increasingly on sustainability in large-scale projects. One example of this is the installation of long-term energy storage systems to supply renewable energy. Part of the Oosterdokseiland project in Amsterdam implementing this sustainable form of energy was delivered during 2007. A start was also made on the construction of the first Gershwin housing developments in Amsterdam's Zuidas district, all of which will use renewable energy.

The Development division was involved in urban restructuring projects in many different locations, in which developments geared to broad target groups (e.g. Stedenfonds Amsterdam) and socially relevant buildings are important elements. Notable examples of such buildings include Amsterdam's Central Library and the temporary home of the Stedelijk Museum on Amsterdam's Oosterdokseiland.

In addition to starting over 1,000 student residences and developing a concept geared to the student market, Rabo Bouwfonds carried out a study of accommodation for elderly people and the possibilities for developing appealing homes for this specific target group. The study revealed that elderly people (55-75 years) rarely move house, despite the fact that their housing needs are changing. By developing concepts that are specifically geared to these needs, Rabo Bouwfonds intends to contribute to movement up and down the housing ladder. The development and construction of social housing is also an important element in major newbuild developments. Excluding housing corporations, the proportion of affordable housing ranges from 10% to 20% of the total property portfolio.

FGH Bank offers sustainability financing

FGH Bank's sustainability financing is designed to encourage sustainable practices in the construction industry. Real estate that is considered sustainable on the basis of predefined criteria may qualify for special terms of finance or may be able to access larger amounts than would usually be the case. Following a survey of the market, in 2007 FGH Bank defined the assessment criteria for sustainable real estate as well as the conditions governing financing. Sustainability financing will be introduced in 2008.

Bouwfonds Asset Management works on sustainable real estate funds

Sustainable investment in real estate consists of investing in buildings and infrastructure selected on the basis of their sustainability. These may be owned by sustainable property funds. Bouwfonds Asset Management is working on a number of sustainable property funds with ecological, sustainable and/or CSR profiles. In June 2007 the sustainable property fund of Triodos Bank obtained a listing on the stock exchange. Bouwfonds Asset Management is responsible for purchasing and managing buildings that are carefully selected on the basis of sustainability criteria. A European housing fund investing in environmentally sustainable housing is in preparation and will be introduced in 2008. Another investment fund initiative focuses on accommodation for senior citizens combined with a health care concept. Bouwfonds Asset Management is currently looking into several CSR rating systems that are suitable for sustainable investment property.

Bouwfonds Public Fund Management manages social investment funds

Through Bouwfonds Public Fund Management, Rabo Bouwfonds manages social investment funds active in the areas of nature conservation (Nationaal Groenfonds), listed buildings (Nationaal Restauratiefonds), housing and urban renewal (SVn) and Dutch industrial heritage (BOEi). Rabobank provides these funds with access to staff, real estate expertise, the professional capital market and office facilities on a not-for-profit basis. The funds operate under their own names and are responsible for managing their own operations, in close consultation with government agencies. Bouwfonds Public Fund Management acts to support the objectives of these funds. The funds have not only been successful in achieving their objectives in their own areas of activity, they have also achieved their financial objectives. This is reflected in the financial results achieved by the funds, which came to a total of 17 million euro in 2007 (2006: 12 million euro), which has been added to the funds' assets to be used for the stated objectives.

Quantity and volume of existing sustainable real estate products (in billions of euros)

| Product | 2007 | 2006 |
|---|------|------|
| Bouwfonds Public Fund Management, assets under management(Nationaal Groenfonds, Nationaal Restauratiefonds, SVn and BOEi)..... | 2.4 | 2.0 |

Note:

More detailed information on the level of sustainability in the property development and financing portfolio will be provided in next year's report (information compiled in conjunction with GPR).

Integrity

In 2007, the justice department launched an investigation into a number of suspicious real estate transactions. Information was also requested from Rabo Bouwfonds. The relevant investigative authorities have stated that Rabo Bouwfonds nor its current employees are among the suspects. Rabo Bouwfonds expects its employees to act with integrity and professionalism. Their actions should satisfy generally accepted ethical values, Rabo Bouwfonds' own ethical values and, of course, laws and regulations. Partly against this background, a harmonised code of conduct will be implemented in 2008 that is tailored specifically to Rabo Bouwfonds, while being fully in line with the ethical principles of the Rabobank Group's code of conduct.

Rabobank has a responsibility to vulnerable groups of clients

Rabobank has a responsibility to its clients. Its sense of duty means it takes time to learn about clients' specific situations or backgrounds. In 2007 Rabobank published a brochure for vulnerable groups of clients.

SME, agricultural enterprises and private customers

By offering specific types of credit products and mortgage loans, Rabobank offers its customers increased access to regular credit facilities. Examples include products that incorporate a guarantee for additional risk-bearing capital, thus bolstering the financial buffer an SME or agricultural enterprise needs to have access to the regular credit market. Such guarantees are provided by Stichting Garantiefonds Rabobank (SGR), the Dutch State, or other parties or funds. On the market for private customers, we offer mortgage loan variants under which a home is purchased jointly with a housing corporation, with the change in value being shared. A financial contribution is made by either a third party (SpringPlankHypotheek, SVn starterslening) or one or more family members (Generatiehypotheek), or a National Mortgage Guarantee is provided (NHG) or protection offered against a drop in income.

Clients with visual impairments

New methods of payment, such as chip and pin and Internet banking, have become widespread in a very short space of time. We believe that it is important that everyone is able to remain 'financially independent', by which we mean that people should be able to arrange their banking affairs without having to involve others. In order to achieve this, Rabobank offers a number of services and adapted solutions for people with visual impairments. In 2007 Internet banking was made more accessible to the visually impaired with the introduction of the Random Reader Comfort and special adaptors.

Clients from ethnic minorities

In the large cities in particular, entrepreneurs with ethnic-minority backgrounds - start-ups and other businesses - are on the increase, both in terms of their numbers and in terms of their share of the total number of entrepreneurs.

- introducing micro credits. These benefit start-up entrepreneurs in particular, many of which are from ethnic-minority backgrounds, as they provide them with access to regular financial services,
- assigning account managers to customers that have the same cultural background or participate in the same formal or informal networks,
- making company visits,
- organising information meetings after opening hours in local Rabobanks,
- sponsoring the Turkish-language information brochure for Turkish-Dutch home buyers,
- increasing market visibility (presence in national networks, marketing communications and sponsorship).

People on low incomes or without income, homeless people and asylum seekers

Rabobank is a party to the covenant on primary payment services, under which people on low incomes or without income and homeless people can still conduct financial transactions. A covenant on enabling asylum seekers to receive payments and conduct financial transactions on a limited scale has been concluded with the Dutch Agency for the Reception of Asylum Seekers.

Financial education for children

A survey conducted by Nibud revealed that parents do not always play the role they should in providing financial education to their children. In 2007 Rabobank adopted various educational tools for children, adapted to various age groups. Children only learn to make financial choices and plans if they are given financial responsibility, and we believe it is our duty and responsibility to help parents educate and inform their children about finance.

7 Banking in developing countries

We remain true to our origins

Almost four billion people in the world have no access to financial services such as savings, loans or insurance. In general, commercial banks are unwilling to provide services to the poorest of the poor and microbusinesses. True to our origins and mission, Rabobank has, for decades now, been at the vanguard of taking this persistent problem seriously and contributing to resolving it.

Based on Rabobank's current vision, we work simultaneously at various levels, occasionally even in the same country: bottom up and top down. Rabo Development and Rabobank Foundation are the two Rabobank Group entities that have been designated to take up this challenge.

Rabobank Foundation supports the process whereby small savers join hands in setting up savings and loans systems, focusing on the poorest of customers in particular. This is how local savings are made available to local enterprises and affordable (micro)credits can be offered. After some time, the regional economy starts to grow and the competitive edge of the small enterprises improves as a result. Ultimately, this leads to innovation initiatives and a higher standard of living.

Rabo Development, which is comprised of Rabo Financial Institutions Development BV and Rabo International Advisory Services BV, is our vehicle for developing banks that preferably have a nation-wide network of branches. These partner banks are provided with capital, in which process Rabo Development becomes a minority shareholder. At management level, we use Rabobank expertise to map the strategic course. A team of local managers and Rabobank managers forms the executive committee. In addition, we ask a host of banking specialists to help local managers find solutions that are best suited to the local environment. In time, these partner banks will develop into divisions of our standard banking operations.

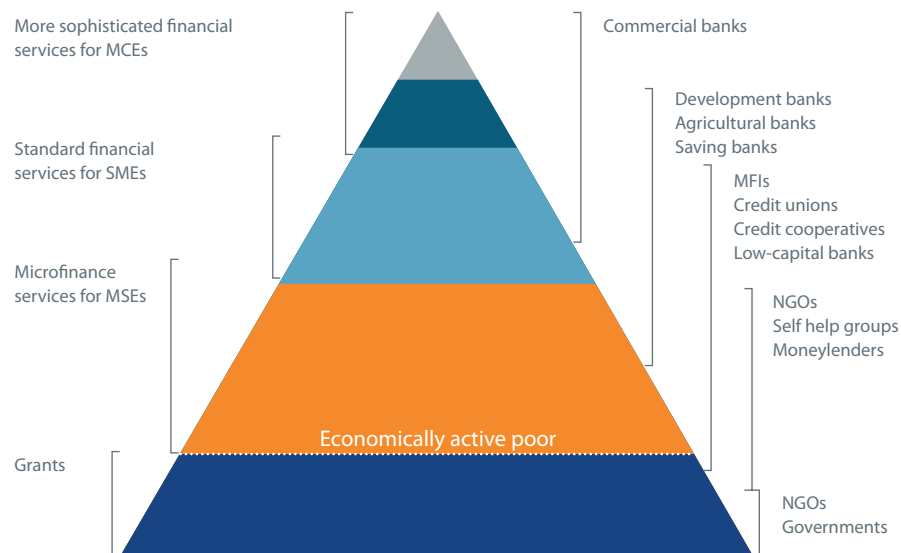
Rabo Development is well placed to offer support throughout the agricultural chain in the countries where it is active. Rabobank Foundation helps farmers' cooperatives on their way by issuing crop loans. If they show steady growth, cooperatives can, in time, be transferred to a partner bank in a developing country. This local bank will receive support from Rabo Development and Rabobank International. We plan to give more practical expression to this complementarity over the next few years.

Fields of operation and responsibilities of Rabobank Foundation and Rabo Development

The below diagram shows that various types of financial agencies service specific market segments in developing countries and emerging markets. Jointly, they offer a wide range of financial products and services.

Financial landscape in developing countries and emerging economies

- High
- Middle
- Low
- Economically active poor
- Extremely poor



The pyramid roughly distinguishes three types of institutions. This distinction is relevant for characterising our activities. These microfinance or other institutes vary from informal mutual savings groups to commercial banks.

- 1 institutions such as non-governmental organisations (NGOs) and development organisations,
- 2 various types of cooperatives,
- 3 microfinance institutes (MFIs) and banks.

With the combination of Rabobank Foundation and Rabo Development, the Rabobank Group covers the entire institutional field. One of the areas of focus of Rabo Development is transforming former government banks into modern financial institutions. This is designed to offer the general population better access to financial services. At the bottom of the pyramid, Rabobank Foundation targets NGOs and microfinance institutes, focusing specifically on (partnerships with) cooperatives.

In 2007 Rabobank Foundation reduced the number of countries in which it is active to 25, based on geographical focus, and social and economic criteria. Rabo Development also applies criteria in selecting countries, including a low level of development, the presence of a strong agricultural sector, sufficient stability in terms of economic, political, social and institutional structure, adequate leeway for foreign investors, and a safe and secure environment for local Rabobank staff.

Great interest in microfinance

Although the concept of microfinance has been applied globally for thirty years, it has only gained public interest since recent years, thanks, in part, to UN International Year of Microcredit in 2005 and the awarding of the Nobel Peace Prize to Mohammed Yunus and Grameen Bank Bangladesh in 2006. Microfinance comprises much more than microcredit alone. Broadly speaking, it involves building sustainable financial institutions and offering products and services that people need, such as savings, insurance, leasing and venture capital services. The economically active population needs investment loans and working capital for their small businesses. In addition, the more than 1.1 billion poorest people in the world would be well served if we could alleviate some of the tough uncertainties in their daily lives. They want to be able to put what little savings they have in a bank, take out medical and life insurance, and have access to microcredit to fill gaps in their income. Rabobank Foundation is active in this segment.

Reconsidering CSR initiatives in developing countries

In 2007 the Rabobank Group reconsidered the position of the three entities that are active in developing countries: Rabobank International, Rabo Development and Rabobank Foundation. These entities will now become much more effective because of their teaming up in developing countries. The fact is that more and more CSR initiatives are being undertaken by various entities, also in countries where the economy is still in the embryonic stage. Examples include the acquisition of two local Rabobanks by Rabobank International in Chile and Indonesia, the establishment in 2007 of a bank in Mozambique by Rabo Development, and the development of financial institutions by Rabobank Foundation in countries such as Albania, Sri Lanka and Cameroon.

Rabo Development invests in partner banks

Late in 2005 Rabobank took the initiative to develop banks modelled after Rabobank in the Netherlands in a number of developing countries. Although these banks do not necessarily have a cooperative structure, they do stand out from other banks because they have rural areas as their market focus. We consider these banks our partner banks. Rabobank focuses on the long-term development of the partner banks; profitability comes second in the short run. With this initiative, Rabobank again gives expression to its original cooperative objective: to offer financial services where this service provision is underdeveloped.

Rabo Development forges an institutional partnership with a partner bank by acquiring a strategic minority interest. The choice of bank in a country is based on its relative market position, the options for substantial participation, and coverage of the network of branches. In 2007 Rabo Development had four partner banks in which it had invested approximately USD 70 million in total: National Microfinance Bank (Tanzania), Zambia National Commercial Bank (Zambia), United Rural Cooperative Bank of Hangzhou (China) and Banco Terra (Mozambique). Together, these four partner bank have about 2 million customers. In 2008 Rabo Development plans to acquire interests in Banco Regional (Paraguay) and Union des Banques Populaires du Rwanda (Rwanda).

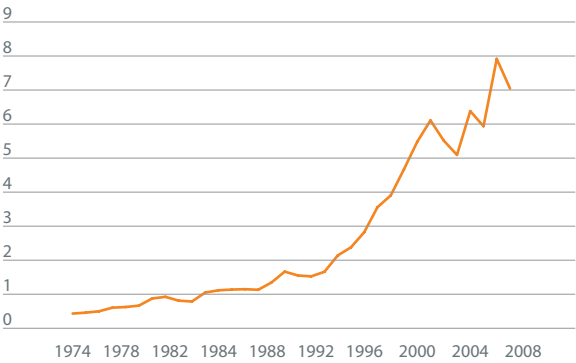
Partner banks

- The first participating interest in 2005 was in National Microfinance Bank (NMB) in Tanzania, a privatised national bank of the Tanzanian government. NMB has 120 branches, nearly 2,000 employees and one million customers.
- In 2006 Rabo Development also acquired a participating interests in United Rural Cooperative Bank of Hangzhou (URCB) in China. This bank focuses on small and medium-sized enterprise, farmers and private individuals. URCB's 1,200 employees serve more than 600,000 customers from 120 branches.
- In April 2007 Rabo Development acquired a participating interest in Zambia National Commercial Bank (ZNCB). This also involves a privatised national bank. The bank boasts a total of 50 branches spread over the country, 1,100 employees and 200,000 customers.
- As an exception to the rule, Rabo Development established a new bank in Mozambique by the name of Banco Terra late in 2007, the reason being that Mozambique does not currently have a bank with a large network of branches in rural areas. The first Banco Terra branch opened its doors on 20 January 2008. The bank expects to be represented in every province within two years of its establishment.
- In Paraguay, Rabo Development agreed, on 20 November 2007, to acquire a 40% interest in Banco Regional, whose shareholders are local farmers. It is vital for Banco Regional to forge an affiliation with the international agricultural network, both for itself and for its customers. The bank currently has 200 employees, 15 branches and 12,000 customers.

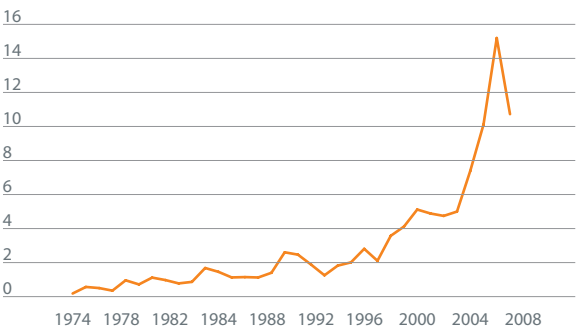
Rabobank staff help out in developing countries

Rabobank puts managers at the disposal of the partner banks if and as long as they are needed. Rabobank staff share their specialist knowledge locally with resident bank officials. At the end of 2007 there were 18 colleagues who fulfilled management duties in developing countries. In addition, about 150 short-term consultants were assigned to all manner of specific areas in 2007. In 2007 a record 2,500 consulting days were offered. In the interim, 461 consultants, Rabobank staff from all echelons of the organisation, have now become available for assignment. Expertise in areas such as credit management, risk management, product development, distribution, ICT and HR is much sought-after.

