



Rabobank Group

Annual Responsibility and Sustainability Report 2003

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Chairman's foreword

The Rabobank Group's policy on corporate social responsibility is based on internal and external codes of conduct which encourage a responsible, sustainable approach on the part of the group's own organisation and employees. We have the greatest impact where corporate social responsibility can be applied to our core activities: financial services. Our main concern is to develop and offer financial services and products which can encourage socially desirable developments leading towards a more sustainable world.

We do this in various ways, e.g. by incorporating responsibility and sustainability aspects in our credit manuals and hence in our lending, developing new forms of mortgage and new insurance products, establishing a department for climate-related products, arranging public/private finance for infrastructure projects, such as the largest wastewater treatment plant in the Netherlands, encouraging green savings and investment, creating a platform for trading emission rights and ensuring the accessibility of simple banking services for the elderly and disabled with service outlets in small population centres.

The use of our expertise as a financial service provider is definitely not confined to those who can pay for our services. The Rabobank Foundation, Rabo International Advisory Services (RIAS) and the insurer Interpolis are closely involved in setting up local credit, purchasing and insurance co-operatives in various developing countries, providing the local population with a basis for future economic development. The Rabobank Foundation is celebrating the 30th anniversary of its work in this field.

On the basis of our co-operative background, we have attained the highest credit rating: Triple A. We are proud that, in 2003, the leading rating agency, Sustainable Asset Management Group, also assessed the Rabobank as the most socially responsible bank in Europe and ranked it second in the world. We still need to do more to ensure the ethical nature of our own business operations and services. The CSR monitoring system introduced in 2003 will support us in that during the years ahead.

In short, the Rabobank Group has developed a large number of activities across the board which are appropriate to its position as a leading, socially committed financial services provider in the Netherlands. That appeals to the imagination, and I am pleased to see that the co-operative base of the Rabobank Group was further strengthened in 2003 by the achievement of a record number of 1.36 million members.

To produce a good report on responsibility and sustainability, we have to strike a balance between what is realistic to report and what all kinds of people would like to see reported. If we tried to provide all the information that everyone wants or requests, the report would be cumbersome for the reader and not really transparent. We have therefore also published a printed, abbreviated report of this full internet version of our annual responsibility and sustainability report. If, after reading this report, you still have any questions, we will of course be happy to answer them.

Bert Heemskerk
Chairman of the Executive Board
of Rabobank Nederland

Guide

Guide

Apart from this full version of the Annual Responsibility and Sustainability Report 2003 on the internet, an abbreviated, printed version is available which contains - in particular - dynamic information.

This report

The Rabobank Group's Annual Responsibility and Sustainability Report 2003 supplements the 2003 annual report which was published earlier. This report starts with a summary of the units on which the Rabobank Group issues reports relating to corporate social responsibility. For the Rabobank Group, corporate social responsibility is centred on its core business: financial services. This is considered in detail by describing a number of current responsibility and sustainability aspects in specific areas of financial services. The new requirements of customers and society, and the resulting new markets, are discussed here. There are sections on the social policy pursued, internal business operations and economic performance. Social activities and the social dialogue are closely linked with direct financial services, and are also reported at length.

Comparability with previous reports

Aspects which have remained unchanged in 2003 but are relevant to the overall picture of the Rabobank Group's corporate social responsibility performance may be found on the internet.

Limitation

The Annual Responsibility and Sustainability Report covers all Rabobank Group units. Units acquired in 2003 are included in the report in the year after acquisition. Units sold off cease to be included in the report from the year of disposal. Where the reporting is less comprehensive and is confined to just one or a few group units in the Netherlands or abroad, that is explicitly stated. The subjects discussed under the headings of employees and business operations relate only to the situation in the Netherlands.

GRI guidelines

This report is based on the Global Reporting Initiative guidelines. To maintain readability and allow for the dynamics of the report, the layout of the GRI guidelines was not followed. For the reader's convenience, a brief GRI indicator table is included, which indicates where the information may be found in the report or on the internet.

Indicators

	SPI Finance 2002 GRI 2002	Not reported Page	Additional references
General			
Vision and strategy			
1.1 CSR policy developments	x	16	
1.2 Statement by the Executive Board	x	3	
Profile			
Profile			
2.1 Profile of the Rabobank Group	x	13	
2.2 Products and services	x	25 ff	
2.3 Structure	x	13	Rabobank Group, co-operative
2.4 Group units	x	14	Rabobank Group, group members
2.5 Countries	x	69	
2.6 Legal form	x	13	Rabobank Group, co-operative
2.7 Markets	x	14	
2.8 Scale	x	11	
2.9 List of stakeholders	x		x
Report scope			
2.10 Contact person(s)	x	70	Society, sustainability
2.11 Reporting period	x	Cover	
2.12 Previous financial years	x	4	Annual reports
2.13 Scope and limitation of the report	x	4	
2.14 Important changes	x	4	
2.15 Comparability with previous reports	x	4	
2.16 Re-statement of information provided in earlier reports	x		x
Report profile			
2.17 Application of GRI/SPI guidelines	x	4, 5	
2.18 Definitions	x		x
2.19 Measurement methods	x	62	
2.20 Reliability	x	62	
2.21 Independent verification	x	62	
2.22 Additional information	x	70	Society, sustainability
Corporate Governance, stakeholders and management system			
Corporate Governance			
3.1 Corporate Governance	x	16	Rabobank Group, corporate governance
3.2 Executive Board duties	x	66	General annual report
3.3 CSR integration	x	16, 17	Society, sustainability
3.4 Compliance regarding CSR	x	18, 19, 50	
3.5 Executive compensation and CSR	x		x
3.6 Responsibility for CSR	x	17, 66	Annual report 2002
3.7 Internal CSR guidelines and codes	x	15	Society, sustainability
3.8 Membership policy	x	17, 50	General annual report

	SPI Finance 2002 GRI 2002	Not reported Page	Additional references
Stakeholder dialogue			
3.9 Selecting stakeholders	x	50	
3.10 Nature and frequency of consultations	x	50	
3.11 Results of stakeholder dialogue	x	18, 50	
3.12 Use of information arising from consultations	x	50	
Management system			
3.13 Developing new markets and sustainability	x	17, 18, 19, 25	Report 2002, views on markets
3.14 External CSR guidelines and codes	x	15	Society, sustainability
3.15 Principal memberships	x		Society, sustainability
3.16 /EN33 Supplier scan	x	55	
3.17 /EC13 Emerging stakeholder issues / Indirect effects	x	50	
3.18 Changes in location of operations	x	27	General annual report
3.19 CSR management system	x	17	
3.20 CSR management system (audit)	x	17	
Performance indicators			
Economic performance indicators			
Direct economic impacts			
Clients			
EC1. Balance sheet total	x	11	Financial statements
EC2. Foreign branches (country banking)	x	69	General annual report (country banking)
Suppliers			
EC3. Purchasing volume	x		x
EC4. Supplier satisfaction	x		x
EC11 Purchases by country	x		x
Employees			
EC5. Wage costs	x	12, 63	
Providers of capital			
EC6. Funds entrusted	x	11	Financial statements
EC7. Profit	x	11	Financial statements
Society			
EC8. Tax	x	11	Financial statements
EC9. Subsidies received	x		x
EC10. Donations and sponsoring	x	20	
SOC2 Economic value added	x		x
Stakeholder issues / Indirect effects			
EC13 / 3.17. Emerging stakeholder issues / Indirect effects	x	50	Society, public affairs

	SPI Finance 2002 GRI 2002	Not reported Page	Additional references
Environmental performance indicators			
Materials			
EN1. Paper and office requisites	x	55	
Energy			
EN3. Energy	x	54	
EN17. Renewable energy sources and savings	x	54	
Waste and emissions			
EN8. Greenhouse gasses	x		x
EN11. Waste	x	56	
Suppliers			
EN33 / 3.16 Environmental performance of suppliers	x	55	
Compliance			
EN16. Compliance with environmental legislation and covenants	x		x
Transport			
EN34. Mobility	x	57	
General			
EN35. Total environmental expenditure by type	x		x
Social performance indicators			
Employees			
Employment			
LA1. Profile of workforce	x	63	
LA2. Employment and staff turnover	x	43, 63	
INT3. Employee satisfaction	x	12, 43	
INT4. Remuneration of senior management	x	44, 64	
INT5. CSR-related remuneration	x		x
LA12. Employment conditions	x	44	
Representation			
LA3. Collective labour agreement (CAO)	x	44, 45	Work
LA4. Employee participation	x	45	
LA13. Employee participation in decision-making	x	45	
Health and safety			
LA5. Health and safety policy	x	44	Health and safety service's annual report
LA7. Sickness absenteeism	x	63	Health and safety service's annual report
LA14. Compliance with the ILO guidelines	x	15	
LA15. Health and safety covenant	x	44	Health and safety service's annual report
Training and education			
LA9. Training	x	45, 60, 63	
LA16. Career guidance	x	45	
LA17. Knowledge accumulation	x	45	
Diversity and opportunity			
LA10. Diversity	x	46	Society, diversity, public affairs
LA11. Senior-level officers	x	12, 46, 65	
INT6. Female/male salary ratio	x		x

	SPI Finance 2002 GRI 2002	Not reported Page	Additional references
Human rights			
Strategy and management			
HR1-HR14. Human rights	x	15, 18, 19, 32, 46, 51	
Society			
Society			
SO1. Socially responsible activities	x	20	
SO4. Sustainability reviews	x	17	
Bribery and corruption			
SO2. Integrity	x	15, 19, 61	
Political contributions			
SO3. Involvement in politics	x	52	Society, public affairs
SO5. Donations to political parties	x		x Society, public affairs
Competition and pricing			
SO6. Cartelisation and monopolies	x		x
SO7. Competition distortion	x		x
Clients and products			
Consumer safety			
PR1. Safety	x	27, 46	Annual report 2002
PR4. Non-compliance with consumer safety	x		x
PR5. Complaints	x	28	General annual report
PR6. Awards	x	17	Society, sustainability
Service			
PR2. Duty of care	x	18	Society, sustainability (codes of conduct)
PR7. Non-compliance with duty of care	x		x
PR8. Client satisfaction	x	11, 50	General annual report
Advertising			
PR9. Advertising	x		x
PR10. Breaches of advertising regulations	x		x
Respect for privacy			
PR3. Privacy	x	27, 45	Society, public affairs
PR11. Non-compliance with privacy code	x		x
Lending (private individuals)			
RB1: Socially relevant aspects of lending (private individuals)	x	30, 34	
RB2: Lending portfolio profile (private individuals)	x	11	General annual report (key figures retail banking)
RB3. Socially responsible loans (private individuals)	x		x
Lending (businesses)			
IB1: Socially relevant aspects of lending (businesses)	x	30, 39, 41	
IB2: Portfolio profile (businesses)	x	11	General annual report (key figures retail banking)

	SPI Finance 2002 GRI 2002	Not reported Page	Additional references
IB3: Socially responsible loans (businesses)	x	11	
Saving, asset management, payment services			
AM1: Socially relevant aspects of asset management	x	34	
AM2: Assets managed sustainably	x	12	
AM3: CSR activities for institutional investors	x		x Investors Relations
Insurance			
INS1: Socially relevant aspects of insurance	x	37	
INS2: Insurance portfolio profile	x	11	General annual report (key figures insurance)
INS3: Number of complaints	x	19, 28	x
INS4: Socially responsible insurance		12	

Explanation

This table of indicators is based on the guidelines for sustainable reporting of the Global Reporting Initiative, GRI 2002. The table contains GRI key indicators and several major indicators from the financial supplement (SPI Finance 2002) that are not covered by GRI 2002. The table also contains the principal reporting elements from the standard GRI table of contents.

GRI indicators that are less relevant or do not apply to Rabobank are omitted; they are: EN2 (dealt with under EN1), EN4, EN5, EN6, EN7, EN9, EN10, EN12, EN13, EN14, EN15, LA6 and LA8 (except for Sars) and the supplementary indicators EN18, EN19, EN20, EN21, EN22, EN23, EN24, EN25, EN26, EN27, EN28, EN29, EN30, EN31, EN32 and EC12. If certain indicators have not been reported on it is because no data are available. Many data are collected on water use (EN5), but there is no umbrella policy, hence we do not report on this.

Highlights in 2003

- The Sustainable Asset Management (SAM) agency, based in Zurich, described the Rabobank Group's policy on corporate social responsibility as leading the way at international level. This was also confirmed when the Group won the International United Nations prize, the Royal Sustainability Award 2003, for the financial sector.
- The Rabobank Foundation, which celebrated its 30th anniversary, received a record sum of over EUR 2.5 million from the profits made by local banks, to be allocated to development projects. Rabobank Nederland matched this amount, as it usually does.
- The Rabobank Group signed a contract with the Dutch government for the supply of 10 million tonnes of certified greenhouse gas emission reductions from renewable energy and energy efficiency projects in developing countries. The Group also collaborated on the creation of trading centres for emission rights.
- In London, a special unit was created for climate-related products, aimed at covering the risk of changes to the climate and the weather for customers.
- The co-operative base supporting the organisation was further strengthened in 2003 by the achievement of a membership totalling 1.36 million, far exceeding the target of 1.2 million members set for the end of 2003.
- In 2003 there was once again heavy investment to safeguard the integrity of the financial service. All existing customers were divided into risk classes which were made clear to employees. Compliance officers were appointed at all 33 foreign branches of Rabobank International.
- Rabobank helped the farmers affected by fowl pest to survive the crisis by adjusting their credit terms. The bank's views on intensive farming were set out in a position paper. The paper was also introduced into the national debate on the future of intensive farming in the Netherlands.
- Rabo Groen Bank produced strong growth in 2003. This confirmed the correctness of its views in 2002 on the maintenance of tax incentives for green savings, investment and business activities.
- In 2003 the World Wildlife Fund in Geneva and a number of firms in the agricultural sector set up the Round Table on sustainable palm oil, which aims to promote the sustainable production of palm oil by setting a good example. Rabobank was one of the driving forces behind this initiative.
- With the Generation mortgage and the Flow-through mortgage, the Rabobank launched two products which are helping to ease the problems on the unbalanced housing market in the Netherlands.
- In a number of small population centres, the Rabobank set up the first five Service Outlets in collaboration with the municipalities concerned and partner businesses, making it possible to continue providing key facilities for those communities.
- The Rabobank introduced the e-purse in more than 350 homes for the elderly. Once it has been carefully explained, the elderly appreciate this modern means of payment. The target for 2004 is 500 institutions.
- As part of its development work with the local population, the insurer Interpolis launched a new 'mutual' in India and developed a 'mutual' as far as the start-up phase in Nepal.
- The insurer, Interpolis, brought out two products of great social importance: a policy insuring doctors against becoming unfit for work following vaccination against hepatitis B, and a funeral insurance policy for the mentally handicapped, entailing less onerous formalities.
- Employee satisfaction continued to rise. At 85%, Rabobank's score beats the external benchmark of 63%.
- At the end of December 2003, absenteeism due to sickness amounted to 4.1%; that is already lower than the target of 4.6% for year-end 2004, formulated in 2000.

Challenges for 2004 and beyond:

- Thirty purchasing packages will be assessed by Rabobank Group Purchasing to check specific aspects relating to ecological sustainability and human rights.
- Linking new entrepreneurs seeking capital from potential investors via the venture capital service 'Money Meets Ideas'.
- From 2005 onwards, 100% of the electricity bought by Rabobank Nederland and the local banks will be green.
- In 2004, Rabobank Nederland and the local banks will use 10% less A4 paper than in 2003.
- The number of Service Outlets in small population centres is being further increased, as is the number of care homes where the Rabobank is introducing use of the e-purse for the elderly by providing explanation and instruction.
- Interpolis is setting up its own ethics committee and organising special workshops on ethics and ethics-based games for all employees.
- De Lage Landen is placing the subject of corporate social responsibility higher on its agenda.

Key figures

	2003	2002	2001	2000	1999
Volume of services (in EUR millions)					
Total assets	403,305	374,720	363,679	342,920	281,218
Private sector lending	235,425	212,323	197,262	179,137	161,074
Funds entrusted	172,571	171,632	172,174	146,705	127,527
Assets managed ¹⁾	184,000	168,000	194,400	166,100	139,800
Premium income, insurance	3,893	3,660	3,926	3,417	2,867
Premium income, occupational health and safety and pensions	279	242	223	60	15
Profit and loss accounts (in EUR millions)					
Total income	9,238	8,564	8,434	7,760	6,806
Operating expenses	6,243	5,839	5,965	5,459	4,826
Operating result	2,995	2,725	2,469	2,301	1,980
Net profit	1,403	1,250	1,206	1,194	1,020
Tax in the Netherlands	526	379	435	355	396
Tax outside the Netherlands	207	135	97	152	27
Ratios					
Tier 1 Ratio	10.8	10.3	9.9	10.3	10.0
Return on reserves	9.4%	9.6%	9.2%	10.1%	9.8%
Efficiency ratio	67.6%	68.2%	70.7%	70.3%	70.9%
Market shares					
Mortgages	26%	26%	23%	22%	22%
Savings	38%	40%	40%	40%	40%
SMEs (total)	39%	39%	37%	38%	38%
* One-man businesses	34%	37%	34%	35%	36%
* SMEs with 2 to 10 employees	43%	41%	41%	41%	41%
* SMEs with 10 to 100 employees	37%	36%	35%	35%	34%
Agricultural sector	85%	83%	87%	87%	87%
Client data					
Number of members (x 1,000)	1,360	1,108	825	550	510
Member-client ratio ²⁾	15.9%	13.2%	9.7%	6.1%	
Customer satisfaction:					
* Business clients	7.4	7.1	7.4	7.4	7.4
* Private individuals	7.7	7.4	7.5	7.4	7.3
Physical presence					
Local Rabobank branches	328	349	369	397	424
Offices					
* Branches	1,378	1,516	1,648	1,727	1,795
* Agencies	2,416	2,517	2,609	2,693	2,719

1)
Following a change in definitions for assets managed differ from the amount presented in previous reports.

2)
This ratio is based on the number of members/natural persons divided by the total number of adult clients/natural persons.

Key figures (continued)

	2003	2002	2001	2000	1999
Physical presence (continued)					
Chipknip loading points ³⁾	1,872	1,859	1,821	1,800	1,800
Foreign offices	222	169	137	142	147
Personnel data					
Employees:					
total number	57,055	58,096	58,120	55,098	53,147
full-time equivalents	50,849	51,867	52,173	49,711	48,224
Female employees ⁴⁾	55.5%	56.2%	56.8%	55.4%	55.1%
Female employees in higher positions (scale 7 and above) ⁴⁾	16.7%	15.6%	14.6%	13.1%	12.0%
Part-time employees ⁴⁾					
men	5.9%	4.5%	4.0%	3.3%	2.5%
women	61.1%	57.2%	52.7%	47.2%	45.9%
Employees under the scope of the SAMEN act ⁴⁾	-	4.2%	4.8%	4.5%	4.5%
Absenteeism due to sickness ⁵⁾	4.1%	4.7%	5.1%	4.8%	4.5%
Employee satisfaction ⁶⁾	86%	84.3%	83.1%	82%	79.7%
WAO intake ⁵⁾	0.8%	1.1%	1.1%	1.2%	1.1%
Training investments (in EUR millions)	79.9	78.8	85.4	70.0	64.6
Training investments (in EUR/FTE)	1,571	1,521	1,637	1,408	1,340
Products and services specifically aimed at sustainability (in EUR millions)					
Rabo Green Bonds (cumulative)	1,786	1,489	766	623	-
Green loans (cumulative)	1,425	1,141	818	494	374
Green lease (EIA/VAMIL/MIA)					
(number of new contracts)	0	15	20	5	-
Innovation capital Fund	5	1.5	-	-	-
Robeco DuurzaamAandelen Fund	98	107	144	152	-
Sustainability Fund:					
Solar Development Capital (commitment)	1.6	1.6	1.6	1.6	-
Prototype Carbon Fund (commitment)	5	5	5	5	-
Aqua Investments (commitment)	5	5	5	5	-
Gilde Biotechnology and Nutrition Fund	31	35	-	-	-
Het Betere Werk and absenteeism control scheme, premium income	197.6	152.7	-	-	-
Environmental damage insurance, premium income	7.0	7.4	5.2	1.6	1.7
Non-commercial sustainable activities					
Rabobank Foundation, loans/donations (in EUR millions)	5.0	5.1	5.07	5.36	4.2
Project funds, donations (in EUR millions)	2.8	1.8	1.62	2.25	1.34
Micro-insurance, premium income (in EUR)	3,000	15,500	12,500	-	-
Business operations					
Electricity consumption (kWh per FTE) ⁷⁾	3,744	3,139	3,156	-	-
Share of eco-power ⁸⁾	25%	31%	-	-	-
Gas consumption(cubic metres per m2) ⁹⁾	10.6	11.4	12.4	-	-
Paper (kg per FTE) ¹⁰⁾	48	53	51	43	-
Commercial transport by car (km per FTE) ¹¹⁾	523	515	665	808	-

3)
1999 estimate.

4)
This percentage does not include the information from Interpolis, Robeco, Effectenbank Stroeve, Gilde Investments and the foreign offices.

5)
Data from Rabobank Nederland, Rabofacet, local banks, De Lage Landen and Schretlen & Co.

6)
Data from Rabobank Nederland, Rabofacet and local banks.

7)
Data from Rabobank Nederland, Rabofacet, Interpolis, De Lage Landen, Robeco, Schretlen & Co, Effectenbank Stroeve and local banks.

8)
Data from units that take part in central energy purchasing (the Dutch units of Rabobank Nederland, Rabofacet, De Lage Landen, Interpolis, Robeco and local banks.

9)
Data from Rabobank Nederland, Rabofacet, Interpolis, De Lage Landen, Schretlen & Co, Effectenbank Stroeve and local banks.

10)
The data concern Rabobank Nederland, Rabofacet, local banks (relating to the portion purchased centrally), Interpolis, De Lage Landen, Gilde, Schretlen & Co and Effectenbank Stroeve.

11)
Data from Rabobank Nederland, Rabofacet and local banks.

Profile of the Rabobank Group

The Rabobank Group is the largest financial service provider in the Dutch market. It comprises 328 independent, local co-operative Rabobanks in the Netherlands, the central Rabobank Nederland organisation and a large number of specialised subsidiaries. The Group's core target is to generate customer value.

The local Rabobanks and their clients form the Rabobank Group's co-operative core business. De banks are members and shareholders of the umbrella co-operative organisation, Rabobank Nederland, which advises the banks and supports their local services. Rabobank Nederland also supervises the collective of local banks on behalf of the Dutch central bank. Rabobank Nederland further acts as an (international) wholesale bank and as bankers' bank to the Group and is the holding company of a large number of subsidiaries.

The Rabobank Group's ambition is to provide its 9 million clients, both private and business, with all possible financial products and services. To this end, it has a large number of specialised subsidiaries and business units engaged in asset management and investment (Robeco, Schrelen, Effectenbank Stroeve, Alex), pension services, insurances and occupational health and safety (Interpolis), leasing (De Lage Landen), venture capital (Gilde), real estate and mortgages (FGH Bank, Rabo Vastgoed, Obvion), and corporate and investment banking (Rabobank International and its subsidiary Rabobank Securities, Rabobank Nederland Corporate Clients, Group Treasury). These subsidiaries provide financial advice and products to the local banks and their clients on the one hand and serve their own clients directly at home and abroad on the other.

Competence centres

The Rabobank Group is a network of competence centres working closely together. This networked expertise allows the Group to respond actively to the growing demand from business clients and private individuals for a balanced package of financial services and products. The Group thus combines the best of two worlds: the local involvement and personal touch of the local banks and the expertise and scale of a large organisation.

Strong market position

The Rabobank Group serves more than half of the Dutch population and Dutch businesses. In the Dutch market, Rabobank is accordingly market leader for virtually all financial services: mortgage loans (26%), private savings (38%), small and medium-sized enterprises (39%) and the agricultural sector (85%). Its share in the corporate market has been strengthened considerably.

