

# *Our Impact in 2022*



Impact Report 2022

*The cooperative* **Rabobank** 





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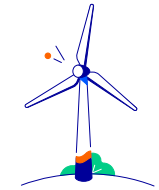
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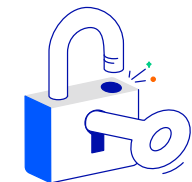
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# About This Report

## Our Impact in 2022

The need to transform our economies and societies to more sustainable ways of living and working has never been greater or more urgent. At Rabobank, sustainability is an integral part of our corporate mission: "Growing a better world together." We aim to contribute to the transitions which matter to us and our stakeholders now and in the future. These transitions are multifaceted and the way to get there is continuously developing. Worldwide there are big steps to take. These challenges require us to cooperate.

By means of this Impact Report we intend to give our stakeholders an impression of how we endeavor to make a positive impact on the societies we serve and how we aim to contribute to the [Food System Transition](#), the [Energy Transition](#), and the [Transition to a More Inclusive Society](#). We are nonetheless aware that the eventual and actual impact of our initiatives obviously depends on many factors, such as economical changes, customer behavior and changes in regulations. As we are making a contribution to a more sustainable society, we also realize that the impact from our portfolio and our clients' activities is not only positive. For example, if we look at our impact on climate, the reality is that our clients emit Green House Gas (GHG) in one form or another. Whether it is a transport company whose trucks emit CO<sub>2</sub>, a farmer whose dairy cows produce methane, or a homeowner heating their house.

| *We are proud of the initiatives and results, and we are also aware that all three transitions still have a long way to go.*



## Our Impact in 2022 and Our Road to Paris

"Our Impact in 2022" tells who we are, how we face and facilitate transitions, and how we strive for positive, sustainable impact on society. "[Our Road to Paris](#)", published in November 2022, zooms in on our approach to climate change, cutting across transitions. In "Our Road to Paris," on top of our financed emissions in 2020, we disclose the decarbonization pathways, and our initial GHG emission-reduction targets for 12 high-emitting sector/region combinations. It also contains our alignment approach for our own operational emissions, and our approach to climate risk management. It reports on our progress towards Paris Alignment, gives a snapshot of where our work stands in terms of what we currently know, what we think we need

to know, and how and when we can close the gap. Unlike "Our Road to Paris," "Our Impact in 2022" does not contain future targets, pathways or sector plans on how to target the three transitions. In this Impact Report we give an update on our Scope 3 financed emissions, which currently include the Scope 1 and 2 emissions of our clients, and our progress towards our climate targets for the above-mentioned 12 sector/region combinations.

## Annual Report

This Impact Report was published on March 9, 2023, at the same time as our Annual Report 2022. In that report we present our 2022 annual figures, and provide insight into the progress we made in 2022 on our strategy and material themes. As a supplement to the Annual Report, we also provide an overview of key sustainability performance metrics in our ESG Facts & Figures Report. This Impact Report must be seen in congruence to these other reports.

## Published by

Rabobank Communications & Corporate Affairs, Croeselaan 18, Postbus 17100, 3500 HG Utrecht, Nederland, Phone: +31 (0)30 216 0000, E-mail: [jaarverslagen@rabobank.nl](mailto:jaarverslagen@rabobank.nl)

Download report

# Rabobank at a Glance

Mission: *Growing a better world together*

## The Netherlands

78 Local Rabobanks



### Domestic Retail Banking

144  
offices

2.2  
million  
members

8.3  
million private  
customers

0.8  
million corporate  
customers

### What We Offer in the Netherlands

(amounts in EUR billions)

193.0 Dutch Private Mortgages

40.4 Lending to Food & Agri

75.4 Lending to Trade, Industry and Services

2.0 Billion point-of-sale terminal transactions

152.9 Savings

50.5 Assets Under Management

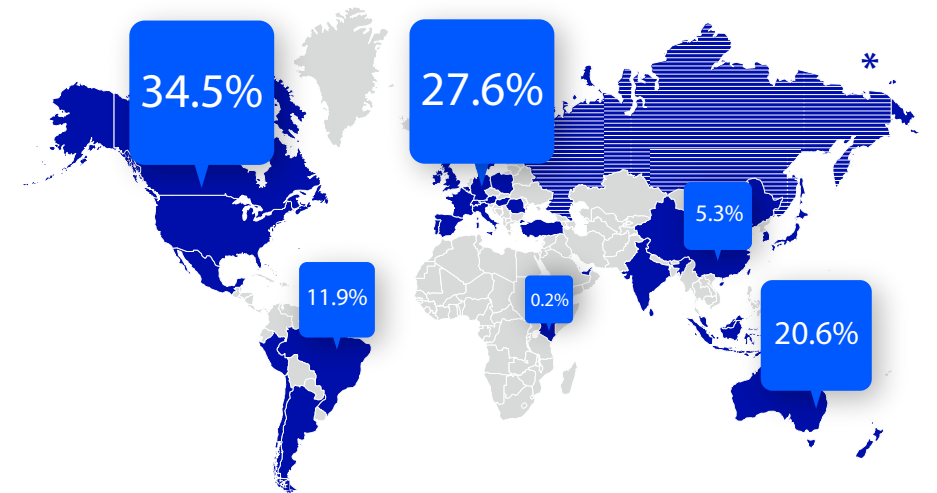
1.3 Leasing

6,081 BPD transactions

## International

36 Countries

Geographical split of our international private sector loan portfolio



### What We Offer Internationally

(amounts in EUR billions)

73.0 Private sector lending to Food & Agri

39.0 Private sector lending to Trade, Industry, and Services

36.4 Leasing

\* On February 25, 2022, new activities in Russia had already been discontinued by DLL. In November, 2022, DLL has completed its withdrawal from Russia.



# About Us

## Our History

Rabobank grew from a small credit union founded by farmers and horticulturists dating back to the end of the nineteenth century. These farmers wanted to modernize in order to meet increasing demands, but had limited or no access to credit. They solved this problem by founding credit cooperatives. The farmers were not shareholders but members working together on structural solutions to the challenges they faced, while also sharing their gains with society. The success of this cooperative model attracted other citizens who brought their savings to the local "banks."

As these cooperatives worked locally, they needed a central organization to support them in various areas. This is why they founded what is now the cooperative Rabobank. Today we work with almost 47,000 employees (FTE) in 37 countries. Our international focus is on the Food and Agriculture (F&A) sector. In the Netherlands, we also offer private customers and commercial clients a wide variety of financial products and services. Rabobank Group also includes subsidiaries BPD, Obvion, and DLL, which, respectively, provide real estate, mortgage, and leasing solutions.

Given the strong local presence of the cooperative, Rabobank plays an active role in society. In the Netherlands, the Local Rabobanks continue to help build vital, inclusive communities in municipalities and regions. And internationally, Rabobank helps clients continue to innovate and become more sustainable. This is how we turn our mission into reality: Growing a better world together.

## Our Cooperative Governance

We are a cooperative which means that we are supported by our members rather than shareholders. Customers can demonstrate their involvement in the bank by becoming members. More than two million customers are currently members of Rabobank. Together, they approve the bank's course.

Since the founding of the first credit cooperative in 1895, Rabobank's governance has been regularly adapted to reflect social developments, changes in the banking sector, and strategic considerations. On January 1, 2016, all Dutch local cooperative Rabobanks and the cooperative central organization were merged into one cooperative with one financial statement and one banking license: Coöperatieve Rabobank U.A. (Rabobank).

This fundamental governance change was intended to strengthen both the cooperative organization and the banking function, as well as the symbiosis between the two. The disciplining member say and influence are firmly anchored in the governance of Rabobank. The tasks and responsibilities of the governance bodies are formalized in the Articles of Association and regulations. These are discussed in general terms in the chapter "Corporate Governance" in the [Annual Report](#).

## Our Cooperative Mindset

We believe that we can make each other better and create more opportunities through collaboration. This is what the cooperative mindset is all about. The best way to tackle urgent societal, economic and ecological challenges related to food, energy, and inclusivity is to work together with our clients, partners, and other stakeholders.

## Our Values and Behaviors

Defining our cooperative mindset and creating a context in which people can trust us as an organization means defining our shared values and behaviors in a way that others can rely on, like a compass. Our [Rabobank Compass](#) defines our Values & Behaviors. It gives us direction and helps in creating a continuously learning environment aiming for positive impact on society.

- Client-driven and action-oriented: "I go the extra mile for my clients."
- Purposeful and courageous: "I dare to make a difference in the world."
- Professional and considerate: "I am doing the right thing exceptionally well."
- Bring out the best in each other and keep learning: "I make you better."

# Our Fundamentals

## Mission

| *Growing a better world together*

This is what we stand for and what we aim to achieve by being client-driven, action-oriented, purposeful, courageous, professional, and considerate, as well as by trying to bring out the best in each other while continuously learning.

## Vision

We are committed to making a difference as a cooperative, client-driven, all-finance bank. We want to make a substantial contribution to feeding the world sustainably and to fostering well-being and prosperity in the communities in which we are active. We aim to be a responsible bank, championing issues that have a major impact on society, the environment, and on our clients. This is why we actively engage in facilitating transitions which matter to us and stakeholders now and in the future:

| *Food, Energy, and a more Inclusive Society*

## Food System Transition

### ***Enough affordable, nutritious food for all, within planetary boundaries***

Although successful in many ways, the global F&A system has put increasing and unsustainable pressure on planetary boundaries. According to the FAO (Food and Agriculture Organization of the UN), the food and agriculture sector is responsible for 31% percent of human-caused GHG emissions. The current lifestyle and food choices that society makes, supplied by the global food system, have far-reaching impact on on fresh water resources and could be linked to biodiversity loss and even to deforestation. Our ambitions related to the required Food System Transition stem directly from our founding story. As a cooperative bank, we have been dedicated to creating a future-proof society and tackling major societal challenges for 125 years. As a bank founded by farmers for farmers that has supported F&A businesses all over the world for decades and has gained a wealth of sector knowledge, we believe that the F&A sector can be a significant part of the solution for the challenge of providing enough affordable, nutritious food, for a growing world population, within planetary boundaries.

| *The F&A sector can be a significant part of the solution*

At the heart of our vision on the Food System Transition, is our ambition to create a "from here to greener" transition with clients through our financing, knowledge development, network, and innovation activities. This includes offering financial tools, like sustainability-linked loans and blended finance solutions, as well as interest rebates for sustainable business models and engaging with clients to improve sustainability performance.

Our global team of RaboResearch food and agribusiness analysts provides sector-specific insights to help clients improve their businesses. As an F&A bank we share our knowledge with trusted partners — from business, government, civil society and throughout the value chain — to jointly transition to a sustainable food system.

## Energy Transition

### ***Climate change and the transition toward a more sustainable energy supply and consumption***

The transition from fossil fuels to renewable energy sources like wind and solar will demand fundamental changes to how we all live and work. The urgency with which we need to make the transition, due to the threat of climate change, and accelerated by geopolitical developments, is putting our societies under great pressure. But the transition also holds the promise of creating a more inclusive society as long as its benefits and costs are distributed in a fair and just manner. For us, the Energy Transition is an opportunity to further build on our position in renewable power generation.

| *We want to speed up the transition and raise the bar*

## Transition toward a More Inclusive Society

### ***Everyone deserves a fair and equal chance to pursue their ambitions***

Based on our cooperative mindset, we believe that people should be able to pursue their personal opportunities and choices. Sometimes, a lack of diversity in organizations can prevent people from benefiting from new opportunities and developments. This should not be the case. For this reason, we want to support and consult with our customers to help them in making progress in order to move toward a more inclusive society.

| *Every human being deserves opportunities. To grow, develop and work towards a better future.*

We contribute to society by deploying our knowledge, networks and financial resources. We collaborate to create solutions that are good for our customers and their world. After all, peoples' individual issues are also influenced by larger challenges in the world around us, such as continuing digitalization, equal opportunity and social inclusion.

We believe that everyone can take steps toward achieving greater financial health. We help by providing inspiration and motivation, practical and accessible tips, and by means of our digital tools and smart features in the Rabo App. In addition, we establish and support social initiatives that can be beneficial for our customers and for wider society. We support social entrepreneurs who are committed to an inclusive labor market and equal opportunity in the Netherlands, and we contribute to flourishing agricultural cooperatives in developing countries in the hope that the communities in which they operate flourish too.

If it appears that the challenge is too large to tackle alone, we try to join forces with others in order to effect systemic change based on our belief in the connection between government, society and business. We initiate and collaborate on partnerships in which each party contributes and is involved based on their own background and expertise. By doing so, we are making a contribution to build an inclusive society with equal opportunities and choices for everyone.

### | *It is all connected*

All these transitions and themes are intertwined. For example, climate change can also drive more people into poverty and reduce inclusion. In 2022, 600,000 households in the Netherlands faced energy poverty (2021: 510,000), meaning that their energy bills are relatively high and they either have no money to invest in sustainable solutions that would reduce monthly costs, or their rental agreement does not allow that. Without government support, this would have been 900,000 households. This creates inequality and therefore negatively impacts the transition toward a more inclusive society.

Furthermore, the Energy Transition also enables other sectors, such as the F&A sector, to reduce their emissions and invest in more sustainable farming practices. In turn this poses challenges for their current business model as well as the global food supply.

We believe we can have a positive impact if we focus on the transitions of Food and Energy in combination with an Inclusive Society. By defining these transitions in this way we are not seeking to oversimplify the complexity of our societal, economic and ecological context. Rather we are looking for ways to facilitate sustainable business models and to focus on adding value in a systemic way.

A precondition for the required transitions is that they are "fair, right, and just" and that the benefits and burdens of the transitions are equally and proportionally distributed among stakeholders throughout different regions in the world. Members, clients, and employees of the cooperative all have a role to play in enabling fair and just transitions.





*Food System Transition*



# Our Contribution to the Food System Transition

Ensuring together that there is enough healthy food for everyone.  
Food that is produced within the planetary boundaries.



## Knowledge

### Food & Agribusiness research

Over **80** researchers and analysts provide sector specific insights covering everything from farm inputs to consumer foods from both local and global perspectives. In 2022, almost **375** publications for the F&A network were published. Additionally, **9** podcasts generated **almost 500,000** downloads.

### Sustainability Linked Roles

Through specific roles we provide clients support in their transition from “here to greener”; agronomists in Brazil, sustainable business developers in Australia, New Zealand and the U.S. and F&A sector managers in the Netherlands with sustainability expertise.

### Dedicated transition team

In 2022, we established a dedicated transition team responsible for helping our clients in the Food System Transition.

## Networks

### Sustainability themes round tables

We actively participate in commodity networks and roundtables, e.g. for Sustainable Beef, Biomaterials, Palm Oil, and for Responsible Soy.

### World Economic Forum

On international stages like the WEF 2022 we call for regulations to facilitate Food System Transition and address challenges and opportunities around food, the climate, and finance.

### Rabo Foundation

Rabo Foundation provides initial funding to improve the livelihoods of smallholder farmers in developing countries and their ability to produce more sustainably. Projects focused on the strategic themes Climate Smart Agriculture, Reinforcing the value chain and Reduce post-harvest losses are funded. In addition to Rabo Foundation, there is the Rabo Rural Fund (RRF). RRF finances farmers' organizations that are too large for funding from Rabo Foundation and too small for commercial financing (from Rabobank international).

### Rabo Food Forward

In the Netherlands through Rabo Food Forward, we form coalitions to work in partnership on sustainable food solutions. In 2022 we have launched the Food Forward Membership: a community that connects pioneers in the field both with peers and with financial, networking and knowledge partners.

### Sustainable business development

Together with a.o. WBCSD we work on the intersection of food & finance, e.g. on the Banking for Impact on Climate in Agriculture initiative, to help financial institutions measure, benchmark and disclose their F&A portfolio GHG emissions.

## Results

Realized volume	EUR	%
Increase volume sustainable finance	1,026 million	3.4

## Finance

### Green Loans

Aimed exclusively at (re)-financing eligible green projects, **EUR 1.3 billion** in 2022.

### Rabo Innovation Loan

Aimed at stimulating clients with special innovations. In the Netherlands, in 2022 we granted **16** new Innovation Loans each worth **EUR 150,000** for F&A clients and assisted **52** clients, with a total of **EUR 22 million**, in their follow-on financing.

### Rabo Investments

Aimed at scaling-up meaningful innovation in F&A by supporting clients globally through capital solutions. Portfolio companies include both start- and scaleups and established companies. In 2022, we invested a total of **EUR 88 million** in F&A businesses and funds that contribute to the Food System Transition, of which **EUR 19 million** in early stage ventures.

### AGRI3 Fund

In 2022, an AGRI3 Fund risk participation enabled a Rabobank **USD 20 million** loan facility (10 year tenor) to grain and cotton producer Grupo Locks. To date, total transactions via AGRI3 Fund are **USD 73 million**.



## Innovation

### Rabo Partnerships

In 2022, nearly **375,000** smallholder farmers have been onboarded on a digital platform Agriculture Exchange, a partnership with Mastercard, aimed at providing emerging markets farmers access to finance while developing their ability to produce sustainably.

### Carbon Bank

Propositions aimed at regenerating ecosystems, additional farmer income and driving reduction and compensation programs for businesses.

### Acorn

To date, through agroforestry the Acorn program has supported **almost 52,000** farmers and issued nearly **133,000** Carbon Reduction Units.

### Biodiversity Monitor

In 2022, **60** farmers agreed to share their ‘on farm’ data via the biodiversity monitor.

### Open Soil Index

In 2022, **353** farmers used the open soil index, allowing them to measure as well as improve the quality of their soil.



# Food System Transition

*As a cooperative bank, servicing Food & Agri businesses all over the world, we are committed to support our clients in their transition toward a food system that produces enough food for a growing world population, within planetary boundaries.*

## Vision

For decades, we have supported F&A businesses all over the world and gained sector knowledge in the process. We are convinced that the F&A sector can transform itself to sustainably meet the needs of future generations. This is no easy task. The F&A system needs to undergo a multi-faceted transition. And the involvement, cooperation, entrepreneurship, and innovative power of all stakeholders (including governments and consumers) in the system is needed to successfully achieve this.

