



Sustainability Report 2013

Rabobank Group



Rabobank

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Chairman's foreword

You have before you Rabobank's sustainability report. In this report we explain our sustainability policy and report on the key results in the field of sustainability in 2013. This sustainability report contains a description of the strategic principles, the core themes and the performance indicators for the year under review. The sustainability report supplements our full annual report, in which we discuss sustainability in conjunction with Rabobank's financial performance. It provides an opportunity to present you with background information and interpretations of the summary, factual report in the full annual report, and a platform for striving for optimum transparency on our social contribution and operations.

This report contains many examples of sustainability initiatives that we have taken in the past year. I would like to single out a few of them here, which concern the greening of residential properties. In 2013 Rabobank and ASN Bank, together with the national government, established a National Energy Savings Fund (Nationaal Energiebespaarfonds, or NEF) totalling EUR 300 million. Homeowners can take out low-priced loans via the NEF to finance energy-saving measures. Rabobank has contributed EUR 175 million, the ASN Bank EUR 50 million and the national government EUR 75 million. Repayments are routed back into the fund so that the money can be borrowed again. Rabobank also developed the Sustainable Housing Programme in 2013. This programme is now operational and offers practical information on sustainability and housing to private individuals and businesses. This is based on adopting the customer's perspective as a starting point and on the cardinal importance of customers' interests in our service provision. Greening of residential properties is also promoted by the Rabo Groen Bank, which, with EUR 1.9 billion of green loans outstanding, is the largest green bank in the Dutch market. The bank works with almost all group entities and in 2013 financed sustainable projects worth some EUR 200 million in the fields of wind energy, geothermal energy, organic agriculture, sustainable buildings and solar energy. Together with the local Rabobanks, Rabo Groen Bank created an attractive solar panels programme for the food and agri sector.

We are seeing a social trend in which citizens are increasingly taking on responsibility for matters including sustainable energy, care facilities and landscape development. Rabobank recognises this 'rediscovery' of the cooperative way of working together. Many initiatives accordingly 'almost by themselves' find their way to the cooperative Rabobank in their area for support. This can be provided in many different ways: in the form of advice, via knowledge sharing by leveraging networks, providing meeting facilities or a financial contribution. Participation, virtualisation and advising by local banks are the core themes in Vision 2016. Each year, the local Rabobanks set aside part of their net profit for the cooperative dividend. In 2013, EUR 69.2 (2012: 67.9) million in cooperative dividend was made available. This amount benefits the local communities and the greening of society and also includes the contributions to Rabobank Foundation and Rabobank's social funds.



Rinus Minderhoud, Chairman of the
Executive Board of Rabobank Nederland.

The most important milestone of 2013 was the formulation of the sustainability strategy of Rabobank Group for the coming years. In line with the Strategic Framework, we aim to deliver our social contribution by accelerating the greening of worldwide agriculture and food supply and strengthening vital communities. Our sustainability strategy additionally focuses on further integration of sustainability in our banking products and services, care and transparency for the customer, dialogue with our stakeholders, social commitment, optimum support for employees and responsible operations. We are deliberately aiming high: we are targeting a top 3 position in the global sustainability rating of the largest financial services providers in 2020.

I hope you will enjoy reading this report. If you have any questions or wish to work with us to advance sustainable development, our employees would be happy to engage in dialogue with you.

Rinus Minderhoud

Reporting principles

Rabobank integrated financial and sustainability reporting in its Annual Report Rabobank Group 2013. This provides a coherent understanding of the relevant financial and social developments that are important for Rabobank and its customers.

The developments in the field of sustainability are also published in the document 'Sustainability Report Rabobank Group 2013'. This discusses a wider selection of relevant sustainability topics, supplementing the social developments that are also covered in the integrated annual report.

The contents of the Sustainability Report Rabobank Group 2013 have been fully verified by KPMG Sustainability, which issued an assurance report providing reasonable assurance. This report is included in the Sustainability Report. The Annual Report Rabobank Group 2013 and the Sustainability Report 2013 are published externally, prioritising their online availability via the corporate website www.rabobank.com. The information in these reports is intended for members, customers, employees, analysts, investors, social welfare organisations, policymakers and researchers.

The focus of the information on sustainability in the Sustainability Report Rabobank Group 2013 is on the strategic principles, core themes and performance indicators in the year under review. In 2013, Rabobank formulated its sustainability strategy for the coming years with a view to implementing the Strategic Framework. The focus is on the themes of sustainable agriculture and food supply and vital communities. Additionally, the strategy focuses on further integration of sustainability in banking products and services, care for the customer, dialogue with stakeholders, social commitment, employees, and responsible operations. From 2014, the sustainability impact of Rabobank will be monitored on the basis of fifteen new interrelated KPIs. The year under review 2013 is a transitional year in which the old KPIs were applied for external reporting.

The Sustainability Report Rabobank Group 2013 is based on the G3.1 guidelines for sustainability reporting of the Global Reporting Initiative (GRI), as well as the supplementary reporting criteria for the financial sector set out in the Financial Services Sector Supplement (FSSS) of the GRI. The GRI defines 'application levels' that reflect the extent to which its reporting principles and guidelines are applied. In Rabobank's judgment, the level A+ of the G3.1 guidelines continues to apply. The Rabobank corporate website contains a table specifying where the Report applies the GRI guidelines.

GRI principle: materiality

Rabobank's Sustainability Report discusses the material report topics in the year under review 2013. The GRI guidelines and the framework of the IIRC (International Integrated Reporting Council) for integrated reporting are used as a basis for identifying and selecting relevant report topics. The process for the materiality analysis is explained in annexe 1.

The table below summarises the principal material reporting topics for 2013. These topics are explained in the sustainability report. Some topics are not discussed in the sustainability report but in the full annual report. For instance, the Libor settlement is explained in the section High level of creditworthiness: risk management and Member Certificates are discussed in the section on Financial Developments.

	Topic	Impact area	Stakeholder group	Relevance over time
High impact issues	settlement in Libor and Euribor investigations	reputation + financial	customers and members	short term
	transparency/social responsibility	social	social welfare organisations	short term
	conservative remuneration policy and bonuses	financial + social	employees and social welfare organisations	short term
	virtualisation	operational	customers, members and employees	medium term
Medium impact issues	sustainable agriculture and food supply	strategic sustainability	customers, members and social welfare organisations	long term
	vital communities	strategic sustainability	customers, members and social welfare organisations	long term
	increase tradability of Member Certificates	financial	members	short term
	regulatory developments	operational	regulators and organisational entities	medium term
	economic recession	financial + social	customers and members	short term
Low impact issues	changes on the Executive Board	reputation	customers, members and employees	short term
	Collective Labour Agreement and pension scheme	financial + operational	employees	medium term
	elimination of variable remuneration for Executive Board	financial + social	directors and social welfare organisations	medium term
	sale of Robeco	financial	customers and members	long term

GRI principle: commitment of stakeholders

The Report explains how stakeholders are involved in the development of policy, and states which topics stakeholders have put forward in dialogue with Rabobank, and how this was followed up. Stakeholder dialogue is the most important source of information for Rabobank about what society expects of Rabobank Group. Accordingly, readers of this Report are invited to provide feedback on its contents.

GRI principle: completeness

In principle, the information in the report relates to all entities of Rabobank Group. Information was collected via talks with board members and from central information systems or sources. Where the scope of reporting is more restricted and limited to only one or several group entities in or outside the Netherlands, this is explicitly stated. The same applies if no full understanding can be provided of a topic. The topics that are discussed in the section on Employees relate only to the situation in the Netherlands. Rabobank reports in full on newly acquired business entities in the year following their acquisition, and no longer reports on divested entities from the year of divestment. Total sustainable assets under management, assets held in custody and assets under engagement fell due to the sale of Robeco.

Process for collecting sustainability data

Data on sustainability in the entities of Rabobank Group was collected in the same way as last year. The Cooperative & Sustainability directorate is responsible for the content and Control Rabobank Group (CRG) for the collection of information. The sustainability information of the group entities and of local Rabobanks is obtained by using qualitative and quantitative questionnaires. These questionnaires are based on external guidelines that Rabobank Group

endorses and on internal business principles and policy. The sustainability coordinator of the group entity or local Rabobank concerned is responsible for data collection and reporting. Data are also sourced from central management information systems. CRG and the Cooperative & Sustainability directorate perform a plausibility check after submission. If submitted data are incomplete, they may be extrapolated. If that is the case, this is expressly stated in the report.

Calculation of data for Rabobank's environmental management

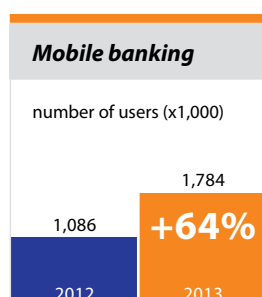
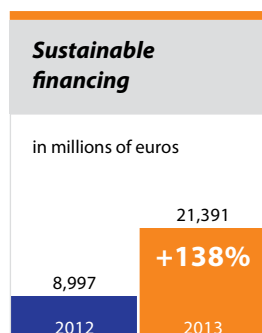
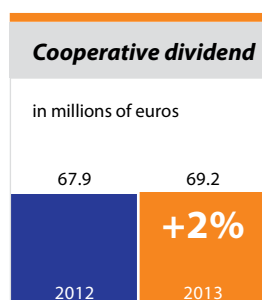
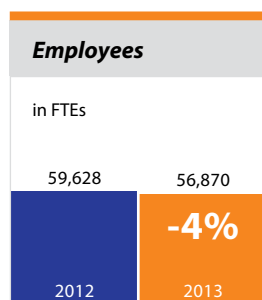
The data relating the internal business operations of Rabobank Group are often based on invoices or on registration and management data from Rabobank's management information systems or those of suppliers. Factors from reliable sources and defined protocols are used for the necessary conversions. For instance, conversion factors from CE Delft and the Netherlands Organization for Applied Scientific Research TNO are used for the conversion of electricity and gas consumption to TJ and CO₂ and the Greenhouse Gas Protocol (GHG) of DEFRA is used for the conversion of lease vehicle mileage to CO₂ emissions. A CO₂ inventory has been drawn up in accordance with the GHG methodology to calculate our CO₂ emissions (direct and indirect). The operational information for climate footprint reporting is based on the period from 1 October 2012 to 30 September 2013.

Interpretation of NPS and NPS plus promotor scores

The tables in the section Broad range of services in the Netherlands report on the performance indicators that Rabobank applies to quantify the activities for Treating Customers Fairly. All entities use the NPS (Net Promotor Score). This promotor score reflects customers' answers to the question 'Would you recommend us?' A customer is a Promotor (awarding a score of 9 or 10), Neutral (awarding a score of 7 or 8) or Detractor (awarding a score of 6 or lower). Subtracting the number of Detractors from the number of Promotors yields the Net Promotor Score. The business market also uses the NPS Plus (TRI*M index) which, besides the net promotor score (NPS), also factors in scores on satisfaction, likelihood of choosing again and competitive advantage to generate the NPS Plus score.

The full annual report and the sustainability report will be published in April on the [corporate website](#) of Rabobank.

Key figures



Amounts in millions of euros	31-12-2013	31-12-2012	31-12-2011	31-12-2010	31-12-2009
Personnel data					
Number of employees (in FTEs)	56,870	59,628	59,670	58,714	59,311
Staff costs	5,330	5,325	4,862	4,919	4,603
Staff vitality score	67%	65%	65%	-	-
Absenteeism	3.5%	3.6%	3.9%	3.8%	3.7%
Females employed	53.5%	53.6%	53.9%	54.3%	54.8%
Females in senior positions (scales 8 to 11)	27.6%	27.4%	25.8%	24.6%	23.2%
Training expenses	91.2	89.1	93.0	87.9	86.8
Training expenses in EUR per FTE	1,603	1,530	1,587	1,497	1,464
Sustainable assets under management and held in custody					
Total sustainable assets under management and held in custody for clients	2,337	2,530	3,026	3,933	4,101
Private Banking sustainable assets *	12,376	4,686	3,138	1,247	126
Sustainable funding					
Rabo Green Savings **	2,140	1,222	948	425	360
Rabo Socially Responsible Deposits	100	-	-	-	-
Fund management					
Capital Public Fund Management	3,018	2,945	3,087	2,815	2,713
Sustainable financing					
Total sustainable financing ***	21,392	8,997	7,388	5,664	6,352
Sustainable	17,417	7,071	5,458	4,299	4,458
Access to finance	1,820	1,926	1,930	1,365	1,894
Social	2,155	-	-	-	-
Supporting local communities					
Rabobank Foundation (in the Netherlands and abroad)	16.3	19.8	15.7	21.7	18.7
Cooperative dividend (local Rabobanks)	44.1	42.8	37.0	28.3	25.8
Donations Rabobank Nederland and other group entities	8.0	4.6	5.2	4.2	3.3
Climate footprint ****					
CO ₂ -emissions attributable to business (x 1,000 ton CO ₂)	137	145	144	156	169
CO ₂ -emissions per FTE (tonnes CO ₂) *****	2.1	2.2	2.2	2.4	2.8

* Following the sale of Robeco, funds that were previously reported in Robeco's figures and that have been invested via Rabobanks are included in the Private Banking figures.

** The increase in Rabo Green Savings is attributable to the tax-privileged nature of this product.

*** A different methodology and approach were applied for KPI 1 in 2013. Prior-year comparative figures are not available for all elements of sustainable financing. Possible limited overlaps of indicators cannot be excluded due to differences in classifications and definitions.

**** CO₂ data for 2012 have been adjusted following correction of data in 2013.

***** Estimates have been used for the consumption of Friesland Bank, Obvion and Rabo Real Estate Group.

Strategy

Strengthening our cooperative nature

Based on its cooperative origins and structure, Rabobank puts the customer's interests at the heart of its service provision, with a focus on the long term. On the basis of its cooperative principles, Rabobank always strives to help its clients in a responsible way, especially in times of economic difficulty. The cooperative identity needs to be strengthened in order to maintain our distinctive profile. Rabobank is thus developing initiatives designed to increase the influence and involvement of its members. In December 2013, the Central Delegates Assembly decided that Rabobank should more explicitly link its cooperative mission to its banking services. This starts with the financial services provided to customers on a daily basis, but increased participation in local and virtual networks is also required.

Employees

Rabobank introduced a culture programme in 2013 in order to increase employee involvement and to understand how employees can contribute to our common goals and an optimal customer service. The programme focuses on employees' attitude and behaviour in our daily business. As a cooperative bank, Rabobank is convinced that the values of respect, integrity, sustainability and professionalism must be endorsed by and embedded in all our employees.

In accordance with its strategy, Rabobank introduced a more modest and restrained terms of employment package during the reporting year that is more in line with other sectors. The new Collective Labour Agreement applies from 1 July 2013 to the end of 2015. The main agreements are: abolition of the variable remuneration, no general wage increase, replacement of the social statute with a severance plan (Sociaal Plan) and a change to the pension scheme. Abolition of the variable remuneration will be partly compensated by a wage increase of 1.5% in 2014.

Sustainably stronger together

The new sustainability strategy, whereby Rabobank will focus on accelerating efforts to increase the sustainability of agriculture and food supplies around the world, was formulated in 2013. Strengthening vital communities and sustainable economic success for our customers are also important objectives. This policy will be formally ratified in 2014.

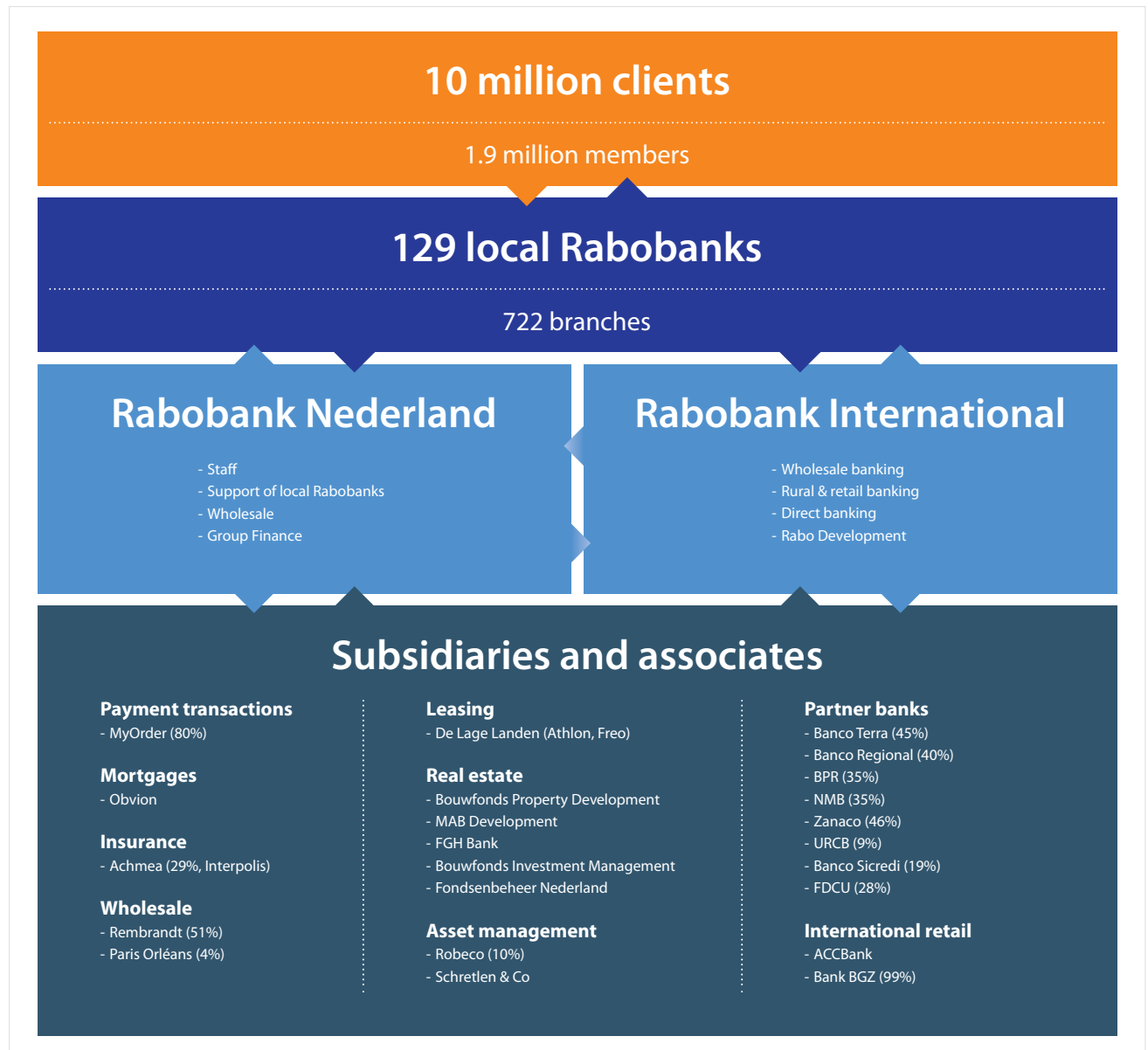
Rabobank strives to achieve a top 3 position in the global sustainability rating of the largest financial services providers in 2020. Based on the evaluation of RobecoSAM and compared to the banks listed in the global Dow Jones Sustainability Index, Rabobank's provisional score has fallen from 83 to 81 points. Rabobank thus stands in 17th place in 2013, compared to 10th place in 2012. With the implementation of its new sustainability strategy, Rabobank expects to be able to achieve a higher score in future. The Transparency Benchmark of the Ministry of Economic Affairs is an important indicator in the Netherlands. The Benchmark is an annual review of the content and quality of public reporting by Dutch companies. Rabobank rose from 20th to 11th in the general ranking during the reporting year.

Cooperative and governance

The cooperative model is the foundation under the Rabobank organisation. Almost two million clients in the Netherlands are members of their local Rabobank. Members can voice their views and participate in decision-making on the policy of the local Rabobank via a Members council, thereby ensuring that the local Rabobanks remain in touch with the community of which they are part. 'Cooperative banking' is based on four focus areas that are connected with the financial products and services of Rabobank: a long-term relationship, commitment to a better world, participation and solidity. These focus areas have been incorporated in the principles of cooperative customer service adopted in the Central Delegates Assembly in 2013.

A detailed description of Rabobank and its business model is available on the [corporate website](#).

Situation at 31 December 2013



Rabobank is characterised by its cooperative structure and local ties. At the end of 2013, the Rabobank organisation numbered 129 (136) local Rabobanks. Several mergers of local Rabobanks took place in 2013 to improve their professionalism and competitive position. Merger decisions are taken by the Members council of each individual bank concerned. The number of customers of the local Rabobanks rose from over 7.4 million to 7.5 million, while the number of members increased from 1,918,000 to 1,947,000. Rabobank has some 43,000 (45,000) employees in the Netherlands and some 18,000 (19,000) employees outside the Netherlands.

Cooperative customer service

The cooperative is embedded and embodied in every mortgage consultation, business consultation or asset management consultation. A typical example is represented by Rabobank Almere, which joined forces with the municipality and several large businesses to strengthen the town's position by establishing the 'Almere Fund' to provide start-up assistance for young entrepreneurs.

The cooperative is also clearly recognisable in product and policy development. Rabobank develops products and services on the basis of clients' needs. Clients can use a virtual ideas box, the www.denkmeemetjebank.nl portal, to provide input on products in development. This virtual portal was introduced in 2013 as part of a pilot project. At the end of 2013, 1,472 clients were registered on the platform across 15 participating local Rabobanks. A total of 375 questions were asked, eliciting an average of 29 replies for each topic. The platform will continue to be developed in 2014 and made accessible so as to intensify dialogue with customers and members.

Situation at 31 December 2013

Rabobank Group global presence

Including the Netherlands, Rabobank Group operates in 41 countries around the world with Rabobank and its subsidiaries. The countries in which Rabobank holds non-controlling interests or runs projects are not included in the list of countries in which Rabobank Group operates.

Rabobank International has offices in 661 locations in 30 countries.