Contributions by local Rabobanks
1974-2007
In millions of euros

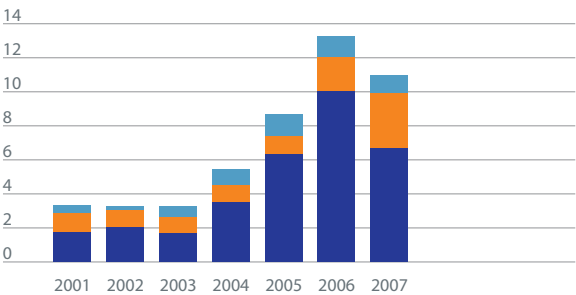


Interest received in 2007 (5 years)
In millions of euros



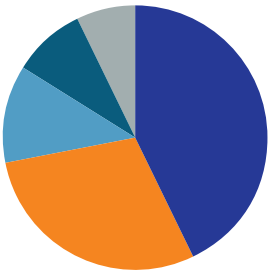
Funds committed by RF
by type of product
In millions of euros

- Technical assistance
- Donations
- Loans



Rabobank Foundations instruments
in 2007

- Fair-trade and trade finance 43%
- Micro finance 29%
- Donations 12%
- Technical assistance 9%
- Guarantees 7%



Rabobank Foundation's international activities

On a global scale, more than 172 million people are members of 46,000 savings and loans cooperatives that, together, control more than 904 billion US dollar in savings. People become members of cooperatives to acquire easy access to a range of products and services. Rabobank Foundation was established by local Rabobanks in 1973. The goal of the international activities is to develop savings and loans cooperatives, and producers' associations in developing countries. Local Rabobanks contribute some of their profits to Rabo Foundation and Rabobank Nederland doubles this amount.

In 2007 Rabobank Foundation spent nearly 11 million euro on 143 projects in 25 countries. The total lending portfolio in microcredit and (fair) trade finance rose to 17 million euro, an increase of about 8%.

Note:

in addition to thematic categorisation into 'microfinance' and 'chain structure', the earmarked contributions and technical assistance can be classified as follows:

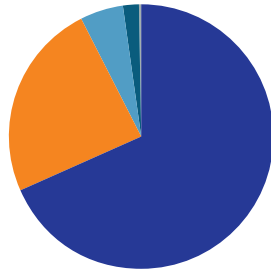
- donations to new and start-up partner organisations,
- loans in local currencies for the benefit of credit funds,
- loans in strong currencies for trade finance, and
- local knowledge transfer by Rabobank experts and third parties.

Sustainable trade in developing countries

42% of the Dutch population are sympathetic towards sustainable products and wants to adopt sustainable consumption habits; 50% are willing to pay extra for a sustainable way of life. This requires, of course, that consumers come across these products in their supermarkets.

In recent years, more and more organic and ecological fair trade products have reached supermarket shelves. Rabobank Foundation has been involved for years in the chains of coffee, cocoa and tropical fruit. We will add cotton to this list in 2008 (joint venture with Organic Exchange) All these products are grown by millions of small farms worldwide. Access to international markets, funding and sustainable growing methods contribute to economic and social prosperity, as well as to a better environment. Integration in the chain from farm to consumer adds more value for the farmer as well as offering consumer better products.

| Lending portfolio in 2007 | |
|---------------------------|------|
| South America | 68% |
| Asia | 24% |
| Africa | 5% |
| Eastern Europe | 2% |
| Netherlands | 0.2% |



In 2007 Rabobank Foundation issued 3.2 million euro in trade finance loans to 28 cooperatives in Latin America, Asia and Africa. An additional amount of 4.6 million US dollar was provided together with partners such as DOEN Foundation and Solidaridad. Rabobank Foundation has teamed up with the cooperatives to help them develop sustainable operations and business processes, and to capitalise on current and future sustainable markets. It is also being reviewed whether additional, economically feasible initiatives can be developed (such as sugar cane cultivation and ecotourism), while protecting biodiversity (shade-providing trees in coffee growing, diversity of bird and butterflies, purification and recycling of waste water, bio-compost).

Sustainable Agriculture Guarantee Fund

The Sustainable Agriculture Guarantee Fund (SAGF) is a public-private partnership offering partial credit guarantees to banks in South America, Africa and Asia. These allow banks to form sustainable ties with agricultural cooperatives and businesses, a sector that they regard as high-risk. Under this guarantee, which is scaled down over a period of three to four years, cooperatives and businesses are offered a loan at competitive conditions. Investors/partners in the Guarantee Fund are Rabobank International, Rabobank Foundation, the Dutch Ministry of Foreign Affairs/DGIS, Cordaid and Solidaridad. In 2007 the implementation of a number of developments was accelerated, including the appointment of a fund manager and the adjustment of the original design of the guarantee structure to the legal and commercial practice of local financial institutions. The market responded favourably to this adjustment, culminating in new applications from Nicaragua, Peru, Colombia, Kenya and Tanzania.

Microinsurance (MIAN) and microleasing

If a poor family is struck by a chronic illness, incapacity for work, a death in the family or a natural disaster, they are in double trouble: they lose their income and they continue to be in debt. To alleviate such situations, Interpolis and Rabobank Foundation started to offer microinsurance about eight years ago. The Micro Insurance Association Netherlands (MIAN) was established in 2004. MIAN is a network of experts from Interpolis, Achmea, Univé and Rabobank, among other organisations, that aims to expand the microinsurance system globally and provide large-scale access to microinsurance. MIAN is now undertaking projects in various countries in Asia and Africa, which provide microinsurance services to about half a million families in total. Interpolis now being a division of the Achmea/Eureko Group,

local organisations (i.e. insurers) receive guarantees from the Eureko Group for the first few years based on reinsurance. In 2007 Rabobank Foundation funded 232 man-days in the area of microinsurance.

Leasing specialist De Lage Landen decided, in 2007, to contribute knowledge and assign people to setting up a new microleasing programme in Albania. It is being reviewed, together with the SCA Union for Albania, whether a leasing product can be developed for farmers who want to invest in farm equipment, greenhouses, ploughs, irrigation systems and suchlike. These types of investments far exceed the level of microcredit.

Strategic alliances with partners in developing countries

In our banking activities in developing countries, Rabobank Foundation actively seeks to forge partnerships with other parties. In doing so, we focus on organisations that share our vision and mission of 'bottom-up development'. This helps us to achieve synergies despite deploying relatively limited (human) resources. In 2007 we were involved in the following partnerships:

- Rabobank Foundation, Oikocredit and ICCO collaborate in Terrafina for the promotion of agricultural loans and other financial services in those rural markets in Africa that are still underdeveloped as far as access to established financial institutions is concerned.
- DOEN Foundation, Solidaridad and Rabobank Foundation collaborate in the Progreso Coffee Fund and the Progreso programme to strengthen 38 fair trade and organic coffee cooperatives, mostly in Latin America.
- AgriProFocus is an alliance of 20 Dutch partners of various backgrounds, their goal being to make better use of the countervailing power of farmers and their economic stakeholders in local and export markets. Rabobank Foundation is a member of this alliance.
- Rabobank is a member of the Dutch Microfinance Platform and is chairing this Platform, which seeks to bundle, coordinate and thereby streamline the Dutch offering of microfinance in developing countries, for a two-year period.
- We have partnered up with Cordaid, a co-financing organisation. In addition to them being a full-service customer, our partnership also involves a number of joint projects in the Netherlands and abroad, as well as some fundraising initiatives. Within the scope of these projects, Rabobank contributes (micro)finance expertise for the purposes of developing Cordaid partners into small and medium-sized enterprises.
- We have forged an alliance with co-financing organisation Woord en Daad, an organisation fighting poverty from a Christian perspective, based on which seven local Rabobanks and Rabobank Foundation co-finance a microcredit organisation in Bangladesh for an amount of 200,000 euro.

8 In the thick of society

Our contributions to our immediate surroundings

Rabobank is a bank that is in the thick of society. Following on from our cooperative principles, where focus is on achieving people's ambitions, we consciously take account of the needs and interests of the world around us. This is reflected in our financial products and services, but certainly also in the social and sustainable initiatives that we support in local communities. We invest, for example, with our cooperative dividend, using part of the profit for cultural, economic and social projects and we also sponsor countless organisations and projects every year. This is how we contribute to the sustainable development of society in general and to the welfare of our 1.6 million members in particular.

Our management approach to social engagement

The Rabobank Group's ambition is to be the largest, best and most customer-driven and innovative financial institution in the Netherlands. We have described our brand values to achieve this as 'involved, near-by and leading'. The key words connected to these values are innovation, inspiration, expertise and vision. We are near-by and committed to our customers, our members and their environment. Together with them, we dedicate ourselves to a sustainable environment based on our pursuit of corporate social responsibility. In this process, we do not lose sight of our commercial activities; we want our social activities to be aligned as closely as possible to our core business. There is no conflict between the 'human orange' and the 'business blue', which appears in all our communications. We want to blend together these two colours and their underlying meaning in inspiring partnerships. Examples include our partnership with the Dutch chapter of the World Wide Fund for Nature in the Rabocard with climate compensation and the initiatives of a number of local Rabobanks to provide access to affordable homes for young first-time buyers on the housing market.

The Rabobank Group, both as a whole and on the basis of its separate entities, displays strong social engagement, mainly through cooperative dividend, staff involvement in the wider community, fund payments and sponsoring.

Our cooperative dividend

Rabobank does not have any shareholders to whom it pays regular dividend. As a cooperative association with members, we set aside part of our profit for sustainable social, economic and cultural initiatives in society. We refer to all these investments together as cooperative dividend and they may comprise money, manpower, means, mass and media (Meijs & Van der Voort, 2003). Money represents financial contributions made from local cooperative funds in which local Rabobanks deposit part of their profit, which is then allocated to specific social initiatives in the local community by a delegation of the members. Manpower refers to staff volunteering initiatives, means to the provision of accommodation, computers or money-counting machines and suchlike, mass to the deployment of banking networks and media to offering third parties access to the Bank's communication tools.

Expenditure by cooperative funds

| Year | Expenditure by combined local Rabobank funds |
|------|--|
| 2007 | 16.1 million euro |
| 2006 | 13.8 million euro |
| 2005 | 11.9 million euro |

In 2007, 86% of the local Rabobanks had a cooperative fund. But financial support is not the most important thing. The idea is to combine the various investment methods as successfully as possible within the phenomenon of cooperative dividend, focusing on improving the social environment. There is no strict policy for cooperative dividend: the local Rabobanks themselves determine whether and to what extent they use it. Most of the activities to improve the environment, the local economy and the social environment can be distilled into one of the following six themes: (1) financial schooling, (2) education and career development, (3) districts and neighbourhoods (including economic and cultural development), (4) health and welfare, (5) rural renewal, and (6) the environment. Examples of each theme can be found on www.rabobankgroep.nl.

What does Rabobank do in your area?

A full-scale national promotion campaign about our cooperative dividend was launched at the beginning of 2007. This included, for example, a banner on all the major Internet news sites with a link to Google Earth. On www.watdoetderabobankinuwomgeving.nl, people can see which projects Rabobank supports in their immediate vicinity. A few examples, in the form of web videos, can also be found on www.rabobank.nl. These examples – traineeships for the young people from ethnic minorities, a network for business starters and affordable homes for first-time buyers – illustrate how we distinguish ourselves in our commercial activities by connecting social themes to the needs of our customers and potential customers.

Volunteering

Volunteers are committed and enterprising citizens. They are aware of the problems in society and contribute to the quality of life on their own initiative or through public organisations. Rabobank Nederland is a partner of the Dutch Association for Volunteer Effort (Dutch acronym: NOV). In 2007 it was decided to replace the national volunteering prize 'Het Nationaal Compliment' (The National Compliment) with a programme called 'Helden om de Hoek' (Heroes Around the Corner) that focuses on the appreciation and recognition of volunteers. This programme will start in 2008.

Social commitment by staff

At Rabobank, we encourage our staff to take up volunteering because this is in line with our cooperative principles and with our opinions about corporate social responsibility. The Rabobank Group staff show their commitment to the communities in which they live and work all over the world. A number of foreign branches of Rabobank International, for instance, have forged partnerships with local public organisations and their staff participate in a range of volunteering projects. Rabobank India, for example, supports a mentoring programme, with the Bank's staff teaching and coaching young people to prepare them for their working life. Robeco also has many committed staff who are linked up to community projects through Workmate, a virtual volunteer matching system, among other tools. In 2007, 70 Robeco staff were registered as a volunteer in this system. Staff of local Rabobanks spent more than 46,000 hours in total participating in community projects in 2007.

Make A Difference Day

Since 2005, Rabobank has been a partner in MADD ('Make a Difference Day'), the national volunteering days that are held every autumn. On 2 and 3 November 2007, tens of thousands of Dutch people, including more than 2,500 Rabobank Group staff, rolled up their shirtsleeves. A total of 38 local Rabobanks organised MADD activities in their field of operation together with public organisations. 265 staff from Rabobank Alkmaar, for example, spent a day

contributing to 16 different community projects, ranging from a children's farm to a nursing home. On these two days, a total of 259 community projects were supported throughout the Netherlands.

Volunteering and socially responsible practice

Staff volunteering was the topic of extensive discussion during the collective bargaining agreement negotiations in 2007. Although no specific guidelines are included in the agreement, all parties confirmed that volunteering ties in well with the position that Rabobank wishes to occupy in society. At the beginning of 2007, 'Socially Responsible Practice' was included in the internal HR competency manual as an official competency, with volunteering qualifying as an important factor at various levels.

Placement in a non-profit or volunteering organisation

Rabobank Nederland signed a letter of intent regarding placement in a non-profit or volunteering organisation on 31 October 2007. The aim of this government project is to promote learning by pupils outside of the school's walls. Rabobank offers knowledge and networks, among other resources. An example is school pupils teaching pensioners how to use Internet banking. One such initiative was started by the 'Jong Leert Oud' (The Young Teach The Old) foundation in cooperation with Rabobank Breda, offering Internet banking lessons to people aged over 50.

Our social funds

Rabobank Foundation

Rabobank Foundation was established in 1973 to improve the position of underprivileged groups in society and promote an equitable distribution of welfare and prosperity. The fund has now grown from a small charitable foundation into a professional development organisation. Millions of people benefit from the assistance provided by the Foundation, which supports an average of 200 projects every year. Three-quarters of the work concern projects in developing countries, while a quarter are projects for underprivileged groups or groups subject to deprivation in the Netherlands. In 2007, 223 applications for support to projects in the Netherlands were received, and 34 of these were honoured with a total of more than 1.9 million euro. In 2006 this support amounted to 1.6 million euro. Local Rabobanks make an annual donation to Rabobank Foundation and they also regularly contribute to projects and work together with the Foundation in projects. Examples of projects and initiatives that received financial assistance from the Foundation in 2007 are:

- The Reading and Writing Foundation, to help alleviate the problem of low literacy,
- 'Onbeperkt Nederland', a beauty contest for women with a physical disability,
- www.steffie.nl, visual step-by-step explanation of socially relevant topics,
- 'Best Buddies' foundation, a friendship project between people with and without a mental disability, and
- Goede Zaken®, a workshop for associations and foundations to professionalise their presentations to the business community (partnership with DOEN Foundation).

Project Fund

The Rabobank Project Fund has encouraged innovative, sustainable projects in the Netherlands with an economic and social interest since 1984. The results benefit a large group of Rabobank members and, as a consequence, a large section of Dutch society. Focus is on projects with an innovative character for both the agricultural sector and small and medium-sized enterprises. The Project Fund specialises in the research or development stages of projects in particular. In 2007, 68 new applications were received, 58 of which were considered and 25 honoured at a total value of 1.1 million euro.

The following projects were included:

- Stichting nOhandicap: launch of a network for entrepreneurs with a physical disability,
- a study into a new teaching methodology to prevent behavioural and motivation problems in children, and
- development of the Poortwachterscentrum (Gatekeeper's Centre) knowledge platform for entrepreneurs in the province of North-Holland.

Sponsoring with a social orientation

When entering into sponsorships, both commercial considerations and our social orientation play a role. In its sponsorship policy, Rabobank has opted to enter into long-term, permanent partnerships where the sponsored party benefits from the collaboration in particular. We do not sponsor organisations with political motives, individuals, extreme sports or activities that pollute the environment. Apart from branding, training talented people and fostering a dynamic and a humanitarian society are key factors in our sponsorship policy. In 2007 Rabobank Nederland spent a total of 25.5 million euro on sponsoring, while the local Rabobanks earmarked approximately 25.4 million euro for sponsoring. The other group entities jointly spent a total of 4.6 million euro on sponsoring.

Sport and culture are priorities

In our national sponsor projects we focus mainly on sport and culture. Rabobank is a partner of the Royal Dutch Hockey Association, the Royal Dutch Equestrian Federation and the Royal Dutch Cycling Union. In addition, we are an official supplier of the Dutch Olympic Committee/Dutch Sports Federation and a sponsor of Nebas*Nsg, the Netherlands sporting organisation for people with a disability. The sponsoring of culture mainly involves our partnership with the Van Gogh Museum in Amsterdam. Finally, we are the principal sponsor of the Dutch Agricultural Youth Association. Surveys show that our staff believe that sponsorship projects in the fields of sports and culture are well suited to Rabobank. Almost everyone is positive about sponsoring in general, partly because it demonstrates our social engagement.

