

Sustainability in Retail Banking

Growing a better world together

Bas Rüter, 23 June 2021

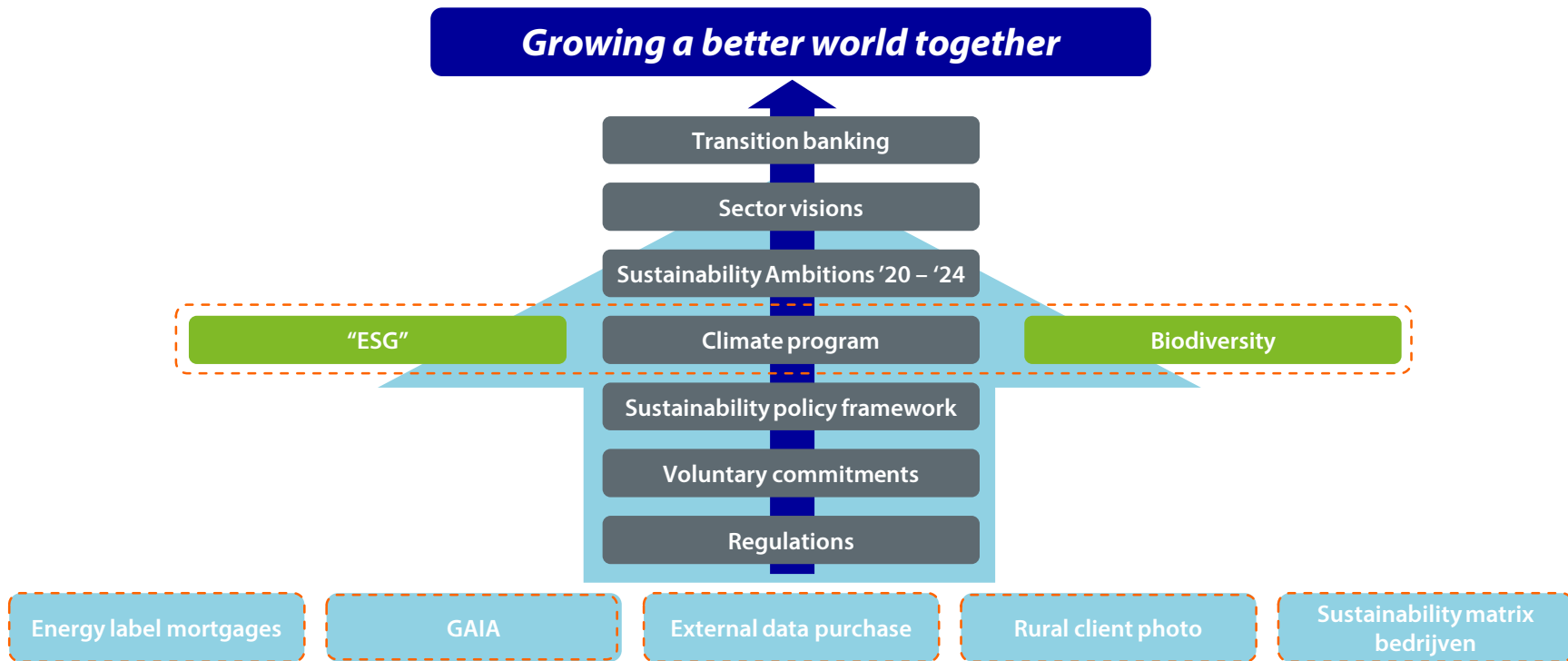


Rabobank

Rapidly changing environment

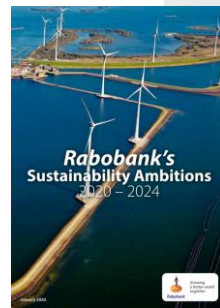
- We live in a rapidly changing environment and Rabobank intends to stay a **frontrunner in sustainable banking**
- Also external bodies **increasingly demand for transparency** on non-financial issues and require us to professionalise our expanding sustainability efforts and reporting
- The Managing Board expressed the urgency to set **higher ambitions, while integrating sustainability**:
 - Into our core business
 - Into our performance management cycle
- A material change from the old way of working is the fact that the **sustainability ambitions are set by the business** itself, using five corporate themes

