

# ***Rabobank's contribution to the UN Sustainable Development Goals***



**Rabobank**

**Growing a  
better world  
together**



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# Introduction

The Sustainable Development Goals (SDGs) are 17 goals set by the United Nations (UN). They give practical guidance to businesses and governments on how to shape their responses to the greatest problems the world faces. Almost every company or government agency is involved in activities which touch on one or more of these 17 goals.

Not only do the SDGs provide a near-term focus, they show the horizon we should keep in our sights. As a financial services provider we focus on the SDGs which are most clearly connected to our financial products and services. We have also taken into consideration to what extent we can make a difference in these focus areas and selected those cases. This report tells the story of the focus areas.<sup>1</sup>



<sup>1</sup> We have made every effort to present the most accurate picture of our results in relation to the SDGs. This report has not been verified by third parties and is not included in the Assurance Report issued by the accountant for the Rabobank Annual Report 2018.

# Foreword

Dear reader,

Societies around the world are facing major challenges, particularly on climate change, biodiversity loss and the growing number of mouths to feed. Most of these challenges are addressed by one or more of the 17 Sustainable Development Goals which were introduced in 2015.

As a major cooperative Food&Agri (F&A) bank, it is up to us to take responsibility and seize our opportunity to make a tangible contribution to the SDGs. We finance over 3.7 million small-scale farmers in developing countries and our loan portfolio to the F&A sector currently amounts to over EUR 100 billion.

In our previous SDG report we concentrated on the topics of food waste and climate smart agriculture. The focus of this year's report is closer to home: on the themes of climate change and sustainable construction in the Netherlands.

We zoom in on the work of the "sector tables" Rabobank participated in to discuss the issues and create consensus for an ambitious Dutch National Climate Agreement. This agreement will introduce radical measures that will affect many areas of society in the Netherlands. There will be continuing efforts to increase the number of electric vehicles, more wind farms and solar energy projects will be financed, and homeowners will face higher energy bills if their homes are not sufficiently energy-efficient to meet climate targets.

As the largest mortgage lender in the Netherlands it is incumbent on us to take responsibility and facilitate the energy transition. Rabobank has been working to make our mortgage portfolio more sustainable for some years. For instance, by offering energy scans to our customers, identifying opportunities for energy-saving measures and offering interest rate discounts for customers who invest in making their property more sustainable. Green mortgages and building deposit accounts (a buffer to make the mortgage more sustainable) are prime examples. Some of our many achievements in the past few years are illustrated in this



***Wiebe Draijer, Chair of Rabobank's Managing Board***

SDG report, with the themes of climate and sustainable construction taking center stage.