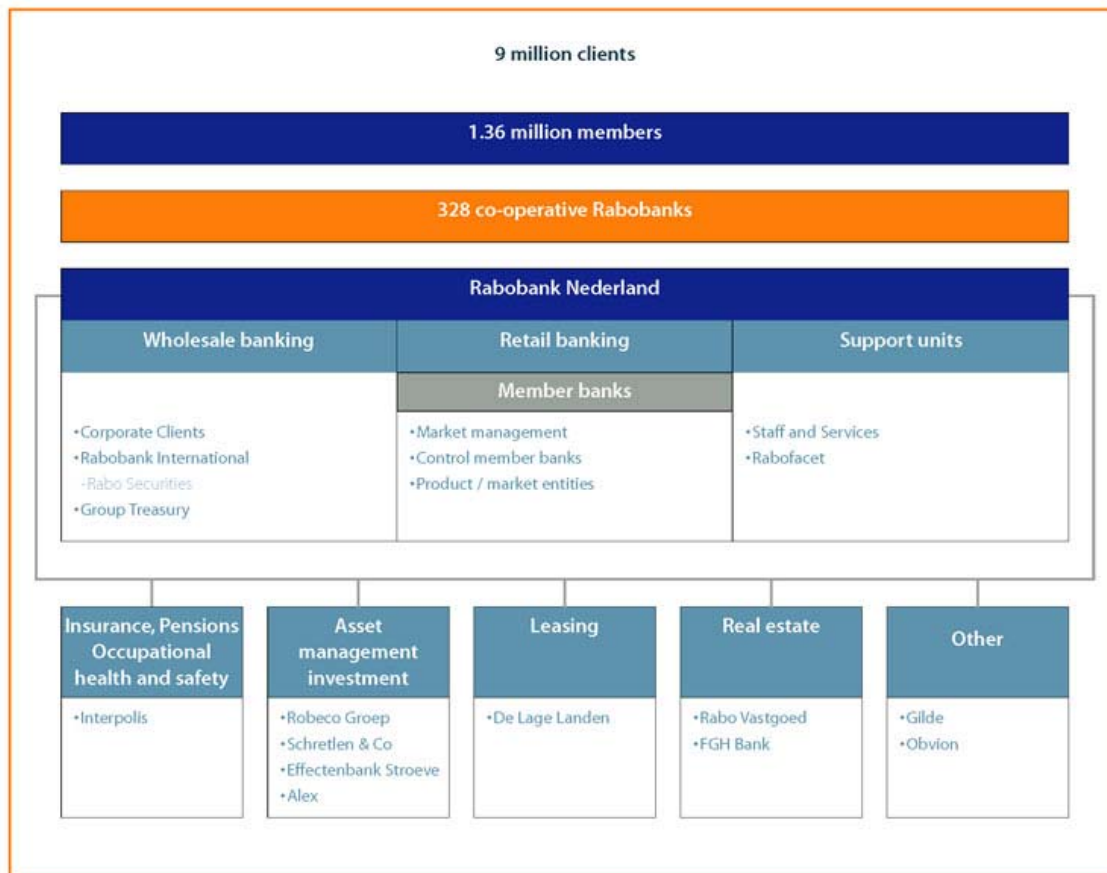
Triple A

The Rabobank Group has the highest credit rating (Triple A), awarded by the well-known international rating agencies Moody's and Standard & Poor's.

International network

To serve our clients in the international market, the Rabobank Group has 222 branches in 33 countries outside the Netherlands.

Rabobank Group structure



List of codes of conduct

List of codes of conduct, covenants and agreements used as a guide for the Rabobank Group's operations.

External

- Global Reporting Initiative
- Equator Principles
- OECD guidelines for multinational enterprises
- United Nations Environment Programme (UNEP) declaration
- Global Compact
- ILO Declaration of Principles concerning Multinational Enterprises and Social Policy
- Business Charter for Sustainable Development of the International Chambers of Commerce (ICC)
- Integrity Code of the Netherlands Bankers' Association
- Covenant on organic pig farming
- Covenant on multiannual agreements concerning energy efficiency improvements
- Packaging Covenant III
- Banking Working Conditions Covenant
- Covenant on primary payment services
- Covenant on a multicultural staff policy
- Code of Conduct for Insurers
- Code of Conduct for the processing of personal data by financial institutions

Internal

- Rabobank Group Ambition Statement
- Rabobank Group Code of Conduct
- Rabobank Group Strategic Framework
- Policy on Human Rights
- Policy on Mortgage Finance
- Code of Conduct on Palm Oil Plantations
- Code of Conduct on Genetic Modification
- Code of Conduct on Information and Communication Means
- Instruction on Interlinking of Interests
- Whistle Blowers Scheme

Policy developments

In 2003, new legislation and regulations, stakeholders' expectations, information needs of rating agencies and the introduction of a CSR monitoring system led to greater transparency in the corporate social responsibility of the Rabobank Group. In 2004 the emphasis is on more intensive sustainability management and more comprehensive CSR reporting, innovation and growth in the volume of ethical products and services, and the incorporation of social criteria in lending.

Corporate social responsibility ties in naturally with the identity of the Rabobank Group. As a co-operative, it is by nature strongly focused on its socio-economic environment. In common with the World Business Council for Sustainable Development (WBCSD), the United Nations Environment Program (UNEP) and a range of multinationals, the Rabobank Group considers that good performance in terms of responsibility and sustainability adds value to the business. This concerns, for example, creating value by generating profit from new products and services, more effective risk management, better environmental performance, more strongly motivated staff, improved ability to attract talent and enhanced brand value. We therefore tend to see corporate social responsibility as a source of countless opportunities rather than a restriction.

Transparency via reporting

A good report on responsibility and sustainability is the best way of responding to the increasing calls on businesses to be responsible and transparent. Although corporate social responsibility is already central to our Group, we can still do even better in providing the transparency requested by stakeholders. The Rabobank sees this as a process of learning to choose the right indicators and using them to measure our responsibility and sustainability performance. We take the Global Reporting Initiative (GRI) guidelines as our starting point here. Ultimately, we believe that this report will not only help to provide a 'true and fair view' of the bank's social and financial performance and position; it is also a report on creating value by responsibility and sustainability management. This report is therefore not just about the past, but is also about our ability to act responsibly and respond in the future.

Transparency in corporate governance

New legislation and guidelines, such as the Sarbanes Oxley Act in the United States (accountancy), the Tabaksblat code in the Netherlands (governance), the Global Reporting Initiative and the Annual Reporting Council's manual (reporting on responsibility and sustainability) lead to more transparent business management. The said legislation and guidelines are also of significance for the Rabobank Group. The changes made in 2002 to the senior management structure of Rabobank Nederland created a more transparent and effective management model. The Board of Directors and the Supervisory Board were replaced by a single new supervisory board and the local banks were given more influence over policy in the Central Delegates Assembly as shareholders of their umbrella co-operative, Rabobank Nederland. A decision will be taken in 2004 on how the local Rabobanks will be managed in future. The intention is that banks should be able to choose between the present partnership model and a new management board model. The partnership model is based on a board consisting of the managing director and at least three selected members – and a supervisory board which examines the policy at arm's length. This model will be refined and clarified in a number of respects. In the management board model, the board is formed by appointing a number of professional managers. A supervisory board supervises the management board's policy. To ensure that the members can exert effective influence, a members council is being introduced in the case of the management board model. This council consists of thirty to fifty representatives of the local members. It is accorded significant decision-making powers, such as the adoption of the financial statements, the appropriation of the local profit and the appointment of the members of the supervisory board. The members council also decides on possible local mergers.

Transparency through monitoring

A point specified for improvement in 2002 was the introduction of a monitoring system so that corporate social responsibility would be more firmly embedded in the services and business operations. In 2000, Rabobank started setting up such a system on the basis of the GRI guidelines. It made use of two studies to translate those guidelines for the purposes of the financial sector: the Environmental Performance Indicators for the Financial Industry (EPI-finance 2000) and the Social Performance Indicators for the Financial Industry (SPI-finance 2002). In mid 2002, the CSR monitoring system was ready for testing. In the second half of 2002 and the first half of 2003, twenty local Rabobanks and all other group units took part in testing the system. That trial aimed to gain experience in determining objectives in this area and the testing of CSR indicators which reveal the extent to which the objectives have been achieved. The system was refined on the basis of the experience gained with the pilot banks. By the end of 2003, the system was ready, and a start was made on introducing the CSR monitoring system into the financial services and business operations of all Rabobank-labelled units and subsidiaries. This was the first time that CSR reporting had been conducted on this scale. All reporting group units received their own CSR report, which compared their performance with that of other group units. The quantitative and qualitative CSR data formed the basis for this annual responsibility and sustainability report. Control Rabobank Group (CRG) was responsible for the consolidation.

Altogether, 74 local banks (23%) submitted their CSR data for 2003. From 2004 onwards, all the 300 or so local banks will, in due course, receive a report every year with statistical evidence confirming their CSR performance. This means that corporate social responsibility will become a permanent aspect of the management cycle of local banks.

Rabobank Group leads the way in sustainability performance

Rabobank Group has its performance on sustainability assessed externally every two years by the Zurich-based Sustainable Asset Management agency (SAM). This assessment is the same as the one for the Dow Jones Sustainability Indexes. The internationally renowned rating agency states that the Group's policy on corporate social responsibility leads the way internationally. SAM's sustainability rating for the Rabobank Group in 2003 was 74% of the maximum, 10 percentage points higher than its 2001 rating. This meant that the Group gained the highest rating of all banks in Europe, and the second highest in the world. According to SAM, Rabobank's particular strengths lie in fitting sustainability into its strategy, its expertise in that area, social commitment, the review of cases in practice by the Ethics Committee and the active approach to stakeholders. The fact that the score is higher than in 2001 is due mainly to a more stringent environmental policy and the increased transparency of its corporate governance structure. The Rabobank Group's high score on sustainability is also important from the financial perspective. Investors are increasingly persuaded by the sustainability ratings accor-

ded by the leading agencies in this field. These offer additional information on the risk profile of the companies. Rabobank bonds are a unique investment from that point of view. They combine a Triple A credit rating with a top score on sustainability in regard to the 'Triple P' (a balanced policy focusing on 'people, planet, profit').

Dutch Consumers' Association: Rabobank no. 1 large bank in terms of sustainable investments

Consumers and other external stakeholders increasingly appreciate the integration of corporate social responsibility into the services of Rabobank Group. In 2003, Rabobank was named the no.1 large bank in terms of sustainable investments by the Dutch Consumers' Association. According to this association, Rabobank particularly ensures that its investments benefit large parts of society.

Priorities for the CSR policy in 2004

Rabobank Group has set a number of priorities for the CSR policy in 2004 and subsequent years. One of them is to continue incorporating social and environmental criteria in lending. One of the business management objectives is to purchase 100% green electricity via the collective purchasing contract to meet the energy needs of the participating group units. A minimum 10% reduction in the amount of paper used by Rabobank Nederland and the local Rabobanks is also high on the agenda. The range of financial services and products geared to sustainability is also being further extended, and will include sustainable asset management. These priorities were selected on the basis of developments in society, recommendations by the sustainable rating agency SAM, the verification by KPMG Sustainability BV of the annual responsibility and sustainability report for 2002 and the wishes of the stakeholders.

Rabobank and duty of care

In 2003, Rabobank started defining its duty of care ensuing from the financial services preliminary bill. This duty of care applies to the provision of products with a significant impact which are not covered by the Securities Transactions Supervision Act, such as mortgage loans, life insurance and consumer credit. A policy memorandum was drawn up in 2003 and the various aspects will be developed further in 2004 based on the draft bill. In addition, Rabobank Group introduced the principle of Customer Due Diligence in 2003. This principle defines rules and agreements to ensure, among other things, the integrity of financial institutions. The Dutch Central Bank translated this into the CDD rules (Know your client). Before accepting new clients, financial institutions are required to assess the person or organisation concerned. In addition, they should review on a regular basis whether the client's profile has remained stable and whether its actions are still in line with this profile. All Rabobank employees dealing with clients and the responsible managers are required to follow a course on these matters in 2004.

Summary of objectives for policy development

Objectives stated in 2002 report	Results
Include concrete CSR objectives in annual plans.	Many group units and the 20 local banks which took part in the pilot monitoring system in 2002 set concrete policy objectives for 2003.
Progress on introduction of monitoring system in local banks and group units	In addition to all group units, 74 local banks completed their set of CSR indicators for the purpose of CSR monitoring.

Key objectives for 2004

- Participation in CSR monitoring throughout the group.
- Incorporate social criteria in lending.
- Improve own environmental performance in regard to energy and paper consumption.
- Improve or extend the range of financial products and services geared to sustainability.

Stakeholders give their opinion on the Rabobank Group's responsibility and sustainability

In 2003 the Rabobank Group conducted a stakeholders consultation procedure with fifteen community organisations, among which were unions and interest groups in the field of the environment, development co-operation and human rights. At the beginning of 2003 they gave their opinion on the Group's Annual Responsibility and Sustainability Report for 2001 and the policy which it described. The analysis conducted by the Rabobank Group on the outcome of the stakeholders consultation procedure indicated that the following points should be considered:

- include more concrete objectives in the annual responsibility and sustainability report.
- go into more depth on the relevant report topics.
- explain the dilemmas confronting the Rabobank Group.
- give a clear account of historical links and future prospects.
- integrate report information with website information.
- explain the role that the Rabobank aims to play in making farming more responsible and sustainable.
- explain the Rabobank Group's responsibility and sustainability management and the integration of CSR into the core activities (including as regards compliance with codes of conduct).

Some of the recommendations have already been implemented in the Annual Responsibility and Sustainability Report for 2002, such as the Rabobank's vision of responsible, sustainable farming and the launch of CSR monitoring within the Group. A number of recommendations have been added in this annual report for 2003, such as the inclusion of concrete objectives and historical links, and the raising of responsibility and sustainability to strategic level by further development of CSR monitoring. Two topics of relevance to the Rabobank are also treated in more depth in this annual report, namely the work of RIAS and the Rabobank Foundation. For 2004, the plan is to integrate the provision of CSR information on the Rabobank Group website.

Rabobank is to step up communication on social issues

External means of communication help to determine how stakeholders view a business and hence its reputation. By consistent and transparent inclusion of social issues in corporate communications, a business lays the basis for mutual trust. That is why the Rabobank will accord a more central position to social issues in its corporate communications and marketing. The information on the internet concerning the responsibility and sustainability policy, ethical products and services, business operations and community activities is being extended (www.rabobank.com).

Local compliance officers at every Rabobank International branch

A local compliance officer has been appointed at all 33 foreign branches of Rabobank International. For the major branches, more than one full-time officer has been appointed. The local compliance officer has to ensure that the relevant external and internal rules to be respected by the bank are applied in practice, and report accordingly. In 2003, Rabobank International instructed these officers to concentrate their activities on legislation to combat money laundering, tax fraud, preventing customers from being placed at a disadvantage (e.g. owing to conflicts of interests), market abuse (insider trading, price manipulation) and international sanctions policy (EU, US and UN).

The Rabobank International and Wholesale Compliance Department is responsible for compliance in the Group's wholesale units: Rabobank International including Rabo Securities and Corporate Clients. It exercises function-based control over the local compliance officers (LCO).

Increasing numbers of group units have a CSR policy

All group units are increasingly integrating corporate social responsibility into their products and business processes. The asset manager Robeco and the insurer Interpolis developed their policy in this area further in 2003.

Robeco's CSR policy

At Robeco, senior management level is in charge of the integration of corporate social responsibility into the asset manager's business processes and products. Apart from setting clear policy parameters and applying mechanisms to monitor integrity risks and compliance with investment restrictions, the management expects all staff to assume their own social responsibility as professional, responsible citizens. The responsibilities in terms of CSR are therefore vested at operational level wherever possible. At senior management level there are also mechanisms to monitor integrity risks, staff conduct and compliance with investment restrictions.

Setting up Robeco's overall report

In 2002, Robeco began setting up an overall report on responsibility and sustainability in its business operations. On the one hand, this report is aimed at the internal operation and at employees via emergency procedures, social policy and conditions of employment. On the other hand, the focus is on the environment by devising ecological measures in business operations, making a contribution to society and using ethical products and services. One of the aims is to cut paper consumption by 5%.

Codes of conduct at Robeco

Robeco applies a number of covenants and codes of conduct as a guide for its activities: Robeco Code of Conduct, Pre-Employment Screening, Rules on Private Investment Transactions, Rules on Chinese Walls and the Whistle Blowers Scheme. The Compliance department is in charge of integrity monitoring within the organisation.

Interpolis CSR policy

At Interpolis, the Code of Conduct for Insurers is the main policy basis for corporate social responsibility. That code consists of 31 rules divided into the categories: Reliability, Professionalism, Solidarity, Social Responsibility and Transparency. Interpolis signed this code in 2002 and adopted it as its own policy. The year 2003 was spent on preparations and introduction of the code which took effect on 1 January 2004. Since that date, customers and stakeholders have been able to submit complaints based on the code. If the complaint does not lead to the desired result, the complainant can contact the Dutch Insurance Industry Complaints Authority, which is where the Insurance Ombudsman and the Code of Conduct for Insurers Review Board are based. The 'Code of Conduct' is a regular item on the management agenda.

Corporate Governance at Interpolis

2003 saw the establishment of the Audit Committee, which comprises the senior management of Interpolis, the supervisory board, Group Finance & Control, Internal Audit Service and the external auditor Ernst & Young.

Interpolis policy plans for 2004

Interpolis has the following policy plans for 2004:

- to establish an in-house ethics committee (with broad terms of reference as regards CSR);
- to develop and introduce ethics workshops with ethics games for all staff;
- to develop a uniform general personal code of conduct for each individual employee;
- to integrate CSR topics into the periodic standard reports of all business units.

Interpolis codes of conduct

Interpolis has signed the following external codes: UNEP Statement, Multiannual Energy Efficiency Agreement, Packaging Covenant III, Code of Conduct for Insurers, Code of Conduct for the Processing of Personal Data by Financial Institutions and the NEVI Code of Conduct (purchasing of office requisites). The insurer is also bound by the following internal codes of conduct: Rabobank Group Ambition Statement, Rabobank Group Code of Conduct, Rabobank Group Strategic Framework, Policy on Human Rights, Code of Conduct on Genetic Modification and Instruction on Interlinking of Interests.

Interpolis control mechanisms

Compliance with the statutory codes of conduct or those geared to the pursuit of a profession is checked by a compliance officer working in the Internal Audit Service. Each business unit is individually responsible for monitoring and complying with the Code of Conduct for Insurers within its own organisation. A clause has been added to the system for assessing company employees which explicitly states that compliance with this code is checked. The central checklist for managers mentions that they must inform new staff about the Code of Conduct for Insurers when they enter service.

Co-operation and emancipation

Co-operation is an attitude of mind: acting together to do what is necessary, being responsible, demonstrating commitment. Our co-operative identity helps to determine our view of people and society. The work of the Rabobank Foundation and Rabo International Advisory Services (RIAS) follows from that vision.

The Rabobank is a people's bank. Perhaps the most typical characteristics of the co-operative Rabobank are its ability to focus on the interests of its customers and the fact that it is geared to collaboration. Those characteristics do much to explain its success in developing into the largest financial services provider in the Netherlands, and one of the world's soundest financial institutions. Enlightened self-interest lay behind the many local co-operative initiatives which, more than a century ago, led to the establishment of a corresponding number of local banks. Collaboration between those banks forms the foundation of the Rabobank Group. It is no exaggeration to state that the co-operative banks have made a significant contribution towards the emancipation of large sections of the Dutch population and their economic development. The co-operative formula on which the Rabobank is based has repeatedly proved to be a factor determining successful development in a wide variety of areas.

Even today, and outside the Netherlands, too, co-operative initiatives can lead the way to socio-economic progress. An astonishing total of four billion people worldwide still do not have any access to regular banking services. It was concern over that which prompted the Rabobank Group to set up the Rabobank Foundation in 1973. Together with RIAS, it forms one of the Rabobank Group's two key initiatives for assisting the financial and socio-economic infrastructure of developing countries, in the form of support for local co-operative savings and credit systems or micro-finance institutions.

Rabobank Foundation

The Rabobank Foundation, which celebrates its 30th anniversary in 2004, supports groups of people in the Netherlands and abroad who are not able by themselves to take part in society or socio-economic activity. The fact that the local banks contribute the funding for the Foundation is one indication that the creation of economic value is not the Rabobank Group's sole objective. They hand over a part of their net profit to the foundation, and Rabobank Nederland matches their combined contributions. The Rabobank Foundation uses this fund to support an average of 150 projects a year, of which about 50 are located in the Netherlands and 100 in over 40 countries in Asia, Africa, Latin America and Eastern Europe. In the past thirty years, the Rabobank Foundation has spent a total of more than EUR 55.5 million on thousands of projects, including EUR 14 million on projects in the Netherlands.

Income and expenditure in 2003

In 2003, the Rabobank Foundation received a record total of more than EUR 2.5 million from the local banks. Including the matching contribution from Rabobank Nederland and the other income in the form of interest, the Rabobank Foundation had EUR 6.3 million at its disposal in 2003, 14% more than in 2002. The contributions from the local banks continue to increase in absolute and percentage terms every year.

Rabobank Foundation key figures		
	2003	2002
Funds received (in euros)		
Contributions from local banks	2,543,849	2,259,105
Contributions from Rabobank Nederland	2,543,849	2,259,105
Other income	1,176,207	991,092
Total new funds	6,263,905	5,509,302
Financial support (in euros)		
Of which:		
- Spent on projects in the Netherlands	1,319,284	1,038,375
- Spent on projects abroad	4,043,662	4,067,607
Reverse entries	351,974	349,726
Total net commitments *	5,010,972	4,756,256
Guarantees	229,123	387,701
Total applications requesting support		
- Of which: from the Netherlands	326	131
- Of which: from abroad	361	533
Number of applications accepted		
- In the Netherlands	53	43
- Abroad	80	86

* excluding conditional obligations

Rabobank Foundation abroad

Abroad, the Foundation supports local populations in setting up savings and credit co-operatives. This co-operative approach to micro-finance has clear links with the core co-operative activities of Rabobank. The aim is to foster the economic independence of the local population. It is small loans and access to them that can be particularly significant in combating poverty.

Credit co-operatives with more than 100,000 members are perfectly common. If you add the number of members of the households, in the past thirty years there have been millions of people whose future prospects have been transformed by an improvement in their family income. The Foundation does not only provide financial assistance. Rabobank Foundation advisers working locally share their knowledge and experience with the local population, who manage the project themselves.

Foreign loans and donations

Foreign loans granted in 2003 totalled EUR 1.1 million less than in the previous year. Once again, most of the loans went to projects in Latin America in 2003, often being allocated to the pre-financing of harvests, especially coffee. No loans were granted for projects in Africa in 2003,

Foreign donations 2003

	Euro's	No. of countries	No. of projects
Africa	638,395	14	22
Asia	826,328	6	21
India	103,820	-	8
Latin America	407,539	11	29
Eastern Europe	166,093	4	6
General	87,244	-	3
Total	2,229,419	35	89

Foreign loans 2003

	Euro's	No. of countries	No. of projects
Asia	211,435	2	3
Latin America	1,027,239	6	15
Eastern Europe	185,000	2	2
Total	1,423,674	10	20

the reason being that no new applications qualified.

Foreign donations were over EUR 700,000 compared with 2002. As in previous years, most of the donations went to projects in Africa.

Rabobank Foundation in the Netherlands

The Rabobank Foundation also helps underprivileged groups in the Netherlands. Independence, ability to cope, social integration and the quality of life of members of our society are central to almost all the Foundation's Dutch projects. That means worthwhile use of people's time (paid or unpaid), volunteer aid, work experience projects, projects concerning quality of life in the neighbourhood, art and sport. The target group is highly diverse: asylum seekers, persons with mental or physical handicaps, the blind or partially sighted, the deaf, the homeless, long-term unemployed, people with a psychiatric disorder and/or ex-offenders. For a number of these groups, ending social isolation plays an important role; they have lost - or are in danger of losing - contact with society and can be helped by reintegration programmes. Volunteers are involved in almost all the projects. In many cases, a local Rabobank also plays an active part. In the Netherlands, donations in 2003 exceeded the 2002 figure by EUR 280,

Domestic donations 2003

	Euro's	No. of projects
Labour rehabilitation	480,297	19
Buildings	180,522	7
Recreation	253,000	5
Miscellaneous	405,465	22
Total	1,319,284	53

Examples of the Rabobank Foundation's foreign projects

- **Working Women's Forum (WWF)**, a non-political women's movement, was set up more than 25 years ago as a spontaneous initiative in the slums of Madras, with the aim of supporting women in the on-going battle for their rights. It is now active in the three southern states of India. The organisation has always been strictly independent of the government. Having started with 800 women, it now has 700,000 members. With additional support from elsewhere, including the Rabobank Foundation, structural improvements have been made to the health care, education and incomes of these extremely poor women. The WWF has reached a large number of women who were not previously organised. The WWF is a success because it has actually been effective in reaching the very poorest women, both in the towns and in the country. It operates from 16 branches. The WWF has also set up a rural co-operative network which grants micro credit for poor women's activities, supported in particular by the Rabobank Foundation. This credit network operates in 1675 slums and 3000 villages. It enables the women to build up financial resources with which they can launch business activities, such as carpet weaving, producing incense sticks or setting up a fish stall, for example. Often they need part of the loan to buy food or recover their children and household goods which have been pledged to unscrupulous moneylenders. 98% of the women succeed in repaying the loan by the specified date, after which they can be granted a subsequent, larger loan.
- **Central de Cooperativas Cafetaleras de Honduras (CCCH)** is a national federation which was set up in 1997. CCCH's members currently comprise 80 primary coffee farmers co-operatives and 20 groups of producers. Altogether, it serves 11,000 growers in 12 departments of Honduras. The Foundation has supported the development of CCCH from the start. The low coffee prices and chronic shortage of cash mean that the coffee growers have to sell coffee beans to buyers at minimum prices just to provide the primary necessities of life. To break this spiral, attention is increasingly focusing on financing other activities for the farmers. Since October 2000 the Rabobank Foundation has been in charge of the overall co-ordination and specialist support for the CCCH savings and credit programme. This programme is being developed

slowly but surely by the member co-operatives; some co-operatives can start on savings and credit activities immediately, but others need training first in order to set up an administrative infrastructure.