We want to facilitate and contribute to the Food System Transition and have developed a vision on how to realize it structured around the **Food and Land Use Coalition** (FOLU) framework. The [FOLU framework](#) provides an overarching perspective on where we need to be by 2030 in order to stay on track for the 2050 climate related goals. FOLU's framework identifies 10 themes, of which we have selected five in which we expect to have the most impact:

1. **Productive and regenerative agriculture**
2. **Protecting and restoring nature**
3. **Promoting healthy and sustainable diets**
4. **Reducing food loss & waste**
5. **Stronger rural livelihoods**





In addition to adopting the five themes from the FOLU Framework, we have developed four pillars that will help reconcile achieving both Food System Transition and commercial objectives. These four pillars include:

1. Building the required transition advisory and banking capabilities for the Rural sector
2. Leverage those capabilities to become better transition advisors and financiers for our Wholesale clients
3. Use our position in both Rural and Wholesale sectors to establish connections and help build transition enhancing value chain solutions
4. Grow our portfolio with new business that is already Food System Transition aligned

In line with our vision on Food System Transition, we were one of the first financial institutions to sign the [Finance for Biodiversity Pledge](#) and joined the NZBA, thus adopting the 1.5° C Paris Agreement temperature target and committing to reach net-zero financed emissions in our portfolio by 2050. In 2022, we took important first steps in our Road to Paris approach to reduce our climate impact to align with pathways for meeting the 1.5° C Paris Agreement temperature targets. We identified the eight high-emitting sector/regions in our F&A portfolio and derived emission reduction pathways for each. For four of the FST related, high-emitting, international sector/regions we used the newly developed SBTi FLAG tool as a benchmark. All of this work culminated in "[Our Road to Paris](#)" report, which was a first milestone on our road to a low-carbon, climate-smart future. However, it is only the start. We will continue to build on it, improving the scope and accuracy of our financed emissions, targets, actions, and decarbonization pathways.

In the coming paragraphs we demonstrate how we contributed to the five FOLU themes in 2022 and how we have been helping our clients get from "Here to Greener". Throughout this chapter we also describe are efforts to support our Dutch F&A clients and the Dutch F&A transition in 2022.

## Rewarding and Incentivizing Sustainable Business Models

We consider our financial products and services to be tools with which we can help our clients shift to more sustainable practices and business models. We offer financial products with more favorable conditions, such as reduced interest rates, extended repayment terms, lower instalments, and so on. To be more specific, in 2022 we decided to expand the scope of eligible clients with an A label, as defined and measured by our *Duurzaamheidsmatrix* (Sustainability Matrix), across the whole Dutch Corporate F&A portfolio that we can offer an interest rebate. To do this in a financially viable way, we simultaneously decided to adjust our overall price level in a differentiated approach across the Dutch F&A sector. These new price levels, including sustainability-linked rebates, are scheduled to be implemented in 2023. We already ran a successful pilot of this approach, where 500 dairy farmers received an interest rebate of 0.2 percent in 2022. We are looking to expand the scope even further by also incorporating financing under EUR 1 million.

### Sustainability-Linked Loan

Our Sustainability-linked Loans are financial products linked to sustainability-related Key Performance Indicators (KPIs): once a client meets these pre-determined KPIs, they are granted lower interest rates. In 2022, a significant part the sustainability-linked loans were granted in the F&A sector, for instance to Devro in the collagen market and to Coca-Cola Europacific Partners (CCEP) in the beverage market. For CCEP, we provided EUR 350 million of funding for the Sustainability-Linked Supplier Finance program through which CCEP incentivizes and engages its suppliers to realize its environmental objectives related to its scope 3 emissions.

### Rabo Innovation Loan

Business entities that do not (yet) qualify for a conventional bank loan can, under certain conditions, apply for a Rabo Innovation Loan. In 2022, we granted 16 new Innovation Loans (EUR 150,000 each) to Dutch F&A clients and assisted 52 Dutch F&A clients with their follow-up financing (in total EUR 22 million). For example, we granted a loan to RavenFeed, a business that aims to make protein production by insect farming available locally.

### Rabo Green Loan

In the Netherlands, private investors can invest savings in sustainable business projects through *Rabo Groen Bank* (Rabo Green Bank). In 2022, EUR 497 million in new loans were granted, of which EUR 23 million to F&A clients focused on organic agriculture. For example, Rabo Green Bank granted a loan to De Bolster B.V. that produces fully organic seeds for the agriculture sector.

### Rabo Impact Loan

Dutch businesses that hold at least one of the selected, external sustainability labels can receive an interest rate discount by applying for a *Rabo Impact Lening* (Rabo Impact Loan). In 2022, a total amount of EUR 112 million was granted to 90 F&A clients.

### AGRI3 Fund

We work with partners and stakeholders to develop collaborative blended finance solutions, in order to de-risk the financing of sustainable projects and initiatives that would otherwise be difficult to finance. In partnership with UN Environment, FMO (the Dutch Development Bank) and IDH (the Sustainable Trade Initiative), Rabobank has set up the AGRI3 Fund. This is an independent managed fund in which the Ministry of Foreign Affairs of the Netherlands is the key donor and Rabobank is a senior lender, while the fund is actively seeking other investors. The AGRI3 Fund offers de-risking arrangements to commercial banks to finance high-risk investments in sustainable agriculture, forest protection, and improved rural livelihoods. To date, total transactions via AGRI3 Fund are USD 73 million.

In 2022, an AGR13 Fund risk participation enabled a Rabobank led USD 20 million loan facility (10-year tenor) to grain and cotton producer Grupo Locks. This flagship transaction enables circular practices at scale by mainstreaming regenerative agricultural practices and reducing the use of chemical pesticides on over 10,000 hectares.

In an effort to extend blended finance solutions to smaller loans for Rural clients in Brazil, we developed and launched the Renova Pasto standardized loan. This 10-year facility enables cattle ranchers to restore their soil health and accelerate compliance with the Brazilian Forest Code (legislation to protect Brazil's forests).

### Rabo Investments

We support established companies in their transition and help scale-up meaningful innovation in F&A by supporting clients globally with capital solutions through Rabo Investments. We provide, amongst other things, early stage venture capital and we leverage the Rabobank network to help innovation to accelerate. In 2022, we invested a total of EUR 88 million in F&A businesses and funds that contribute to the Food System Transition, of which EUR 19 million in early stage ventures. For example, Full Harvest, the business-to-business marketplace that specializes in surplus and imperfect produce, and Koppert Cress that produces cresses and other edible leaves and flowers from natural aromatic plants for restaurants worldwide.

### Client Case

## Sustainability-Linked Loan: Devro

Rabobank's Capital Markets team recently coordinated the Sustainability-Linked Loan of Devro plc's (Devro) refinancing. Devro, one of the world's leading suppliers of collagen casings for food, financing is in many ways a textbook example of how a financial product or service can be deployed to support clients in their sustainability focus and transition to more sustainable production methods and business.

As the name Sustainability-Linked Loan implies, a company's sustainability progress is linked to the margin paid on its bank facilities. A discount on that margin is awarded if pre-defined sustainability related Key Performance Indicators (KPIs) are met. These KPIs are often United Nations Sustainability Development Goals (SDG)-related, e.g. GHG-emissions reduction, water & waste reduction, increased efficiency in water usage, increased use of renewable energy, etc. Should the KPIs not be met, a margin increase takes effect.

In the case of the sustainability-linked loan arranged for Devro, the KPI-set included the relative scope 1 and 2 GHG emissions and water usage and product waste to landfill. What is however innovative in the Devro deal, is the fact that the company has turned the 'sustainability lens' on its banking group. Devro will be publishing the average annual Environmental Social and Governance (ESG) Risk Rating of its banking group. This is premised upon its hope that its chosen banks will improve their ESG Risk Ratings reflecting the expectation that Devro's stakeholders have of its sustainability performance. This step is a new and innovative approach introducing a focus on a banking group's sustainability. The Rabobank sustainability team expect this approach could grow in scope and emphasis in the years ahead and anticipate leading industry development in this regard. Devro, is however an early adopter of this innovative approach.

This type of reciprocity; the sustainability performance of both receiver and issuer of sustainability finance being relevant, is unique so far. But as the bar of sustainability has been raised for both businesses and financial institutions, this might well become a trend.

## Assessing Our Clients' Overall Sustainability Performance

Our ability to develop and offer sustainable finance products and -services depends on accurately assessing our clients' sustainability performance (see also our [sustainability policies](#)). For example, we enable clients to measure and monitor the biodiversity on their land (see also '*Innovation in the Netherlands*'). Alongside biodiversity monitoring, we undertake other data-gathering efforts on our clients' ESG performance. Improved insights into their ESG performance will help us to meet evolving ESG-related regulations and to better assess our clients' overall sustainability performance. We could then help our clients by developing specific financial products and concepts that encourage clients to become more sustainable.

*Balancing between setting the standards high enough to keep a steady speed toward Paris Alignment, while not alienating and excluding our clients.*

### Assessing Our Clients' GHG Emissions and Sequestration Potential

We have started encouraging our international farmer clients to use carbon calculators to gain insights into their on-farm emissions and the sequestration of carbon. We have found that the most positive impact comes from conducting joint educative workshops (between clients and their account managers). For example, in Australia, we work with the University of Melbourne to deliver a 1.5 day Carbon Farming and Carbon Neutral Agriculture workshop. This workshop helps clients and their account managers to get started with carbon calculations and familiarize themselves with a range of practices that could help to reduce GHG emissions. To date, over 100 clients have participated in these workshops. In 2023, we aim to cover around 1500 clients. Across the world, similar efforts are underway with consultants, universities and corporate partners to deliver data and education. In the Netherlands we are developing a carbon dashboard for our F&A clients. These efforts provide both our clients and the bank with a better understanding of how modelling farm-level emissions can help to highlight sustainable business opportunities.

## Creating Insight into How to Reconcile Economic and Ecological Sustainability

The Food System Transition is multifaceted and complex, so knowledge development, -sharing and -dissemination are key. Sustainability-related themes are firmly embedded in our research agenda, tool development, and educational programs in order to raise awareness among our clients on the need to align with net-zero pathways and to teach them how to do so.

Our global RaboResearch department has over 80 sectoral researchers and analysts. It provides sector specific insights on everything from farm inputs to consumer foods. In 2022, almost 375 publications for the F&A network were published.

Additionally, 9 different F&A themed podcast channels generated almost 500,000 downloads. The Sustainability Data and Analytics team provides our bankers and clients with increasingly accurate and granular insights into GHG emissions and removals, and decarbonization pathways.

Our Rural businesses around the world, including F&A in the Netherlands, offer educational programs to clients. These range from Agrolideres - a Brazilian networking and educational program for more than 100 young agricultural leaders which started in 2011, to Executive Development Programs in Oceania, to the Rabo Entrepreneurs Academy in the Netherlands. The latter offers a range of master-classes on topics such as sustainable entrepreneurship.

In 2022, we established a dedicated transition team for the Food System Transition. The team is part of our client-facing business domains and dedicated to supporting clients' transitions.

We have created several roles aimed at sharing knowledge and support with clients regarding economic and ecological sustainability. For example, each of our 17 branches in Brazil employs a Technical Operations Assistant to support Rural clients with sustainability issues. Other examples include Sustainable Business Developers in Australia, New Zealand and the United States, and bank managers in the Netherlands who are specialized in F&A sector sustainability.

## Forging Cooperation for a Future-Proof Food System

Future-proofing our current food systems requires cooperation across and beyond the entire food value chain. Therefore, we want to engage key stakeholders including our clients, governments and the public sector, civil society and academia. We are forging domestic and international cooperation and facilitating dialogue in our networks and coalitions.

We facilitate various networks to share knowledge and exchange thoughts and insights on a range of topics, including the transition to sustainable food production. These include a network of F&A industry leaders in our international network through our F&A Advisory Boards, the Future Farmers Council (which brings together a panel of 14 next generation farmers from all over the world), and 11 client councils in Australia and New Zealand, comprising up to 12 farmers each.

*Based on our cooperative DNA, in our region Australia and New Zealand we facilitate 11 client councils*



Rabo Foundation offers support for those who work with farmers' organizations in developing countries for the access to finance, knowledge, and networks, to increase smallholder farmers' self-sufficiency and sustainability. For example, Mama Cashew helps Tanzanian cashew farmers to earn a fair price for their crop and creates employment by processing the nuts locally. The company reached 1,600 smallholder farmers in 2022, almost four times as many as in 2021. Another example is the cooperation with USAID in India, where we set up bank guarantees for two financial institutions. They are now able to finance small holder farmers who want to implement climate-smart agriculture.

Our global FoodBytes! network promotes startups that are innovating and disrupting the food value chain with groundbreaking ideas in food, agribusiness, and technology. FoodBytes! matches innovators with investors and customers, and provides a platform to help turn today's new ideas into tomorrow's solutions for purposeful change. In 2022 alone, FoodBytes! offered a platform for 45 new commercially validated startups from 16 different countries, and welcomed 48 corporate and investor members to the program, while continuing to support the growth of more than 400 previously selected startups. In 2022, FoodBytes! facilitated nearly 800 connections, helped raise USD 3.4 billion in funding, and started building a hub to increase the number of stakeholders reached.

In the Netherlands, we are particularly active in creating and participating in coalitions. For example, *Waardecreatie in de Keten* (Value Creation in the Chain) is an initiative by the NJAK (Young Farmers Organization), LTO (the F&A sector organization) and Rabobank that aims to improve the value creation in the food supply chain together with various supermarket chains. We also joined "Fascinating" in the provinces of Groningen, Friesland, and Drenthe. This is a collaboration with food cooperatives FrieslandCampina and Cosun, LTO Noord, and other stakeholders in the food chain. It focusses on the future of food through an innovation program, with particular attention on transforming the value chain by identifying the real needs of our communities.

We form coalitions to work in partnership on sustainable food solutions through Rabo Food Forward. We have organized 14 events and welcomed over 200 participants since Food Forward was launched in 2019, resulting in 40 ideas being developed and optimized. Food Forward Membership is a spin-off community that connects pioneers in the field with peers and financial, networking and knowledge partners. The community currently has more than 170 members.

In partnership with the Food Waste Foundation, we encourage the hospitality sector to participate in "Food Waste Challenges" as part of a joint approach to tackling food loss and waste. Rabobank organized three challenges in 2022, enabling 34 restaurants to reduce their food waste by an average of 37%, equal to almost 42,000 kg of food, more than EUR 316,000 and 83,000 kg CO2 on a yearly basis.

## Nitrogen and the Dutch F&A Transition

### Nitrogen

Over the past decades, excessive nitrogen emissions have negatively impacted nature, and specifically Natura 2000 areas in the Netherlands. The nitrogen crisis is a tell-tale sign of the limits to current industrial and farming practices in the Netherlands. The need to protect our nature, improve water quality, and meet climate targets is urgent.

Our farmers feed our societies and the nitrogen crisis is creating tremendous uncertainty for them. Dutch farmers need and deserve clarity and perspective. What will their future look like? What norms will apply to their business? And how can they continue feeding a growing world population within planetary boundaries? The current lack of clarity and legal certainty is creating inertia and is also impacting our capabilities to finance the Dutch F&A sector. We want to help our clients in an adequate way, which has become an increasingly complex and delicate matter. Nevertheless, Rabobank is ready to help its Dutch F&A clients in this transition, whether they want to quit, relocate, intensify, switch to another business model, or innovate. However, in order for the Dutch F&A sector to truly move on, an integral plan is required to address these challenges. We are hopeful that this can be achieved in the upcoming negotiations for a new agreement on agriculture ("landbouwakkoord").

Despite the fact that the Dutch F&A sector has reduced its nitrogen emissions substantially in the last decades, from a sustainability perspective, as a society we must do more to take climate change, water quality and biodiversity loss into account in how we produce and attach value to our food, goods and services. The current imbalances need to be fixed, mindful of the fact that the nitrogen crisis does not fall on the Dutch F&A sector alone, but on all sectors. We are ready to step in to help accelerate this transition, in accordance with our mission.

We continue our efforts to create financial leeway for farmers who want to continue farming on the basis of an environmentally sustainable, and economically viable, business model, thus helping to feed the world sustainably.

### The Dutch F&A transition

In our vision on a future-proof Dutch F&A sector we have created six focus points for what we believe is needed for a sustainable business model for Dutch farmers.

**1. Demand-driven supply chains:** Optimizing and digitalizing the supply chain can enable a more demand-driven market. This also creates possibilities to serve our F&A clients in a more diverse way, for which they are willing to pay more if purpose, ease, or experience increases.

**2. Circular farming:** Circularity here means that everything of value stays within the value stream of the farm. This decreases waste and pollution, and should also increase resilience of animals and plants. Often, collaboration within the supply chain is needed for a fully circular business model.

**3. Area-based approach ("gebiedsgerichte aanpak"):** Every region in the Netherlands has its own dynamics, key industries, and nature-related dependencies and impact. To create an environmentally more sustainable and economically viable balance in these regions, we believe there is no one-size fits-all solution. We therefore, support an area-based approach.

**4. Reducing GHG emissions:** The use of energy and the emission of GHGs is a primary focus for all industries, and therefore also the Dutch F&A sector. Farmers should make their energy consumption sustainable and could also benefit from carbon sequestration, among other things.

**5. Precision farming:** The right use of (climate and environment-smart) technology can support the optimization of the farming process in a sustainable way. It is also a helping hand in times of labor scarcity. Furthermore, it can support the need for a circular business model and supply chain, and enable new business models, i.e. carbon sequestration.

**6. Entrepreneurship and management:** Technology is not the answer to everything. It should be put in the hands of knowledgeable and experienced farmers. These farmers, in turn, have to create a business that is properly managed in order to create a sustainable and efficient business model for the future.

Throughout this report we highlighted the achievements made in 2022 and we will continue to expand on this array.