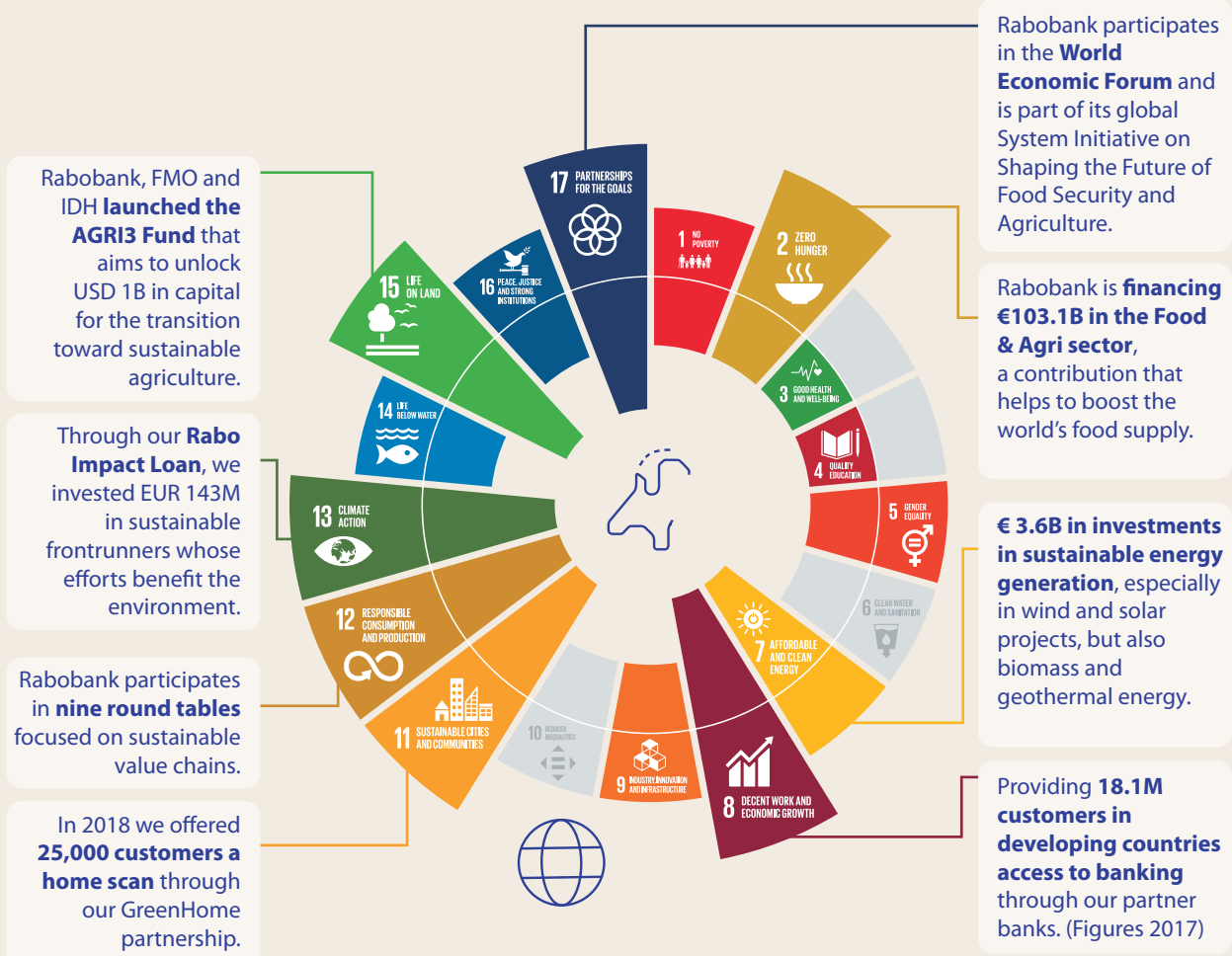
Finally, we are continuing to work with partners including WEF, WWF and WBCSD to create a sustainable future and contribute to the sector tables. In addition, the launch of the AGRI3 Fund signifies an innovative form of partnership that we are shaping with UN Environment: our joint objective is to promote sustainable agricultural practices and protect vulnerable areas near tropical rainforests. This and other partnership initiatives help us to create even more impact and put our mission of "Growing a better world together" into practice

# Rabobank and the SDGs



As shown in the value creation model in the Annual Report, Rabobank's strategic priorities have touchpoints with different SDGs. We are involved in multiple partnerships, illustrated by the prominence of SDG17 in the overview above. Other SDGs which stand out are SDG 8 (Decent Work and Economic Growth), SDG 13 (Climate Action) and SDG 7 (Affordable and Clean Energy).

# Rabobank's Contribution to the UN Sustainable Development Goals



Banking for Food



Banking for the Netherlands

**SUSTAINABLE  
DEVELOPMENT  
GOALS**

We have formulated four strategic priorities which we believe help shape our cooperative bank's mission of 'Growing a better world together'. By focusing on these priorities in our decisions, we make a meaningful contribution to the following SDGs in particular:

- SDG 2 – Zero Hunger
- SDG 7 – Affordable and Clean Energy
- SDG 8 – Decent Work and Economic growth
- SDG 11 – Sustainable Cities and Communities
- SDG 12 – Responsible Consumption and Production
- SDG 13 – Climate Action
- SDG 15 – Life on Land
- SDG 17 – Partnerships for the Goals

Rabobank contributes to SDG 2 through the loans it grants in the Netherlands as well as through the knowledge and microcredits it makes available in developing countries. The SDGs are also interconnected. Take SDG 11 for instance - Sustainable Cities and Communities. Sustainable cities run on clean energy and use smart waste flow systems, which also helps to address SDG 13 (Climate Action) and SDG 12 (Responsible Consumption and Production). The fact that we have a focus on Food & Agri across the world and a strong position in the Dutch real estate market means that we are best placed to influence the SDGs listed above.

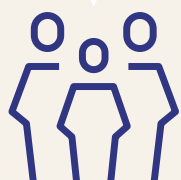
We refer to Appendix I for a more comprehensive list of Rabobank's contributions to the various SDGs.



**13** CLIMATE ACTION*Climate***Climate change involves costs but also brings opportunities.**

The Netherlands is one of the strongest export economies in the world.