- **Union Banc of Cameroon Ltd. / Cameroon Coop Credit Union Leaque (UBC) / (CAMCCUL)** has been supported by the Rabobank Foundation ever since the early 1970s. Over all those years, this savings and credit co-operative with its member groups has grown into a co-operative movement with substantial social influence. The organisation consists of around 300 groups of people (credit unions), who meet in the villages and towns at set times to arrange their savings. The membership now totals over 150,000 people, with loans amounting to EUR 34 million. The whole of the money has been contributed by the members themselves and deposited as savings. The main areas where the Rabobank Foundation has provided support are in setting up and launching a professional bank (UBC), which as well as providing services for the member Credit Unions also serves larger customers needing more expertise and a complex service. UBC is owned by the local credit unions and their umbrella organisation Camccul.

Examples of Dutch projects set up by the Rabobank Foundation

- **The Star Child Foundation (Stichting Sterrekind)**. In the Netherlands, there are around 250,000 children suffering from chronic or long-term illnesses. The Star Child Foundation was set up for them in 1997. Many of these children need some extra encouragement to maintain social contact and personal development. For these children, the Star Child Foundation has developed a safe, interactive meeting place on the internet: the Star World. Children and young people between the ages of five and nineteen can contact their contemporaries safely via this website. Three environments are provided for that purpose, based on age groups. As well as communicating with one another in the Star World, children can play games, watch films, listen to music, write articles themselves, etc. The Rabobank Foundation has made it possible for the Star Child Foundation to continue developing and presenting the Star World for a further 3 years. The Star Child Foundation aims to expand it into one of the leading interactive applications on the internet in the Netherlands, and to be able to offer 75,000 children a subscription to the Star World by the end of 2006.
- **Noorderhoeve biodynamic farm**. Originally an organic, biodynamic farm, Noorderhoeve was converted to a sheltered institution in 1997. Around 40 people requiring care from various target groups now work there. As a biodynamic, organic farm, Noorderhoeve wants to take proper care of the soil. The farm supplies organic products to 40 customers. It offers reintegration courses for people suffering from burn-out, stress and drug addiction who are temporarily finding it difficult to cope with everyday living. As an integration facility, it also creates an environment for people in permanent need of care, such as the mentally handicapped. The Rabobank Bergen-Egmond-School is closely involved in the activities of Noorderhoeve. The Rabobank Foundation provided financial support which made it possible to build the new stable and the cheese dairy.

The foundation also contributed to phase 2 of the construction, the plans for a dining room and a farm shop which have now been completed. Partly as a result of that help, the farm is now firmly established in the community and has a promising future.

• **Special Olympics.** The Special Olympics is a sporting event for disabled people. The Special Olympics was started by Eunice Kennedy Shriver, sister of the former American president. In 1963 she began organising summer camps in the US for the mentally handicapped. By 1968, the success of these camps had led to the establishment of the Special Olympics. Sporting events of this kind are now organised for over a million people worldwide. The event takes place every two years, and in the Netherlands it has previously been held in Amsterdam and Deventer. The venue for 2004 is Spijkenisse. The Rabobank Foundation supports this event, in collaboration with the Rabobank Voorne-Putten Oost, to rectify the marked neglect of sport for the handicapped. 800 competitors and 500 coaches will take part. That demands a great deal of organisational talent. Fortunately, there are around 250 volunteers ready to lend a helping hand. Events at Spijkenisse will cover the following Olympic sports: athletics, gymnastics, hockey, judo, horse-riding, tennis, football and swimming. Cycling is on the programme as a demonstration sport. There are competitors of all ages and levels. A few of the winners will be sent to the 2006 European Olympics in Italy. Sport is very important for handicapped people; it makes them fitter and improves their motor skills, and they enjoy it. Moreover, it encourages their integration into society, helps them make friends and expands the social network. The mentally handicapped, in particular, gain more self-confidence.

RIAS

Rabo International Advisory Services (RIAS) is a professional advisory body of the Rabobank Group set up on a budget-neutral basis. RIAS was established in order to make use of Rabobank's many years of expertise in finance, co-operative development and agri-business in an international context, because access to finance is important to encourage rural development and combat poverty. Its target group comprises mainly emerging markets and developing countries in Central and Eastern Europe, Africa, Asia and Latin America. Here, RIAS offers consultancy services principally to rural banks and farmers' co-operatives. RIAS passes on expertise and experience in the field of banking, co-operative development and agricultural chain development. RIAS also makes an active contribution to the dissemination of expertise via studies and seminars run by such bodies as the World Bank and the Dutch government. Easier access to finance for farmers and SMEs in rural areas is central here.

RIAS generally carries out projects jointly with multilateral and bilateral organisations, such as the International Finance Corporation, the World Bank, the European Community and the European Investment Bank. In 2003, small units were set up under the RIAS flag at the Rabo International branches in Bombay and Singapore. They initiate and support projects in their region.

Experts and projects

Wherever possible, RIAS uses Rabobank experts in the execution of its projects. They are made available by the departments concerned at non-commercial rates. The experts are deployed on missions lasting two to three weeks.

In 2003, RIAS was involved in around 30 projects, contributing to the sustainable development of the economic sector in developing countries and emerging markets. Altogether, 41 consultants (including 17 Rabobank staff) spent a total of 2200 man-days on the projects, 150 man-days more than in 2002. The most important projects completed or on-going in 2003 were:

Moldavia: transforming two small private banks into market-oriented institutions, to offer IFC credit facilities to SMEs on a financially responsible basis.

Kyrgyzia: strengthening all the Kyrgyz Agricultural Finance Corporation's processes, from lending to branch management and internal control. Setting up a future strategy and privatisation plan, which includes obtaining a full banking licence.

Surinam: supporting an investment fund in the development bank. Rationalising the loan portfolio, structuring the process of lending and credit control, and training staff.

Kosovo: setting up a bank and providing support to the management.

Turkey: developing the strategy of a large agrarian bank with the aim of providing more effective financial services in rural areas.

Egypte: developing the strategy of a large agrarian bank with the aim of providing more effective financial services in rural areas.

Russia: developing a sugar beet co-operative, holding workshops on the subject of co-operative business organisation and writing a job description for the Ministry of Agriculture for the establishment of a training and instruction centre in Russia.

Indonesia: a preliminary study was carried out jointly with Rabobank Stellendam on improving fishery co-operatives, in Sumatra.

United Kingdom: developing the organisation, management structure and governance for milk co-operatives, jointly with the London Rabobank.

In the years ahead, the RIAS activities in a number of specific countries will become more focused. New, concrete projects are being developed in Tanzania, Mozambique, Egypt, China and Turkey. A new initiative 'Rural Finance Around the World' will be implemented. This initiative structures the deployment of younger Rabo employees on projects in developing countries. The aim is to create a win-win situation. On the one hand, younger staff are confronted by a different working environment, and on the other, they can contribute new expertise to developing organisations. This also encourages 'out of the box' thinking and operating.

Examples of RIAS projects

PBDAC in Egypt

RIAS started a programme at the Primary Bank for Development and Agricultural Credit in Egypt in 2001. PBDAC serves 3.5 million customers in rural areas and has a staff of around 30,000, spread over more than 1000 local and regional banks. In collaboration with PBDAC, RIAS developed new loan products in the province of Fayoum and launched them through a number of local banks. It also considered the question of female customers. It is often difficult for women to borrow money because they cannot put up the collateral that the bank requires for loans. RIAS also developed new procedures for the lending process and advised on the IT organisation and architecture. In addition, the local bank employees are given training in all kinds of banking subjects such as lending, product marketing, dealing with customers, etc., and staff are taught how to train their colleagues. A number of members of the senior management team came to the Netherlands, at the invitation of RIAS, to see how the Rabobank is organised. As phase 1 was completed successfully, RIAS began extending the activities to the provinces of Giza and Qalubiya in 2004. The new products will be introduced and staff will be given training in these provinces, too.

Sustainable improvements to the coffee market

In 2002, RIAS carried out a study on sustainable improvements to the coffee market, which is under severe pressure. The study was prompted by the steep fall in coffee prices, which is having an enormous impact on coffee growers in developing countries. In this connection, Rabobank International introduced a form of commodity trade financing which gives well-organised coffee co-operatives better access to the world market. The important point here is the better price that the coffee growers get for their product. Partly on the basis of this study, the Dutch Ministry of Development Co-operation took a greater interest in commodity trade for developing countries in 2003.

SME development in rural and semi-urban areas

RIAS has carried out various banking projects aimed at the institutional development of banks in rural and semi-urban areas. Examples are projects in Kazakhstan, Egypt, Moldavia and Kirgizia. These projects improve the expertise and capabilities of the local banking industry so that the more disadvantaged members of the local community also have access to capital. This makes it easier to develop small and medium-sized firms, and that ultimately alleviates poverty.

Financial products and services

New markets

Under the Kyoto Protocol agreed in 1997, energy-intensive sectors are required to reduce their greenhouse gas emissions. As a global financial services provider, Rabobank wants to contribute towards reducing greenhouse gases by developing new products and services for its customers and actively collaborating on the creation of a market for emission rights.

Rabobank as the initiator of New Values

The Rabobank Group is actively involved in the new electronic trading platform, New Values, where market players can trade new securities or 'environmental commodities'. Since 2003, New Values has comprised a trading centre for trading in NOx emission rights and a trading centre for dealing in green certificates and European Renewable Energy Certificates (RECS). A market place for trading in CO2 emission rights will be launched during 2004. By participating in New Values, Rabobank is helping businesses to meet their obligations cost effectively.

Rabobank Group finances climate projects

Rabobank International has set up the Carbon Procurement Department for buying and selling emission reductions resulting from projects in developing countries. Among other things, the department executes the framework contract which Rabobank concluded with the Dutch government for the purchase of 10 million tonnes of greenhouse gas emission reductions. The emission reductions are obtained from renewable energy projects in developing countries, in which Rabobank is involved as a financier via its international network. Examples are a wind farm in China, a hydro-electric power station in Chile and a biomass project in India. The additional income earned from selling the emission reductions makes it possible to launch projects which would otherwise be difficult to fund. These projects lead not only to a reduction in CO2 emissions but also to strengthening of the local economy, e.g. by improvements to the infrastructure and job creation.

Rabobank advocates administrative agency for soil decontamination

If the government has its way, businesses will have to put a great deal of effort into soil decontamination in the period between now and 2023. The proposed change in the law will mean that soil decontamination becomes primarily a problem for the owners and lessees of industrial sites, rather than those who caused the pollution. There were various

bilateral and plenary discussions on that subject in 2003 with the persons who are intended to initiate a future administrative agency for soil decontamination in the SME sector. Apart from the Rabobank Group, the parties involved are the umbrella organisations, MKB Nederland (the Dutch SME association) and VNO-NCW (the Confederation of Netherlands Industry and Employers), and the industry associations Bovag, Metaalunie and Netex. The aim of the administrative agency is to ensure the efficient and effective decontamination of industrial sites and to offer an overall solution for businesses having to deal with soil pollution. The Ministry of Housing, Spatial Planning and the Environment (VROM) has indicated during various meetings that it welcomes the plans.

The Environmental Financial Products department helps firms to comply with Kyoto

For many businesses, the implementation of the Kyoto Protocol will have major implications. The setting of limits will increase the burdens for some firms, while others will be able to benefit by selling emission reductions. To provide a service for these firms, Rabobank International set up the Environmental Financial Products (EFP) department. EFP's activities include realising latent asset positions in emission rights and mitigating price and compliance risks for firms in all relevant underlying securities.

Prototype Carbon Fund: 13 participations

The active involvement of the Rabobank Group in the climate issue started in 2000 when, together with seventeen energy-intensive businesses and six governments, it became a joint shareholder in the Prototype Carbon Fund (PCF). The PCF is a World Bank initiative, anticipating the ratification of the Kyoto Protocol and aiming to gain experience in emission trading on the basis of concrete projects. The PCF buys certified CO2 emission reductions from projects in developing countries. By 2003, a total of 13 participations had been included in the fund.

Help with calculating the energy efficiency of housing

In 2003 a 'housing-related energy measures' computing module was developed which provides information on the costs and benefits of energy-saving measures in the home. The module is the brain-child of the Rabobank and the Renewable Energy Project Office. The module is intended for municipal authorities, property developers and individuals wanting to build or convert property for the future. Energy saving and sustainability will play a steadily increasing role there. According to the European energy performance directive, every home built, rented or sold after January 2006 will have to have an energy certificate. The module anticipates the policy of the Ministry of Housing, Spatial Planning and the Environment (VROM) which is developing an energy label for housing, comparable to the labels for cars and white goods. The certificate could lead to a demonstrable rise in the market value of energy-efficient properties, making it more attractive to invest in energy saving measures. The computing module calculates the pay-back period

or the periodic costs of renewable energy investments in the home, taking account of mortgage finance and trends in energy prices. The computing module can be downloaded free of charge from the Renewable Energy Project Office's website (www.duurzame-energie.nl).

Many members buy solar panels via the Rabobank

In September 2003, the Rabobank organised a scheme offering its members a do-it-yourself package of four solar panels with an energy subsidy. Around 2000 members availed themselves of this scheme and installed four solar panels. This means that Rabobank members have installed around 1 million watt peak solar panels as a result of this scheme alone. Owing to the unexpected termination of the energy premium scheme on 16 October 2003, several hundred members who had wanted to take advantage of the subsidised offer were unable to do so.

Summary of objectives for new markets

Objectives stated in the 2002 report	Results
Prototype Carbon Fund: The number of contracts is expected to increase rapidly in view of the substantial, diversified projects in the pipeline.	There were a total of 13 participations included in the fund at the end of 2003.
The plans for a comprehensive approach to soil decontamination will be devised in more detail in 2003.	In 2003, various discussions were held with VNO-NCW, MKB Nederland, Bovag, Metaalunie and Netex.

Key objectives for 2004

Launch trading platform for CO2 rights.

Financial products and services

Branch and distribution policy

Customers are conducting more and more of their banking business themselves via cash dispensers, the internet and the telephone. In recent years, this has led to a decline in the number of traditional branches, but Rabobank is still the local bank, accessible to all its customers. It makes sure of that in various ways, e.g. by Service Outlets, the Care Service in homes for the elderly, and extra information for the disabled and elderly.

New forms of payment, such as the use of debit cards, prepaid cards and internet banking, have rapidly become widely accepted. Customers are now increasingly buying their bank and investment products by telephone or via the internet. The procedure is simple, and the bank is also available in the evening and at weekends via these channels. Home bankers only have face-to-face contact with the banking adviser when obtaining specialist financial advice, either at home or at the bank. Since 1992 / 1993, visits to the bank are therefore down by 95%. As a result, the number of traditional branches is declining and the banks are being fitted out in a different way. The bank has become a place for receiving customers, with self-service machines, consultation points and rooms for private meetings. In 2003, changes in customer behaviour led to the policy vision for 2005+, which aims to strengthen the local banks without causing them to lose their local character. The vision is a guide to the ambitions, position, competences and size of the local banks. Each bank is to have the competences required to provide the optimum service for all customer groups in their sphere of operation. In that context, an as yet unknown number of banks will be merged. Which banks could best be linked up is being examined on the basis of logical connections between market areas.

Rabobank is still the local bank

In 2003, the Rabobank closed down over a hundred branches and small offices, because it no longer made sense to keep them open from the point of view of security, staff policy and commercial considerations. When closing a branch, the bank consults its customers in seeking good alternatives, particularly for those customers for whom the closure could cause problems. Examples of alternative solutions are the installation of an ATM, facilities for withdrawing cash in local shops, and the use of the Rabobank bus. In addition, in 2003 the Rabobank arranged approximately

390 periodic sessions in public buildings in small population centres. Altogether, the Rabobank has over 2,500 contact points which it can use to serve 97% of customers within a 3 kilometre radius. So it is the local bank.

First Service Outlets opened

The Rabobank is often the last amenity to disappear from the street in small villages and urban neighbourhoods. Many other facilities and shops are closing down. That makes life more difficult for those communities. The Rabobank recognises this problem and has tried to find ways of somehow continuing its activity in villages and neighbourhoods. Together with such players as Essent, Tempo Team, TPG and local authorities, it developed the Service Outlet. Here, customers can deal with matters concerning money, housing, power, post, work and local services all under one roof. Entrepreneurs can accommodate the Service Outlet in their own shop. Five Service Outlets were opened in 2003. The intention is to open at least 50 of these outlets in the coming years.

Modifications for the handicapped

Many handicapped people feel excluded from using debit cards, prepaid cards and internet banking. The Rabobank has devised a number of practical solutions for this target group. The blind or partially sighted can use Rabo Telebankieren Extra for internet banking. With a chip card and its accompanying reader they can deal with their banking electronically. Current account statements in Braille have already been available on request to the blind and partially sighted for over 25 years now. At the end of 2004 there will also be Braille statements for savings accounts. Work is currently in progress on a Braille manual and an audio-CD on 'Modern banking'. Trials are in progress at a number of care homes with a 'talking' e-purse loading point. It uses a telephone receiver to protect

the customer's privacy and to guide the user through the procedure. With the physically handicapped in mind, branch accessibility and the positioning of ATMs are the focus of increasing attention. Where multiple ATMs are sited together, one is often placed at a lower level for wheelchair users. A number of ways of informing the mentally handicapped are being considered, such as group information and an on-line course in the use of debit cards on steffie.nl, the website for the mentally handicapped.

Care homes go over to the e-purse

In 2002 and 2003, under the name Rabobank Care Service, the bank simplified payments in over 350 Dutch care homes by helping to introduce the e-purse. The Rabobank installs the loading and payment machines and explains their use to staff and residents. This work is done by the bank's advisers for the elderly. Elderly people greatly appreciate receiving information in their own home and at their own pace. Once they get used to it, elderly people often find the e-purse more practical than cash. In 2004 the bank will continue introducing the e-purse into homes for the elderly, and for the physically or mentally handicapped.

Steep rise in the number of complaints

Complaints provide the ideal opportunity for the bank to demonstrate its commitment. Moreover, a customer lodging a complaint is giving the bank direct information on how to improve the service. The number of complaints has risen steeply in recent years: from 990 in 1998 to 2,730 in 2003. There are a number of reasons for this. First the bank's pro-active attitude, e.g. in providing a Complaints Leaflet and information on the internet where customers can find out how the procedure works. Also, consumers have become better informed and more critical, partly as a result of TV programmes such as *De rijdende rechter*, *Breekijzer*, *Kassa* and *Radar*. Finally, the Rabobank's service has changed greatly in recent years. The internet, telephone and ATMs have taken over the standard service from the counter staff. The customer does not always see this as an improvement in the service. Every complaint is justified: it is an expression of dissatisfaction or displeasure. That does not mean that the customer is always right. As regards financial claims, the ratio between cases where financial compensation is granted and those which are rejected is 1:3. But it is not always a question of financial interests; often, people will lodge a complaint just because they want someone to understand what they find annoying. For more information, go to www.rabobankgroep.nl, Society, Public Affairs, Position paper distribution policy.

Summary of objectives branch and distribution policy

Objectives stated in the 2002 report	Results
The Rabobank examines the scope for creating shared service points with other players.	5 Service Outlets were opened in 2003.
By the end of 2005, the Rabobank aims to set up around 200 service points jointly with other players.	Service points are sessions in public buildings, service outlets or care service (in care homes). Altogether, there were 710 service points by the end of 2003.
In 2005 the Rabobank aims to have introduced the e-purse in over 800 of the 1,600 care homes.	The e-purse was in use in 310 care homes at the end of 2003.
In the future, an effort will be made to give the virtual bank a more personal face.	The Rabobank is considering ways of combining the virtual bank with personal service.

Extra help for special target groups

The Rabobank wants to encourage everyone to be able to deal with their banking themselves for as long as possible without having to rely on anyone else. To that end, the bank offers a number of services and solutions for the elderly and the less able-bodied. For instance, the Rabobank has a special authorised representative's card with which customers can authorise someone else to withdraw a sum of money

from their account without having to disclose their PIN code and thus having to give access to the whole bank balance. People who are unable to use a PIN number on their own can apply for a service card which will enable them to obtain help from a bank employee without having to ask. Many local banks offer a taxi service to transport people to and from the bank if necessary. Non-mobile customers and those needing help can have money sent to them at home via the Rabo Geld Express service.

Help with modern banking

For various reasons, around 600,000 Rabobank customers still do not use ATMs and internet banking. They are the ones who feel that closing down branches means providing a poorer service. If these are customers who need to get used to modern banking, then there is a job for the bank in informing them properly and making them familiar with the system. The 'Modern banking' manual and training courses in modern payment systems are among the ways of addressing that.

Rabobank as the partner of SeniorWeb

The Rabobank is the principal partner of SeniorWeb. SeniorWeb helps the over 50s with courses on modern payments systems, internet banking, computer use, investment, annuities, pensions and mortgages. Through partnerships set up by 200 local Rabobanks and local SeniorWeb departments, 200,000 people in the 50+ age group have now become familiar with modern banking.

PC-DoeMee project for the older generation in villages

As a rule, most of the 430 SeniorWeb learning centres are located in more densely populated areas. Older people living in villages often cannot attend a course in their immediate neighbourhood. The Rabobank, SeniorWeb and older persons' associations want to change that. Under the name of PC-DoeMee, the partners have now set up 6 small-scale learning centres in rural areas. The ultimate aim is to set up around 40 of these learning centres in the next 3 years.

Local bank key data		
	2003	2002
Number of branches	1,378	1,516
Total number of ATMs	2,981	2,979
Number of ATMs at public locations (other than branches)	682	599
Number of periodic sessions in public buildings	356	402
(where someone can answer simple questions on behalf of the Rabobank)		
Total number of contact points	2,416	2,517
(branches + ATMs at public locations + sessions in public buildings)		
Number of shared service points/service outlets	10	4
(in collaboration with other players)		

Financial products and services

Lending

Lending is the Rabobank Group's most important activity in terms of volume. A small proportion of loans are expressly granted under a green label. That does not mean that the rest are any less socially responsible. The usual criteria relating to sound risk management and internal and external codes of conduct and guidelines apply to the assessment of all loans.

Lending on the basis of mutual solidarity and joint responsibility is the historical source of Rabobank's corporate social responsibility. In the past, loans from the co-operative Rabobank have enabled large sections of the population to achieve socio-economic development and emancipation. Even today, the bank is still driven partly by the interests of customers and their socio-economic environment.

Rabobank wants its loans to make a contribution towards a responsible and sustainable society. In a number of areas, that leads to activities specifically geared to sustainability, such as the financing of organic farming, wind energy projects and eco-friendly construction. Rabobank does not intend to take the government's place. It therefore specifically refrains from pursuing any sectoral policy via its credit facilities and does not demand any particular conduct of its customers.

Good risk management is central to lending. Society's attitudes towards social and ecological sustainability are increasingly influencing the risk profile. Rabobank is actively involved in the debate on such social developments and integrates new attitudes into its loan policy. This is based on external and internal codes of conduct that can clarify to employees and customers the standards applied by the bank. Individual staff are responsible for applying the rules correctly. In the case of ethical dilemmas, they can turn to the bank's Ethics Committee for advice.

New guidelines for assessing business loan applications

The Rabobank Group's lending is based partly on the various internal and external codes of conduct and guidelines on sustainability and social responsibility. The loan manuals contain more detailed rules on a number of specific situations. For instance, in 2003 Rabobank International introduced additional guidelines on the ecological and social sustainability of palm oil plantations. Using the codes and guidelines makes it easier for staff to make socially relevant judgements on the limitation of credit risks when assessing loan applications. If a dilemma

asked to give a ruling. The challenge for the future lies in the continuing integration of the use of these guidelines and codes in routine lending activities.