Our activities are not exclusively aimed at helping our Dutch farming clients through the nitrogen crisis, but at facilitating the overarching Food System Transition and to support our clients worldwide to become future-proof. In the past, the sector has successfully undergone several transitions. We believe that the sector can successfully transition once again. And we will once again support them, and aim to incentivize sustainable business models by incorporating sustainability in the pricing of our products, and via our activities on knowledge, networks, and innovations as mentioned in this report. Over the next period, we will develop additional financial products aimed at facilitating the transition of farmers to a more sustainable business model.

## F&A Supply Chains

F&A supply chains are complex, include numerous links and usually span multiple countries, regions and continents. We are active at every level of the world's F&A supply chain, leveraging this position to drive cooperation on sustainability-related issues and participate in a number of international industry bodies.

For instance, we are active members of the Global Roundtable for Sustainable Beef and its regional chapters, the Roundtable on Responsible Soy, the Roundtable on Sustainable Biomaterials, and the Roundtable for Sustainable Palm Oil (RSPO). In fact, we joined the latter from the start in 2004. The RSPO aims to ensure that the production of palm oil meets strict social, economic, and environmental criteria to create a sustainable sector. Rabobank only provides financing to palm oil producers who are RSPO members, thereby committing themselves to meeting and reporting on their sustainability obligations. Clients are expected to undergo audits to assess whether they are fulfilling RSPO principles and criteria.

In 2022, we co-founded Sustain Africa. This is an emergency response and resilience partnership committed to preventing an escalation of the food crisis in sub-Saharan Africa caused by the surge in fertilizer prices linked to the war in Ukraine. By the end of 2022 Sustain Africa was active in Ghana, Uganda, Mozambique, Malawi and Madagascar. It helped to secure fertilizer for 1.5 million farmers, thus improving food security for some 12 million consumers for up to 12 months.

Rabobank is part of Champions 12.3, a coalition of executives from governments, businesses, international organizations, research institutions, farmer groups, and civil society. It aims to help achieve SDG 12.3 by committing to cutting global food waste in half per capita at the retail and consumer level, and reducing food losses along production and supply chains (including post-harvest losses by 2030). One direct result of this commitment is the sustainability-linked loan specifically designed for SDG 12.3. In 2022 we signed The #123 Food Loss and Waste Pledge for Climate Action at COP27. As a signatory to the 123Pledge, we commit to helping at least 75 food service clients in the Netherlands to reduce their food waste, through an online DIY-intervention program and peer2peer learning experiences in six city challenges throughout the Netherlands by the end of 2023. This program will provide restaurants and hotels with insights into their potential savings in both euros and carbon emissions. Our target is to achieve an average of 35% food waste reduction per client.

## Governments & Public Sector

Because system change is heavily dependent on guidance and support from governments, we work with public sector stakeholders to support the transition. For instance, at the World Economic Forum (WEF) Annual Meeting 2022, we joined our peers in many discussions about the growing global food crisis and addressed challenges and opportunities around food, climate, and finance. In 2022, Rabobank worked with WEF on various initiatives. For example the Food Action Alliance, a proposition delivery platform structured around global and regional hubs that provides solutions and support to address country-driven goals and local solutions related to improved food systems.

Furthermore, we started a partnership with World Wide Fund for Nature (WWF) in 2011. Our mission is to work jointly on projects with clients who serve as role models in order to demonstrate how a Food System Transition could be made possible. This also enables us to demonstrate that economic returns can go hand-in-hand with the conservation and restoration of biodiversity and ecosystems. At the UN Biodiversity Conference COP15 in 2022, Rabobank was a signatory to the statement from the financial sector on biodiversity – a global initiative that calls for governments to adopt a clear policy mandate that makes alignment of financial activities to biodiversity goals mandatory for financial institutions.

In Brazil, we partnered with businesses and banks to set up Biomas, a new company focused entirely on the restoration, conservation, and preservation of Brazilian forests. Biomas' mission is to restore and protect four million hectares of native forest in some of Brazil's most valuable ecosystems over the next 20 years. The alliance launched at COP27 aims to prevent approximately 900 million tons of carbon from being released into the atmosphere, through removals and avoided emissions. In addition, it is estimated that the company will contribute to the protection of more than 4,000 species of animals and plants.

In the Netherlands, we have worked intensively with various stakeholders on the Climate Agreement for Agriculture and Land Use. In 2022, we were actively involved in the interpretation of the agreement, co-authored documents for Agriculture and Land Use, and helped develop CO2e reduction plans.

We also joined the Green Deal *Eiwitrijke Gewassen* (Protein-Rich Crops). This alliance between 56 Dutch parties is focused on making the Netherlands self-sufficient in plant-based protein by 2025, while creating new business models for Dutch farmers, stimulating production and sales of Dutch plant-based protein, and improving collaboration to make the entire chain more sustainable.



## Deforestation in Brazil

Stopping deforestation plays a critical role in the Food System Transition, particularly in sensitive biomes. With this in mind, we have a clear stance on deforestation in Brazil. We have a zero-tolerance policy on illegal deforestation in Brazil. This means that:

- We do not finance any deforestation, even if legally allowed;
- We do not on-board, or maintain, customers involved in illegal deforestation that occurred after January 2005;
- We do not accept as collateral lands in the Amazon biome which has been deforested after 1 January 2018, even if done legally;
- We have standards and procedures in place to minimize the risks of accidentally becoming involved in financing deforestation (but we know the risk is not zero).

Our clients may own or lease land of which a portion – based on the Legal Reserve requirements set by the Forest Code – could still be legally converted, if they were to obtain the required permits. We actively encourage clients with valid legal deforestation rights not to exercise such rights. For instance, by developing carbon credits, or payment for ecosystem services. In this way, we hope to facilitate other earning models that can replace the economic profit currently generated from deforestation. Still, Rabobank

realizes that clients could decide to use funds from another bank, or their own free cash flow, to finance legal deforestation, or could be involved in a partnership with another farmer, who is not a Rabobank client and who deforests legally.

Legal deforestation is the conversion of private land that complies with the requirements of the Brazilian Forest Code and for which the necessary permits and licenses have been obtained from the relevant Environmental Authority. The Brazilian Forest Code requires that a certain percentage of private land must be preserved as native vegetation (Legal Reserve). In the Amazon biome – which is one of the six biomes in Brazil - this percentage is 80%. Based on these percentages, some producers have what is called a “surplus” of native vegetation on their lands. For example, a farmer owns properties with a total native vegetation area of 32% in the state of Minas Gerais, located in the Cerrado biome. In this biome, legislation requires that 20% of the land is preserved as native vegetation. This means that the farmer could ask the relevant Environmental Authority for authorization to convert this surplus (12%) into agricultural land. We do not provide financing for such legal deforestation in any biome.

Please read our [Rabobank Sustainability Policy Framework](#) for more information.

## Stimulating Future-Proof Business Models

In addition to incrementally improving our current financial product & service suite (e.g., by adding sustainability-linked preconditions), we continuously search for and develop innovative new financial products and business models that merge economy and ecology.

### Rabo Partnerships

Rabo Partnerships is forging partnerships to increase transparency, financial inclusion and efficiency, benefiting primary producers in developing markets. To this end, a partnership called Agricultural Exchange has been established with Mastercard to connect over 5 million farmers in Africa and India to what should become a full digital ecosystem. Farmers will benefit from having access to a marketplace and formal financial services that ensure their access to responsible loans managed by local financial institutions. Over time, additional services such as insurance, remote sensing capabilities to enhance risk management and farmer resilience, and input and advisory services will be added. The first deployment in Kenya started in 2022 and nearly 375,000 farmers have since been onboarded on the platform. A large partnership program with Bayer has been announced in India with the aim to financially include 10 million farmers and digitalize their operations.

Together with partners such as IDH, Rabo Partnerships supports its partners with their activities on ground to ensure robust data gathering and training of farmers and producer cooperatives. These activities take place so that farmers can fully benefit from the opportunities that arise when we combine digital solutions with sound partnerships.

### Carbon Bank

At Rabo Carbon Bank we develop propositions that help farmers in developed countries shift to regenerative agricultural practices. We connect these farmers to net-zero committed businesses and organizations that are looking for a reliable way to either compensate their own, unavoidable CO2 emissions, or reduce their scope 3 emissions. Consequently, via Rabo Carbon Bank, we aim to regenerate farmland ecosystems, generate additional revenue streams for farmers, and drive reduction and compensation programs for businesses.

With our Carbon Farming proposition, we entered into pilot contracts for the potential off-take of the first carbon credits with the help of several Dutch companies, including GreenChoice and dairy companies Interfood and Hoogwegt. Additionally, we announced that we will help measure carbon reduction on-site at 15 US Dairy clients through the Dairy Pilot Program. To enable the farmers to implement the required practices, we will prepay per ton of carbon reduction resulting from these farmers lowering nitrogen inputs into their feed crops and from using feed additives to minimize the enteric emissions of their herd. Looking forward, we aspire to help 50,000 farmers apply regenerative farming practices and to remove and reduce 1 gigaton (= 1 billion ton) of CO2e by 2030.

## Acorn

Similarly, smallholder farmers in developing and emerging regions can generate Carbon Removal Units through our "Acorn" program (Agroforestry Carbon Removal Units for the Organic Restoration of Nature). This program aims to plant a better future with carbon credits (CRUs, or Carbon Removal Units) by connecting responsible corporates seeking reliable carbon credits with smallholder farmers who have switched to agroforestry. Agroforestry provides certified, nature-based carbon credits, with 80% of the carbon sales revenue going direct to the farmers. So far, the project has supported almost 52,000 farmers and issued nearly 133,000 CRUs. Our 2030 goal is to sequester 100 million tons of CO<sub>2</sub> per year, partnering with 15 million farmers planting a total of more than 4 billion trees. Working towards that goal, in 2022 Rabobank and NGO Solidaridad signed a letter of intent to help 3 million small-scale farmers make the transition to sustainable agriculture over the next ten years through the Acorn program. The focus is on coffee-, cocoa- and tea farmers in South America and Africa.

## Innovation in the Netherlands

In the Netherlands, we helped to develop a biodiversity monitor together with WWF and the Sustainable Dairy Chain. This value chain cooperation includes data collection (with CO<sub>2</sub> footprints of individual clients) and a reward system for clients with low footprints and improved biodiversity. It measures the influence of dairy farms on biodiversity through a set of KPIs (e.g., soil balance, share of nature, and landscape management). The monitor adheres to the guidelines of the LEAP, the UN Food and Agriculture Organization's livestock program. Due to our focus on innovation, we were able to implement this monitor in our financial products and services. In 2022, 60 farmers agreed to share their 'on farm' data via the biodiversity monitor. Additionally, the monitor's KPIs have been used to assess whether a dairy's milk may be classified as sustainably produced, allowing qualifying dairy farmers to use the "On the way to PlanetProof"-logo on their dairy products.

In collaboration with insurance company a.s.r. and water supplier Vitens, we developed the Open Soil Index. Unlike the biodiversity monitor that focusses on biodiversity above ground, this index shows the soil's biological, physical and chemical properties, providing farmers with a tool to measure as well as improve the quality of their soil. In 2022, 353 farmers used the index.

We contributed to a pilot aiming to achieve more sustainable ways of dairy farming in the Netherlands by minimizing nitrogen emissions. We worked with Lely, a Dutch agricultural machine manufacturer, and FrieslandCampina to develop the Lely Sphere, a circular manure-handling system. Our role is to provide farmers with a financing solution along with advice on assessing favorable terms through the Investeringsfonds Duurzame Landbouw (Investment Fund for Sustainable Agriculture) and Groenfinanciering (Green Financing). We have reached the maximum amount of participants for the pilot: 96 Lely Spheres are to be placed at farms throughout the country.

## Client Case

# Empowering Smallholder Farmers and Revitalizing the Environment in Tanzania

## The Challenge

Leonard Kachebonaho has been managing director of Karagwe Development and Relief Services (KADERES), an NGO in the north-west of Tanzania, for 25 years. From its initial agroforestry pilot project in 2014 to its collaboration with Acorn since 2020, KADERES has sought to offer smallholder (coffee) farmers carbon finance to enable them to transition from subsistence farming to agribusiness. As Kachebonaho explains: "Farmers in the region faced a cycle of poverty, young people increasingly leaving for urban areas, and uncertain income levels."

## The Solution

As its first collaboration with an international partner, KADERES is using initial funding from the Rabobank and Achmea Foundations to create an agroforestry development center where local farmers will be able to receive training and share knowledge with one another. Kachebonaho also highlighted its tree nursery, scheduled to produce 5 million seedlings a year, with the first seedlings to be released later this year. Kachebonaho: "This project has made it possible for local farmers to more than double their income, increasing their productivity, receiving income from CRU sales, and investing in additional income streams such as beehives."

## The Future

As agroforestry and carbon finance make it more attractive for young people to invest in agriculture, communities grow stronger. The local environment benefits as well. With 14.000 farmers currently taking part in the project, who have collectively generated 22.886 CRUs, the local impact of Acorn and KADERES cannot be overstated. With the support of the new agroforestry center and its distribution of seedlings, agroforestry will continue to revitalize the region and empower its farmers.

## Biodiversity

The biodiversity of nature and the 'ecosystem services' nature provides us are our 'natural capital'. Biodiversity adds fundamental value to our societies and economies. For food, fibres for housing and clothing, medicine, water retention and purification, carbon sequestration, climate regulation, and so on. It is estimated that 55% of global GDP depends on nature. With regard to agriculture, healthy soil, clean water and pollinators are examples of crucial natural capital. The economic value of pollination alone was estimated by Wageningen University at EUR 152 billion globally.

Many of these ecosystem services are not yet reflected in market prices because many of them are open to all at no monetary charge. These pricing distortions have led us to invest more in other assets, such as produced capital, and underinvest in natural assets.

Estimates show that between 1992 and 2014, produced capital per person doubled, and human capital per person increased by about 13% globally, but the stock of natural capital per person declined by nearly 40%. In other words, by not taking nature into account, the world is eating into its reserves.

### ***Our Commitment and partnerships***

Recognizing the intrinsic and economic value, and the associated urgency to stop biodiversity loss, in September 2020, we were one of the first 26 financial institutions that co-

launched and signed up to the Finance for Biodiversity Pledge. Since 2020, we have actively participated in leading initiatives that collaborate and share knowledge on how to better take biodiversity into account. This includes the Partnership for Biodiversity Accounting Financials (PBAF), the Biodiversity Working Group at the Dutch Central Bank (DNB), Science Based Targets Network (SBTN) and we are co-developing the Taskforce on Nature-related Financial Disclosures (TNFD). On 18 December 2022, the Global Biodiversity Framework (GBF) was adopted at COP15 of the UN Convention on Biological Diversity (CBD). This framework includes 23 targets for 2030, within the context of 4 goals for 2050. Rabobank welcomes the ambitions of the GBF and the alignment with private sector initiatives, including TNFD.

### ***Sector-inherent dependencies***

In June 2022, the Dutch Central Bank (DNB) presented the results of a biodiversity study with *Planbureau voor de Leefomgeving* (Netherlands Environmental Assessment Agency), in which they examined the dependency on nature of more than EUR 1,400 billion of loans, bonds, and shares of Dutch financial institutions (FIs). This assessment is based on the sector-averages and assumptions of the ENCORE tool. The result was that approximately EUR 510 billion (±36%) of Dutch FI loans, bonds, and shares are in sectors that have high or very high dependencies on nature. If one or more key ecosystem services were to become degraded, production processes in the examined sectors could be disrupted, with financial consequences.

In line with our commitment to the Finance for Biodiversity Pledge, and in anticipation of the TNFD beta framework we assessed Rabobank's 2021 private sector loan portfolio for sector-inherent dependencies on nature with the same tool that was used in the study of DNB (ENCORE). The results, based on this stand alone, external assessment tool, show that around 2/3 of the sectors in the loan portfolio have high or very high dependencies on nature, which is in part due to our F&A portfolio. The indicative results confirm the relevance of taking nature into account.

The highest dependencies for the clients in our portfolio are related to water use (surface and ground water), climate regulation and soil quality, followed by pollination. Potential impacts on biodiversity via our loan portfolio (how our financing activities affect nature) are likely related to water use, deforestation (or other land use), and pollution (e.g. GHG and nitrogen emissions, and the pollution of water and soil). Looking specifically at our F&A portfolio, sectors that score high on impact and dependencies include: Beef, Dairy, Cotton, and Soy. In these sectors, Rabobank has large exposure in the Netherlands, Australia, the United States, New Zealand, and Brazil.

### ***Our Efforts and Next Steps***

Rabobank has a Sustainability Policy Framework in place, including specific policy for biodiversity, with the aim to minimize risks and improve sustainable business practices. Our clients include sustainable farmers who show that the negative

impact of their farm on biodiversity can be mitigated to well below the sector average. In cooperation with our clients we have also worked with the Biodiversity Monitor since 2017 in the Dutch dairy and arable farming sector, which measures improvement in on-farm biodiversity performance, through measurement of a shared set of KPIs. Over the coming years we hope to apply this tool in other countries where Rabobank has significant investments in dairy (e.g. Australia and/or New Zealand). Another example is our ongoing work to combat deforestation (see *Deforestation* above).

In 2023 we will continue our analysis to better understand and locate the impact and dependency of our clients on biodiversity, and align this with our risk management approach on climate and environmental risk. This includes farmland mapping (using geospatial tools, as biodiversity is highly location-dependent). It also means taking a similar approach to value chain impacts on biodiversity as the scope 1, 2 and 3 approach to GHG emissions: upstream from clients (e.g., animal feed for beef, and wild caught or plant-based protein for aquaculture) and downstream from the food and beverage sector (e.g., food waste and plastic pollution). This will allow us to better understand and disclose risks, impacts, and opportunities in line with regulatory requirements and commitments.



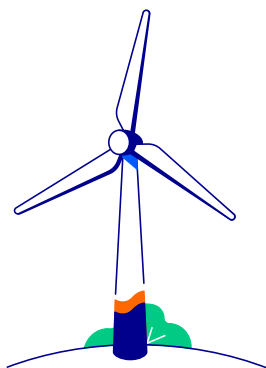


*Energy Transition*



# Our Contribution to the Energy Transition

Reducing our climate impact by helping our customers become more sustainable, investing in renewable energy sources and by jointly working on a circular economy.