Rabobank Group

Argentina | Australia | Austria | Belgium | Brazil | Canada | Cayman Island | Chile | China | Curacao | Czech Republic | Denmark | Finland | France | Germany | Hungary | India | Indonesia | Ireland | Italy | Japan | Luxembourg | Malaysia | Mauritius | Mexico | New Zealand | Norway | Poland | Portugal | Romania | Russia | Singapore | South Korea | Spain | St. Maarten | Sweden | Switzerland | The Netherlands | Turkey | United Kingdom | United States

41 countries

Rabobank International

30 countries

Argentina | Australia | Belgium | Brazil | Canada | Cayman Islands | Chile | China | Curaçao | France | Germany | India | Indonesia | Ireland | Italy | Japan | Luxembourg | Malaysia | Mauritius | Mexico | New Zealand | Poland | Russia | Singapore | Spain | St. Maarten | The Netherlands | Turkey | United Kingdom | United States

Rabobank Foundation

Bolivia | Brazil | Cambodia | Colombia | Ecuador | Ethiopia | Ghana | India | Indonesia | Ivory Coast | Kenya | Laos | Mali | Mexico | Mozambique | Nicaragua | Peru | Philippines | Rwanda | Senegal | Sri Lanka | Tanzania | The Netherlands | Uganda | Vietnam

25 countries

Rabobank Foundation focuses on projects in 25 countries.

Rabo Development

Brazil | China | Ethiopia | Ghana | India | Ivory Coast | Mozambique | Nigeria | Paraguay | Philippines | Romania | Rwanda | Tanzania | Vietnam | Zambia | Kenya | Peru | South Africa

20 countries

Furthermore, Rabo Development holds non-controlling interests in eight partner banks and provides advice and support for various projects.

Rabobank has an active presence in virtual networks. Towards the end of 2012, Rabobank established the cooperative WeHelpen together with Achmea, BureauVijftig, CZ, Menzis, PGGM, The Caretakers and VitaValley. The cooperative WeHelpen is an online marketplace for finding and pooling, organising and sharing help. In 2013, the site www.wehelpen.nl was developed into a platform for matching demand and supply for help. The platform also provides the option of organising, discretely, care for one or more people who need help.

An attractive example in which Rabobank participates in community initiatives is Rabobank Zaanstreek. With its partners Zaans Medisch Centrum and the municipality of Zaanstad, Rabobank Zaanstreek looks ahead at developments in healthcare, engaging in dialogue with various stakeholders in the field. A healthcare community has been started, and members of Members councils are approached with a view to contributing to this community. Rabobank seeks to mobilise the support of these members, their networks and Rabo employees in getting local businesses on board to support initiatives centred around the theme 'care and exercise'. The entire bank is involved in those activities, from the members to the managing director.

Cooperative dividend

Every year, the local Rabobanks set aside part of their net profit for the cooperative dividend. The local Rabobanks invest that money in local communities and in the greening of society. But this is not just about money; the local Rabobanks also free up staff to make a contribution. Members and their representatives play an important part in decisions on how to use the cooperative dividend. In addition to funds paid through the local Rabobanks, the cooperative dividend consists of contributions to Rabobank Foundation and community funds of Rabobank. The cooperative dividend made available in 2013 totalled EUR 69.2 (67.9) million.

Cooperative dividend				
<i>in millions of euros</i>	2013	2012	2011	2010
Cooperative funds (local Rabobanks)	44.1	42.8	37.0	28.3
Donations by Rabobank Nederland and other group entities	8.0	4.6	5.2	4.2
Rabobank Foundation (in and outside the Netherlands)	16.3	19.8	15.7	21.7
Project fund	0.0	0.0	1.1	0.9
Award money Herman Wijffels Innovation Award	0.2	0.1	0.1	0.1
Share4more	0.6	0.6	1.1	0.7
Total community funds and donations	69.2	67.9	60.2	55.9

An example of projects for which the cooperative dividend can be used is the donation by Rabobank Uden-Veghel. Rabobank Uden-Veghel supports the energy cooperative Uden, with financial support, human resources, marketing and communication. Rabobank made a donation to help launch the cooperative. The chairman of the board and the communications advisor are both members of the initiative group for the cooperative. After its foundation, the communications adviser will continue to act as sparring partner for the board. Rabobank Uden-Veghel also provided the speaker for the official launch meeting of the cooperative and the local Rabobank 'Dichterbij' members magazine carried a feature on the energy cooperative Uden.

Community sponsorship

Rabobank's sponsorship focuses on activities that contribute to social themes.

Through sponsorship, Rabobank aims for instance to increase the participation of young people in sports and culture. In 2013, Rabobank became Partner in Sport of the Netherlands Olympic Committee * Netherlands Sports Federation. Rabobank also supports equestrianism, field hockey, amateur cycling and Marianne Vos's women's cycling team. A focus on young people and talents is a core element of these initiatives. Disability sports as well as arts and culture likewise continue to feature strongly in Rabobank's sponsorship portfolio. In 2013, a total of EUR 53.1 (68.7) million was spent on social sponsoring.

Community sponsorship				
<i>in millions of euros</i>	2013	2012	2011	2010
Rabobank Nederland, Communications Department	20.4	30.3	25.1	24.1
Rabobank International and other group entities	7.8	11.0	9.7	11.8
Local Rabobanks	24.9	27.4	27.0	24.1
Total community sponsorship	53.1	68.7	61.8	60.0

Ethical dilemmas

Rabobank Group employees who are faced with an ethical dilemma can refer the issue to the Ethics Office. One of the main goals of the Ethics Office is to promote dialogue on such dilemmas. The Ethics Committee, which is chaired by the Chairman of the Executive Board of Rabobank Nederland, advises all Rabobank group entities on ethical questions. Issues discussed by the Ethics Committee in 2013 included the following: ethical dilemmas in the development of new ICT applications, the development of virtual currencies, the exploration and production of shale gas, the bankers' oath and the development of disciplinary law. For specific examples of ethical dilemmas that are discussed by the Committee, reference is made to the [corporate website](#). The Ethics Office provides services to various group entities with a view to promoting expertise and culture development and is also closely involved in the programme for continuing professional education for the supervisory boards of local Rabobanks.

Reputation

Reputation buffer of Rabobank narrowed

In the past few years, Rabobank had been reasonably successful in evading the financial sector's weak reputation. Rabobank had a substantial reputation buffer, in which its advantage over the closest large rival bank was often more than 10 percentage points.

The announcements on the Libor settlement have adversely impacted Rabobank's reputation in the Netherlands. The various reputation indicators slipped to significantly lower levels.

	2013 Nov-Dec (after Libor settlement)	Annual average 2013	Annual average 2012	Annual average 2011
<i>Rabobank as a cooperative</i>				
Awareness of Rabobank as a cooperative	81%	81%	76%	74%
Positive rating of Rabobank as a cooperative	50%	56%	57%	59%
<i>Rabobank's image</i>				
<i>Involved</i>	No. 1: 28%	No. 1: 32%	No. 1: 36%	No. 1: 40%
Lead over No. 2	10 percentage points	15 percentage points	17 percentage points	21 percentage points
<i>Nearby</i>	No. 1: 42%	No. 1: 46%	No. 1: 49%	No. 1: 53%
Lead over No. 2	9 percentage points	13 percentage points	14 percentage points	18 percentage points
<i>Leading</i>	No. 1: 33%	No. 1: 37%	No. 1: 41%	No. 1: 44%
Lead over No. 2	5 percentage points	10 percentage points	12 percentage points	14 percentage points
<i>Trustworthy</i>	No. 1: 30%	No. 1: 39%	No. 1: 46%	No. 1: 50%
Lead over No. 2	3 percentage points	12 percentage points	14 percentage points	17 percentage points
<i>Bank preference</i>				
<i>Preference for Rabobank</i>	No. 1: 48%	No. 1: 52%	No. 1: 53%	No. 1: 54%
Lead over No. 2	3 percentage points	9 percentage points	10 percentage points	12 percentage points

These figures are based on a survey by the research agency No Ties. Every year, over 5,000 people in the Netherlands are interviewed about the reputation of the various banks in the Netherlands. They are asked which reputation indicators they associate most strongly with which banks (multiple answers are possible). This results in scores for the banks on each of the various reputation indicators.

Rabobank is no longer given the benefit of the doubt. This means that clients are adopting a more critical stance with regard to Rabobank's conduct. It is more important than ever for Rabobank's conduct to demonstrate what it stands for as a cooperative bank. No comparable data are available for other countries in which Rabobank operates. The adverse reputation impact of the Libor settlement appears to be limited at the international level.

Sustainability

A new policy framework was presented in 2013 for the way in which Rabobank seeks to implement sustainability. Rabobank's sustainability agenda builds on existing activities and is an essential element in Rabobank Group's strategy up to the end of 2016. In the first instance, this relates to the strategic plan for the Dutch banking division, in which sustainability is a key component in the contemporary implementation of cooperative customer service. In addition, sustainability is a building block in the strategy for Rabobank's international activities. The most noticeable synergy are in the bank's food and agri-strategy, where sustainability constitutes a key element in Rabobank's social contribution and distinctive customer service on a global scale.

Policy

Rabobank matches its ambitions with those of its customers, with whom it jointly strives for a healthy balance between wealth and well-being, spearheading the themes of sustainable agriculture and food supply and vital communities. Rabobank's [corporate website](#) contains a link to the external standards and principles to which Rabobank has committed itself.

Rabobank has formulated the following ambitions for 2020:

- We help our clients to accelerate the greening of agriculture and food supply and thereby also support their business success.
- We strengthen the vitality of the communities in which we operate.
- We offer all our business customers optimum access to our sustainability knowledge and cooperate on the basis of a shared understanding of the sustainability performance of our large corporate clients, enabling them to gradually improve this performance and thereby achieve long-term business success.
- Our retail customers find our products and services easy to understand and clear in terms of their sustainability impact.
- A top 3 position in two leading sustainability ratings of the largest financial services providers operating worldwide.

At the end of 2013 the portfolio allocation in the Executive Board was changed, as part of which Mr Marttin became responsible for sustainability. There were no other changes in the reporting year in terms of the management and organisation of sustainability at Rabobank Group. More information is available on the [corporate website](#).

Agriculture and food supply

The world's population and consumption are growing continually. The earth now needs eighteen months to sustainably produce what people consume in a year. Its population is projected to grow to 9 billion people by 2050, all of whom will want access to sufficient, safe and nutritious food. The agricultural sector is facing a substantial challenge to meet the growing demand for food and approach raw materials in a different way. It will not just have to produce more, it will also have to do so in a more sustainable manner than it already does. Rabobank wants to contribute to this. Rabobank's ambition as a globally operating food and agri bank is to work with local agricultural businesses and international companies to accelerate the greening of agriculture and food supply.

In 2011, Rabobank entered into a partnership with the Worldwide Wildlife Fund (WWF) with the mission of establishing projects and practical examples jointly with clients to achieve a sustainable food supply. This relates principally to cooperating in International Food & Agri projects within the chain to advance its greening. Rabobank and WWF helped a palm oil business in Indonesia to meet the criteria for obtaining certification for the Round Table on Sustainable Palm Oil (RSPO). At the end of 2013, Rabobank and WWF agreed to renew the partnership to April 2017. Internationally, also the salmon farming project in Chile was started in 2011 and developed further in 2013. In addition, a partnership agreement was signed in 2013 with various international parties in the fishing industry to develop an instrument for measuring sustainability performance. In the Netherlands, Rabobank launched a cooperation in 2013 with Friesland Campina.

Vital communities

In response to receding government support and a market that often fails to meet their needs, people are taking the initiative themselves again across a wide range of areas. Organising initiatives cooperatively is the contemporary thing to do once more. People driving such initiatives often turn to Rabobank for expertise, contacts and financial support. This can relate as much to small-scale agricultural businesses in developing countries as it does to sustainable power generation, small-scale healthcare, fibre-optic networks and groups of start-up businesses in the Netherlands. Rabobank believes that organising initiatives cooperatively contributes to the greening of society and it aims to promote an increase in the number of cooperatives worldwide. Rabobank supports community initiatives and thereby strengthens people's self-sufficiency in the Netherlands and worldwide.

Greening of housing

In 2013 Rabobank and ASN Bank, together with the national government, decided to establish a National Energy Savings Fund (Nationaal Energiebespaarfonds, or NEF). With the NEF, homeowners can take out a low-cost loan with effect from 21 January 2014 to finance energy-saving measures. Rabobank contributed EUR 175 million to the fund, ASN Bank EUR 50 million and the national government EUR 75 million, making for a total of EUR 300 million for the NEF for private homeowners. NEF is a fund that provides loans that are returned to the fund upon repayment, after which the money can be used for new loans. At the time of the launch of the NEF and the Energy Savings Loan at the start of 2014, Rabobank also introduced the Sustainable Housing Programme. This programme, which was developed in 2013, offers practical information on sustainability and housing for private individuals and businesses.

Activities

Rabobank Foundation

Rabobank Foundation can look back on a 40-year history of investing in people's self-sufficiency around the world. Rabobank's social fund offers underprivileged people in the Netherlands and abroad a sustainable future in a group context. An aim that – today more than ever – ties in with Rabobank's cooperative identity. Support from Rabobank Foundation abroad is aimed at providing access to finance, knowledge and markets for small farmers through cooperatives. Rabobank Foundation thereby contributes both to combating poverty and to addressing the global food issue. In the Netherlands, Rabobank Foundation helps to increase the economic and social self-sufficiency of underprivileged people by giving them access to education, work and social activities such as sports and culture.

In 2013, a total of EUR 24.9 million (including the contribution of EUR 8.5 million from local Rabobanks) was awarded to 186 projects in the Netherlands and abroad. In the Netherlands, 21 projects received donations totalling EUR 2.5 million. Rabobank Foundation helped to fund 165 projects outside the Netherlands by providing microfinance, donations, advisory services, trade finance and guarantees for a total of EUR 22.4 million, to savings and loan cooperatives and farmer/producer organisations in 27 developing countries.

Customers of Rabobank can also contribute to the work of Rabobank Foundation. The Rabo Foundation Client Fund is intended for customers of Rabobank wishing to make a donation to projects of Rabobank Foundation. The Client Fund qualifies as an Institution for General Public Advancement (Algemeen Nut Beogende Instelling, or ANBI), and donations are therefore tax-deductible. The Client Fund applies the same award policy as Rabobank Foundation. The fund aims to contribute to the systematic improvement of the position of disadvantaged people in the Netherlands and abroad. In 2013, 11 customers contributed a total of EUR 2.6 million to the Rabo Foundation Client Fund.

Employees of Rabobank can support projects in the fields of education and water supply via Share4More, Rabobank Group's employee fund. This fund is part of Rabobank Foundation, but applies its own awards policy. Today, the fund has 6,826 donors who jointly contributed EUR 0.4 million to the employee fund in 2013. The Share4More fund donated a total of EUR 0.6 million to 79 projects in 2013.

Impact investing

Increasing numbers of investors are seeking not just financial returns but quantifiable social returns as well. Rabobank offers a range of investment products for institutional customers with impact goals, aimed at agriculture and food, clean technology and sustainable development of small farmers. Investment products for private individuals and private banking customers at Rabobank meet the criteria for socially responsible investment. Examples of entities offering impact products within Rabobank are Rabo Farm, Dutch Greentech Fund, the Rabo Rural Fund and the Inclusive Business Fund.

Rabo Farm is an investment manager that develops funds for institutional investors seeking to invest in farmland and farms (agriculture). In view of the world's rapidly growing global population and the challenges posed by the shrinking acreage of suitable farmland, increasing scarcity of water and mineral resources, decreasing biodiversity and many years of underinvestment in agriculture, intelligent solutions are required to continue to feed the world's population in the future as well. Through its various funds, Rabo Farm invests in countries where farmland is not producing as much as it potentially could. Doing more with less is the goal. The present fund, the Rabo Farm Europe Fund I, totalling EUR 315 million, focuses on Central and Eastern Europe

and has built up a portfolio of farms and farmland in Poland and Romania. Part of the investment budget available is used to work with farmers on the modernisation of the farms and land improvement to make these more productive and efficient in a sustainable manner. In addition to solid financial returns, these investments contribute to strengthening the local and the global food security.

The Dutch Greentech Fund (DGF) is a venture capital fund that invests in ambitious businesses with pioneering innovations that contribute to greening within the food & agri, bio-based and cleantech sectors. DGF is an alliance between Rabobank, Delft University of Technology, Wageningen UR and WWF. The fund invests up to EUR 2.5 million per company in the form of venture capital. Examples of businesses in which DGF has invested are: Meatless, a company producing plant fibres that are used in vegetarian and mixed-meat products, and Ampyx Power, which has developed an innovative 'Airborne Wind Energy' technology. Protix Biosystems and Waste2Chemical are examples of investments by DGF in a circular economy. More information is available on www.dutchgreentechfund.nl.

Rabo Rural Fund provides access to financing for farmers' cooperatives and small and medium-sized enterprises in developing countries, with the aim of increasing the prosperity of small producers. Its main tool is trade finance for exports of products including coffee, cocoa, cotton, nuts, peppers and sugars. Rabo Rural Fund awarded funding and guarantees to 27 projects for a total of EUR 10.5 million in 2013. Cordaid is a co-investor in the Rabo Rural Fund.

At the end of 2013 a new fund was established to match up impact investors and socially responsible businesses in developing countries and emerging markets. Rabobank Foundation works with ICCO and the BoP Innovation Center in the Inclusive Business Fund. The intention is get more parties on board to increase the fund's financial resources. No financing was provided yet from this fund in 2013.

Rabobank is examining options to pursue impact investing more vigorously and has the ambition to grow further in financing and services for customers in sectors with a positive social impact. Rabobank assist those customers in placing equities and bonds. It will also add products and services to its range that target not only financial returns, but expressly aim to generate a positive social impact as well, such as impact deposits. Together with PGGM and FMO, Rabobank launched the Impact Alliance in 2013: an initiative for jointly advancing the development and application of a methodology for measuring and monitoring social impact.

Performance

Key performance indicators (KPIs)

Rabobank's sustainability ambitions are integrated in all relevant policy processes, products and services. From 2014, the sustainability impact of Rabobank will be monitored on the basis of fifteen new interrelated KPIs. The year under review 2013 is a transitional year in which the old KPIs were used for external reporting. The annexe to the sustainability report contains the quantitative data:

1. Help customers to move towards sustainable business operations
2. Help customers to invest responsibly
3. Support cooperation within communities
4. Climate-neutral and energy-efficient delivery of services

These KPIs are the basis of all entities' own sustainability policies. All entities report to the Executive Board and the Supervisory Board on a quarterly basis on their progress in implementing that policy.

The size of the portfolio of sustainable and responsible financing products of Rabobank totalled EUR 21.3 billion at year-end 2013. As the selection of total sustainable financing has been extended, and now for instance includes a selection of businesses with sustainability certification and sectors with a positive social impact, no suitable prior-year comparative figures are available. Total sustainable assets under management and assets in custody for customers were relatively stable in 2013 at EUR 2.3 billion. The cooperative dividend increased to EUR 69.2 (67.9) million while sponsorship expenditure fell to EUR 53.1 (68.7) million. Rabobank's climate footprint decreased to 2.1 per FTE in 2013, and the targeted CO₂ reduction target of 20% per FTE between 2009 and 2013 was therefore achieved.

Lending to businesses and organisations with positive social impact

Rabobank aims to finance businesses with a positive social impact. With a view to increasing transparency about the social impact of financing by Rabobank, an analysis was performed of how many of some 4,300 Rabobank business customers in the Netherlands have sustainability certification and/or initiatives in the fields of the environment or working conditions. Of this group of customers with a sustainability certification, around 2,900 have a loan or credit from Rabobank. The analysis covered 34 sustainability certifications (see Annexe 3). These stimulate sustainability within the sector across a range of themes. For most certifications, the participating businesses are certified by an independent, accredited institution. The certifications apply stricter requirements than legally required in the field of sustainability for Dutch businesses, but often tend to focus on some sustainability aspects and not on the whole social impact of the businesses. KPI1 provides more insight on the volume of lending to businesses with a sustainability certification and/or initiatives.

Social dialogue

Rabobank is a socially responsible business that actively enters into dialogues with stakeholders on issues with a significant impact on the bank, its customers and society at large. The groups of stakeholders that have been identified for this purpose are customers, employees, customer interest groups, government agencies and social welfare organisations (NGOs). Dialogue can be initiated by the stakeholders. Alternatively, Rabobank invites expert social welfare organisations that are willing to enter into dialogue to express their views on Rabobank's policies as they are being defined. Rabobank is also involved in periodic talks with a number of social welfare groups.

In the reporting year, Rabobank engaged in dialogue with social welfare organisations about the following issues.

Discussion partner	Topic of discussion	Result
UN Global Compact	Sustainable agriculture	Rabobank contributed to multi-stakeholder dialogue on the contents of the Sustainable Agriculture Principles of the UN GC. Rabobank initiated Dutch stakeholder consultation on this in conjunction with UN Global Compact Network Netherlands.
FAO and OECD	Sustainable agriculture	Contribution to multi-stakeholder dialogue with regard to responsible agricultural investments
FAO	Sustainable agriculture	Contribution to multi-stakeholder dialogue with regard to Responsible Agriculture Investment Principles (RAI) of FAO
IFC and Dutch Ministry of Foreign Affairs	Sustainable agriculture	Contribution to investigation by multi-stakeholder feedback group of greening of agriculture on the basis of voluntary and non-voluntary mechanisms
OECD Responsible Business Conduct Programme	Responsible trade chains, particularly clothing industry in Bangladesh and implementation of OECD guidelines for the financial sector	Contribution to multi-stakeholder consultation and transparency of Dutch financial sector
Oxfam Novib, Friends of the Earth Netherlands, Worldwide Wildlife Fund	Land grabbing by palm oil businesses in Africa and Asia	<ul style="list-style-type: none"> • Talks with NGOs on their reports and views • Rabobank took the initiative for dialogue with a company, together with other international banks. • Discussed indications from NGOs in talks with customers
Oxfam Novib	Wildfires in connection with palm oil businesses in Indonesia	Rabobank and RSPO do not permit 'open burning'. There are no indications of involvement of business customers.
Oxfam Novib	Good governance in connection with land and land use (land grabbing)	<ul style="list-style-type: none"> • Explained policy • Consultation with Oxfam Novib on new draft policy
Fair Bank Guide	General bank policy, livestock transport, transparency, human rights, sustainable real estate, ship scrapping, ethics of corporate income tax	Cooperated in all investigations of the Fair Bank Guide
Society for the Protection of Animals	Cross-border shopping for docking of draft horses and haflingers	Consultation ongoing
Greenpeace, Oxfam Novib	Climate policy and complaints about steel company and gas company	Complaints included in risk monitoring
Centre for Research on Multinational Corporations	Transparency of banks' lobbying activities	Discussed with NGO. Rabobank undertook to publicly explain views on financial sector regulation on website and in external reporting
Oxfam Novib, Dutch Ministry of Foreign Affairs	Indications of land grabbing by suppliers of business client from indigenous communities in Brazil in connection with sugar industry	Investigated internally. Explained facts and position.
Dutch Ministry of Foreign Affairs	Responsible approach to investments in various trade chains, on the request of the Minister of Foreign Trade	Explained Rabobank's policy and approach. Rabobank seeks responsible investments on the basis of sustainability policy, screening of customers, engagement with businesses on practical application of policy and through contributions to multi-stakeholder organisation (Round Tables) for greening of agricultural commodities
Dutch Ministry of Economic Affairs	New forms of climate financing	Contribution to multi-stakeholder dialogue
Dutch Ministry of Economic Affairs	Tripartite consultation on soybeans and palm oil	Contribution to multi-stakeholder dialogue with national government and social welfare organisations
Media	Position on shale gas	In response to questions in the media on Rabobank's policy on the exploration and production of shale gas, an extensive investigation was launched into the way in which customers of Rabobank in the Netherlands, the US, Australia and New Zealand are involved in shale gas and what the views of customers and social organisations are. Rabobank's position will be formulated on that basis.
Retail customers	Various topics	The Cooperative & Sustainability department has answered questions from fifteen retail customers on a range of sustainability topics, which reflected the issues stated above.