Our sponsoring activities sometimes present us with difficult issues that force us to make carefully considered choices. In 2007, for example, the management of the Rabo Cycling team had to dismiss Tour de France leader Rasmussen from the competition because he had violated our internal rules. We opted to continue supporting cycling at all levels, but also to apply a zero-tolerance policy concerning doping and incorrect information concerning the whereabouts of cyclists. By taking the decision to withdraw Rasmussen from the Tour de France, we sent a clear signal about integrity in sport and in our organisation. One of the cases in our Annual Sustainability Report 2007 is about our duty to society and making ethical decisions in sport sponsoring.

9 Our employees

A clear view of HR

Our market, customers and targets are changing in response to social trends such as the adoption of new technologies, the ageing of the population and the blurring of boundaries. If we are to achieve our ambitions in this complex and rapidly changing environment, we need talented, dynamic, persistently motivated people. This requires both clear vision and clear policy in the area of HRM. The new HR vision, 'People Make the Bank, *Even Better*', was implemented in 2007.

Rabobank's position paper on human rights

The Rabobank Group endorses the Tripartite Declaration of Principles of the International Labour Organisation (ILO), and, through it, the Universal Declaration of Human Rights.

The declaration of principles constitutes an external pillar of our HRM policy. In 2007 a position paper on human rights was produced in view of the need that existed within the Rabobank Group for a more practical set of guidelines.

Rabobank Nederland's Personnel Department is responsible for group-wide HRM policy on staff management, management development, terms of employment, and pensions. It is also responsible for coordination with Rabobank Nederland's Works Council and the Member Banks' Group Works Council (Dutch acronym: GOR AB) as well as consultations with the trade unions.

Three themes of HR vision: 'People Make the Bank, *Even Better*'

Given social trends and our strategy of achieving steady organic growth in three areas (market leadership in the Netherlands, synergies between group entities, and leadership in international retail banking and food and agri banking), the Rabobank Group needs clear vision and firm policy in the area of HRM. We can only achieve our ambitions if we have talented, dynamic, persistently motivated people. These people constitute our organisation's most important resource.

Starting out from this basic principle, we published a Dutch-language study, 'De WERKelijkheid van morgen' (Tomorrow's Reality) in 2006. This study describes seven megatrends that will influence how people work in the next few years. These are increased use of digital technology, reduced boundaries, increased multiformity, increased insecurity, increased responsibility, increased dynamism and increased enterprising spirit. The results were fleshed out in an updated vision of our HR policy, 'People Make the Bank, *Even Better*', in 2006. This vision establishes a link between the trends mentioned and Rabobank's ambitions. Three focal areas have been identified in this context. They are (1) working smarter, (2) careers, and (3) diversity.

Working smarter

Rabobank wants to work more efficiently and effectively. In order to do so, we need employees who are passionate and enterprising. Managers have to provide their staff with room to develop these qualities. They inspire, coach, and focus on results. Rabobank's annual

performance management cycle of planning, performance, appraisal and assessment, and reward is designed with this in mind. The following HRM activities form part of the 'working smarter' focal area:

- new Rabobank collective bargaining agreement, page 71
- made-to-measure terms of employment, page 72
- harmonisation of terms of employment, page 72
- Rabobank 2010, page 72
- pension plan, page 72
- performance management, page 73
- appraisal and remuneration of senior management, page 73
- new style of working: Rabo Unplugged, page 74.

Careers

Professional development is vital in order for employees of the Rabobank Group to maintain their skills and to grow in their careers. That is why we therefore encourage professional development and mobility. Furthermore, in addition to the prevention of absenteeism due to illness we are placing greater emphasis on promoting health and enhancing employability. The following HRM activities form part of the 'careers' focal area:

- strong basis for recruitment and selection, page 74
- completion of study into improving employability, page 75
- group-wide talent development, page 75
- personal development plans for all, page 75
- development of knowledge of CSR among employees, page 76
- employee satisfaction, page 76
- working conditions and incapacity for work, page 76
- staff turnover, page 77.

Diversity

The Rabobank Group seeks to employ a workforce that is a reflection of the working population, with regional differences reflected in various areas of operations, both in a national and international context. This allows us to align closer to culture-specific needs in regional and local markets, and offer the products and services that our customers want. The following HRM activities form part of the 'diversity' focal area:

- attraction and development of various talents, page 78
- more women in senior positions, page 78
- cultural diversity, page 78.

New, smarter working methods

We live in a 24-hour economy. International networks are becoming increasingly important, information is transferred at ever faster speeds, and individuals want more freedom. These trends mean that clients' expectations of financial services providers are changing, and that employees of the Bank will increasingly want to perform their work in a different manner. In the years ahead, Rabobank expects its employees to take more initiative, be more innovative and take on more responsibility. Employees are increasingly deciding for themselves when and where they perform their work, and boundaries are falling down, both between and within organisations. Work is no longer restricted by time and location, and this has blurred the line between work and private life. This calls for confidence and flexibility. New, flexible workplace concepts have been developed in response to this, which promote the new style of working as well as improving efficiency and reducing costs. Our policy on performance management and terms of employment is also in keeping with this. Managers encourage and support their staff, challenge them, help them adopt the new style of working, and agree output targets with employees.

New Rabobank collective bargaining agreement

The Rabobank Collective Bargaining Agreement (CBA) 2005-2007¹ expired in May 2007. The negotiations with the trade unions on a new CBA did not go well, and for the first time in the history of the Rabobank CBA negotiations ended without agreement being reached. The main point of dispute between the unions and the Bank related to pay increases.

1) The Rabobank CBA applies to Rabobank Netherlands, local Rabobanks, De Lage Landen, Obvion, Orbay, Schretlen & Co and Alex.

Rabobank had a strong preference for dividing pay increases between variable income and fixed salary, based on the view that the organisation would become more results-oriented if there was an increase in the share of variable pay, which is determined using the performance management system that was introduced in 2005 for all staff covered by the CBA. The unions objected to this on the grounds that the organisation was still learning about performance management, and were concerned that Rabobank was increasing the emphasis on performance-related pay too soon. The parties eventually reached a compromise under which employees will receive an increase in their fixed pay during the first year of the new two-year CBA, and increases in both fixed pay and variable pay during the second year. The new CBA also provides for a number of studies to be conducted, including a study relating to the modernisation of the CBA in all key areas that should make the CBA more accessible and easier to apply for employees and managers alike. Follow these links for more information on terms of employment and working hours under the Rabobank CBA.

Rabobank study into pay differentiation

As the organisation is active in an increasing number of different labour markets, it needs different packages of terms and conditions of employment as well as various solutions that may be made to measure. For this reason it was agreed in 2007, as part of the CBA, that a study be conducted into pay differentiation. In keeping with its vision 'People Make the Bank, *Even Better*', Rabobank intends to enable further diversification and differentiation within the CBA, since differences exist between employees who work outside the office in commercial positions and back-office staff. These differences may call for a difference in performance targets and management, and the related forms and levels of remuneration. The pay differential study encompasses two specific projects: a Rabobank-wide debate on the necessity, desirability and feasibility of pay differentiation in general, and a pilot project involving three different pay variants to investigate the impact of pay differentiation. The study will be carried out under the auspices of a steering group in which three parties are represented: Rabobank, trade unions, and staff.

Harmonisation of terms of employment at Rabo Bouwfonds and De Lage Landen

In 2007 Rabo Bouwfonds took steps to harmonise terms of employment at FGH Bank, Bouwfonds and Rabo Vastgoed. The harmonised terms of employment will be laid down in the new Rabo Bouwfonds CBA. A letter of intent was signed with the trade unions in December 2007, and consultations with the unions will continue in 2008 to flesh out the agreements. Terms of employment have also been harmonised at De Lage Landen, in connection with the acquisition of Athlon. A great deal of preparatory work was done during the year under review; the actual changes will be implemented in 2008. De Lage Landen will also introduce a new European remuneration policy of its own in 2008, in line with agreements made with trade associations in 2007.

Employees' stake in Rabobank Vision 2010

How can Rabobank best support the ambitions of its customers in the years ahead? With this aim in mind, in the summer of 2007 a steering group started to develop the Rabobank Vision 2010. This vision will enable the local Rabobanks to respond to changing circumstances. To achieve this vision, the steering group has defined ten areas of change, one of which is 'Employees'. Change in this area will include a reduction in the number of front and back-office positions. Furthermore, the work involved in some positions will change, requiring different expertise and competencies. Employees will need to become more results-oriented and enterprising. This is closely linked with the HR vision 'People Make the Bank, *Even Better*'.

Rabobank Group pension provisions

Pension provisions relating to employees of Rabobank Nederland, the local Rabobanks, De Lage Landen, Schretlen & Co, Obvion and Alex (the latter until 31 December 2007, in connection with its acquisition by Binck Bank) are administered by a pension trust by the name of Stichting Rabobank Pensioenfondsen. At year-end 2007, the pension provision amounted to 6.5 billion euro. Pension contributions for qualifying institutions amounted to 540 million euro in 2007. FGH Bank, Bouwfonds and Robeco have their own pension funds.

Ongoing professionalisation of performance management

Rabobank's performance management (PM) system of assessment and reward was introduced throughout the organisation in 2005, with the aim of encouraging a more results-oriented attitude to work. Employees and managers agree on both collective targets and individual targets for results and competencies. The organisation expressed a wish to expand results-oriented management and, in keeping with this, variable pay, but various stakeholders (trade unions, Works Council and directors) indicated that performance management was not yet as widely supported as they might have hoped. This was largely related to the application of the system, rather than the system itself. A staff survey revealed that approximately three quarters of the workforce felt that the planning process was going well, but improvements could be made in the areas of feedback and support.

The 'Even Better Performance Management' project is aimed at the ongoing professionalisation of the application of the performance management system. The starting point is that labour relations should be mature in nature, with all stakeholders taking their role seriously. The resolution of bottlenecks found in the implementation of the performance management system relate chiefly to the relationship between the employee and his or her manager. HR advisers and HR managers at the local Rabobanks and Rabobank Nederland can play an important role in this process. They have studied the performance management in depth and discussed their experiences with its application during workshops, where they looked at the dilemmas and choices associated with performance management and were prepared and equipped to hold local discussions on performance management.

Within Rabo Bouwfonds, each of the three former entities (FGH Bank, Rabo Vastgoed and Bouwfonds) has its own system of performance and competency management for staff development. A common system will become applicable under the new CBA.

CSR objectives within performance management

In 2006 the Rabobank Group decided to integrate corporate social responsibility (CSR) in all areas of its day-to-day activities. As part of this, a number of steps were taken to express this in the performance appraisal process. Executive managers of Rabobank Nederland and group entities (with the exception of management staff at the local Rabobanks) have been required since 2006, for instance, to include at least one CSR objective in their performance management. Several departments and banks now also encourage and/or help staff to include CSR targets for the purpose of performance management. With effect from 2007, employees have also been able to include social responsibility as an individual competency target.

Appraisal and remuneration of senior management

In 2007 the remuneration of the members and former members of the Executive Board amounted to 10.8 million euro. This amount was made up as follows:

Remuneration of Executive Board (in millions of euros)

| | 2007 | 2006 |
|-------------------------|------|------|
| Salaries and wages | 7.1 | 6.6 |
| Pension charges | 1.2 | 1.2 |
| Performance-related pay | 2.3 | 1.7 |
| Other | 0.2 | 0.3 |
| Total | 10.8 | 9.8 |

The total remuneration of members and former members of the Supervisory Board amounted to 1.4 million euro in 2007 (2006: 1.3 million euro). At the end of 2007, loans and advances provided to members of the Supervisory Board and Executive Board amounted to 4.9 million euro (2006: 3.9 million euro) and 4.0 million euro (2006: 4.2 million euro), respectively.

Rabo Unplugged: new style of working at Rabobank Nederland

Rabo Unplugged, the new style of working at Rabobank Nederland, is based on trends such as the blurring of boundaries between and within organisations and increasing levels of enterprise among employees. Rabo Unplugged stands for letting go in the broadest sense: of rules, of monitoring attendance, and of personal workstations. Letting go implies trusting people and challenging them to take responsibility. This is done from the position of a positive view of humanity. Rabo Unplugged encourages employees to be more aware of the place, the time, the people and the resources they can best select to come up with the smartest results for their customers. Increased freedom of movement for employees has consequences for their relationship with their employer. In addition to the business relationship, emotional and social ties become more important.

Rabo Unplugged has far-reaching consequences for managers in particular. The challenge they face is to emphasise trust in their management style and to give their staff the room to be enterprising. Rabo Unplugged comprises subprojects on physical, virtual and mental space. The 'physical space' subproject investigates smarter ways to use buildings, security, and general and technical services. The 'virtual space' subproject focuses on IT applications, and the 'mental space' subproject on a new mentality, the smarter use of expertise, increased teamwork, increased personal responsibility and enterprise.

Good health and employability for a dynamic career

The HR vision 'People Make the Bank, *Even Better*' establishes a link between development and longer careers. The length of the average career is increasing, and during their careers employees are expected to respond to constant changes. Personal and professional development of employees is a matter of pure necessity; we want to empower and encourage our employees so that they can grow within their current positions and at the same time grow towards another position in their career. Rabobank believes that good health and employability are key to a dynamic career. This matter is the shared responsibility of both employees and their managers.

Rabobank has a strong basis for recruitment and selection

When it comes to recruiting and retaining highly educated and talented staff, competition on the labour market is increasing, and it is becoming harder to find the right people. It is vital, therefore, that the organisation presents itself as a single Rabobank Group. A new corporate recruitment brochure, 'The world of Rabobank Group', was published in October 2007, in which the various group entities presented themselves as attractive employers in their individual segments. The brochure also refers to the web site www.rabobank.nl/werken, which provides information on careers within the Rabobank Group. Rabobank has been fortunate enough to have held a good position on the labour market for several years, and has come out top in various studies. In an image survey conducted by Intermediair, a recruitment magazine for academics, in October 2007 among highly educated people with up to ten years' work experience, we were named the favourite employer of 2007 (2006: third). Over 18% of those surveyed who wanted to work at Rabobank stated that one of the aspects that appealed to them was Rabobank's community involvement. Furthermore, Rabobank was named best employer in the financial sector in both the Management Team survey of employers (May 2007) and a survey conducted by FEM/Elsevier (October 2007). Both these publications are business magazines. Rabobank also has a strong image among students. In a survey by Nobiles Media in the Student Motivation Monitor (October 2007), which covered more than 2,000 students in higher and university education, we came out as the employer with the best atmosphere at work and were also ranked in the Top 5 in the categories best work/life balance, best intellectual challenge and best employer overall.

Completion of study into improving employability

At the start of 2007, Rabobank completed the employability study it conducted in conjunction with the Works Councils (Group Works Council and the Works Councils of Rabobank Nederland and De Lage Landen) and the relevant trade unions (De Unie, FNV, CNV and BBV). The study resulted in four recommendations to the parties to the CBA. The Employability Taskforce established that they could make a positive contribution to raising awareness and more active policy in the area of employability. It was agreed that employees whose positions require skills commensurate with an intermediate vocational education but who do not have the relevant educational qualifications may make use of exemptions (under a so-called accreditation or prior learning procedure) and follow a fast-track intermediate vocational education course. With a view to improving the employability of employees and increase their opportunities for both promotions or demotions and sideways career moves, the demotion section has been simplified, and as of 1 January 2008 a distinction will no longer be made as to the reason why an employee transfers to a position with a lower pay scale. Furthermore, agreements have been reached on encouraging employees to give feedback to managers and on supporting web-based learning. Web-based learning is considered to consist of one-third lesson time (which is refundable) and two-thirds preparation and home study. In 2008 Rabobank will introduce employability scans for employees (How employable am I?) and for managers (How do I manage employability?).

Group-wide talent development

Mobility within the Rabobank Group, including between group entities, is an essential part of the group's strategy for retaining and developing talent. The biggest challenge in this regard is to make employees aware that the Rabobank Group is a single organisation where they can build a career. This perception is still largely lacking, and as a result there are still too few transfers between group entities. A programme was launched in 2006 to arrange succession management for senior and executive managers, to do away with obstacles that impede transfers between group entities, and to encourage job rotation between departments and group entities. The Management and Talent Development Department implemented this programme in 2007. The first groups of talented people who may be suited to senior positions in the future have been selected, and they are receiving intensive support on their way to the next stage in their career.

In 2007 Robeco launched its Talent Network. The network's activities and projects enable talented people to share experiences and expertise. They can also attend lectures and workshops to enhance their expertise and skills. Talent development is also being paid close attention at Rabo Bouwfonds.

Personal development plans for all

Personal development plans (PDPs) are used by managers and employees to shape their personal and professional development. Since these plans are a crucial staff development tool, our aim is for every member of staff to have a PDP. The Intranet provides a practical toolkit for drawing up a PDP. In 2007, 75% of the employees of Rabobank Nederland had agreed on a PDP with their manager (2006: 69%). Rabobank believes it is also important that employees actively share their expertise and experiences, which is why it has introduced a bank-wide mentoring system.

With regard to personal development, Robeco uses personal action plans for all its employees. These are discussed twice a year during performance evaluation and appraisal interviews, when they may be adjusted if required. In order to clarify the career support and opportunities for growth available at Robeco, a development site was launched at the start of 2007 to provide further information on career paths, training opportunities and approaches to specific career issues.