Funding for small-scale sustainability projects

In the first half of 2003, a survey was conducted among 140 business advisers and managers of local banks on the funding of small-scale sustainability projects. When providing finance – including for sustainability projects – local lenders adhere strictly to the standardised criteria for assessing the firm's financial situation. Despite having a large share of the green funding market, the local banks have little experience of financial assessment in the case of sustainability projects. A large majority of advisers and managers consider that the risks of sustainability projects must not be any greater than the risks of projects unconnected with sustainability. Almost half of the advisers say that they have never financed a sustainability project, while over 40% have provided loans for between one and five projects. That could explain their unfamiliarity with less traditional assessment methods based on what the project will save the entrepreneur in expenses or what profit it will make for him. The great majority of respondents consider that the policy on sustainability needs to be more pro-active. In 2003, work was done on a manual for the local banks on the financing of small-scale wind energy projects. A number of external presentations were also held on the financing of small-scale manure fermentation.

Rabobank signs Equator Principles

In 2003, Rabobank International endorsed the Equator Principles along with 10 other leading banks from 7 countries. These are social and environmental guidelines for financing projects worth over USD 50 million in developing countries. The Equator Principles are based on the guidelines set by the World Bank and its subsidiary, the International Finance Corporation. Compliance with the guidelines contributes not only to further sustainable development worldwide, but also to better

Flexible lending solutions in the case of fowl pest

After the BSE crisis in 1996, swine fever in 1997 and the foot-and-mouth crisis in 2001, livestock farmers in the Netherlands were hit by fowl pest in March 2003. More than a quarter of the Dutch stock of poultry and one-third of the poultry farms in the Netherlands were affected. Altogether, the epidemic led to the slaughter of 30 million chickens on 1400 farms. The population in general also suffered as a result of the epidemic. People were greatly distressed to see the transport of sick or dead animals and especially the destruction of pets. By October 2003, the epidemic was under control. Over 50 local banks were affected by the consequences of the fowl pest. Immediately after the first outbreak, Rabobank set up a task force for dealing with customers' initial financial problems as effectively as possible. Business customers were offered additional, tailor-made financing facilities, such as extra emergency funding, postponement of repayments, and bridging loans. The keynotes here were speed and decisiveness on the part of the bank, plus the interests of the customers. Despite the severe scars left by the epidemic, most of the farms are now back in business. But the sector is more aware than ever that it needs to take a critical look at its farming methods and the risk of disease outbreaks.

Rabobank has set out its views on intensive farming in a position paper. In essence, these are:

- On the basis of its historical links with livestock farming, Rabobank wants to make a contribution towards more modern, sustainable and eco-friendly farming methods and a broader base.
- Under the direction of the government, the bank aims to make a contribution towards the restructuring and reorganising of agricultural regions.

The bank considers that sound, transparent, specialised production by certified suppliers is necessary to be sure of providing safe food for the consumer. The government needs to look more closely at preventive vaccination. The bank notes that the standards that people claim to support in terms of animal welfare and sustainable production are still very much at odds with their purchasing behaviour. This discrepancy is not conducive to the process of moving away from intensive stock farming that almost everyone wants to see.

Groen Bank continues to strengthen market position

Since it was established in 2000, Rabo Groen Bank has flourished. In the space of three years, the consolidated loan portfolio of Rabo Groen Bank grew from EUR 500 million at the end of 2000 to over EUR 1.4 billion at the end of 2003. The balance sheet total of Rabo Groen Bank increased over the same period from EUR 627 million to EUR 1.8 billion, making Rabobank the market leader for green finance. In market segments such as organic farming, wind energy and green label greenhouses, Rabo Groen Bank is the leading green fund in the Netherlands. This strong competitive position enjoyed by Rabo Groen Bank is due partly to the contribution of private investors, the dedication of environmentally conscious entrepreneurs and the efforts of the local banks and other units of the Rabobank Group.

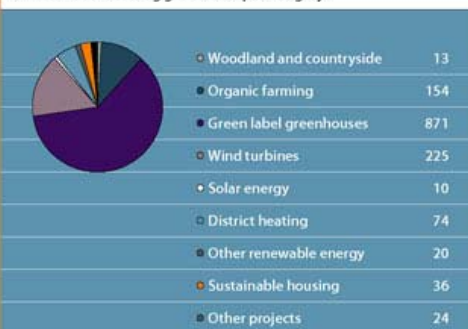
Rise in lending by Rabo Groen Bank

In 2003, green funding expanded at about the same pace as in 2002. In both years, new loans totalling around EUR 400 million were granted to entrepreneurs investing in sustainable technology. The green loan portfolio expanded to a total of over EUR 1.4 billion. The number of projects was about 17% higher than the previous year at 1,535. The Green Scheme comprises various categories of project for green funding. Green label greenhouses, wind turbines and wind farms account for most of the expansion in lending by Rabo Groen Bank. Green loans for organic farming produced reasonable growth of EUR 18 million, despite the difficult market conditions in this sector. One positive development in 2003 was the increase in the number of new green loans for countryside projects, compared to 2002.

Rabo Groen Bank expects a good year in 2004

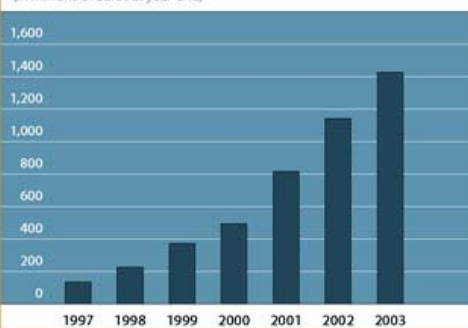
Rabo Groen Bank expects green activities to prosper in 2004. Lending by Rabo Groen Bank will continue to grow. Whether the growth will match that of the past two years depends partly on the adjustments to the project categories under the Green Scheme. Rabo Groen Bank predicts further growth in 'green services', such as agricultural habitat management and 'special projects' which fall outside the standard categories. In 2004, the government is likely to modify the Green Scheme, which is intended primarily to support innovative investment in sustainability. As time goes by, that support may be considered less necessary for some categories, or may be needed for new ones.

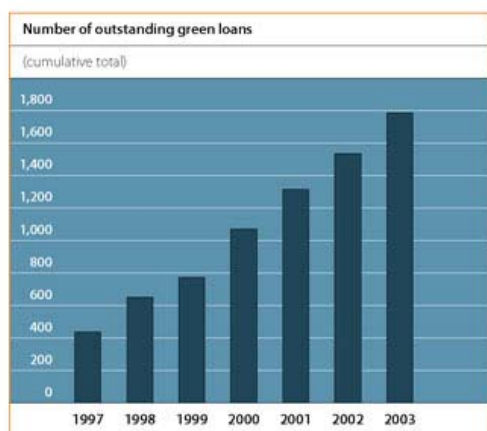
Volume of outstanding green loans per category



Volume of outstanding green loans

(in millions of euros at year-end)





First green funding in the health sector

Rabo Groen Bank, acting jointly with Rabobank Ede-Veenendaal, has granted a green loan to the Gelderse Vallei hospital to finance digital X-ray equipment. This green loan of EUR 4.25 million is the first in the Dutch health sector. The new hospital development was the occasion for introducing a digital X-ray system. This digitalised system is a first in the Netherlands. All the hospital's specialists can now call up X-ray pictures quickly via a web system. In comparison with the old situation, the digital system offers many advantages. For instance, it eliminates the wasteful use of polluting chemicals for developing the photos. Special containers for disposing of rejected X-ray photos and folders are also no longer required, freeing up space. In addition, X-rays can no longer get lost en route. Everything is electronic.

First green loan granted to a local bank

Rabobank Geldermalsen is the first local bank to have been granted a green loan for generating heat with a heat pump. This heat pump is being installed in the new advice centre, to be constructed using sustainable technology. The heat pump provides heating and cooling via the groundwater, so that gas is no longer needed. Solar energy is used by constructing a 'climate-control façade' on the south side. Part of the roof is covered with planting (sedum) to act as a buffer for heat, cold and water. Inside the building, heating and cooling are provided via a 'cooling ceiling' so that radiators are no longer necessary.

Increasing interest in the Ethics Committee

Within the Rabobank Group, the Ethics Committee is a consultative body that advises on the application of corporate values to moral dilemmas. Any employee can refer issues arising in practice to this broadly-based committee, which is chaired by the executive board chairman. As well as advising on practical cases, the Ethics Committee also considers ethically sensitive topics. The Ethics Committee is a fairly unique instrument in the business world. The Rabobank Group code of conduct and the internal guidelines derived from it form the starting point for the discussions, but the external codes to which the bank is committed (OECD,

ILO, UNEP, etc.) are also taken into account. In 2003, 20 actual cases were submitted, ranging from finance for a religious community with the characteristics of a sect to finance for international transactions in which human rights and child labour are or could be an issue. The Ethics Committee's decisions are published internally, enabling all employees to make use of the problem-solving 'case-law' which is gradually being built up. The cases dealt with by the Ethics Committee are also included in the position paper on www.rabobankgroep.nl.

Housing market developments lead to new mortgage solutions

First-time buyers and single-income households are experiencing problems in buying a new house in the unbalanced housing market. In 2003, the Rabobank launched the Generation mortgage in order to make house purchase affordable for these target groups. This mortgage combines existing funding facilities with the financial options offered by parents or other family members. Parents can help their children by becoming joint borrowers, or by lending or giving them money. In October 2003, the Rabobank introduced the Flow-through mortgage. In 2003, many people who would have liked to trade up had become hesitant about buying a new house because homes placed on the market were taking an ever-increasing time to sell. In the case of customers temporarily owning two houses, the Flow-through mortgage avoids the burden of paying two mortgages. The interest on the bridging loan - and for existing mortgage customers, the interest on their existing mortgage - does not have to be paid until the old house has been sold. The rate charged on the loan is also extra low.

In 2003, the Rabobank Nederland Economic Research Group published reports on two topics: 'First-time buyers on the Dutch housing market: tomorrow never comes?' and 'The Dutch housing market: a closer look at trading up.' These present the Rabobank's views on the two housing market problems mentioned.

Rabobank helps entrepreneurs apply for subsidies

In 2003, the Rabobank developed a Subsidy Kit for business customers. The kit comprises a booklet on the operation of subsidies and tax schemes and one month's unlimited access to all parts of the subsidy guide on the internet. The subsidy guide can be found at the website for entrepreneurs operated by Reed Elsevier and Rabobank: www.zibb.nl/subsidie. With the Subsidy Kit, the Rabobank helps entrepreneurs to take maximum advantage of the existing subsidy schemes. At the end of 2003, over 5,000 entrepreneurs had received a Subsidy Kit.

Rabobank International finances foreign wind farms

Rabobank International Project Finance is involved in funding wind farms in the Netherlands, Germany, Italy, Spain, the United Kingdom and the United States. At the end of 2003, in a joint deal with ANZ Bank, Rabobank International completed the financing of a 162 MW wind turbine project in Colorado. Various new wind turbine projects are expected in the foreseeable future, particularly in the Netherlands and the United States, but also in India. The Indian deal is particularly

attractive because it will probably be linked to the sale of greenhouse gas emission reductions to the Rabobank's Carbon Procurement Department. Altogether, the Rabobank International sustainable project finance portfolio totalled over EUR 650 million at the end of 2003 (in 2002: EUR 733 million).

First Public Private Finance in the water sector

In 2003, Delft arranged the first Public Private Finance in the water sector with the Delfland Polder Authority. Delft is to design, build, manage and finance the Harnaspolder wastewater treatment plant. The plant will be handed over after 30 years. The Rabobank Group has a stake in Delft. With the role of leading arranger and underwriter for this EUR 400 million deal and its previous role in co-financing the high-speed line, the Rabobank Group has a prominent position as a Public-Private Financier in the Netherlands.

Rabobank supports 'water customers'

For Rabobank customers in the food & agri-business, water is becoming an increasingly critical factor. The Rabobank report "Water Issues in World Food Production", published in 2003, examines that question. The report helps to assess the lending risks resulting from water shortages. It can also help firms in the food & agri-business sector to address the issue of water shortage in managing their business.

Rabo Vastgoed: construction increasingly consumer-oriented

In 2003, Rabo Vastgoed was involved in various new projects which took express account of sustainability and urban renewal. In Nootdorp, in a joint project with the municipal authority and Arcadis, a 10 hectare site used accommodating glasshouses was acquired and redeveloped to provide 230 homes. The growers concerned were offered the opportunity to continue producing crops in their area via development of the Noukoop horticultural district. In the historic centre of Sneek, a former church and listed building were converted into 12 luxury apartments. The interiors of the individual apartments still retain various features of the original church building, creating a very attractive and authentic atmosphere. Housing construction and cultural conservation can go very well together.

Summary of objectives for lending

Objectives stated in the 2002 report	Results
In the years ahead, Rabobank International aims to position itself expressly as a supplier on the international market of products geared to emission trading, climate risk management, renewable energy certificates, etc.	The establishment of Financial Environmental Products, the Carbon Procurement Department and the New Values trading platform definitely represent an important start in this area. The first transactions are expected to take place in 2004.

Key new objectives for 2004

- Achieve a total of 2 billion euros in deposits to be used for green financing.
- New products to finance sustainable innovations.
- New products for green financing (less dependent on tax incentives).
- Continue integrating social and environmental criteria into the loan assessment system.

Financial products and services

Savings and investment

It is becoming more and more common for individuals and businesses to want to know where their money is invested. Investors are increasingly looking for guidance to the sustainability ratings accorded by leading agencies in this area. Interest in green savings and investment products continued to grow in 2003. Rabobank responded by introducing new products and by continuing to make sustainability a feature of its standard products.

Institutional ethical investment

At the end of 2003, the Rabobank Pension Fund Foundation had EUR 2,150 million invested in equities. A modest proportion of that, namely EUR 15.5 million, comprises sustainable equity investments, an increase of 13% compared with 2002. The reason for the increase is that prices rose in the past year, thanks to the favourable stock market climate. The Rabobank Pension Fund Foundation board intends to evaluate the current sustainable investments at the end of 2004 in order to assess whether further action is needed in regard to ethical investing.

The level of insurance premiums allocated to sustainable investments for the account and risk of customers totalled EUR 2.7 million in 2003. The 2002 figure was EUR 2.4 million. The increase is attributable almost entirely to the inflow of new funds. The absolute figure for sustainable investments for own account and risk in the investment portfolio of Interpolis Re rose by 20% from over EUR 38 million to EUR 46 million in 2003. Interpolis aims to evaluate ethical investment in its reinsurance operation at the end of 2004 and use the results to assess how it will deal with that matter in the future.

Sustainable asset management

Robeco: analysis of social responsibility

The asset manager, Robeco, runs a number of funds explicitly geared to sustainability, such as Robeco DuurzaamAandelen and Robeco Hommes, Terre Expansion. For these funds, the Socially Responsible Investing (SRI) team screens more than 2300 firms worldwide against over 40 criteria relating to socially responsible business practices. The bulk of the data collection work of collecting the data is outsourced to a specialist external research agency. Robeco always deals with the interpretation of these

data entirely in-house. The eventual score determines whether a firm is admitted to the universe of socially responsible firms from which equities are selected. The SRI team also passes on its findings to the sector specialists. They take the social responsibility analysis into account in assessing the expected performance of the firm before deciding whether to buy or sell. That lays the foundations for a consistent approach by Robeco to the concept of social responsibility in the analysis of investment propositions. In 2004, the social responsibility analysis is being extended to include bonds. Robeco's total assets under management came to EUR 108 billion in 2003, against EUR 99 billion in 2002. Of this, EUR 200.6 million is invested in ethical funds.

Robeco DuurzaamAandelen: reasonable return

The performance of Robeco DuurzaamAandelen lagged behind the benchmark in 2003. The fund gained 4.7% (on the basis of net asset value) compared with 2002, while the benchmark, the FTSE 4 Good Global Index, gained 8.1%. In 2003, investors preferred lower quality equities. Accordingly, share prices of companies with low credit ratings increased by around 25% worldwide, in comparison with the prices of companies with above-average credit ratings. Lower quality equities are largely excluded from the Robeco DuurzaamAandelen investment universe on the basis of sustainability criteria. In 2003, the fund acquired UCITS status. This European passport means that Robeco can also pursue the active sale of its principal ethical equity fund outside the Netherlands. At the end of 2003, Robeco MilieuTechnologie was merged with Robeco DuurzaamAandelen because of the former fund's small size and limited prospects. The capital invested in Robeco DuurzaamAandelen dropped from EUR 107 million at the end of 2002 to EUR 98 million at the end of 2003. KPMG Sustainability B.V. was asked to give an independent opinion on the way in which the sustainability criteria of Robeco

Robeco assets managed in sustainability equity fund

	2003	2002	2001
Robeco DuurzaamAandelen	EUR 98 million 5.9% compared with index, which rose 8.1%	EUR 107 million -/- 33.0% compared with index, which fell 33.3%	EUR 147 million -/- 15.5% compared with index, which fell 10.5%
Robeco MilieuTechnologie	Consolidated in Robeco DuurzaamAandelen	EUR 3 million -/- 40% compared with index, which fell 37.1%	-
Robeco Hommes- Terre Expansion	EUR 6 million 3.4% compared with index, which rose 9.5%	EUR 6 million -/- 34.8% compared with index, which fell 31.7%	EUR 14 million -/- 17.6% compared with index, which fell 12.0%
Sustainable investments for institutional investors	EUR 50.5 million	EUR 48 million	EUR 71 million
Sustainable investments for Rabo Group clients	EUR 46.5 million	EUR 39 million	EUR 45 million

DuurzaamAandelen were applied to the continuation of the portfolio during the period from 1 September 2003 to 31 December 2003. The verifier's report can be read on the Robeco DuurzaamAandelen website.

Ethical savings

Groen Bank reinforces its market leadership

In 2003, Rabo Groen Bank had to work hard to meet its financing requirements. This was due partly to the large sum that had to be repaid on maturing Green Bonds. In 2003, current bonds series totalling EUR 380 million became due. Rabo Groen Bank arranged six Green Bond issues in 2003, with terms of three, five and seven years. Altogether, private customers of Rabobank invested over EUR 700 million. Some of this represented the reinvestment of funds becoming available. Apart from investors in Green Bonds, persons investing in Agaath Bonds also made use of this option. Owing to changes in the tax rules, Rabobank was forced to redeem its Agaath Bonds early. In March 2003, Rabobank offered investors in Agaath Bonds the option of switching to Green Bonds. The total volume switched came to over EUR 170 million. In terms of total funds invested, Rabo Groen Bank has a market share of around 50%.

IRIS provides Triple P recommendation

IRIS, Rabobank and Robeco's joint research institute, provides the Triple P recommendation used by Robeco Direct, local banks and Schretlen & Co, among others, to advise clients with regard to sustainable investments. The Triple P recommendation is prepared in a sector-neutral way and is made up of the components Profit, People and Planet. In addition to the Triple P recommendation, IRIS also provides 10 negative screens (including alcohol, fur and tobacco) to enable prospective clients to make ethical choices concerning their investment policies.

Ethical investment initiatives by Schretlen & Co

In 2003, Rabobank Group's private bank, Schretlen & Co, launched various initiatives to further encourage sustainable investments. Employees are informed about sustainable investments by means of lists of recommended investments, commercial instructions, presentations and checklists through the intranet. Each employee will receive a manual on all issues concerning corporate social responsibility in 2004. Furthermore, in 2003 the Informal Investment Platform was founded to unite clients and prospects that wish to invest in companies directly. As a result, two transactions were effected in 2003 and negotiations are currently being conducted with five other entrepreneurs. The good results prompted the decision to further extend these services in 2004. Schretlen also intends to market a new product in 2004, allowing clients to invest in wind energy. Schretlen & Co's assets under management rose from EUR 3.8 billion in 2002 to EUR 4.7 billion in 2003.

Summary of objectives for savings and investment

Objectives stated in the 2002 report	Results
Schretlen & Co: Further encouragement for renewable investing. The company aims to play an active part in Robeco's sustainability products and also offer services itself in this area.	In 2003 Schretlen & Co took various initiatives aimed at further encouraging renewable investment. Provision of information on renewable investment on the internet, examination of the possibility of taking part in the Robeco Sustainable Equity Fund, and development of investments in wind energy are in full swing.
Effectenbank Stroeve: Examine possibility of launching a new product that offers the chance to invest in green funds or companies which adopt socially responsible business practices.	Not achieved.
In 2003, Rabobank hopes to launch socio-ethical and cultural investments.	These products are still in the pipeline; progress depends partly on market developments.

Key objectives for 2004

Investment:

- Extend sustainability research to include bonds.
- Robeco to make more active use of voting rights at shareholders' meetings.
- Launch of Robeco Sustainable Private Equity Fund of Funds for institutional investors.
- Schretlen & Co: expand pilot 'Informal Investment Platform'.
- Schretlen & Co: launch investment in wind energy.

Savings:

Rabo Groen Bank: development of new products aimed at new target groups (e.g. green internet savings).

Financial products and services

Insurance

With the Code of Conduct for Insurers, Interpolis is encouraging the integration of CSR into the existing core processes. The insurer keeps an eye open for socially oriented products. In 2003 that yielded two unique products: a funeral insurance policy for the mentally handicapped and hepatitis B cover in the field of occupational disability insurance for medical practitioners.

Launch of the Code of Conduct for Insurers

In 2003, Interpolis devoted a great deal of effort to the internal implementation of the Code of Conduct for Insurers. This code consists of 31 rules and came into effect in January 2004. In preparation, Interpolis examined its routine activities in the light of these rules and made sure that the code could actually be complied with from 1 January 2004. The rules of conduct relate mainly to reliability, professionalism, solidarity, social responsibility and transparency. In 2003, Interpolis Re launched the development of ethical business criteria for the acceptance of companies for insurance.

The Code of Conduct for Insurers

By signing the Code of Conduct for Insurers, Interpolis undertakes not to do business with any persons, companies or institutions which engage in prohibited activities or activities which are generally classed as socially unacceptable. Strict adherence to that rule may confront the company with ethical dilemmas. In view of this, Interpolis decided at the end of 2003 to set up its own internal ethics committee. To promote awareness of the role of ethics (standards and values) in day-to-day activities, special workshops on ethics and ethics-based games will be held for all employees in 2004.

Interpolis insures specialists against hepatitis B virus

Hepatitis is a contagious virus that can be passed on by contact with blood, for example. This means that doctors are at risk of becoming infected. Yet many specialists are dubious about vaccination against hepatitis B, because if they are found to be carriers of the virus, they are no longer allowed to practice their profession if the level of infection is high. The resulting loss of income is not covered by their occupational disability insurance.

Interpolis considers that policy conditions should not prevent specialists from being vaccinated. In 2003, the insurer reached agreement with the Orde van Medisch Specialisten [Dutch Association of Medical

Specialists] on providing insurance against occupational disability due to infection from the hepatitis B virus. This lowers the barrier preventing medics from obtaining vaccination against the hepatitis B virus.

Interpolis markets a funeral insurance policy for the mentally handicapped

In 2003, in response to requests from interest groups and the Consumers Association, Interpolis developed a funeral insurance policy specially designed for the mentally handicapped. This is a pilot project. Policies can be written without the lengthy medical formalities usually applicable to this group. The case doctor can classify a customer in a medical category by issuing a simple health statement. The decision on whether or not to provide cover is based on that classification. To keep premiums at an affordable level, Rabobank and Interpolis waive part of the earnings. At present, the product is available only to customers of the ASVZ Group. So far, too few policies have been issued to reach a decision on launching the product nationwide. The lack of interest is particularly odd as the product was developed at the request of the interest groups themselves.

Expansion in micro-insurance activities

In 2003, Interpolis expanded its activities in the micro-insurance field. The target group for micro-insurance is the rural population in developing countries, who have no access to the commercial insurance market. Interpolis helps in the preliminary and launch phase by providing knowledge and expertise. Micro-insurance is operational in Sri Lanka, the Philippines and India. Nepal is in the launch phase and initiatives are in progress aimed at further expansion in India. Interest in this Interpolis concept is growing, thus increasing the need to consolidate expertise and capacity at Interpolis. In that connection, a manual was produced in 2003 and an internal course in micro-insurance was launched for staff wishing to collaborate as volunteers in setting up new initiatives in developing countries. In 2003, 21 employees attended this course.

The Micro Insurance Associates Network (MIAN) was also set up in 2003. Many Interpolis staff have joined. The network aims to disseminate and expand expertise and to distribute core competences more widely.