Contributing to worldwide sustainable food security is one of the spearheads of Rabobank's sustainability policy. Rabobank actively participates in various 'round tables', multi-stakeholder initiatives for various commodities such as palm oil (RSPO), soybeans (RTRS), cotton (Cotton Fast Track Programme IDH), and beef (GRSB, GTPS) with a view to the greening of value chains in the food and agri sector.

Rabobank moreover works with intergovernmental organisations, industry and business and social welfare organisations. Examples include the programme for sustainable agriculture of the Global Compact of the United Nations. The bank also works in partnership with organisations including IDH, Solidaridad and the WWF.

Sustainability policy: ship scrapping and recycling

Policy was formulated in the reporting year on responsible scrapping and recycling of ships. This policy is intended to contribute to reducing scrapping of ocean-going ships in yards with poor conditions for employees and adverse effects on health, safety and the environment. Rabobank's position is that scrapping ocean-going ships in poor conditions and with adverse effects for employees and the environment is unacceptable, it points out the risks of doing so to businesses and promotes the application of international standards and best practices by shipping companies and ship owners.

Good governance and respect for people and the environment in connection with land use

In the reporting year, Rabobank further clarified its position on good governance in connection with land and land use. Draft policy was discussed with social welfare organisations such as Oxfam Novib and Landesa (US). Rabobank was also involved in various palm oil and soybean chain projects of the United Nations, the OECD, the Dutch government and multi-stakeholder organisations. These projects are based on widely supported principles for sustainable agriculture and good governance practices in connection with land and land use. In addition, Rabobank is involved in various initiatives of social welfare organisations and government bodies working on the same challenges and issues. Lastly, Rabobank invested in its capacity for engagement and risk analysis with businesses on this topic. Indications received by Rabobank concerning possible land grabbing in connection with customers of Rabobank were investigated in all cases and discussed with the businesses concerned. The outcome was that an engagement process was set up with two businesses.

Human rights and arms industry

Investments in cluster munitions have been legally banned since 1 January 2013. Rabobank updated its Armaments Industry Policy to reflect these new rules. The policy was also tightened in respect of activities in countries with controversial regimes. Rabobank wants no involvement whatsoever with such regimes. Regimes qualify as controversial if they are subject to an arms embargo as well as to financial sanctions and travel restrictions imposed by the United Nations, the United States and/or the European Union. Internally, Rabobank worked on tightening procedures designed to avoid any involvement with controversial arms. Every quarter, an external review is performed for Rabobank into businesses that are involved in controversial arms and it screens its portfolio on the basis of the most recent available information.

Rabobank's policy on taxation

Rabobank is transparent in its conduct in respect of the tax authorities, with regard both to the facts and to the (intended) tax consequences of its conduct and possible tax issues. As part of horizontal supervision, Rabobank has signed a cooperation agreement with the tax authorities in the Netherlands, and similar agreements have been signed in several other countries (Great Britain, Australia).

Rabobank applies a customised policy for complex transactions that is intended to ensure, from a tax compliance perspective, that the bank acts in accordance with the aims of tax laws and does not cooperate in transactions primarily designed to evade taxes. The tax authorities are expected to pursue an approach that does justice to a reasonable application of the law and to the rights of Rabobank as a taxpayer. Rabobank applies a policy principle that it does not provide tax services or perform trust activities.

In all countries in which it is active, Rabobank remits taxes in accordance with the aims and purport of the law. It also does not engage in artificially reducing the effective tax burden. Evidently, this does not mean that Rabobank remits more tax than reasonably derived from the law, as the bank does not accept unnecessary expenditure in the form of taxation. Moreover, terms such as 'fair share' and 'a reasonable application of the law' always remain open to debate. Rabobank therefore does not aspire to absolute correctness and consistency in this connection, but always transparently presents the choices it has made and possible areas of doubt to the competent tax authorities. Rabobank gives them an opportunity to express their views in good time and takes account of those views in its considerations regarding the choices to be made.

Through banking investments in and involvement with locally established financial institutions, Rabobank aims to make a positive contribution to the economies of developing countries. The same applies to the charitable activities of Rabobank Foundation. Rabobank does not aim to be involved in or via developing countries in tax constructs that lead to lower tax payments.

Customer dialogue

The aim of Rabobank's customer dialogue is to facilitate discussion with customers of risks in environmental, social and governance issues (such as human rights, biodiversity and other topics) in connection with financial products and services and to limit the adverse effects of those risks. In the reporting year, Rabobank developed a systematic and structured approach for entering to dialogue with customers in case of controversies involving customers.

In addition, the risk analyses of customers are being improved in order to aid timely identification of risks and proactively discuss them with customers to prevent problems in their operations or value chains. The basis for the engagement process is Rabobank's sustainability policy for 12 sectors, as well as policy on human rights and biodiversity. That policy is decisive for the financing process and for talks with customers on internationally accepted norms and standards and the minimum standards applied by Rabobank.

Talks in the palm oil industry are an example of dialogue with customers. This dialogue was conducted in various ways: (1) dialogue with individual customers on the risks and possibilities of improving their operations following allegations of non-compliance with international norms and standards set by the Round Table on Sustainable Palm Oil (RSPO); (2) dialogue with customers via the RSPO on the basis of Rabobank's role as a board member; and (3) joint dialogue with palm oil customers on various topics on behalf of their financial services providers. In 2013, Rabobank engaged in dialogue with 5 customers on topics ranging from sustainable land management on palm oil plantations to human rights issues.

Dialogue with governments

2013 was a year full of new legislative initiatives for banks, especially from Europe. This part of the annual report states the most important issues for Rabobank that were considered in 2013, the institutions they were discussed with and the positions Rabobank adopted.

Stakeholders in politics in The Hague and Brussels

Given their impact on its clients and operations, Rabobank closely follows political developments in The Hague and Brussels. Rabobank seeks to contribute to good legislation and policies that are effective and sufficiently supported, and to be a partner in dialogue on a range of social issues. Representatives of Rabobank discuss financial sector reforms primarily with the Ministry of Finance, the Dutch Central Bank, the Netherlands Authority for the Financial Markets, the Standing Committee on Finance of the Lower House of Parliament, the Confederation of Netherlands Industry and Employers (known as VNO-NCW), the European Commission,

the European Parliament and the European Central Bank. Sometimes they do so directly and sometimes via the Dutch Banking Association (NVB), the European Association of Cooperative Banks (EACB) or the European Banking Federation (EBF). Rabobank also sets store by good contacts with other Ministries, such as Economic Affairs; Foreign Affairs; and Health, Welfare and Sport. A representative has been appointed for contacts with EU institutions.

Rabobank seeks to maintain regular contact with all relevant policymakers. Thus Rabobank participated in the Round Table on the future of banks in the Lower House in 2013. The Chairman of the Executive Board also held a keynote speech at the Sustainable Finance Lab on the future of the banking sector. In addition, Rabobank organised working visits for various political parties and civil servants from several ministries in 2013. The topics that were discussed on those occasions included the Banking Union, the structure of the banking sector, the housing market and lending. Position papers on these topics are available on Rabobank.com.

European regulations largely determine agenda for reforms

Numerous legislative initiatives are being launched in Brussels. Only a few can be discussed here. The most notable in 2013 were the European directive and regulation for higher capital buffers (CRD IV and CRR) and preparations for the European Banking Union, which will exercise direct supervision over the category of around 130 largest banks in Europe, including Rabobank. The decisions on the creation of resolution funds, a European directive for recovery and resolution and bail-in are closely related to those initiatives. These reforms are intended to make the banking sector more stable. A strengthened European basis will moreover create a more level playing field. These topics were discussed repeatedly with European and Dutch policymakers. Through the special interest associations Rabobank put forward suggestions for directives being drafted for that purpose in Brussels, and for the Dutch input at meetings of the European policymaking bodies. Rabobank supports the general direction of the reforms, while proposing the inclusion of certain conditions. For instance, Rabobank supports the Single Supervisory Mechanism if solid, watertight agreements are in place between the ECB and the Dutch Central Bank DNB, if there is no confusion about the respective decision-making powers of the Dutch Central Bank and the ECB nor about the legal certainty of decisions of the ECB. In the event of disputes about decisions, it must be possible to contest them at a European level, for instance at a special section of the European Court of Justice. Rabobank will only consider a joint European resolution fund to be acceptable if adequate, suitably regulated European supervision is in place, as well as an effective entry screening for banks participating in the fund.

Progress on the Single Euro Payments Area (SEPA) is a major European priority. Cashless payments will migrate to a single European standard as of 1 August 2014. The payments departments of all European businesses and banks will have to comply with the same European standards for processing cashless payments and direct debits from that date. An enormous amount of work has been done behind the scenes to make this a reality, comparable to the preparations for the introduction of the euro. Another European directive that significantly affects banks is the Markets in Financial Instruments Directive (MiFID). The European Commission has revised the MiFID with a view to market regulation and investor protection. Key elements of the revision include improved transparency and wider powers for supervisory authorities to enforce regulations. Rabobank is open to the increased transparency and the changes in the MiFID. Rabobank has however voiced criticisms of parts of the MiFID. For instance, providing written statements of suitability on investment advice for all securities transactions carried out offers no added value but does entail an added administrative burden that will drive up costs.

Extraterritorial application of US regulations

Rabobank is also faced with regulations in countries outside the European Union, principally the United States (US). The main examples are the Foreign Account Tax Compliance Act (FATCA) and Dodd-Frank. FATCA is designed to ensure that US taxpayers holding funds outside the US file correct tax returns with the IRS. On 18 December 2013, the Dutch Ministry of Finance announced that it had concluded an agreement to exchange data with the US government. The FATCA legislation is enshrined in Dutch law as a result. Consequently, all Dutch financial institutions are obliged by law as of 1 July 2014 to request data of clients who may be liable to tax in the US and to pass them on to the Dutch tax authorities. The Dutch tax authorities will pass this data on to the IRS with effect from 2015. Dodd-Frank, the second example, concerns a federal update of regulations for financial institutions by means of new legislative initiatives that resemble the European agenda for reform but differ in key aspects in terms of their form and reporting requirements. These rules apply to a large number of Dutch institutions because they operate in the United States or engage in transactions with US parties. Rabobank is evaluating the consequences of Dodd-Frank for Dutch banks and for Rabobank. The US rules are highly detailed and have implications for reporting, accounting and compliance.

Dutch measures and recommendations of the Commission on the Structure of Dutch Banks

In addition to the international agenda, Rabobank is also faced with the Netherlands' own national agenda for reform, key elements of which are government proposals for the future of the financial sector and the recommendations of the Commission on the Structure of Dutch Banks (Wijffels Commission). The government proposals take account of the European agenda and address the recommendations of the Wijffels Commission. The Commission's report emphasises the need to increase the banking sector's resilience by higher buffers and to provide better protection for taxpayers. Rabobank has welcomed the report as a major comprehensive contribution to the debate on reforms in the banking sector. For the financial sector, it is and remains above all important to increase the buffers and to develop the bail-in proposition. This means creating conditions in which lenders also contribute financially if a bank runs into trouble. Given the internal market in Europe and the imperative of maintaining a level playing field, this must be done at an international level. The Wijffels Commission rightly advocates this. Rabobank is opposed however to going it alone in Europe by introducing a higher leverage ratio in the Netherlands, which is one of the recommendations in the report that has been adopted by the government. This measure will lead to a tilted international playing field, at the very time when a European Banking Union is set to be introduced to apply uniform standards.

Developments in the housing market

This topic was discussed with various stakeholders in the housing market, including the Ministry of the Interior, focusing on areas such as the 'Blok mortgage' and the problem of negative equity. An effectively functioning housing market is essential for the Dutch economy, as are the associated opportunities for the construction industry and related sectors. This depends on stable, predictable government policies. After the government measures had become clear at the start of the year, Rabobank accordingly advocated a policy moratorium for the housing market. In its contacts with policymakers, Rabobank also drew attention to the need for a comprehensive approach to the rental and owner-occupied markets, the position of first-time buyers and circulation in the housing market. In tandem with the Dutch Banking Association and other stakeholders, Rabobank also spoke about the problem of negative equity and rules and standards for granting mortgages.

Lending to small and medium-sized enterprises

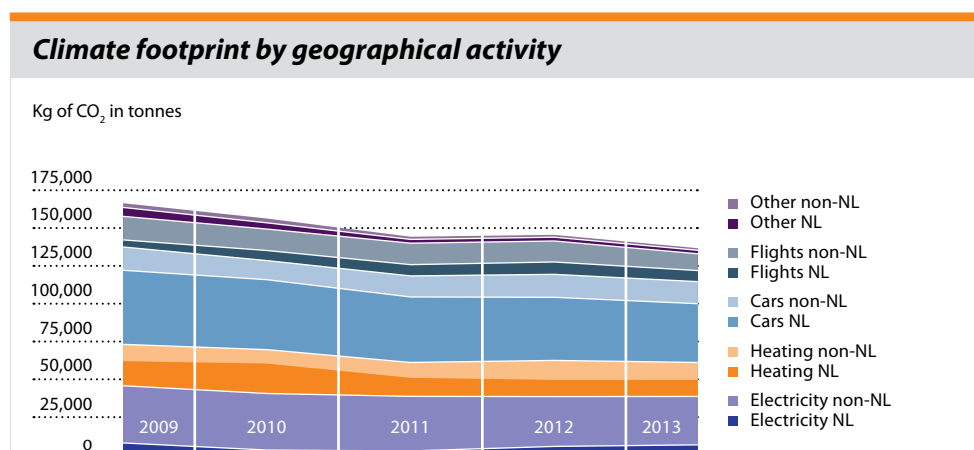
Maintaining lending levels was discussed on several occasions in the Lower House of Parliament, and not just in the contexts of the Standing Committee on Finance or Economic Affairs. Rabobank actively participated in these discussions, for instance at a round table discussion with the sector in February. In these discussions, Rabobank emphasised the importance it attaches to this subject and that it was naturally working towards a recovery of lending, especially in this period of economic headwinds. The development of lending clearly depends, to a large extent, on the economic situation and prospects. Other factors also play a part however. Together with the Dutch Banking Association, Rabobank voiced its concern in 2013 about the consequences of a regulatory overload, including the higher capital requirements. KPMG has published a study on this. Seeking to fully exclude risks by continually tougher regulation limits the scope for lending. Lastly, whereas the criteria for business lending have not changed compared to the period before the economic and financial crisis, they are applied more strictly. Despite this, the volume of business lending edged up in 2013 as a whole from 2012.

Environment and operations

Rabobank Group has operated climate-neutrally since 2007 and actively seeks to reduce greenhouse gas emissions connected with its operations. This is done in accordance with the methodology of the Greenhouse Gas Protocol. Rabobank's climate footprint decreased to 2.1 per FTE in 2013, and the targeted 20% CO₂ reduction per FTE between 2009 and 2013 was therefore achieved.

Climate footprint

Lease cars are responsible for more than half of the total climate footprint of the domestic branch offices of Rabobank. Their CO₂ emissions have been cut by 20% since 2009. Electricity consumption is responsible for the largest portion of the climate footprint of foreign participating interests of Rabobank. The emissions from electricity consumption abroad have been brought down by 16% since 2009. Electricity consumption plays only a small part for domestic participating interests due to the fact that 98% of their electricity is green energy, compared to 22% abroad.



Demolition of the West unit of the Fellenoord Eindhoven office building

In 2013 Rabobank made a start on the demolition of the Rabobank Nederland office building in Eindhoven. The West unit of the Fellenoord office building in Eindhoven no longer met current legal requirements in the field of fire safety and other areas. The office building was also inadequate in terms of sustainability and its suitability for the New Way of Working. As much as 95% of the building will be recycled and/or re-used. The demolition starts with the removal of all materials and components in the building that will be repurposed, such as stairway steps, panels, natural stones and later in the demolition process the door of the safe. In the next step, all materials that can be recycled (plastics, wood and metal) are removed, after which the concrete carcass is demolished in the final step. The concrete rubble is eventually turned into a raw material for new concrete.

Vision on Mobility

Rabobank aims for sustainable mobility. Rabobank Nederland and a number of local Rabobanks have therefore opted for a more environmentally benign car lease policy. The maximum CO₂ emissions of a lease car depend on the driver's job group. From 2013, lease drivers can also opt for a (semi-) electric car. Partly due to the new car lease policy, the number of cars that use diesel, petrol or LPG (liquefied petroleum gas) has decreased by 6.0% and the number of electric cars has risen. Within Rabobank's total vehicle fleet, 0.9% is now electrically powered.

Sustainable ICT

Rabobank Group ICT has formulated ambitious energy efficiency targets. The goal defined in 2009 was to operate 50% more energy-efficiently than in 2008 by 2013. This is achieved by purchasing more efficient equipment on the one hand and by curtailing the use of ancillary equipment (such as cooling equipment) on the other. Due to advances such as virtualisation, the segregation of warm and cold air and the storage of heat and cold, the data centres and ICT infracentres currently consume 62% less energy per unit than in 2008.

Broad range of services in the Netherlands

On the basis of the mission to treat customers fairly, Rabobank committed to improving its services in 2013. Virtualisation, advice and participation are important contributors to distinctive, cooperative customer services, while sustainability is becoming continually more important to Rabobank's customers and for society in general. A sustainable economy is stronger, more future-proof and therefore more successful. Rabobank vigorously supports these developments in its services.

Treating Customers Fairly

The services of the cooperative Rabobank are centred on the customer's interest. Rabobank aims to provide suitable advice, good service and good products and be accessible, involved and sustainable. Rabobank actively seeks to embed these principles in its services. A coherent set of performance indicators has been developed to find out and measure whether customers actually experience its services in this way. These indicators reflect customers' experience of the advice provided and the handling of their day-to-day banking matters. The indicators reveal where the bank's performance is and is not satisfactory and provide a platform for improvement initiatives. The market departments of Rabobank Nederland report on this to the Executive Board of Rabobank Nederland.

Accessible, involved and sustainable

Rabobank is accessible and wants to be a bank among people, contribute to their success and work with others towards sustainable economic development at an individual, local, national and global level. Rabobank's employees treat customers in accordance with the core values: respect, integrity, professionalism and sustainability and foster long-term relationships with customers.

Suitable advice

Rabobank will ensure that advice is clear and aligned with customers' knowledge and experience, financial position, objectives and risk appetite.

Good service

Rabobank delivers faultless services aligned with customers' requirements. Day-to-day banking matters should require as little time and effort from customers as possible.

Good products

Rabobank only develops products and services that cater to a need and are in customers' interest and provides clear information on them.

Rabobank is a reliable, long-term financial partner for its customers.

Rabobank conscientiously addresses customers' complaints and uses complaints to improve its services.

Rabobank's fees and commission are a fair reflection of the costs, the risks and the required returns.

Rabobank is taking steps to foreground treating customers fairly more explicitly not just in local Rabobanks but also for wholesale customers in the Netherlands, guided by the motto 'Client Centricity'. Rabobank's ambition is to provide, on the basis of its cooperative values and customers' requirements, a more personal, predictable and transparent customer experience. This will lead to a range of initiatives in the period ahead designed to result in a clear model for serving wholesale customers.

AFM Dashboard Treating Customers Fairly

In 2013 the theme 'Product suppliers put client's interests first' (Treating Customers Fairly) was again one of the spearheads in the supervision exercised by the Autoriteit Financiële Markten (AFM). The AFM Dashboard reflects the extent to which the AFM believes a financial enterprise is succeeding at treating customers fairly. In reaching its opinion, the AFM looks at a range of products, procedures and services. By awarding scores, the AFM aims to offer businesses an understanding of the extent to which they treat customers fairly and to create a benchmark compared to the market. It wants to encourage businesses to make a conscious effort to give due weight to the concept of treating customers fairly and apply it in practice. The AFM's Dashboard covers the ten largest banks and insurers in the Netherlands. Rabobank recognises that the AFM dashboard and the AFM's feedback concerning specific elements of it form a useful frame of reference and serve as a guide for future improvements, supplementing its own set of values and customer surveys.

The AFM Dashboard is based on a scale of 1 to 5. The following table shows Rabobank's scores for 2013 compared with 2012 and the average score of the major other market players included in the AFM Dashboard. Rabobank's overall aim is to achieve an average score of 4 for each element.

Modules applicable to Rabobank	Score Rabobank 2013	Rabobank compared to sector average* 2013	Score Rabobank 2012	Rabobank compared to sector average* 2012
<i>Dashboard</i>	3.4	Not known	3.4	Above
<i>Savings policy</i>	4.0	Equal	3.7	Equal
<i>Mortgages</i>	3.4	Equal	3.4	Above
- Self-assessment	3.8		3.0	
- Management of mortgages	2.2			
- 2012: Payment arrears			3.8	
<i>Consumer loans</i>	3.4	Above	3.1	Below
<i>Investment</i>	2.7			
- Quality of investment services (changed assessment method)	2.3		3.6	
- Cost transparency	3.1	Above	3.6	Above
- Quality of investment services (modified)	3.0			
- (2012: Costs of investing)			3.0	
- (2012: Distribution fees)	2.3		4.2	
<i>Banks' customer contact**</i>	3.1	Below	2.9	Below
<i>Complaints management</i>	3.8	Below	3.5	Below

* Sector average represents the average score of the five largest banks and five largest insurance companies in the Netherlands.