Career advice within Rabobank Nederland

In 2007, 254 employees of Rabobank Nederland received career advice (2006: more than 200). They used the opportunity to take a close look at their talents (core competencies) and decide on the direction in which they want their career to develop.

Development of knowledge of CSR among employees

Employees have been able to follow a CSR e-learning module since 2006. This module deals with the CSR policy areas of financial services, in-house environmental care and community relations, incorporating themes such as human rights and the environment. The CSR e-learning module was developed for managers, employees in commercial positions, and CSR co-ordinators. A second CSR e-learning module was introduced for back-office staff in 2007. In total, 1,994 employees followed a CSR e-learning module in 2007 (2006: 177).

Employees satisfied with the Rabobank Group

It is essential that employees are committed to Rabobank and the job they perform if our organisational objectives are to be achieved. For this reason, we periodically carry out employee satisfaction surveys². In 2007 more than 40% of employees participated in the survey. Our survey is also an external benchmark contestant. Rabobank's employee satisfaction score of 85% (87% in 2006, 81% in 2005, and 85% in 2004) is significantly better than the external benchmark of 73%, which reflects the scores of 40 major Dutch companies. Employee satisfaction is also high within the group entities. The employees of Robeco (Dutch and foreign branches) awarded a score of 7.5 in 2007 for overall satisfaction, an improvement on the previous survey conducted in 2004.

According to a survey by the *Incompany* business magazine in December 2007, Rabobank was once again one of the year's top three companies for employee satisfaction. Rabobank also scored well in *Intermediair's* survey of employers, coming fifth (October 2007). Both rankings are based on a survey conducted among employees of terms of employment as well as satisfaction in the workplace (culture, career and job content).

Occupational health and safety service aims to prevent illness and promote vitality

The policy of the Rabobank Group Occupational Health and Safety Service is based on a sequential approach in which prevention, absenteeism due to illness and the related provision of support, reintegration, and payment during illness and incapacity for work form a coherent whole. The starting point for the policy is the promotion of health and prevention of illness. When an employee falls ill, policy and practice are designed to provide support during their illness, absence and attempts at reintegration in order to ensure they can continue to work wherever they can or return to work as soon as possible. This is combined with an appropriate supplement to their income. Both managers and employees are satisfied with the level of support provided during absences³. Employees have given this support a score of 7.9, and managers rate the support of their staff as 7.4. During 2007 further attention was paid to developing integrated health management, which emphasises the prevention of illness and promotion of vitality both for employees and the organisation. The lifestyle advice provided on the HR portal has been increased, and various tools and tests have been made available, including a vitality scan, a digital questionnaire on lifestyle and a plan for organising a health market.

Slight increase in absenteeism rate in 2007

The rate of absenteeism due to illness rose slightly in 2007 to 3.8% (2006: 3.6%), following several years in which absenteeism rates fell. In 2007 the direct costs of absenteeism (continued payment of salary during illness) amounted to approximately 144 million euro (2006: 129 million euro). The Rabobank Group Occupational Health and Safety Service monitors absenteeism rates and analyses trends where it sees grounds to do so. The slight rise in the rate of absenteeism is chiefly due to longer periods of absence. To reverse this trend, the Rabobank Group Occupational Health and Safety Service will consult with the relevant entities in order to identify causes before taking action. The direction in which a solution is sought will be tailored to the actual situation. Possibilities include further surveys of employees, supplementary agreements on absenteeism policy, and reintegration and training for managers.

Working with computers and pressure of work form significant occupational health risks at Rabobank. Research and interventions by the Rabobank Group Occupational Health and Safety Service help reduce these risks and prevent conditions such as CANS (Complaints of Arm, Neck and/or Shoulder) and work-related stress. To help avoid such conditions arising,

2) The survey applies to Rabobank Nederland, local Rabobanks, Alex and Schretlen & Co.

3) According to a survey held at Rabobank Nederland and local Rabobanks.

the Service is also involved in purchases of furniture and building projects. The percentage of employees at an increased risk of absenteeism due to illness relating to pressure of work and stress fell from 9% in 2006 to 8% in 2007.

During 2006, the 'Present' health care package was introduced in conjunction with Zilveren Kruis Achmea, a health insurer. This package of work-related care for all employees includes extras such as mediation in arranging health care and in reducing waiting times, a course on how to quit smoking, home care, assistance with transportation, and a health check. In 2007, 1,057 applications were submitted in relation to the Present Health care Package, and more than 10,000 employees made use of the health check service.

Inappropriate behaviour in the workplace

In 2007 the issue of inappropriate behaviour was brought emphatically to the attention of the employees of Rabobank Nederland and the local Rabobanks through an article in the staff magazine, a booklet accompanying the article, and a chart posted on the HR portal. This clearly communicated the message that Rabobank does not tolerate inappropriate behaviour. The article and the accompanying booklet also cover the Employment Disputes Regulation and the Regulation on the Internal Reporting of Abuses. These issues were discussed at the national day organised for confidential contact persons, which was attended by 110 such persons.

Employment disputes

Rabobank's Employment Disputes Regulation deals with disputes relating to work, working conditions, and terms of employment. Disputes are preferably dealt with in open discussions between the bank and the employee at the workplace. Rabobank sets great store by resolving disputes internally and in a mature manner. Where this is not possible, or where mutual relationships come under too much pressure, the bank or the employee may request advice or conciliation, or a binding decision from an independent Disputes Committee. The persons who provide advice on the Employment Disputes Regulation are impartial, independent and subject to a duty of confidentiality.

In 2007, 190 disputes were reported under the Employment Disputes Regulation (2006: 178). Advice was requested in 155 instances, and telephone conciliation or mediation in 23 instances. The Employment Disputes Committee dealt with the same number of disputes in 2007 as it did in 2006 (6).

By way of deviation from the Rabobank CBA, De Lage Landen has its own in-house system for dealing with complaints. Rabo Bouwfonds also has its own disputes regulation and disputes committee. No disputes were reported to Rabo Bouwfonds in 2007. The disputes committee of De Lage Landen dealt with one dispute in 2007. At Robeco, a disputes regulation was drawn up, but it has not been published, given that no disputes committee has been formed as yet. No disputes have been reported as yet.

Whistleblower regulation

The Rabobank Group's Regulation on the Internal Reporting of Abuse (whistleblower regulation) is designed to ensure that integrity is maintained. A confidential contact person has been appointed and a committee set up in connection with this regulation. In 2007, 11 reports of abuse were received by the confidential contact person, of which 5 were considered by the committee (2006: 7 reports). More information is available [here](#).

Staff turnover

The total headcount at the Rabobank Group rose by 4,133 in 2007 to 60,342 employees (2006: 56,209). Much of this growth is attributable to the various acquisitions made by the Rabobank Group in 2007. This is reflected in an increase in the number of staff employed in wholesale banking, international retail banking, and asset management and investment. The number of employees at De Lage Landen and Rabo Bouwfonds increased as a result of growth in activities. The number of staff employed in the domestic retail banking operations remained more or less stable during 2007.

Diversity to stimulate enterprise

Rabobank's HR policy celebrates differences in people. Diversity encourages enterprise and brings out people's true qualities. In addition, diversity within teams promotes quality and creativity.

Attraction and development of various talents

Society is constantly changing, and so is the labour market, which is currently becoming tighter. In order to be able to recruit enough high quality staff, we need to take active steps to appeal to all segments of the labour market: young and old, male and female, and all ethnicities. Every year, Rabobank offers work placements to a large number of students. The Work Placement Desk allocates placements at Rabobank Nederland, where increasing the number of students from ethnic minorities was again a priority in 2007. The target was to fill 30% of placements with students from this target group. 19% has been achieved (2006: 21%).

Women in senior positions

The Rabobank Group aims to appoint women to senior positions. Various initiatives exist to promote this. In 2007 women made up 7% of the executive management of our organisation. The target is for this figure to increase to 10% in 2008.

Rabobank aims for greater cultural diversity

Rabobank intends to achieve its ambition of greater cultural diversity within its workforce by means of small-scale awareness-raising activities that serve as in-house examples.

As part of this, in 2007 it took the first steps towards setting up a professionalisation programme for HR advisers and recruiters, and it experimented with an active recruitment policy for ethnic minorities. This policy will be evaluated to see how successful it is and how we should follow it up.

HR tables

Key data

| | 2007 | 2006 | 2005 | 2004 |
|--|--------|--------|--------|--------|
| Employees* | | | | |
| - number | 60,342 | 56,209 | 50,988 | 56,324 |
| - FTEs | 54,737 | 50,573 | 45,580 | 50,216 |
| Percentage of female employees** | 55.4% | 55.6% | 56.3% | 55.6% |
| Percentage of female employees in senior positions** 1) | 20.7% | 19.9% | 19.0% | 17.8% |
| Part-time employees** | | | | |
| - male | 6.5% | 5.0% | 4.7% | 4.5% |
| - female | 63.1% | 64.0% | 64.2% | 63.1% |
| Absenteeism due to illness** | 3.8% | 3.6% | 3.7% | 3.8% |
| Employee satisfaction*** | 85% | 87.0% | 81.0% | 85.0% |
| Percentage of employees becoming disabled for work under the WIA** | 0.15% | 0.18% | | |
| Training investments in millions of euros* 2) | 98.0 | 76.9 | 68.7 | 69.0 |
| Training investments in euros/FTE* 2) | 1,790 | 1,518 | 1,509 | 1,374 |

* Entire Rabobank Group

** Rabobank Group in the Netherlands

*** Rabobank Nederland, local Rabobanks, Schretlen & Co and Alex (i.e. excluding De Lage Landen, Obvion, Bouwfonds, Robeco and operations outside the Netherlands)

1) Job scale 8 and up

2) Training investments in euros/FTE: the amount for 2006 represents the total costs to the Group divided by the number employees of the entire Group

Trends in Rabobank Group's workforce: 2002-2007

| Year | Number of employees at 31-12 | Absolute increase/ (decrease) compared with previous year | Percentage increase/ (decrease) compared with previous year |
|------|------------------------------|---|---|
| 2004 | 56,324 | (731) | (1.3%) |
| 2005 | 50,988 | (5,336) | (9.4%) |
| 2006 | 56,209 | 5,221 | 9.1% |
| 2007 | 60,342 | 4,133 | 7.4% |

Inflow from and outflow to outside parties

| Age | % male | | % female | |
|-----------|--------|---------|----------|---------|
| | Inflow | Outflow | Inflow | Outflow |
| up to 24 | 39.0 | 40.3 | 61.0 | 59.7 |
| 25 to 34 | 48.9 | 45.9 | 51.1 | 54.1 |
| 35 to 44 | 55.2 | 50.6 | 44.8 | 49.4 |
| 45 to 54 | 52.4 | 58.9 | 47.6 | 41.1 |
| 55 and up | 62.4 | 75.9 | 37.6 | 24.1 |
| Total | 48.9 | 51.5 | 51.1 | 48.5 |

Number of employees in 2007**

| | Numbers | | | | | FTEs | | |
|---|-------------|--------|---------------|---------------|---------------------|-------------|--------|---------------|
| | Netherlands | Abroad | Total in 2007 | Total in 2006 | Difference 07-06 | Netherlands | Abroad | Total in 2007 |
| Domestic retail banking | | | | | | | | |
| Local Rabobanks | 33,820 | | 33,820 | 33,936 | (116) | 29,058 | | 29,058 |
| Obvion | 266 | | 266 | 208 | 58 | 246 | | 246 |
| Rabo Real Estate | | | - | 51 | (51) | | | - |
| | 34,086 | - | 34,086 | 34,222 | (109) | 29,304 | - | 29,304 |
| Wholesale banking and international retail banking | | | | | | | | |
| Rabobank International | 1,805 | 8,241 | 10,046 | 4,024 | 6,022 | 1,841 | 8,116 | 9,957 |
| Rabobank International's foreign participating interests | | | - | 2,711 | (2,711) | | | - |
| | 1,805 | 8,241 | 10,046 | 6,735 | 3,311 | 1,841 | 8,116 | 9,957 |
| Asset management | | | | | | | | |
| Robeco Group | 1,096 | 713 | 1,809 | 1,619 | 190 | 1,024 | 693 | 1,716 |
| Schretlen & Co | 325 | | 325 | 281 | 44 | 319 | | 319 |
| Alex BV | 216 | 2 | 218 | 215 | 3 | 175 | 2 | 177 |
| Sarasin & Co | | 1,204 | 1,204 | 1,121 | 83 | | 1,163 | 1,163 |
| Orbay | 92 | | 92 | 37 | 55 | 93 | | 93 |
| | 1,729 | 1,919 | 3,648 | 3,273 | 375 | 1,610 | 1,858 | 3,468 |
| Leasing | | | | | | | | |
| De Lage Landen (incl. Athlon) | 1,376 | 3,249 | 4,625 | 4,327 | 298 | 1,314 | 3,097 | 4,411 |
| Real estate | | | | | | | | |
| Rabo Bouwfonds | 1,253 | 541 | 1,794 | 137 | 1,657 | 1,177 | 523 | 1,700 |
| Bouwfonds | | | - | 1,335 | (1,335) | | | - |
| FGH bank | | | - | 288 | (288) | | | - |
| | 1,253 | 541 | 1,794 | 1,760 | 34 | 1,177 | 523 | 1,700 |
| Other units | | | | | | | | |
| Rabobank Nederland** | 5,902 | | 5,902 | 5,695 | 207 | 5,674 | | 5,674 |
| RDP | 21 | | 21 | 18 | 3 | 20 | | 20 |
| VRN | | | - | 11 | (11) | | | - |
| Other RN | 220 | | 220 | 168 | 52 | 204 | | 204 |
| | 6,143 | - | 6,143 | 5,892 | 251 | 5,898 | - | 5,898 |
| Total | 46,392 | 13,950 | 60,342 | 56,209 | 4,160 | 41,143 | 13,594 | 54,737 |
| Notes: | | | | | | | | |
| Interpolis and Stroeve no longer form part of Rabobank Group | | | | | | | | |
| ** With effect from 2005, the employee numbers for the support units have been aggregated into a single category. | | | | | | | | |

Inflow from and outflow to outside parties

| Total | 2007 | 2006 | 2005 | 2004 |
|---|------|------|------|------|
| Inflow from outside Rabobank Group* | 11.3 | 10.1 | 8.3 | 5.2 |
| Outflow to outside Rabobank Group | 10.6 | 8.4 | 8.6 | 8.1 |
| * With effect from 2007, figures for Rabobank Group do not include Bouwfonds' operations outside the Netherlands. | | | | |

Workforce broken down according to Group division in 2007

| | Number of employees* / ** | % female | % part-time | % female part-time | % male part-time | % female in senior positions (8) | 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 | 55.4 | 38.7 | 63.1 | 6.5 | 20.7 | 39.2 | 7.2 |
| Broken down according to Group division in 2007 | | | | | | | | |
| Retail Banking | | | | | | | | |
| Local Rabobanks | 33,820 | 62.3 | 44.8 | 68.6 | 5.5 | 20.6 | 39.0 | 7.4 |
| Obvion | 266 | 53.0 | 32.0 | 56.0 | 4.8 | 29.2 | 40.0 | 8.6 |
| Wholesale banking | | | | | | | | |
| Rabobank International | 1,805 | 31.5 | 13.1 | 34.2 | 3.4 | 21.5 | 38.0 | 3.7 |
| Asset management | | | | | | | | |
| Robeco Group | 1,096 | 32.0 | 28.0 | 52.0 | 16.0 | 23.0 | 37.0 | 3.0 |
| Schretlen & Co | 325 | 37.2 | 27.1 | 62.0 | 6.4 | 13.8 | 40.0 | 6.5 |
| Alex BV | 216 | 19.0 | 44.9 | 61.0 | 41.1 | 10.8 | 32.0 | 2.3 |
| Orbay | 92 | 31.3 | 12.5 | 26.7 | 6.1 | 8.3 | 37.0 | 6.3 |
| Leasing | | | | | | | | |
| De Lage Landen (incl. Athlon) | 1,376 | 37.5 | 21.4 | 41.9 | 22.6 | 13.9 | 38.7 | 5.7 |
| Real estate | | | | | | | | |
| Rabo Bouwfonds | 1,253 | 40.6 | 32.6 | 80.2 | 12.5 | 9.0 | 40.0 | 8.7 |
| Other | | | | | | | | |
| Rabobank Nederland support units | 6,143 | 38.5 | 20.7 | 45.9 | 5.0 | 25.4 | 41.0 | 8.2 |
| * With effect from 2006, this includes Robeco in the Netherlands and FGH | | | | | | | | |
| ** With effect from 2006, figures are for Rabobank Group in the Netherlands | | | | | | | | |

Rabobank Group in the Netherlands in 2007

| | % female | % ethnic minorities* | % part-time | % 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 |
|--|----------|----------------------|-------------|--------------------------------------|-------------------------------|---------------------------|---------------------------|---------------------------|------------------|
| All employees | 55.4 | 9.0 | 38.7 | 90.2 | 3.7 | 29.7 | 38.0 | 21.4 | 7.2 |
| Employees in job scales 1 to 7 inclusive | 70.3 | 9.5 | 49.6 | 87.0 | 5.3 | 35.0 | 34.1 | 19.0 | 6.6 |
| Employees in job scales 8 to 11 inclusive | 22.9 | 7.8 | 12.7 | 97.3 | 0.1 | 19.4 | 47.5 | 25.1 | 7.9 |
| Members of senior management | 13.6 | 8.7 | 9.6 | 95.0 | 0.0 | 1.3 | 45.9 | 39.9 | 12.8 |
| Members of executive management | 6.8 | 3.6 | 2.3 | 100.0 | 0.0 | 0.0 | 23.2 | 49.8 | 27.0 |
| * Only aggregate numbers of ethnic minorities are recorded | | | | | | | | | |