Interpolis is still the market leader in environmental damage insurance

Interpolis maintained its position as market leader in environmental damage insurance policies in 2003. These policies are intended mainly for small and medium-sized businesses in the agricultural sector. At the end of 2003, Interpolis had over 50,300 of these policies in its portfolio, against 46,600 in 2002. Premiums totalled EUR 7 million, against EUR 6 million at the end of 2002. In 2003 there were 184 claims compared to

747 in the 2002 claims year. More than 500 of the total claims in 2002 resulted from the storm of 27 October 2002.

Increased interest in ethical life insurance

In 2003, Interpolis once again offered customers the opportunity to put their life insurance savings premium into ethical investments. In 2003, interest in this option increased by 12.5%. The amount which customers invested in Robeco DuurzaamAandelen via their life insurance policies increased from EUR 2.4 million in 2002 to EUR 2.7 million in 2003.

Summary of objectives for insurance

Objectives stated in the 2002 report	Results
In 2003, Interpolis aims to integrate sustainability criteria into its underwriting processes for business insurance.	In 2003, Interpolis started developing sustainability criteria for the acceptance of businesses for insurance. The criteria are not yet in use.
Development of a green motor insurance policy.	Proved impossible for a wide range of practical reasons.
Expansion of the OndernemersZekerPakket to include private health insurance.	This was not achieved. All activities concerning the development of private health insurance have been halted (temporarily) for strategic reasons.
Recruit staff who will help to set up new mutuals with the aid of the micro-insurance manual.	21 staff attended the internal course on micro-insurance. A new mutual was set up in India in 2003, and one in Nepal is in the launch phase.

Key objectives for 2004

- Establishment of in-house ethics committee.
- Organisation of special ethics workshops and ethics-based games for all employees.

Financial products and services

Leasing

Lease arrangements can help to make sustainability-oriented products accessible to more people, because leasing obviates the need to spend a large amount on the purchase of these products. Yet in 2003 the number of outstanding lease arrangements of this type declined, partly because of changes to the fiscal incentive schemes. Sale and leaseback arrangements can provide a boost for sustainability-oriented activities.

De Lage Landen is the Rabobank Group's centre for vendor finance, leasing and trade finance. Corporate social responsibility is still not systematically included on the agenda. In 2004 the aim is to put more emphasis on defining the scope for corporate social responsibility at De Lage Landen. A policy document is being prepared on this subject. A number of aspects of corporate social responsibility have already been organised effectively at De Lage Landen. For instance, the company takes account of the Rabobank Group codes of conduct, abides by the decisions of the Ethics Committee and checks the integrity of customers before entering into any relationship. Compliance officers monitor whether adequate attention is paid to the checks on integrity. De Lage Landen has compliance officers for Australia, Brazil/Mexico, America (including Canada) and Europe. They submit quarterly reports to the corporate compliance officer who in turn reports to Rabobank Nederland.

Encouraging a sustainability-oriented market

In 2003, De Lage Landen set up a network of advisers on sustainability in regard to buildings, who can answer customers' questions about property. These are external advisers who are screened and selected by Vastgoedfinanciering. Their services are available to all De Lage Landen customers. The advice concerns both eco-friendly business operation and use of accommodation, and the use of subsidies available for investment in eco-friendly installations and materials.

Sale and leaseback arrangements offer more scope

The Rabobank is making ever-increasing use of sale and leaseback arrangements to facilitate (sustainable) investment which at first sight does not seem to be really feasible. Rabobank International's Project Finance unit, working closely with the local Rabobank at Middelhamis, provided the finance for the De Plaet wind farm at Goeree Overflakkee,

which opened in 2003. The farm will produce over 44 million kilowatts per annum, enough to provide all the households at Goeree Overflakkee with green energy. Choosing a sale and leaseback arrangement meant that the project could make use of incentive schemes. The green funding was provided by Rabo Groen Bank and Rabobank Middelhamis itself is providing 50% of the funding for the wind farm. In 2003, the Rabobank was also the first Dutch bank to conclude a sale and leaseback deal in glasshouse horticulture. Under this deal, the bank buys the glasshouses from the horticulturist just before they are taken into use and then leases them straight back to him. The entrepreneur thus increases his capital right at the start. The financial instrument promotes larger scale operation, professionalism, specialisation and innovation which are essential if the sector is to thrive in the future. Glasshouse horticulturists investing in green label greenhouses can now take prior advantage of tax concessions for investment.

Decline in green leasing

Up to 2002, De Lage Landen made active use of tax schemes in order to offer socially responsible products (green leasing). The Dutch government made severe cuts in this financial support with effect from 2002. In 2003, De Lage Landen made no use of subsidies and does not expect that to change in 2004. That is why the total amount of green leases fell from EUR 40.6 million in 2002 to EUR 30.7 million in 2003.

Leasing of combined heat and power plants and wind turbines

Equipment leasing makes it possible to lease combined heat and power plants and wind turbines. In 2003, fiscal capacity totalling EUR 25 million was earmarked for Energy Investment allowance/leasing arrangements. Of this, EUR 10 million was used to fund 11 combined heat and power plants. In 2003, EUR 13 million was approved for wind farms. However,

owing to a change in the rules, it is not actually possible at the moment to grant finance for wind farms. De Lage Landen is hoping to lease ten wind turbines in 2004. Success will depend on whether the operator can obtain licences.

Hybrid cars for leasing are not popular

De Lage Landen offers a lease arrangement for eco-friendly, hybrid cars. These are cars which have both a petrol engine and an electric engine,

which are very economical on fuel and produce low emissions. Despite active promotion there seemed to be little interest as yet in leasing this type of car, so that no hybrid cars were provided in 2003. De Lage Landen is now leasing out 5 hybrid cars out of a total of 26,900 vehicles. De Lage Landen will continue to offer this product in 2004, but is no longer actively promoting it.

Summary of objectives for leasing

Objectives stated in 2002 report

2002 Report: The Rabobank Group aims to encourage the use of economical cars which cause less harm to the environment (cars driven by a hybrid system).

Results

In 2003 no additional hybrid cars were provided, in the absence of any interest among customers.

Key new objectives for 2004

- De Lage Landen aims to put corporate social responsibility on the agenda in 2004 and will make a more specific assessment of the scope for corporate social responsibility.
- De Lage Landen expects to lease ten wind turbines in 2004.

Financial products and services

Venture Capital

Many innovative sustainability projects cannot be financed in the ordinary way because of the lack of experience of the risks. Thanks to the availability of venture capital, however, such projects can often be given a chance. The Rabobank Group has a number of instruments available for the purpose, such as the Gilde Biotechnology and Nutrition Fund, the Rabo Innovatiekapitaalfonds and the new Money Meets Ideas.

Few new equity investments in sustainable development

In 2003, the Gilde Biotechnology and Nutrition Fund, the Rabo Sustainability Fund and the Rabo Innovatiekapitaalfonds acquired only two new equity investments between them: one for the Rabo Innovatiekapitaalfonds and one for the Gilde Biotechnology and Nutrition Fund.

Gilde Biotechnology and Nutrition Fund: one new equity investment

The total capital invested in the Gilde Biotechnology and Nutrition Fund dropped from EUR 35 million in 2002 to EUR 31 million in 2003. The fund acquires a stake in 'high potential' new businesses in biotechnology, the pharmaceutical industry and the nutraceutical industry. The money is invested in innovative technologies which contribute towards the development of medicines for diseases and help to feed the fast-growing world population. In 2003 a new stake was acquired in Glycart Biotechnology AG, a company which is developing the Glycomab technology for improving ADCC (Antibody dependent cellular cytotoxicity). In 2003 the fund had a total of 9 equity investments.

Rabo Innovatiekapitaalfonds: many applications rejected

The Rabobank Innovatiekapitaalfonds provides venture capital for small-scale sustainability-oriented innovative projects whose products are about to be launched on the market. In 2003, 85 applications were received, of which 81 were rejected for various reasons: 50% of the applications did not match the investment focus of the Rabo Innovatiefonds, 20% had insufficient, if any, financial involvement on the part of the entrepreneur, and 30% were asking too much for the shares. Only one application was granted and three are being assessed. The new stake in BFactory concerns investment in the production of pure honey which can be used for the treatment of chronic wounds.

Money Meets Ideas: venture capital for new businesses

In 2003, the Rabobank began the preparations for Money Meets Ideas. This is an initiative which, from 2004, brings entrepreneurs seeking venture capital into contact with potential investors. This provides directly for the needs of two groups: new and 'early stage' businesses are offered an efficient service, and wealthy customers can invest direct in companies. Money Meets Ideas is aimed mainly at sustainable and socially responsible businesses. Schretlen & Co also arranges contact between investors and entrepreneurs seeking venture capital. Platform meetings have been held for that purpose since 2002. At least two-thirds of the entrepreneurs go home with the names of interested investors. A number of companies have now obtained some or all of the funding via the various platforms.

Rabo Sustainability Fund: no new applications

In 2003, no applications were received for the Rabo Sustainability Fund, which invests venture capital in funds participating in sustainable development projects. RSF holds units in three funds: Solar Development Capital, Prototype Carbon Fund and Aqua Investment.

Summary of objectives for venture capital

Objectives stated in 2002 report	Result
Rabo Innovatiekapitaalfonds: Demand for the Rabo innovatiekapitaalfonds is rapidly growing, but in practice it is difficult to find projects that qualify. There are currently two proposals which are likely to be implemented shortly	85 applications were submitted in 2003. 81 were rejected and 1 was granted; 3 are still under consideration.

Key new objectives for 2004

- Launch trading platform for CO2 rights.
- Link new businesses seeking venture capital with potential investors via Money Meets Ideas.

Employees

Customers and employees together are what makes the co-operative Rabobank. Since customers are increasingly handling their banking affairs themselves, we need fewer employees and a different kind of staff. Add to that the economic situation and it is clear that the Rabobank Group, too, felt the tension in 2003 between operating on a commercial basis and being a caring employer. With an active HR policy for its 57,000 employees, the Rabobank Group is responding to the changing situation.

A modern bank no longer looks the same as its predecessors. Customer behaviour has undergone a radical change - more self-service and therefore fewer contact opportunities - there is more competition and the scale of operation has continued to increase. These new circumstances require a different type of employee. Administrative support activities and simple rendering of services are no longer the primary tasks. The new customer advisers are active, extrovert and sales-oriented. They work together to provide the best possible service for the customer. Managers offer inspiration, generate enthusiasm and enable their specialist staff to achieve results themselves. The employment remuneration and fringe benefits are geared to that. Rabobank's basic conditions as an employer remain fully intact as before: a long-term relationship, performance appreciation, investment in personal development and versatility, and job enjoyment.

Decline in workforce continues

The workforce continued to decline in 2003. 1,921 jobs were at the local banks. The staff reduction came about mainly via natural attrition and tight restrictions on hiring in staff from outside. In addition, redundant staff were helped to find new jobs via, for example, the Rabobank Job Centre. In 2003, the Job Centre helped 270 employees to find suitable work within the organisation or elsewhere. The cuts in the workforce at the local banks and at Rabobank Nederland were due to the on-going computerisation of processing systems, the unprecedented growth of electronic banking and the switch to more efficient working procedures. In addition, the group is taking a critical look at its composition and at the need to manage certain activities in-house. As a result, Rabobank's own travel agencies were sold in 2003 to Globe, part of Oad Group. A similar critical review can also lead to acquisitions: in 2003 the

internet broker Alex, with 175 staff, and the property developer FGH, with 153 staff, were added to the Rabobank Group.

Despite the job cuts, some new staff were recruited. Apart from the Alex and FGH employees, 2,192 new staff joined the group in 2003, compared with 2,546 in 2002¹⁾.

Staff greatly appreciate the climate at work

The annual Identity and Working Climate Survey (POPIA), conducted among employees of Rabobank Nederland, Rabofacet and the local banks, revealed a further rise in general satisfaction with the climate at work in 2003. 85% of employees agreed or totally agreed with the statement that 'overall I am content to be working as a Rabobank employee'. That is the highest percentage since this question was included in 1999. At 85%, Rabobank's score is well ahead of the external benchmark (63%)²⁾. Rabobank also scored very well on the topics concerning company pride, training and development opportunities, pressure of work, response to customers' wishes and pay satisfaction. 'Co-operation within the department' and 'satisfaction with the immediate superior' were the only areas where Rabobank trailed the benchmark, as in earlier years.

Rabobank is also ranked highly as an employer by outsiders

The high score given to Rabobank as an employer by its own staff is mirrored by the annual survey conducted by the weekly journal *Intermediar* on the best employers in the Netherlands. In 2003, Rabobank came second in the profit sector, whereas in 2002 it was in

1) These figures relate to Rabobank Nederland, Rabofacet, local banks, De Lage Landen and Schreften & Co.

2) The external benchmark consists of 40 Dutch companies including 3 financial institutions.

seventh place. Intermediar praised Rabobank for such aspects as conditions of employment, training policy and health policy. Intermediar considers it noteworthy that the bank expressly takes account of the opinion of its employees when assessing managers. The results of other external surveys in 2003 also added to Rabobank's attraction as an employer. The fortnightly magazine Management Team conducted a survey among managers to find out which Dutch company makes the best general impression. Here, Rabobank came third having been in fourth place in 2002. In a survey by Het Financieel Dagblad among a large number of entrepreneurs, Rabobank was named the best business bank of the year.

Rabobank CAO for 2003-2004 ³⁾

Under the Rabobank CAO [collective labour agreement] for 2003-2004 it was agreed that performance management would be introduced on 1 January 2005. Under this new assessment and reward system, the generic bonus (Employee Incentive Plan) is replaced by variable remuneration which will form a significant part of the employee's total income. This variable remuneration depends on the employee's performance. By way of preparation, a trial was conducted in 2003 among thirty local banks and Rabobank Nederland units. Under the Rabobank CAO for 2003-2004, it was also agreed that employees would pay a contribution towards their pension premiums, to ensure that the pension system remains affordable in the long term. For new employees, the contribution applies from 1 January 2004; existing staff have a ten-year transitional period. The Premium Transfer Allowance has been a fixed element of pay since 1 January 2004.

Senior management pay in line with the market

Separate agreements were concluded with effect from 1 January 2003 for senior managers' pay. The importance of their advisory and managerial role necessitates a 40-hour working week (instead of the standard 36-hour working week). Their fixed and variable pay levels were brought into line with the market from 2003. These arrangements, specifically tailored to their position and their role, were welcomed by senior managers. There is a special package of conditions for the managers of local banks and for the Rabobank Nederland management. The reason for these separate conditions of employment, and sometimes varying pay systems, lies in the specific differences between the various labour markets and the business units. Key similarities between the packages of employment conditions are performance-related pay and personal development, and attention to maintaining employability and the balance between work and private life.

Flexible working hours and flexible pension

The bank, via its own Rabobank CAO, offers its employees many opportunities for achieving the right balance between their work and their private life. For instance, the bank offers more time off than is usual in the industry, and there are many types of leave, such as care leave,

parental leave, sabbatical leave, union leave, pre-retirement leave, study leave and special leave. Employees also have the opportunity to buy or sell hours of leave. In consultation with their manager, staff can adjust their working hours to suit their private circumstances. The pension schemes are also flexible in structure: employees can pay an additional personal contribution towards an earlier pension (commencing before age 62) or a larger pension. The pension schemes provide for a retirement pension, a bridging pension, a surviving dependant's pension, a partner pension and an occupational disability pension.

More women in senior positions ⁴⁾

At the end of 2003, women represented 55.5% of Rabobank's workforce, against 56.2% in 2002. In contrast to this decline, there was an increase in the number of women in senior jobs. Since 2000, the number of women in senior jobs (grade 8 or higher) has risen by 63%, while the number of men in those jobs increased by 21% over the same period. The proportion of women above grade 11 (senior and executive management) was 5.4% in 2003 (2002: 4.6%). Despite the improvements, it is still not easy for women to progress up the ladder. That is why terms of reference are being agreed in 2004 on the number of women to be recommended for and appointed to senior positions, with female high fliers being identified. A group of talented women is already receiving intensive support. In 2003, 15 new trainees were picked for management recruitment, including 5 women. The Rabo Women's Network (RVN) was set up in 2002 to increase contact among women. By the end of 2003, 550 women had joined this umbrella network.

Rabobank well on the way towards working conditions covenant

Health and welfare are elementary components of the Rabobank Group's social policy. That is why the Rabobank Group has its own Health & Safety Service available for the majority of its employees. The priorities are prevention, reintegration and a prompt service to deal with work-related complaints. In 2003, the Rabobank Group Health & Safety Service invested over EUR 10 million in sickness absenteeism reduction and reintegration. In 2001, the government, employers and employees concluded the Banking Working Conditions Covenant to limit absenteeism due to sickness and the take-up of WAO disability benefits. The covenant has a term of three years and the points agreed for Rabobank are as follows:

- 10% reduction in absenteeism due to sickness (from 5.1% in 2001 to 4.6% at the end of 2004; interim figure for 2003: 4.1%. ⁴⁾
- 20% reduction in take-up of disability benefits (from 1.1% in 2001 to 0.9% at the end of 2004; interim figure for 2003: 0.8%. ⁴⁾
- 10% reduction in the number of employees suffering from RSI (from 24.5% in 2002 to 22.1% at the end of 2004; interim figure for 2003: 22.8%. ⁴⁾

This has been determined by means of random sampling.

- 40% reduction in the number of departments with heavy pressure of work (from 3.8% in 2002 to 2.3% at the end of 2004; interim figure for 2003: 2.6%. ⁴⁾

This has been determined by means of random sampling.

³⁾ The CAO applies to staff of Rabobank Nederland, Rabofacet, local banks and De Lage Landen.

⁴⁾ The data here relate to Rabobank Nederland, Rabofacet, local banks, De Lage Landen and Schretlen & Co.

The targets set by the Working Conditions Covenant have already been met as far as absenteeism due to sickness and take-up of disability benefits are concerned. The further sharp fall in absenteeism due to sickness (from 4.6% in 2002 to 4.1% in 2003) is due partly to the Eligibility for Permanent Invalidity Benefit (Restrictions) Act (Wet Verbetering Poortwachter) of 2002, which explicitly spelt out the responsibilities of managers and employees in regard to absenteeism. In 2003, meetings were held for 300 managers on the subject of the Eligibility for Permanent Invalidity Benefit (Restrictions) Act. The Rabobank Group Health & Safety Service was involved in over 2,200 reintegration procedures in 2003. The direct costs of absenteeism (continued payment of salary during absenteeism due to sickness) came to EUR 129 million in 2003 (2002: EUR 144 million). With the reduction in the number of staff suffering from RSI and in the number of departments with heavy pressure of work, Rabobank is well on the way to attaining the objectives for 2004.

Child care for almost 8,000 children of Rabobank staff ⁵⁾

Over 5,600 employees (7,966 children) are making use of the Rabobank child care scheme. The costs far exceed the budget earmarked for the purpose under the CAO, so that the employer is doing more than the CAO requires.

Employees and managers very satisfied with development opportunities

The Rabobank has a long tradition of staff training and development. Apart from providing formal training courses (via e-learning, traditional teaching, courses, workshops and so on), the bank specifically fosters a culture in which informal teaching (coaching by managers, feedback, new experience and projects, sharing of expertise) is provided as a matter of course. POPIA 2003 once again shows that employees are very satisfied with the training and development opportunities offered: 83% agree or agree strongly with the statement 'The Rabobank offers me sufficient training opportunities for my current job' (benchmark: 72%); 72% agree that 'The Rabobank offers me sufficient opportunities for personal development' (benchmark: 56%).

Rabobank spends more on training

In the year under review, investment in training (excluding time, accommodation and travel expenses) came to EUR 79.9 million (in 2002: 78.8 million). That is 3.1% of the wage bill (2002: 3.1%). Rabobank Training for Member Banks (Opleidingen Aangesloten Banken) provides the technical, functional training for the Dutch operations. The Rabobank Academy is in charge of group teaching activities and management training. In recent years, the approach has switched from the pure transfer of expertise to improving management quality and increasing commercial clout. In 2003 over 52,000 staff were registered on courses, including 1,200 managers.

Reform of employee participation in the offing

In 2003, the first steps were taken towards providing a better legal basis for overall employee participation in the local banks. They might form a central body which could ultimately replace the present Central Advisory Board on Employment in the Rabobank Organisation (Centrale Adviesraad Arbeidsaangelegenheden Rabobankorganisatie / CAAR). The intended changes should ensure that employees are involved in central policy at an earlier stage via better-organised procedures. In 2003, the pressure on staffing was the main point considered by the staff councils, both locally and centrally. Reorganisation meant that not everyone could obtain a new job within the bank. In times like these, a properly conducted staff policy becomes more important for both parties. The operation of the internal labour market was constantly high on the agenda.

Consolidating expertise

Expertise is consolidated in various ways. Collective expertise often emerges without being noticed, almost intuitively. It is crucial to retain expertise on specific customers and sectors when staff move on (risk and expertise management). Policy documents, processes, computer models, empirical data, reports on meetings, etc. are recorded in systems and made widely accessible via the intranet. People performing the same jobs or employees with special knowledge of customer groups and sectors meet and share their expertise. Obviously, the various privacy rules apply. The RIBIS Expertise Platform advises on expertise management and promotes further improvements in the expertise and information structure within the Rabobank Group. The Rabobank Expertise and Information Centre [Kennis- en Informatiecentrum Rabobank / KIRA] makes external expertise and information available and also disseminates expertise, such as that contained in research papers and theses, within the organisation.

More personal development plans

The employer and employee are jointly responsible for planning and organising careers. Variety in the sequence of jobs and duties is known to speed up employee development. Development and training arrangements are recorded wherever possible in a personal development plan (POP), which is used to check the arrangements against the career path agreed with the employee.

In 2003, 94% of staff were given an appraisal interview (2002: 91%). The number of career development interviews conducted was the same as the previous year, at 69%. 58% of employees have a personal development plan recorded in writing (2002: 54%).

Recruitment and talent support

In 2003, the Rabobank succeeded in recruiting over 80 graduate candidates. The changes in the labour market and the attractive, self-assured image of the Rabobank were contributory factors. The candidates appreciate the good conditions of employment, scope for development and the many opportunities to co-ordinate their work with their private circumstances. At group level, 15 high potentials were offered a traineeship in 2003. They are expected to be capable of reaching senior management level within 5 to 7 years.

⁵⁾ Data from Rabobank Nederland, Rabofacet and the local banks

Management Development Circle much smaller

The target group for the Management Development Circle (MDC) was reduced in 2003 from 6,000 to 2,500 employees. MDC is meant as a way of anticipating succession issues at higher management level in the local banks and Rabobank Nederland. MDC locates talented staff and offers them career support. The reasons for reducing the target group lie in the need to cut costs and the radical changes on the labour market. The Rabobank Job Centre has taken over some of the work of the MDC. Also, regional HR advisers have been appointed who support the local personnel officers and can organise internal mobility among neighbouring local banks.

More arbitration board verdicts

In 2003 the arbitration board issued 191 recommendations, conducted 44 mediation procedures (of which 40 were successful) and gave 9 verdicts under the Procedure for the Settlement of Employee Disputes. The figures for 2002 were 142, 43 and 7 respectively. The Procedure for the Settlement of Employee Disputes has existed since 2001 for employees of the local banks, Rabobank Nederland and Rabofacet. Both staff and the bank can refer a dispute to an independent third party. Often, advice on how to address the issue is sufficient for people to resolve the problem themselves. If advice is not enough, then – if both parties consent – an attempt is made to resolve the problem via mediation. If that fails, or if one of the parties does not agree to mediation, the dispute can be referred to one of the Regional Arbitration Boards, which issues a binding verdict.

Rabobank wants diversity in its workforce

The Rabobank Group wants the composition of its staff to be an accurate reflection of society. That is why diversity in society is taken into account in many ways: ethnicity, sex, educational standard, age and disability. The right to equal treatment and pay goes without saying. The Rabobank Group respects the rest days and holidays celebrated by the various religious faiths. Human rights are respected at all times in all divisions of the Rabobank. Child labour is obviously ruled out.

Rabobank encourages multicultural organisation

By 2050, one in five Dutch residents will not be from the Netherlands. The Rabobank therefore considers that ethnic minority staff are important not only to reflect society, but also because they offer added value for a huge potential market. The Rabobank encourages natural awareness of its multicultural organisation. Activities are aimed at commercial support, balanced public communications, social commitment, voluntary work, sponsorship and staff policy. A training module covering diversity has been developed for all sales advisers. The Diversity Network is the catalyst for the turnaround that the Rabobank has to achieve. This network consists of employees from throughout the Rabobank Group who are convinced that diversity is important for the continuing development of the organisation. They implement that development in practice in their own local bank, department or business unit. Until 1 January 2003, the Rabobank used to record the numbers of ethnic minority staff. Since the abolition of the Encouragement of the Employment of Ethnic Minorities

Act, the bank has dropped that practice. Recording was always voluntary and the figures were not really definite.