If large companies and SMEs in the Netherlands successfully develop and commercialize new technologies with a reduced carbon footprint, society as a whole will benefit from those investments.





# Climate

## Climate measures

As a cooperative bank, Rabobank strives to make a meaningful contribution to increasing and improving earning capacity in the Netherlands. We do this by providing payment services, loans and trade finance, by looking after people's savings and by offering investment funds to clients. We are adding more and more sustainable options to this offering, such as green savings accounts, green mortgages and sustainable investment funds. This is how we keep our focus on climate issues and express our conviction that the Netherlands must work proactively to reach the targets set in the Paris Climate Agreement.

By 2050, there must be a clear balance between greenhouse gases and nature's capacity to absorb them. The Dutch National Climate Agreement describes the arrangements necessary to ensure that robust measures can be taken. Like the rest of the world, the Netherlands must move in the direction of cleaner energy supplies and a more sustainable economy. This section of the SDG report discusses the Dutch National Climate Agreements (see Box), the products and services which Rabobank provides to encourage CO<sub>2</sub> reductions, how Rabobank intends to account for emissions and climate risks on its balance sheet, and our own record of performance on climate issues.

### Paris Climate Agreement and the Dutch National Climate Agreement

The Paris Agreement signed by 195 countries on April 22, 2016 in New York represents a huge milestone. It demonstrates that a majority of countries acknowledge the problem of climate change and the role that humans play in it. The goal is to halt the rise of greenhouse gas emissions as quickly as possible. Prosperous countries need to assist developing countries with the funding and knowledge they need to reduce their own emissions.

The Paris Climate Agreement sets goals for 2030 and 2050 for the whole world, and each country determines how they will achieve these objectives. In the Netherlands, the goals are formulated in the Dutch Climate Law and the measures in the National Climate Agreement. Both the Dutch Climate Agreement and the Climate Law were being debated at the time of publication of this report.

The following reduction objectives will be set out in the Climate Law in the Netherlands:

- by 2030, reduce greenhouse gas emissions by 49% compared to 1990;
- by 2050, reduce greenhouse gas emissions by 95% compared to 1990;
- by 2050, achieve 100% climate-neutral electricity generation.

Although businesses and citizens are ultimately responsible for making the switch to low-CO<sub>2</sub> consumption, Rabobank has a clear vision for how it can use its role as co-financier of the economy to facilitate the transition to a lower-emissions economy. In this capacity, Rabobank took its seat alongside other private and public sector organizations at the Dutch National Climate Agreement's 'Sector Table for the Built Environment' and the 'Sector Table for Agriculture and Land Use'. They presented a package of energy-efficiency measures for these sectors in 2018 and during the first quarter of 2019. Rabobank supports the sector tables' approach and will do its utmost to help companies and consumers achieve the targets wherever possible.



## Rabobank Develops Products and Services Specifically Designed to Reduce Energy Consumption

Rabobank has developed products to make the residential mortgage portfolio more sustainable: the Green Mortgage and a Green Building Deposit Account give customers a two-year period to invest in energy-saving measures with loans that only take effect once the customers have made the investments. We also work in partnership with Green Home, offering customers a home scan (HuisScan) to check for any additional sustainability measures they could take. Other sustainable products include green savings accounts and various forms of sustainable investment products as described in the first section of this report.



For instance the biodiversity monitor, which we developed in partnership with the World Wildlife Fund (WWF) in the Netherlands and FrieslandCampina. Rabobank gives an interest rate discount to dairy farmers with exceptional biodiversity scores. This is one way in which Rabobank encourages farmers to enhance biodiversity.

### Rabobank Supports Development of Carbon Accounting Methodologies for Financial Institutions

Financial institutions are working on methodologies and standards to gain more insight into the carbon footprint and the climate risks associated with their customers. If customers are taken by surprise by physical climate risks (such as extreme weather conditions like extreme droughts or excessive rainfall, wildfires or failed harvests) their business may incur extensive losses. Government tightening of environmental regulations (known as transition risks) can also bring sharp cost increases for businesses or even force them to cease certain activities. Rabobank and other financial institutions that have issued loans to these businesses may have to account for impairments on those loans or impose more stringent terms. In other words, it is in the interest of both financial institutions and businesses to assess their carbon footprint and mitigate the associated risks.