** Previously known as 'transparency'

Rabobank was awarded a score of 3.4 in the AFM Dashboard for Treating Customers Fairly, equal to the previous year's score. The assessment criteria have changed compared to the previous report, meaning full comparison is not possible. A score is awarded in 2013 under Mortgages for mortgage management; separate assessment took place in 2012 with regard to payment arrears. Different criteria were applied for investments to evaluate the quality of investment services. The AFM did not assess the criterion comprehensive change in 2013 in the form of modules and scores.

An important qualification regarding the scores is that the assessment always exclusively measures performance in current services and does not take the effects of imminent policy changes into account. Therefore the score is not always in line with developments that took place in a year.

Given the efforts already undertaken in 2013, Rabobank expects to achieve further improvements in 2014 in the AFM Dashboard for Treating Customers Fairly.

Retail customers

Rabobank's services to retail customers are informed by four themes embodying responsible and sustainable banking:

1. Transparency. Fair and straightforward products for which costs, returns and potential risks are clearly communicated.
2. Accessibility for vulnerable groups. Everyone needs to be able to use banking services independently.
3. Preventing financial problems and supporting consumers with financial problems.
4. Sustainable services. Stimulate customers to use energy and natural resources responsibly and efficiently.

Rabobank has developed indicators to measure and manage its performance on these themes.

Indicator	Achieved in 2013	Target for 2013
Percentage of older customers who feel that Rabobank makes banking easy for them.	73%	>80%
Satisfaction of customers supported by special administration (score 1-10).	6.8	7.3
Percentage of customers who feel that Rabobank provides clear and understandable information.	68%	>78%
Sustainable services: volume of paper sent to customers by Rabobank Nederland.	93.3 million A4	< 100 million A4
Percentage of young customers (12-17 years) with financial problems.	5%	-
Percentage of young customers (12-17 years) who use mobile banking.	6.8%	10%

The scores for most indicators fell short of the targets for 2013. Stable scores during the first three quarters were followed by a decrease in the fourth quarter. The indicators affected by the Libor settlement that had an adverse impact on the reputation of Rabobank in the Netherlands are thought to have influenced the satisfaction indicators in this overview as well.

Treating Customers Fairly for retail customers				
Retail customers (primary customers)	Achieved Rabobank 2013	Target Rabobank 2013	Achieved Branch 2013	Achieved Rabobank 2012
NPS (primary customers) (NPS= % promoters - % detractors) (to what extent would you recommend your bank)	-14%	0%	-20%	-6%
NPS Advisor	13%	-	Not known	6%

(Figures represent a moving average for 4 quarters.)

The mission of Retail Banking is to be a lifelong, personal, financial partner, providing advice on the basis of customers' requirements. The NPS among retail customers fell compared to 2012, from -6% to -14%. By contrast, an increase of the NPS for the adviser is manifest among retail customers, from 6% in the 4th quarter of 2012 to 13% in the 4th quarter of 2013. Several programmes helped to improve this satisfaction score. In 2013 the advisory framework for mortgages was further tightened. Additionally, Rabobank Mortgage File was introduced. In the Mortgage File, customers can calculate the amount they can borrow. Customers can explore their options and make an appointment with Rabobank for a mortgage consultation at their local Rabobank. The online information enables customers to prepare themselves better for the mortgage consultation. In addition, customers can upload the documents needed for a consultation themselves. Customers who opt for this pay lower advisory fees. Good customer contact is essential to improve the customer experience. With 'Kijk op Klant – Update' (Close to the Customer – Update) we want to ensure that customers are approached periodically, proactively and systematically by the local Rabobank. Vision 2016 also plays a prominent role in improving services. This programme is aimed at better customer service, in the first place. Virtualisation, advice and participation are the three elements that jointly add up to distinctive, cooperative customer services in 2016. An example in which Rabobank joins forces with customers to improve services is the online ideas box 'Denk mee met je bank'. Via www.denkmeemetjebank.nl, customers of Rabobank voice their opinion on the improvement of services, products and processes.

Comprehensive complaints management

Effective complaints management is important in treating customers fairly. Rabobank improved complaints handling in 2013. The number of registered complaints increased from 12,000 per month in 2012 to 20,000 per month in 2013 due in part to an increased focus on complaints management. The number of complaints that was dealt with immediately increased in 2013 from 45 to over 50 percent. To provide a more detailed assessment, NPS scores were also measured for complaints handling. Despite the extra focus on complaints management, the NPS remains comparatively low: -29% for 2013 as a whole. Dealing appropriately with complaints and structuring the improvement cycle therefore remains a necessary focus area in order to improve customer satisfaction.

There were 235,000 first-line complaints in 2013. This number is rising sharply. A total of 67,850 first-line complaints in the 4th quarter represented a 17% increase compared to the 3rd quarter.

The following were the most frequent complaints registered by the Complaints Desk in 2013:

1. Traditionally, the list is topped by contested withdrawals. The change in the limits has led to considerably higher losses in some cases.
2. Letters of objection against the registration of persons in the incidents register.
3. Internet banking, mainly phishing.
4. Advice on various topics, such as mortgages and investments.

Many of the complaints at local Rabobanks concern payment services and payment products. The change in the limits for bank card withdrawals has led to considerably higher losses in several cases. The annual increase in fees and commission has also attracted complaints. The registration of persons in the incidents register has also often caused people to submit a letter of objection to the Complaints Desk. Complaints on phishing have been a fairly regular feature, as part of which the local Rabobank often asks the Complaints Desk for support. The Complaints Desk is seeing an increase in the number of complaints that are submitted via the digital route.

Top 10 complaints 2013

		number
Payments	Account statements for product	30,532
Payments	Information and advice	14,307
Equipment (out of order)	Cash deposit machine	13,888
Payments	Transaction	9,299
Internet and/or mobile banking	Disruptions, malfunctions	9,105
Payments	Interest, commission and/or charges	8,918
Equipment (out of order)	ATM	8,101
Attitude and behaviour of staff	Delivering on agreements	7,236
Availability/response	Availability by telephone	5,494
Mortgage loans	Information and advice	5,155

Secure banking and payments

The security regulations used by banks for electronic banking and payments were standardised in 2013. Together with the Consumers' Association, the Dutch Banking Association formulated rules for secure electronic banking and payments. These five rules reduce the likelihood of customers becoming victims of fraud and apply for all retail customers of all Dutch banks. Consumers who have complied with the rules, can be sure that amounts that have been debited to their account without approval will be repaid to them. Losses due to fraud via internet banking fell in 2013. This is because banks are quicker to identify and prevent fraud, and because campaigns on secure banking have made consumers increasingly aware of the methods used by criminals.

With a view to safeguarding secure banking and payment services, Rabobank blocked many debit cards for use outside Europe with effect from 1 June 2012. This country block was implemented to prevent losses due to skimming and thereby limit any inconvenience for customers. Stolen debit card data are used to withdraw cash outside Europe, especially. Customers can easily activate or deactivate their cards for one or more continents via Rabo Internet Banking or via their local Rabobank. The country block limits losses due to skimming.

Cybersecurity

Customers are increasingly using Rabobank's virtual services. The number of customers using the apps for mobile banking has for instance increased in the past year. To safeguard the security of these services, Rabobank ceaselessly invests in measures designed to prevent security incidents. New security measures were put in place in the ICT infrastructure in 2013 and internal processes were adapted to new forms of cybercrime.

Rabobank was faced with a number of heavy cyberattacks, known as DDoS attacks, in April 2013. They had very little impact on the availability of internet banking and internet investment services. The iDeal payments service was unavailable for a limited time during that period however. In the course of 2013 a significant number of attempted internet banking fraud were undertaken via advanced virus attacks and phishing, sometimes by telephone.

Many attempts at fraud can be stopped due to alert action by the bank and an increased alertness on the part of customers. Keeping to the safety rules for electronic banking and payments will sharply reduce the likelihood for consumers of becoming a victim of cybercrime.

Cooperation with other banks, with the High Tech Crime Team of the Dutch National Crime Squad and with the government's National Cyber Security Centre was further strengthened in 2013. The exchange of knowledge and information is seen as very useful and effective and in the past year has for instance led to the investigation and apprehension of several Dutch suspects of cybercrime activities.

The housing market

The prices of existing residential properties were 6.4% lower on average than in 2012. Nonetheless, the first modest signs of a recovery are visible in the Dutch housing market. In the second half of 2013, the number of residential properties sold rose compared to the same period in 2012 and the average price of existing residential properties remained virtually stable. The elimination of uncertainties concerning the housing market and the relative calm on the policy front have contributed to confidence in and a recovery of the housing market. The Dutch economy is slowly picking up and the housing market recovery appears to be continuing. Average house prices are expected to stabilise in 2014. Residential properties have become more affordable after several years of falling prices, and accordingly more attractive for first-time buyers. Moreover, the relatively low prices may encourage circulation from within the group of households without a residual debt. The latent residual debt from property values that are lower than the corresponding mortgage loans tends to lock in people wanting to move up the residential property housing ladder.

Mortgage advice

Mortgage advice includes assessing the affordability of the loan for the residential property, in terms of the customer's ability to continue to repay the loan in a range of situations such as unemployment, divorce or disability. The financial impact of those risks is discussed with customers during the mortgage advice interview. Customers can take out insurance for those risks.

The ban on commissions came in to force as of 1 January 2013, which means that the costs of advice are billed separately to customers.

Payment problems

The local Rabobanks and Obvion aim to prevent payment problems for mortgage customers wherever possible. This is in both the customer's interest and in the bank's interest, and obviously begins with suitable advice and an appropriate mortgage. It is followed up by regular assessment during the term of the mortgage loan whether the mortgage is still appropriate for the customer's personal circumstances. Nevertheless, it may become impossible for customers to continue paying their housing costs, due to changed circumstances.

At year-end 2013, 0.55% of the total of over 1.2 million mortgage loan customers of Rabobank Group had incurred payment arrears of 90 days or more. In most cases, the customer and the bank jointly reach a solution and customers can continue to live in their home. Rabobank wants to consult customers quickly in the event of (possible) arrears to discuss the situation and seek an appropriate solution. There are options for giving customers additional headroom by means of a repayment schedule or by using a budget coach. No recovery proved to be feasible for 0.28% of the mortgage loan customers as there was no prospect of continuing the mortgage loan on a lasting basis. It was decided to sell the property in those cases. Preferably, this is done jointly with the customer by means of a private sale. Public auctions are only used in exceptional cases. In 2013 Rabobank, as one of the initiators, teamed up with the sector organisation for debt assistance (NVVK) and mortgage lenders. In addition, the information desk Schakel! was established, a platform for providers of debt assistance and mortgage lenders to consult each other and customers at an early stage and exchange information to deliver effective support for customers.

The Dutch residential mortgage portfolio

<i>amounts in millions of euros</i>	2013	2012
Size of mortgage portfolio	209,142	209,593
Weighted average loan-to-value	81%	81%
Size of portfolio with payment arrears of more than 30 days and less than or equal to 90 days in relation to size of mortgage portfolio	0.43%	0.39%
Size of portfolio with payment arrears of more than 90 days in relation to size of mortgage portfolio	0.80%	0.64%
Number of customers with arrears of more than 90 days compared to number of mortgage customers	0.55%	0.48%
Number of customer recovery procedures compared to number of mortgage customers	0.28%	0.18%
Sales proceeds from homes sold by private and public sale versus receivables during review period	88%	86%
Size of NHG portfolio compared to total mortgage portfolio	20%	19%
Share of interest-only loans compared to total mortgage portfolio	25%	26%

Customer integrity as integral part of diligent banking

Rabobank only does business with customers that we know, that only have ethical intentions and that do not entail unacceptable risks. Non-ethical customers are rejected. Since 2012 the local Rabobanks have directed extra efforts at updating their files on customer integrity as swiftly as possible. At the end of 2013 Rabobank was on track to reach the targeted status and reviews of customer integrity and the relevant documentation are fully embedded in the regular customer processes.

Rabobank Private Banking

The vision of Rabobank Private Banking 2012-2016 is entitled: 'The capacity to connect'.

This centres on delivering on three customer promises:

- daily banking matters are handled effectively;
- financial calm. Rabobank assists customers in choosing and adjusting a direction, and also provides suitable solutions;
- the customer's socio-economic environment is supported by Rabobank.

Advice based on a personal approach is central to these services. The customer has the lead for the purposes of choosing the product solution. All customers can choose the most suitable service approach, from more self-sufficiency to an exclusive form of advice and attention for the top end of the market. Rabobank is investing in virtualisation for handling customers' day-to-day banking needs. In doing so, Rabobank is aiming to give the customers insight into everything that is relevant to their financial choices. Financial calm is created by clearly mapping the customer's requirements. The underlying idea is that the added value of the bank is embodied in the interplay between the customer and the bank. This interplay can only arise by sharing knowledge, experience, ambitions and targets. Lastly, Rabobank assists its customers to invest in a socially responsible way as much as possible.

The approach to socially responsible investment is based on three pillars. First, Rabobank asks parties offering actively managed investment funds to commit to the UN Principles for Responsible Investment. Additionally, Rabobank uses the UN Global Compact guidelines on corporate social responsibility as guidance in the investment process. Rabobank asks fund houses it works with to do the same. Further, Rabobank does not wish to be involved in financing businesses that manufacture or sell controversial arms. This is laid down in its Arms Industry Policy.

Accordingly, Rabobank has no longer advised investors on such businesses for several years now and direct purchases of investments in these businesses are not possible. Rabobank requests parties offering actively managed investment funds to formulate an exclusion policy. Index funds may involve investments in indexes that include manufacturers of controversial arms. Rabobank offers several alternatives to those products. Over 90% of the portfolios of advised customers (Rabo Select Investments) now comprise securities investments that meet Rabobank's criteria.

Savings placed with Rabobank Groenbank total over EUR 2 billion. These funds are lent to pioneering businesses in the field of sustainability, making Rabobank the market leader in that segment.

Research by the business publication Incompany has shown that the approach pursued by Rabobank Private Banking and by the Rabobank subsidiary Schretlen & Co is valued by customers; these banks were ranked 1 and 2 in the list of best private banks in the Netherlands.

<i>Treating Customers Fairly for Private Banking customers</i>				
Private Banking customers (primary customers)	Achieved Rabobank 2013	Target Rabobank 2013	Achieved Branch 2013	Achieved Rabobank 2012
NPS (primary customers) (NPS= % promoters - % detractors) (to what extent would you recommend your bank)	-12%	0	-20	-6%
NPS Advisor	18%	Stable (value for 2012)	Not known	14%

The mission of Rabobank Private Banking is to help customers achieve their objectives and to contribute to their financial peace of mind. The objectives of customers are cardinal in achieving this. They are leading in designing product solutions. The NPS among Private Banking customers has fallen from -6% to -12%. The NPS, extent to which customers recommend Rabobank, is also subject to influences that are unrelated to the services of Rabobank Private Banking. By contrast, an increase is manifest among Private Banking customers in the NPS for Account Managers, from 14% in 2012 to 18% in 2013. The move towards customer-focused, broad and comprehensive advice is valued by customers, as customers would recommend their Account Manager to an increasing extent.

Maintaining and increasing net worth are the leading principles for investments. The number of portfolios that satisfy the standards of the investment framework is growing continually. In the past year, substantial efforts were directed at identifying customers' objectives in order to match our services even more closely to their needs. Because customers' objectives are cardinal, advice on diversification of their portfolios is relevant. Improved transparency is reflected, for instance, in the new matrix of fees and commission for investing, in which customers have insight into the elements of securities services for which they are paying. Customers were informed in stages during 2013 about the new matrix of fees and commission that became effective as of 1 January 2014.

Treating Customers Fairly for Business Customers

NPS fell from -14% to -27% in 2013 among primary business customers with revenue up to EUR 1 million. The decrease was flatter among business customers with revenue of EUR 1 to 10 million (2% from -10% to -12%).

The NPS+ is used alongside the NPS to home in more closely on areas for improvement for the business market. The NPS+ also factors in, apart from the promotor score (NPS), scores for satisfaction, the likelihood of choosing Rabobank again and competitive advantage. It is measured among all customers (those for which Rabobank is and those for which it is not the principal banker). On the basis of these results TNS NIPO computes the loyalty score (NPS+). A score of 35 or lower reflects a weak relationship and a score of 60 or higher a (very) strong relationship. Rabobank aims to have the most loyal customers of all large banks in the Netherlands.

Business customers with revenue up to EUR 1 million				
	Achieved Rabobank 2013	Target Rabobank 2013	Achieved Branch 2013	Achieved Rabobank 2012
NPS (primary customers) (NPS= % promoters - % detractors) (to what extent would you recommend your bank)	-27%	Stable (value for 2012)	-32%	-14%
NPS+ (all customers) (overall score TRI*M index TNS NIPO)	42	Stable (value for 2012)	37	51

(Figures represent a moving average for 4 quarters.)

Business customers with revenue above EUR 1 million				
	Achieved Rabobank 2013	Target Rabobank 2013	Achieved Branch 2013	Achieved Rabobank 2012
NPS (primary customers) (NPS= % promoters - % detractors) (to what extent would you recommend your bank)	-12%	Stable (value for 2012)	-27%	-10%
NPS+ (all customers) (overall score TRI*M index TNS NIPO)	49	Stable (value for 2012)	36	54

(Figures represent a moving average for 4 quarters.)

The NPS+ has fallen compared to 2012. There has been a sharp decrease among customers with revenue up to EUR 1 million in particular. Rabobank does still have the highest score of all large banks in both segments however. In the main, customers are less satisfied with the handling of their daily banking matters and experience fewer differences in advisory services compared to the other banks than in the past.

Rabobank launched the Rabo BusinessPanel with over 2,000 panel members in 2013 with a view to accurately mapping opinions of customers in the small business market especially. Five surveys were carried out via the panel in the past year, covering a total of 17 topics. The services aid us in further refocusing and improving our services and are also used to sound out customers' views on potential new services at an early stage.

Vision 2016 also plays an important role in improving services to customers in the business market as well. The coming years will see substantial investments in expanding the internet and mobile service options. This will be done with close involvement of our customers in various stages of the development process. These new service and sale processes will be automated as much as possible to proceed without human intervention. Customers will notice this as services will be provided faultlessly and faster. To improve the quality of our advisory services, a start has been made on advancing the development of specific programmes focused on demonstrable knowledge and competencies and safeguarding continuing professional education for employees in the business segments.

Supporting struggling business customers

Businesses struggling with payment problems are closely supported by expert account managers within the Rabobank Group Special Administration (BBR) directorate. In close cooperation with the customer and the local Rabobank, the BBR account manager draws up an action plan to improve both the business performance of the customer and the position of the bank. Owing to the continuing poor economic conditions, the portfolio of customers supported by BBR continued to grow in 2013, though more slowly than in 2012. Given the duration of the economic crisis, it is continually growing more difficult to improve the financial position of customers. In the end it proved impossible for many customers and insolvency was the inevitable outcome. Despite the cautious optimism on a recovery of the economy, Rabobank is not expecting a decrease in the number of customers in the BBR portfolio yet for 2014.

The Innovation Point

Innovation is very important for the long-term growth of the Dutch economy. Innovation can also contribute to suitable solutions for social issues such as a sustainable society and the increasing ageing of the population. Rabobank stimulates innovation in business and supports businesses in bringing new solutions to the market. In 2013, Rabobank Nederland launched The Innovation Point for small and medium-sized businesses and food and agri-related, innovative financing and other issues. The Innovation Point pools all available knowledge and expertise concerning innovation and advises local Rabobanks and their customers. The Innovation Point had considered over 180 innovative issues by the end of 2013. In addition, initiatives were launched to establish links between leaders in the food and agri sector, with the first results expected in 2014.

Cooperation and partnerships for businesses

Rabobank works with and for businesses through a range of partnerships.

- To help start-ups, Rabobank has partnerships with www.ikgastarten.nl, a platform aimed at people planning to start their own business (or to become self-employed without personnel) and with 'The Next Entrepreneur'. The latter is a joint initiative of the Royal Association MKB-Nederland and Rabobank Nederland. With these awards, the two organisations aim to encourage ambitious start-ups to achieve their business dreams. After the start of the second edition of the Next Entrepreneur in the spring of 2013, 2,500 start-ups participated in the programme, of which 548 registered to take part in the competition.
- Qredits is the trade name of Stichting Microkrediet Nederland (Microcredits Netherlands Foundation). Qredits is a cooperative alliance between banks, the Fonds Werken aan Wonen (Working on Housing), the Ministry of Economic Affairs and the Ministry of Social Affairs and Employment. Rabobank is one of the initiators. Qredits helps start-ups and existing businesses with fewer than five employees to start-up or re-launch their businesses. Over 60 Rabobank

employees are active as volunteers within the coaching network of Qredits. Almost 50 of them have now been linked up with a business and thereby contribute directly to the success of this vulnerable group.

- In cooperation with the Ministry of Economic Affairs, the Royal Association MKB-Nederland, the Confederation of Netherlands Industry and Employers (VNO-NCW) and the Dutch Banking Association Rabobank contributes to the Business Loan Desk (Ondernemers Krediet Desk). This partnership focuses on providing information for businesses on financing, both via banks and other sources of financing.
- In Port4Growth, Rabobank has teamed up with a number of partners for fast-growing businesses. Port4Growth is a nationwide network for and by businesses, specialised in growth.
- Rabobank is the principal sponsor of the Business Sounding Board Foundation (stichting Ondernemersklankbord), in which around 300 former entrepreneurs, managers and specialists have joined forces to help businesses for free or for a small fee. As an independent and critical sounding board, they are able to offer practical support and help based on their many years of experience.
- In the market for self-employed workers without personnel an alliance has been entered into with the Platform for Self-Employed Entrepreneurs (Platform Zelfstandig Ondernemers, or PZO), which represents the interests of self-employed workers without personnel. This partnership established the research platform ECHTZZP.nl, which acts as a meeting point for self-employed workers without personnel to collect, study and share all knowledge acquired in day-to-day business practice.