Still too few ethnic minority managers

The Rabobank Group still has only a small number of managers from ethnic minorities. The Rabobank is trying to increase the proportion of ethnic minority students taking management traineeships. To that end, the bank maintains contact with ethnic minority students and youth organisations. To encourage promotion, the personal development plans are kept constantly in view and managers are trained in dealing with cultural diversity. In 2003, five talented ethnic minority staff were monitored closely via a pilot scheme. One point for attention concerns encouraging people to be assertive when determining the next stage in their career. Psychological tests seem to be another barrier; it is known that they are culture-specific and therefore have an adverse influence on the results for ethnic minorities. The outcomes are being taken into account in the management development policy. An ethnic minority testing protocol has been drawn up in collaboration with two consultancies.

Undesirable behaviour still at the same level

In 2003, 3% of employees suffered undesirable behaviour on the part of a colleague. That is the same percentage as in 2002. Confidential counsellors have been appointed in all business units and local banks who can mediate in such situations. Training days were held for the counsellors in 2003. Employees can also contact the Rabobank Group Health & Safety Service in the event of undesirable behaviour. 31 people did so in 2003. The confidential committee examined two cases of undesirable behaviour under the whistle blowers scheme.

Smoke-free working areas

In 2002, well before the date prescribed by law, Rabobank Nederland introduced a smoking policy whereby smoking is confined to a selected number of places. The organisation of Rabobank Nederland and the local banks was modified to ensure that everyone can have a smoke-free working area.

After-care following assault

In 2003, 78 employees and 38 customers of the Rabobank were victims of an assault. The Rabobank has company doctors and psychologists who offer help in the event of assault, hostage-taking and other traumatic experiences. The Rabobank also has over 2,100 company first-aiders who have attended special training in first aid so that they can ensure the safety of employees in an emergency and limit the damage. The fact that the number of bank raids doubled last year (16 in 2002, 31 in 2003) is worrying. Excessive violence was used in a number of raids in the Randstad conurbation, which were probably the work of the same gang.

SARS prevention

The SARS epidemic in 2003 resulted in a temporary ban on business trips to South-East Asia. Staff going on private trips to these regions were asked to take ten extra days' leave, as a preventive measure.

Funds, sponsorship and voluntary work

The Rabobank Group aims to use its financial services to help people to carry out their plans. The Group also has a number of funds which support innovative and socially responsible activities. With its sponsorship and the voluntary efforts of its own staff, the Group also supports socially relevant projects.

Project Fund

Since 1984 the Rabobank Project Fund has been supporting projects which encourage economic, innovative and socially responsible developments and which fit the image of the Rabobank. These are projects which are in the interests of a large group of people in the Netherlands and which would not get off the ground unaided. In 2003, the project fund dealt with 66 applications for project support. Of those, 12 were approved, 19 were postponed to 2004 and 35 were rejected. Approval was also granted for 5 projects which were left over from 2002. The sum involved in the total of 17 approved applications came to EUR 2.8 million. In 2002, 21 projects received support totalling EUR 1.8 million. The fund offers more than just financial support. The Rabobank also takes part in the further development of a number of projects.

Herman Wijffelsfonds

In November 2003, the Rabobank Group awarded the Herman Wijffels Prize for Innovation for the second time. The prize is intended for entrepreneurs up to the age of 36 who develop innovative products, services or processes or who offer a new slant on entrepreneurship. In 2003, over fifty entrepreneurs entered the competition. The top prize of EUR 100,000 went to a Breda businessman for the development of an underground switch box. The traditional boxes installed above ground have various drawbacks: they are susceptible to vandalism, damage and the weather, as well as being unsightly. At the end of 2003, the candidates for the Herman Wijffels Prize for Innovation 2002 and 2003 and other entrepreneurs wishing to invest in innovation met at the Rabobank workshop on 'Financing innovation'.

Interpolis Fund

Interpolis set up the Interpolis Fund (IPF) in 2003. The fund is intended to provide financial support for persons or institutions pursuing humanitarian, charitable or ecological objectives. The fund is maintained

by voluntary staff contributions which are matched by the employer. At the end of November 2003, the IPF had 1,400 contributors, giving an annual budget of EUR 50,000. The IPF hopes to increase the number of contributors significantly in 2004. The six members of the board of the Interpolis Fund Foundation dealt with around 20 applications for support in 2003. Some of them were granted.

Sponsorship and donations

In its sponsorship policy, the Rabobank opts for partnership that offers both parties advantages via the contribution of their own experience, expertise and resources. In 2003, the Rabobank Group spent a total of EUR 20.9 million on sponsorship (in 2002: EUR 16 million) and EUR 25.6 million in donations (in 2002: EUR 19 million).

Cultural sponsorship: Van Gogh Museum and local museums

On 1 January 2003, the Rabobank entered into a five-year partnership with the Van Gogh Museum. The partnership is aimed at making the Dutch public more aware of this Dutch painter and stimulating their interest in his work. With the aid of the Rabobank, the museum is opened every Friday evening and a schools programme has been set up, based on a 'Van Gogh Mobile'. This is a bus which local banks can use to bring primary school pupils to the Van Gogh Museum or to bring the story of Van Gogh to the schools. In line with its many years of involvement with the Museum Card, the Rabobank encourages co-operation between local banks and local museums. In 2003 a special digital manual was developed with tips, advice and practical assistance for local banks setting up programmes with museums. The aim is to encourage people to visit and become familiar with the Dutch cultural heritage.

Sport sponsorship: hockey, horse riding and cycling

In 2003, as in previous years, the Rabobank sponsored three sports which are important in the Netherlands – hockey, horse riding and

cycling - via partnerships. A new initiative in 2003 was the Rabobank Hockey Bonus. Hockey clubs who come to the Rabobank for funding for their building plans receive this bonus worth EUR 5,000. The clubs do not receive that sum in cash: they can choose between dug-outs or goals.

Sponsorship and donations by individual units

- **Robeco** Robeco organises a series of 80 Summer Concerts in July and August each year, in collaboration with the Amsterdam Concertgebouw. The sponsorship enables audiences to attend a high-quality programme at a reduced price, making the concerts accessible to a wider public.

In 2003, 100,000 people attended the Summer Concerts.

- **De Lage Landen** De Lage Landen is introducing a structural sponsorship policy in 2004, in which charity is a structural element. At present, De Lage Landen is assessing many sponsorship requests ad hoc. Under the future sponsorship policy, there will be an annual budget available for supporting good causes suggested by the staff themselves. That already happened in 2003, with the sponsorship of the Graaf Folke Bernadotte Scouting club in Eindhoven. The scouts' wooden clubhouse burnt down at the end of 2002. In 2003, De Lage Landen paid the costs of redesigning it: EUR 3,720. In addition, De Lage Landen supported the Ride for the Rose and the Foundation Helpdogs Netherlands. Local branches of De Lage Landen initiate their own projects. The branch in Wayne (New Jersey, USA) is one example. It regularly organises activities from which the proceeds are used for sponsorship. In that way it supported the Make a Wish foundation (giving USD 50,000) and the United Way (USD 80,000). Of this USD 130,000, USD 80,000 was donated by the bank's own employees and USD 50,000 by De Lage Landen.

- **Rabobank International** Many branches of Rabobank International actively demonstrate their social commitment in a wide variety of areas, ranging from medical research to nature conservation and environmental organisations. In London, an annual donation of EUR 40,000 is made to the British Association 'Dogs for the Disabled', so that dogs can be trained to help people with various types of handicap to perform certain practical tasks. In Dublin, the staff sponsored 3 athletes for the Special Olympic Games held in Ireland in 2003. In addition, various employees assisted these athletes in their own time during the games. In Uganda, Rabobank International provided assistance for a local coffee producer. It took out insurance against price fluctuations in respect of part of the harvest for 450 coffee growers in Ishaka. RI plans to arrange more insurance for the next harvest.

- **Schretlen & Co.** In September 2003, Schretlen launched the FutureS&Co programme for the children and grandchildren of its customers. The programme offers information and recreational activities enabling customers to have fun with their children or grandchildren while actively helping them to learn about money. The programme focuses mainly on young people aged 10 to 18, but there are also activities for younger children. Participation in FutureS&Co is informal and free of charge. Activities include the FutureS-website, workshops, company visits, Christmas events and an investors game. This programme actively incorporates social and environmental issues. The first tree-planting day will be held shortly. At the end of 2003, 199 starter kits had been distributed.

- **Rabo Vastgoed** Instead of sending Christmas gifts to customers and staff, Rabo Vastgoed made a donation of EUR 25,000 to Homeplan, an organisation that provides individual homes in third world countries.

- **Effectenbank Stroeve** Stroeve donated 100 computers to two volunteer organisations, namely a children's aid organisation in Israel and an organisation for parents of deaf children in the Netherlands (FODOK). The Personnel Department of Rabobank Nederland also provided around 100 computers, laptops and printers for various projects in Africa.

Rabobank encourages voluntary work

Around 40% of all Rabobank Group employees (POPIA annual internal survey) are actively involved in clubs and associations in their free time. Members of the group's executive staff performed on average 1.9 unpaid jobs per person in 2003. Members of the top management devote on average 10 hours per month to community activities. In addition, some of these managers devote part of their five-yearly three-month sabbatical leave to the service of society. The Rabobank also encourages voluntary work by employees: it is good for staff loyalty and for the image of the bank, and so ultimately it is also good for business. Altogether, Rabobank Group employees devoted over 5,267 days to voluntary work in 2003.

The National and Local Compliment for voluntary organisations

In 2003, the National Compliment competition was held for the seventh time via the partnership between the Rabobank and the Association of Dutch Voluntary Work Organisations [Vereniging Nederlandse Organisaties Vrijwilligerswerk / NOV]. This is an annual prize for impressive and inspiring volunteer projects. There were a total of 550 entries in 2003. At the request of a number of local banks, the Local Compliment was also introduced in 1999, as a local variant of the National Compliment. In 2003, 16 banks held Local Compliment competitions.

Rabobank encourages co-ordination and co-operation in voluntary work

In 2003, the Rabobank once again made an active contribution at strategic, planning and financial level to the NOV programme 'Partners in Commitment' [Maatschap in betrokkenheid / MIB]. This programme aims to encourage co-operation between social and voluntary organisations and businesses in the field of voluntary work by employees. In many cases, the two parties have not reached the point where they can find one another without any help. The Rabobank attaches great importance to strengthening this national and local infrastructure, and has helped to develop the internet site (www.betrokken.nu).

Rabobank on Voluntary Work Policy Committee

The national government regards the Rabobank as a leading player in the field of support for voluntary work in the Netherlands. As a result, the Rabobank is represented on the Voluntary Work Policy Committee of the Ministry of Health, Welfare and Sport. The committee serves as a driving force for the ongoing development and modernisation of the voluntary work policy of municipal authorities, provinces and local

organisations. The committee has to consider the updating of the local volunteer support structure and, where necessary, its development. The municipalities and provinces are also encouraged to adopt a policy on voluntary work, or to intensify that policy.

Schretlen & Co is building houses in Guatemala in collaboration with Habitat for Humanity

In 2003, Schretlen & Co staff and customers in collaboration with Habitat built houses in Guatemala. Habitat is an international non-profit organisation which wants to overcome the problem of housing for the poor. Habitat organises housebuilding trips for that purpose; simple, solid and affordable houses are built with the aid of volunteers, who work alongside the future occupants. In 2004, staff and customers of Schretlen are once again joining forces with Habitat: a housebuilding trip to Costa Rica is scheduled for November.

Voluntary work

	Rabobank Group Total	Of which:	
		Sales units	Non-sales units
Number of days' voluntary work	5,267	4,189	1,078
		Of which:	
		Local banks	3,854
		Other sales units	335

Summary of objectives for funds, sponsorship and voluntary work

Objectives stated in the 2002 report	Results
In the future, the Project Fund aims to offer more than just financial support. The Rabobank is to participate more often on a structural basis in the formulation of projects. Local banks will also be involved more frequently.	In 2003, the Project Fund took part in formulating 4 projects.
For 2003, the Rabobank expects to extend the workshops for managers and executives of associations and foundations in order to transfer expertise in relation to voluntary work.	

Key new objectives

In 2003, a special digital manual was developed with tips, advice and practical assistance on the organisation of museum programmes by local banks. The aim of this is to encourage museum visits and familiarity with the Dutch cultural heritage.

In 2004, an effort will be made to increase significantly the number of contributors to the Interpolis Fund.

In 2004, De Lage Landen will introduce a sponsorship policy in which 'Charity' is to form a structural element.

Schretlen intends to formulate a policy on regional sponsorship as well.

Social dialogue

The social orientation of the Rabobank Group is rooted in the structure of the organisation, which is managed by its own members. They are the most important stakeholders for Rabobank. The Rabobank Group also has frequent close contact with other stakeholders. Consultation with them yields information on social developments which the group uses to determine policy and to continue developing its products.

The dialogue with Rabobank's own members is of primary importance. In 2003, the number of members increased to 1.36 million, far outstripping the target of 1.2 million. Altogether, 15.9% of our adult customers are members of the Rabobank. In 2003, over 100,000 members (an average of 300 per bank) took part in all forms of consultation enabling them to exert influence and/or control (focus groups, youth councils, panels, general meetings of members). In 2004, work continues on increasing the involvement of members and embedding the members' influence. In 2003, the main thrust of the membership policy concerned the formation of 'communities'. This means establishing dialogues with and between members and customers who have the same interests and concerns. The book 'New Links' was published in mid 2003. It contains many hundreds of examples of communities initiated by Rabobank. Examples include business clubs for young entrepreneurs, communities for female entrepreneurs, young persons' committees and platforms for senior citizens. In 2003, Rabobank communities were also active in the field of art and culture, diversity, ethical business practice and innovation and quality of life.

Membership more greatly appreciated

It is not only the number of members that is growing: satisfaction over membership has also increased. At the end of 2003, members reported a score of 7.0 for this, against 6.8 two years earlier. The strengthening of ties with customers in the form of membership is also of commercial importance for the bank. The average purchase of services by private members, at 3.6, is significantly higher than the figure for non-members (2.3). For business customers, the comparable figure was 4.0 at the end of 2003, against 1.9 for non-members.

Continuous contact with interest groups

Owing to its great diversity of activities, Rabobank Group has frequent, close contact with many different stakeholders, such as the various ministries, MKB Nederland, LTO-Nederland (agricultural and horticultural organisation), Consumers Association, Vereniging Eigen Huis (Home Owners Association), Vereniging voor Beleggers in Duurzame Ondernemingen (Association for Investors in Ethical Business), Milieudefensie (environmental organisation), Greenpeace, World Wildlife Fund, various organisations for the elderly and disabled, and the Landelijke Vereniging van Kleine Kernen (national association for small villages). The dialogue with the stakeholders takes the form of personal interviews, discussion groups, conferences and seminars, websites, written communication and partnerships. As the most important bank for small and medium-sized enterprises, Rabobank takes part in the extensive network of SME organisations and other alliances, initiatives and associations in the ethical, social and economic sphere. It does so by using its expertise, sitting on boards, providing communication channels and sometimes also making funds available. The aim is to increase the professionalism of Dutch businesses and/or one specific sectoral or co-operative objective in particular.

Dialogue with government and NGOs

Being the market leader in virtually all sectors and in almost all areas of financial services in the Netherlands, the Rabobank Group feels that, as a committed and expert player, it is under an obligation to join in the social debate in areas where it has something to contribute. The bank therefore expressly positions itself alongside the government in a number of areas. In 2003 that was particularly true in the case of the life-span scheme, the housing market, soil decontamination, distribution policy, urban renewal and the trading of emission rights. The group was asked on a number of occasions by the government and non-governmental organisations

(NGOs) to comment on topical issues, such as the future of intensive farming and doing business with countries like Cuba. The group aims at transparency here by posting position papers on such subjects on its website, www.rabobank.groep.nl.

Rabobank questioned about human rights

The Rabobank Group has its own code of conduct on human rights, established in 2002 in consultation with the international human rights organisation Amnesty International. In the field of human rights, in particular, the group was questioned in 2003 by MPs and a number of NGOs on the subject of existing financing activities. A great deal of attention was devoted to that discussion. The group was also directly involved in the establishment of the International Round Table on sustainable palm oil.

Doing business with Cuba

CNV (National Federation of Christian Trade Unions) called on Rabobank to comment openly on the breach of trade union rights in Cuba and not to do business with that country on account of the arrest of 77 dissidents, including a large number of trade unionists and journalists. Rabobank is involved in supplying food and energy to Cuba. At the moment, the bank does not consider that halting its Cuban activities is in the interests of Cuba's future development. Moreover, the influence of business relations with parties outside Cuba and the improvement in the economic and social development could help to promote the desired changes. This view taken by the bank chimes with the line adopted by the Dutch government.

Genetic modification in India

A number of NGOs, members of the Dutch 'gentech' (gene technology) coalition, questioned Rabobank in 2003 about its alleged involvement in the financing of genetically modified seed in India, contrary to its own code of conduct. Rabobank's Food and Agri-Research unit published a study which describes the recent development of the seed industry and government policy on gene technology in India. Rabobank takes the view that publication of the study does not imply that Rabobank is actually financing certain projects or businesses in this sector. Nonetheless, the bank - like the Indian government - is of the opinion that genetic modification is a key technology which may be of vital importance to India's future. It is understandable that society is concerned that the framework conditions might be threatened. The bank endorses the arguments of the gentech coalition concerning the consumer's freedom of choice.

Rabobank has now been involved in international dialogue for ten years

For ten years now, Rabobank Group has been involved in various international congresses and conferences on the subject of sustainable and socially responsible business practices as an organiser, sponsor, supplier of expertise and keynote speaker. In 2003, Rabobank was involved in, among other activities, the World Water Forum in Kyoto, the 25th Round Table on Human Rights, the Round Table on Sustainable Palm Oil and the conference on emissions trading in Milan.

Round Table on Sustainable Palm Oil

Rabobank was one of the founders of the Round Table on Sustainable Palm Oil, held in Kuala Lumpur in August 2003. Palm oil is an important food ingredient and is produced in countries such as Malaysia and Indonesia, as well as in Nigeria, Ghana, Colombia and Brazil. Rabobank is particularly active in financing palm oil plantations in Indonesia, a country where reports still abound on illegal timber felling and burning of tropical rain forest for the purpose of establishing plantations, and where there is social unease about plantations and environmental damage. The World Wildlife Fund and a number of companies have commissioned two reports, which were discussed in Kuala Lumpur by a large number of parties involved. Partly at Rabobank's insistence, the Round Table on Sustainable Palm Oil will be established with a permanent secretariat in South-East Asia in 2004, because the bank considers that the local bodies need to resolve the problems themselves in the first instance. Rabobank International's loans committee in Singapore expressly included the existing Rabobank code on this point in its credit manuals in October 2003.

World Water Forum

In March 2003, the Third World Water Forum was held in Kyoto. Rabobank had a seat on the CEO Panel, comprising thirteen companies including Unilever, Heineken, Vivendi Environment and Thames Water. By taking part in the panel, enterprises demonstrated that they appreciate the importance of water for their core business and for that of their customers. The businesses also showed that they were willing to co-operate on finding solutions to water problems. During the forum, Rabobank International presented a proposal for setting up a Sustainable Water Facility. This is a commercial fund for financing water projects in emerging economies with donations from rich countries. USAID has already announced that it is interested in giving a full guarantee for 50% of the loans to be granted. Rabobank has discussed the proposal at length with the politicians and officials involved.

Rabobank at the 25th Round Table on Human Rights

Since 1996 the Rabobank, together with a number of other large companies, has been attending four meetings a year with Amnesty International to discuss human rights. October 2003 saw the 25th Round Table on Human Rights since 1996. Amnesty International wants to use the Round Table and the exchange of knowledge and experience to push human rights higher up the corporate agenda, and the companies hope to learn from one another's experience. On the occasion of the twenty-fifth Round Table, it was stated that such meetings should be held elsewhere in the world, too. It is in the interests of both human rights and the Dutch multinationals that other international companies should also be sensitive to this issue. At the same time, Amnesty was asked to adopt a more practical approach towards firms. The Rabobank offered to take part in a Round Table of this type elsewhere in the world where it has branches. It is examining jointly with the Rabobank Academy whether a formula can be developed in collaboration with Amnesty for a human rights course or workshop for the Rabobank that can also be used later for other multinationals.

Rabobank at conference on emissions trading

In December 2003, the Rabobank was one of the speakers at the Milan conference on 'Using JI (joint implementation) & CDM (clean development mechanism) in the EU Emissions Trading Scheme'. The Rabobank presentation focused on the financial side of carbon projects: what conditions should a carbon project satisfy and when does it qualify for funding, what are the product's implications for the cash flow of the organisation, etc.

Young Rabo also active in World Business Council for Sustainable Development

In 2003, Young Rabo member, Margriet de Groot, account manager at De Lage Landen, took part in the Young Managers Team (YMT) of the World Business Council for Sustainable Development (WBCSD). The WBCSD is the leading forum where multinationals such as Rabobank, Shell, Unilever, ING and Price Waterhouse Coopers work together on sustainable development. The YMT consists of 18 Young Professionals employed by members of the WBCSD. They work together for a year on an international project in the field of sustainable development. The Rabobank Group is also an active member of the WBCSD at senior level.

Rabobank concerned about life-span scheme

The Rabobank has decided to play an active role in the debate over the design of the life-span scheme. The underlying motive is the fear that politicians will create a scheme that is too laborious, which will inevitably mean an unprofitable product. The Rabobank approached the government, the social partners and the Lower House experts on several occasions in 2003, offering suggestions and proposals for improvements. The bank had already given the government a checklist which was meant as a guide to many aspects of implementation associated with such a scheme. Following the failure of the autumn talks between the government and the social partners, introduction of the life-span scheme was postponed until 2006.

Rabobank involved in Netherlands Housing Market Platform

In September 2003, a very large number of players involved in the housing market, including the Rabobank, got together to form the Netherlands Housing Market Platform. The aim was two-fold: to postpone the further restrictions on mortgage interest tax relief (the top-up scheme) and to formulate a joint, integrated vision of the housing market. The aims were only partly achieved. The top-up scheme is still on the table, but the Lower House did pass a motion asking the government to refrain from further unco-ordinated measures and to present an integrated vision in the spring of 2004. The platform remains in place for the time being, to permit a response to the government plans and for exchanging mutual expertise and insights. The Netherlands Bankers' Association, with substantial input by the Rabobank, is currently formulating its own vision of the housing market and its financing.

Government wants the Rabobank to join pilot urban renewal project

The Rabobank is in talks at government level with the Ministry of the Interior and the Ministry of Housing on the scope for collaborating on local urban renewal and restructuring projects. The intention is to become involved at the earliest possible stage in the planning, so that there is genuine collaboration. Accordingly, Rabobank Rotterdam and Rabo Vastgoed are in talks with the municipality of Rotterdam and the sub-municipality of Charlois. The national government would like to encourage a pilot project in Rotterdam, which could provide a model for corresponding public-private partnerships in other cities. In 2003, Rabobank Rotterdam acting jointly with a number of partners offered the city of Rotterdam a blueprint for local development and a solution to traffic problems.

Rabobank also active in dialogue with stakeholders on the internet

The Rabobank also makes express use of the internet in the dialogue with stakeholders. Examples include agriwijzer.nl and raboyoungdynamic.nl, which were set up in 2003. [Agriwijzer.nl](http://agriwijzer.nl) was initiated by the Sustainable Agriculture Foundation [Stichting Duurteelt], set up by Unilever, The Boston Consulting Group, Rabobank Nederland and Albert Heijn. [Agriwijzer.nl](http://agriwijzer.nl) aims to encourage sustainable agriculture by offering practical information for agricultural entrepreneurs. Rabo YoungDynamic is a platform for younger people between 12 and 18 years of age who hold a Rabo account. Rabo YoungDynamic is an interactive program concerning money matters. A magazine (circulation 500,000), an e-mail newsletter and their own website provide young people with information, advice, tips and 'fun' on the subject of earning money, managing money and spending money. Young people can contribute ideas and can work on the program themselves. With this initiative, the Rabobank aims not only to step up and expand its relationship with young people, but also to show them how to handle money responsibly.