Rabobank supports the approach of the Dutch [Platform Carbon Accounting Financials](#) (PCAF) and the [Task Force on Climate Related Financial Disclosures](#). We are also monitoring the developments and applications of the 2° Investing Initiative. In the years to come, pension funds and insurance companies will intensify their reporting on the carbon footprint and climate risks associated with their activities, which makes uniform reporting standards very important. Rabobank has therefore already begun testing different reporting standards in collaboration with other banks. Rabobank was among the first 16 banks in the world to take part in a pilot project set up by the [United Nations Environmental Program Finance Initiative](#) for which we submitted a case on flood risks for our mortgage portfolio. We conducted a [case study on carbon footprinting for dairy loans](#) for the PCAF annual report.

## Rabobank's Own Climate Performance

Rabobank is keen to set a good example and we therefore endeavor to make our operations climate neutral. We take energy-saving measures in our offices and branch networks and we purchase renewable energy. For business mileage we also offer responsible business leasing programs to employees and encourage the use of public transport and bicycle. Since we are not yet at zero energy levels, we compensate the remaining emissions. Our own energy consumption figures are recorded in the Annual Report: last year the carbon footprint per FTE decreased from 4.0 to 3.4 ton CO<sub>2</sub> per FTE. Read more in our Annual Report.



**11 SUSTAINABLE CITIES  
AND COMMUNITIES**

## ***Sustainable Construction***



### **A Sustainable Dream Home**

Geert and Julianne have built a sustainable home to replace their current energy-inefficient property. They've moved into a modern sustainable house which meets many of their requirements for a zero-energy home: the new house boasts a heat pump, a wood-burning stove, a solar-paneled roof and triple glazing for high insulation efficiency. They're well on the way to meeting their sustainability objectives.

The house uses no natural gas and has the potential for battery-powered electricity to replace grid supplies in future. Sustainable construction techniques are more expensive than traditional methods, but the couple believes that Rabobank is truly open for people with green ideas. Geert and Julianne's sustainability plans mean that Rabobank is prepared to grant them a significantly higher mortgage – up to EUR 25,000 more –

than the loan considered normal for their household income.

The couple also took out a Rabo Green Mortgage which gives them an interest rate discount. Geert is keen to emphasize that making your home more sustainable is a healthier investment choice than saving in the current low interest rate environment. And in many cases, you add value to your home too.



# Sustainable Construction

## The Energy Transition

Accelerating the energy transition in the built environment is a key theme for Rabobank. We are the biggest real estate mortgage lender in the Netherlands and a bank which takes its social responsibility seriously. In line with our mission of “Growing a better world together,” we want to work with customers to make the energy transition happen. We future-proof our real estate portfolio through measures to extend the lifespan of buildings and make more homes energy neutral. We also encourage the use of circular construction principles in the built environment: this means that real estate is designed and built in such a way that when the building’s function changes, the materials can be reused and used in a different building. Standardization and a built environment that can be disassembled are vital to circular design and construction principles.

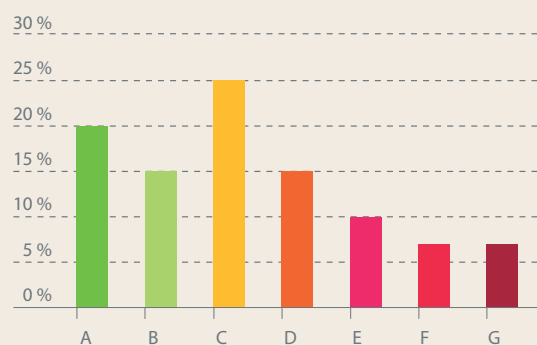
## What Does this Mean for the Netherlands?

The Netherlands is one of the European countries that has agreed to make all residential properties and buildings carbon neutral by 2050. “Carbon neutral” buildings only use as much energy as they generate. Since there are still many properties in the Netherlands which are not carbon neutral, an intermediate objective has been set: in 2030 all buildings must have an average score of “energy label A.” The only way the financial sector can achieve that goal is to accelerate the energy transition. 2050 may seem a long way off, but if we want to achieve the transformation objective, we will need to make 500 properties carbon neutral every single day. While many people are increasingly aware of the need to save energy, the scale of investments in energy-saving measures is still small. The main reason is that many homeowners feel put off by what they perceive as the complexity of the topic and the related processes. They also have questions on how to fund these measures and where to go for information and expertise.

**Rabobank** welcomes homeowners with green ideas like Geert and Julianne. “When interest rates on savings are low it’s certainly worth investing in sustainability for your home. You literally make your money work for you and add value to your home too.”