Our integrated approach from regulation to mission



Sustainability Ambitions 2020-2024

- Sustainability is a key building block in Rabobank's strategic framework and the commitment of the Management Board in this respect has been set out in Sustainability Ambitions for the period 2020 – 2024
- The Sustainability Ambitions consist of five building blocks (see visual) as focal points for our efforts to integrate sustainability into the core business of the bank
- The realisation of sustainability ambitions and plans are being monitored via KPIs at Management Board level , SDG Banking committee and further cascaded down to business KPIs, goals and sustainability plans for the relevant Rabobank businesses and entities
- Main business KPIs:
 - Improve the average sustainability performance of our clients
 - Grow the relative share of sustainable products & services



Sustainability building blocks



From trend analysis to vision development



From Client Photo to e-rating



From performance optimization per client to transition banking



Distinctive products and services

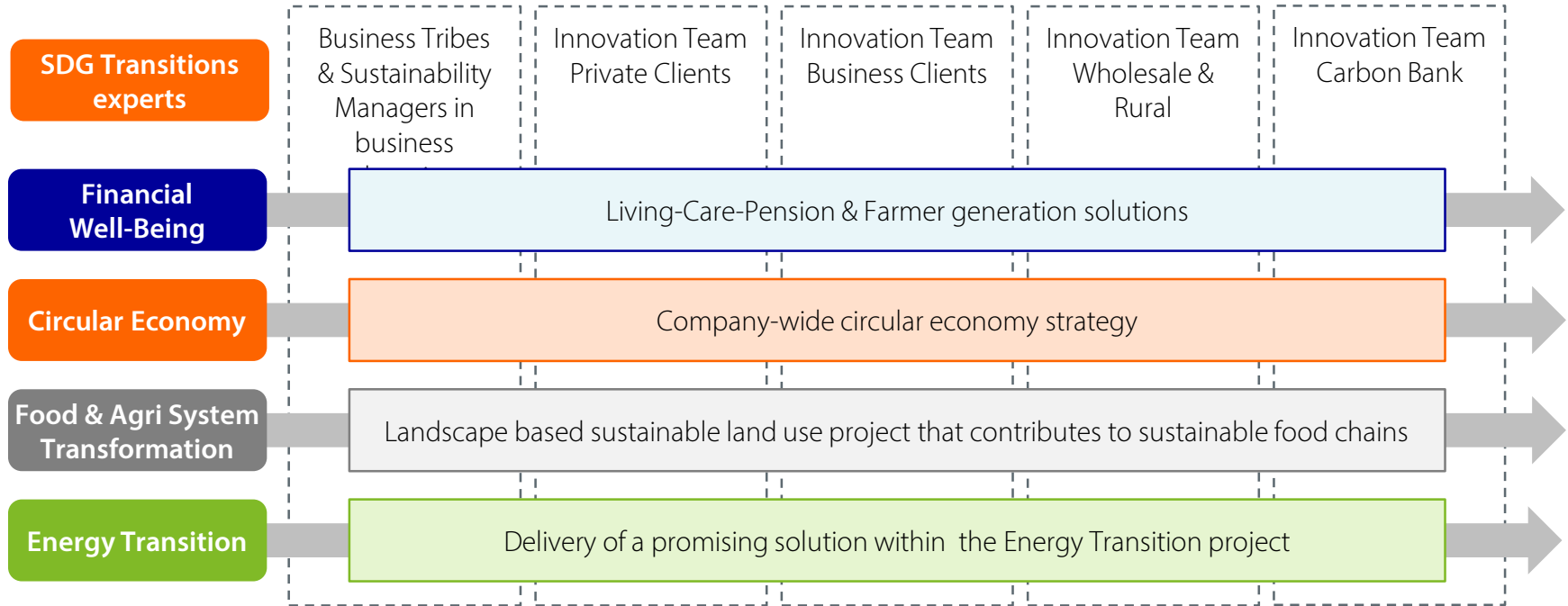


Integration in performance management

SDG Transitions

The SDG Transitions team initiates development of new innovative transition solutions

Examples of potential deliverables



Climate Program



Rabobank

Ambitions & objectives of our Climate Program

Ambitions

1. In line with our commitments: **Get our portfolio on Paris proof pathways**, with a **max 2 degree** scenario (preferably 1,5)
2. Be a **leading bank** in the energy transition **with a global F&A speciality**
3. Become one of the **most knowledgeable banks** on climate change world wide
4. Other relevant related ambitions in the bank:
 - Mainstream **circularity**, to make sectors more sustainable
 - Mainstream **carbon banking and carbon pricing**
 - Help and incentivise our clients to **transition towards all SDG goals**