Rabo Vastgoed wins prize for dialogue with members

In the summer of 2003, under the banner 'The Diemen Plantation, Diemen for local people' Rabo Vastgoed took part in the competition held by the municipality of Diemen concerning the redevelopment of an old furniture mall. Rabo Vastgoed won by combining its extensive knowledge of the area with the survey of Rabobank members in the municipality. By asking questions such as 'What style of house do you want?', 'Do you want to buy or rent your house?' and 'What medical facilities, schools, entertainment facilities and parks should there be?' Rabo Vastgoed found out what the local people wanted, thus securing a clear advantage over other property development companies.

Interpolis and MKB Nederland: 'People and work: the plain facts'

The interest group, MKB-Nederland (the Dutch SME association), and Interpolis provide support for small and medium-sized firms in controlling absenteeism and fulfilling their reintegration obligations. Research has shown that SME employers often lack knowledge of laws and rules

relating to the reintegration of employees. And they have no personnel department to help them, so that they often find their reintegration obligation to be a burden. MKB-Nederland and Interpolis therefore pooled their expertise in the booklet 'People and work: the plain facts' which was presented on 27 October 2003. The booklet provides clear and accessible information on the risks and obligations for an SME employer. The booklet provides the entrepreneur with a timetable for compulsory measures which are explained on the basis of a fictitious case.

Rabobank a partner of Friends of the Countryside

In 2003, the Rabobank became a partner of Friends of the Countryside for a 3-year period. The association wants to form a coalition of farmers and citizens, country dwellers and city dwellers who are concerned that the beauty of the countryside is being destroyed and the economic and socio-cultural vitality of rural areas is in decline. The association aims to acquire 250,000 members over a period of three years. The Rabobank is making EUR 200,000 available over three years. It is also offering Friends of the Countryside all kinds of facilities.

Networks of female entrepreneurs to work together

On 20 February 2003, around 350 female entrepreneurs from national and regional networks met at Rabobank Nederland in Utrecht. They included almost forty women members of BestuursNet, the network of female Rabobank managers and supervisory staff. The aim of the evening was to set up a new and powerful alliance, the Federation of Businesswomen [Federatie Zakenvrouwen]. The Rabobank offers the federation its expertise and experience in initiating and supporting networks. Apart from networking, the federation also aims to promote the representation of women's interests, encouragement and support for female entrepreneurs and efficiency improvements. The book 'Female Vision', which takes another look at business, was published at the end of 2003. It was compiled by the Federation of Businesswomen and the Rabobank, and is intended to provide an insight into the nature of female entrepreneurs. The new federation hopes to expand over five years into an organisation with a membership totalling ten thousand female entrepreneurs.

Rabobank supports business platform for Turkish entrepreneurs

In 2002 and 2003, acting jointly with Webisrehberi, the Rabobank held five information meetings for a total of around 250 Turkish entrepreneurs. The meetings aimed to inform Turkish entrepreneurs about business matters such as e-commerce, marketing, loans, insurance, exports etc., and to develop and support a network among Turkish-speaking and Dutch-speaking entrepreneurs. Webisrehberi is the 'yellow pages' for Turkish entrepreneurs in the Netherlands, and was set up to promote mutual business contact between Turkish entrepreneurs as well as contact with Dutch entrepreneurs. The Rabobank is the main sponsor of Webisrehberi.

Members of the Diversity Network endorse concrete campaigns

The Diversity Network holds regular 'brainstorming sessions' where members think about the position and future of the Network. During the meeting held in the Anne Frank house at the end of October 2003, the members agreed that they will be concentrating on recruiting new Network members, panels of customers/members, diversity on www.rabobank.nl and the recruitment of ethnic minority customers and members by local banks. Each working group will submit detailed plans for activities at the beginning of 2004.

Seminars on acquisition of farms very well attended

In February 2003 over 1,000 young farmers attended the Rabobank seminars on the acquisition of businesses in the agricultural sector. The seminars were held jointly with accountants, civil-law notaries, the tax authorities and the Dutch association for young farmers, Nederlands Agrarisch Jongeren Kontakt. Participants were given information and practical hints on the new law of inheritance, ownership structures in the case of business transfers, and the financing of purchases. Often, the successor seems to be a bit short of financial resources to effect the transfer. In that case, courage and perseverance are required. Inventive funding and ownership solutions can help to ensure the successful acquisition and operation of the business.

Summary of objectives for the social dialogue

Objectives stated in the 2002 report	Results
Rabobank International will use its intranet more frequently to call for attention to be paid to the moral aspects of business transactions.	In 2003, the intranet and the internal magazine 'The World' systematically focused on moral issues and sustainability.

Key new objectives for 2004

- Continued development and discussion relating to the Sustainable Water Facility proposal.
- Continuation of the policy adopted on entering into partnerships.
- Development of detailed plans for Diversity Network activities.

Business operations

Rabobank Group aims to be as economical as possible in its use of energy and raw materials, partly to limit the impact on the environment, and partly because the bank is aware that sustainable, responsible business practice is also attractive from an economic angle. In 2003, the bank set new targets for such matters as cutting the consumption of energy and paper. Progress was achieved in ensuring that the purchasing process is socially responsible.

In 2003, the Internal Corporate Social Responsibility (IMVO) steering committee restated the policy on business operations. It included concrete objectives in regard to energy management and reducing the use of paper for the period 2004-2006. The group aims to achieve the objectives by, for example, embedding them in existing processes, so that 'environment-based management' becomes part of the normal activities of employees and management. Compliance with legislation and Rabobank policy is taken as the basis here. In 2004, an environmental and legislation checklist will be developed for all the bank's branches.

Energy

Under the Multiannual Energy Efficiency Agreement, Rabobank Nederland and the local banks undertook to make an effort to cut energy consumption from 100% in 1995 to 75% in 2005. Despite heavy investment in energy-saving measures, the EEI (energy efficiency index) in 2003 stood at 92% in comparison with 1995 (100%). In 2002, the EEI was 85% and a figure of 83% was recorded for 2001. The considerably greater reliability of the data used in 2003 may explain the deterioration. In earlier years, greater use was made of estimates and extrapolations. Interpolis signed the Multiannual Energy Efficiency Agreement for its head office in Tilburg and is still the front-runner in the sector, according to the Novem report for 2002. Up to the end of 2003, the head office achieved an estimated 48% reduction in electricity consumption compared to 1998. That is already more than twice the target for the sector for 2006. The other Interpolis office premises where energy consumption is higher than at head office are not included.

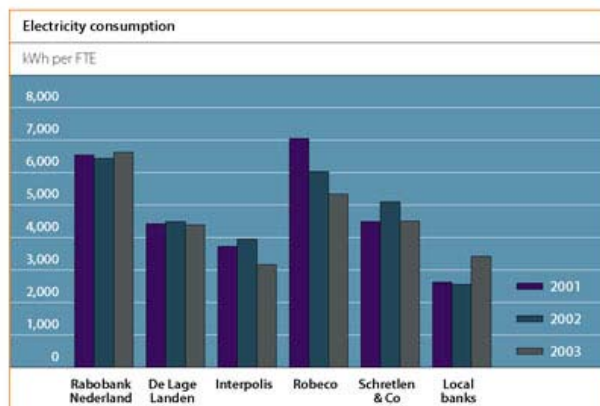
Percentage of green electricity remains constant

The local banks, Rabobank Nederland, De Lage Landen, Robeco and Interpolis (including the former Relan) obtained 25% of their electricity from green sources in 2003, and will do the same in 2004. The intention is to increase the percentage of green electricity obtained under the collective purchasing contract to 100% with effect from 1 January 2005.

Electricity consumption¹

At Interpolis and Robeco, electricity consumption per FTE fell sharply in 2003 as a result of measures such as shutting off the lighting (at Interpolis, the lights go out automatically six times in every 24 hours) and installation of a sprinkler system on the roof at Robeco, keeping the building cooler, cutting by one the number of cooling plants which need to operate in warm weather. At Schretlen, electricity consumption has reverted to the pre-2002 level when a number of large IT projects increased the demand. The main reason for the increase at Rabobank Nederland is the move into new premises and reorganisation at the Zeist and Best computer centres. The workforce there has declined sharply while the capacity installed has risen, owing to centralisation at Rabobank Nederland. The electricity consumption of the local banks has risen significantly, by 34% per FTE. The exact reason for this increase is not known, but it may be partly due to the switch to actual measurements of consumption, the greater use of air conditioning owing to the warm weather, and the reduction in staff.

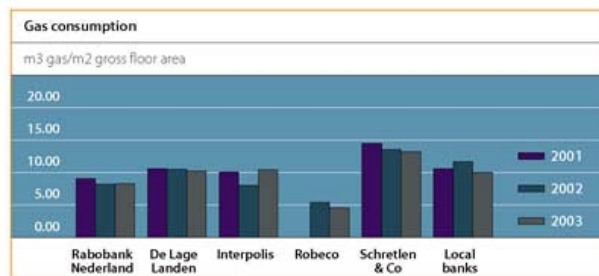
¹) Not all group units reported on electricity, gas and paper consumption, and some submitted only partial reports. For detailed information, see www.rabobank.com.



1. The Rabobank Nederland location in Best meets much of its own electricity requirements by using combined heat and power plants. The energy generated by these plants is converted to a corresponding number of kWh on the basis of their output. In October 2003, the plants were dismantled and Best switched to obtaining all its electricity from the power supply network.
2. Interpolis reports only on the electricity consumption of the premises in Leidschendam, Tilburg and Roermond. Interpolis does not yet report on that of the partners with whom it merged in 2001, though it will be able to do so next year.
3. The Robeco electricity consumption figures relate only to the Coolsingel 120 location (over 50% of the total number of employees).
4. Stroeve moved into new premises at the end of 2002. However, the electricity figures for that location proved not to be comparable. Stroeve was therefore omitted from the survey this year.
5. In the case of Gilde, no electricity consumption data are available.
6. The report does not yet include Rabo Real Estate, Alex and Obvion.
7. In previous years, the local banks' electricity consumption was estimated using an allocation method based on the costs of electricity, gas and water. The current consumption is actual consumption during 2003, measured by the energy monitoring system.

Gas¹

For the Rabobank Group as a whole, gas consumption per m² fell in 2003, especially at the local banks. Robeco's consumption was reduced by eliminating the wastage caused by the climate control system which heated rooms unnecessarily. The increase in consumption at Interpolis was due to the construction of the new east wing at the head office and the 't Laar building. During the construction phase the new building required a great deal of heating to dry out the structure.



1. Gas consumption was adjusted for differences in weather conditions between years (using 'degree days').
2. The Utrecht location of Rabobank Nederland, Robeco and the Rotterdam location of Schretlen & Co do not use gas for heating but hot water from the district heating system. Heat consumption was converted to a corresponding number of cubic metres of gas.
3. The data on Rabobank Nederland's office in Best were adjusted for previous years. Best's gas consumption relates to the combined heat and power plants which supply heat and electricity. The total gas consumption was reduced by the proportion of the gas used for conversion to electricity. In October, the combined heat and power plants were dismantled and Best switched to using central heating systems.
4. Interpolis reports only on the gas consumption of the premises in Leidschendam, Tilburg and Roermond. Interpolis does not yet report on that of the partners with whom it merged in 2001, though it will be able to do so next year.
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8. The report does not yet include Rabo Real Estate, Alex and Obvion.
9. In previous years, the local banks' gas consumption was estimated using an allocation method based on the costs of electricity, gas and water. The current consumption is actual consumption during 2003, measured via collective gas purchasing.

Paper and office requisites¹

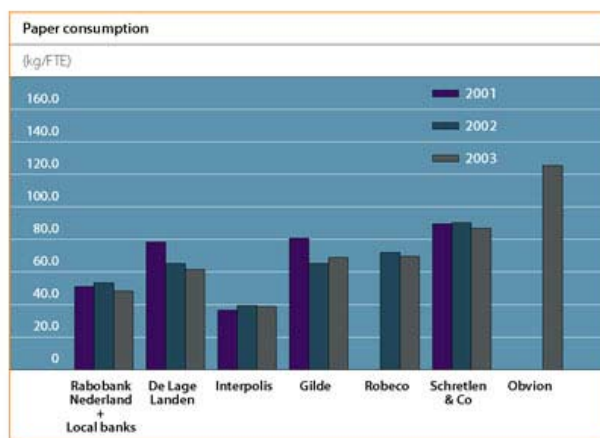
The consumption of A4 paper per FTE declined in almost all business units in 2003. For 2004, Rabobank Nederland and the local banks aim to cut consumption by 10% against 2003. Ways of achieving this include modifying applications which use the most paper and making employees fully aware of paper consumption at work. Rabobank also aims to introduce permanent monitoring of paper consumption in 2004. Despite the efforts in 2003, a system to provide information on the consumption of A4 and other types of paper used in large quantities has not yet been devised, owing to the great complexity of recording paper use.

Socially responsible purchasing

The products which the Rabobank Group buys are divided into product groups. In 2003, nine product groups underwent a CSR scan. In the process, criteria were formulated and requirements emerged which will be imposed on the product and the supplier, at the latest when the contracts are renewed. Thirty other purchasing packages which have been

¹) Not all group units reported on electricity, gas and paper consumption, and some submitted only partial reports. For detailed information, see www.rabobank.com.

picked out as having a potentially significant impact on the environment and sustainability will be reviewed in 2004. In 2006, all the contracts of Rabobank Group Purchasing will meet the requirements which have emerged from the CSR scan of the product groups. These and other professional purchasing groups handle 62% of all purchases for the Rabobank Group. In 2004, the Rabobank Group buyers will be provided with a web tool which they can use to specify directly in the contract with the supplier the CSR requirements which the Rabobank Group has set for a particular purchasing package.



1. Consumption of A4 paper by Gilde was adjusted for 2002 from 4500 kg to 3000 kg. This year, consumption in 2002 was reviewed on the basis of invoices.
2. Consumption of A4 paper by Rabobank Nederland and local banks was based on central purchasing and individual purchasing by the various branches of Rabobank Nederland. Local purchases by local banks were not taken into account.

Waste

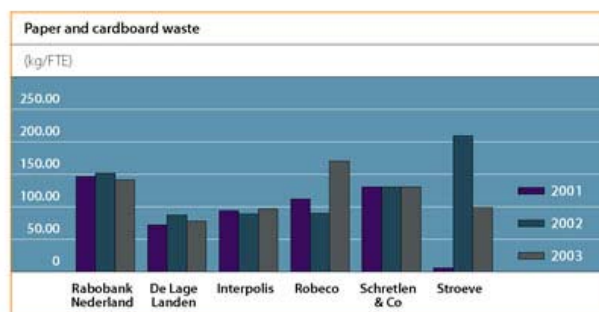
In the case of waste segregation, prevention and processing, the Rabobank Group complies with the legal standard as the minimum. If reasonably possible, it aims to go a bit further. To that end, the policy states that waste volume and performance indicators must be monitored for each Rabobank Group unit. At Rabobank Nederland, De Lage Landen and Interpolis there has been monthly monitoring of the quantitative and qualitative waste figures since the end of 2003. On the basis of the monitoring results, annual adjustments will be made to waste management plans and to the associated measures relating to waste reduction and the collection policy.

Decline in the volume of waste

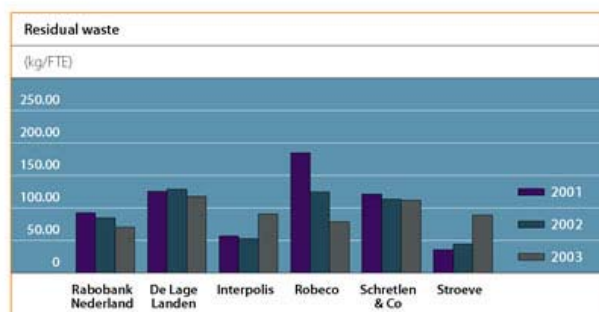
The volume of waste per employee continued to decline almost throughout the organisation. Waste figures increased at Interpolis owing to vacation of the old head office, and the increase in residual waste at Stroeve was due to the move from two old locations to a single new building. The waste paper at Stroeve had already been removed at the end of 2002, greatly reducing the amount of waste paper in 2003. At Robeco, an adjustment to the method of measuring paper and cardboard waste (see footnote) has led to an increase.

Less packaging

Rabobank initially took part in the Packaging Covenant on its own, but since 2003 it has done so collectively via the Netherlands Bankers' Association. The use of packaging by Rabobank Nederland declined once again in 2003, when a total of 30.7 tonnes of paper and cardboard and 82 tonnes of plastic were used as packaging. These figures represent a decline of 26% and 11% respectively against 2002. The decline in plastic packaging is due to a reduction in the use of seal bags.



1. In the case of Gilde and the local banks, no data are available on residual waste.
2. Robeco started actually weighing its waste paper in 2003. Before then, the figures used were empirical data from the paper collection firm, which proved to be 52.1% below the actual weight. In addition, it has improved the segregation of its residual waste, thus increasing the amount of waste paper.



1. The residual waste data can be based on estimates and historical data (conversion of container contents into kilograms).
2. In the case of Gilde and the local banks, no data are available on residual waste.
3. The residual waste data provided by Rabobank Nederland's head office in Eindhoven are not completely reliable.

Transport/mobility

Research on realistic economy targets and sensible parameters for measuring mobility was planned for 2003 and 2004, but did not take place in 2003. In 2004, Rabobank Nederland will determine how to make best use of resources such as parking places and public transport in the case of its existing premises and newly developed property. For that purpose it is necessary to record personnel movements between Rabobank Nederland's various buildings. The impact of these traffic flows on transport, car parks, buildings, working conditions and sustainability will be taken into account in developing the policy. The group

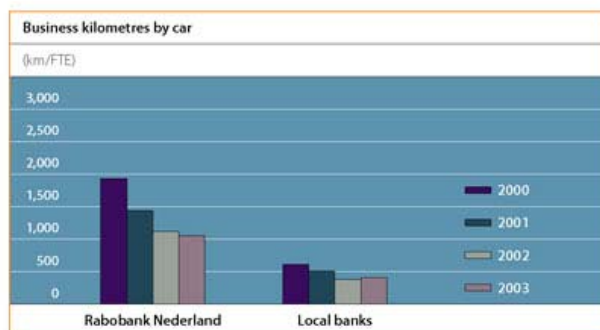
units are implementing many initiatives relating to transport. Obvion, Interpolis, Robeco, and Schretlen have a transport policy which focuses on video conferencing, promoting car pooling, providing bicycles, public transport allowances, etc. Various transport economy measures and schemes have been set up on the basis of this policy.

A few more leased vehicles

At Rabobank Nederland and the local banks, the number of leased vehicles increased slightly to 4,619 in 2003. These vehicles were used to travel a total of more than 132 million kilometres in 2003. The group units operate 715 leased vehicles.

Decline in number of business kilometres

At Rabobank Nederland, the number of business kilometres travelled per FTE declined in 2003. The local banks also saw a slight fall in absolute figures, but there was a small increase in kilometres per FTE.



1. The number of business kilometres travelled by car shown in this chart excludes the use of leased vehicles.

Company bicycle

In 2003, x company bicycles were bought for employees of Rabobank Nederland and the local banks under the central Company Bicycle Scheme. Group units purchased a further 130 bicycles under their own schemes in 2003. Altogether, 3,000 employees now have a company bicycle.

In 2003, staff of some of the local banks joined in the 'Cycle to work' campaign. By cycling to work, the employees supported good causes in developing countries. Participants indicated in advance how many kilometres they expected to cover in the six months of the project. The employer sponsored each kilometre cycled by contributing a sum of money for aid in developing countries.

Air travel remains steady ¹⁾

Although the number of foreign branches increased by almost 1/3 to 222 in 33 countries, the number of flights booked by the Rabobank Nederland central travel agency in 2003 remained more or less steady at 4,500. These were international flights from the Netherlands, booked by Rabobank Nederland, Rabobank International and all group units except for De Lage Landen and Robeco. The number of flights from foreign branches to the Netherlands or other destinations is not known.

1. The number of flights in 2002 was adjusted on the basis of the annual report of the Rabobank Group central travel agency, from 4033 to 4382.

Summary of objectives for business operations

Objectives stated in the 2002 report	Results
The group aims to increase the proportion of green electricity to 25% in 2003.	In 2003, 25% of the electricity used by the local banks and Rabobank Nederland was green.
Rabofacet will set up a monitoring system in 2003 to gain a better idea of paper consumption at Rabobank Nederland and the local banks. The aim is to cut paper consumption at Rabobank Group branches in the Netherlands by 20% in 2006 against the 2004 figure.	Despite the efforts made last year, a system to provide information on the consumption data has not yet been devised owing to the great complexity of recording paper use.
As regards waste management, the central branches of Rabofacet will set up a complete waste recording system in 2003.	For Rabobank Nederland, De Lage Landen and Interpolis, this waste monitoring was arranged at the end of 2003 by means of a single umbrella contract. There is now monthly monitoring at each location of the quantitative and qualitative waste data.
In 2003, corporate social responsibility will be further integrated into purchasing practices in order to fulfil the Rabobank Group's aims as regards socially responsible business. In 2003, at least ten purchasing packages will undergo a CSR scan.	Last year the Rabobank Group subjected nine of these product groups to a CSR scan. Thirty other purchasing packages which have been picked out as having a potentially significant impact on the environment and sustainability will be reviewed in 2004.
In 2003, buyers will be provided with a web tool which they can use for speedily selecting the relevant CSR aspects for their purchasing documents.	The development of a web tool with which buyers can click straight to a database with the requirements relevant to CSR for the product group in question is far advanced, but it has not yet been implemented.
Mobility and the relationship with the number of products sold is so complex that further research will take place in 2003 and 2004 into realistic economy targets and sensible parameters.	This research has not yet been carried out.

Key new objectives

- Development of an environmental and legislation checklist for all branches of the local banks.
- The intention is to increase the proportion of green electricity to 100% from 1 January 2005.
- 30 purchasing packages which have been picked out as having a potentially significant impact on the environment and sustainability will be reviewed in 2004.
- By 2006, inclusion of the CSR requirements for products and producers in new and renewed contracts will ensure that all the central purchasing group contracts meet the requirements which have emerged from the CSR scan of product groups.
- Introduction of a web tool with which buyers can click straight to a database with the requirements relevant to CSR for the product group in question.
- 2003 figure for consumption of A4 paper at Rabobank Nederland and local banks to be cut by 10% in 2004.
- Establishment of a policy on transport to determine how to make best use of the available resources, such as parking spaces and public transport, in the case of Rabobank Nederland's existing premises and newly developed property.

Economic performance

The creation of stakeholder value, such as customer and employee value, is the primary objective for the Rabobank Group. But this can only be done if we make an adequate profit. By adding the profit to the reserves, the group can expand its range of services and products. In 2003, the Rabobank Group made a net profit of EUR 1,403 million.

The management of the Rabobank Group is geared to customer value, employee value and financial stability. Thanks to its sound financial policy, the Rabobank Group is among the banks with the highest credit ratings in the world. In 2003, income was up by 8% and expenditure by 7%. Net profit grew by 12% to EUR 1,403 million. The efficiency ratio (operating expenses as a percentage of income) also improved to 67.6%.

Still the market leader

The Rabobank Group is the market leader in the Netherlands in many areas of financial services and in a number of sectors. In 2003, the group maintained its 26% share of the home mortgage market, although on the mortgage switching market its share was under pressure. On the savings market, the group lost ground, its share of the market dropping to 38%. Despite this fall, the Rabobank Group still leads the market by a long way. Following some loss of market share in the agricultural sector in 2002, 2003 brought a recovery and the market share was up at 85%. In regard to small and medium-sized enterprises (SMEs), a milestone was reached when Rabobank became the market leader in all SME sub-sectors for the first time. The total market share in the SME sector came to 39%.

Continued growth of lending

In 2003 lending to the private sector – private individuals, food and agribusiness, trade, industry and services – grew by 11% to EUR 235.4 billion. The bulk of the loans, 49%, went to private individuals. The total lending to individuals was 14% up at EUR 117.5 billion. Of that, EUR 116.1 billion consisted of mortgages. At the end of 2003, lending to the trade, industry and services sector was up by 7%. Total lending to that sector came to EUR 81.3 billion, which is 35% of the total private sector loans. The agricultural sector accounted for 16% of total private sector loans. Last year, that sector increased its borrowings by 9%, bringing total loans to EUR 36.6 billion. Overall, 80% of loans were granted in the Netherlands, 8% in the rest of Europe, 7% in North America, 3% in Australia, 1% in Asia and

1% in South America. Despite the acquisitions in the United States, the percentage of lending in North America dropped by 1% to 7%. The fall is due entirely to the depreciation of the dollar against the euro.