**The figure below** shows the energy label categories of all properties in Rabobank’s mortgage portfolio in the Netherlands. Clearly we still have a long way to go before existing properties meet ‘A label’ sustainability standards.<sup>1</sup>



<sup>1</sup> In 2018 approximately 17% of Rabobank's residential portfolio had been granted a definitive energy label

## Homeowners

Rabobank launches a raft of initiatives and partnerships to support home owners. We are using our knowledge, insights and finance to make it as easy as possible for homeowners to take sustainability measures. Every year we help around 75,000 home owners to make their homes more sustainable, aiming to add 40,000 homes a year to the list of properties with energy label A. We have trained our 2,500 advisors to share their sustainability expertise with homeowners and prospective homebuyers, which helps them reduce their energy bills and boost the value of their properties. In partnership with GreenHome we give our customers insight into the sustainability options available to them. Homeowners can do the home scan (HuisScan) for advice on the most appropriate energy-saving measures, which can then be carried out by local entrepreneurs.



We encourage customers who are not yet carbon neutral to meet any extra energy needs from green energy providers. Which is one reason why we work in partnership with Vandebron; a green energy provider based in the Netherlands. Customers who have just bought a house can use the Rabo Green Building Deposit Account to keep money in reserve (interest free) as a flexible source of finance for energy-saving improvements made within two years of buying their home. We also encourage sustainable new builds through the Rabo Green Mortgage: we reward customers who build a new highly energy-efficient home with an interest rate discount.

## Commercial real estate

To achieve our goals, we must also accelerate the energy transition for commercial real estate.

Our aim is to make all Rabobank's commercial real estate 100% green as early as 2030. This ambition is in line with Rabobank's vision of the future, in which real estate is a key element in a sustainable and circular living environment.

We give our clients in the Netherlands access to our sustainable real estate website to check – free of charge – how sustainable their real estate portfolio is and see which improvement measures they could take. As the sustainability of the portfolio rises, so too does the interest rate discount.

Rabobank plans to give access to finance to transform and repurpose 20,000 existing real estate assets through to 2023.

By breathing new life into at least 1.5 million square meters of commercial real estate, we are instrumental in reducing the number of vacant buildings, tackling waste and limiting destruction of natural areas. Between 2010 and 2017, Rabobank provided finance to repurpose 2 million square meters of real estate.

In partnership with Energieke Regio (Energetic Regions), we are taking a regional approach to deploy knowledge and financial solutions to help improve the sustainability of businesses and institutions all over the country. The activities include information provision to real estate owners to address their concerns about implementing sustainability measures. We take a similar approach to addressing sector-specific requirements, for instance schools, healthcare facilities and farming businesses. Rabobank's ambition for its own properties is to ensure that some will acquire energy label A before 2027: after all, we must demonstrate that we are taking our own advice and putting it into practice.



## Sustainable Construction and the SDGs

A more sustainable built environment could play a key role in tackling climate change. The built environment is responsible for around 40% of greenhouse gas emissions globally. Thanks to our high market share in the residential and commercial real estate markets, Rabobank is in a position to create positive impact. Rabobank always keeps in mind the strong interconnectedness of the SDGs and the fact that the focus on energy efficient construction is closely linked to circular construction.

At this time, we believe that too much attention is being focused on energy savings (SDG 11) as a means to reduce greenhouse gas emissions (SDG 13) and too little on the merits of recycling and reusing materials in flexible designs. By stimulating transformation and repurposing in construction, Rabobank wants to reduce the incidence of property vacancy, minimize waste and limit unnecessary destruction of the natural environment. In the residential sector, Rabobank is accelerating the energy transition by encouraging customers to invest in energy-saving measures and in newly constructed carbon-neutral homes.

## 1 No Poverty

- Rabobank Foundation is investing € 33M toward reducing poverty.<sup>1</sup>
- Rabobank Foundation has a positive impact on the lives of 3.7 million small-scale farmers in developing countries and 590,495 vulnerable people in the Netherlands.<sup>1</sup>

## 2 Zero Hunger

- Rabobank is financing € 103.1B in the Food & Agri sector, a contribution that boosts the world's food supply.
- Rabobank published more than 200 research reports about Food & Agri to share with our clients; our podcasts were downloaded over 150,000 times in 2018.
- In 2018, 142,173 farmers, 45% of them women, gained access to markets through the Farm to Market Alliance.

