



Rabobank Green Bond Framework

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Rabobank

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1. Introduction

Coöperatieve Rabobank U.A. (hereafter: 'the bank' or 'Rabobank') has developed a Green Bond Framework to finance its renewable energy activities. The Rabobank Green Bond Framework follows the ICMA Green Bond Principles (GBP) and addresses the four requirements of the GBP:

1. Use of Proceeds
2. Process for Project Evaluation and Selection
3. Management of Proceeds
4. Reporting

2. About Rabobank

2.1 Company Overview

Rabobank is an international financial services provider operating on the basis of cooperative principles. The bank is headquartered in Utrecht (the Netherlands), employs over 41,860 people and serves 8.3m customers in 38 countries worldwide. It offers retail banking, wholesale banking, private banking, leasing and real estate services. Rabobank's mission is to 'Grow a Better World Together', a mission put into action through a dual strategy:

Banking for the Netherlands

Rabobank makes a targeted contribution to meeting challenges the Netherlands will face in the years ahead. This constitutes an investment in sustainable welfare and prosperity in the Netherlands. Rabobank approaches this through strengthening the Netherlands' earning capacity, the life courses of its households and the living environment of its local communities. The bank's presence at the core of the local society, its financial capacities, its network and its knowledge make Rabobank better placed than anyone to contribute to the Netherlands of tomorrow.

Banking for Food

Stemming from its agricultural roots, Rabobank wants to make a relevant and sustainable contribution to the global Food & Agri sector. The related aim is to increase the availability of food, improve the access to food, promote healthy nutrition and enhance the stability of the food industry. Through Banking for Food the bank wants to play a prominent role in the social debate concerning the wider food challenges and in doing so connect producers, consumers, farmers and the public with each other. As the unrivalled market leader in the agricultural sector in the Netherlands, Banking for the Netherlands and Banking for Food are closely interconnected. Rabobank's key strengths are in its vast knowledge and extensive networks in the leading Dutch Food & Agri sector.

2.2 Sustainability Strategy

Rabobank adheres to the core values that are embedded in its mission: respect, integrity, professionalism and sustainability. These core values determine the way in which it meets the needs of its customers and clients, and shapes its attitude to its environment and its internal operations. Rabobank defines sustainability as the quality of not being harmful to people, communities, environment or depleting natural resources, and thereby supporting long-term social and ecological balance. There is more awareness that a healthy balance between wealth and well-being is essential to building a sustainable, vital society, and that the best solutions are created through cooperation. Rabobank aims to contribute to economic, environmental and social progress with a view to achieving sustainable development. Rabobank focuses its efforts on accelerating sustainable agriculture and food supply worldwide, and on strengthening vital communities. By linking financial

services, expertise and relevant networks to the sustainability ambitions of all its clients, we can be sustainably successful together

Rabobank's sustainability strategy '[Sustainably Successful Together](#)' is its contribution to sustainable development until 2020. Rabobank formulated the ambition to support its clients to achieve their ambitions in and for a sustainable society, and to prioritize financing businesses that are leaders in sustainable development. To realize these ambitions in depth knowledge of the absolute and relative performance of its business clients regarding sustainable development is required. As a cornerstone of the implementation of 'Sustainably Successful Together', Rabobank's Sustainability Policy Framework describes the sustainability policies of the Rabobank Group. It is designed for all stakeholders of Rabobank including its employees, customers, corporate clients, business partners, governments, non-governmental organizations, and others who have an interest in Rabobank. The aim of the document is to provide one point of reference for all sustainability policies. It outlines its commitments and the expectations we have of clients and business partners. It forms the basis of its sustainability standards for business relationships, and for providing financial products and services.

3. Green Bond Framework

The Green Bond Framework follows the four key pillars of the ICMA GBP 2018: Use of Proceeds, Process for Project Evaluation and Selection, Management of Proceeds and Reporting. The eligible projects conform to the category "Renewable Energy" as defined in the GBP 2018. In addition, the projects are aligned with global environmental objectives, are guided by the principles of do no harm and by social safeguards. Through the projects funded with the Green Bonds, Rabobank contributes to the achievement of the United Nations Sustainable Development Goals (SDGs).

3.1 Rabobank Green Bonds

3.1.1 Use of Proceeds

The proceeds of the Green Bonds will be allocated to a loan portfolio of new and ongoing renewable energy projects. Only wind and solar projects are eligible. Any wind or solar projects, including the new and ongoing developments of such projects, are eligible to be funded in whole or in part by an allocation of the Bond proceeds.