## Knowledge

### Sustainable Living

Most of our mortgage advisors are now trained as 'Sustainable Living Advisors' in the Netherlands.

### Energy consumption

We established a dedicated energy transition research team in early 2022, and it continues to grow in size and geographical focus areas. We decided to further recruit and/or retrain an additional 100 full-time equivalent employees in 2023 dedicated to accelerating the transition. Over **1,600** of our colleagues completed more than **11,000** of the program's challenges, with a combined CO2-equivalent impact of over **13,000** kg.

### Circular Business Desk

Entrepreneurs can turn to our Circular Economy Desk for help in financing circular business models (**EUR 141 million** by 2022).

## Networks

### Renewable Energy

We are active in relevant networks like WEC (World Energy Council), EWEA (the European Wind Energy Association), WBCSD, and WEF.

### Circular Business

Together with other Dutch financial institutions and the Dutch government, we are part of the 'Financing the Circular Economy' working group. The group aims to address bottlenecks in the financing of circular business and projects.

## Results

Goals	EUR	%
Increase volume sustainable finance	<b>1,026 million</b>	<b>3.4</b>
Average energy label in our mortgage portfolio	<b>C</b>	



## Finance

### Sustainable Living

In 2022, **80,823** HouseScans were performed (in 2021: 67,790). In 2022, 12,600 customers received online advice on our platform [www.raboduurzaamvastgoed.nl](http://www.raboduurzaamvastgoed.nl) about making their premises more sustainable.

### Renewable Energy

Through our involvement in 36 new projects and exposure of **EUR 1,349 million in 2022**, we are one of the global top lenders in Clean Energy, as calculated by Bloomberg (**#9** in 2022).

### Rabo Impact Fund

Together with the European Investment Bank (EIB), we launched the 'Impact Fund', which makes money available so that we can offer discounted interest rates on Rabo Impact Loans (**EUR 268 million** in 2022). We also allocated **EUR 60 million** to the Social Impact Loan in 2022. Since we started offering impact loans 6 years ago, we have provided a total of more than **EUR 1.4 billion** of this type of financing.

### Rabo Groen Bank

Private customers can invest savings in sustainable businesses through Rabo Groen Bank, the largest green bank in the Netherlands with a volume of **EUR 2.5 billion** in sustainable and climate transition loans.

## Innovation

### Sustainability Innovation Loan

In addition, we also offer loans for sustainability through the Rabo Innovation Loan **EUR 92 million in 2022**.

### Rabo Sustainable Innovation Award

This Award encourages entrepreneurs with innovative solutions that matter. In 2022, NoPalm Ingredients, HoCoSto, Psylaris and CORE won €20.000.

### Carbon Insights

The Rabo App provides consumers with insight in their CO2 emissions of their spending.



# Energy Transition

True to our cooperative mentality, we work with our clients and partners to meet shared climate goals, support clean, energy-efficient consumption, and to promote the circular use of resources.

## Vision

The biggest cause of global warming is our use of fossil fuels. At the same time, rising commodity prices have underscored the scarcity of these fuels, and a growing number of people face inadequate access to sufficient and affordable energy. These challenges require society to work together to change the way we produce and consume energy: more renewable energy, a more sustainable consumption pattern and more efficient use of raw materials are essential to future-proof the economy.

We believe, that as a bank, we also have a role in helping to accelerate the transitions and to helping our clients achieve their sustainability goals. We want to support our clients in making the necessary transitions and investments to reduce their GHG emissions. This is how we aim to achieve the goals set out in the Paris Agreement and the Dutch Climate Agreement.

| *A climate neutral economy by 2050, based on renewable energy supplies and a circular economy.*

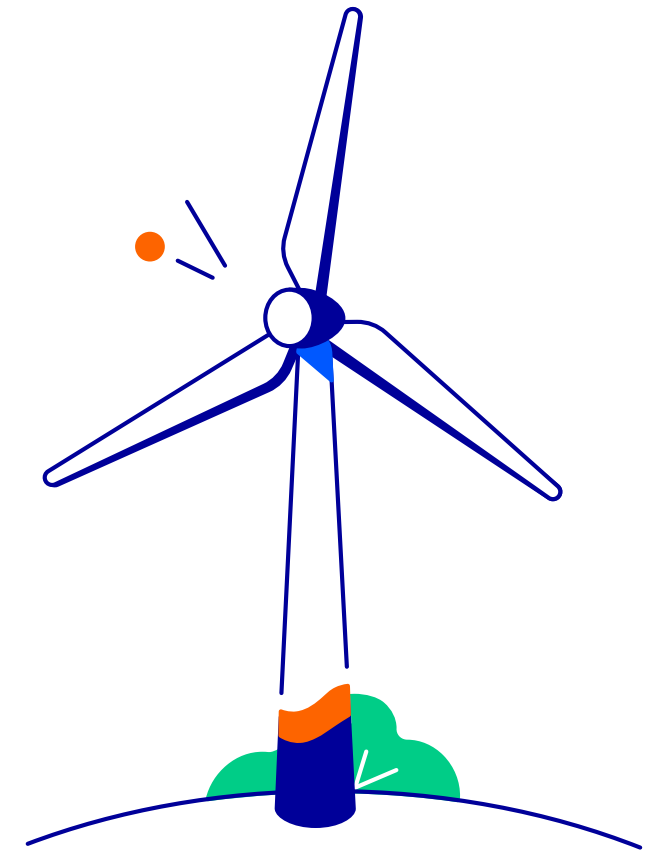
The only way to achieve these ambitious climate goals is through genuine cooperation between all stakeholders, like central and local governments, banks, businesses, and even consumers.

## Our Contribution to the Energy Transition: Five Pillars

The Energy Transition is a "broad transition" in the sense that all sectors of the economy need to move forward.

Our contribution to the Energy Transition is allocated across five pillars:

1. Sustainable Living,
2. Renewable Energy,
3. Sustainable Leasing & E-mobility,
4. Circular Business,
5. Sustainable Investment.



## Accelerating the Energy Transition

Where possible we focus on reducing and preventing the GHG emissions of our clients in sectors in which we have a significant position. We also help our clients with sustainable business practices by cooperating with them on circularity (sustainable business), and investing in sustainable production and consumption (sustainable investment). ["Our Road to Paris"](#) report describes our climate strategy, which is closely related to the Energy Transition, in detail.

In 2022 we decided that we want to make EUR 30 billion of funding available for the Energy Transition until 2030, of which EUR 10 billion should go to renewable power generation.

## Sharing our Expertise and Creating Insights into Energy Consumption

We established a dedicated Energy Transition research team in early 2022, and it continues to grow in size and geographical focus areas. We decided to further recruit and/or retrain an additional 100 full-time equivalent employees in 2023 who will be dedicated to accelerating the transition.

At COP27 in November 2022, we helped to set up a network for regulators and other relevant public and private stakeholders from around the world to learn about key countries' ambitions in this area, exchange best practices, and identify potential innovative business and financial propositions.

In order to provide credible advice to clients on sustainability, we believe it is important that our employees have a sustainable mindset. Therefore, all employees were invited to participate in the "ConsuMindSet Challenge", an online program about sustainable consumption. Over 1,600 of our colleagues completed more than 11,000 of the program's challenges, with a combined CO2-equivalent impact of over 13,000 kg.

We also try to create awareness with our customers, who are also consumers. As consumers, we make many choices every day that are directly linked to emissions. In other words, consumers also have multiple opportunities to contribute to emission reduction by being mindful about their consumption and making more informed decisions. Since April 2022, we have offered a tool in the Rabo App to help consumers gain an impression of the carbon emissions of their spending.

This innovative "Carbon Insights" feature, also provides tips on making sustainable choices. It was developed together with Ecolytiq, a German fintech company whose researchers and technical experts work together to provide insight into the CO2 emissions of consumption.

## Sustainable Living

The energy efficiency of homes and office buildings must be improved to achieve the net-zero goals by 2050. As a Dutch bank, that provides residential real estate mortgages and acts as a real estate developer (via our subsidiary BPD), we have a role to play to help achieve the climate goals in the Dutch housing market.

### Making Homes More Sustainable

We aim to reduce CO2 emissions derived from our residential real estate mortgage portfolio to make a contribution to becoming net zero in 2050. In 2022, we contributed through knowledge development, -sharing, and -dissemination, specialized financial products, and helping to achieve insights into this topic.

### *Expert Knowledge from Mortgage Advisors*

In the Netherlands, more than 1,000 (out of 1,635) mortgage advisors are now trained as "Sustainable Living Advisors." Research by [Advieskeuze.nl](#) shows that Rabobank advisors discuss the subject of sustainable homes with customers more than any other independent Dutch mortgage chain.

### *Financial Gain on Sustainability*

We encourage our customers to invest in making their homes more sustainable. For example, we offer them the opportunity to:

- take out a green mortgage at a reduced interest rate for a new-build home,
- receive a sustainability discount for a mortgage on an energy-efficient home,
- take out a "Rabo Green Depot" (a two-year deposit account to finance energy-saving measures), and
- for home owners with an aggregate income below EUR 45,014 per year, we provide an energy savings loan at 0% interest through the "Heating Fund".

### *Insights into Energy Consumption and Savings*

To provide customers with insights into their energy consumption and help them save energy, we developed an "Energy Insight" feature in the Rabo App. The app is connected to their smart energy monitor in their home and shows how much power a household consumes and what it is used for, based on the data of the monitor. This enables customers to take more control of their energy consumption in order to achieve more sustainability and cut costs. Energy Insight is a pilot which is currently available to a limited group of customers, but we aim to make it available to all customers in 2023.

"HouseScan" is a tool that we developed together with our subsidiary HomeQGo. Customers gain real-time insights into how they can make their homes more sustainable (e.g., with insulation, solar panels, or a heat pump). They can see their potential energy savings per year, the prognosis for the payback period of the investment, and possible subsidies available. Last year, Rabobank and Interpolis launched an experiment within this HouseScan to validate whether the Green Roofs proposition appeals to customers. Unlike similar tools, the HouseScan is an overarching solution, enabling customers to request quotations online directly from a selected group of suppliers. In 2022, 80,823 HouseScans were performed (in 2021: 67,790).

To support our intermediary mortgage brokers with financial advice around sustainable housing, our subsidiary Obvion developed the "Conversion Plan" tool jointly with Eneco in 2021. The Conversion Plan offers the same functionality as the HouseScan, but is specifically designed for professional brokers. Uniquely, the tool is linked to Eneco, so that the energy supplier can immediately issue a quotation for the execution of the work.

| 36% of our new mortgage customers invested in making their homes more sustainable by 2022

In 2022, 36% of our new mortgage customers requested finance to make their homes more sustainable. With an average investment of approximately EUR 16,785, a total investment of EUR 348 million was invested in this way.

## Sustainable Housing Construction

### ***Rabo SmartBuilds***

Rabobank wants to contribute to reducing the housing shortage in the Netherlands. That is why in 2021, we announced our aim to build 12,000 affordable, highly energy-efficient, temporary, modular homes in the Netherlands through "Rabo SmartBuilds" by 2031. Since the homes can be placed temporarily, the building regulations are less strict than for permanent structures. The homes can be built and renovated quickly, and can be moved to a new location within 15 years. Municipalities are important partners in the SmartBuilds Program because they can make land available on which to place the homes. The municipality of Texel, housing association Woontij and Rabo SmartBuilds have signed a letter of intent to jointly investigate whether the construction of 120 movable social and mid-rental homes is possible. Construction is expected to start in mid-2023.

### ***Cooperation BPD Housing Fund***

The Dutch housing market faces a particular shortage of affordable and sustainable rental homes for middle-income households. We aim to help find and implement a solution to this problem through our subsidiary Bouwfonds Property Development (BPD), using the BPD Housing Fund called *Woningfonds* (established at the end of 2019). With this housing funds we help to build and rent out sustainable housing for the middle market. By the end of 2022, we were renting out

1,027 of these properties, with a further 2,746 under construction or in acquisition. We aim to deliver 15,000 new affordable and sustainable rental homes by 2030.

### ***Sustainable (Office) Buildings***

In 2022, 6,558 customers received online advice on our *Raboduurzaamvastgoed.nl* platform about making their offices more sustainable. More than 500 business clients contacted solar panel specialists from our partner Energieke Regio and received customized advice. More than 400 clients requested an energy label through our "Energy Labelling for Offices" campaign. We are also aiming to make 17 business parks more sustainable through our "Green Deals" program with Energieke Regio, municipalities, and entrepreneurs.

We also started a partnership with Remeha, a brand for indoor climate solutions, since a growing number of businesses would like to save on their gas bills or stop using gas at all. Companies can check the various options through the online "Heat Scan" tool and can register for a free customized advice from Remeha.

## Renewable Energy

A more sustainable society requires the use of renewable energy sources, such as wind, solar and geothermal energy. Since generating energy from these sources plays such a major role in the Energy Transition, we have set an ambitious agenda for our energy portfolio. For instance, we are investing in innovative technologies such as battery storage and geothermal energy, and we are financing multiple renewable energy projects.

### ***Solar and Wind***

We are highly committed to renewable energy generation sector, with solar as the most important technology. In 2022, we also offered our members the opportunity to participate in the collective purchase of solar panels. The more members who enroll, the greater the discount they receive. Almost 30,000 members started the Solar Panel Scan and 7,708 members made the down payment until the end of 2022.

| 7,708 members of Rabobank participated in the Collective Purchase of Solar Panels

As a cooperative, we are keen to help other cooperatives further. In 2021, we launched the "Realization Fund" with Energie Samen (the umbrella organization of Dutch energy cooperatives), SVn (*Stimuleringsfonds Volkshuisvesting*, a Dutch non-profit to fund affordable housing), Triodos Bank, and ASN Bank. Local energy cooperatives can take out loans from this new national fund to finance collective solar projects. Until the end of 2022, 25 projects have been financed, with a total value of EUR 2.4 million.



We developed "[deprojectcentrale.nl](#)" platform with Energie Samen to offer energy cooperatives information and sample documents for developing, insuring, and financing solar and wind projects. We contributed to an initiative to make public buildings more sustainable in 2022. With our partner SolarNRG, we want to make buildings with a social purpose more sustainable. For that reason we allocated almost EUR 3 million for solar panels for schools, museums, libraries, theatres, clubs and community centers. After local member councils selected the social buildings that were also Rabo customers. They could then participate in a competition in which the buildings that received the most votes from our members won 50% of the cost of purchasing and installing solar panels.

As a partner of a project called "School Roof Revolution", we strive for a society in which all children can learn about solar energy as produced on the roofs of their own schools. We support School Roof Revolution by sharing our network and providing qualifying schools with special loans for energy saving measures. We also developed an initiative with Univé and energy supplier Greenchoice to replace harmful asbestos roofs on farms with new roofs fitted with solar panels. Univé members pay a fair price for the green electricity from these roofs and part of the proceeds goes to new solar roofs.

We initiated the *Zon-op-Dak* (Solar-on-Roof) sales campaign in cooperation with Energieke Regio around the Subsidy for Renewable Energy Production, *Stimuleringsregeling Duurzame Energieproductie (SDE)*. This campaign is designed to provide subsidies for businesses interested in solar panels and in applying for a subsidy through SDE++, a EUR 13 billion government fund for the transition to sustainable energy.

As a society we need to meet the Dutch Climate Agreement ambitions, and therefore also find a new way to make houses more sustainable, and to replace the traditional one-by-one method. The Dutch government is developing a collective approach, designed to help entire neighborhoods end their dependency on natural gas and help to make them more sustainable. As a first step, the government will work with municipalities to speed up the process of making about 60 neighborhoods natural gas-free. As Rabobank, we are also investigating in ways to contribute to the Dutch Climate Agreement ambitions, for instance by assessing the possibility to finance cooperative heating initiatives, where local residents become owners of their own heating network. Currently, the concept is being tested in various pilots.

#### International Investment in Renewable Energy

Also through our involvement in 36 new projects and exposure of EUR 1,349 million over 2022, we are a global top-ten lender in the clean energy space, according to Bloomberg: #9. Our exposure to the global Energy Transition at the end of 2022 is spread across a variety of industries along the value chain. We aim to help grow this market further.

*Our financing activities in projects in operation have contributed to delivering 4.9 GW of green electricity, avoiding 4.8 Mt of CO<sub>2</sub>e in 2021*

Next to being a financier of renewable energy projects, we also invest in specialized Energy Transition funds, and partner with other investors to support clean energy businesses and technologies. Sharing knowledge is another way to help clients make their businesses future-proof. We do this with the help of our own Energy Transition analysts and through our partnership with financial provider Kepler Cheuvreux.

#### Leader in Financing Renewable Energy

We have been a player in the Dutch Energy Transition for many years across the entire spectrum of products and services. Internationally, we have supported the transition mainly through our strong position in project finance across Europe and in selected other countries. We are connected to global energy trade flows through our commodity trading activities.

For example, in 2022 we joined in project finance for the "Interconnector Project", an "invisible highway" of around 725 km of high-voltage sub-sea cables travelling through British, Dutch, and German territory to connect two of Europe's largest energy markets, the UK and Germany. With a capacity of 1.4GW, it could power up to 1.5 million homes over the life of the project. It is expected that Interconnectors will play a vital role in helping Europe to reach net zero goals.

#### Energy as a Service

We also made progress in developing a new "Energy as a Service" proposition which provides a solution to fund various companies that offer sustainable assets (i.e., solar panels and heat pumps) as a service to third parties. This rapidly growing business model will ensure that the Energy Transition becomes more accessible for companies and individuals. With our new product the "Rabo Energy Asset Loan" (REAL), we aim to support various business models with sustainable asset lease and financial deals. For example, in cooperation with Rabo Investments we support 'Econic', a fast growing scale-up in the Energy Transition that equips residential real estate with sustainable heating and energy equipment to make homes more sustainable. Rabo Investments invested EUR 10 million as part of a EUR 20 million new growth equity investment round, while Rabobank provided a REAL facility totalling EUR 30 million in a EUR 85 million asset financing round.

#### Partnerships & Networks

We are members of many initiatives aimed at reducing GHG emissions resulting from our (financing) activities. We are active in relevant networks like the World Business Council for Sustainable Development, and the World Economic Forum.