Trends in staff costs *

Amounts in millions of euros

| | 2007 | 2006 | 2005 | 2004 |
|---|---------|---------|---------|---------|
| Total wage costs | 3,219 | 2,792 | 2,637 | 2,596 |
| Total staff costs | 4,471 | 4,115 | 3,880 | 3,683 |
| Staff and other administrative expenses | 7,291 | 6,546 | 5,826 | 5,856 |
| Total training costs | 98.0 | 76.9 | 68.7 | 69.0 |
| Net profit | 2,662 | 2,345 | 2,079 | 1,793 |
| Number of FTEs | 54,737 | 50,573 | 45,535 | 50,216 |
| Amounts in euros | | | | |
| Total wage costs per FTE | 58,808 | 55,207 | 57,911 | 51,697 |
| Total staff costs per FTE | 81,681 | 81,407 | 85,209 | 73,343 |
| Staff and other administrative expenses per FTE | 133,201 | 129,437 | 127,946 | 116,616 |
| Total training costs per FTE | 1,790 | 1,521 | 1,509 | 1,374 |
| Net profit per FTE | 48,633 | 46,369 | 45,657 | 35,706 |
| Training costs/wage costs | 3% | 2.8% | 2.6% | 2.7% |

* Entire Rabobank Group (i.e. incl. FGH and Robeco, Athlon, Bouwfonds and operations outside the Netherlands)

| | | | | |
|--|---------|---------|--------|--------|
| Number of times training was followed ** | 138,963 | 162,772 | 94,500 | 93,000 |
| Costs of training (in millions of euros) | 98.0 | 76.9 | 68.7 | 69 |
| Percentage of wage bill | 3.0% | 2.8% | 2.6% | 2.7% |
| Average costs per FTE | 1,790 | 1,518 | 1,509 | 1,374 |
| Number of e-learning participants | 116,600 | 135,397 | 77,500 | 55,000 |
| Number of digital exams taken | 36,600 | 27,240 | 25,000 | 34,000 |

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

Staff development policy: key data (in %)*

| | 2007 | | | 2006 | | | 2005 | | | 2004 | | |
|---|------|----|-------|------|----|-------|------|----|-------|------|----|-------|
| | LB | RN | RG NL | LB | RN | RG NL | LB | RN | RG NL | LB | RN | RG NL |
| Rabobank offers me sufficient opportunities for personal development | 76 | 68 | 74 | 74 | 66 | 73 | 68 | 64 | 67 | 71 | 65 | 70 |
| Rabobank offers me sufficient training opportunities in my current position | 87 | 74 | 84 | 86 | 75 | 84 | 81 | 76 | 80 | 81 | 76 | 80 |
| Total number of employees who have a Personal Development Plan | 76 | 67 | 75 | 69 | 72 | 69 | 64 | 53 | 62 | 73 | 73 | 72 |

* Rabobank Group in the Netherlands includes Rabobank Nederland, local Rabobanks, Schretlen & Co and Alex (i.e. excluding De Lage Landen, Obvion, Bouwfonds, 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 Bouwfonds

Wage bill broken down according to management level ***

| Executive management | 2% |
|---------------------------------|------|
| Senior management | 6% |
| Middle management | 39% |
| Other (scales 1 to 7 inclusive) | 53% |
| Total | 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 **

| (Amounts in euros) | Male | Female |
|------------------------|--------|--------|
| up to and including 24 | 21,791 | 21,292 |
| 25 to 34 jaar | 32,391 | 27,432 |
| 35 to 44 jaar | 48,035 | 31,152 |
| 45 to 54 jaar | 49,687 | 28,189 |
| 55 and up | 46,431 | 26,428 |
| Total | 43,539 | 28,639 |

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

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

Percentages for absenteeism due to illness for Rabobank Group **

(excl. maternity leave)

| | 2007 | 2006 | 2005 | 2004 |
|----------------------------------|------|------|------|------|
| Rabobank Group | 3.77 | 3.61 | 3.71 | 3.77 |
| Local Rabobanks | 3.81 | 3.62 | 3.67 | 3.74 |
| Obvion | 4.36 | 4.81 | | |
| Rabobank Nederland * | | - | - | - |
| AAB | | - | - | 2.84 |
| Support groups and services | | 3.04 | 4.04 | 4.16 |
| Rabobank International | 3.46 | 3.26 | 3.29 | - |
| Securities services | | - | - | - |
| Wholesale banking | | 3.18 | 3.29 | 2.91 |
| Rabobank Nederland support units | | 4.00 | - | 4.28 |
| Asset management | | 2.88 | 3.04 | 2.51 |
| Rabobank Nederland | 4.20 | 3.98 | | |
| Schretlen & Co | 2.47 | 2.80 | 3.49 | 2.57 |
| Alex | 4.05 | 2.84 | | |
| Orbay | 4.48 | 4.12 | | |
| Rabofacet | | - | - | 4.11 |
| Real estate | | 3.86 | | |
| FGH | | 3.30 | | |
| Rabo Bouwfonds | 3.00 | | | |
| De Lage Landen | 3.30 | 3.06 | 3.10 | 3.31 |
| Rabo Development | 3.43 | 1.47 | | |
| Robeco in the Netherlands | 2.77 | 2.51 | | |
| Interpolis | | - | 4.90 | 5.10 |

* Due to reorganisations over the past few years, the breakdown according to Rabobank Nederland units has changed, which means that a number of figures can no longer be compared in detail with those for previous years. Due to changes in the composition of certain units, a number of figures for the year are no longer available.

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

Absenteeism due to illness *)

| | 2007 | 2006 | 2005 | 2004 |
|--|------|------|------|------|
| Absenteeism percentage | 3.77 | 3.61 | 3.71 | 3.77 |
| Average number of cases of absenteeism reported per employee | 1.48 | 1.43 | 1.50 | 1.48 |
| Number of employees returning to work from WIA | 67 | 74 | | |
| Percentage of employees becoming disabled for work under the WIA | 0.15 | 0.18 | | |

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

10 Integration of CSR into our business operations

Sustainable business operations are elementary to CSR

At the Rabobank Group, we took an important step towards further improving the sustainability of our business operations when we determined our carbon footprint in 2007. We intend to continue this process in 2008. One of the most formidable challenges for 2008 is to raise our staff's awareness of the environmental impact of our operations and their personal responsibility in this respect.

An active policy for sustainable business operations offers many opportunities, certainly in view of our scale, being an employer of 60,000 staff. Our pursuit of sustainable business operations transcends mere compliance with rules and regulations. It is an integral part of our corporate social responsibility (CSR). Now that we increasingly educate our customers about their responsibilities with respect to sustainability, we need to lead by example.

Saving, preserving and offsetting: a three-step strategy

Our sustainability efforts are based on the ambitious principles of the Trias Ecologica, a three-step strategy:

- we seek to reduce our use of natural resources (energy) and raw materials,
- we use as many renewable and environmentally friendly resources as possible, and
- we offset any remaining environmental impact.

Our actions based on this three-step strategy serve various purposes. First of all, they directly help to improve the climate and the environment (e.g. less and cleaner use of energy) and reduce the extraction of resources from nature (minerals and e.g. trees required for paper production). Secondly, a drop in consumption leads to interesting cost savings. And thirdly, sustainable business operations strengthen our image as an organisation that is resolute in its approach to CSR.

Centralised and efficient approach

Our core business lies in providing financial services, which is the focus of attention of the various group entities. For this reason, we have opted, in our sustainable business operations, to implement a collective and efficient approach, centralising the definition of the internal environmental policy, the provision of training courses and communication tools, and the development of monitoring resources at Rabobank Nederland level. The CSR, Shared Services & Facilities (including Rabobank Group Procurement) and Group ICT departments are involved in defining and executing this policy. All group entities (including subsidiaries and the local Rabobanks) can make use of this infrastructure.

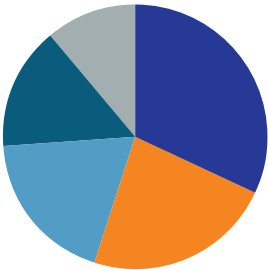
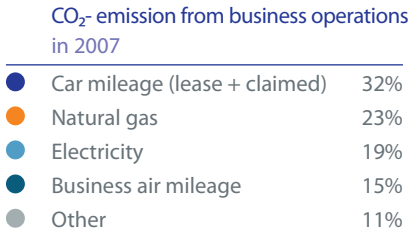
Climate-neutral business operations

We have been reducing our impact on the climate for some time now through an active environmental policy – directed towards lowering the use of raw materials and energy in our operations. In order to identify more clearly the relationship between environmental policy and the impact of our operations on the climate, we set up accounting records⁴ for CO₂ in 2007 in accordance with the methodology suggested in the Greenhouse Gas Protocol (GHG Protocol). The accounting records include the CO₂ caused by our energy consumption, leased

4) Where reference is made to carbon or CO₂, this also includes CO₂ equivalents, i.e. the other five most important greenhouse gases besides CO₂ (CH₄, N₂O, HFCs, PFCs and SF₆).

cars, business car mileage, business air mileage, air conditioning and paper procurement. The carbon accounts cover all divisions of the Rabobank Group, both in the Netherlands and abroad. In 2008 we will investigate the possibility of calculating CO₂ caused by procurement projects running via Rabobank Group Procurement (Dutch acronym: RCI). This is how we want to establish whether it would be possible to include CO₂ as a criterion in our procurement policy.

We have used extrapolations to calculate the carbon footprint of our entire organisation. The figures of our Dutch-based entities were extrapolated on the basis of FTEs and known reported data for the Netherlands. Those for entities established outside the Netherlands were extrapolated on the basis of FTEs and known reported data for the country concerned. If no data were available for entities abroad, Dutch averages were used. An exception was made for air mileage data for Rabobanks, Obvion and Alex. These data are unknown for these Group entities, but given their type of services, CO₂ resulting from any air mileage originating from these entities will be so low, compared with the total figure, that no extrapolation was used. According to our calculations, our business operations in 2007 produced a total of some 180,000 tonnes of CO₂ emissions. This represents 3.15⁵ tonnes of CO₂ per FTE. Of total emissions, some 100,000 tonnes of CO₂ are direct emissions (e.g. from natural gas and leased cars) and 80,000 tonnes of CO₂ are indirect emissions (e.g. from electricity and air mileage). The CO₂ caused by our electricity consumption represent a substantially smaller part than might be expected, thanks to our large-scale use of wind energy in the Netherlands. As a result, this currently accounts for 19% of total CO₂ compared with 53% if no green electricity had been purchased.



The main objectives of the carbon accounts are to identify options for reducing CO₂ and to monitor the effectiveness of our environmental actions. In 2008 we will formulate a climate goal for the coming years. Besides producing environmental benefits, a reduction in CO₂ also offers substantial cost savings. Reductions in energy consumption, for example, can help us cut our energy bill, which amounted to 36 million euro in 2007 in the Netherlands alone. A 3% saving represents a reduction of more than

1 million euro in energy costs. Although energy savings are always preferable, it is impossible for us to reduce our energy consumption in any year to zero. That is why the Rabobank Group has decided to offset the CO₂ caused by our internal business operations in 2007. Following a decision about the standard to be used for setting off CO₂, set-off will take place. Expectations are that this will be in the first half of 2008.

In order to check the reliability of the calculation of our CO₂, we have had our carbon accounting records and the underlying process verified by KPMG.

Sustainable procurement

For our procurement also, we employ as centralised an approach as possible. We conclude collective master contracts in which group entities can choose to participate. In 2007 goods and services to the tune of 2 billion euro were purchased for the Dutch branches of the Rabobank Group through Rabobank Group Procurement (Dutch acronym: RCI). In addition to undertaking procurement activities for Rabobank Nederland, RCI also arranges for much of the procurement process for De Lage Landen, Obvion, FGH, Schretlen & Co and Robeco. Furthermore, it works together with Eureko/Achmea in the procurement field. Rabobank Nederland mainly does business with Dutch suppliers. This stimulates the Dutch economy and reduces transport distances. On the basis of our invoices, we estimate that 93% of our purchases are sourced from enterprises established in the Netherlands. At Rabobank International, the situation is different of course; the foreign offices mainly buy locally in the country where they are established or in the local region.

Embedding CSR in the procurement process

Socially responsible purchasing is embedded in the procurement process. The chain of the product or service to be purchased is identified and the CSR risks of the purchase of a particular product or service are established. In this way, the procurement team makes allowance for any CSR risks.

5) This figure differs from the figure given in the 2007 Annual Sustainability Review, as new data became available after it had gone to press.

Web tool with CSR specifications

In 2006 a web tool was developed to improve access to CSR information on specific product groups for the group entities. This web tool was adjusted further in 2007, culminating in it being made available to the local Rabobanks in October. For most CSR-relevant product groups, the CSR specifications were defined and integrated into the web tool in 2007. CSR specifications are expected to be defined for all CSR-relevant product groups in 2008.

Sustainability statement for suppliers

October 2007 saw the completion of the 'Rabobank Group business partners' sustainability statement'. This code of conduct, which is derived from the Rabobank Group Code of Conduct, will be submitted to current suppliers for signing in 2008. The code will also form part of newly concluded contracts. The sustainability statement addresses issues such as child labour, working conditions and human rights.

At the end of 2007 a project was completed that was designed to identify the CSR performance of our Top 150 suppliers – based on self-assessment. The project revealed that most suppliers, 51%, are in the 'adequate' group, while no less than 29% are in the 'excellent' group. The remaining 20% are in the 'room for improvement' category. In 2008 an improvement programme will, where necessary, be initiated with suppliers in order to upgrade the (mutual) CSR performance and bring it up to the level demanded by Rabobank.

Conserving energy and water

The Rabobank Group's energy consumption is accountable for most of our environmental impact. It is self-evident, therefore, that we do our utmost to reduce this consumption by taking substantial measures. The introduction of the energy programme and energy management system for Rabobank Nederland and the local Rabobanks contributes to this. Another important measure is the use of (green) electricity generated by wind turbines located in the Netherlands.

Energy programme

At present, more than 98% of local Rabobanks contribute to the energy programme that was introduced in 2006. The energy programme was designed such that any benefits accrue only to those divisions that actually contributed to the savings. Specific examples of savings are the heat pump system, the use of new-generation cooling equipment, energy-saving lighting, and the use of dry coolers to replace the cooling towers at Rabobank Nederland's computing centre in Best. In 2007 water management was added to the energy programme and 60% of the local Rabobanks participate in this project. At the end of 2007 the first budget applications for water conservation were submitted for the Rabobank Nederland locations. These projects will be carried out in 2008 and any savings achieved monitored.

Energy management system

In 2007 an ISO 14001-based energy management system was put into use at all offices of Rabobank Nederland. This energy management system records which individual measures resulting in energy and water conservation are possible for each building. The energy management system will be evaluated in 2008 so that interested local Rabobanks can decide to join in 2009.

A better handle on energy consumption

In 2007 we gained a better understanding of energy data throughout the Rabobank Group. There were improvements in the quality of the reported energy data for the foreign group entities. However, with the addition of new foreign group entities, the coverage ratio has fallen. Total electricity consumption is based on 93% of Rabobank Group staff (in FTEs) (2006: 92%). For gas consumption, the equivalent figure is 78% (2006: 88%). Extrapolated for the entire Rabobank Group, it emerges that we consumed 3,120 Terajoule (TJ) in 2007. Of this, the Dutch branches consumed 2,488 TJ.

The Rabobank Group consumed approximately 268 GWh (extrapolated) in electricity in 2007. In other words, electricity usage per FTE was up 2.6% on 2006. Green electricity accounts for 98% of the electricity consumed in the Netherlands. Together with our foreign branches, the total percentage of green power was 85% in 2007, representing a 1% decrease compared with 2006. This decrease can be explained by the fact that a larger percentage of electricity was reported by foreign group entities that use less green electricity in relative terms. In 2007 the Rabobank Group used 22.4 million m³ (extrapolated) in gas, a 13% increase on 2006. Water consumption by the Rabobank Group in the Netherlands was 12.6 m³ (extrapolated) per FTE in 2007. This is the first time that our energy consumption is effectively transparent. From 2008 onwards, we will gain insight into the effect of active water management.

Sustainable mobility

Mobility is indispensable for our business operations. About 60,000 members of staff commute or take business trips almost every working day. This requires an active mobility policy on the part of Rabobank Group. The quest for sustainable solutions often has economic benefits as well: ever more congested roads prompt us to take action.