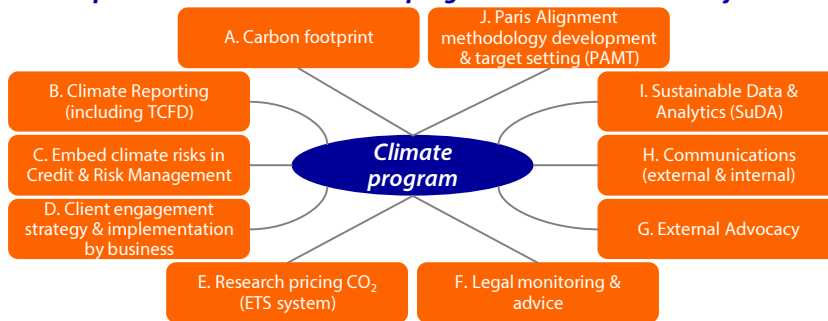
Climate Long term roadmap



Objectives

1. **Measure & develop intermediate targets** & strategies for Paris alignment
2. Provide best of class **green products and solutions** for our clients & help **to reduce their GHG footprint**
3. **Manage climate change risks** and opportunities
4. Support joint initiatives to **improve awareness and understanding of climate change impact externally**. Also internally by investing in own expertise & capabilities
5. **Report externally** about our progress
6. **Be compliant** with climate related legislation, supervision & (inter)national commitments

Group initiatives combined in our program to realise climate objectives



Top 10 climate priorities for 2021

1

Meet legislation and supervisory demands and report on our progress in this regard via Annual Report & Annual Review, in line with our climate ambitions and commitments and applying TCFD recommendations.

2

Develop green products & services and engage with clients on climate topics. With specific goals tailored to each business.

3

Expand CO₂ footprinting, with first priority on F&A and mortgages portfolio. Active participation in PCAF working group to improve carbon footprint data and methodologies.

4

Identify and **assess climate risks and embed climate risk in Risk Management Framework.**

5

Implementation of the **DGA (data gap analysis) roadmap. Develop climate data, quality & insights** for e.g. risk & reporting purposes. Also realise data purchasing and alignment with climate photo tools (GAIA, Rural Client Photo, Sustainability Matrix).

6

Develop **Paris alignment methodology and targets to prepare for disclosure in 2022 (all business lines).**

7

Further **involve international regions, local banks and subsidiaries** in our climate program.

8

Continue external advocacy, legal monitoring (globally) and advise. **Align with the regulatory implementation program.**

9

Intensify climate training & communication (internal & external) as part of broader sustainability ambitions.

10

Deliver **CO₂ pricing impact analysis via research report** internally & externally.

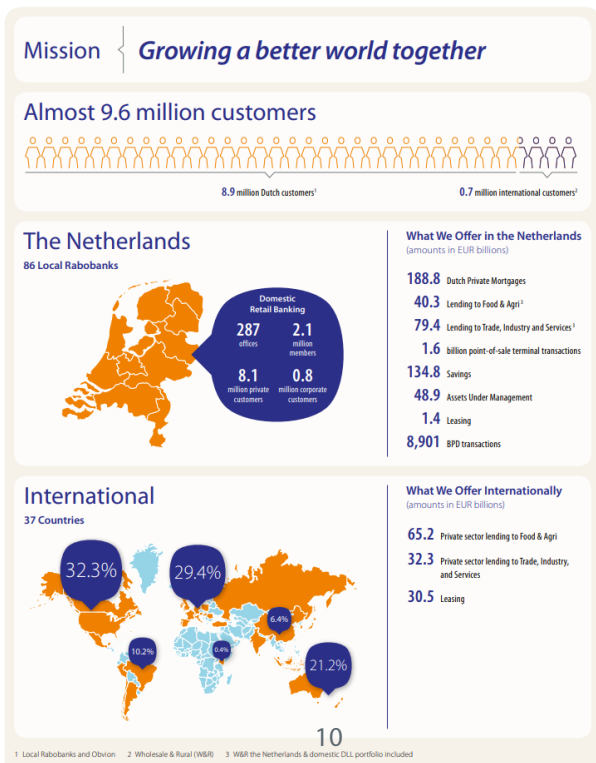
Client solutions with impact



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Rabobank at a glance

Mortgage portfolio is important part of Rabobank business



Key figures mortgages:

- 188 bln mortgage loans
- > 31% of balance sheet Rabobank
- ~ 1 mln mortgage customers (of 4.4 mln in Netherlands)
- #1 in dutch mortgage market

Big responsibility in reducing the Carbon footprint of the privately owned houses in The Netherlands, in line with Paris Agreement.