Partner in food and agri on the basis of sustained market leadership

The emphasis placed by Rabobank on food and agri in the Netherlands is reflected in its high market share of 85% (85%) in 2013. Rabobank is engaged in consultation with partners in the chain on several sustainability spearheads, which are fair work, minerals management and sustainable energy. Partly by virtue of our efforts in the Fair Produce foundation, the certificate for fair work has gained a solid place in the mushroom sector. Options in other sectors are currently being explored as well. In livestock farming, Rabobank undertook efforts to initiate further steps with regard to the minerals issue. Rabobank works closely with the sector organisations and government authorities and the issue is being actively pursued. Rabobank has also supported the creation of a fertiliser processing fund. This fund supports investment initiatives with venture capital. Two pilot projects have been launched to support the sustainability of individual customers in which a sustainability scan is used as a basis for discussing improvement plans for the business. Lending by domestic retail banking to the food and agri sector in 2013 was EUR 29.1 (29.8) billion. Lending to the food and agri sector accounts for 10% (10%) of the total loan portfolio in domestic retail banking. Dairy farming and agriculture can look back on a particularly good year.

Rabo Groen Bank

Lending by Rabo Groen Bank BV for sustainable projects in 2013 totalled some EUR 200 million. Green label greenhouses, wind energy, geothermal energy, organic farming and sustainable buildings were the main investment categories for which financing was provided. An attractive solar panel programme was introduced to the market for the food and agri sector, in close cooperation with the local Rabobanks. Rabo Groen Bank is the largest green bank in the Dutch market with EUR 1.9 billion of green financing currently in place. The bank works with virtually all group entities.

The inflow of green funding in 2013 was very substantial. Including refinancing of expiring Rabo GroenObligaties (green bonds) a total of EUR 900 million was raised in new green funding. This new funding relates mainly to Rabo GroenSparen (green savings). This product was in fact so successful that the bank had to block new investments at the end of November because of a risk of non-compliance with the minimum threshold for loans issued. To maintain the tax status of the Rabo Groen Bank, at least 70% of the green funds raised must be lent to green projects at all times. Limited deposits were received on the Rabo GroenDeposito's (green deposits) which had been introduced in 2013.

Leading food and agri bank at international level

Leading role in the worldwide food and agri sector

Rabobank has defined two pillars in the strategic framework 2016: in addition to market leadership in the Netherlands, Rabobank international aims to be the leading bank in food and agri. This means serving the entire value chain: from farmers, greenhouse horticulture businesses and their suppliers, to processing industries and food retailers. Within the loan portfolio of wholesale and international rural and retail banking, the share of food and agri is some 54%. Rabobank is expecting further growth of the food and agri sector in the decades ahead. This growth will be driven by the growth of the world's population from its current 7 billion people to 9 billion people by 2050. Production will have to be stepped up to provide food for the growing global population. Rabobank operates in the principal food-producing countries throughout the world such as the Netherlands, Brazil, Australia, New Zealand and the United States. In addition to lending, Rabobank also works to share sector knowledge and other financial services. And Rabo Development and Rabobank Foundation are also active in regions where food production still needs to grow strongly, such as in some parts of Africa.

Assessment of sustainability performance of business customers

Rabobank International assesses the sustainability performance of all business customers with an exposure of EUR 1 million or more. The target of having a comprehensive and up-to-date assessment every year for 95% of all large businesses with a loan from Rabobank International has been reached since 2012. This assessment identifies the social and environmental risks of businesses, partly on the basis of the application of the Equator Principles and the policy framework with sector and theme policies.

Project Finance

The Project Finance department of Rabobank International, formerly REIF (Renewable Energy and Infrastructure Finance) is active worldwide and has a strong focus on sustainable energy, Dutch infrastructure projects and business customers in the food and agri sector. Rabobank's financing portfolio in the renewable energy segment continued to grow in 2013, mainly in the US and Canada. Rabobank had a leading role in project financing for various wind and solar energy projects. Rabobank played a key part in the financing of the Prairie Breeze, an onshore wind farm in the US, which will generate 200.6 megawatts of wind energy after completion. The projects are based on recognised technologies in the sustainable energy, infrastructure and the food and agri sectors. All projects that Rabobank finances comply with the standards of the Equator Principles.

Equator Principles

The Equator Principles (EPs) are a voluntary system of standards for identifying, assessing and managing social and environmental risks in project financing. The Equator Principles were published in 2003 and Rabobank has committed to them from the start. A new version of the Equator Principles (EP III) was published in June 2013. The expansion of the scope to project-related corporate loans is the most significant change for Rabobank. Rabobank applied a strict definition of project financing under EP II, and the principles consequently only applied to a limited number of transactions, often in the field of sustainable energy. In the period from June 2013 Rabobank did not enter into any new transactions that need to be assessed in a different way according to the new standards.

The application of the Equator Principles in Rabobank was reviewed by an external consultant in early 2014. The results of this evaluation will be used in 2014 to optimise the policy and the procedures for applying the Equator Principles.

Equator Principles				
	2013	2012	2011	2010
A (significant negative impact)	-	-	-	-
B (potential negative impact)	16	19	17	13
C (no negative impact)	2	6	10	11
Total	18	25	27	24

More sustainability in the mid-corporate bond market

Large businesses and financial institutions are increasingly financing their sustainable projects via the capital market and institutional investors are interested in investing in those sustainable corporate bonds. Sustainable corporate bonds ('green bonds') provide a way for businesses to finance their investments in sustainable projects, processes and technologies. They give mainly institutional investors an opportunity to invest in the increasingly important greening of society. To support the growing demand for sustainable corporate bonds, Rabobank and a number of investment banks published the Green Bond Principles in early 2014. The investment banks involved are keen to contribute, through the Green Bond Principles, to the standardisation of sustainable corporate bonds. That standardisation is intended to ensure greater transparency in the market for sustainable corporate bonds. Rabobank was involved in a number of sustainable bonds for customers in both 2012 and 2013. Additionally, Rabobank introduced a Socially Responsible Deposit and a Rabo Agri Bond in 2013.

Rabo Development

Rabo Development: Reaching the unbanked in emerging markets

Rabo Development's mission is to include all sections of selected developing societies into the financial system, including the low income segments living in rural areas, while employing cooperative principles and banking expertise. Financial inclusion is one of the main building blocks for inclusive growth, growth that leads to improved living standards for the poor and other vulnerable groups within a developing country.

* The group of investment banks involved in drawing up the Green Bond Principles Consortium are: Bank of America Merrill Lynch, Citi, Crédit Agricole Corporate and Investment Banking, JPMorgan Chase, BNP Paribas, Daiwa, Deutsche Bank, Goldman Sachs, HSBC, Mizuho, Morgan Stanley, Rabobank and SEB.

Partner banks in developing countries

In line with its unique business model, Rabo Development is creating a network of partner banks in emerging markets, which provide financial services to a large customer base. These banks have a special focus on customers in rural areas, where most people remain unbanked, and are also well-equipped to finance agriculture. They serve individual customers, but also other segments such as farmers and small and medium-sized enterprises. Rabo Development offers three types of support to these partner banks: capital, management services and technical assistance.

Capital is provided to emphasize commitment to a long term partnership and to enable the bank to grow and strengthen their business. Rabo Development always remains a minority shareholder in these banks and acts as engaged board member, rather than acting as a controlling majority shareholder. The banks therefore remain domestically-owned.

Management and technical assistance are focused on providing know how to the partner banks in many areas such as IT, risk, products and governance. With these forms of assistance, Rabo Development aims to support these banks in their development towards becoming leading, sustainable local retail banks with a rural orientation and retail client focus.

At the start of 2013, Rabo Development had seven partnerships with banks located in Tanzania, China, Zambia, Mozambique, Paraguay, Rwanda and Brazil. In 2013, Rabo Development was able to form its eighth partnership with DFCU Bank in Uganda. DFCU Bank is the sixth largest bank in the country and is currently a typical SME-oriented bank. The strategy for the coming years is to have a strong focus on retail activities. In addition, a specialized department will be set up to finance the agricultural sector. A five-year technical assistance program for DFCU has been agreed upon, involving also the Netherlands embassy in Uganda as a stakeholder, to be able to support the bank in its development. More in general, Rabo development fosters its relationships with other stakeholders, such as local governments, NGOs and the Netherlands Government.

Bank	Country	Stake (%)	Offices	Employees	Customers (x1,000)
National Microfinance Bank	Tanzania	35	152	2,860	1,481
United Rural Cooperative Bank of Hangzhou	China	9	144	2,146	1,906
Zambia National Commercial Bank	Zambia	46	64	1,643	619
Banco Terra	Mozambique	45	9	157	37
Banco Regional	Paraguay	40	38	711	76
Banque Populaire du Rwanda	Rwanda	35	191	1,450	285
Banco Cooperativo Sicredi*	Brazil	19	1,249	16,258	2,502
Development Finance Company of Uganda	Uganda	28	32	665	133
Total			1,879	25,890	7,039

* The figures for Banco Cooperativo Sicredi are based on the total cooperative organisation.

One of the areas in which National Micro Finance Bank (NMB) in Tanzania, with which Rabo Development partnered in 2005, is highly successful is in offering financial services to retail customers. In 2013 the bank introduced a new type of account that removes many of the obstacles customers encounter when trying to open an account. NMB now also works with Vodacom, enabling customers to bank via Vodacom's 40,000 M-Pesa agents as well. These are small points of sale – for instance shops and petrol stations – where consumers can purchase mobile phone airtime and also use financial services via their mobile phone. In Tanzania, phones are used as a kind of bank account for part of the population. Funds can be paid into or

withdrawn through the phone at these agents. The cooperation between NMB and Vodacom gives customers of NMB access to their NMB bank account via M-Pesa agents as well. An M-Pesa agent is often closer than a bank branch, which encourages people to use their account.

Sicredi, Rabo Development's partner bank in Brazil, is a cooperative bank that seeks to advance social and economic development for its members and their communities. The bank started to publish an annual sustainability report in 2013. Sicredi plays an important part in providing financial services to people in relatively remote areas. In at least around 206 towns in Brazil, Sicredi is the only bank left to serve customers. In those towns alone, the bank has 250,000 customer members. To maximise members' involvement in the bank, Sicredi organises a number of programmes to familiarise them with the basic principles of a cooperative. There is a separate programme for children, centred on working together and the community. Around 150,000 children took part in this programme in 2013.

Banco Regional, another partner bank, has been awarded the title of 'Best Bank of Paraguay 2013' by Euromoney. Strong personal relationships with customers and good knowledge of agricultural processes have been key to the bank's success.

Supporting other financial institutions

Rabo Development's activities are not limited to the partner banks only. It also provides banking know how to other banks through banking advisory projects. One of the largest projects running in 2013 at a non-partner bank is in India. The project objective is to revitalize the rural cooperative banking network in the state of Andhra Pradesh, which will benefit the bank's customers and contribute to the system's financial sustainability.

In China, Rabo Development worked on a project initiated by the World Bank to strengthen the cooperative banking system in rural areas with a view to reaching even more customers there in 2013. Rabo Development also provided technical assistance in China to Longjiang Bank, a well-known agricultural bank in Heilongjiang province. The technical assistance in 2013 focused on the bank's capacity to finance farmers, by building up sector knowledge and applying innovative solutions in financing agricultural value chains. Another part of the technical assistance was directed at extending the catchment area of the bank by using virtual channels, making it possible for the more remote communities in this province to access these financial services as well.

In Peru, Rabo Development contributed to establishing a five-year strategic plan for Agrobanco. This is a state bank that will change from a bank focusing on financing the agricultural sector to a universal bank focusing on the entire population in rural areas.

Strengthening food & agriculture value chains

A large part of Rabo Development's activities are focused on the sustainability of value chains in the agricultural sector. The activities include: (I) strengthening the organisation of local cooperatives, (II) supporting agricultural departments of (partner) banks and (III) advising food & agri businesses on value chain development. In the ideal situation, these three come together in one project. For example in Rwanda, where Rabo Development – supported by Rabobank Foundation – strengthened the local rice cooperatives and supported local partner bank BPR with the development of a financing concept for rice cooperatives. ICM (an Australian rice miller based in Rwanda and client of BPR) provided off-take guarantees to these cooperatives thereby providing a secure market for the coops and increasing the supply of rice to its mills.

Rabo Development does not only team up with partner banks in the agri sector, such as with NMB, Zanaco and BPR; for instance, a cooperative alliance has been initiated with Chase Bank in Kenya in agricultural financing, for which purposes the technical assistance is focused primarily on the dairy farming and greenhouse horticultural sectors in this case.

In Ethiopia, Rabo Development works with Cooperative Bank of Oromia (CBO) to improve financing in the coffee sector. Ethiopia is a major exporter of Arabica coffee, but the coffee growers only have limited access to financing. Supported by the Common Fund for Commodities (CFC), Rabo Development is implementing a project that rests on three pillars: (I) a Guarantee Scheme for which CFC and Rabobank Foundation have provided funds, (II) strengthening of the cooperative and (III) support of the coffee financing activities of CBO. The initial results are very promising and several cooperatives have received financing.

Nigeria is particularly interesting because it has the largest and fastest-growing population in Africa. The UN expects that by 2050 more people will be living in Nigeria than in the US. This puts enormous pressure on the country's agricultural sector to increase its productivity. Whereas Nigeria was still a major exporter of food at the end of the 1960s (especially cocoa and palm oil) it is now one of the world's largest food importers. Besides the inadequate organisation of the food chains, a lack of long-term and medium-term capital is one of the most significant bottlenecks in the development of a strong agricultural sector. Rabo Development is therefore working with Bank of Agriculture (BoA) to improve agricultural financing. In parallel with this process, Rabo Development is assisting the World Bank in developing a guarantee fund to mitigate the lack of available collateral in the agricultural sector.

Development of knowledge and experience

In 2013, Rabo Development devoted around 95 man-months to projects at partner banks and non-partner banks. In addition, 21 managers and long-term consultants were working at those banks at the end of 2013. Wherever possible, employees within Rabobank Group were deployed for staffing these short-term and long-term projects. Working in these countries offers these consultants and managers significant added value in their careers.

In the course of the postings of the consultants and the staff staying for longer periods, a large volume of knowledge is transferred to the partner banks and the other banks working with Rabo Development. Additionally, special training courses and study tours are organised in the Netherlands for employees of those banks. The talent programme organised every year is an example, in which selected talented people follow an extensive programme within the banks for several weeks in which they get to know many aspects of banking

Our specialist subsidiaries

Leasing

Sustainable solutions

De Lage Landen (DLL) has structurally enhanced its sustainable leasing services for circular business models by investing in a dedicated Life Cycle Asset Management (LCAM) team. This team actively supported several manufacturing partners in managing assets during their first and second life. Furthermore the team proactively provided consultancy services, seminars and workshops to inspire both partners as well as external communities. An example of such a case from 2013 is the partnership with Desso, an international manufacturer of carpets, carpet tiles and other products. Desso's customers are offered a full-service lease solution. Customers who chose this option will no longer become the owner of the product, but rather purchase a service from the producer who will take care of installation and maintenance. At the end of the lifespan the products are retaken again; it is then possible to recycle these resulting in less dependency on natural resources.

The Clean Tech business had a record year in financing new projects increasing its portfolio to the highest levels since the business's inception. Renewable energy financing was dominated by solar and wind financing while LED lighting retrofits was the predominant technology in the energy efficiency sector. Much progress was made with new technologies in energy efficiency, water filtration and other renewable sources. Geographically, the business expanded into a number of new European countries.

In 2013 Athlon Car Lease went live with Tesla Lease and 286 Tesla's were ordered by customers. In total Athlon has more than 5,200 cars with alternative drivetrains, like electric vehicles and hybrids, in contract. To motivate customers to drive safe and responsibly in everyday traffic, Athlon offers an e-driver tool. The Mobility Card is another product of Athlon that offers customers one single solution to travel combining services like payment for petrol, public transport, flights and hotels.

Athlon Mobility Consultancy expanded their activities, in addition to Benelux, also to France. Approximately 75 companies were supported with the implementation of a sustainable mobility policy and new products and services are offered such as the Athlon Sustainable Mobility Index and a Driver Risk Management Program. Also several implementations were accomplished with the mobility management system Momas.

Asset Sharing is an initiative that explores the B2B sharing economy as one of the future business opportunities for DLL. Together with local Rabobanks entrepreneurs are selected to participate in a pilot focusing on the actual sharing of assets.

Responsible business operations

In 2013 DLL started the development of their own overall Environmental, Social and Governance (ESG) Policy in order to further improve the assessment and due diligence approach of ESG issues. DLL has also improved the armaments policy framework, updating its commitment to refrain from business involving controversial weapons manufacturers.

DLL's US office in Wayne was awarded the LEED Gold Certification for existing buildings. LEED stands for Leadership in Energy and Environmental Design and provides third-party verification of green buildings. Together with last year's BREEAM certificate of the headquarters, DLL's two biggest offices are green certified buildings covering about 40% of all FTE. In line with the sustainability criteria of the global real estate policy also the offices in Germany, France and Belgium will move to sustainable certified buildings.

Lastly, Athlon achieved an official carbon footprint in the Netherlands which is, together with carbon reducing initiatives, important sustainability information in tenders.

Societal impact

At the end of 2013 a global charitable donations policy was approved. This policy provides principles for donations in order to ensure transparency and a positive impact of DLL's donations on local communities in which DLL operates. This year DLL and her employees provided over EUR 600,000 to local charitable causes.

DLL also implemented in all main markets the global Community Involvement program based on a number of themes that are closely aligned with the core business. This year a 20% employee participation in community involvement activities was reached in main markets, contributing to an improvement in educational and living conditions of many people. This impact will be better measured in 2014, with our renewed monitoring on the Social Return on Investment that has been developed Q4 2013. According to an internal survey, this program also highly contributes to engage staff and foster pride for the organisation. In the Netherlands, DLL partnered with the Eindhoven municipal government to organize on a structural basis Corporate Responsibility 'matchmaking' events which proved successful in establishing greater community involvement partnerships between social charities and businesses in the Eindhoven region.

In partnership with the Rabobank Foundation, DLL provided technical assistance to four micro finance institutions in the development of microleasing in Rwanda. Learnings from this experience are captured in the White paper 'Recipe for Success. Favourable conditions for micro-leasing in Rwanda'.

External recognition

At the international Leasing Life Awards, DLL won awards for the fourth time in four consecutive years. This time DLL was awarded the prestigious title of European Lessor of the Year. The Product Innovation & Service Award was also granted to DLL for the further development of LCAM and the progress the program makes in facilitating cradle-to-cradle business models.

Athlon Car Lease in the Netherlands was awarded Best Leasing Company in the category Big Leasing Companies in a survey held by the Dutch Company Car Association.

Our specialist subsidiaries

Real estate

Rabo Real Estate Group aims to become one of the most sustainable real estate companies. Rabo Real Estate Group applies four policy principles to achieve this: (I) sustainable real estate, (II) ethical business practices, (III) responsible business operations and (IV) community involvement. The policy principles have been distilled into five themes: energy consumption, mobility, employees and leadership, vital communities and the circular economy. Goals have been defined for each theme, including a 10% decrease in energy consumption per FTE by 31 December 2015 versus 2013, and a cap on lease cars' maximum CO₂ emissions, which is reduced annually. Housing construction complies with government requirements, and in addition energy-neutral residential properties are developed.

Employees of Rabo Real Estate Group

For the employees of Rabo Real Estate Group, 2013 was another eventful year. The reasons included the reduction of the activities of MAB Development, the poorer financial results due to the continued headwinds in the sector, the cost savings and the increasing legislation and regulation. Despite the financial headwinds, Rabo Real Estate Group continues to invest in its employees, as reflected, for instance, in the culture and leadership programme launched in 2012. The employee satisfaction survey conducted in early 2013 resulted in a good score of 7.7. A request for advice was submitted to the Group Works Council of Rabo Real Estate for downsizing the workforce of MAB Development, on which the Group Works Council issued a favourable advice. In November 2013, a new, scaled back Collective Labour Agreement was concluded for the period to the end of 2015. Zero increases have been agreed in this Collective Labour Agreement for salary growth, meaning that the salary maximums of the salary scales will not be increased until 1 January 2016. In addition, variable remuneration will only be paid if Rabo Real Estate Group as a whole is profitable. This provides a closer alignment of the Collective Labour Agreement with the financial results of Rabo Real Estate Group. Integrity is a key theme in the real estate market. Rabo Real Estate Group has solidly embedded its policy in the organisation. The Compliance department provides dilemma training and e-learning programmes to anchor that policy even more firmly in the organisation.

Fondsenbeheer Nederland

Fondsenbeheer Nederland is an independent not-for-profit organisation that invests in the quality of the physical environment by supporting various community funds, which provide financial and other support to social goals ranging from public housing to nature conservation projects and conservation of cultural and industrial heritage. The National Restoration Fund provides financing to support owners of listed buildings and advice on restoring and maintaining their property. The public housing fund Stimuleringsfonds Volkshuisvesting (SVn) is active in the field of housing, local communities and urban regeneration. Together with the Dutch municipalities, SVn developed the First-time Buyers' Loan to make it easier for first-time buyers to acquire suitable residential properties.

Employees

HR in transition

The Rabobank is faced with a 'new reality' and it is up to the employees and managers of the domestic retail banking division to adapt to and integrate the resulting changes into the company. At the same time, our people are themselves also deeply affected by the changes, which were brought about by the financial and economic crises of the past few years, along with changing customer behaviour, slower revenue growth and greater pressure resulting from legislation and regulations. In order to be able to support the bank throughout these changes, an HR Transition Team was established in early 2013 as part of the Vision 2016 programme.

In 2013, this team focused on managing the reduction in the number of employees, subduing employment benefits and reinforcing our company culture, our identity as a cooperative organisation, and the professionalism of our people. Rabobank initiated a large-scale workforce reduction at the local Rabobanks in 2013. Rabobank International will also be an integral part of this process as a result of the recently proposed redesign of Rabobank Nederland.

The change process was established by working closely with a feedback group including representatives of local Rabobanks. The Group Works Council of Member Banks and the Rabobank Nederland Works Council were also closely involved in the HR changes implemented as part of Vision 2016. Employment benefits were subdued across the board in 2013. The section titled 'Remuneration policy' details the new employment benefits policy along with the retrenchment measures implemented.