## Client Case

# Corporate Power Purchase Agreements (PPAs): Counterparty risk coverage to realize renewable projects

## Realizing the renewable energy investment agenda

To reach our net zero ambitions an investment agenda is set for new renewable energy assets. The International Energy Agency (IEA) estimated that worldwide around EUR 5 trillion each year needs to be invested to reach net zero by 2050. Long term energy off-take contracts can play an essential roll to realize this large investment as government subsidies that partially cover high counterparty risks on renewable energy projects are phased out. We want to facilitate the establishment of long term energy off-take contracts, resulting in a first collaboration with Klimaatfonds Nederland and Scholt Energy, one of the largest B2B energy providers in the Netherlands.

## Enlarging the corporate energy off-take market

With the so called pilot 'PPAssurance' Rabobank can cover the credit risk from the energy off-taker by providing a guarantee in favor of the renewable energy project (wind or solar). This product is a solution to cover for the counterparty risk which is needed to accelerate the energy transition while subsidies are phased out. We are proud to announce that the first deal with this structure is signed between Klimaatfonds Nederland (Dutch Climate fund) and Scholt Energy. They have signed the first corporate Power Purchasing Agreement secured by our PPAssurance guarantee. With this structure, Scholt Energy buys renewable electricity directly from Klimaatfonds Nederland's new solar project in Loon op Zand to distribute directly to its corporate energy off-takers. Approximately 4,500 households can be provided with renewable energy through this deal.

In collaboration with the Dutch government we keep searching for solutions to broaden the PPA market on a large scale.

## Sustainable Leasing & E-Mobility

It is important to us to be able to offer our customers and partners broad support in the transition to zero-emission mobility. We work together with business partners so that, in addition to electric vehicles, we can offer charging infrastructure, solar panels, maintenance, roadside assistance, and insurance. By giving tailored advice, we are working to accelerate the transition to zero-emission mobility and the greening of our own client portfolio.

### Leasing

Leasing has the potential to make a substantial contribution to the Energy Transition because some businesses lack the resources to invest in costly low-carbon technologies.

For example, through our leasing companies RaboLease and De Lage Landen (DLL), we give our clients easy access to clean-tech and e-mobility which enables them to reduce their GHG emissions. We provide pay-per-use financing solutions and usage-based concepts that encourage renovation, reuse, and recycling of equipment that contribute to a circular economy. They also promote the use of renewable energy and smarter use of natural resources, for example, using rechargeable batteries for electric transportation and energy storage.

### E-Mobility

Electric transport and transportation can help to meet the low-emission standards that are becoming increasingly important to protect the climate. In the Netherlands, by 2025, it is expected that in 30-40 cities "emission-free zones" for city logistics will be established. That is why we support our clients and partners in the transition to electric mobility with our e-mobility team. They can help our clients with their understanding of the sector, vehicles, fuels, laws, and regulations.

### Leasing Electric Commercial Vehicles

We are also working on new business models with our subsidiary DLL to see how Electric Light Commercial Vehicles (e-LCV) can be financed or leased. We work with business partners to make it possible to offer charging infrastructure, solar panels, maintenance, roadside assistance, and insurance. DLL also offers financial solutions which cover the total product life cycle alongside clean tech products to realize innovative developments in sustainability.

### RaboElectric

In 2022, together with RaboLease, we launched "Electricity Acceleration for Entrepreneurs", a campaign to promote electric driving. This campaign aims to inform our clients and partners about the issues involved in the transition of their fleets and the support we can offer as a bank.

Our account managers engage directly with clients regarding e-mobility and our online "[raboelectric.nl](#)" tool, which helps individuals and businesses to calculate the costs of switching to electric driving. In 2022, almost 17,000 people used the tool. Rabo Electric helps businesses with financial and practical insights into electrifying their vehicle fleets. Moreover, our vehicle leasing plans allows clients to choose their own dealer and take full ownership of their vehicle(s).

## Circular Business

The Dutch government plans to reach full circularity by 2050, creating a future-proof economy through far more efficient use of raw materials. Small and medium-sized enterprises (SMEs) play an essential role in these plans and we aim to help them achieve sustainable growth by offering financing digitalization, innovation, and circular solutions.

### *Helping Clients to Achieve Their Sustainability Goals*

Startups and scale-ups can make an important contribution to solving societal challenges and can be an important growth engine for the economy. That's why we introduced a "Startup & Scale-up" team in the Netherlands in 2020, consisting of dedicated specialists who support innovative, sustainable, and fast-growing companies in achieving success. Entrepreneurs can also turn to our "Circular Economy Desk" for help in financing circular business models (EUR 141.3 million by 2022).

### *Sustainable Financing Solutions*

We are making entrepreneurship more sustainable and accessible by offering innovative financing solutions. For instance, together with the European Investment Bank (EIB), we launched the "Impact Fund", which makes money available so that we can offer discounted interest rates on Rabo Impact Loans (EUR 268 million in 2022). We also allocated EUR 60 million to the Social Impact Loan in 2022. Since we started offering impact loans 6 years ago, we have provided a total of more than EUR 1.4 billion of this type of financing.

We also finance sustainable projects through the Rabo Innovation Loan (EUR 92 million exposure in 2022). This loan is intended for businesses that do not (yet) meet the requirements for a conventional bank loan because they do not have proven results or have no cash flow yet. It is an initiative of the Rabobank Innovation Fund, a fund that can allocate EUR 20 million each year. Rabo Member Councils grant the loans, after a positive assessment by our Startup & Scale-up Team.

### *Sustainable Innovation Award*

The Rabobank Sustainable Innovation Award is intended for entrepreneurs with an innovative solution. After judgement by the jury and votes cast by our members, the four winners of 2022 were determined. At the Floriade in Almere, the companies NoPalm Ingredients, HoCoSto, Psylaris and CORE received their prize of EUR 20,000 and participation in a special accelerator programme run by our partner Yes!Delft. ECG Excellence won the member prize: 5,000 euros and an afternoon of inspiration in the Malietoren of VNO-NCW and MKB-Nederland.

### *Collaboration with Partners*

Together with other Dutch financial institutions and the Dutch government, we are part of the "Financing the Circular Economy" working group. The group aims to address bottlenecks in the financing of circular business and projects. In 2021, we joined the Circular Manufacturing Industry Implementation Program, an alliance between industry, academia, and the Dutch government which advocates for the transition of the Dutch manufacturing industry to more circularity. The alliance conducts research, develops knowledge and tools, explores opportunities with businesses, and sets up innovation projects. In addition to this, it developed a "Circular Opportunities Map", an overview of the [top-10 opportunities per sector](#) for entrepreneurs seeking to do circular business. There are maps for the food, industrial, healthcare, and construction sectors.

The "CE in 1 Day" program helps businesses move toward circular business. The program's goal is to bring together approximately 20 companies from a specific sector per region and provide them with circular opportunities for their business. In 2022, we organized CE in 1 Day three times: for the healthcare, industrial, and construction sectors. We also launched the "Circular Economy Challenge", a comprehensive program in which more than 20 entrepreneurs from different sectors within a region receive support for six months in their transition to a circular business model.

Furthermore, we partnered with Circo Hubs in seven different regions. A "Circo Hub" is a collaboration of parties such as regional and local authorities and businesses who organize "Circo Tracks". These Circo Tracks aim to help entrepreneurs developing a circular proposition for their company. Ten Circo Tracks were organized during 2022.

### *Bio-based Building*

The Dutch construction sector is a major user of primary raw materials, and bio-based building is a solution that could contribute to a circular economy. In January 2022, a special team within Rabobank was established to scale up the value chain of bio-based building. The team engages with local, provincial, and national governments, business and academia to tackle housing shortages quickly but with the lowest possible environmental impact through bio-based building. Last year, we also partnered with "Building Balance", a transition program that focuses on scaling up regional initiatives in growing, processing, or using bio-based (building) materials.

## Sustainable Investments

As previously mentioned, in addition to the Rabo Impact Loan and Rabo Innovation Fund, we have other forms of sustainable financing options available. For example, Rabo Investments, Sustainable Asset Management, and our *Rabo Groen Bank* (Rabo Green Bank).

### ***Rabo Investments***

Rabo Investments invested EUR 49 million in the Energy Transition in 2022. It focusses on investing in transition enablers directly, and through growth funds with actionability and return potential. One of the investments was EUR 5 million in GIGA Storage, a large-scale battery energy storage developer. Being the first formal investor, we support GIGA to expand its network of large-scale energy storage. Another example is our investment in the GreenMo Group, to financially support the use of e-mobility.

### ***Sustainable Asset Management***

We invest in a sustainable manner by taking ESG factors into account and following the 10 principles of the UN Global Compact (pact on human rights, labor, environment, and anti-corruption). Exclusions and restrictions apply in line with our sustainability policies. We focus on investing in sustainable themes we believe to be important for the Energy Transition, responsible use or recycling of (raw) materials, and welfare. These are investments in the themes of renewable energy, circular economy, electric vehicles, robotization and innovation, and healthy living. Assets invested sustainably decreased from EUR 33 billion to EUR 31 billion in 2022, mainly due to an overall decrease in asset value. Our equity portfolio consists of funds that have a GHG emissions footprint that is at least 30% lower than the benchmark, the global equity market index.

### ***Rabo Green Bank***

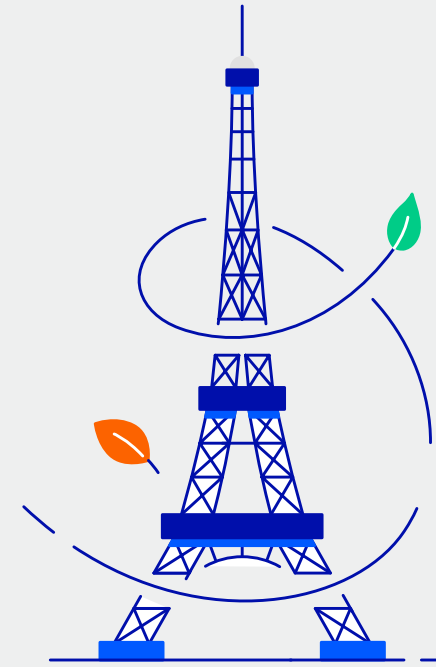
Private customers can invest savings in sustainable businesses through *Rabo Groen Bank*, the largest green bank in the Netherlands, with a volume of EUR 2.6 billion in sustainable and climate transition loans. In 2022, a total of over EUR 350 million of private savings was allocated to Rabo Green Bank. These savings and their proceeds are used for funding green loans at lower interest rates to companies that invest in sustainable assets. More than EUR 400 million in new loans were granted in 2022, with the biggest growth in solar energy investments, followed by sustainable agriculture, efficient use of energy (i.e., heat pumps), and sustainable real estate.

## Managing the Climate Impact of Our Own Operations

We are improving our own energy efficiency, for example, by travelling less, reducing our energy usage and improving the energy efficiency of our office buildings. More than 96% of our buildings in the Netherlands already qualify for an energy label of C or higher, meaning we are on track to meet government targets. In 2022, preparations started for the targeted reduction of the carbon footprint of our IT landscape (i.e., our own data centres and cloud usage), based on the Green House Gas Protocol, using figures from suppliers, and input from our cloud service providers' carbon dashboard. For a more detailed description of how we plan to reduce our own emissions, please read ["Our Road to Paris"](#) report.



# *Financed Emissions*



# Update

*An update on our financed emission and our progress to our net-zero targets*

In November 2022, we published "[Our Road to Paris](#)", a report in which we disclosed the latest information on our approach to climate change, both from an impact as well as a risk perspective. We reported the latest results on carbon emissions related to our own operations (Scope 1 and 2), our goals to further reduce them and our updated criteria for offsetting residual emissions. We also defined decarbonization pathways and set 2030 intermediate GHG (Greenhouse Gas) emission reduction targets for 12 high-emitting sector/region combinations accounting for EUR 259 billion in exposure and the majority of our reported financed emissions. We revealed our plans for facilitating our clients in the transition toward a low-carbon future. We also gave insight into our progress in identifying and assessing climate risks and integrating them into our overall risk management framework.

## Financed Emissions

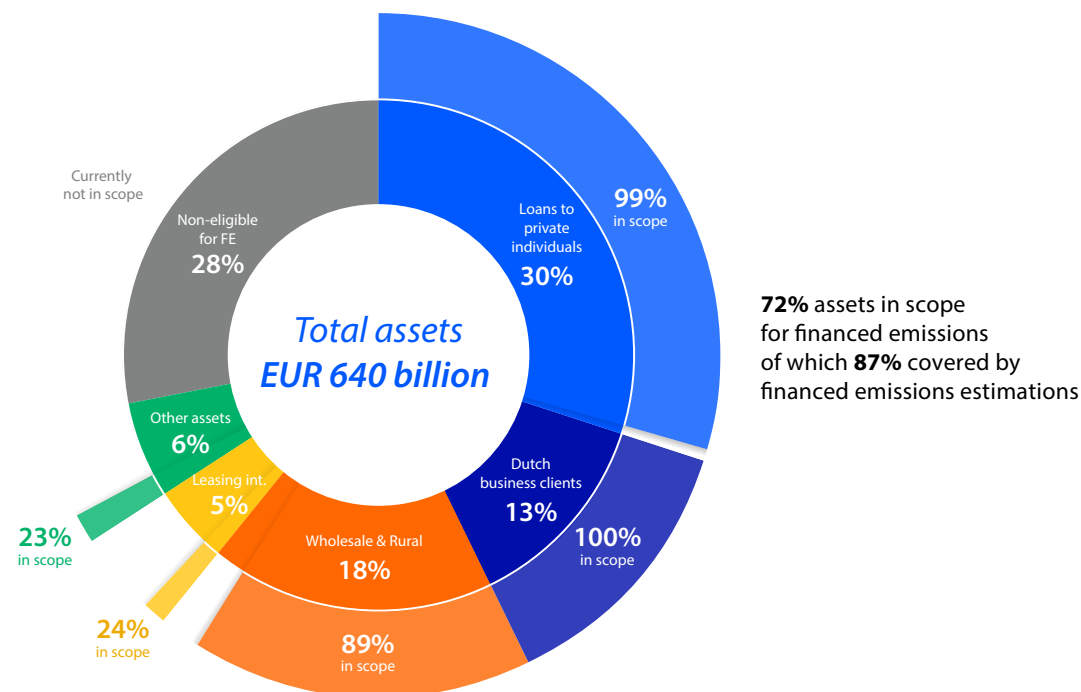
As a transition bank, Rabobank wants to finance the transition of our clients' business processes from high to low-emitting technologies. Rabobank believes that being transparent on our direct and indirect carbon footprint is an important first step on our journey to Paris Alignment. Calculating the impact of our overall financing activities helps us to see what actions we and our clients can take to reduce the carbon impact and deliver on the commitment of making our portfolio Paris aligned by 2050.

As part of our commitments to the Dutch Climate Agreement and the NZBA we disclose our Financed Emissions on an annual basis. In this Impact Report we give an update on our financed emissions over the year 2021, which currently include the Scope 1 and 2 emissions of all in-scope portfolios, and Scope 3 emissions for selected portfolios as stipulated by NZBA criteria. We also provide an updated table of our climate targets for the 12 sector/region combinations mentioned in the paragraph Progress to Paris.

To estimate financed emissions Rabobank uses the PCAF (Partnership for Carbon Accounting Financials) standard. The availability, specificity and accuracy of the data we use to make these calculations varies widely per sector. Therefore, the financed emissions overview presented in this report should be interpreted as our "estimates on a best effort basis" using the current information and data we have at hand. Where possible, we have used self-reported emissions of our clients.

Currently most clients do not report on their emissions, therefore most of our carbon footprint measurements rely on top down, industry wide estimates. More details about our approach, estimations, and the PCAF data quality scores can be found in the [Annex](#).

## Assets from loans & investments in scope



Almost 90% of Assets in Scope

In this years update, we have expanded the scope of assets for which we measure financed emissions by including Trade Commodity Finance (TCF) clients, Sovereign Bonds, Financial Solutions, Equity investments and DLL Transport lease assets, adding close to EUR 27 billion of assets new in scope compared to last year. As a result, we are reporting 87% (2020: 80%) eligible assets for financed emissions estimation over 2021.

Thanks to methodological improvements we are able to disclose financed emissions from our TCF portfolio, 57% of our sovereign debt portfolio and 90% of our equity investments portfolio. Our TCF portfolio includes clients trading in high-emitting sectors, such as energy, mining and metals, and agriculture. With the inclusion of our TCF portfolio we disclose financed emissions for 100% of carbon intensive sectors as defined by NZBA.

In the future, we will expand the scope of our calculations, including all our clients' relevant Scope 3 emissions.<sup>1</sup> This will most likely lead to further increases in our reported financed emissions, although this will inevitably lead to double counting as well.

2021 Financed Emissions

Our Financed Emissions over 2021 total 51.5 Mt CO<sub>2</sub>e, which is higher than the 2020 restated Financed Emissions of 44.2 Mt CO<sub>2</sub>e.<sup>2</sup> Out of that total, 51.5 Mt CO<sub>2</sub>e, the majority of the change (6.1 Mt CO<sub>2</sub>e) is related to the scope increase as mentioned above (from 2020: 80% to 2021: 87%). The remaining 1.2 Mt CO<sub>2</sub>e increase can be attributed to a combination of factors including portfolio growth and increase in market share mainly in the F&A sector, in our Wholesale and Rural business.

It is important to note these results are solely the outcome of measuring the estimated Financed Emissions. We are not able to directly control the emissions of our clients. However, we believe that our Road to Paris strategy and actions in the long term will facilitate the move to a net-zero economy. Being a transition bank, it is not unusual when financed emissions temporarily rise. It is our role to finance the transition of our clients' business processes from high to low-emitting technologies.