The eligible projects are aligned with EU Environmental Objective '(i) Climate Change Mitigation' as the nature of renewable energy projects significantly decreases the Greenhouse Gas emissions emitted into the air.

The Rabobank Green Bond addresses SDG 7: 'Affordable and Clean Energy' through the renewable energy projects.

 SUSTAINABLE DEVELOPMENT GOALS



Risk management

- Renewable energy projects must comply with the Equator Principles¹
- Rabobank applies core minimum environmental and social assessments to its debt financing activities, including all activities which will be financed with the proceeds of the Bonds. Within Rabobank's credit process, the compliance with the Rabobank Sustainability Policy Framework and pro-activeness towards sustainable business of clients is assessed. Rabobank's environmental and social requirements are periodically updated in accordance with any development in Rabobank's policies. If a borrower fails to meet any requirements, Rabobank will seek for such breaches to be promptly addressed and/or remedied in a manner satisfactory to Rabobank²

¹ Reporting can be found on <http://equator-principles.com/reporting-cooperatieve-rabobank-u-a-2017/>

² A detailed policy can be found on <https://www.rabobank.com/en/images/sustainability-policy-framework.pdf>

3.1.2 Process for Project Evaluation and Selection

Rabobank's dedicated project finance department is responsible for the financing of renewable energy projects. In collaboration with the sustainability department, recommendations to the treasury department are made as to which eligible projects should be allocated to the portfolio on an annual basis.

3.1.3 Management of Proceeds

As long as the Green Bonds are outstanding, the proceeds will be balanced by a matching amount of loans to eligible renewable energy projects on a portfolio basis. Rabobank maintains a healthy buffer of assets over liabilities of at least 130%. This will ensure compliance even when loans are impacted unexpectedly or in case of maturity mismatches. Rabobank will hold and/or invest, at its own discretion, in its liquidity portfolio, the balance of net proceeds not yet allocated to eligible renewable energy. Rabobank ensures that the systems and processes as specified above meet their requirements over the lifetime of the Bond.

3.1.4 Reporting

Reporting on the Use of Proceeds and impact evaluation will be available to investors within one year from the date of the Bond issuance and annually thereafter until the proceeds have been fully allocated. The report will indicate with which guidelines of relevant Sustainable Finance bodies the Bonds comply. The report will be published on the company's website and will be audited by an external auditor.

I. Allocation Reporting

Allocation reporting will be available to investors within one year from the date of a Green Bond issuance and annually thereafter, until the proceeds have been fully allocated. Rabobank will track the allocation of proceeds and will report on the percentage of Bond proceeds allocated, as well as on the outstanding volume of the Green Bond portfolio. As part of the reporting, it is stated with which Green Project categories existing under the guidelines of relevant Sustainable Finance bodies the projects comply. The report will provide insights into the total amount and number of loans for wind and solar projects on a portfolio basis. Besides, information is disclosed on the Equator Principles category in which the projects fall, the project stage and the geographical location on country level. In addition, information is disclosed on the nature of the projects (capital expenditures) and the share of new projects versus refinanced projects. Rabobank will disclose a list of projects with their financial closing date as far as client confidentiality allows this.

II. Impact Reporting

Rabobank will report on the estimated installed capacity in gigawatt (GW) for the renewable energy projects, as well as on the indicative volume of carbon emissions avoided associated with the projects. Rabobank will also report on the standard Equator Principles reporting for the renewable energy projects. Some projects will be highlighted and explained in more detail as examples.

3.1.5 Alignment with sustainability developments

Rabobank's Green Bond Programme is aligned with global environmental objectives such as the UN SDGs and the EU Climate Action Plan. In addition, the selection of projects is organised in such a way as to adhere to the basic concept of do no harm, meaning that for each project is subject to an analysis of unintended and / or unwanted consequences. All of the projects are guided by Rabobank's commitment to social safeguards.

a) Contribution to Global Environmental Objectives

Clean energy projects are instrumental to establish the transition to the low carbon economy. Through their positive impact on climate mitigation by decreasing Greenhouse Gas emissions emitted into the air, the solar and wind projects eligible under the Framework positively contribute to multinational Climate Transition initiatives such as the Paris Climate Agreement and EU targets on renewable energy.

b) No harm principle

Rabobank has strict sustainability commitments and expectations that are integrated into relevant policy processes, products and services and their interactions with clients. Rabobank's [Sustainability Policy Framework](#) describes Rabobank's own sustainability commitments and expectations towards clients. Rabobank strives to apply this Policy Framework to all Rabobank's operations and interactions with clients. This includes the need for knowledge about the impacts of their operations which includes possible environmental and / or social risks. As part of its policies, Rabobank has committed for Renewable Energy projects to the Equator Principles as Risk Management Framework to determine, assess and manage environmental and social risk.