Culture, attitude and behaviour

Rabobank can only provide the highest-level customer services, treat customers fairly and maintain our competitive edge as a bank if its employees are genuinely involved. After all, they connect the bank, as defined in Rabobank's HR vision report. 'Culture' is defined as the sum total of Rabobank's collective actions and is determined by myriad factors, including the processes, procedures and agreements the employees make with each other. Vision 2016 focuses to a large extent on these processes, procedures and agreements. As part of these efforts, a number of dialogue sessions were held to discuss the desired corporate culture for the organisation. The company decided to launch a culture programme across the bank as a whole in early 2014, whose main focus is the attitude and behaviour that direct its day-to-day actions. The programme is complementary to the transition of Vision 2016 and the CRISP programme currently underway in the international banking division. This latter programme is based on the principles of respect, integrity, sustainability and professionalism: the bank's values as a cooperative organisation. A number of different aspects will be redefined, including the strategy of the international organisation, the organisational structure, and management based on

specific objectives. In addition, a number of workshops will be held devoted to desirable behaviour, and employees are encouraged to engage in debate with one another on individual and team behaviour. The international evaluation policy will likewise be reviewed.

Rabobank will focus both on employee accomplishments and, specifically, on how they go about this. They will subsequently receive proactive feedback.

Investing in employees

The interests of our customers and their changing needs form the basis for the changes that will help us create the bank of the future. Apart from requiring fewer positions and fewer employees, the actual results and competencies Rabobank expects from their people are changing as well. Leadership development has therefore become a key focus.

Treating Customers Fairly integrated into Performance Management

Rabobank expects employees to keep their knowledge and competencies up to date and to continue developing their skills and talent. The Performance Management (PM) review cycle in place at the bank plays a key role in this process. In these reviews, managers and employees set a number of targets together relating to results and competencies for the upcoming calendar year. Their dialogue is aimed at doing the right things the right way, with treating customers fairly serving as the basis for all our customer services.

Professional skills

The new statutory requirements under the Dutch Financial Supervision Act (which took effect on 1 January 2014) set new standards for professional skills in 2013. All consultants operating in areas covered under the Dutch Financial Supervision Act must be in possession of all externally recognised diplomas if they wish to become independent consultants. In order to comply with the new legislation, a 2-year transitional period applies (until 1 January 2016). In 2013, all statutory requirements were translated into requirements for individual positions at the bank, and employees received support in properly preparing for the upcoming qualification. For the advisers employed by the bank, this means that 13,000 employees will be required to obtain around 20,000 diplomas in all. The new requirements are therefore in line with Rabobank's objectives to be the best bank in terms of advice by 2016.

Professionalism

The continuing Professional Education (PE) programme for Local board of directors members and supervisory directors of local Rabobanks has been further expanded in the past year. The emphasis in the range of courses on offer is increasingly on short meetings that focus on current events and in which supervisory directors and Local board of directors members learn to directly apply the knowledge gleaned on a day-to-day basis. In addition, a number of meetings have been held to discuss the background vision and implementation of Vision 2016. This trend will be continued in 2014 with an updated range of continuing PE programmes. Members of the Executive Board and the Supervisory Board of Rabobank Nederland also participated in the various meetings relating to continuing PE.

Leadership

Strong (personal) leadership is required in order to effectively supervise and manage the changes described. At the group level, Rabobank offers development programmes for talented employees, along with a management curriculum. In 2013, a total of 86 employees participated in these talent development programmes, representing local Rabobanks, Rabobank Nederland, Rabobank International and various subsidiaries. The programme taught participants to develop a personal leadership style that dovetails with Rabobank's identity as a cooperative organisation.

A key focus of the management curriculum, which is open to all managers, is leadership during change processes, and process management. A total of 301 managers enrolled in the curriculum altogether. The Rabobank Management Interviews, which were conducted with 198 participants, provide participants with the basic skills they need to properly fulfil their managerial duties at the bank. In addition, 37 new managers attended the 'HR-in-de-lijn' workshop, where they learned about Rabobank's HR policy and management development policy and HR Zelfbediening (the computer platform for HR tasks) and their role in this process. The bank invested heavily in 2013 in developing its professionals – defined as employees who possess considerable knowledge and specialised skills in a particular field. As part of one of these initiatives, a total of 635 professionals gathered together last year for Rabobank's first-ever Professional Community Day. At the event, these professionals learned more about the breadth of the organisation in terms of career opportunities, and the development opportunities available to them. The bank also launched two programmes that allow professionals to develop their personal leadership skills, along with two programmes that provide them with a greater understanding of banking in general and Rabobank banking in particular.

Gender diversity

Rabobank intensified its policy of promoting gender diversity in 2013. The share of women in the upper echelons (salary scale 8 and higher) is substantially lower at the bank than the share of men (with 27.6% female employees in scales 8 and higher). In order to change this situation, the bank has set targets and drafted a programme plan containing concrete actions. The latter are aimed at raising awareness of the importance of diversity and promoting the recruitment, promotion and retention of talented women.

As part of one initiative, women at the executive level organised a series of thirty lunches in 2013, attended by an average of twenty women each. Other initiatives included various 'Stratego for Women' workshops, in which women learn about, and learn to apply, the 'written and unwritten rules of the game'. In addition, the issue has also been raised in various ways in executive and local board of directors meetings. Efforts were also made to promote the recruitment and promotion of female talent. The percentage of female participants in the Corporate Management Trainee Programme increased to nearly 50% (versus 38% in 2012). The Interim Management programme allowed talented management potentials to develop and be promoted to senior positions in a broad yet structured manner. A total of 50% of the participants were female, comfortably exceeding the 40% target. Unfortunately, not all targets were met, although Rabobank did see a slight increase in the number of women from scale 10 upwards up to and including the executive level. In order to maintain this positive trend, Rabobank will continue its gender diversity programme in 2014 and will sign the 'Talent to the Top' Charter.

Disadvantaged job seekers

A project launched at Rabobank Nederland in 2012, designed to offer opportunities to a larger number of disadvantaged job seekers by offering them positions at Rabobank, was continued in 2013. The main objective of the programme is to gather more information on the labour supply among this group. Rabobank has partnered with a number of major employers in the Greater Utrecht Area for this initiative. It works closely with 'De Normaalste Zaak' and the City of Utrecht. A secondary objective is to develop a strategy in partnership with supplier companies which allows the latter to assign a larger number of disadvantaged job seekers to positions at Rabobank.

Tools and policy

Vitality and absenteeism

Employee vitality was a key focus for Rabobank in 2013. In 2013, 67% of employees stated that they 'felt vital'. A total of 73% of employees described themselves as 'engaged'. The average score on the 'employability' scale is 68; the average score on the 'energy during work' scale is 69. A relatively large number of employees were at risk of long-term absence in 2013 due to a high workload and/or work-related stress (a total of 29% of employees experienced an increased workload, while 15% experienced work-related stress). In 2013, 39% (versus 43% in 2012) of employees did not call in sick at all. Of those who did call in sick, 81% had recovered within one week.

The absenteeism rate at Rabobank Group came to 3.46% in 2013 (versus 3.66% in 2012), a 0.2% decline from 2012. This brings the absenteeism rate below the standard of 3.7% set in the Occupational Health & Safety Policy Framework. The most common reasons for absenteeism are psychological issues (48%; versus 45% in 2012) and complaints related to the locomotor system (18%; versus 16% in 2012). In 2013, 7,076 employees – of a total of 31 local Rabobanks and 15 Rabobank Nederland units – completed a questionnaire included in the Working Conditions Survey. This survey is held an average of once every two years and provides specific, clear feedback from employees on how they view their work, the working environment, statutory obligations, inappropriate behaviour in the workplace, work-related stress, and health. The Working Conditions Survey provides the bank or unit with information on the bank's overall 'health'. Employees receive individual feedback, in which they are referred to the information and interventions included on the HR Portal, as well as to the services provided by Health Services Rabobank Group.

Two electronic Rabobank tests are available on the internal HR Portal: the vitality scan and the resilience test. These tests allow employees to measure their personal vitality and resilience. The tests refer employees to the services provided by Rabobank to help improve vitality and resilience.

Health Services Rabobank Group annually evaluates the activities of confidential counsellors, in order to monitor the number and nature of the reports received by these counsellors. In 2013, a total of 70% (2012: 66%) of the confidential counsellors were contacted. They received an average of 3.3 reports each (2012: 2.2). These reports related to an industrial dispute, inappropriate behaviour (bullying, aggression, discrimination and sexual harassment) or an abuse within the organisation.

Strategic Resource Planning

In the past year, the Rabobank Strategic Resource Planning (SRP) system was developed under the supervision of the HR department. SRP involves a process that assists local Rabobanks in comparing the current number of employees and workforce against the desired future number of employees and workforce, and subsequently to build towards the desired situation in a systematic manner. Focusing on both the quality and quantity of employees, SRP represents the first attempt to demonstrate to local Rabobanks in a clear, consistent, synchronised and integrated manner the impact of innovation programmes on employees as well as a comparison with 'best practice banks' and the qualities required from employees in the future. This provides a basis for discussing performance development with individual employees, including plans to achieve this development. The insights provided by SRP help to make an estimate of where the workforce reduction will occur as a result of Vision 2016 and how a bank can facilitate this reduction.

Tools to promote employability

In the year when Vision 2016 was presented, there was an increased focus on employability: the retention of jobs now and in the future, both at Rabobank and beyond. The virtual portal containing career tools invites employees to take charge of this process themselves. The site attracted more than 10,350 visitors in 2013 who took free career tests, and 12,040 tests were completed altogether. Local Rabobanks organised a series of career markets aimed at employability, including stands and workshops. The Professional Community Day featured presentations of the new curriculum and of career opportunities at Rabobank Nederland and Rabobank International.

In addition, there were department meetings aimed at employees aged 50+ and employees who would be affected by reorganisations.

Employees were encouraged to participate in workshops, including the Onderweg naar Morgen (The Road to Tomorrow) career-focused series. Employees also participated in the employability programmes NuAanzet (for employees aged under 45) and BlijvendAanzet (for those over 45). Connect4U assigns employees to temporary work experience positions within Rabobank Group. At Rabobank International, Jobswap provides employees with the opportunity to swap jobs for one week.

The Credittafel (Credit Table) provided employees with opportunities to complete a credit-risk management project or credit risk traineeship within Rabobank Group. Another initiative saw the establishment of regional 'talent tables' in order bring together supply of and demand for talent.

Samen Werkt! and Nieuw Perspectief mobility centres

Rabobank will employ fewer people in 2016, and those people will be employed in different positions than today. Employees who cannot be reassigned within the Rabobank organisation will be closely assisted in finding new jobs. Rabobank feels great responsibility in supporting employees in this process, and indeed job mobility is the main objective of the severance plan (Sociaal plan).

Professional assistance to help employees find new positions and a consistent implementation of the Sociaal plan are two of the main goals of Rabobank's Mobility Centre, Samen Werkt! The centre is a partnership between a number of regional mobility centres with flexible teams of migration managers who work closely with two professional external parties. A total of 701 redundant employees have registered with Samen Werkt! since its launch in September 2013. Redundant Local board of directors members of local Rabobanks and employees of Rabobank Nederland are assisted by Rabobank Nederland's Nieuw Perspectief mobility centre.

Other developments

Disputes Procedure and whistleblower regulation

The objective of the Employment Disputes Procedure is to resolve conflicts by helping the manager and employee concerned reach a solution independently, to the extent possible. The number of disputes reviewed in 2013 was virtually unchanged from 2012: a total of 265 disputes were reviewed (versus 257 in 2012). Of these disputes, 245 were reported in 2013; the other disputes originated in 2012 and continued into 2013. The majority of these disputes pertained to future opportunities relating to employee performance and to organisational changes; the remaining ones related to individual performance, reorganisation, terms of employment or working relationships. The majority of these disputes were resolved through counselling (218). Counselling services were provided in eight cases, while mediation services were provided in 25 cases. In addition, the Employment Disputes Committee delivered a binding ruling in 14 cases.

The new Collective Labour Agreement, which became effective on 1 May 2013, incorporated a Sociaal plan. The disputes relating to redundancy are included in the Disputes Procedure report. The secretariat for the Sociaal Plan Central Appeals Committee was incorporated into the Disputes Procedure; nevertheless, the formal complaints submitted to the Committee were not included in this report. Local Rabobanks and Rabobank Nederland maintain a Regulation on the Internal Reporting of

Malpractice (whistleblower regulation). An external confidential counsellor was appointed under this regulation, to whom employees can report misconduct or irregularities. The regulation is also open to the employees of a number of Rabobank Nederland subsidiaries. Rabo Real Estate Group and De Lage Landen each maintain their own whistleblower regulations, while employees at international branches can use the local whistleblower programmes or the Trusted Persons Network (TPN) provided by KPMG. De Lage Landen is currently in the process of establishing a similar system.

The external confidential counsellor received a total of 15 reports in 2013. Of this number, he referred five for discussion to the Whistleblower Regulation Confidential Committee, three of which are still pending in 2014. Eight employees who submitted reports that turned out not to be relevant under the whistleblower regulation were referred to a different regulation if necessary. In the two other cases, an orientation meeting between the person submitting the report and the external confidential counsellor turned out to be sufficient. Additionally, the external counsellor received four reports through the TPN in 2013, all of which were submitted to the Confidential Committee. Three of these reports are pending and will be further reviewed in 2014.

Virtualisation of HR services

Rabobank's HR department has introduced a virtualisation process within the organisation through which it intends to optimise its services over a 5-year period (2011-2015) by providing 'anywhere, anytime' access to frequently used HR services. Key HR employee and management processes are currently available through Straight Through Processing (STP), which allows users to enter changes more quickly and with greater flexibility. Health Services Rabobank Group implemented a new system for its internal organisation in 2013. In addition, Rabobank also migrated to an integrated management information system, which provides financial, HR and other data-integrated management information. The salary administration system is now compatible with SEPA, the international payments system. Finally, there is now a system in place that makes it easier to manage the details of individual employees. Anticipating implementations scheduled for 2014 and beyond, the bank will be implementing a new Performance Management system that contributes directly to increasing employability due to its integration with potential goals and development goals. Further funds will be invested in STP in early 2014. The first stage of the OneHR project was rolled out in 2013, which means Rabobank now uses the same HR system across 23 countries. The system will be expanded in the coming years with the objective of further global standardisation and optimisation of HR processes.

Remuneration policy

Remuneration is an important part of being an employer of choice. The HR vision report states that 'remuneration is more than just pay', which is to say there are other contributing factors, including a stimulating working environment, the opportunity to assume personal responsibility, develop personal talents and work for an organisation in which you can take pride. When it comes to Rabobank's remuneration policy, the bank pursues its own – relatively moderate – policy in determining the amount of employee pay.

Vision on Remuneration

The basic principles of the remuneration policy are set out in the Vision on Remuneration document. The policy is designed to promote fair and consistent employee compensation, based on an effective job evaluation system where possible. Variable remuneration was discontinued for many employees in 2013 and has been curtailed for those employees who remain eligible. Guaranteed variable remuneration is not permitted, and the allocation of a 'welcome bonus' is authorised only when new employees are hired and then only during the first year of employment, in order to compensate for the discontinuation of the (deferred) variable remuneration they received from their previous employer. The full cycle of risk alignment is implemented in this process.

The annual performance appraisal and remuneration cycle – which includes setting and measuring performance and competency goals – is designed to select the appropriate objectives that both put customer interests first and help ensure Rabobank's long-term continuity and financial strength.

Rabobank maintains its own, relatively moderate position when it comes to setting employee compensation. Nevertheless, Rabobank must retain the capabilities and resources to attract, retain and motivate the right people with the right skills at the right time, and the specific remuneration strategies of individual group entities can help define this process more clearly. Pay levels are regularly tested through an external benchmark. The main criterion of these studies is that, as a rule, payment should not exceed the median of the relevant market for existing activities and roles, based on total reward.

Group Remuneration Policy

The principles and guidelines of the Vision on Remuneration are detailed in the Group Remuneration Policy. This sets out the requirements under external legislation and regulations, including the Dutch Banking Code, the Regulations on Restrained Remuneration Policy (Financial Supervision Act) 2011, the CEBS Guidelines on Remuneration Policies and Practices and the Capital Requirements Directives (CRD III and IV).

The Group Remuneration Policy applies to Rabobank Group as a whole. The management of the individual entities of Rabobank Group is responsible for adopting and implementing a remuneration policy in line with the Vision on Remuneration and the Group Remuneration Policy. The Supervisory Boards subsequently approve the policy and monitor compliance. The remuneration policies for local Rabobanks are set by the Rabobank Nederland Executive Board. The Group Remuneration Policy is in line with our business strategy, our core values, and the desired risk profile of Rabobank Group. It supports solid and effective risk management processes, discourages employees from taking non-desirable risks and ensures that the company maintains a strong financial position. At the same time, it allows Rabobank to attract and retain highly qualified people in all markets, as well as encouraging employees to aim for long-term results that serve the long-term interests of Rabobank Group and its customers. The Group Remuneration Policy complies with requirements under the applicable legislation and regulations.

Key components of the Group Remuneration Policy represent requirements for employees that could potentially have a significant impact on the bank's risk profile (Identified Staff) and on employees in monitoring positions. Identified Staff who receive variable remuneration are subject to a deferral-of-payment policy, whereby the deferred payment covers a sufficient period of time (a minimum of three years) and the variable remuneration can be withdrawn and/or reclaimed by the Executive Board in accordance with the applicable legislation and regulations.

Risk-mitigating measures

The Group Remuneration Policy provides for several measures designed to reduce the risks potentially associated with remuneration policies. These measures obviously have no or only limited relevance to the Rabobank entities which have eliminated variable remuneration.

- **Ex-ante test:**

The Executive Board (subject to the approval of the Supervisory Board) verifies annually at group level whether payment of the proposed variable remuneration is responsible based on the Rabobank Group's qualifying capital and solvency ratio. The Executive Board also performs an ex-ante test (subject to the Supervisory Board's consent) before individual variable remuneration is allocated. Based on the outcome of this test, the company may then decide not to grant the employee allocation (or full allocation) and payment of variable remuneration.

- **Deferred variable remuneration and application of financial instrument**

For Identified Staff eligible for variable remuneration, a minimum of 50% of this remuneration is paid on a deferred basis and awarded conditionally. Furthermore, half of the variable remuneration is awarded in the form of Deferred Remuneration Notes (DRNs), which are linked directly to the price of Rabobank Certificates. The equivalent of these DRNs is awarded to participants one year after they were definitively obtained, at the price applicable at that time – i.e. the value is linked to the company's value.

- **Ex-post test:**

Before deferred amounts and amounts awarded on a conditional basis are released and awarded unconditionally (i.e. before they 'vest'), the company tests whether there is a reason to downgrade the amounts.

Claw-back option

Rabobank Group is authorised to reclaim all or a portion of variable remuneration previously paid from both employees and former employees in the following cases:

- if payment was made based on inaccurate or misleading information regarding the achievement of the performance targets which served as the basis for the variable remuneration or regarding the conditions on which the variable remuneration was made dependent;
- if the employee concerned has been guilty of fraudulent behaviour;
- if the employee has participated in, or been responsible for, behaviours that have resulted in substantial losses to and/or have damaged the reputation of Rabobank Group and/or the relevant subsidiary or business unit; and/or
- if the employee has failed to satisfy the relevant standards for competence and appropriate conduct.

Governance

The Group Remuneration Policy sets strict requirements for internal monitoring of the implementation of the remuneration policy. The Executive Board and the Supervisory Board monitor the allocation and payment of any variable remuneration within the parameters of the Group Remuneration Policy. The Rabobank Nederland Supervisory Board is responsible for implementing and evaluating the remuneration policy for the Executive Board, as well as for ensuring the implementation of the Group Remuneration Policy.

Employees in monitoring positions also hold key roles where the remuneration policy is concerned.

All business units have their own Monitoring Committees, which are actively involved in the design and implementation of, and compliance with, the Group Remuneration Policy. The Monitoring Committees report to the Monitoring Committee Rabobank Group, which is comprised of the directors of HR Rabobank, the Supervisory Directorate, Control Rabobank Group and Group Risk Management. The Monitoring Committee Rabobank Group advises the Supervisory Board.

The internal audit function does not form part of the Monitoring Committee Rabobank Group, but rather conducts periodic, independent studies into the design, implementation and impact of the Group Remuneration Policy in all entities of Rabobank Group.

If, in any of the business units or subsidiaries, there is a conflict between the Group Remuneration Policy and local legislation and regulations or local marketing and practices, departures from the Group Remuneration Policy may be permitted by the Rabobank Nederland Supervisory Board. In such an event, it is important to ensure that any risk associated with such exceptions is sufficiently mitigated, that the basic principles set out in the Vision on Remuneration and the Group Remuneration Policy are not undermined, and that no applicable laws and regulations are violated.

Developments

Rabobank closely monitors any changes relating to the remuneration policy, both within the financial sector and beyond. The bank supports the current Dutch trend of reducing the use of variable pay as much as possible, while at the same time pointing out that, in order to ensure professional customer services, a limited number of exceptions must remain available in order to be able to attract or retain the calibre of employees required. In implementing its remuneration policy, Rabobank considers the long-term interests of its customers, along with the stability of the bank itself. In view of its competitive position in the labour market, the bank must pay competitive salaries, both in the Netherlands and internationally.

There is a risk that Dutch banks will be insufficiently able to attract and/or retain a specific type of highly qualified and talented financial specialists, namely a select number of experts who move smoothly between countries and industries. Rabobank applies a different remuneration ratio for these specialists, based on the straightforward requirement that an adequate monitoring system is in place both internally and externally, particularly in regard to – in exceptional cases – higher variable remuneration.

Executive Board

The remuneration packages of the members of the Executive Board are divided into fixed pay, pension entitlements, and a management supplement that serves as a fixed reimbursement of expenses. The members of the Executive Board ceased to be eligible for variable pay in 2013. This element has been eliminated from the policy without compensating for it with an amount in fixed pay. In eliminating variable remuneration, Rabobank has demonstrated itself to be sensitive to public criticism of this type of pay. The senior management supplement was previously eliminated for the Executive Board at the end of 2012. Board members were compensated for the elimination of this supplement on a one-time basis in 2012, i.e. this has not resulted in a permanent increase in their fixed pay. The Executive Board does not receive any long-term incentives or similar benefits. As with other employees, salary scales have been set for the Executive Board including minimum and maximum amounts. These are as follows.

in euros	Minimum	Maximum
Chairman of the Executive Board	923,500	1,154,400
Members of the Executive Board	707,200	884,000

The actual salaries are within these ranges. The scale maximums for the Executive Board were set in 2008 based on a representative peer group (benchmark) and have not been adjusted since. In 2013, the remuneration of the Executive Board was again compared by an external firm (Hay Group) with the external market on the basis of two reference markets, one financial and one non-financial. It was decided not to use a single combined group, as there are too many differences in the underlying dynamics within those two groups. Both reference groups include listed and non-listed companies. The financial, sector-specific reference market was defined within an international/European context. This reference group consists of the following companies: Crédit Agricole, Banco Santander, Société Générale, Groupe BPCE, UniCredit, ING Bank, Nordea Bank, Intesa Sanpaolo, BBVA, Commerzbank, Danske Bank, DZ Bank, ABN AMRO and Caixabank. There are not enough comparable players in financial services in the Netherlands. The group of 'cross industry' companies in the Netherlands was determined by selecting companies in the Netherlands that are comparable in terms of their size and complexity. This cross-industry reference group consists of the following companies: ABN AMRO, AEGON, Ahold, Akzo Nobel, DSM, FrieslandCampina, Heineken, ING Bank, ING Verzekeringen, KPN, Philips, Randstad, SHV Holding and TNT Express. The benchmarking results show that the aggregate remuneration of all the members of the Executive Board is within the bottom 25% of both reference groups, and is well below the median of the reference market. This is due to the absence of short-term and long-term variable remuneration in the package, which is customarily offered in the rest of the market.