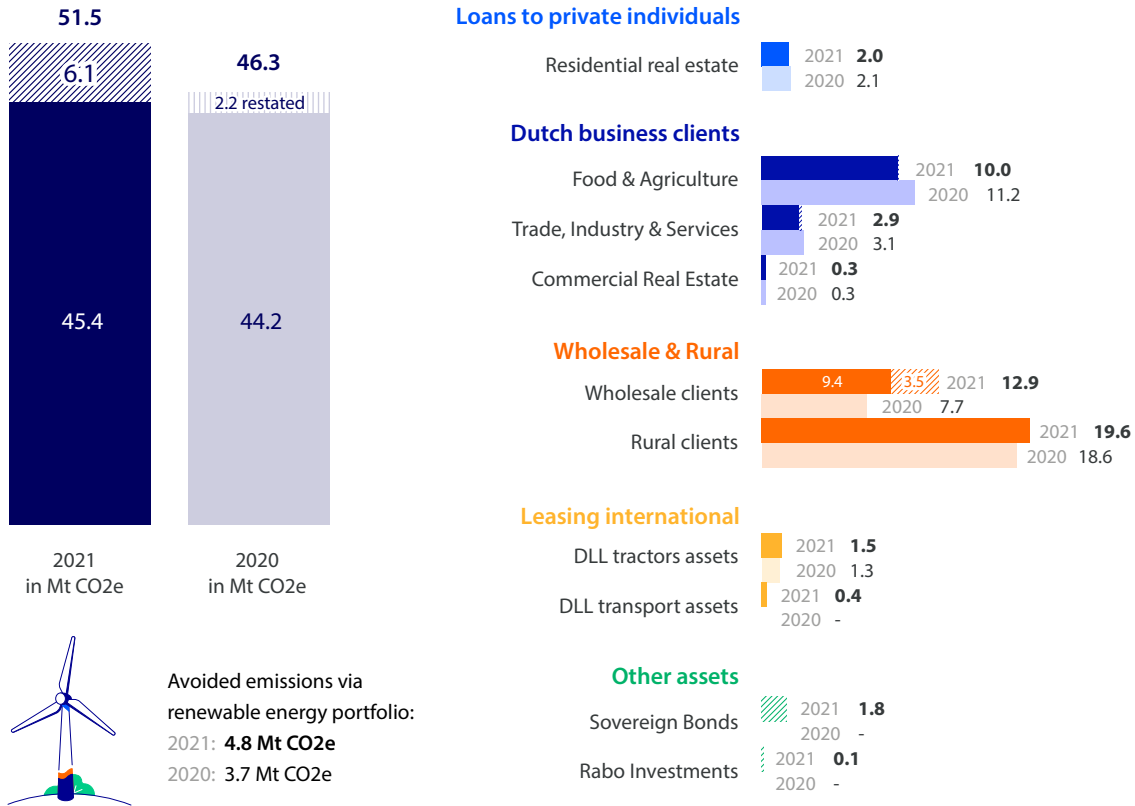
Avoided Emissions

Further methodological improvements have led us to restate our 2020 estimates for Avoided Emissions (5.6 Mt CO<sub>2</sub>e becomes 3.7 Mt CO<sub>2</sub>e)<sup>2</sup>. Our 2021 Avoided Emissions have increased by 1.1 Mt CO<sub>2</sub>e to a total of 4.8 Mt CO<sub>2</sub>e mainly due to projects progressing from under construction phase to in operation phase. Please read more about our efforts in this field in the [Energy Transition](#) chapter.

1 The results are not yet included in the total overview but described in the [Annex](#).  
2 Please see the [Annex](#) for a detailed explanation of restatements.

Emissions from loans & investments (Scope 3)

Financed emissions 2021 vs 2020 in Mt CO<sub>2</sub>e





Progress to Paris

In our recently published "[Our Road to Paris](#)" Report (published in November 2022) we describe our plans to help our clients reduce their emissions and transition to low-carbon business models. We believe that these efforts will also contribute to lowering our financed emissions inventory. The table below shows the updated financed emissions calculations on our progress towards our Paris Alignment targets for the 12 sector/region combinations, which we disclosed in November.

In the sectors where we have a sufficient amount of client-level data (Energy, Commercial and Residential Real Estate) we have recalculated our portfolio position in relation to the identified decarbonization pathways. We expect to be more accurate in the future, when improved data becomes available. For the other sectors, due to lack of data, we followed the sector averages as described by the decarbonization pathways.

Financed Emissions and Progress on Targets for our 12 sector/region combinations (Road to Paris)																	
			% In-scope portfolio			Absolute Emissions		Data Quality		Performance			Road to Paris				
			2021	2021	2020	2021	2020	2021	2020			2021	2030 target				
Sector	Region	Business	Outstanding (EUR bn.)	% In-scope portfolio	Outstanding (EUR bn.)	Scope 1 and 2 (MtCO2e)	Scope 1 and 2 (MtCO2e)	PCAF score	PCAF score	Measure		Full Year	Baseline	Baseline Year	Update 30/9/2022	Reference Scenario	
Food System Transition																	
Dairy	Netherlands	Retail NL	10.9	3%	11.3	3.6	4.1	5	5	Absolute		3.6	4.1	Y2020	>0.8	Dutch Climate Agreement	
Pig Farming	Netherlands	Retail NL	1.5	0%	1.6	0.7	0.8	5	5	Absolute		0.7	0.8	Y2020	>0.3	Dutch Climate Agreement	
Horticulture	Netherlands	Retail NL	3.0	1%	3.0	4.6	5.1	5	5	Absolute		4.6	5.1	Y2020	2.2	Dutch Climate Agreement (CEG***)	
Beef	Australia	Rural	3.0	1%	2.9	1.1	1.4	4	4	tCO2/t		25.3*	25.3	Y2020	-10%	SBTi FLAG	
Beef	United States	Rural	1.7	0%	1.5	6.1	5.1	4	4	tCO2/t		17.3*	17.3	Y2020	-17%	SBTi FLAG	
Dairy	New Zealand	Rural	4.3	1%	4.3	1.8	1.9	4	4	tCO2/t		1.2*	1.2	Y2020	-12%	SBTi FLAG	
Soy	Brazil	Rural	2.1	1%	1.9	0.7	0.6	4	4	tCO2/t		0.8*	0.8	Y2020	-49%	SBTi FLAG	
Tractors***	International	DLL	6.7	2%	6.0	1.5	1.3	3	3/4	n.a		n.a.	n.a.	Y2020	-5%	Own methodology	
Energy Transition																	
Residential Real Estate	Netherlands	Mortgages	190.5	49%	189.0	2.0	2.1	3/4	3/4	kg CO2/m2		26.1	26.2	Y2020	-30%	CRREM	
Commercial Real Estate	International	NL + Wholesale	21.4	6%	19.4	0.4	0.3	3	3	kg CO2/m2		43.2	45.1	Y2020	-27%	CRREM	
Transport	NL + International Netherlands	NL + Wholesale	5.5	1%	5.1	1.5	1.4	1/2/4/5	1/2/4/5	MTCO2/billion tkm		0.03*	0.03	Y2020	-37%	IEA NZE	
Energy / Power Generation	Netherlands	Retail NL	1.1	0%	0.9	0.3	0.4	5	5	kg CO2/kWh		0.21*	0.21	Y2020	-48%	IEA NZE	
	International	Traded Oil & Gas	3.2	1%	n/a**	1.3	n/a**	1/2/4	1/2/4	Outstanding in EUR bn		3.2	n.a.	Y2022	-20%	IEA NZE	
	International	Wholesale + Project Finance	4.5	1%	3.9	0.5	0.4	1/2/4	1/2/4	kg CO2/kWh		0.0	0.0	Y2020	0%	IEA NZE	
Portfolio Road to Paris**			259.3	67%	250.7	26.2	24.7										
Portfolio Impact Report 2021			389.3	87%													
Total Portfolio			443.4														
* The performance measure is equal to the baseline reference year due to unavailability of data.																	
** The 2020 Financed emissions were not measured, these are new in scope assets.																	
*** The Financed emissions for DLL tractors include scope 3 emissions of our leased assets in line with PCAF methodology																	

Please see the [Annex](#) for more information about the calculations and PCAF scores



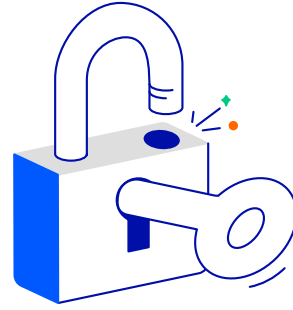


*Transition toward a More Inclusive Society*



# Our Contribution toward A More Inclusive Society

Ensuring that everyone have access to what is important to them and have the opportunity to make the choices that are right for themselves.



## Networks

### Knowledge

#### Finance Academy

We offer talents with a refugee background knowledge, coaching and training in order to gain more understanding of the Dutch financial sector.

#### Financial Education

We support elderly with internet banking through webinars, courses and help at home. The aim is to enable elderly to arrange their own banking transactions for as long as possible and to protect them from financial abuse. We provide financial skills building and wellbeing workshops also internationally in New Zealand and Australia.

#### Inclusion Agents

Our **35 Inclusion Agent** guided several open dialogues with colleagues on DEI.

#### Nibud

With Nibud we have a partner agreement for the next 2 years with the aim of using Nibud knowledge and information to make the Netherlands financially healthier. We do this, for example, with the Financial Health Check.

#### Nederlands Schuldhulproute / Geldfit.nl

The Dutch Debt Relief Route is one way to appropriate help with money problems. Companies, municipalities and social partners work together to help people earlier, faster and better.

#### UniekSporten

Rabobank has become one of the main partners of UniekSporten, a programme of 'Fonds Gehandicaptensport' (the Disabled Sports Fund) and cooperating municipalities.

#### Rabo Partnerships

We contribute to more effective financial systems in emerging markets through advisory services and investments with the goal to improve financial inclusion and food security specifically in rural areas. We focus on providing emerging market farmers with access to finance while developing their ability to produce sustainably.

#### Networks for Diversity & Inclusion at Rabobank

- **GLOBO**: Network for non-Dutch speaking colleagues
- **RAP aan de Slag (Back to work)**: Network for colleagues with physical and/or mental health challenges
- **Rainbow**: Queer & Friends network
- **Jong Rabo (Young Rabo)**: Network for employees under the age of 36
- **Kleurrijk Rabo (Colorful Rabo)**: Bi-cultural network
- **Rabo Active**: Community for employees above the age of 35
- **Rabo Women**: Network to empower women

## Results

### Goals

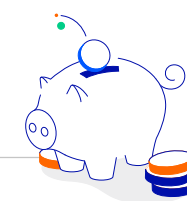
### KPI

### Results 2022

By the end of 2022 approximately **3 million** customers use the app every month to gain better insight into their finance, thanks to the new features in the Rabo App.

2,7 million

3,0 million



## Finance

### Supporting Communities

We have invested a total of **EUR 30,4 million** from our cooperative dividend in social projects.

### Financial Health

Employees for whom the Rabobank CAO applies received, with the salary of November 2022, a one-off net amount of **EUR 500** in addition to the agreements made in the context of the Rabobank CAO 2023 - 2024.

### Rabobank Foundation

We offer organizations that work with smallholder farmers all over the world access to money, knowledge and our network. In the Netherlands we strengthen social enterprises so that everyone can participate in society.

### Rabo Community Fund

Rabobank Australia and New Zealand established the Rabo Community Fund. Its purpose is to invest in the vitality of the rural communities in which our clients and staff live.



## Innovation

### Financial Health Check

In collaboration with Leiden University and Deloitte we tested the Financial Health Check in the Rabo App. It will now be available for all customers.

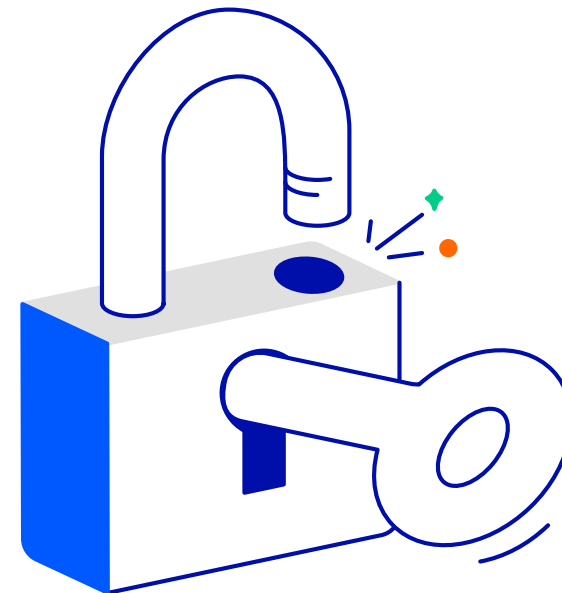
# Transition toward a More Inclusive Society

True to our cooperative mindset, we support an inclusive society with fair social and economic opportunities for everyone to pursue what matters most to them.

## Vision

Everyone deserves fair and equal opportunities to pursue their ambitions, whether it is finding a comfortable home, doing meaningful work, or investing in their own business. To promote the financial well-being and financial security of our customers and their communities, we focus on the accessibility of our financial products and services, help customers manage their current financial obligations and work on their financial future. We support a more inclusive society with equal opportunities for all, through our networks, knowledge and innovative financial solutions.

If the challenge becomes too big for us alone or if we can achieve more by working together, we will join forces to pursue systemic change. Because, we firmly believe in the connection between government, communities and businesses. We initiate or participate in collaborations in which all parties contribute.





## Being a Positive Force in Communities

An inclusive society is about belonging and being able to participate. That is why we are committed to strengthening social cohesion and giving everyone the opportunity to participate.

### Rabo ClubSupport

As a cooperative we are, by tradition, an organization that plays an important role in sponsorship in the Netherlands. With our members and partners, we continuously work to make sports, cultural, and social organizations more vital, inclusive, sustainable, and future-proof. We provide knowledge and connections as well as financial support. In recent years, a move to consolidation has been initiated in our sponsorship policies with the aim to increase impact, visibility and focus. This is accompanied by clearer choices in which applications for sponsorship we do or do not accept. This new strategy to support clubs and associations was launched in 2022 under the name Rabo ClubSupport which encompasses all the sponsorship activities we undertake.

Our Rabo ClubSupport program includes three pillars:

1. Partnerships,
2. Support, and
3. Voting Campaign.

#### ***Rabo ClubSupport - Partnerships***

An example of a partnership to support sports, cultural, and social organizations is our new partnership with Uniek Sporten, a program of *Fonds Gehandicaptensport* (Sports Fund for Disabled people) and cooperating municipalities. The main focus of this new partnership is to support sport clubs in the Netherlands to become more inclusive. The partnership between Uniek Sporten & the Rabo ClubSupport program supports access to sports within clubs for both disabled and able-bodied athletes.

#### ***Rabo ClubSupport - Support***

Everyone deserves a club. It is like a second home. A place where you meet, strengthen each other and can completely be yourself. In short: clubs are indispensable. That's why we like to help them realize their ambitions. As a cooperative bank, we return part of our result to Dutch clubs (and other associations) every year. We also use our knowledge and network to make clubs more future-proof. We do all this together with our partners NOC\*NSF, LKCA, Kunstbende and various sports associations.

- 396 clubs received support through 1-on-1 coaching and master classes
- 1,383 clubs received support through inspiration sessions, workshops and webinars

### Rabo ClubSupport - Voting Campaign

On top of our sponsorship budget, we use cooperative dividends to support clubs and associations in the Netherlands through ClubSupport. In 2022, almost 500,000 of our members voted for their favorite local club. We distributed EUR 14 million to clubs and associations and 31,394 clubs and associations received other forms of support.

### Cooperative Dividend and Rabo Foundation

We invested a total of EUR 30.4 million of our cooperative dividend in Rabo Foundation which supports 460 projects that increase inclusive and sustainable prosperity. In the Netherlands, they support social entrepreneurs who create employment opportunities for people with a the labor market disadvantage. In Africa, Asia, and Latin America, Rabo Foundation support farmers' organizations, to improve smallholder farmers' livelihoods and their ability to produce more sustainably.

### Rabo Community Fund

Rabobank Australia and New Zealand established the Rabo Community Fund. Its purpose is to invest in the vitality of the rural communities where our clients and staff live. We do this by activating meaningful initiatives focused on issues identified by our Client Councils. With the establishment of the Rabo Community Fund, we have a dedicated financial pool to increase impact in rural communities.

### Together in Action for Ukraine

Since the beginning of the war in Ukraine, we have set up a number of projects to support Ukrainian refugees:

- We created simplified online onboarding to our banking services for Ukrainian refugees. More than 27,000 accounts were opened by the end of 2022.
- We joined forces with the UN World Food Programme (WFP) to enable our employees worldwide, to donate a meal to people who have fled the war in Ukraine. Almost 15,000 meals were donated, which we rounded off and doubled as an additional financial contribution to the WFP.
- Former Rabobank office buildings, such as the vacant offices at Kronenhoef in Eindhoven, were converted into shelter accommodations. In addition, Kronenhoef also offers meals for the Ukrainians staying there as well as for homeless people.
- With our network, we created the social initiative *Boeren voor Buren* (Farmers for Neighbors), during the pandemic. More than 150 employees helped with fresh fruit and vegetables packages for low-income families, direct from local farmers. When the first Ukrainian refugees came to the Netherlands, the same network started with 'Farmers for Refugees'. Our financial support made it possible to provide fresh fruit daily at 37 refugee locations in the regions of Haarlem, Almere and Amsterdam.

## Financial Well-Being

Financial well-being is under pressure from factors such as inflation, energy poverty and income inequality. We believe that we have an institutional role to play in this area, especially in the Netherlands. We can offer people extra help if they can't manage on their own, and we support all customers with insights in their financial situation in the Rabo App.

While society demands more and more financial flexibility and independence from individuals, we see increased financial vulnerability. According to the Institute for Family Finance Information (Nibud), in 2022, 42% of Dutch households experience challenges with paying their bills. We believe everyone can take a step forwards toward a financially healthier life, for today and for the future. We encourage both our customers and other individuals to set aside money so that they have sufficient reserves for unexpected expenses and an adequate pension.