I. Rabobank Sustainability Policy Framework

Rabobank's Sustainability Policy Framework outlines the views and requirements for Rabobank's products and services in relation to sustainability. The set of core policies in the Framework include detailed policies on topics relating to the environment, human rights, labour standards and anti-corruption. In the area of environment, Rabobank expects from its clients to:

- Know their potential impacts on the environment, take them into account when making business decisions, and seek to avoid, or when avoidance is not possible, minimize them
- Apply industry-specific good operating principles, management practices and best available technologies that do not degrade the surrounding environment
- When relevant production practices have been codified in globally, nationally or regionally recognized standards, the client should implement management practices to one or more relevant and credible standards, as demonstrated by independent verification or certification
- Be aware of the environmental risks in their value chain and limit dealings to those that can demonstrate that they also apply good industry standards and practices. We recognize that a client's ability to do this with suppliers will depend on the influence the client has in the supply chain, and its relative size compared to other players
- Use natural resources efficiently and optimally

For clients with activities that could potentially create significant impacts and clients whose activities could significantly pollute the environment, additional criteria have been set out in Rabobank's Policy Framework.

The core policy on human rights describes Rabobank's own commitments and its expectations from clients regarding this topic. Rabobank considers any infringements upon human dignity unacceptable. The organisation respects and upholds at all times the international human rights described in the UN Declaration of Human Rights, in addition, Rabobank has the duty to respect the UN's Guiding Principles on Business and Human Rights. In addition to preventing and mitigating adverse impacts on human rights from its activities and associated relationships, Rabobank contributes positively to human rights wherever it can. Rabobank has identified human rights that are particularly relevant to its stakeholder relationships within the context of the bank's operations. These are described in full detail in the core policy and human rights related to employees, customers and business associates, and society and other stakeholders. From its clients, Rabobank expects the following:

- Respect and uphold all human rights as described in the UN Declaration of Human Rights, and related international legislation and regulations
- Avoid causing or contributing to human rights violations
- Identify, prevent, mitigate and account for any actual or potential adverse human rights impacts that are directly linked to their operations, products and services through business relationships including customers, as well as business associates and society
- Be transparent about their risks of causing or contributing to adverse human rights impacts and how they manage

those risks

- Be transparent about any violations of human rights
- Operate effective stakeholder engagement including an operational-level grievance mechanism for any adverse human rights impacts for which they have caused or contributed to, and involve affected stakeholders before establishing new operations in a process of free, prior, and informed consultation and duly record the process
- Provide for or cooperate in remediation through legitimate processes for violations of human rights that it has caused or contributed to

II. Renewable Energy activities: Equator Principles

All renewable energy projects Rabobank finances comply with the Equator Principles. In partnership with its clients, Rabobank identifies, assesses and manages environmental and social risks and impacts in a structured way and on an ongoing basis in order to avoid negative impacts on project-affected ecosystems, communities and climate where possible.

For projects located in [Designated Countries](#), the assessment process evaluates compliance with relevant host country laws, regulations and permits that pertain to environmental and social issues. For projects located in Non-Designated Countries, the assessment process evaluates compliance with the then applicable IFC Performance Standards on Environmental and Social Sustainability (Performance Standards) and the World Bank Group Environmental, Health and Safety Guidelines (EHS Guidelines).

c) Compliance to social safeguards

Rabobank is deeply committed to upholding the principles concerning fundamental rights contained in the eight core conventions of the International Labour Organization (ILO) as set forth in its Declaration of Fundamental Principles and Rights at Work.

In addition to following Rabobank's Code of Conduct, Sustainable Development Policy, and Human Rights Policy, all clients are expected to respect all labour standards as described in the ILO Declaration on Fundamental Principles and Rights at Work and comply with a broad set of criteria regarding labour standards described in Rabobank's Sustainability Policy Framework.

4. Disclaimer

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