The members of the Executive Board participate in the group pension scheme administered by the Rabobank Pension Fund. The pension scheme was amended and subordinated effective 1 January 2013 (for further details, see the section titled 'New Rabobank Collective Labour Agreement').

Senior management

Senior management salaries have not been adjusted for inflation since 2008. In late 2013, the company decided to eliminate the variable pay for this group effective 1 January 2014, resulting in a further retrenchment of the terms of employment package for this category. A 40-70% discount was applied for the Performance Management year 2013 on the variable remuneration for senior management of Rabobank Nederland. These employees also automatically participate in the group pension scheme, which was amended and subordinated effective 1 January 2013.

New Rabobank Collective Labour Agreement

A new Collective Labour Agreement became effective at Rabobank on 1 July 2013. It has a term of two years and six months, expiring at the end of 2015. In negotiating the new Collective Labour Agreement, Rabobank primarily agreed a retrenchment of employment benefits. For example, it was agreed to apply a 'pay freeze' for the term of the Collective Labour Agreement, which means that the Agreement does not provide for collective wage increases. Furthermore, annual individual salary adjustments and salary increases for employees receiving promotions are moderate. A second important provision of the Agreement is that variable pay was eliminated with effect from the evaluation year 2013. A transitional scheme is in place for 2013. A portion of the variable pay was transferred to an 'Employee Benefit Budget', which employees can spend as they see fit in the BenefitShop, for example to purchase additional leave hours or earn pension credit. This represents a further step in Rabobank's upgrade to its terms of employment package. The discontinuation of the variable remuneration effective 1 January 2014 was further compensated in part by the 1.5% salary increase.

Another new feature of the Collective Labour Agreement is that a Sociaal Plan has been agreed. In implementing this plan, Rabobank aims to carefully manage the personnel consequences of Vision 2016. The purpose is to prevent redundancy wherever possible, and for this purpose a stage of 'active mobility' has been agreed for employees in positions where redundancy is expected.

During this stage, they are provided with various tools to increase their employability both at the bank and elsewhere. Employees who are made redundant are entitled to a 10-month support period. Under the 'vacancy management' rules, redundant employees are to be prioritised whenever internal vacancies come up. Employees forced to leave the company due to the reorganisation are entitled to fixed financial compensation.

The fourth significant amendment to the Collective Labour Agreement is the change in the pension scheme. The pension provisions for employees of the local Rabobanks, Rabobank Nederland, De Lage Landen, Obvion and Rabo Real Estate Group have been transferred to the Rabobank Pension Fund. There were several reasons for the pension scheme amendment. Under the old scheme, there was a risk that the IFRS accounting rules would result in potentially major fluctuations in the bank's assets. Regulations relating to the reduction in the maximum accrual percentage and the increase in the guideline pensionable age necessitated an adjustment of the pension scheme. Finally, pension premiums have increased sharply in recent years, due to higher life expectancy, low interest rates and other factors. The bank consulted closely on the amendment of the scheme with the trade unions, the employee representation bodies, the Pension Fund Members' Council and the Rabobank Retirees Association. Under the new pension scheme, Rabobank has no obligations other than to pay a capped annual premium. The indexation of employees' pensions is no longer unconditional and linked to the collective wage increase, but rather, as with retired employees, conditional and linked to the pension fund's coverage ratio. However, this is offset by measures including a one-time payment by Rabobank to the pension fund, which is expected to be used to finance indexation over the next three years. Other changes include a reduction in the contribution-exempt amount and in employees' personal contribution to pension premiums.

The coverage ratio of the Rabobank Pension Fund at year-end 2013 was 124.6%. For a required coverage ratio of 116.5%, this means that the fund had a reserve surplus of 8.1 percentage points. The coverage ratio is calculated using the yield curve set by the Dutch Central Bank. The pension fund uses the market interest rate for various purposes, including in its decisions regarding the allocation of indexation. Based on this, the coverage ratio at year-end 2013 was 120.8%; the coverage ratio at year-end 2012, which was calculated using the same method, was 115.8%.

Rabobank International

Rabobank International also introduced various austerity measures in 2013. The above-mentioned measures for senior management and the Collective Labour Agreement continue to apply in full to Rabobank International's Dutch employees.

In addition, the total available budget for variable remuneration at Rabobank International for 2013 was reduced once again, in line with the downward trend witnessed in recent years. An additional priority for the Dutch business was reducing the number of employees receiving discretionary variable remuneration in excess of 20% of their fixed salary. In anticipation of European legislation for 2014, the maximum for the variable remuneration for 2013 is already set at 100% of the fixed salary for all employees of Rabobank International.

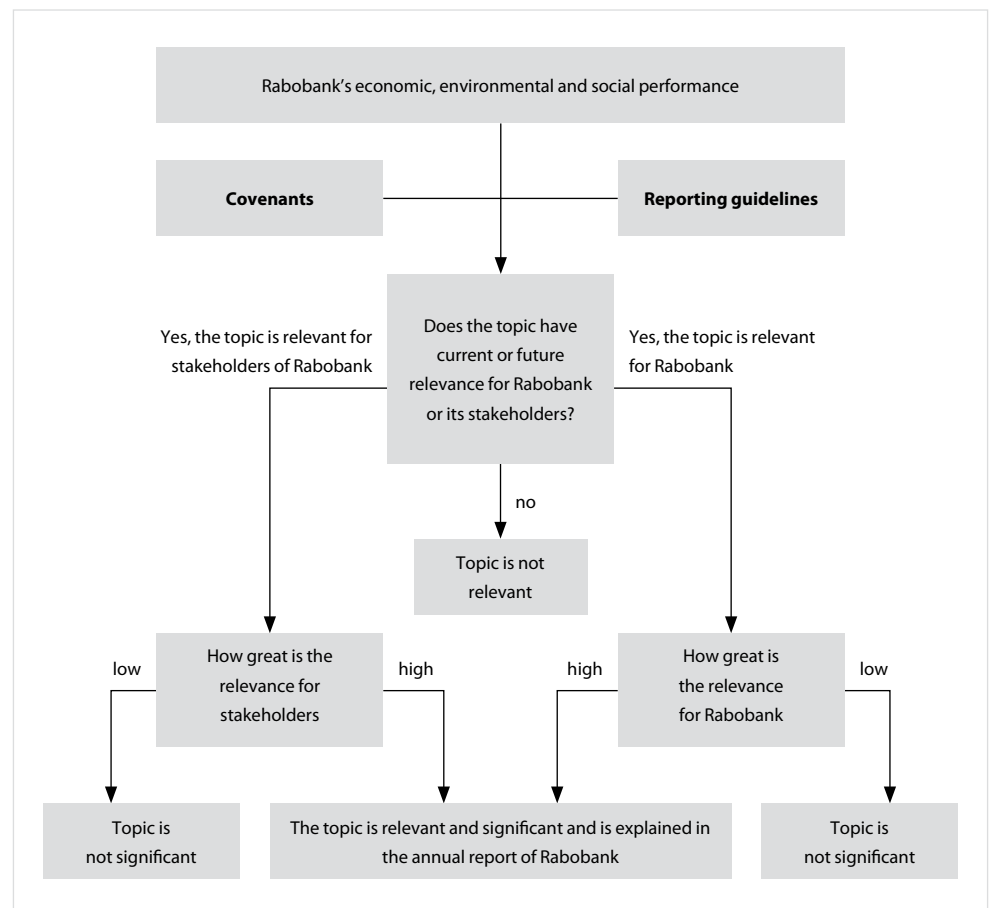
Subsidiaries

De Lage Landen incorporated a number of changes in its Collective Labour Agreement in 2013 that likewise involve a retrenchment. New measures implemented include the discontinuation of general salary increases for 2013; the replacement of the age-related leave entitlement with leave entitlement related to the number of years of service; and a freezing of the Older Employees Scheme (which entitles these employees to additional leave from a certain age). The personal budget for all employees was raised by 0.65% effective 1 January 2014.

With its emphasis on curtailment, the new Collective Labour Agreement reflects the focus of Rabo Real Estate Group on cost-savings in the Dutch business. The new Collective Labour Agreement took effect on 1 October 2013 and expires on 31 December 2015, and the negotiation parties have agreed not to implement any collective wage increases during this period. The parties also reached agreement on a more stringent method for the allocation of variable remuneration, which is paid only if Rabo Real Estate Group generates profit from its assets. The parties also agreed to pay no variable remuneration for the performance year 2013. Since the employees of Rabo Real Estate Group are insured under Rabobank's Pension Scheme, the pension changes will apply to all Rabo Real Estate Group employees. Collective Labour Agreement negotiation parties agreed on an additional measure regarding the amount of the employee share of the pension premiums. The Sociaal Plan will remain in place at Rabo Real Estate Group, but, if necessitated at an earlier stage by legislation or far-reaching organisational changes, the parties will negotiate on the Sociaal Plan, and this may result in Collective Labour Agreement provisions being agreed at an earlier date.

Annexe 1: Process of materiality analysis

The Sustainability Report of Rabobank discusses the material report topics for the year under review 2013. The GRI guidelines and the framework of the IIRC (International Integrated Reporting Council) for integrated reporting are used as a basis for identifying and selecting relevant report topics.



The first step is the identification of relevant report topics. Relevant topics are topics that can be reasonably assumed to be important for the assessment of the economic, environmental and social performance of Rabobank and to influence decisions by Rabobank stakeholders. The next step is to rank the identified topics in order of priority. The reporting priority is determined by assessing the materiality of the topic for the stakeholders of Rabobank on the one hand and the materiality of the topic for Rabobank itself on the other. The third and final step is the validation of the identified report topics. This is done to safeguard reasonable and balanced reporting of Rabobank's sustainability performance, including both positive and the negative aspects.

Annexe 2: Sustainability facts and figures

KPI 1: Rabobank Group helps customers move towards clean and sustainable business*

Portfolio loans with a social dimension or positive social effects

KPI 1 has been expanded to include loans to businesses with sustainability certification and/or initiatives, and loans to businesses in six sectors that Rabobank views as having positive social effects. Rabobank carried out a baseline measurement in the reporting period for each of these new sectors on which Rabobank aims to manage in the future.

A different methodology and approach were applied for KPI 1 in 2013.

Prior-year comparative figures are not available for all elements of the KPI.

in millions of euros	2013	2012	2011	2010	2009
Loans					
Sustainable					
Green loans	1,826	1,987	2,361	2,855	3,168
Sustainable project financing (excl. green loans)**	2,621	2,291	783	442	372
Loans provided under guarantee from Borgstellingsfonds Landbouw BF/BF+	300	333	329	341	344
VIV livestock farming relocation loans	10	10	10	7	9
Loans to sustainable technology and energy businesses	166	No comparative figures available			
Loans to environmental and recycling businesses	574	No comparative figures available			
Loans to businesses with sustainability certification	9,454	No comparative figures available			
Sustainable mortgages (Climate Mortgage and first-time mortgages (excl. Public Housing Fund SVn))	2,466	2,450	1,976	654	565
Subtotal	17,417	7,071	5,458	4,299	4,458
Access to finance					
Rabo Stimuleringskapitaal	328	389	445	106	489
Loans with state guarantee (under BMKB)	1,126	1,179	1,193	1,031	1,349
Loans incorporating Go facility***	330	312	238	174	28
Growth facility scheme (Rabo Vermogensversterkingslening)	35	45	53	51	26
Microcredits and start-up loans for SMEs in the Netherlands	1	1	2	3	2
Subtotal	1,820	1,926	1,930	1,365	1,894
Community services					
Loans to businesses in education, research & development	644	No comparative figures available			
Loans to social and community organisations	593	No comparative figures available			
Loans to cultural organisations	179	No comparative figures available			
Loans to businesses in the care sector for vulnerable groups and sheltered employment	738	No comparative figures available			
Subtotal	2,155				
Total sustainable finance	21,392	8,997	7,388	5,664	6,352
As % of total private sector lending	4.9%	2.0%	1.6%	1.3%	1.5%

* Owing to differences in classification and definitions, there may be a limited overlap between indicators.

** The definition for sustainable project financing was changed in 2013; figures for 2012 have been restated, the figures for 2009 - 2011 have not been restated.

*** Loans incorporating GO facility also include Sustainable Real Estate as of 2013.

Definitions

Indicator	Scope	Definition
Green loans	Local Rabobanks in NL, De Lage Landen, Rabobank International	Green loans under the Dutch Financial Financing plan.
Sustainable project financing (excl. green loans)	Rabobank International	Loans linked to the operation of sustainable projects under the Equator Principles.
Loans provided under guarantee from Borgstellingsfonds Landbouw BF/BF+	Local Rabobanks in NL	Loans under the Decree on the Borgstellingsfonds voor de Landbouw (Agricultural Guarantee Fund).
VIV livestock farming relocation loans	Local Rabobanks in NL	Loans under the grants scheme for Verplaatsing Intensieve Veehouderij (VIV – Intensive Livestock Farming Relocation).
Loans to sustainable technology and energy businesses	Local Rabobanks in NL	Total lending to energy businesses (such as small-scale solar and wind energy producers) and businesses in sustainable technology (such as (double) glazing businesses and insulation businesses).
Loans to environmental and recycling businesses	Local Rabobanks in NL	Total lending to environmental and recycling businesses (such as businesses that process building, renovation and demolition waste or industrial waste into valuable raw materials).
Loans to businesses with sustainability certification	Local Rabobanks in NL	Total lending to businesses with sustainability certification and/or initiatives stated in Annexe 3. The sustainability certification and/or initiatives relate to products, while Rabobank includes the entire organisation in determining the volume of loans. Rabobank did not differentiate, for the purposes of determining the amount of the loan, as to whether the sustainability certification relates to a product or (part of) the business. All loans to the business are always included.
Sustainable mortgages (Climate Mortgage and first-time mortgages (excl. Public Housing Fund SVn))	Local Rabobanks in NL	Climate Mortgages and first-time mortgages (excl. SVn).
Rabo Stimuleringskapitaal	Local Rabobanks in NL	The Rabobank Stimuleringskapitaal is a subordinated loan to strengthen the equity of a business.
Loans with state guarantee (under BMKB)	Local Rabobanks in NL	Loans under Borgstelling MKB Kredieten (BMKB – Guarantee for SME Loans).
Loans incorporating Go facility	Local Rabobanks in NL, Rabo Real Estate	Loans under Garantie Ondernemingsfinanciering (GO – Business Financing Guarantee).
Growth facility scheme (Rabo Vermogensversterkingslening)	Local Rabobanks in NL	Loans under the Growth facility scheme.
Microcredits and start-up loans for SMEs in the Netherlands	Local Rabobanks in NL	Microcredits and start-up loans for SMEs in the Netherlands.
Loans to businesses in education, research & development	Local Rabobanks in NL	Total lending to businesses in education, research & development (such as businesses that are active in environmental education and environmental assessment firms).
Loans to social and community organisations	Local Rabobanks in NL	Total lending to social and community organisations.
Loans to cultural organisations	Local Rabobanks in NL	Total lending to businesses in the cultural sector.
Loans to businesses in the care sector for vulnerable groups and sheltered employment	Local Rabobanks in NL	Total lending to businesses in the care sector for vulnerable groups and sheltered employment.

* Rabobank applied a strict definition of project financing under EP II, and the principles therefore only applied to a limited number of transactions, often in the field of sustainable energy. In the period from June 2013 Rabobank did not enter into any new transactions that need to be assessed in a different way according to the new EP III standards.

Equator Principles*				
Equator Principles	2013	2012	2011	2010
A (significant negative impact)	-	-	-	-
B (potential negative impact)	16	19	17	13
C (no negative impact)	2	6	10	11
Total	18	25	27	24
Equator Principles Categories by Sector	Cat A	Cat B	Cat C	Total
Wind	0	7	1	8
Solar	0	7	0	7
Bio-energy	0	1	0	1
Infrastructure	0	1	0	1
Geothermal	0	0	1	1
Total	0	16	2	18
Equator Principle Category by Regions	Cat A	Cat B	Cat C	Total
North America	0	7	0	7
South America	0	3	0	3
Europe	0	4	2	6
Africa	0	1	0	1
Asia	0	1	0	1
Total	0	16	2	18
Equator Principles Category by Country designation	Cat A	Cat B	Cat C	Total
Designated	0	11	2	13
Non-designated	0	5	0	5
Total	0	16	2	18
Projects for which an independent E&S review has been carried out	Cat A	Cat B	Cat C	Total
Yes	0	16	0	16
No	0	0	2	2
Total	0	16	2	18

KPI 2: Rabobank Group helps customers to invest responsibly*

* Including sustainable savings products

** The decrease in green bonds is due to contract expiries in 2013.

*** Owing to the sale of Robeco, funds that were previously reported in the figures for Robeco and that are lent out via Rabobank are included in the Private Banking figures.

**** The increase in Rabo Green Savings is due to the tax-privileged nature of this product.

in millions of euros	2013	2012	2011	2010	2009
Sustainable assets under management and held in custody					
Private Banking	735	358	214	292	249
Rabo Groenobligaties (green bonds) **	258	1,487	2,236	3,243	3,643
Sustainable and themed bonds	340	80			
Other (Rabobank International and Rabo Real Estate Group)	1,004	606	577	398	209
Total sustainable assets under management and held in custody for customers	2,337	2,530	3,026	3,933	4,101
Assets under engagement***					
Private Banking	12,376	4,686	3,138	1,247	126
Sustainable savings					
Rabo Green Savings ****	2,140	1,222	948	425	360
Rabo Socially Responsible Deposits	100				
Fund management					
Assets of Fondsenbeheer Nederland	3,018	2,945	3,087	2,815	2,713

KPI 3: Rabobank Group supports cooperation in the communities in which it operates

Cooperative dividend					
<i>in millions of euros</i>	2013	2012	2011	2010	2009
Cooperative funds (local Rabobanks)	44.1	42.8	37.0	28.3	25.8
Donations by Rabobank Nederland and other group entities	8.0	4.6	5.2	4.2	3.3
Rabobank Foundation (in and outside the Netherlands)	16.3	19.8	15.7	21.7	18.7
Project Fund	0.0	0.0	1.1	0.9	0.8
Award money Herman Wijffels Innovation Award	0.2	0.1	0.1	0.1	0.1
Share4More	0.6	0.6	1.1	0.7	0.3
Total community funds and donations	69.2	67.9	60.2	55.9	49.0

Community sponsorship					
<i>in millions of euros</i>	2013	2012	2011	2010	2009
Rabobank Nederland, Communications Department	20.4	30.3	25.1	24.1	22.6
Rabobank International and other group entities	7.8	11.0	9.7	11.8	10.9
Local Rabobanks	24.9	27.4	27.0	24.1	24.5
Total community sponsorship	53.1	68.7	61.8	60.0	58.0

Funds committed by Rabobank Foundation in the Netherlands					
	2013	2012	2011	2010	2009
Number of applications in the Netherlands	271	177	347	300	346
Number of applications granted in the Netherlands	21	31	43	29	49
Funds committed (in millions of euros)	2.5	2.5	3.0	2.9	3.2

Share4More fund					
	2013	2012	2011	2010	2009
Number of donors	6,826	6,146	4,963	4,161	2,785
Number of applications	104	190	217	180	173
Number of applications granted	79	136	133	98	87
Volume of donations (in millions of euros)	0.59	0.64	1.09	0.70*	0.27
Average donation (in euros)	7,474	5,028	8,074	7,597	3,098

* including Haiti earthquake relief.

Instruments available to Rabobank Foundation in countries other than the Netherlands					
<i>in millions of euros</i>	2013	2012	2011	2010	2009
Trade finance	1.0	1.5	0.7	5.5	6.2
Micro finance	12.9	9.5	7.9	4.0	7.0
Guarantees and commitments	1.6	5.7	2.7	3.7	0.5
Donations and technical assistance	6.9	9.1	8.7	10.7	7.9
Total	22.4	25.8	20.0	23.9	21.6

Funds committed by Rabobank Foundation in countries other than the Netherlands										
Grants by region and type of product										
Region	Trade finance	%	Microfinance	%	Guarantees and commitments	%	Donations and technical assistance	%	Total	%
Africa	0.6	6%	4.3	46%	0.6	6%	4.0	43%	9.5	100%
Asia	0.2	3%	3.7	54%	1.0	15%	2.0	29%	6.9	100%
Latin America	0.2	4%	4.9	81%	0.0	0%	0.9	15%	6.0	100%
Total	1.0	4%	12.9	58%	1.6	7%	6.9	31%	22.4	100%

Funds committed by Rabobank Foundation in countries other than the Netherlands				
	2013	2012	2011	2010
Number of applications in countries other than the Netherlands	411	310	228	357
Number of applications granted in countries other than the Netherlands	165	158	133	170
Funds committed (in millions of euros)	22.4	25.8	20.0	23.9

Rabo Development partner bank customer base				
Number of customers (x 1,000)	2013	2012	2011	2010
Tanzania (National Microfinance Bank)	1,481	1,488	1,514	1,421
Mozambique (Banco Terra)	25	25	23	16
Zambia (Zambia National Commercial Bank)	619	636	566	473
China (United Rural Cooperative Bank of Hangzhou)	1,906	1,720	1,638	1,573
Paraguay (Banco Regional)	76	68	65	61
Rwanda (Banque Populaire du Rwanda)	285	1,469	1,426	1,284
Brazil (Banco Cooperativo Sicredi)	2,502	2,249	1,979	-
Uganda (Development Finance Company of Uganda)	133	-	-	-

KPI 4: Rabobank Group delivers climate-neutral services to its customers

Greenhouse gas emissions and climate footprint: (in tonnes of CO₂)*				
Emission source	2013***	2012**	2011	2010
Scope 1				
Consumption of natural gas	12,500	11,900	11,900	18,400
Consumption of other fuels	76	180	190	330
Use of air conditioning	2,000	2,000	2,100	2,000
Lease mileage (km)	46,500	49,400	50,100	51,100
Scope 2				
Consumption of electricity	39,300	39,200	39,400	41,200
Consumption of heat	9,900	11,900	10,300	10,400
Scope 3				
Business car mileage (km)	6,600	7,100	6,800	7,500
Business flight mileage (km)	18,300	21,900	21,500	20,600
Use of paper	1,600	1,800	2,000	4,600
Climate footprint: total carbon emissions (tonnes of CO₂)	136,776	145,380	144,290	156,130
Climate footprint: CO₂ emissions per FTE***	2.1	2.2	2.2	2.4

* Greenhouse gas emissions and climate footprint are reported in accordance with the Greenhouse Gas Protocol.