### Help with Financial Worries

In order to better serve customers that are increasingly worried about their financial situation, we established the Team *Hulp bij Geldzorgen* (Help with Financial Worries), which started in 2020 as a pilot, within the *Preventief Beheer Desk* (Preventive Management Desk). The *Preventief Beheer Desk* focuses on proactive and preventive management. The advisors not only support customers that are proactively asking for help, but also approach customers that appear to be at risk of financial vulnerability, based on our data.

In addition to listening ear services, the Help with Financial Worries team explains our tools for better financial insights and saving tips, suggests potential product solutions to lower monthly expenses, and can put them in contact with the *Nederlandse Schuldhulproute* (Dutch Debt Assistance Services). In this way, we have been able to help customers prevent their financial situation from worsening. The team *Hulp bij Geldzorgen* serviced more than 2,000 customers. In addition, 13,600 customers were referred to "Geldfit.nl" via various channels. Geldfit is an online solution with an anonymous financial test. In collaboration with Geldfit, we pay specific attention to energy poverty (including building a dedicated website), and inform people facing reduced purchasing power about possible support from local and national governments.

### Talk about Money

Many people still see talking about money as a taboo, even though it is especially important at this time of high inflation and rising costs. We have relaunched our "Talk about Money" campaign to encourage people to have these conversations, for instance with our Team Help with Financial Worries. For people who want to get a better grip on their financial situation themselves, we have "Insight" features in the Rabo App that help them get a clear overview of their financial situation and to set budgets. A monthly statement shows how much has been received, spent and saved. More than 3 million customers now use the app every month to gain better insight into their finances.

## Financial Health Check

The "Financial Health Check" (developed by Nibud in collaboration with Leiden University and Deloitte) can help people take a step toward a financially healthier life based on their answers. A pilot that included the check in the Rabo App started in the fourth quarter of 2022. It was so successful that it will be available to all customers in 2023.

### Declining Purchasing Power in the Netherlands

Consumer prices in the Netherlands rose by an average of 11.6 percent in 2022, the highest inflation since the 1970s. This has caused a substantial drop in purchasing power, impacting the financial situation for people on all income levels but especially those with low incomes. Figures from Statistics Netherlands (CBS) show that in 2022 fewer people were able to save money (62 percent in 2021 and 56 percent in 2022) while more people indicated that they have to draw on their savings or run into debt (11 percent in 2021 and 17 percent in 2022).

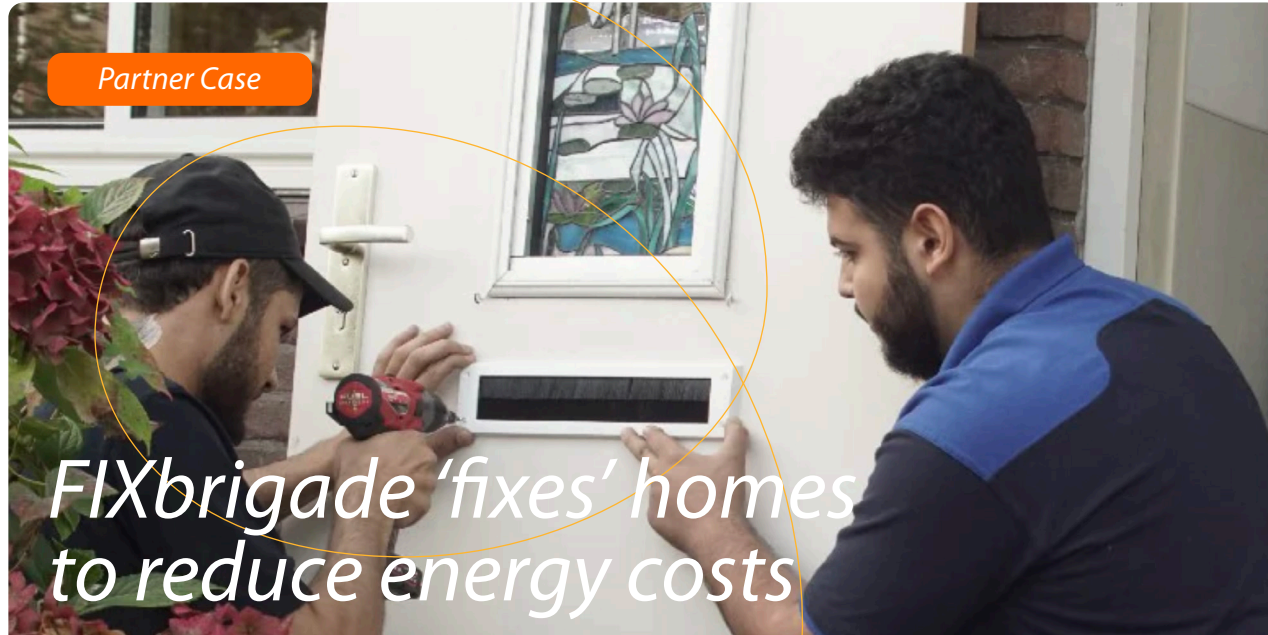
A RaboResearch study found that financial problems and worries are not always discussed with close friends or family. Their research also shows that 63 percent of people that experienced financial problems in the past twelve months did not seek financial help. Additionally, 51 percent of all Dutch citizens indicated that they would not discuss financial doubts or problems with a professional. But the study also suggests that more frequent discussions about personal finance could help people to seek help when needed. People who discuss their finances more often with friends or family, also seek help more often, and have a higher intention to discuss problems with close friends, family or a professional.

We have increased our efforts to activate people with financial worries in a national campaign where we, first and foremost, stress the message to talk to someone people trust when they are worried. We also try to offer support via our Prevention desk and by creating insights on energy and finances in the Rabo App.

## Independent Living

Many elderly people prefer to live independently in their own home for as long as possible. We can help them achieve this with useful tips and tools. For example, many seniors wait too long to think about their future housing needs. More options are available if they start on time. The '50PlusWoonTest' that we developed together with insurer Interpolis provides quick insights into people's current and future housing and living needs situation within a few minutes. They can see what might be involved if they decide to renovate their current home or decide to move. The 50PlusWoonTest was completed by 23.446 people in 2022.

## Partner Case



# FIXbrigade 'fixes' homes to reduce energy costs

## The Challenge

For people with a low income the increased inflation and high gas prices have had, and still have a significant impact on their finances.

This means that these people carry the burden of short term high (energy) costs. That is why the FIXbrigade was created: with draft strips, radiator foil and a caulking sprayer, local handyman teams carry out free energy-saving measures on homes.

This results in substantial energy savings of EUR 300 to EUR 1,200 per year per home.

## The Solution

The FIXbrigade is a community of local DIY teams that carry out energy-saving measures for homes of people with low incomes for free.

Hundreds of houses in the surrounding of Amsterdam were already isolated by the DIY teams that are often formed by people with a distance to the labor market. Via a special program they are trained and it is the ambition that all team members can move to a regular job as a 'fixer' within six to eight months.

Rabobank has supported the FIXbrigade with its network (municipalities, housing corporations, and food banks), knowledge (advice on the business model), and a financial donation.

## The Future

Together with Vattenfall, The Ministry of Foreign Affairs, ABN Amro, and Shell, Rabobank donated EUR 1.25 million for the expansion of the FIXbrigade community. The aim is to have 80 new, local DIY teams to make 20,000 homes more energy-efficient throughout the Netherlands before the end of March 2024.

## Supporting Our Employees

In order to support employees in these financially challenging times, we offered our employees financial information and advice. In addition to these tools, employees for whom the Rabobank CAO (collective labor agreement) applied, received a one-time lumpsum of net EUR 500 with their November salaries. This is in addition to the agreements made in the context of the Rabobank CAO 2023-2024. Some external contractors were also eligible for the supplementary payment.

## Financial Inclusion

We want to be accessible to all individuals. Accessibility means that anyone, with or without disabilities, has the opportunity to use all of our facilities, information, and services.

We support older customers with internet banking by providing explanatory texts, tutorials, and support at home. The aim is to enable these customers to do their own banking for as long as possible and to protect them from financial fraud. To help protect them we provide information on fraud and scams in order to create awareness. For example, on November 15<sup>th</sup> we organized an online tutorial "Keep your money safe, recognize fraud" and promoted it throughout the Netherlands. We received 11,661 registrations for this webinar.

To improve the physical accessibility of our financial services, we introduced "Mobile Banking Services" in 2021. This is especially intended for customers who are physically unable to arrange their banking through the conventional channels. The service involves Retail Banking employees visiting customers at home to help them with standard banking services, such as opening a bank account. In total, 2041 customers were serviced.

## Rabo Partnerships

In emerging markets, we focus on enabling access to finance and improving financial inclusion, rural development and food security.

Through our advisory services, we support financial institutions to help them professionalize, scale-up and become financially sustainable by providing capital, technical assistance, and access to our international networks. Rabo Partnerships has contributed to notable impact recently in Latin America through its partnerships with Banco Pichincha (Ecuador) and Banco Fie (Bolivia). Since entering into an advisory partnership with Rabo Partnerships, these banks increased their Food & Agri exposure by USD 1 billion and USD 190 million respectively and grew their customer base by 1,300,000 and 360,000, respectively. In Africa, Rabo Partnerships has established similar advisory based partnerships, jointly covering a large part of Sub Saharan African markets. In close collaboration with World Bank Group, Rabo Partnerships also worked on developing financial cooperatives in West Africa and Colombia.

## Diversity, Equity and Inclusion at Rabobank

We want to be a high-performance organization and an attractive employer for everyone. A diverse workforce promotes diversity of thought, makes us stronger, more innovative, more flexible, and more creative. In this way, we not only do the right thing for society, we also improve our results, and we can better understand and serve our customers. Because our customers are also a reflection of society as a whole, and they have a wide range of different needs.

Our commitment to diversity and inclusion is also reflected in the percentage of women on the Managing Board: 50% in 2022. The first management layer under Managing Board includes 36% women, and if we look at the total workforce, 49% are female.

### Employee Networks

Rabobank has several diversity networks. They represent various groups of employees, serve as sounding boards for the organization, and help employees feel heard.

- *GLOBO*: Network for non-Dutch speaking colleagues
- *RAP aan de Slag* (Back to work): Network for colleagues with physical and/or mental health challenges
- *Rainbow: Queer & Friends network*
- *Young Rabo*: Network for employees under the age of 36
- *Kleurrijk Rabo* (Colorful Rabo): network for employees with a diverse cultural background
- *Rabo Active*: Community for employees above the age of 35
- *Rabo Women*: Network to empower women

### Inclusion Agents

Our Inclusion Agents raise awareness regarding the importance of diversity, equality and inclusion at Rabobank. These 35 Rabobank employees around the world are intrinsically motivated to initiate and facilitate conversations about this topic. Through leading by example, the Inclusion Agents strive to build a culture of inclusion by guiding several inclusive dialogues sessions. We strive to increase the number of Inclusion Agents and expand their reach.

### Gender Pay Gap

For three consecutive years we have conducted similar research on pay equality of employees that fall under the Dutch Collective Labor Agreement Rabobank. We have examined (i) the unadjusted pay gap, in which only the difference in part-time and full-time contracts is taken into account, and (ii) the adjusted pay gap, that allows for a like-for-like comparison between employees with, for instance, the same job profile. Based on this research, it was determined for 2022 that there is a 22.0%

unadjusted pay gap and an adjusted pay gap of 1.3%. Compared to last year this means a decrease in both the unadjusted (-/- 1.9 pp) and adjusted (-/- 0.5 pp) pay gap. The decrease in the adjusted pay gap is however the result of a slightly amended, more sophisticated methodology in 2022.

| *Encouraging people of different genders, ethnics and cultures makes us better*

### Partnerships

We have a number of Diversity, Equity, and Inclusion partnerships. One example is Rootsinspire, a leadership development platform created by corporate leaders with ethnic backgrounds for future leaders with similar backgrounds. The platform helps create future ethnic role models and thus supports an increase of diversity within our own organization.

### Newcomers

We give everyone the opportunity to join our organization, including people who are marginalized from the labor market and migrants. In 2021, we achieved a target we set in 2019: to offer 60 asylum seekers with a residence permit a job at Rabobank. In April 2022, we set a new target: to provide 50 talented refugees a job at Rabobank within three years. By the end of 2022 57 refugees were onboarded.

### Finance Academy

We have a multi-year partnership with Refugee Talent Hub. The Hub organizes activities for (potential) employers to meet refugees, get to know them, and increase their chance of finding work. Initiatives include the Finance Academy, a four-month Finance Academy that started in September 2022 that was organized with our partners EY, KPMG and Nationale Nederlanden. The Academy offered talented people with a refugee background, knowledge, coaching, and training in order to gain more understanding of the Dutch financial sector, with the aim of helping participants to expand their networks and opportunities in the Dutch labor market.

| *We believe that an organization functions better when it is diverse and inclusive*



# Disclaimer

This report is published by Coöperatieve Rabobank UA ("Rabobank") in the Netherlands and is written from a Dutch law perspective. This report is for information purposes only and is not intended to be complete. Please note that this report including the figures in it have not been audited by an external auditor. We report based on the current knowledge, the currently available data and the most suitable methodologies and methodological choices for disclosed elements. Harmonized standards and calculation methods are expected to be updated and/or developed and improve data quality in the future.

The climate-related disclosures in this Impact Report rely in part on 2021 data for emissions estimates. This two-year reporting gap differs from the standard one-year gap that is the norm in most financial reporting systems. This difference is due to the fact that the nationally reported GHG emissions data, used for the financed emissions estimates, were not disclosed in time in order to use previous years' data for most regions. Therefore, we used the data from two years ago and, in some cases, even older data. As the number of clients who report on their own GHG emissions increases, we will become less dependent on top-down calculations and national emissions data. Nonetheless, we anticipate that we will have to continue to work with a two-year gap for at least the next two reporting cycles. Although Rabobank believes the statements and metrics have a reasonable basis and are stated to the best of Rabobank's abilities and in good faith, they are not certain and involve various known and unknown risks and assumptions. Nothing that is stated or implied in this report, is intended to, or shall create or grant, any right of, or any cause of action to, by, or for any person or legal entity other than Rabobank.

Please note that where this report contains forward-looking statements, these only reflect the knowledge, views and intentions of Rabobank at the date of publishing this report. Some of the statements contained in the report are not historical facts, including without limitation, the forward-looking statements based on the current views and assumptions of Rabobank. Such statements may involve known and unknown risks and uncertainties that could cause results, performances or events to differ materially from those expressed or implied in statements in this report.

Forward-looking statements, actual impact on transitions, future results, performance of the bank and external events may be affected by a variety, or combination, of uncertainties and external factors, including but not limited to (in random order):

- changes in general economic or political conditions and customer behavior, globally or in the segments or regions Rabobank operates in;
- geopolitical risks, political instabilities and policies and actions of any governmental or regulatory authorities;
- changes in performance of financial markets;
- changes in government policies, regulations and laws and the interpretation and application thereof;
- the availability of reliable (emissions or client) data;
- uncertainties in, and the use of, (emissions) calculation methodologies and models;
- new, or changed, scientific (based) insights in relation to the content of this report and any changes arising out of these insights;
- technological developments;
- changes arising out of market practices and standards, including emerging and developing ESG standards;
- our ability to meet minimum capital and other prudential regulatory requirements;
- operational, regulatory, reputational, transition, and other risks in connection with ESG-related matters;
- our ability to attract and retain key personnel for our daily operations and the execution of the plans set out in this report.

Please note that this report is for information purposes only. It is not a commercial report, nor is it intended as such. Neither this report, nor any part of this report or any statement in this report is intended as a commercial offer or invitation.

# Annex

In this annex we discuss the methodology used to estimate Rabobank's Scope 3, Categories 15 and 13 (for DLL) Financed Emissions as shown in the chapter: 'Financed Emissions'. Additionally we reflect on the results for the different parts of the portfolio and, where possible, the drivers behind the developments compared to last year's estimates.

There are different ways to estimate and disclose Financed Emissions. In Rabobank we use the PCAF standard for accounting and disclosing Financed Emissions. Consequently, we use PCAF's Data Quality Scores (score 1-5) to qualify the level of precision of the estimates we disclose per PCAF asset class. Data quality scores are specific to each asset class, where PCAF scores 1/2 represent the highest data quality and best estimates, as in company-level reported emissions data, followed by physical activity-based emissions (PCAF score 3), and PCAF scores 4/5, given for an economic activity-based emissions approach. We strive to include the best data quality score based on data availability and feasibility.

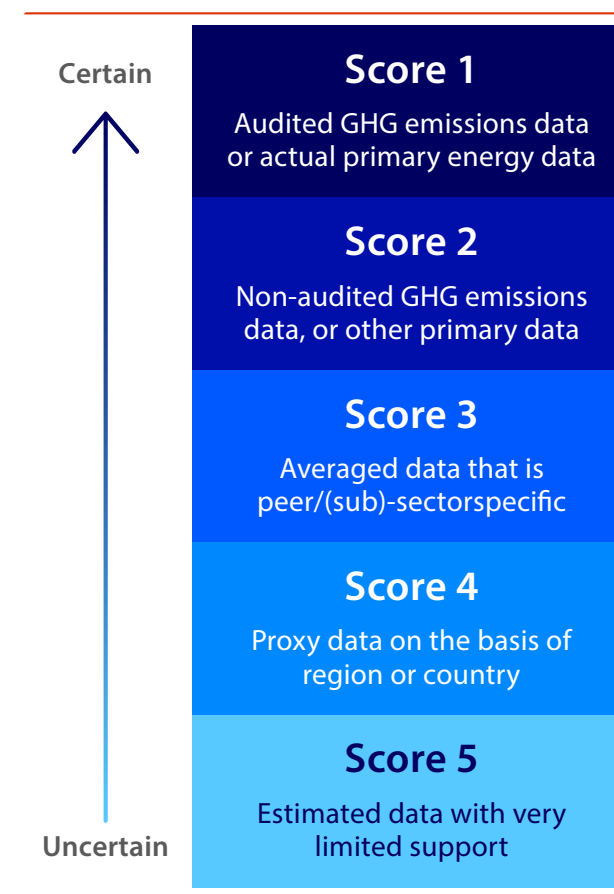
To determine the Financed Emissions of our portfolio, we used a combination of internal and external information that is spread over multiple sources and categorized and reported in a variety of formats. In the absence of comprehensive and reliable "bottom up" GHG emissions data, which is unavailable for an estimated 90% of our portfolio at this stage, we use so-called "top-down" proxy indicators in line with PCAF recommendations. In the following paragraphs, we outline the proxies and data sources we use for our calculations.