Reduction in carbon emissions caused by leased cars

The number of leased cars at Rabobank Nederland and the local Rabobanks increased by 3.5% to 5,676 cars in 2007. Overall, Rabobank Group staff in the Netherlands and abroad operate 8,062 leased cars. The ABC scheme was introduced in 2005 with a view to minimising carbon emissions caused by leased cars as much as possible. Under this scheme, Rabobank Nederland staff and employees of participating local Rabobanks who drive leased cars can only select passenger cars bearing energy efficiency labels A, B or C. The energy efficiency labels for passenger cars are set by the government (Department of Road Transport). In 2007 the number of local Rabobank applying the ABC scheme increased to 64%. At the end of 2007, 72% of the car fleet of Rabobank Nederland and the local Rabobanks, managed by Athlon Car Lease, was made up of cars bearing an A, B or C label.

Thanks to the ABC scheme, the average carbon emission per kilometre travelled fell by 8% to 204 grams, compared with 2006.

In October 2007 Rabobank was awarded the 'European Green Fleet Innovation Award' in Barcelona (Spain) by the Fleet & Business magazine for the innovative character of its mobility programme. Robeco introduced the ABC scheme on 1 January 2007, as a result of which the rate of 'ABC cars' operated at this subsidiary increased from 52% in 2006 to 54% in 2007. Of the car fleets of Schretlen & Co and Bouwfonds, 90% and 65% are cars bearing the A, B or C labels respectively. In total, this does not include the 620 leased cars that local Rabobanks administered itself in 2007 on average, 71% of the cars operated by Rabobank Group staff in the Netherlands bear an A, B or C label.

Dutch national ecodriving programme 'Het Nieuwe Rijden'

All staff concluding a new lease contract receive a voucher enabling them to take the 'Het Nieuwe Rijden' ecodriving course. This too will probably lead to fuel savings.

Netherlands Railways Business Card for lease car drivers

Since April 2007 all Rabobank Nederland staff who drive leased cars have automatically received a Netherlands Railways Business Card. The lease car drivers of local Rabobanks receive a Card upon request. With this Card, lease car drivers can more easily organise their business train trips via the Internet or telephone, combined, where necessary, with a taxi journey and parking space at a railway station. In 2007 2.82 million kilometres were travelled in train mileage using this Card. Compared with car mileage that would otherwise have been travelled, 460 tonnes in carbon emissions were saved.

In addition, every Rabobank Nederland staff member was given the opportunity to order five free train commuting tickets in 2007. This was part of a campaign organised together with Netherlands Railways to encourage more employees to travel by train. Through these campaigns, 9,000 train tickets (commuting returns) were issued to 1,800 members of staff.

Goods transports

All our business processes involve transport services, such as security transports and transport of post (including bank statements). We have outsourced most of our transport services. For the transport of our post, we studied, together with TNT, potential savings in packaging materials. It emerged from this study that the environmental benefits to be gained from packaging materials (packing in plastic returnable crates instead of cardboard boxes) were too small to warrant any changes in packaging methods at present.

Better understanding of air travel

The Rabobank Group adopted a new policy for business travel in October 2007. Under this policy, all flights need to be booked through one central reservation desk. Besides offering cost savings, this is a simple way of obtaining an overall picture of air mileage clocked up. As a result, we can more easily take centralised actions to reduce carbon emissions caused by our business trips. This will allow us to define targets for carbon reductions in air travel in 2008. In 2007, 110 million kilometres travelled by air were centrally reported. This number will definitely be higher in 2008 because all air travel will then be centrally reported.

Reduction in use of A4 paper

As an office organisation, the Rabobank Group uses a lot of paper, a considerable amount of which ends up in our waste flows. Wood and energy are important resources for the production of paper, which is why we try to cut down on our use of paper. For the paper that we still require, we make use of high-quality paper that is sustainably produced with raw materials from sustainable origins (FSC paper). At Rabobank Nederland and the local Rabobanks, the use of A4 paper per FTE was down 7.6% on 2006. At the Rabobank Group in the Netherlands, overall A4 paper consumption was 7% lower per FTE than in 2006. We take targeted actions to save on A4 paper, including double-sided printing and copying. The rate of paper consumption at the Rabobank Group in the Netherlands used for bank statements, memos/invoices and giro transfer slips, and for envelopes rose in 2007 by 10% and 9% respectively compared with 2006. These increases were due, in part, to the introduction of annual financial summaries in 2007. The paper consumption⁶ of the Rabobank Group in the Netherlands was 121 kilogram per FTE in 2007.

Reducing waste and promoting recycling

Reducing waste comes with a number of implications for the Rabobank Group. It starts with sustainable procurement involving an review of the waste stage of products and packaging methods. A high level of waste separation is required to reduce the need for waste incineration and promote recycling. Besides sustainability, there is another important reason for handling waste flows in a responsible manner: the privacy of our customers. This applies to information carriers such as CD-ROMs, paper and computers in particular.

EcoSmart increases recycling rate

The EcoSmart concept has been introduced to all offices of Rabobank Nederland. EcoSmart is a total waste management system for office environments. The Smartbin creates waste separation at the source, creating five flows: paper, cardboard, kitchen and garden waste, cups and residual waste. Before the introduction of EcoSmart, 40% of waste was recycled, while the recycling rate in 2006 was 73%. In 2007 we attained a rate of 79% recyclable waste flows. Besides creating environmental benefits through more recycling, improved separation of different types of waste also reduces the quantity of residual waste, and this produces cost savings. In 2007 Rabobank Nederland won the RetourAward 2006 presented by Stichting Disposables Benelux, an organisation concerned with improving cup collection systems and encouraging the use of recycled materials. In 2006 Rabobank collected more than 90% of its plastic coffee cups.

Paper and cardboard waste

Within Rabobank Nederland, the amount of paper and cardboard waste dropped by 7% in 2007 compared with 2006, which also produced an immediate financial saving. Paper and cardboard waste per FTE for the Rabobank Group in the Netherlands rose by 11%. This increase is due to the fact that De Lage Landen produced more waste from removals, renovations and the clearing out of archives in connection with the merger with Athlon.

6) A4 paper, envelopes and financial summaries.

Sustainability in buildings for own use

When we build or renovate buildings for our own use, we are handed the perfect opportunity to guarantee sustainability in construction methods. By considering aspects, during the building or renovation process, such as the use of environmentally responsible materials, future energy and water efficiency, and the effect on mobility, we can take an even bigger step in the right direction than by making changes later on. One of our criteria is, for instance, that the Energy Performance Coefficient (EPC) of a new building should be at least 10% under the statutory standard. We have also agreed with FSC Netherlands that we will, where possible, use FSC-certified timber only. Of the local Rabobanks that undertook building or renovation projects in 2007, 63% reported that FSC-certified timber was used. In 2007, the newly built premises of Rabobank in Hoeksche Waard was opened. It received a so-called 'green certificate', which is awarded by the Dutch government to buildings that deserve the title of 'sustainably designed building'. In 2007, Rabobank Westland also received a green certificate for its premises, which were still under construction.

Development of new head office for Rabobank Nederland

This year, building started on our new sustainable management centre in Utrecht. The goal is to set an example of a sustainably designed office that is also sustainable in use. Measures have been taken, for example, to allow as much daylight as possible into the building so that as little artificial light as possible is needed. The clever use of insulation materials ensures that heating and cooling are efficiently controlled. The courtyard gardens, which also contribute to the internal climate control, are watered with collected rainwater. The new office will boast an innovative workplace concept with a substantial reduction in the ratio between number of workstations and number of staff.

Organic catering at Rabobank Nederland

At Rabobank Nederland, we want our staff to be able to choose from a range of organic products in the offering that is available in staff canteens. That is why an ambitious target was set for 2007: 23% of all products on offer had to be organic in 2007 (in 2006, the equivalent figure was 15%). This target was achieved with 24% of the total product range being organic. From the end of 2007 onwards, all milk and buttermilk supplied in staff canteens have been organic, as have been some of the pre-baked rolls, cold cuts, cheese, fruit, salads, soups and vegetable ingredients of hot meals. We plan to improve product labelling with the 'Healthy Foods' logo in 2008 so as to remind our guests of the benefits of organic and healthy products.

Reporting principles

Offering tailor-made information

The online version of the 2007 Annual Sustainability Report uses what is known as 'faceted navigation'. This increases transparency and ease of use for readers. Faceted navigation offers readers the option of retrieving specific information using a search facility. Readers can also refine their searches, drilling down to information they consider most relevant. This technology ensures that reader-specific information is always just a few clicks away.

In addition to the online faceted-navigation version, a downloadable version is available.

Readers are also given the option to navigate from the Annual Sustainability Report to specific sections of the Rabobank Group website www.rabobankgroep.nl, where more information is available. This makes for a more dynamic reading experience and interaction between the contents of the report and the information on the website.

Accessibility: reporting on three levels

Each year, information on our CSR activities increases and reporting and communication requirements become more stringent. In order to maintain access to our information at a high standard, we have added two complementary means of communication to our 2007 Annual Sustainability Report. The report describes all the relevant developments in sustainability reporting based on the G3 guidelines established by the Global Reporting Initiative (GRI). The information is mostly intended for rating agency analysts specialised in assessing sustainability, investors, scientists and NGOs.

We also publish a hard-copy report entitled 'A sustainable position in the market'. This publication is an abridged version of the Annual Sustainability Report, setting out the most important information in brief. This abridged version also features six socially relevant issues. The target group comprises readers with a broad interest in corporate social responsibility.

Focus of the Annual Sustainability Report

The focal points of our 2007 Annual Sustainability Report are our financial key processes (section 6) and the relationship between non-financial and financial data for our business performance (section 4). In the financial key processes we are concerned with information on lending, savings, funds transfers, product innovation, investing, leasing and real estate. Section 5 deals specifically with our climate policy and the activities and services that follow on from it.

In accordance with G3 guidelines

The list of indicators (page 101) is based on the Sustainability Reporting Guidelines (G3) as formally adopted by the Global Reporting Initiative (GRI) in October 2006. In its G3 Guidelines, the GRI uses application levels. In our opinion, level A+ applies to our 2007 Annual Sustainability Report. In addition, we have used the GRI's draft Financial Services Sector Supplement (FSSS), which supersedes the SPI and EPI indicators. The FSSS contains an additional set of performance indicators specific to the financial services sector.

The report gives a fair and balanced view of our organisation's economic, ecological and social performance. We hope it will contribute to the transparency and comparability our stakeholders are asking for. This report was prepared for anyone who feels involved or has an interest in our activities.

With the readability and dynamics of the report in mind, we did not follow the layout of the GRI guidelines. For the reader's convenience, this report includes a table of GRI indicators, which is also posted on www.rabobankgroep.nl/mvo. The table directs the reader to the website or the place in the report where the information may be found. The report also includes clear references to sections, pages and – as indicated earlier – hyperlinks to information not found in this report but on our website.

AA1000 Assurance Standard

The Rabobank Group considers the AA1000 Assurance Standard (AA1000 AS) a key tool for aligning our non-financial disclosures with our stakeholders' expectations, requirements and wishes concerning our organisation. This tool enables us to gauge more rapidly and efficiently whether our sustainability report meets our stakeholders' transparency and credibility criteria. The paragraphs below set out the Rabobank Group's compliance with the AA1000 Assurance Standard based on its three principles of materiality, completeness and responsiveness.

Principle 1: Materiality

Requirement: The annual report must include the information on the reporting organisation's sustainability performance its stakeholders require for making informed judgments and decisions and taking informed actions.

Explanation: To identify information relevant to the report, the Rabobank Group selects its major stakeholders based on the issues playing a significant role in our financial services to clients. The stakeholders' expertise regarding these issues, and their status and reputation at home and abroad, were part of the process for selecting the stakeholders we consulted on the subjects addressed in the report.

The contents of the Annual Sustainability Report are based on stakeholder consultation, bilateral discussions, consultations and written correspondence with various stakeholders, chiefly in the form of e-mail, research into the most important issues reported in the media, international studies and assessments (by rating agencies, for instance) of social developments and trends, and information gained attending conferences on social issues and trends. In order to determine the importance of the social issues identified on the basis of these sources, we first drew up a long list of social issues. We then held several sessions to rate these issues on the basis of their relevance to stakeholders and their impact on the Rabobank Group. A tool we used is a matrix revealing the degree of relevance for all issues. In part on the basis of the insight gained from the matrix, the subjects were selected that are addressed in this report (see section 2).

Principle 2: Responsiveness

Requirement: The manner in which the reporting organisation has responded to stakeholder concerns, policies and relevant standards, and adequately communicated these responses in its report.

Explanation: In a separate section we included the information about our contacts with various stakeholders on social issues, stakeholder consultations and specific literature research. The whole of section 2 is devoted to our dialogue with stakeholders. It addresses our view of the issues and trends reported by the stakeholders, and also refers to other sections of the report that respond to questions and expectations we garnered from stakeholder dialogues (see principle 1). We also provide details on matters on which stakeholders called us to account, and what the state of affairs is (stakeholder mapping). In addition, we set out new steps taken as part of our issue management and multi-stakeholder dialogue policies. Furthermore, we discuss consultation forums in which the Rabobank Group takes part. To us, stakeholder dialogue is the most important source of information on what society expects from the Rabobank Group. We accordingly invite the readers of our annual reports each year to let us have their feedback on the contents.

Principle 3: Completeness

Requirement: The extent to which the reporting organisation can identify and understand material aspects of its sustainability performance.

Explanation: Rabobank ensures that issues selected on the basis of stakeholder dialogues are dealt with and managed as broadly as possible in the parts of the organisation where they play a significant role.

The report gives a comprehensive view of how identified social issues (see principle 1) are translated into policy, policy tools and their implementation in practice. The relevant information was garnered systematically using the CSR monitoring system, and by appointing managers responsible for the quality, accuracy and completeness of sections of the report.

Rabobank endeavours to include information in the report covering the entire organisation in all its facets. As far as scope is concerned, the 2007 Annual Sustainability Report was aligned as much as possible with consolidation principles applied in Rabobank Group's general report for 2007. Together, these reports present financial and non-financial information in accordance with the wishes of our stakeholders. In some cases, the scope of the Annual Sustainability Report differs from that of the general annual report. Information in the two reports may then be at variance. All Rabobank Group entities supplied information for this annual report.

Where the scope of the report is not as wide, and is confined to only one or two group entities in or outside the Netherlands, this has been explicitly disclosed. The same applies when it is not possible to give a full account of a subject. New entities are reported on in full in the year following their acquisition. We cease reporting on entities disposed of as from the year of disposal.

Data measurement techniques and computation principles

CSR data collection process

CSR data collection at Rabobank Group entities is identical to the previous year. The CSR Directorate is responsible for data quality, while Rabobank Group Control takes care of the actual collection of the information.

The CSR information of group entities we obtain by means of qualitative and quantitative questionnaires. These are drawn up based on G3 indicators and our own perceptions. The CSR co-ordinator of the group entity concerned is responsible for collecting the necessary information. RGC and the CSR Directorate (CSR D) then check the information for plausibility. Rabobank Group Audit (RGA) verifies the data to be included in the Annual Sustainability Report. We supplement the completed questionnaires with data from the central systems. The information from the local Rabobanks comes mainly from a separate CSR data collection and monitoring process, and from central systems. They receive issue reports that address their CSR performance, which they can compare between themselves.

The data supplied is linked as much as possible to the number of FTEs. If data cannot be supplied in full, we make extrapolations in conjunction with the independent auditor. Where data is extrapolated, this is disclosed.

Computation of data for corporate in-house environmental management

Data concerning Rabobank Group's corporate in-house environmental management are based for the most part on invoices, or on records and management data that we keep ourselves or ask our suppliers to provide. For data conversion we use factors from reliable sources and established protocols. We express our electricity and gas consumption in TJ and CO₂, for instance, using SenterNovem conversion factors. Gas consumption in the Netherlands is adjusted for weather patterns using EnergieNed heating and cooling degree days statistics, while GHG protocol 8 is used to convert leased-car mileage into CO₂ emission. To calculate our direct and indirect CO₂ emissions, we set up a system of carbon records in accordance with the GHG method, which are subject to additional reviews by KPMG.

Comparability with previous reports

This report begins with the presentation of the principal figures for Rabobank Group's sustainability performance in the economic, social and ecological spheres. These are brought together in a table ('key figures') and they can be compared with the figures as from 2004 onwards.

Assurance report

To the readers of Rabobank Group's 2007 Annual Sustainability Report.

Introduction

We have been engaged by the Executive Board of Rabobank Group (hereinafter referred to as 'Rabobank') to provide assurance on the information presented in the 2007 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 assurance report on the Report.

Context and scope

Our procedures were designed to provide reasonable assurance on whether the Report fairly stated in all material respects, based on the reporting principles set out on pages 90 to 92 inclusive.

With regard to the financial data included in the key figures that are marked with ●, our procedures were limited to verifying that they were properly derived from Rabobank Group's audited financial statements. To obtain a thorough understanding of Rabobank Group's financial results and financial position, the reader should consult the 2007 audited statements.

Reporting criteria

There are no generally accepted standards for reporting sustainability performance. Rabobank applies its own internal sustainability reporting criteria to information disclosed in the Report, which are derived from the GRI Sustainability Reporting Guidelines (G3) and are in line with the AA1000AS principles as detailed in the sections entitled 'Reporting principles' and 'A dialogue with our stakeholders'. We believe that these criteria are suitable in view of the purpose of our assurance engagement.