** CO₂ emission data for 2012 have been restated based on adjustment of data in 2013.

*** Estimates have been used for the consumption of Friesland Bank, Obvion and Rabo Real Estate Group.

Rabobank Group energy consumption by source and activity					
	Change in use vs. 2012 (%)	2013	2012**	2011	2010
Energy consumption (in Terajoules)*	-3	3,393	3,493	3,559	3,606
Electricity total (in Terajoules)	-3	2,694	2,791	2,835	2,871
- Energy from renewable resources (in Terajoules)	-6	1,910	2,022	2,106	2,040
- Energy from non-renewable resources (in Terajoules)	2	784	769	729	831
Gas total (in Terajoules)	0	496	495	513	521
- Gas from renewable resources (in Terajoules)	-5	349	367	386	216
- Gas from non-renewable resources (in Terajoules)	15	147	128	127	305
District heating (in Terajoules)	-1	204	207	211	214
Electricity per FTE (in Gigawatt Hour)	-2	4,653	4,761	4,906	4,988
Consumption of green power as a % of total electricity consumption in the Netherlands	4	98	94	96	96
Consumption of green power as a % of total electricity consumption outside the Netherlands	0	21	21	15	20
Natural gas in m ³ /m ² (including district heating)	-3	10.3	10.6	10.7	10.2
Water in the Netherlands (x 1,000 m ³)****	16	367	316	348	419
Water in The Netherlands (in m ³ /FTE)	18	8	6.8	7.9	9.4
Lease mileage (x 1 million km)	-5	255	268	263	268
A4-size paper (in kg/FTE)	-10	26	29	29	18.9
Paper and cardboard waste (in kg/FTE)****	3	57.8	55.9	56.6	59
Residual waste (in kg/FTE)****	-18	36.7	45	45	49
Organic catered foods (% of total catered foods)***	0	76	76	75	64

* Estimates have been used for the consumption of Friesland Bank, Obvion and Rabo Real Estate Group.

** CO₂ emission data for 2012 have been restated based adjustment of data in 2013.

*** Rabobank Nederland.

**** 2010 to 2012 excludes Obvion and De Lage Landen, 2013 includes them.

Social Indicators

Staff numbers for Rabobank Group										
	Numbers					FTEs				
	Netherlands	Other countries	Total 2013	Total 2012	Change 2013 vs. 2012	Netherlands	Other countries	Total 2013	Total 2012	Change 2013 vs. 2012
Domestic retail banking										
Local Rabobanks	29,423		29,423	31,175	-1,752	26,265		26,265	27,708	-1,443
Obvion	309		309	285	24	285		285	265	20
Friesland Bank	510		510	769	-259	449		449	695	-246
	30,242	-	30,242	32,229	-1,987	26,999	-	26,999	28,668	-1,669
Wholesale banking and international retail banking										
Rabobank International	2,331	13,724	16,055	15,984	71	2,428	13,513	15,941	15,805	136
	2,331	13,724	16,055	15,984	71	2,428	13,513	15,941	15,805	136
Asset management										
Robeco Group	-	-	-	1,449	-1,449	-	-	-	1,387	-1,387
Leasing										
De Lage Landen	1,426	4,132	5,558	5,477	81	1,373	3,744	5,117	5,117	-
Real Estate										
Rabo Real Estate Group	1,082	577	1,659	1,634	25	1,006	548	1,554	1,528	26
Other										
Support staff units Rabobank Nederland	7,393	-	7,393	7,172	221	7,189	-	7,189	6,968	221
Rabo Development	31	-	31	30	1	31	-	31	30	1
Other Rabobank Nederland	46	-	46	161	-115	39	-	39	125	-86
	7,470	-	7,470	7,363	107	7,259	-	7,259	7,123	135
Total	42,551	18,433	60,984	64,136	-3,152	39,065	17,805	56,870	59,628	-2,758

Four-year summary of Rabobank Group's employee base 2010-2013

Year	Employee base at 31 December 2013	Increase/decrease on previous years, in numbers	Increase/decrease on previous years, as a %
2010	63,498	-997	-1.5
2011	64,331	833	1.3
2012	64,136	-195	-0.3
2013	60,984	-3,152	-4.9

Staff costs and training*

Amounts in millions of euros	2013	2012	2011	2010
Total wage bill	3,457	3,631	3,474	3,557
Total staff costs	5,330	5,325	4,862	4,919
Staff costs and other administrative expenses	8,462	8,303	7,712	7,629
Total training expenses	91.2	89.1	92.9	87.9
Training expenses as a % of wage bill	2.64%	2.45%	2.68%	2.47%
Amounts in euros				
Wage bill per FTE	60,793	62,342	59,635	60,578
Staff costs per FTE	93,725	91,428	83,454	83,779
Staff costs and other administrative expenses per FTE	148,801	142,557	132,382	129,935
Training expenses per FTE	1,603	1,530	1,596	1,497
Net profit per FTE	35,379	32,881	42,794	47,212
Number of training courses**	284,099	303,362	277,157	192,945

* To ensure consistency with the Financial Statements the numbers for 2012 and 2011 are excluding Robeco. The figures for 2010 and 2009 are not adjusted so that they are not fully comparable.

** 2012 includes Robeco and excludes Friesland Bank and Rabo Real Estate Group in the Netherlands.

** 2013 excludes Friesland Bank and Rabo Real Estate Group in the Netherlands.

Key figures employee development policy												
	2013			2012			2011			2010		
	LB	RN	RG	LB	RN	RG	LB	RN	RG	LB	RN	RG
Total employees (in %) with Personal Development Plan (PDD)	80	65	69	73	70	64	74	66	68	75	66	66

Not every group entity of Rabobank Group conducts an annual survey.

The RG columns represented:

- In 2010: 'personal development' and 'training opportunities' relating to Rabobank in the Netherlands and abroad excluding DLL NL
- In 2011: 'personal development' and 'training opportunities' relating to Rabobank in the Netherlands and abroad
- In 2012: 'personal development' and 'training opportunities' relating to Rabobank Group excluding Friesland Bank
- In 2013: 'personal development' and 'training opportunities' relating to Rabobank Group excluding Friesland Bank

Employee turnover broken down by age and gender*				
in %	External inflow		External outflow	
	Male	Female	Male	Female
Aged 24 and under	36.6	63.4	48.8	51.2
Aged 25 to 34	46.8	53.2	56.2	43.8
Aged 35 to 44	53.8	46.2	46.0	54.0
Aged 45 to 54	56.5	43.5	46.0	54.0
Aged 55 and over	65.6	34.4	60.7	39.3
Total	47.8	52.2	51.6	48.4

* Excluding Friesland Bank

Rabobank Group employee turnover*				
in %				
Total	2013	2012	2011	2010
Inflow from outside Rabobank Group	8.8	10.6	10.9	9.5
Outflow to outside Rabobank Group	11.3	9.6	10.1	11.4

* Excluding Friesland Bank

Employee base broken down by job level and age, Rabobank Group in the Netherlands*								
	Women %	Part-time workers %	Employees with indefinite employment contracts %	Employees aged 24 and under %	Employees aged 25 to 34 %	Employees aged 35 to 44 %	Employees aged 45 to 54 %	Employees aged 55 and over %
Total employee base	53.5	36.9	89.0	2.2	23.6	36.6	26.6	10.7
Employees in job scales 1 to 7	65.9	48.6	84.4	3.4	28.6	33.6	23.8	10.6
Employees in job scales 8 to 11	28.1	14.0	97.1	0.1	15.8	43.0	30.2	10.8
Senior managers	16.0	10.9	99.8	0.0	0.2	35.7	45.7	18.4
Executive managers	9.7	2.2	100.0	0.0	0.0	11.5	56.8	31.7

* Excluding Friesland Bank

* Rabobank Group in the Netherlands

** 2010 Rabobank Group in the Netherlands excluding Robeco NL

*** 2012/2013 excluding Friesland Bank

Absenteeism due to illness**/***				
	2013	2012	2011	2010
Absenteeism (%)	3.46	3.57	3.88	3.77
Frequency of absenteeism reports (%)	1.10	1.10	1.13	1.21
Influx of partially incapacitated employees**	80	114	93	86

* Rabobank Group in the Netherlands
excluding Friesland Bank

Breakdown of wage bill by management level*				
	2013	2012	2011	2010
Executive managers	3%	3%	3%	3%
Senior managers	7%	7%	7%	7%
Middle management	46%	46%	45%	44%
Other (job scale 1 to 7)	44%	44%	45%	46%
Total	100%	100%	100%	100%

* Rabobank Group in the Netherlands
excluding Friesland Bank

Breakdown of wage bill by age*		
(in euros, based on median of gross full-time annual salary)	Male	Female
Aged 24 and under	24,720.77	24,232.12
Aged 25 to 34	34,713.57	31,671.86
Aged 35 to 44	51,411.60	37,286.17
Aged 45 to 54	59,446.81	33,921.47
Aged 55 and over	51,986.11	33,405.24
Average	49,109.46	34,283.42

* Rabobank Group in the Netherlands
excluding Friesland Bank

Breakdown of wage bill by management level*		
(in euros, based on median of gross full-time annual salary)	Male	Female
Executive managers	171,127.59	163,748.99
Senior managers	120,212.99	120,319.40
Job scale 8 to 11	61,330.96	53,899.46
Job scale 1 to 7	37,478.65	33,968.78
Average	49,109.46	34,283.42

* Rabobank Group in the Netherlands.

** Male part-time workers (%) in 2011 rose due to two administrative changes. On the one hand, the working week at DLL was changed from 36 to 38 hours, while most continued to work 36 hours. On the other, the number of contractual hours worked by employees under the Older Employees Scheme was changed from 36 to 32 at Rabobank Nederland, Rabobank International, the local Rabobanks and Obvion, while most already worked 32 hours in practice.













*** This includes the employees of Friesland Bank who do not yet have an employment contract with Rabobank.

Employee base in the Netherlands broken down by group entity, age, gender and number of working hours in 2010-2013*								
	Employee base	Women (%)	Part-time workers (%)	Female part-time workers (%)	Male part-time workers** (%)	Women in managerial positions (> job scale 7) (%)	Average age	Employees aged 55 and over (%)
2010	43,849	54.3	38.0	62.8	5.3	24.6	40.6	9.0
2011	43,846	53.9	38.8	62.2	8.8	25.8	40.7	9.5
2012	45,294	53.6	37.3	60.3	8.4	26.9	40.8	9.8
2013	42,551	53.5	36.9	59.5	8.3	27.6	41.4	10.7
Domestic retail banking								
Local Rabobanks	29,423	60.9	43.3	65.9	8.0	28.7	41.0	10.2
Obvion	309	51.6	37.3	59.7	13.4	35.0	41.9	12.0
Wholesale banking and international retail banking								
Rabobank International	2,331	30.8	10.0	26.8	2.5	22.6	39.8	5.9
Leasing								
De Lage Landen	1,426	37.0	37.0	61.2	24.1	21.2	40.9	8.6
Real estate								
Rabo Vastgoedgroep	1,082	36.6	30.0	64.9	9.9	20.2	42.3	10.5
Other								
Support staff units	7,393	37.2	21.2	43.4	8.0	26.7	43.3	14.6
Rabo Development	31	41.9	9.7	15.4	5.6	27.3	45.9	19.4
other***	556	-	-	-	-	-	-	-

Annexe 3: Overview of certifications

Certifications that were used in the selection of loans and credit granted to businesses and organisations in the Netherlands with a positive social impact.

Rabobank has carried out an analysis of customers in the Netherlands with sustainability certification in the field of the environment or working conditions. The quantitative results of this analysis have been incorporated in its KPI 1 reporting. A total of 34 sustainable certifications were included in the analysis.

 <p>ASC Accredited and independent certification for aquaculture confirming that the fish has been caught in a sustainable and responsible way.</p>	 <p>Beter Leven Accredited and independent certification for livestock farming. Certification confirms a higher level of animal welfare.</p>	 <p>Bewuste Bouwers independent certification that assesses constructors' construction sites on the basis of five pillars: responsible, safe, neatness, environment and social.</p>	 <p>Blauwe Vlag Independent certification that beaches and marinas can use if they safeguard clean and safe water, attractive natural sites and a healthy environment.</p>
 <p>BREEAM Accredited and independent certification for assessing the sustainability performance of buildings. Constructors with the best performance have been included from this sustainability category.</p>	 <p>Care & Fair Initiative in the carpet industry in which participants ensure socially responsible factory conditions are that education and training are provided.</p>	 <p>CO₂-Prestatieladder Participants use this instrument to reduce CO₂ emissions, mainly by the efficient use of materials and sustainable energy.</p>	 <p>Cradle to Cradle Accredited and independent certification for sustainable design. Businesses with highly environmentally friendly, intelligent product designs can obtain certification.</p>
 <p>Demeter Independent certification for agriculture. Businesses with this certification operate on a biodynamic basis.</p>	 <p>Duurzaam repareren Independent certification for car repair businesses. Businesses with this certification have been assessed as environmentally friendly.</p>	 <p>EKO Independent and accredited certification confirming that products with this label have been produced on an organic basis.</p>	 <p>EKO Holland EKO Holland is an association of around 100 organic dairy farmers that all apply sustainable business practices.</p>
 <p>Fair Produce Independent certification for the mushroom sector created in response to extremely poor working conditions. The certification guarantees good working conditions and accommodation.</p>	 <p>Fair Wear Independent organisation promoting good working conditions in the clothing industry. Various Dutch brands have joined and guarantee good working conditions.</p>	 <p>FFFP Fair Flowers Fair Plants is an independent and accredited horticultural certification. Businesses with this certification satisfy the highest requirements in the fields of the environment and employees.</p>	 <p>FSC The certification guarantees that a wood or paper product is sourced from responsibly managed forests. Only the FSC partners are included from this category.</p>

 <p>Green Award Independent certification for inland and ocean shipping. The certification applies to vessels that are especially sustainable and safe.</p>	 <p>Green Key Independent and accredited certification for the leisure industry. Environmentally friendly camping sites, hotels and restaurants can earn this certification.</p>	 <p>GreenSeat Independent certification for the travel sector that facilitates travel while minimising CO₂ emissions. Organisations with the label offer the greenest mode of travel as standard.</p>	 <p>Keten Duurzaam Rundvlees Alliance between Dutch livestock farmers, butchers, wholesalers and purchasers. Participants guarantee high sustainability and animal welfare.</p>
 <p>Lean&Green Independent certification for the transport sector which stimulates businesses to grow to a higher sustainability level by means of CO₂ reduction.</p>	 <p>Made-By Independent certification within the clothing industry. Partners are stimulated to implement sustainable strategies to achieve social and environmentally friendly conditions.</p>	 <p>Max Havelaar Independent and accredited certification for various products such as coffee, tea, cotton and flowers. The label guarantees good working conditions, limited impact on the living environment and offers added value for producers and their communities.</p>	 <p>Meer met Minder Sustainable initiative for the housing sector. Affiliated suppliers are specialised in energy savings in residential properties and can support the energy-saving process from beginning to end.</p>
 <p>Metaalunie MVO Monitor A certification for businesses in the metals industry. Businesses use this instrument to provide transparency on sustainability in their business operations. Only the leaders have been included from this category.</p>	 <p>Milieukeur Independent and accredited certification for food and agri products and other products. Centred on strict environmental criteria but also includes social criteria.</p>	 <p>MPS A+ Independent certification mainly for the flower sector. Growers and traders with the MPS A+ label demonstrably achieve the highest environmental performance.</p>	 <p>MSC Independent and accredited certification that confirms the use of sustainable fishing practices. Overfishing is avoided and environmentally friendly fishing methods are used.</p>
 <p>MVO Focwa Independent certification for the car repairs sector. Available for FOCWA members who develop a CSR policy that mainly safeguards sustainability.</p>	 <p>MVO Koploper Netwerk Network of businesses with high CSR ambitions. The 27 leaders share knowledge, inspire and work together to implement CSR innovation across a range of business processes.</p>	 <p>MVO Prestatieladder Independent and accredited certification that makes it possible to certify CSR management systems. All certified businesses therefore have a CSR management system in place.</p>	 <p>Rainforest Alliance Independent and accredited certification focusing on protecting biodiversity and the environment and good working conditions. Various food products have this label.</p>
 <p>Utz Certified Independent and accredited label for coffee, tea and cocoa focusing mainly on the production process. It also guarantees good working conditions and a limited impact on the environment.</p>	 <p>VVNH Members of the Vereniging van Nederlandse Houtondernemingen (Royal Netherlands Timber Trade Association) annually report the share of demonstrably sustainable wood within total imports. Companies with a share of sustainable wood imports of at least 90% are included from this category.</p>		

Independent Assurance Report

To the readers of the 'Sustainability Report 2013 Rabobank Group'

We were engaged by the Board of Directors of Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (further 'Rabobank') to provide assurance on the information in the 'Sustainability Report 2013 Rabobank Group' (further 'The Report'). The Board of Directors is responsible for the preparation of The Report, including the identification of material issues. Our responsibility is to issue an assurance report based on the engagement outlined below.

What was included in the scope of our assurance engagement?

Our assurance engagement was designed to provide reasonable assurance on whether The Report is presented fairly, in all material respects, in accordance with the reporting criteria.

We do not provide any assurance on the achievability of the objectives, targets and expectations of Rabobank.

Which reporting criteria did Rabobank use?

Rabobank applies the Sustainability Reporting Guidelines (G3.1) of the Global Reporting Initiative (GRI), supported by internally developed guidelines, as described in the chapter 'Reporting Principles'. It is important to view the performance data in the context of these criteria.

Which assurance standard did we use?

We conducted our engagement in accordance with the Dutch Standard 3410N: Assurance engagements relating to sustainability reports. This standard requires, among others, that the assurance team possesses the specific knowledge, skills and professional competencies needed to provide assurance on sustainability information, and that they comply with the requirements of the Code of Ethics for Professional Accountants of the International Federation of Accountants to ensure their independence.

What did we do to reach our conclusions?

Our procedures included the following:

- A risk analysis, including a media search, to identify relevant sustainability issues for Rabobank in the reporting period;
- Evaluating the design and implementation, and testing the operating effectiveness, of the systems and processes for collecting and processing the information in The Report;
- Interviews with relevant staff at corporate and business level responsible for the Sustainability strategy, policies, communication and management, as well as other relevant staff at corporate level responsible for providing the information for the Report;
- Visits to local Rabobanks to evaluate the design and implementation, and test the operational effectiveness, of controls at local level;
- Evaluating internal and external documentation, on a test basis, to determine whether the information in The Report is supported by sufficient evidence;
- An analytical review of the data and trend explanations submitted by all entities for consolidation at group level;
- Reviewing and testing the relevant work of Audit Rabobank Groep (ARG).

During the assurance process we discussed the necessary changes in the Report and reviewed the final version of the Report to ensure that it reflects our findings.

What is our opinion?

In our opinion, The Report presents fairly, in all material respects, the sustainability performance of Rabobank in accordance with the reporting criteria.

Observations:

Without affecting the opinion presented above, we would like to draw the readers' attention to the following:

- The new sustainability strategy was not fully finalised during the reporting period.
As a result, The Report provides limited insight in the strategic agenda for the coming years. We recommend Rabobank to align next year's reporting with the new sustainability strategy and related targets.
- The Report contains the same information on sustainability as disclosed in the Annual Report. Although additional sustainability information is included for selected topics, this results in a concise Report that provides limited insight in the various ways of including sustainability in the provision of services, in Rabobank's opinion about achievements and whether actions for further improvement have been formulated. Furthermore, limited insight is provided in the challenges Rabobank is confronted with. We recommend Rabobank to extend the reporting on the evaluation of results and to provide more insight into the integration of sustainability in the day-to-day activities of the bank, amongst others via cases and dilemmas.

Amstelveen, 23 April 2014

KPMG Sustainability,
Part of KPMG Advisory N.V.

W.J. Bartels RA, partner

Colofon

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Disclaimer

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

Annual Reporting

In 2014 Rabobank Group publishes the following annual reporting documents, both in English and in Dutch:

- Annual Summary 2013 Rabobank Group - Jaarbericht 2013 Rabobank Groep
- Annual Report 2013 Rabobank Group - Jaarverslag 2013 Rabobank Groep
- Consolidated Financial Statements 2013 Rabobank Group - Geconsolideerde jaarrekening 2013 Rabobank Groep
- Financial Statements 2013 Rabobank Nederland - Jaarrekening 2013 Rabobank Nederland
- Capital Adequacy and Risk Management Report 2013 (Pillar 3) - only in English
- Sustainability Report 2013 Rabobank Group - Duurzaamheidsverslag 2013 Rabobank Groep
- Interim Report 2014 Rabobank Group - Halfjaarverslag 2014 Rabobank Groep

Rabobank Group's annual reporting is online available on www.rabobank.com/annualreports and www.rabobank.com/jaarverslagen.

Materials used

The Rabobank Group uses environmentally friendly materials printing this document.

Contact

Rabobank Group has exercised the utmost care in compiling the information contained in this Annual Report. If you have any questions or wish to suggest any improvements to our reporting, please contact us at webmaster@rn.rabobank.nl.

Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank Nederland)

Croeselaan 18, P.O. Box 17100, 3500 HG Utrecht, The Netherlands
+31 30 216 0000