Data and methodologies continuously change and improve. Improved estimates, revised calculations or corrections of calculation errors may result in materially different outcomes. As we improve our calculations and methodologies, we will address changes in outcomes in future reports.

We have calculated the Financed Emissions for 87% of eligible assets, for the assets where methodologies and data were available. In this report, we use our balance sheet assets of 31 December 2021 to determine the Rabobank's financing portion of the client's emissions. Where methodology requires a usage of data from client financial statements we use 2021 client related information when available. For specific NACE codes as per PCAF requirements, for the first time we also estimated Scope 3 emissions of our Wholesale clients operating in those NACE sectors. The results are not yet included in the total overview but described in this Annex.

Rabobank's overall Financed Emissions are estimated at 51.5 Mt CO<sub>2</sub>e. The year-on-year rise is mainly due to increase in assets in Scope (an increase of 6.1 Mt CO<sub>2</sub>e). Portfolio growth led to an increase of 1.2Mt CO<sub>2</sub>e. At the same time, we restated the DLL Tractors asset Financed Emissions, which lowered our 2020 baseline results.

## PCAF Data Quality Scores



## Overview of Rabobank's absolute emissions per asset class and business unit

Balance sheet Dec 2021	Outstanding in EUR billion Dec 2021	Outstanding in EUR billion Dec 2020	Outstanding coverage Dec 2021	Outstanding coverage Dec 2020	Financed emissions in Mt CO2e Dec 2021	Financed emissions in Mt CO2e Dec 2020	Economic emission intensity in tCO2e/ EUR mln Dec 2021	Economic emission intensity in tCO2e/ EUR mln Dec 2020	PCAF data quality score 2021	PCAF data quality score 2020
Loans to private individuals	193	191	99%	99%	2.0	2.1	11	11	3.0	3.0
Dutch business clients	81	81	100%	100%	13.2	14.5	155	180	4.6	4.6
Wholesale & Rural	109	106	89%	77%	32.5	26.3	336	321	3.5	3.7
Leasing international	35	32	24%	19%	1.9	1.3*	229	217	3.2	3.7
<b>Total lending in Scope</b>	<b>417</b>	<b>409</b>	<b>91%</b>	<b>87%</b>	<b>49.6</b>	<b>44.2</b>	<b>130</b>	<b>129</b>	<b>3.5</b>	<b>3.5</b>
Financial & Other assets	38	37	23%		1.9		127		1.3	
<b>Total assets in Scope</b>	<b>455</b>	<b>446</b>	<b>87%</b>	<b>80%</b>	<b>51.5</b>	<b>44.2</b>	<b>132</b>	<b>129</b>	<b>3.4</b>	<b>3.5</b>
Assets out of Scope	185	186								
<b>Total assets in Rabobank</b>	<b>640</b>	<b>632</b>								

\*restated from 3.4 Mt CO2e to 1.3 Mt CO2e, please see below the chapter on Leasing international.

## Loans to Private Individuals

### Residential Real Estate (Including Obvion and Vista)

PCAF score: 3 (100%), estimated Financed Emissions: 2.0 Mt CO2e

#### Methodology

We calculated our Dutch residential real estate portfolio emissions using the PCAF standard for mortgages. We used the outstanding amounts and (most recently recorded) current property value to determine the attribution of emissions. Energy consumption at the building level was estimated based upon CBS-data (on gas and electricity usage based on building characteristics), BAG data with building characteristics such as floor areas and construction years and Calcasa's data base for Energy labels. Emission factors from CBS were applied to calculate the emissions of the estimated energy usage. This methodology was co-developed with other members within the PCAF NL working group Mortgages. Uncertainties remain concerning district heating emissions as well as challenges in linking the external datasets with our own internal data.

#### Results

The Financed Emissions decreased by 0.12 Mt CO2e (-6%) with a stable portfolio in terms of outstanding amount. Main drivers of the decrease were lower emissions per m2 caused by an improvement in average energy label and lower CO2 emissions per kWh of electricity and a decrease of the loan to value.

## Dutch Business Clients

For Dutch Business Clients we estimated the Financed Emissions using the PCAF standard for business loans and unlisted equity. All estimates cover our clients' Scope 1 and 2 emissions. We used sector emissions data of 2020 (last year estimates based on 2019 data).

#### Food & Agriculture

PCAF score: 5, estimated Financed Emissions (AR5): 10.0 Mt CO2e

#### Methodology

To calculate the Dutch F&A portfolio Financed Emissions we used national emissions statistics and mapped them to the sectors that we finance using a RaboResearch-developed approach. We determined an emission factor per Euro of assets based on publicly available data from the Statistics Netherlands (CBS) for agricultural sectors. Emissions source data comes from the National Institute for Public Health and the Environment (RIVM Emissieregistratie), Agrimatie (energy use), and CBS (herd size, and land-use data). Scope 2 emissions were calculated based on (gross) electricity consumption sector statistics provided by CBS, disaggregated to sub-sectors using data from Agrimatie. In line with the GHG protocol, we used the gross electricity consumption, excluding energy production in a sector and sold back to the grid, for instance from solar panels or Combined Heat and Power (CHP) generators.

#### Results

Overall, Financed Emissions decreased by 1.19 Mt CO2e year-on-year. This was primarily driven by declines in the Dairy (0.51 Mt CO2e), Greenhouse Horticulture (0.46 Mt CO2e) and Pork (0.1 Mt CO2e) sectors. These changes are mainly related to lower sector emissions: lower livestock numbers and lower production, and for Greenhouse Horticulture lower emissions per kWh. Furthermore, in high-emitting sub-sectors our lending portfolio represents a decreasing share of our clients' balance sheets, which also results in a decrease in Financed Emissions.



Trade, Industry & Services

PCAF score: 5, estimated Financed Emissions: 2.9 Mt CO2e

Methodology

We use economic activity as a proxy for estimating our clients’ emissions. We determined an emission factor per Financed Emissions of assets based on publicly available data from CBS for non-agricultural sectors. Scope 2 emissions were calculated using (gross) electricity consumption per sector excluding produced electricity sold back to the grid. Please note that the listed figure is likely an overstatement as it includes some double counting due to the fact that the Scope 1 emissions for the electricity, gas, steam and air conditioning supply sector overlap with the Scope 2 emissions for the other sectors in the Dutch economy.

Results

The Financed Emissions decreased by 0.49 Mt CO2e (-13%). This decrease is widely spread over different sectors in the portfolio and is aligned with the decrease in national absolute emission in non-agricultural sectors (-10.6%). The decrease in emissions in the Netherlands is a result of several factors including Covid-19 lockdowns, shutting down the coal power plants and further greening of the grid. In addition, our portfolio has shifted slightly towards less emission intensive sectors.

Commercial Real Estate

PCAF score: 3, estimated Financed Emissions: 0.3 Mt CO2e

Methodology

Our calculations of the Financed Emissions for companies with activities in Dutch Commercial Real Estate sector were performed in line with our calculations done for the mortgage portfolio (estimates of energy consumption from CFP Green Buildings). In case of unmatched data, extrapolations have been made based on average emissions per Euro exposure.

Results

The Financed Emissions increased by 0.1 Mt CO2e in line with the portfolio growth of 11% year-on-year. There was an improvement in the electricity emissions intensity in terms of kg CO2 per square meter from 45.1 to 43.2, caused by a lower CO2 emission per kWh.

Wholesale & Rural

Wholesale Clients

PCAF score (Scope 1&2): 1/2 (29%) / 4 (71%), estimated Financed Emissions: 12.9 Mt CO2e

Methodology

We estimated the Financed Emissions using the PCAF standard for business loans and unlisted equity. All estimates cover our clients' Scope 1 and 2 emissions. As per PCAF requirements, we have also included our clients’ Scope 3 emissions for the Wholesale clients on Mining, oil & gas and chemical production (NACE 05-09, 19, 20). We used client’s total assets for the attribution of Financed Emissions. Client emissions data comes from the external rating agency and data provider ISS-ESG, which collects self-reported emissions from large companies. For companies where self-reported data was not available, ISS-ESG made estimates based on company characteristics such as sector, total revenue, and total assets.

Results Scope 1 & 2 of Wholesale clients

The Financed Emissions increased by 5.2 Mt CO2e, mainly driven by the increase in scope (inclusion of Trade Commodity Finance) whereby Financed Emissions are covering 80% of the Wholesale portfolio compared to 70% last year. Additionally, our Wholesale portfolio grew and we see a slight increase in some client emissions.

Results Scope 3 of Wholesale clients

For the first time we have estimated Scope 3 emissions of our Wholesale clients operating in particular sectors, as per PCAF requirements. The total client Scope 3 Financed Emissions for the required sectors mentioned above is 5.4 Mt CO2e. This is mainly related to the manufacturing of chemicals or chemicals products and activities related to mining.

Wholesale portfolio NACE description	NACE	Outstanding in EUR billion	Scope 1&2 Financed Emissions in Mt CO2e	Scope 3 Financed Emissions in Mt CO2e
Manufacture of chemicals/chemical products	20	2.7	0.9	2.6
Mining	07, 08, 09	1	0.2	2.3
Other petroleum and natural gas	06, 19	0.1	0.1	0.5
Total		3.8	1.1	5.4

Rural Clients

PCAF score: 4, estimated Financed Emissions (AR5): 19.6 Mt CO2e

Methodology

We estimated the Financed Emissions using the PCAF standard for business loans and unlisted equity. All estimates cover our clients' Scope 1 and 2 emissions. We used sector emissions data from 2020 (last year's estimates used 2019 data). Our calculation covers our clients registered as agricultural primary production operations in Australia, Brazil, New Zealand and the United States, which represents 86% of our Rural exposure (I.e. excluding smaller exposures in other countries and non-primary production businesses). Attribution is based on client revenue and total asset data.

The table below lists the sources used for sector emissions and revenue data for our clients' Scope 1 emissions calculations. Agriculture-related emissions were allocated to agricultural sub-sectors using country-specific logic (based on National Inventory Report (NIR) methodology descriptions and country-specific background data, or directly from SEEG in the case of Brazil). We obtained fossil fuel combustion emissions in agriculture from the National Inventory Reports or, for Brazil, from the International Energy Agency (IEA), and allocated to sectors using Global Trade Analysis Project (GTAP) fossil fuel combustion data. Our calculations for Scope 2 emissions are based on IEA data on electricity use in agriculture. These were allocated to sectors according to GTAP energy consumption tables.

Where financial information from clients was missing, we made in-sector extrapolations based on Euros invested.

We note that the PCAF score of 4 leaves a large range of potential error of the estimates, due to limited data quality. In addition, limitations to this analysis include the custom mapping from IPCC process-based emissions to sectoral/commodity-level emissions. In terms of comparability, another limitation we encountered is that different countries use different methodologies to calculate their emissions (e.g. countries can choose a Tier 1, 2, or 3 approach for each sub-sector) and use different sources for revenue data. We did not include emissions from land-use change related to agricultural production in our analysis, as those emissions are reported under the IPCC/UNFCCC's LULUCF (Land Use, Land Use Change & Forestry) category.

Financed Emissions data			
Country	Data source emissions (IPCC agriculture)	Data source sector revenues	Summary of approach
Australia	AU National Inventory report	Production value (Agricultural Commodities Statistics - ABARES)	Country-specific mapping from process-based emissions into agricultural sectors
Brazil	SEEG	Production value (Ministry of Agriculture)	SEEG has emissions allocated to agricultural sectors, used tailor-made sector allocation for other agriculture-relevant emissions
New Zealand	NZ National Inventory report	Agricultural sector revenues (StatsNZ)	Country-specific mapping from process-based emissions into agricultural sectors
United States	US National Inventory report	Cash receipts data (USDA)	Country-specific mapping from process-based emissions into agricultural sectors

Results

Overall Financed Emissions increased by 1.0 Mt CO2e year-on-year. This is mainly due to an increase of Financed Emissions in our F&A portfolio in the United States by 1.2 Mt CO2e. This in turn is caused by an increase in the loan portfolio and a bigger share of our client sales in the sector revenues. On the other hand, Australia's Financed Emissions decreased by 0.5 Mt CO2e, as the decline in livestock herd and sector emissions outweighed portfolio changes and changes in revenue and asset ratios.

Leasing international

DLL uses an asset-specific calculation methodology as the carbon intensity of assets within our overall portfolio varies significantly, driven primarily by asset type and asset use, irrespective of the underlying lessee sector. These assets, therefore, require a case-by-case examination of carbon intensity.

We have focused on two prevalent asset types: tractors and transportation, which are carbon-intensive assets. The calculation follows the PCAF Motor Vehicle Loans methodology. Determining the Financed Emissions requires a significant degree of judgement based on the estimation by management of expected emissions and expected utilization, for which third party validation of the methodology was obtained.

DLL Tractor Assets

PCAF Score: 3 (100%), estimated Financed Emissions: 1.5 Mt CO2e

Methodology

Assets within the DLL tractor portfolio are classified into one of four power-based categories based on a correlation between the horsepower range and usage intensity. We consulted external data to determine expected engine hours, taking the

average for different models falling in the horsepower categories and averaging over the last six years (2016-2021). Fuel consumption data has been sourced from publicly available sources. The fuel consumption has been consequently calculated using average values of the six different engine loads for each category.

### Results

Compared to prior year, the expected emissions from the DLL tractor portfolio have been restated. The restatement is driven by more granular analysis of the portfolio, where a distinguishment is included for various horsepower ranges. Further research shows that the smaller horsepower tractors are less frequently used, leading to lower emissions. It was also driven by an improved calculation for a particular portfolio of short-term inventory financings. The assets financed as part of this portfolio will have negligible emissions (being idle most of the time) and where not separately distinguished in prior year.

### DLL Transport Assets

*PCAF Score: 4 (100%), estimated Financed Emissions: 0.4 Mt CO<sub>2</sub>e*

### Methodology

In the transportation sector, assets are allocated between various asset types (e. g., cars and trucks) and emissions are determined per type based on various external sources. The annual distance travelled was retrieved directly from government statistics, specific to the country and vehicle type where available. Where data was not available estimations were made based on appropriate proxies.

Utilization of fossil or energy type and efficiency corresponded to the brand and model of each vehicle respectively, and it was aligned with diverse sources to obtain the average efficiency per vehicle type. We employed the most conservative number for the emission factor for fossil fuel vehicles. In the case of electric vehicles' emission factor, we used country-specific information because it depends on how the electricity is generated.

Emissions attributable to DLL are incorporated in the attribution factor, which is the ratio between the outstanding amount and the total value at origination. We calculated the Financed Emissions as the multiplication of the attribution factor and vehicle emission in this manner.

### Results

Financed Emissions on DLL Transport are 0.4 Mt CO<sub>2</sub>e.

## Other Assets

### Sovereign Bonds

*PCAF Score: 1, estimated Financed Emissions: 1.8 Mt CO<sub>2</sub>e*

### Methodology

In December 2022, PCAF published the 2<sup>nd</sup> edition of their Global Standard including methodology for sovereign debt which allows Rabobank to calculate Financed Emissions for our bond positions in sovereigns. The attribution of sovereign emissions to Rabobank is based on the outstanding amount divided by the sovereigns PPP-adjusted GDP.

PCAF requires to report production emissions both with and without LULUCF. Financed Emissions of sovereign bonds have been calculated based on the production emissions only, as this information is readily available in a consistent way (GHG emissions by UNFCCC). Currently, consumption emissions are excluded as these face a data time lag, only cover CO<sub>2</sub> emissions and are difficult to allocate to sovereigns.

At this moment only exposure in sovereign bonds have been included in the Financed Emissions calculations, as for these assets the PCAF standard is available. Other sovereign exposures, (e.g. sub-sovereigns, supranational organization or central banks) and other type of assets like cash and derivative repo transactions have been excluded from the Scope as no PCAF accounting standard is available currently. Please note that double counting in these numbers is currently inevitable as some of the emissions in a country are also counted as emissions of our clients.

### Results

Financed Emissions on sovereign debt portfolio of EUR 7.3 billion are 1.8 Mt CO<sub>2</sub>e without LULUCF and 1.7 Mt CO<sub>2</sub>e with LULUCF. This only includes production emissions of sovereigns.



## [Rabo Investments](#)

*PCAF score: 1/2 (39%) / 4 (61%), estimated Financed Emissions: 0.1 Mt CO<sub>2</sub>e*

### **Methodology**

We calculated the Financed Emissions of our Rabo Investment portfolio using the PCAF standard for business loans and unlisted equity. We used estimates of company revenue and total asset value data for the attribution of Financed Emissions. Company emissions data comes from the external rating agency and data provider ISS-ESG, which collects self-reported emissions from large companies. For companies where self-reported data was not available, ISS-ESG made estimates based on company characteristics such as sector, total revenue, and total assets. Additionally, company reported information provided by funds have been included.

### **Results**

Financed Emissions on Rabo Investments are 0.1 Mt CO<sub>2</sub>e.

## [Avoided Emissions](#)

### [Renewable Energy Portfolio](#)

### **Methodology**

On our renewable energy portfolio as part of project finance we estimate avoided emissions. Avoided Emissions have been estimated using the PCAF standard for project finance. Avoided emissions have only been calculated on the projects which were in operation end of 2021. Avoided emissions have been calculated using the Renewable Energy GHG Accounting Approach from the International Finance Institutions Technical Working Group on Greenhouse Gas Accounting. Grid factor emissions were calculated using the IFI Harmonized Grid Emission factor dataset version 3.1 (published December 2021).

### **Results**

Further methodological improvements have led us to restate our 2020 estimates for Avoided Emissions (5.6 Mt CO<sub>2</sub>e becomes 3.7 Mt CO<sub>2</sub>e). Avoided emissions increased by 1.1 Mt CO<sub>2</sub>e, due to projects moving from under construction to operational in 2021. Additionally, new operational projects in 2021 exceeded the run off of existing projects.