

Appendix 4 Dialogues with Clients

Dialogues with Clients in 2018

Rabobank engages with clients on material sustainability controversies and alleged issues regarding the environment, human rights, labor rights and governance. These can be addressed by the responsible banker, but in some cases specialist advice is given by the central sustainability department. In 2018, the sustainability department presided 55 such engagements under management. The table below provides a short description of the topics of discussion as well as of the industry and the region in which the issues arose. Colleagues of local Rabobank offices closer to the respective clients play an important role in conducting these dialogues. The sustainability department decides which engagements to hold, track and monitor, and it contacts the colleagues who are responsible for the client

relationship in order to discuss a course of action. Progress and interim results of the engagements are agreed upon, monitored and aggregated by the sustainability department. Some engagements can take several years before they are brought to an end. Of the dialogues listed below 38 have been carried over from last year. During 2018 we added 12 new engagements. We concluded a total of 14 engagements, as indicated in the table. Details on the nature of the allegations' 'issue type', the current status of the issue and the status of the engagement complete this overview. Furthermore, the Rabobank Issue Table 2018 shows the categories of issues we use and provides the number of engagements in which the respective issue plays a role. One engagement can encompass more than one issue. The table Status Category provides a description of the categories we use.

<i>Dialogues with Clients in 2018</i>					
<i>Industry</i>	<i>Region</i>	<i>Issue type</i>	<i>Short issue description</i>	<i>Issue status</i>	<i>Status Category</i>
Animal protein	Europe	G - P1	Client active in restricted activity, agreed to change to alternative, subsequently to divest	open	Client relationship terminated
Beverages	Asia	S - H1 S - L5	Welfare, health and working conditions on plantation insufficient; improvement progress on track	closed	Engagement stopped
Beverages	South America	S - L4	Fatalities during maintenance work	open	Client is taking action
Cocoa	Africa	S - L2	Child labor vs poverty reduction dilemma	open	Client is taking action
Cotton	Europe	S - L1 S - L2	Child labor vs poverty reduction dilemma	open	Client is taking action
Energy / metals	South America	S - H1	Allegations of abusing public security forces to remove protestors	open	Client has resolved issue
Energy / metals	Africa	E - E4	Allegations of negative impacts to environment in supply chain	open	Client is taking action
Energy / metals	Africa	E - E4	Allegations of negative impacts to environment in supply chain	open	Client is taking action
Energy / metals	Africa	E - E4	Allegations of negative impacts to environment in supply chain	open	Client is taking action
Energy / metals	Africa	E - E4	Allegations of negative impacts to environment in supply chain	open	Client is taking action
Energy / metals	South America	G - P1	Suspected non-compliance with policy	closed	Client has resolved issue
Energy / metals	Europe	G - P1	Suspected non-compliance with policy	closed	Engagement stopped
Farm inputs	North America	E - E2 S - H2	Alleged negative impacts to people and environment	open	Authorities involved
Farm inputs	North America	G - P1	Suspected non-compliance with policy	open	Investigation
Farming	Europe	G - P1	Allegations of negative impacts to environment in supply chain	open	Client is taking action
Farming	Europe	G - P1 E - E4	Suspected non-compliance with policy	open	Client is taking action
Farming	Europe	G - G4	Allegations of negative impacts to environment in supply chain	open	Client is taking action
Farming	South America	E - E2	damage to HCV	open	Client is taking action
Farming	South America	E - E2 S - L5	Quality employee facilities and environmental issues	closed	Client is taking action
Farming	South America	E - E2	Handling of chemical products and packaging	closed	Client is taking action
Farming	South America	E - E2 S - L5	Quality employee facilities and environmental issues	open	Client is taking action