Assurance standard

We carried out our engagement in accordance with Standard 3410N: 'Assurance Engagements Relating to Sustainability Reports', issued by the Royal Netherlands Institute of Register Accountants (NIVRA). Among other things, Standard 3410N requires that the assurance team members possess the specific knowledge, skills and professional competencies needed to understand and review the information presented in the Report and that they comply with the requirements of the IFAC Code of Ethics for Professional Accountants to ensure their independence. Furthermore, we applied the principles laid down in AA1000AS, which are materiality, completeness and responsiveness.

Work undertaken

For all the information in the Report, we performed the following procedures:

- interviewing relevant staff at corporate and business unit level about strategy, policy, communication and management in relation to CSR,
- reviewing the design and existence and testing the operating effectiveness of the systems and processes to collect and process the information reported, including the aggregation of data into information as presented in the Report,

- checking the information presented in the Report, using internal and external documents, amongst others by determining 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 ●, we have reconciled these to Rabobank Group's 2007 audited financial statements,
- assessing the reasonableness of the assumptions underlying the forward-looking statements set out in the Report,
- testing the application of the principles of materiality, completeness and responsiveness of AA1000AS by:
 - reviewing the results of Rabobank's stakeholder consultation processes and determining whether the issues that are material for its stakeholders have been addressed,
 - performing a media analysis and an Internet search for references to Rabobank during the reporting period,
 - performing a peer comparison between the Report and other CSR reports in the financial industry,
 - reviewing whether the information presented in the report matches our overall knowledge of and experience with CSR at Rabobank.

During the assurance process we discussed changes to the various drafts of the Report with Rabobank and checked that these changes were adequately incorporated into the final version.

Conclusions

Based on our work performed, we conclude that the Report is fairly stated in all material respects, based on the reporting principles set out on pages 90 to 92 inclusive.

Commentary

Our engagement to provide assurance on the information presented in the Report identified a number of areas that are important for improving future reporting. Without affecting our conclusions presented above, we would like to draw readers' attention to the following:

- In common with last year, we have found that the link between the Strategic Framework, the key performance indicators and the objectives could be improved. We recommend that Rabobank improve this coherence in 2008 by preparing a sustainability agenda, including associated short and long-term action programmes. This will enable more focus to Rabobank's sustainability management, as well as to the Report itself.
- In 2006, Rabobank held discussions with various stakeholders in order to identify their expectations of the Report, resulting in a detailed list of all issues potentially eligible for inclusion in the Report. In the 2007 Report, Rabobank included relevant information for the identified issues, which resulted sometimes in a lack of focus in the Report. We accordingly recommend that, in addition to our first recommendation, Rabobank further prioritises the various issues. This will help improve the Report's focus, as well as its readability.

Amsterdam, 25 March 2008

KPMG Sustainability B.V.
W.J. Bartels RA (director)

Membership of the Executive Board of Rabobank Nederland

Executive Board

Bert Heemskerk (H.)

Chairman

- Group Audit
- Communication
- Legal and Tax Affairs
- Personnel
- Supervision & Compliance
- Knowledge and Economic Research
- Executive Secretariat

Hans ten Cate (J.C.)

- Rabobank International
 - Management Board Rabobank International, *Chairman*
 - Regional management Americas/Asia/Europe
 - CFRO domain Rabobank International
- Special Management
- Corporate Social Responsibility
- Real Estate
- Robeco

Piet van Schijndel (P.J.A.)

- Private Individuals
- Private Banking
- Group ICT
- Leasing

Piet Moerland (P.W.)

- Cooperative & Management Member Banks
- Personnel
- SME
- Shared Services & Facilities

Bert Bruggink (A.)

- Control Rabobank Group
- Group Risk Management
- Credit Risk Management
- Treasury
- Investor Relations

Sipko Schat (S.N.)

- Rabobank International
 - Management Board Rabobank International, *Deputy Chairman*
 - COO domain Rabobank International
 - Corporate Clients Netherlands
 - Financial Markets
 - Corporate Finance
 - Trade & Commodity Finance
 - Private Equity

Secretary to the Executive Board

Rens Dinkhuijsen (L.A.M.)

Membership of the Supervisory Board Rabobank Nederland

7 In 2008, Mr Eisma, Mr De Boon, Mr Bijvoet and Mr Overmars will retire by rotation.

Mr De Boon, Mr Bijvoet and Mr Overmars are eligible for re-appointment. Mr Eisma is eligible for re-appointment for a period of two years.

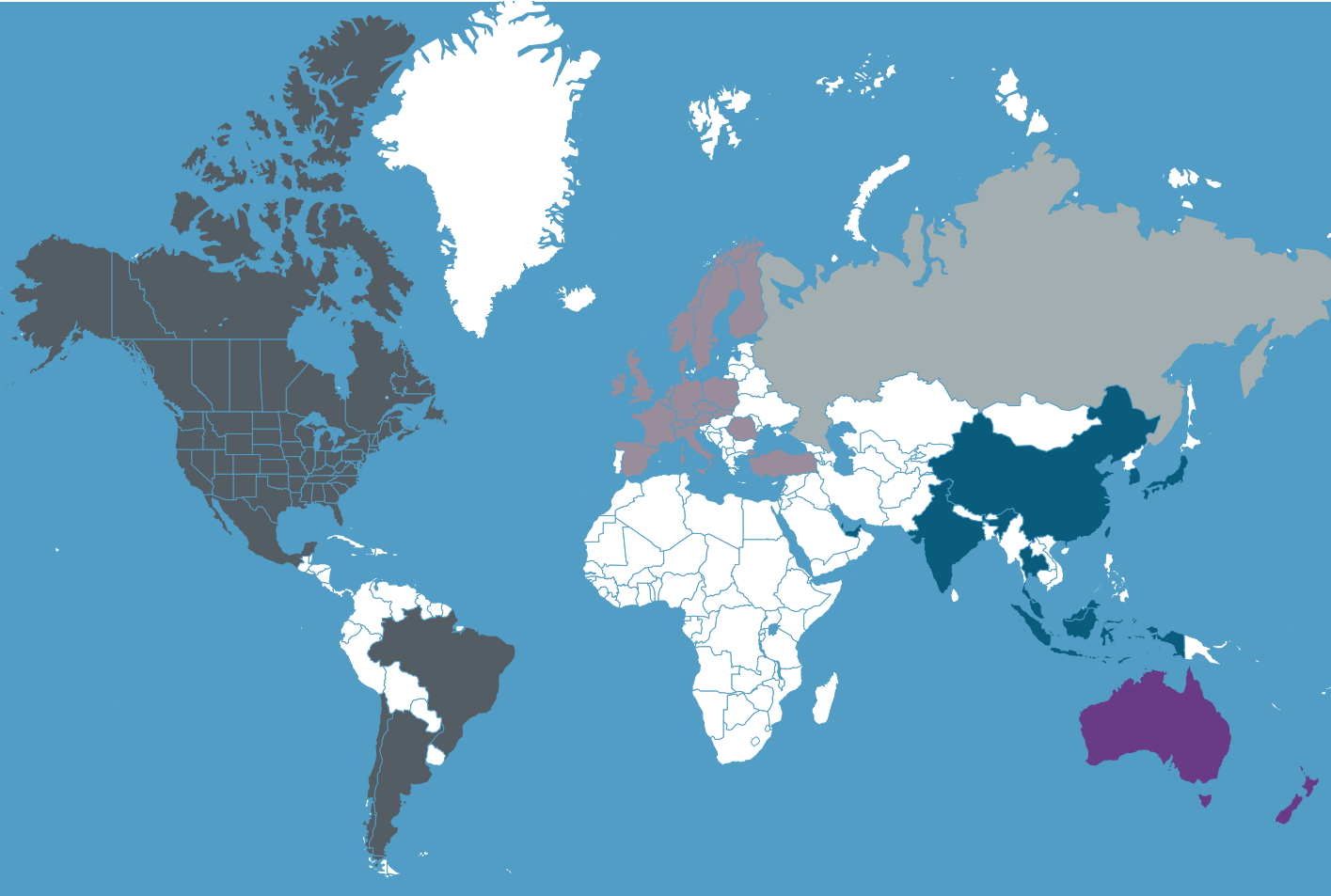
8 Year of first appointment to the Board of Supervisors of Rabobank Nederland. With the change in Rabobank Nederland's corporate governance structure in 2002, the Supervisory Board replaced the Board of Supervisors.

Membership of the Supervisory Board, at 1 January 2008 ⁷

| Name | Function | Year of first appointment | End of current term |
|-----------------------------|------------------|---------------------------|---------------------|
| Lense Koopmans (L.) | Chairman | 2002 | 2009 |
| Antoon Vermeer (A.J.A.M.) | Deputy Chairman | 2002 | 2010 |
| Sjoerd Eisma (S.E.) | Secretary | 2002 (1998) ⁸ | 2008 |
| Leo Berndsén (L.J.M.) | Member | 2002 | 2009 |
| Bernard Bijvoet (B.) | Member | 2002 | 2008 |
| Teun de Boon (T.) | Member | 2002 | 2008 |
| Louise Fresco (L.O.) | Member | 2006 | 2010 |
| Rinus Minderhoud (M.) | Member | 2002 | 2011 |
| Paul Overmars (P.F.M.) | Member | 2005 | 2008 |
| Herman Scheffer (H.C.) | Member | 2002 (1998) ⁸ | 2010 |
| Martin Tielen (M.J.M.) | Deputy Secretary | 2002 | 2009 |
| Aad Veenman (A.W.) | Member | 2002 (1998) ⁸ | 2010 |
| Cees Veerman (C.P.) | Member | 2007 | 2011 |
| Arnold Walravens (A.H.C.M.) | Member | 2004 | 2011 |

Global presence

The Rabobank brand is used by the local Rabobanks and by Rabobank International in 29 countries. With all its other Group entities, Rabobank Group operates in 349 locations spread over 43 countries, including the Netherlands.



- North America**

 - Canada
 - United States
- Latin America**

 - Argentina
 - Brazil
 - Chile
 - Curaçao
 - Cayman Islands
 - Mexico
- Europe**

 - Austria
 - Belgium
 - Czech Republic
 - Denmark
 - Finland
 - France
 - Germany
 - Guernsey
 - Hungary
 - Ireland
 - Italy
- Europe (continued)**

 - Luxembourg
 - Norway
 - Poland
 - Romania
 - Russia
 - Slovakia
 - Spain
 - Sweden
 - Switzerland
 - The Netherlands
 - Turkey
 - United Kingdom
- Asia**

 - Bahrain
 - China
 - India
 - Indonesia
 - Japan
 - Korea
 - Malaysia
 - Singapore
 - Thailand
 - United Arab Emirates
- Australia**

 - Australia
 - New Zealand

Rabobank Group entities Rabobank and Group entities

For more information on branches, including location and contact details, please visit www.rabobank.com

Rabobank Group entities

Local Rabobanks

The 174 independent local Rabobanks have over 1,100 branches and operate more than 3,100 cash dispensing machines. Overall, the local Rabobanks employ around 29,000 staff. The local Rabobanks serve millions of Dutch clients, both private and corporate, with a comprehensive package of financial services.

Rabobank Nederland

Rabobank Nederland is the central organisation, serving the local Rabobanks and the Group entities. Rabobank Nederland comprises market support to SMEs, private individuals and private banking clients and, in addition, performs several central staff functions for Rabobank Group.

Chairman of the Executive Board: Bert Heemskerk

Members of the most senior management of the Rabobank Group carry the title Director of Rabobank Nederland.

Directors of Rabobank Nederland:

Cor Broekhuysen (C.F.)

Ralf Dekker (R.J.)

Jan Dijkstra (J.D.)

Tjalling Halbertsma (T.B.)

Rob ten Heggeler (R.H.L.)

Harold Knebel (H.A.J.M.)

Jos van Lange (J.H.P.M.)

Hans van der Linden (J.A.M.)

Bert Mertens (H.H.J.)

Monika Milz (M.R.)

Rik Op den Brouw (H.)

Thomas van Rijckevorsel (T.C.A.M.)

Rinus van der Struis (M.)

Harry de Roo (J.H.)

Karel Schellens (C.A.C.M.)

Rutger Schellens (R.V.C.)

Gerlinde Silvis (A.G.)

Ronald Slaats (R.A.M.)

Jan van Veenendaal (J.)

Joop Wijn (J.G.)

As of 1 March 2008

Rabobank International

Rabobank International

Shared Services & Facilities

Rabo Bouwfonds

Rabobank International

Rabo Wielerploegen

Rabo Bouwfonds

Rabobank Group Audit

Cooperative & Management Member Banks

Communications

Group ICT

Private Individuals

Supervision

Rabobank International

De Lage Landen

Rabobank International

Personnel

De Lage Landen

Legal and Tax Affairs

SME

Rabobank International

Rabobank International – the wholesale banking business and international retail banking business – employs more than 10,000 staff world-wide and serves clients from 29 countries. Besides regional activities, Rabobank International has divisions that are directed globally. These include Global Financial Markets, Structured Finance, Leveraged Finance, Direct Banking, Telecom Media & Internet and Trade & Commodity Finance. Rabobank International focuses on food & agri customers. The Irish ACCBank is a 100% subsidiary of Rabobank International and in Poland, Rabobank International owns a 46% interest in Bank BGZ.



In addition, Rabobank International has interests in private equity.

Managing Board:

Hans ten Cate (J.C.), Chairman

Sipko Schat (S.N.), Deputy Chairman

Cor Broekhuysen (C.F.)

Ralf Dekker (R.J.)

Rob ten Heggeler (R.H.L.)

Harry de Roo (J.H.)

Rutger Schellens (R.V.C.)

Subsidiaries

In the Netherlands, Rabobank Group operates several financial brands in various markets. These brands are complementary and strengthen Rabobank Group as a single, coherent entity. This helps Rabobank Group achieve the customer value and continuity it pursues.

ROBECO

Robeco was founded in Rotterdam in 1929. Worldwide, it provides investment products and services to private investors. Services to private individuals are provided both through banks and other distribution partners, and through direct channels. Robeco's product range includes equity and fixed-interest investments, money market and real estate funds, as well as alternative investments, including private equity, hedge funds and structured products. Chairman of Robeco's Board of Directors: George Möller (G.A.)



Schretlen & Co is the private banking specialist within Rabobank Group. Its activities include asset management and advice, combined with asset planning, which are focused on high net-worth individuals and medium-sized institutional investors. In addition to its head office in Amsterdam, Schretlen & Co has branches in Apeldoorn, Heerenveen, Rotterdam and Waalre, all located in the Netherlands.

Chairman of Schretlen & Co's Board of Directors: Gerbert Mos (G.A.)



Founded in 1841, Bank Sarasin is one of the leading Swiss private banking firms. Its core activities comprise investment advice and asset management services to high net-worth individuals and institutional clients, as well as investment funds management. Complementary services include corporate finance and financial analysis. Sarasin Group has around 1,200 employees and its international operations cover eight countries, in Europe, Asia and the Middle East.

Chairman of Sarasin's Board of Directors: Joachim Straehle (J.H.)



The Institute for Research and Investment Services (IRIS) is the research unit for Rabobank and Robeco and focuses exclusively on private investors. IRIS has been a joint venture between Rabobank and Robeco since 1 January 2005. This structure facilitates its operations as an internal service provider to Rabobank and Robeco in the fields of publishing and independent research.

Chairman of IRIS' Board of Directors: Lex Hoogduin (L.H.)



De Lage Landen offers flexible asset financing products in order to help producers, vendors and distributors in Europe, the Americas, Asia/Pacific, Australia and New Zealand market their products. De Lage Landen is represented in 29 countries and provides competitive benefits for all its clients. In its Dutch home market, De Lage Landen offers a broad range of lease and trade financing products directly to the market and to clients of the local Rabobanks. With more than 120,000 cars, Athlon Car Lease is a prominent player in its business sector in the Netherlands. In addition, Athlon has its own fleet of rental vehicles. Athlon employs more than 600 people in the Netherlands and is a subsidiary of De Lage Landen.

Chairman of De Lage Landen's Board of Directors: Karel Schellens (C.A.C.M.)

Chairman of Athlon's Board of Directors: Richard Sikkels (R.)



Rabo Bouwfonds



Rabo Bouwfonds is a leading real estate enterprise with three core activities focused on real estate: development, finance and investment management. Rabo Bouwfonds operates in both the private and corporate markets and is one of the largest real estate businesses in Europe. Within Rabo Bouwfonds, Bouwfonds Property Development and Rabo Vastgoed are responsible for real estate development. Real estate financing is done by FGH Bank, both under its own label and under the labels Nederlandse Hypotheekbank and Rijnlandse Hypotheekbank. Bouwfonds Asset Management is responsible for real estate investments. Through Fondsenbeheer, Rabo Bouwfonds makes a prominent supporting contribution to social real estate development and financing. Rabo Bouwfonds employs approximately 1,800 staff and operates in several European countries.

Chairman of Rabo Bouwfonds' Board of Directors: Tjalling Halbertsma (T.B.)

Chairman of FGH Bank's Board of Directors: Peter Keur (P.C.)



Obvion is a provider of mortgages and simple financial products and focuses on the independent brokers' market. Obvion is a joint venture of Rabobank Group and ABP (the Dutch civil service pension fund).

Chairman of Obvion's Board of Directors: Roy van Diem (R.)