➔ **KEY THEME: 'Sustainable Living'**

Encourage and help our customers to make their houses more sustainable

Rabobank Sustainable Living

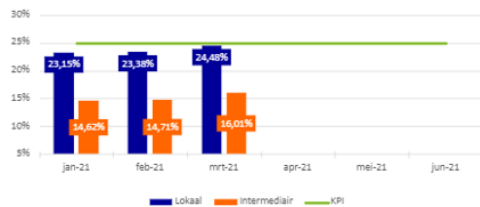
Results so far

2021/Q2:

- 23,4% of new mortgage customers include financing of sustainability measures in mortgage finance plan
- Average amount: 15.000 euro
- 26% energy label A in portfolio

Percentage offertes waarbij EBV/EBB is gefinancierd

Lokale banken en Intermediair



Our Climate Strategy Themes



Climate impact measurement

In line with our goal to achieve an average energy label of B by 2024, rising to A by 2030, we are already making improvements in the energy labels of our mortgage portfolio, as the table below shows. The current exposure in energy label A mortgages as of 30 June 2020 is EUR 30,4 billion.

It is possible to calculate the emissions of our mortgage portfolio based on the average emissions of each energy label. It is also possible to calculate

emissions on the basis of actual energy use per home. Statistics Netherlands (CBS) has taken the first steps toward this approach with this [methodology](#). This approach has some drawbacks, as banks do not have access to all data points. Moreover, the CBS approach makes many assumptions that could lead to biased results, such as assuming a standard energy-risk basket for every household in the Netherlands. Furthermore, more recent data is key to offer up-to-date financial solutions. The latest CBS calculations are based on energy consumption in 2015 and 2016. We collaborate with CBS and other banks to update the calculations based on more recent energy consumption per home.

Emissions of our Mortgage Portfolio

2016 (min kg CO ₂ eq)	2015 (min kg CO ₂ eq)
5,943	6,089

We are working on an approach that looks beyond the energy label of a house to estimate its carbon footprint. This will mean we can create more effective ways to help our clients make their homes more sustainable.

Energy Labels in the Mortgage Portfolio

Energy label	% of houses financed by Rabobank (2019)	% of houses financed by Rabobank (2018)
A	24%	20%
B	15%	15%
C	25%	26%
D	13%	15%
E	9%	10%
F	7%	7%
G	7%	7%
Total	100%	100%