Funds entrusted remain steady

Funds entrusted to the bank – savings, professional securities transactions and other funds entrusted – maintained their 2002 level at EUR 173 billion. Savings were 8% up at EUR 72 billion. Internet savings accounted for most of the growth, at the expense of the traditional savings account, the Rabo Return Account. Fixed term deposits were also less popular. During the year under review, internet savings as a percentage of total savings deposited for variable terms with the local banks increased by 11% to a good 41%.

Increase in assets under management

Having bottomed out in March 2003, the stock markets staged a recovery in the rest of the year so that 2003 ended with gains. However, the Dutch AEX index lagged well behind the other indexes. Customers' assets under management increased by EUR 15 billion in 2003 to EUR 132 billion. This includes the assets managed by Interpolis for third party pension funds. The assets managed by Interpolis totalled EUR 19 billion, an increase of EUR 4 billion on year-end 2002. The assets managed by the other units (Robeco, local banks, Schretlen & Co, Effectenbank Stroeve and Alex) grew by 11 billion to EUR 113 billion. Much of the increase came from price gains, which totalled EUR 11 billion. Part of that gain was negated by the depreciation of the dollar against the euro, the negative effect totalling over EUR 6 billion.

Insurance sales recover

Premium income on Interpolis insurance products recovered strongly in 2003, after a disappointing 2002, increasing by 6% to EUR 3.9 billion. Life insurance produced a particularly sharp rise in premium income, namely 13% to EUR 2.4 billion. In non-life insurance, income grew by 7% to

EUR 1.3 billion. Reinsurance premiums totalled EUR 179 million in 2003, against EUR 308 million in 2002. Apart from insurance activities, Interpolis specialises in offering services in the field of pensions and occupational health (health & safety and reintegration). Income from these activities grew by 15% to EUR 279 million in 2003.

Higher staff costs

During the year under review, staff costs, at EUR 3.8 billion, accounted for 60% of total operating expenses. This represented an increase of 2% against the previous year. Staff costs include wages, pensions and social security contributions. The increase is attributable mainly to CAO increases and pay rises, as well as acquisitions. This was partly offset by lower average staffing levels. Training costs came to EUR 80 million in 2003, or 2% of the wage bill.

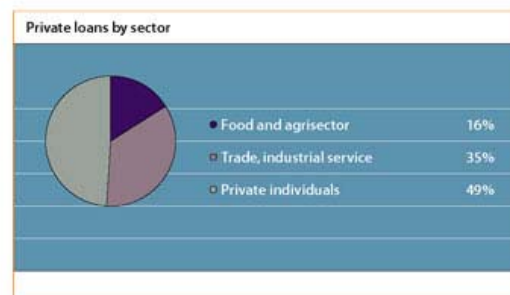
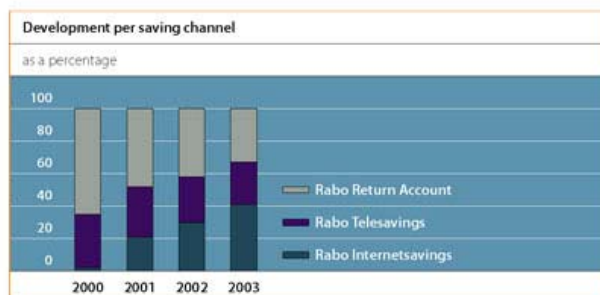
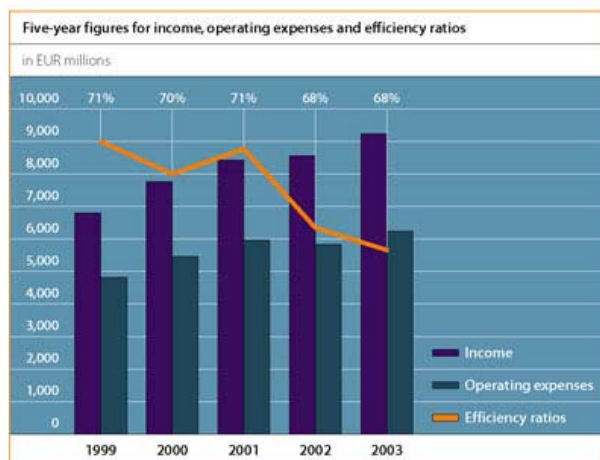
Profits and innovative capital boost equity

As a rule, the co-operative Rabobank Group adds its profits to its reserves. Consistent results, a relatively low risk profile and ample equity are among the factors which led the rating agencies Standard & Poor's and

Moody's to accord the Rabobank Group the highest credit rating (AAA). With this rating, the Rabobank Group can raise funds relatively cheaply on the money and capital markets. Owing to its co-operative structure, the Rabobank Group cannot issue any shares to increase its equity. This does not mean that the group cannot increase its capital except by adding its profits to reserves. In recent years, the Rabobank Group has increased its capital by means of innovative capital, by issuing Rabobank Member Certificates and Trust Preferred Securities. Last year, Trust Preferred Securities totalling USD 1.75 billion were placed with institutional investors in the United States. Interest in these securities was so keen that the issue was two and a half times oversubscribed.

Very sound tier 1 ratio and BIS ratio

In the financial world, the tier 1 ratio and the BIS ratio are the ratios most commonly used to measure solvency. The Dutch central bank stipulates a minimum requirement of 4 for the tier 1 ratio and 8 for the BIS ratio. The higher the ratios the lower the risk of company failure. The Rabobank Group has a tier 1 ratio of 10.8 and a BIS ratio of 10.9, making it one of the soundest private banks in the world.



The Rabobank Group's ambition

The Rabobank Group's intended position in the world

The Rabobank organisation was set up in the Netherlands by enterprising people who had virtually no access to the capital market. It has its traditional roots in small and medium-sized enterprises and especially the agricultural sector. Working together on a co-operative basis created a financial institution which enables its customers to fulfil their financial ambitions. This is the Rabobank Group's maxim: it aims to enable people and businesses to play a full and independent part in the market at large.

The group offers all the financial services which are required for participating in commerce and modern society. In the Netherlands it has developed into a broad financial services provider which aims to design its services in a modern way for people and businesses elsewhere in the world as well.

The Rabobank Group considers that sustainable development of prosperity and welfare requires careful handling of nature and the environment. It aims to contribute to that via its activities.

It respects the culture and customs of each country where it has a branch, in so far as they are not in conflict with its own objectives and values. In all activities which it undertakes, the Rabobank Group will adhere to the maintenance of its solvency and liquidity as a prerequisite for continuity.

The objective

We, the employees and the management of the Rabobank Group, take the interests of the customers as our starting point and objective. We aim to create value for them by:

- offering the best possible financial services which customers consider appropriate;
- offering continuity of service in accordance with the long-term interests of the customers;
- our commitment to our customers and their environment, helping to enable them to achieve their ambitions.

The values

We consider it important for customers to see and recognise the following qualities in us:

- integrity: acting in accordance with our stated objectives;
- respect: dealing with customers in such a way that they feel respected by the bank;
- expertise: being able to achieve what we say we can do.

Justification for the Rabobank Group's position in society

We are ready to accept the judgement of those for whom our service is important. Customers who express their commitment to the bank in the form of membership acquire influence over what we do and the way in which we help them to fulfil their ambitions.

Verifier's report

Introduction

The Executive Board of Rabobank Nederland asked us to verify the 'Annual Responsibility and Sustainability Report 2003' (the report) of the Rabobank Group. The report is the responsibility of Rabobank's Executive Board. Our responsibility is to issue a Verifier's Report on the report.

Scope

The report as a whole has been subject to verification, including the figures and the information contained in the text. In the Guide, Rabobank provides an explanation of the scope of the report and the reporting principles. Our verification focused on the question of whether the report was drawn up with due care, as well as a review assessment of the reliability of the information in the report. This verification provides a moderate level of assurance.

Activities undertaken

The verification was planned and conducted by a multidisciplinary team. Our verification approach was based on the International Standard for Assurance Engagements of the International Federation of Accountants.

In the context of verification, we recognise that non-financial data are, in general, subject to more inherent limitations than financial data due to their nature and the methods used for determining, calculating or estimating such data.

Our activities, aimed at providing a moderate level of assurance, included:

- a review of the underlying systems and procedures used to collect and process the reported information, including the aggregation of data to provide the information contained in the report;
- a review of the underlying principles of information management and reporting incorporated in the CSR monitoring system which was used in drawing up the report;
- an evaluation of the reliability and other quality criteria of the information in the report, including a review of important estimates, based on, among other things, the relevant passages of the Sustainability Reporting Guidelines of the Global Reporting Initiative (part B);
- an assessment of the degree to which the report covers the most important environmental and social issues for the Rabobank Group;
- an evaluation of the general picture presented in the report, based on underlying information and external publications, such as research and media reports;
- checking whether the financial information in the report has been correctly derived from Rabobank Nederland's audited financial statements for 2003 (which include the financial statements of the Rabobank Group);

Conclusions

Based on our verification we conclude that the Executive Board has drawn up the Annual Responsibility and Sustainability Report 2003 with due care. Nothing has come to our attention that causes us to believe that the report is not reliable.

Amstelveen (The Netherlands),
20 July 2004
KPMG Sustainability B.V.

J. van der Kolk, director

Personnel data tables

Rabobank Group staff: movements from 1991-2003

	No. of employees at year-end	Movements from earlier years in total	Movements from earlier years in percentage
1991	39,050	1,200	3.2%
1992	39,510	460	1.2%
1993	38,475	-1,035	-2.6%
1994	37,789	-686	-1.8%
1995	37,408	-381	-1.0%
1996	40,152	2,744	7.3%
1997	44,538	4,386	10.9%
1998	49,465	4,927	11.1%
1999	53,147	3,682	7.4%
2000	55,098	1,951	3.7%
2001	58,120	3,022	5.5%
2002	58,096	-24	0.0%
2003	57,055	-1,041	-1.8%

Absenteeism

	2003	2002	2001
Absenteeism percentage	4.1	4.7	5.1
Frequency of absences	1.6	1.7	1.7
Disability benefits intake	364	533	564
Disability benefits outflow	290	297	297
Disability intake risk	0.8	1.1	1.1

* These data relate to local Rabobanks, Rabobank Nederland, Rabofacet, De Lage Landen and Schretlen & Co.

Intake and outflow (persons)

	2003	2002	Difference
Intake from outside Rabobank Group	2,192	2,546	-354
Outflow to outside Rabobank Group	3,882	4,136	-254

These data relate to Rabobank Nederland, local Rabobanks, Rabofacet, De Lage Landen and Schretlen & Co.

Only inflow and outflow for one of these units have been included.

In 2003 external inflow fell, as did external outflow, compared with 2002. Highest outflow at RN (15%), lowest at Schretlen & Co (2%).

Key figures staff

amounts in EUR million	2003	2002	2001	2000	1999
Total wages costs	2,595	2,530	2,410	2,191	1,920
Total personnel costs	3,770	3,682	3,565	3,099	2,860
Personnel and other management expenses	5,871	5,471	5,597	4,985	4,454
Total training expenses	79.9	78.8	85.4	70.0	64.6
Net profit	1,403	1,250	1,206	1,194	1,020

Costs personnel

amounts in EUR million	2003	2002	2001	2000	1999
Number of FTE's	50,849	51,867	52,173	49,711	48,224
Wage costs per FTE	51,033	48,776	46,192	44,075	39,814
Personnel costs per FTE	74,141	70,989	68,330	62,340	59,307
Personnel and other management expenses per FTE	115,459	105,481	107,278	100,280	92,361
Training expenses per FTE	1,571	1,521	1,637	1,408	1,340
Net profit per FTE	27,591	24,100	24,745	24,019	21,151

Salary structure, gross full-time annual salaries

	2003		2002	
	Persons	%	Persons	%
up to 10,000	39	0.1%	86	0.2%
10,000 - 20,000	2,528	5.9%	4,787	10.4%
20,000 - 30,000	20,016	46.5%	21,698	47.2%
30,000 - 40,000	9,119	21.2%	9,229	20.1%
40,000 - 50,000	5,996	13.9%	5,251	11.4%
50,000 - 60,000	2,526	5.9%	2,306	5.0%
60,000 - 70,000	1,194	2.8%	1,111	2.4%
70,000 - 80,000	614	1.4%	608	1.3%
80,000 and above	973	2.3%	908	2.0%
Total	43,005	100.0%	45,984	100.0%

This table does not include data for Robeco, Interpolis, Stroeve, Gilde, Obvion, FGH bank and foreign offices.

The number of people earning salaries below EUR 30,000 fell, whereas the number of people with higher salaries, in particular between EUR 40,000 and EUR 50,000, rose.

All allocations under the Invalidity Insurance Act (WAO) and WAO intake risk

		2003	2002	2001	2000	1999
Rabobank Groep	abs	364	533	564	523	473
	%	0.82	1.12	1.12	1.21	1.12
Rabobank Nederland and local banks	abs	- *)	- *)	530	475	432
	%	- *)	- *)	1.12	1.17	1.09
Rabofacet	abs	16	34	24	37	35
	%	0.64	1.39	1.22	1.88	1.84
Schretlen & Co	abs	4	1	1	2	1
	%	1.85	0.38	0.65	1.56	0.89
De Lage Landen	abs	3	1	5	9	5
	%	0.40	0.14	0.75	1.74	1.02

*) These figures cannot be calculated due to the failure of the Implementing Organisation for Employee Insurances (UWV) to provide full information.

Rabobank Group absenteeism percentages (excl. maternity leave)

	2003	2002	2001	2000	1999
Rabobank Group	4.12	4.68	5.12	4.83	4.53
Local banks	4.02	4.56	5.04	4.69	4.30
Rabobank Nederland *)	-	-	-	5.07	5.29
AAB		4.97	5.63	5.31	-
Staff Groups and services		5.45	5.87	5.43	-
Rabobank International		3.82	4.39	4.21	-
Securities services		4.09	4.25	4.60	-
Wholesale banking	2.92				
Support units within Rabobank Nederland	4.39				
Asset management	3.19				
Rabofacet	5.83	6.21	6.50	6.73	7.12
De Lage Landen	3.80	4.21	4.28	5.24	4.07
Schretlen & Co	3.27	5.20	3.72	4.15	4.50
Interpolis	5.30	5.20	5.90	6.30	5.30

*) As a result of reorganisations in recent years, the subdivision of Rabobank Nederland by business unit has changed. Figures for this year cannot therefore be compared precisely with those for previous years.

Composition of personnel

	No. of employees 2003	% Women	% Part time	% Women in higher positions	% Fixes term contracts	% up to age 34	% up to age 55 or more	% Graduates
Total*								
2002	44,775	56.2%	34.2%	15.6%	6.8%	47.1%	5.3%	41.6%
2003	43,028	55.5%	36.6%	16.7%	5.3%	43.3%	6.0%	41.3%

Per unit 2003

Retail banking

Local banks	34,733	60.9%	40.7%	14.2%	5.6%	45.5%	5.7%	36.3%
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Wholesale banking

Rabobank International	507	26.8%	13.1%	15.9%	5.4%	49.2%	4.2%	67.8%
Group Treasury (incl. support)	335	26.7%	7.1%	19.1%	7.1%	44.8%	1.8%	
Rabobank Nederland Corporate Clients	257	32.8%	21.9%	21.7%	1.6%	33.2%	5.1%	

Asset management

Schretlen & Co	224	35.0%	30.9%	12.3%	4.0%	40.8%	3.6%	
Rabo Trust	5	80.0%	20.0%	66.7%	0.0%	20.0%	0.0%	
Alex	175	17.1%	52.0%	18.5%	26.9%	81.7%	1.1%	

Leasing

De Lage Landen	778	37.6%	21.2%	14.9%	7.1%	42.0%	3.3%	
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Other

Rabofacet	2,278	24.5%	16.3%	14.0%	1.9%	25.4%	8.7%	50.2%
Product market units	1,530	34.2%	17.9%	17.4%	2.8%	34.9%	7.1%	77.6%
Staff Groups and Services	1,414	45.5%	25.7%	29.4%	2.9%	29.6%	9.9%	70.7%
Market management	713	35.5%	16.8%	25.3%	2.0%	31.6%	9.4%	77.6%
Rabo Property	79	35.4%	6.3%	18.5%	0.0%	38.0%	3.8%	

* Data from Rabobank Nederland, local banks, Rabofacet, De Lage Landen and Schretlen & Co.

Analysis of Rabobank Group staff in 2003

(in numbers)	Netherlands	Abroad	Total 2003	Total 2002
Local Rabobanks	34,733	-	34,733	36,657
Local banks	34,733	-	34,733	36,657
Wholesale banking	1,099	4,190	5,289	4,786
Rabobank International	507	1,301	1,808	2,462
Rabobank International foreign participating interests	-	2,083	2,083	1,725
Group Treasury	335	745	1,080	314
Rabobank Nederland Corporate Clients	257	61	318	285
Asset management	1,604	594	2,198	2,153
Robeco Groep	1,101	588	1,689	1,769
Schretlen & Co	224	-	224	210
Alex	175	-	175	-
Effectenbank Stroeve	99	-	99	141
Other asset management	5	6	11	33
Insurance				
Interpolis	5,965	31	5,996	5,901
Leasing				
De Lage Landen	778	1,717	2,495	2,317
Property	232	-	232	66
FGH Bank	153	-	153	-
Rabo Property	79	-	79	66
Other	6,112	-	6,112	6,216
Rabofacet	2,278	-	2,278	2,334
Product-market units	1,530	-	1,530	1,526
Staff, Groups and Services	1,414	-	1,414	1,399
Market management	713	-	713	784
Obvion	138	-	138	121
Gilde	39	-	39	48
Other	-	-	-	4
Rabobank Group	50,523	6,532	57,055	58,096

Directors and management

Executive Board (with areas of responsibility)

Bert Heemskerk (H.), Chairman

Staff

Finance and Control

Compliance

Audit

Legal and Tax Affairs

Communication

Rik baron van Slingelandt (D.J.M.G.)

Rabobank International

Group Treasury

Hans ten Cate (J.C.)

Rabobank Nederland Corporate Clients

Credit Risk Management

Special Credit Management

Sustainability

Jac Verhaegen (J.J.)

Product/Market Entities

ICT

Piet van Schijndel (P.J.A.)

Market Management Member banks

Piet Moerland (P.W.)

Staff and Services Member banks

Co-operative

Secretary to the Executive Board

Margreet van Ee (M.G.)

Supervisory Board

Prof. Lense Koopmans (L.), Chairman

Antoon Vermeer (A.J.A.M.), Deputy Chairman

Sjoerd Eisma (S.E.), Secretary

Leo Berndsén (L.J.M.)

Bernard Bijvoet (B.)

Teun de Boon (T.)

Wim Duisenberg (W.F.)

Marinus Minderhoud (M.)

Hans van Rossum (J.A.A.M.)

Herman Scheffer (H.C.)

Prof. Martin Tielen (M.J.M.)

Aad Veenman (A.W.)

Advisory Board

Jan Brouwer (J.G.B.)

Bart Jan Constandse (B.J.)

Wout Dekker (W.)

Derk Haank (D.)

Herman Hazewinkel (H.J.)

Dick van Hedel (T.J.M.)

Roelof Hendriks (R.)

Ruud Hendriks (R.)

Marika van Lier Lels (M.)

Rokus van Iperen (R.L.)

Dick Sluimers (D.M.)

Hans Huis in 't Veld (J.C.)

Directors and management of Group entities

ACCBank

Pieter van der Weijden (P.P.M.), Chairman
Colm Darling (C.)
Jan Molenaar (J.)
Padraic O'Connor (P.)
Fergus Murphy (F.)

Alex

René Frijters (R.J.A.), Chairman
Henk Wim van Arem (H.W.)
Peter Verhaar (P.F.)

De Lage Landen International BV

Karel Schellens (C.A.C.M.), Chairman
Gerard van Kaathoven (G.J.C.M.)
Ronald Slaats (R.A.M.)

FGH Bank NV

Peter Keur (P.C.), Chairman
Frans Overdijk (F.B.)

Gilde Investment Management BV

Boudewijn Molenaar (B.T.), Chairman

Interpolis NV

Kick van der Pol (C.), Chairman
Huub Hannen MFE (H.A.J.) Deputy Chairman
Roel Wijmenga (R.Th.)

Obvion NV

Roy van Diem (R.), Chairman

Robeco Groep NV

Géry Daeninck (G.A.M.J.), Chairman
Stefan Bichsel (S.T.)
Hans van der Koogh (H.H.)

Schretlen & Co NV

Harold Knebel (H.A.J.M.), Chairman
Jan Smits (J.W.M.)
Bert Wenker (G.J.M.)

Effectenbank Stroeve NV

Cees Haasnoot (C.), Chairman
Nico van den Haak (N.W.), Finance Manager

VIB

Cor Broekhuysen (C.F.), Chairman
Henk Adams (H.)
Guillermo Bilbao (G.)
Richard Foss (R.D.)
Dennis Kern (D.L.)
William Padula (W.A.)
Pete Penner (P.J.)
Sipko Schat (S.N.)
Pieter van der Weijden (P.P.M.)

Rabobank Group foreign offices

Europe

Austria

Salzburg

Belgium

Antwerp

Brussels

Zaventem

Denmark

Ballerup

Finland

Helsinki

France

Beauvais

Paris

Germany

Düsseldorf

Frankfurt

Langenhagen

Great Britain

Coventry

Edinburgh

London

Watford

Guernsey

St. Peter Port

Ireland

Athlone

Ballina

Ballinasloe

Bandon

Carrick-on-shannon

Castlebar

Cavan

Clonmel

Cork

Drogheda

Dublin

Dundalk

Dungarvan

Ennis

Galway

Kilrush

Letterkenny

Limerick

Listowel

Longford

Mallow

Monaghan

Mullingar

Naas

Navan

Nenagh

New Ross

Newcastlewest

Portlaoise

Roscommon

Skibbereen

Sligo

Thurles

Tralee

Tuam

Tullamore

Waterford

Wexford

Wicklow

Italy

Milan

Luxembourg

Luxembourg

Poland

Poznan

Warsaw

Portugal

Lisbon

Russia

Moscow

Spain

Madrid

Sweden

Sundbyberg

Switzerland

Schlieren

Zug

Zurich

Turkey

Istanbul

Americas

Argentina

Buenos Aires

Brazil

Canoas

São Paulo

Canada

Oakville

Toronto

Chili

Santiago

Curaçao

Willemstad

Mexico

Mexico City

United States

Amarillo

Atlanta

Bakersfield

Blythe

Boston

Brawley

Calxico

Cedar Falls

Chicago

Chico

Coachella

Crookston

Dallas

Des Moines

Dinuba

El Centro

Enid

Fresno

Gonzales

Great Falls

Greenbrae

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Palm Desert

Palm Springs

Preston

Rapid City

Reedley

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Selma

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Wagga Wagga

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Auckland

Blenheim

Christchurch

Dannevirke

Dunedin

Feilding

Gisborne

Gore

Greymouth

Hamilton

Hastings

Invercargill

Masterton

New Plymouth

Oamaru

Pukekohe

Rotorua/Taupo

Taumarunui

Te Kuiti

Te Puke

Thames

Timaru

Waipukurau

Wanganui

Wellington

Whangarei

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India

Mumbai

New Delhi

Indonesia

Jakarta

Japan

Tokyo

Singapore

Singapore

Taiwan

Taipei

Thailand

Bangkok

Colophon

Published by

Rabobank Nederland, Communications

Editors

Hans Ludo van Mierlo, Richard Piechocki, Marc van de Ven,
Mario van der List

Contextual advice

Beco Groep BV, Rotterdam

Art direction and design

Eden Design & Communication, Amsterdam
Borghouts Design, Haarlem

Photographs

Theme photographs:

Joost Guntenaar, Amsterdam

Tjeerd Fonk-Guzzco, Amsterdam

Interview portraits: Edwin Walvisch, Haarlem

English translation

Ernst & Young Translation Bureau, The Hague

Internet

Info.nl, Amsterdam

SiteManagement

C&F Report, Amsterdam

Production co-ordination

Kobalt Media Services, Amstelveen

Prepress

NEROC'VGM, Amsterdam

Printers

PlantijnCasparie Groep, Capelle a/d IJssel

Materials used

This report was printed using environmentally friendly materials.

Mineral oil-free Reflecta ECO ink was used on 250 gram and 135 gram
PhoeniXmotion Xantur paper.

Annual Reports

Rabobank Group publishes the following Annual and Interim Reports:

- Annual Report 2003 (in Dutch and English);
- Consolidated Financial Statements 2003 and other information
(in Dutch and English);
- Annual Responsibility and Sustainability Report 2003
(in Dutch and English);
- Interim Report 2004 (in Dutch and English),
to be published in September 2004.

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