## 3 Good Health and Well-Being

- Our investments in health care decreased from € 5.8B to € 5.6B following a reduction of unused credit facilities.

## 4 Quality Education

- Rabobank encourages life-long education for all its employees. We spent € 1,906 per FTE on courses and training, a total of € 79M.

## 5 Gender Equality

- Rabo Women organized 36 events with over 2,800 participants.
- Positive development of gender equality at Rabobank: SB 44.4% female, MB: 40% female and Senior Management 31.3% female.

## 7 Affordable and Clean Energy

- € 3.6B in financing of renewable energy generation through wind, solar, biomass and geothermal projects.
- € 500M from Rabobank Green Bond was allocated to 12 sustainable solar and wind energy projects, which together generate 229.1 Mw.
- Rabo Groen Bank financed 691M in sustainable energy projects.

## 8 Decent Work and Economic Growth

- Rabobank's 2018 net profit: € 3.0B.
- Access to banking services to 18.1M customers in developing countries through partner banks.<sup>1</sup>
- Rabobank provides 41,861 decent jobs (in FTE) with an annual salary spend of € 2.7B.
- Rabobank financed € 46B in sustainable products and services that have a positive effect on the economy, society or environment, or otherwise reduce negative impacts thereon.

## 9 Industry, innovation and infrastructure

- Rabobank financed € 4.742B in the construction sector.
- Rabobank financed € 7.1B in infrastructure investments, which goes to water, land and air infrastructure, as well as radio masts and cabling infrastructure to advance connectivity.

## 11 Sustainable Cities and Communities

- Rabobank is part of SHIFT INVEST, a venture capital fund that invests in innovations that advance food and agriculture, healthy nutrition and clean (bio-based) technologies.
- We financed € 300M in the Energy Savings Fund.



Banking for the Netherlands



Banking for Food

**SUSTAINABLE  
DEVELOPMENT  
GOALS**

- Rabobank's 'A' label real-estate portfolio is valued at €29.1B.
- In 2018, we offered 25,000 customers a home scan through our GreenHome partnership.

## 12 Responsible Consumption and Production

- In 2018 the DLL's Global NBV CleanTech portfolio increased to a total of €378M.
- Rabobank helped more than 140 companies achieve greater sustainability of operations in seven regional circular economy challenges.
- Rabobank issued 7.5B in loans to businesses with a meaningful sustainability label.
- Rabobank participates in nine round tables focused on sustainable value chains.

## 13 Climate Action

- We used the Rabo Impact Loan to invest €143M in sustainable frontrunners with a positive environmental impact.
- The Rabo Green Loan celebrated its 20th anniversary in 2018. In 2017, our green loans totalled € 287M. In 2018 we expanded this sum to € 410M.
- In the Netherlands Rabobank purchases all its gas from its own clients and no longer uses fossil natural gas.
- For the third year in a row, Obvion issued a green bond linked to sustainable mortgages, currently valued at € 1,489M.

## 14 Life Below Water

- With WWF, our sustainable aquaculture program has helped clients in Chile to achieve 30% ASC certification in salmon production.
- Rabobank promotes sustainable aquaculture, partly by offering a reduced interest rate to certified fish farms.

## 15 Life on Land

- We financed € 321M in organic farming projects and € 42M in nature conservation projects.
- Rabobank is involved in the Tropical Forest Alliance 2020 against deforestation.
- Rabobank, FMO and IDH launched the AGRI3 Fund that aims to unlock USD 1B in capital for the transition toward sustainable agriculture.
- Rabobank played a significant role in the delta plan for restoring biodiversity in the Netherlands.

## 16 Peace, Justice and Strong Institutions

- We contribute to IRBC agreements on international responsible business conduct regarding human rights and sustainable development.
- We encourage investment funds to comply with the UN's Global Compact principles and the UN Principles for Responsible Investment.

## 17 Partnerships for the Goals

- Rabobank participates in the World Economic Forum and is part of its global System Initiative on Shaping the Future of Food Security and Agriculture.
- Rabobank is a member and co-chair of the Climate Smart Agriculture Finance working group (WBCSD).
- Rabobank cooperates with several UN organizations active in food security, nutrition and agriculture, including FAO, WFP, IFAD, WHO, UNDP, UNEP-FI, UN Global Compact and Scaling Up Nutrition.
- Rabo Partnerships shares knowledge and expertise with more than 20 partners in developing and growth markets.<sup>1</sup>



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