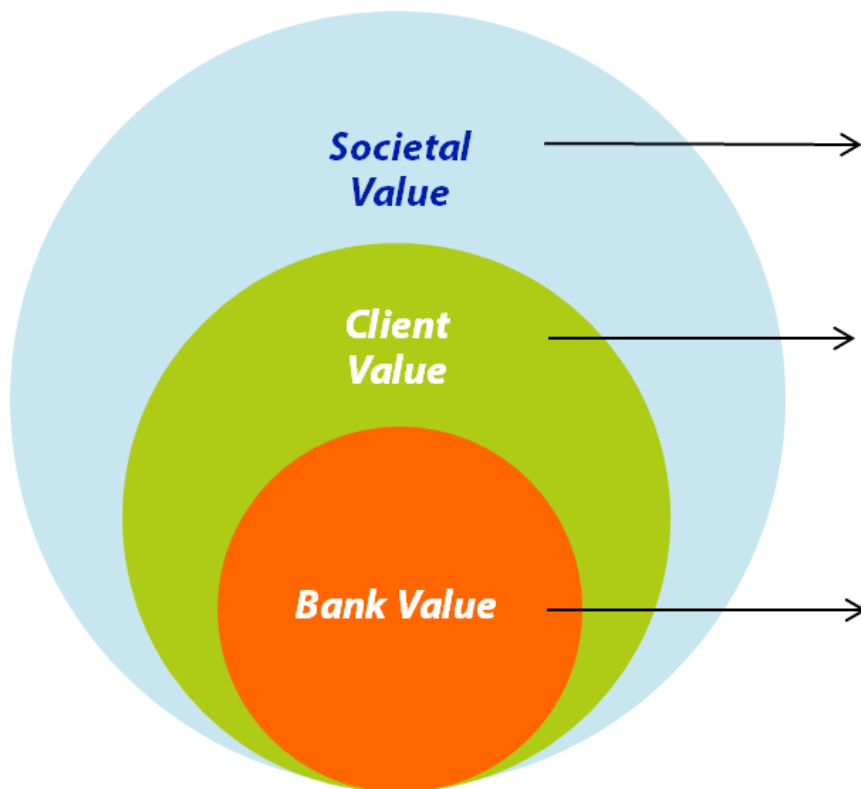
Support for Schools

We are not only committed to the goals of the Paris Agreement through our banking solutions to clients; we are also contributing by opening up our network and by providing resources. For example, we fund the fulltime managing director of Stichting Schooldakrevolutie. This foundation focuses on installing solar panels in over **8,000 schools** in the Netherlands and educating young people on the challenges of the energy transition. More information about Schooldakrevolutie can be found [here](#) and [here](#).

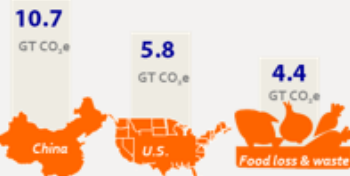
Rabobank & Climate Change



Food Loss & Waste: An impactful issue



3th largest CO₂ producer



*A solid business case**

Every \$1 invested  Yielded \$14 in return

**According to WRI 2016*

A triple win



Our financial solution: The SDG 12.3 loan



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Collaboration and network is key



The agenda for the world

CHAMPIONS 12.3



The agenda for the Netherlands

SAMEN TEGEN
VOEDSELVERSPILLING

The agenda for Rabobank



RABO_LOSS & WASTE_HUB



Sustainability & Climate
F&A Networks
RaboResearch
Rabo Foundation
Rabo Partnership

Capital Markets
Wholesale & LPG
Sector management
Corp Clients NL
Corporate Comms

The Biodiversity Monitor and Planet Impact Loan

- Rabobank together with WWF and Royal FrieslandCampina
- Measure and reward farmers for their Biodiversity performance/outcomes
- The aim: develop a new business model, apart from subsidies. Contribute to positive biodiversity and climate outcomes.
- New business model rewards customers through the Planet Impact Loan with reduced interest via impact funding of the Rabo “Groenbank,” European Investment Bank and/or Council of Europe Development Bank



AGRI3 Fund for forest protection and sustainable agriculture



unlock
\$1 bln

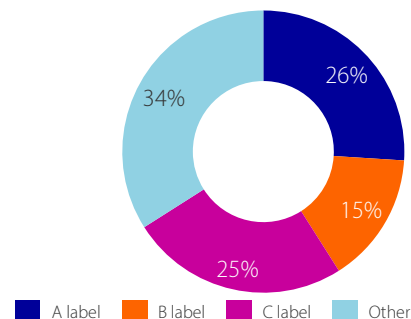


Our sustainability efforts in numbers

Total sustainable financing increased to € 52.3bn

- Sustainable **mortgages** increased to € 33bn
- In 2020, ~14,000 customers took measures to reduce their energy consumption when taking on a new mortgage
- In addition we offer a.o. Green depot, a HomeScan tool and promote partnerships (The Sustainables)
- **BPD** to build **15,000 sustainable energy efficient homes** for middle income renters in the coming 10 years
- **Sustainable asset management** (€ 16.3bn; 33% of total AuM) the new standard in our product offering. Of which € 11bn in funds that target a 30% lower CO2 intensity compared to benchmark
- It is our ambition that by 2024 all our investment products will be sustainable
- Our **Leasing** subsidiary DLL promotes renewable energy use through its clean technology business and enables green assets use
- In 2020, € 400mn was invested in low carbon technologies
- **Carbon banking**: coalition with Microsoft to support 15mn farmers in sub-Saharan Africa planting 4bn trees and thus annually compensate 150 Mt CO2 in 2025
- **Circular Economy desk**: advice to 500 companies, providing € 200mn financing of circular business models

Energy label mortgage portfolio (Dec 2020)



Sustainability scores



Reputation score on "environmentally responsible" increased from 61.5 in Q4 2019 to 69.9 in Q4 2020



*Any
questions?*