<i>Industry</i>	<i>Region</i>	<i>Issue type</i>	<i>Short issue description</i>	<i>Issue status</i>	<i>Status Category</i>
Farming	South America	E - E2	mapping of reserve and protection areas	open	Client is taking action
Farming	South America	S - L5	Facilities improvement	open	Client is taking action
Farming	South America	S - L5	Facilities improvement	open	Client is taking action
Farming	South America	G - G2	Legal requirements	open	Client is taking action
Farming	South America	S - L5	Facilities improvement	open	Client is taking action
Farming	South America	G - G2	Legal requirements	open	Client is taking action
Food	South America	S - L3	Allegations of hindering unionization	open	Client is taking action
Food	Europe	G - G1	Tax avoidance	closed	Engagement stopped
Grains	Asia	E - E2	Allegations of burning to clear land	open	Authorities involved
Services	South America	E - E2 H - H2	Allegations of use of violence to relocate people and of damage to environment	open	Authorities involved
Sugar	Asia	S - H2	Legal claim	open	Authorities involved
Wholesale	Asia	S - L1 S - L2	Allegations of forced and child labor	closed	Insufficient evidence
Wholesale	Asia	S - L1 S - L2	Allegations of forced and child labor	closed	insufficient evidence
Palm oil	Africa	S - H2	Alleged insufficient information/compensation to communities	open	Client has resolved issue
Palm oil	Asia	S - H3	Conflicting claims of communities on land. Dispute on sharing the agreed compensation sum with new claimants	open	Client has resolved issue
Palm oil	Asia	S - H2	FPIC and settlement issues in part-owned plantation	closed	Engagement stopped
Palm oil	Asia	S - L5	labor conditions not in breach of policy or applicable law, but room for improvement	closed	Engagement stopped
Palm oil	Asia	S - H2	Allegations of primary forest destruction and no FPIC applied	open	Client is taking action
Palm oil	Asia	S - H2 E - E2	Allegations of insufficient FPIC, legal compliance and HCV assessments. Breaches convincingly refuted by client yet above and beyond measures agreed	open	Client is taking action
Palm oil	Asia	S - H3	Issues with land rights and legal requirements to operate that mutually exclude	closed	Client has resolved issue
Palm oil	Asia	E - E2	Allegations of destruction of HCV	closed	Engagement stopped
Palm oil	Asia	E - E2 S - H2 S - H3	Allegations of insufficient EIA and insufficient share to land rights holders	open	Client is taking action
Palm oil	Asia	E - E3 S - H2	Potential issue of insufficient consultation	open	Engagement stopped
Palm oil	Asia	E - E3	Insufficient traceability	open	Client is taking action
Palm oil	Asia	E - E3	Insufficient traceability	open	Client is taking action
Palm oil	Asia	S - L2 S - L3 S - L4	Allegations of worker exploitation	open	Engagement stopped
Palm oil	Asia	E - E3	Allegations of deforestation of primary forest	closed	Client relationship terminated
Palm oil	Asia	E - E4 S - H2	Environmental and social issues in supply chain	closed	Client has improved policy/behavior
Palm oil	Asia	S - L2 S - L4 S - L5 S - L6	Allegations of illegal and abusive labor practices	open	Client has improved policy/behavior
Palm oil	Asia	E - E2 S - H2	Allegations of peat clearance and land conflicts	open	Investigation
Palm oil	Asia	G - G3	Allegations of deforestation in supply chain through related companies	open	Client is taking action
Palm oil	Africa	S - H2	Issues due to insufficient procedures re FPIC	open	Client is taking action

Rabobank Issue Table 2018

<i>Environment</i>	<i>#</i>	<i>Society</i>	<i>#</i>	<i>Society</i>	<i>#</i>	<i>Governance</i>	<i>#</i>
		Human rights		Labor rights			
E1. Cruelty to animals	# 0	H1. Human rights abuses	# 2	L1. Forced labor	# 3	G1. Integrity (corruption, bribery, money laundering, fraud, tax evasion, anti-competitive practices)	# 2
E2. Impacts on ecosystems and landscapes	# 13	H2. Impacts on communities and indigenous peoples	# 12	L2. Child labor	# 6	G2. Lack of transparency	# 2
E3. Overuse of natural capital resources or waste of resources	# 4	H3. Participation issues	# 3	L3. Freedom of association and collective bargaining	# 2	G3. Misleading communication and 'greenwashing'	# 1
E4. Pollution	# 6	H4. Social discrimination	# 0	L4. Health and safety of employees	# 3	G4. Products or services that pose health and safety risks to consumers	# 1
				L5. Poor employment conditions	# 8	P1. Non-compliance Rabobank policy	# 6
				L6. Employee discrimination	# 1		

Status Category

<i>Status Category</i>	<i>Description</i>
Investigation	An investigation is required to better understand the nature and extend of the problem and to gain more insight into the necessary or desired improvement
Client acknowledges issue	There is agreement on the facts of the issue
Insufficient evidence	There is insufficient certainty that the client is causing the problem or can contribute to reducing or resolving it
Client willing to improve policy/behavior	There is agreement on how an improvement can be achieved
Client is taking action	-
Client has resolved issue	-
Client has improved policy/behavior	-
Authorities involved	A dispute between parties is under consideration by or requires the action or decision of a government agency or court of law; the dialogue is suspended
Client relationship terminated	The client has shown insufficient progress and the bank has taken steps to end the relationship
Client relationship terminated (other)	The client relationship has been terminated for other reasons
Engagement stopped	In case of prospective clients: the prospect is unwilling to act in accordance with our policies; in case of a client relationship: the link between Rabobank and the client or the issue no longer exists