Zoekallemhuisen.nl is the search engine that daily scans the websites of virtually all estate agents in the Netherlands. It also scans all the websites on which private individuals offer houses for sale. Zoekallemhuisen.nl covers houses offered by estate agents that are members of the official Dutch professional organisations NVM, LMV and VBO, as well as those offered by estate agents not affiliated to such organisations.

Chairman of Zoekallemhuisen.nl's Board of Directors of: Gijs den Hollander (G.D.)



Bizner is the first internet merchant bank without account managers or branches, but with self-service. At Bizner, entrepreneurs can purchase, manage and change all basic financial products – including bank cards, credit cards, loans and time deposits – on-line themselves, 24 hours a day.

Chairman of Bizner Bank's Board of Directors: Frank Klemann (F.J.A.)



Rembrandt Fusies & Overnames is an independent organisation whose core business comprises advice and assistance in sales and purchases of enterprises. Rembrandt Fusies & Overnames focuses on owners of smaller and medium-sized family businesses seeking a solution for their succession, as well as on ambitious entrepreneurs planning to expand their businesses.

Chairman of Rembrandt Fusies & Overnames' Board of Directors: Ferdi Kramer (F.T.)



Participations

Eureko is a provider of financial services in the area of insurance. With head office in Zeist, the Netherlands, Eureko also has businesses in several other European countries. Eureko's ambition is to expand its insurance activities in its present markets in Europe. Also, it aims to enter new markets that fit its strategy. Rabobank has a 39% interest in Eureko.

Interpolis offers a broad range of non-life, health care and life insurances for private and corporate clients. With a customer base of over a million private individuals and several hundreds of thousands of corporate clients, Interpolis is among the largest suppliers of insurance products in the Dutch market. Interpolis is the market leader in the agricultural sector. Interpolis sells insurance policies through the local Rabobanks and a number of independent brokers. Interpolis is a subsidiary of Eureko.

Chairman of Eureko's Board of Directors: Maarten Dijkshoorn (M.W.)

Chairman of Interpolis' Board of Directors: Joop Kanen (J.C.G.)



GRI indicators

| | | Page number | Extent of reporting | Reason | Explanation |
|---|---|---------------------|---------------------|--------|-------------|
| 1 | Strategy and analysis | | | | |
| 1.1 | Statement from the most senior decision-maker of the organization about the relevance of sustainability to the organization and its strategy. | 8 | ● | | |
| 1.2 | Description of key impacts, risks, and opportunities. | 10-28 | ● | | |
| 2 | Organisational profile | | | | |
| 2.1 | Name of the organization. | 3 | ● | | |
| 2.2 | Primary brands, products, and/or services. | 5 | ● | | |
| 2.3 | Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures. | 3, 5, 97-100 | ● | | |
| 2.4 | Location of organization's headquarters. | 3 | ● | | |
| 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. | 3, 60-65, 97 | ● | | |
| 2.6 | Nature of ownership and legal form. | 3 | ● | | |
| 2.7 | Markets served (including geographic breakdown, sectors served, and types of customers/ beneficiaries). | 6-7, 33-35, 97 | ● | | |
| 2.8 | Scale of the reporting organization. | 6 | ● | | |
| 2.9 | Significant changes during the reporting period regarding size, structure, or ownership. | 92 | ● | | |
| 2.10 | Awards received in the reporting period. | 11 | ● | | |
| 3 | Report parameters | | | | |
| | Report profile | | | | |
| 3.1 | Reporting period (e.g., fiscal/calendar year) for information provided. | 90 | ● | | |
| 3.2 | Date of most recent previous report. | 92 | ● | | |
| 3.3 | Reporting cycle (annual, biennial, etc.). | 90 | ● | | |
| 3.4 | Contact point for questions regarding the report or its contents. | 109 | ● | | |
| | Report scope and boundary | | | | |
| 3.5 | Process for defining report content. | 10-11, 15-21, 90-92 | ● | | |
| 3.6/ 3.7 | Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). | 92 | ● | | |
| 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. | 90-92 | ● | | |
| 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. | 92 | ● | | |
| 3.10 | Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement. | 90-92 | ● | | |
| ● In full ◐ In parts ○ Not reported | | | | | |

| | | Page number | Extent of reporting | Reason | Explanation |
|---|--|----------------|---------------------|----------------|--|
| 3.11 | Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report. | 90-92 | ● | | |
| | GRI content index | | | | |
| 3.12 | Contents | 101 | ● | | |
| | Assurance | | | | |
| 3.13 | Policy and current practice with regard to seeking external assurance for the report. | 90-94 | ● | | |
| 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. | 22, 95-96 | ● | | |
| 4.2 | Indicate whether the Chair of the highest governance body is also an executive officer. | 95-96 | ● | | |
| 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 | The Rabobank Group does not have a unitary board structure. |
| 4.4 | Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body. | 23 | ● | | |
| 4.5 | Linkage between compensation for members of the highest governance body, senior managers, and executives, and the organization's performance. | 24, 73 | ● | | |
| 4.6 | Processes in place for the highest governance body to ensure conflicts of interest are avoided. | 25 | ● | | |
| 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. | 22-23 | ● | | |
| 4.8 | Internally developed statements of mission or values, codes of conduct, and principles relevant to CSR performance and the status of their implementation. | 10-11 | ● | | |
| 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. | 22, 24 | ● | | |
| 4.10 | Processes for evaluating the highest governance body's own performance, particularly with respect to CSR performance. | | ○ | Not applicable | Information about this indicator was already reported in the Rabobank Group's Annual Sustainability Report 2006 (page 37) and therefore is not once again included in this report. |
| | Commitments to external initiatives | | | | |
| 4.11 | Explanation of whether and how the precautionary approach or principle is addressed by the organization. | 25, 31-32 | ● | | |
| 4.12 | Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses. | 10, 55, 70 | ● | | |
| 4.13 | Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization. | 18, 19, 39, 65 | ● | | |
| ● In full ○ In parts ○ Not reported | | | | | |

| | | Page number | Extent of reporting | Reason | Explanation |
|--|---|---------------|---------------------|----------------|--|
| Stakeholder engagement | | | | | |
| 4.14 | List of stakeholder groups engaged by the organization. | 15-21 | ● | Not applicable | Some of the important stakeholders are mentioned in chapter 2 'Our stakeholder dialogue', but they are not listed as this indicator requests. |
| 4.15 | Basis for identification and selection of stakeholders with whom to engage. | 15 | ● | | |
| 4.16 | Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group. | 15-16 | ● | | |
| 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. | 11, 15-16 | ● | | |
| 5 Management approach and performance indicators | | | | | |
| Economic performance indicators | | | | | |
| | DMA Economic aspects. | 29, 60-61, 66 | ● | | |
| EC1 | Economic value generated and distributed. | 36-37, 69 | ● | | |
| EC2 | Financial implications and other risks and opportunities for the organization's activities due to climate change. | 8-9, 38-39 | ● | | |
| EC3 | Coverage of the organization's defined benefit plan obligations. | 72 | ● | Not material | Detailed information about defined benefit plans can be found in the Annual Report of Rabobank Pension Fund, which is sent to the employees each year. |
| EC4 | Significant financial assistance received from government. | | ○ | Not applicable | Rabobank does not receive any financial assistance from the government. |
| EC6 | Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation. | 85 | ● | Not material | The Rabobank Group does not have a specific policy for purchasing from local suppliers. |
| EC7 | Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation. | | ○ | Not material | The Rabobank Group does not have a policy for local hiring. Local hiring is implicitly encouraged. |
| EC8 | Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement. | 60-69 | ● | | |
| Environmental performance indicators | | | | | |
| | DMA Environmental aspects. | 13-14, 76, 84 | ● | | |
| EN1 | Total amount of paper consumption (Most relevant material used by Rabobank Group) by weight or volume. | 88 | ● | | |
| EN3 | Direct energy consumption by primary energy source. | 86-87 | ● | | |
| EN4 | Indirect energy consumption by primary source. | 87 | ● | | |
| EN8 | Total water withdrawal by source. | 86-87 | ● | | |
| EN12 | Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas. | 18-21, 41, 64 | ● | Not material | The activities of the Rabobank Group themselves do not have direct significant impact on biodiversity. |
| ● In full ● In parts ○ Not reported | | | | | |

| | | Page number | Extent of reporting | Reason | Explanation |
|--|---|-------------|---------------------|----------------|--|
| EN16/ EN17 | Total direct and indirect greenhouse gas emissions by weight. | 84-85 | ● | | |
| EN22 | Total weight of waste by type and disposal method. | 88 | ○ | Not available | The most important waste types and their disposal methods have been reported on. An overview of all waste types by weight and disposal method is not readily available. Rabobank has initiated talks with waste collectors to obtain more detailed information about this. |
| EN26 | Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation. | 84-89 | ○ | Not applicable | This indicator is especially relevant for industrial manufacturing environments. Nonetheless information is provided to the extent that is relevant for the Rabobank Group. |
| Social performance indicators: labor practices and decent work | | | | | |
| | DMA Labor practices and decent work. | 13-14, 70 | ● | | |
| LA1 | Total workforce by employment type, employment contract, and region. | 79-83 | ● | | |
| LA2 | Total number and rate of employee turnover by age group, gender, and region. | 79-80 | ○ | Not material | Relevant data on employees is reported, but not by region. Information 'by region' is not material for the Rabobank Group. |
| LA4 | Percentage of employees covered by collective bargaining agreements. | 71-72 | ○ | Not material | This indicator is not material for Group entities operating outside the Netherlands. The total number of employees of Rabobank Group working outside the Netherlands is too small compared to the employees working in the Netherlands. Data for international offices is therefore not monitored. |
| LA5 | Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements. | 71-72 | ○ | Not available | This information is included in the collective bargaining agreements of the employees working in the Netherlands. For international offices this information is not available and will not be made available since it is not material. |
| LA7 | Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region. | 79, 83 | ● | | |
| ● In full ○ In parts ○ Not reported | | | | | |

| | | Page number | Extent of reporting | Reason | Explanation |
|---|---|-----------------------|---------------------|----------------|--|
| LA8 | Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases. | 76-77 | ● | | |
| LA10 | Average hours of training per year per employee by employee category. | 6, 82 | ○ | Not available | Data is provided in Euros spent by FTE, and not in total average number of hours by FTE. Within the Rabobank Group, training is registered and monitored based on euros/FTE and not based on hours. |
| LA12 | Percentage of employees receiving regular performance and career development reviews. | 75 | ● | | |
| LA13 | Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity. | 78, 79, 82 | ○ | Not material | Despite Rabobank Group's active policy on diversity, data for minorities is deemed not relevant. Therefore data regarding 'employee category according to minority membership' is not reported on. |
| LA14 | Ratio of basic salary of men to women by employee category. | 81-82 | ● | | |
| Social performance indicators: human rights | | | | | |
| | DMA Human rights. | 17-19, 46, 49, 70, 76 | ● | | |
| HR1 | Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening. | 17-19, 46, 49 | ○ | Not available | Data on percentage and total number is not available yet. In 2007 Rabobank Group introduced the 'Code of Conduct for Human Rights'. This stricter code of conduct has formed an integral part of the CSR assessment of clients and credits since mid-2007. Due to the cooperative structure and the autonomy the international offices have, this information will not be available in the short term. |
| HR2 | Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken. | 86 | ● | | |
| HR4 | Total number of incidents of discrimination and actions taken. | 24 | ● | | |
| 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. | 17-19, 46, 49, 70, 76 | ○ | Not applicable | The activities of the Rabobank Group itself do not pose any risks for incidents of child labor, forced labor, etc. |
| ● In full ○ In parts ○ Not reported | | | | | |

| | | Page number | Extent of reporting | Reason | Explanation |
|---|---|-------------|---------------------|----------------|--|
| Social performance indicators: society | | | | | |
| | DMA Society | 22-28, 66 | ● | | |
| 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. | 54, 60-69 | ● | Not applicable | The operations of the Rabobank Group have no effect on society as described by this indicator. |
| SO2 | Percentage and total number of business units analyzed for risks related to corruption. | | ○ | Not allowed | The information this indicator requests relates to business information that Rabobank Group regards as sensitive. It accordingly treats this information with the necessary reticence. |
| SO3 | Percentage of employees trained in organization's anti-corruption policies and procedures. | | ○ | Not available | The data for the Rabobank Group is not yet centrally collected. In due course this data will be publicly available. |
| SO4 | Actions taken in response to incidents of corruption. | 24 | ● | | |
| SO5 | Public policy positions and participation in public policy development and lobbying. | 15-21, 39 | ● | | |
| SO8 | Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations. | 24 | ● | | |
| Social performance indicators: product responsibility | | | | | |
| | DMA Product responsibility. | 29, 31-32 | ● | | |
| PR3 | Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements. | 31-32 | ● | | |
| PR5 | Practices related to customer satisfaction, including results of surveys measuring customer satisfaction. | 30-31 | ● | | |
| PR6 | Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship. | 31-32 | ● | | |
| PR8 | Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data. | 33 | ● | | |
| PR9 | Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services. | 33 | ● | | |
| ● In full ● In parts ○ Not reported | | | | | |

| | | Page number | Extent of reporting |
|--|--|------------------------|---------------------|
| Draft Financial Services Sector Supplement (FSSS) | | | |
| DMA FSSS | | | |
| D1 | Description of policies with specific environmental and social components applied to business lines. | 10, 15, 41, 45-59 | ● |
| D2 | Description of procedures for assessing and screening environmental and social risks in business lines for each policy. | 45-59 | ● |
| D3 | Description of processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions. | 45-59 | ● |
| D4 | Description of process(es) for improving staff competency to address environmental and social risks and opportunities. | 23, 25-26, 54, 76 | ● |
| D5 | Description of interactions with clients and other stakeholders regarding environmental and social risks and opportunities. | 15-21, 45-46, 49 | ● |
| FSSS performance indicators: Products and services | | | |
| F1 | Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures. | 53 | ○ |
| F2 | Percentage and number of companies held in the institution's portfolio with which the reporting organisation has interacted on environmental or social issues. | 49 | ● |
| F3 | Percentage of assets subject to positive and negative environmental or social screening. | 48-49 | ● |
| F4 | Voting polic(ies) applied to environmental or social issues for shares over which the reporting organisation holds the right to vote shares or advise on voting. | 49 | ○ |
| F6 | Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose. | 7, 46-49, 51-53, 55-58 | ● |
| F7 | Total monetary value of specific environmental products and services broken down by business lines. | 7, 46-49, 51-53, 55-58 | ● |
| F8 | Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME/large) and by sector. | 6, 33-35 | ○ |
| FSSS performance indicators: Social | | | |
| F9 | Access to financial services in low-populated or economically disadvantaged areas by type of access. | 60-65 | ○ |
| F10 | Initiatives to improve access for people with disabilities and impairments. | 58-59, 68 | ● |
| F11 | Responsibility regarding the design and sale of financial product and services. | 31-32 | ● |
| F12 | Initiatives to enhance financial literacy by beneficiary type. | 45, 59, 68 | ● |
| ● In full ○ In parts ○ Not reported | | | |




Application of the GRI Guidelines

The table of indicators is based on the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines. In this annual sustainability report we adhere to the guidelines and indicators formally adopted by the GRI, referred to as the G3 Guidelines.

The table lists the G3 key indicators. The additional indicators, with a few exceptions considered material for the Rabobank Group, have been disregarded in order to guarantee proper applicability of the indicators in our reporting.

In addition to the G3 indicators relevant to the Rabobank Group, the table also includes the indicators from the newly drafted sector supplement (Financial Services Sector Supplement – FSSS). GRI plans to publish the final version of this draft sector supplement in 2008.

Rabobank Group is of the opinion that the A+ level of the G3 guidelines of the GRI applies to its 2007 Annual Sustainability Report. This was checked with and confirmed by the GRI as well as by a third-party.

| | | 2002 in Accordance | C | C+ | B | B+ | A | A+ |
|-----------|---------------------|-----------------------|---|---------------------------------|---|---------------------------------|---|---|
| Mandatory | Self declared | | | Report Externally Assured | | Report Externally Assured | |  |
| Optional | Third Party Checked | | | Report Externally Assured | | Report Externally Assured | |  |
| | GRI Checked | | | Report Externally Assured | | Report Externally Assured | |  |



A number of G3 indicators do not apply to Rabobank Group as a financial institution. The following indicators apply mostly to industrial manufacturing environments: EN2, EN11, EN19, EN20, EN21, EN23, EN27, EN28 and PR1.

A number of other G3 key indicators are not reported on in this report. For each of these indicators the reasons for 'not or partial reporting' are indicated including an explanation. Regarding the indicators of the sector supplements, according to the GRI Guidelines, an organization has to report the reasons for 'not or partial reporting' only if the sector supplement is in its final version. Since the draft version of the FSSS is only published in December 2007, there is not yet complete data and/or information on some of the FSSS indicators.

Colophon

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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.

Annual Reports

Rabobank Group publishes the following Annual/ Interim Reports

– Annual Report 2007

(in Dutch and English to be published in April 2008)

– Consolidated Financial Statements 2007

(in Dutch and English to be published in April 2008)

– Annual Sustainability Report 2007, internet version

(in Dutch and English to be published in April 2008)

– Interim Report 2008

(in Dutch and English to be published in September 2008)

For copies of these reports please contact Rabobank Nederland: jaarverslagen@rn.rabobank.nl

All Annual Reports are also available on the internet: www.rabobank.com

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Rabobank Group Annual Sustainability Report 2007

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