



**Rabobank Group**



Annual Responsibility and  
Sustainability Report 2002



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# Chairman's foreword

Annual Responsibility and Sustainability Reports are a response to the growing demand from customers, employees and other stakeholders for transparency in companies. This demand from mature and involved citizens is based on concerns about nature and the environment, and the awareness that welfare and prosperity do not necessarily go hand in hand. Another significant point is the observation that the government is showing restraint in a number of areas and that in the globalising economy, the influence of international companies is growing.

In the public debate on corporate social responsibility (CSR) that has developed in recent years, growing responsibility is assigned to managers of private companies. They are expected to use their influence to solve global issues such as poverty and abuses of human rights. Stakeholders not only call financial institutions to account for their own conduct here, but also that of their clients - including in relation to setting standards and compliance with written and unwritten rules.

It is doubtful whether the politicisation of major companies and financial institutions will advance the progress of CSR. That process will probably benefit more from healthy incentives for the innovative potential of entrepreneurs and from strengthening their social orientation. The issues to be resolved call for an alliance of all people who are willing and able to bear responsibility. Government authorities, companies, the research worlds and non-governmental

organisations (NGO's) must work together, support and reinforce each other here.

In the light of economic globalisation and recent corporate scandals, it is certainly important that enterprise is surrounded by good rules and assurances. However, in themselves, statutory rules do not provide a solution for future challenges.

Companies have published annual reports for years. These annual reports have developed over the years and now share a common language and form. Annual responsibility and sustainability reports are still in their infancy. A common design, the right key indicators and accompanying management and monitoring systems still have to be found. In 2002, the Rabobank Group contributed towards that search, including by co-heading a working group of the World Business Council for Sustainable Development (WBCSD) consisting of some 50 multinationals that discussed the latest developments in the field of sustainability reporting. The findings are recorded in the report entitled 'Striking the balance', which can be found at the WBCSD website ([www.wbcd.ch](http://www.wbcd.ch)) and elsewhere.

The Rabobank Group's Annual Responsibility and Sustainability Report 2001 was discussed with a large number of stakeholders. An account of these talks can be found in the story boxes accompanying in this Responsibility and Sustainability Report.

Suggestions and criticism from stakeholders were taken into account in the preparation of the 2002 report as far as possible. This year, the Rabobank Group would once again be happy to discuss this report and other aspects of its policy with its stakeholders.



Bert Heemskerk  
Chairman of the Executive Board  
of Rabobank Nederland

# Executive Board and Supervisory Board, Rabobank Nederland

## Executive Board (with portfolios)

Bert Heemskerk (H.), Chairman

- Strategy
- Personnel
- Finance and Control
- Supervision
- Legal and Tax Affairs

Rik baron van Slingelandt (D.J.M.G.)

- Rabobank International
- Group Treasury

Hans ten Cate (J.C.)

- Rabobank Nederland Corporate Clients
- Credit Risk Management
- Sustainability and Social Innovation

Jac Verhaegen (J.J.)

- Product-Market Entities
- ICT

Piet van Schijndel (P.J.A.)

- Market Management, Member Banks

Piet Moerland (P.W.)

- Staff and Services, Member Banks
- Banking Business
- Co-operative (incl. member policy and social funds)

## Secretary to the Executive Board

Margreet van Ee (M.G.)

## Supervisory Board

Lense Koopmans (L.), Chairman

Antoon Vermeer (A.J.A.M.), Deputy Chairman

Sjoerd Eisma (S.E.), Secretary

Leo Berndsen (L.J.M.)

Bernard Bijvoet (B.)

Teun de Boon (T.)

Sybilla Dekker (S.M.)\*

Marinus Minderhoud (M.)

Hans van Rossum (J.A.A.M.)

Herman Scheffer (H.C.)

Martin Tielen (M.J.M.)

Aad Veenman (A.W.)

\* Sybilla Dekker stepped down from the Supervisory Board of Rabobank Nederland on 28 May 2003.





Bert Heemskerk



Rik baron van Slingelandt



Jac Verhaegen



Hans ten Cate



Piet van Schijndel



Piet Moerland

# Profile of the Rabobank Group

**The Rabobank Group is the largest financial service provider in the Dutch market. It comprises 349 independent local co-operative Rabobanks in the Netherlands, the central Rabobank Nederland organisation and a large number of specialised subsidiaries. The Group has been awarded the highest possible credit rating. The Group's core target is to generate customer value.**

The local Rabobanks and their clients form the Rabobank Group's co-operative core business. The banks are members and shareholders of the supra-local co-operative organisation, Rabobank Nederland, which advises the banks and supports their local services. Rabobank Nederland also supervises the collective of local banks on behalf of the Dutch Central Bank (DNB). Rabobank Nederland further acts as an (international) wholesale bank and as bankers' bank to the Group and is the holding company of a large number of subsidiaries.

The Rabobank Group's ambition is to provide its nine million clients, both private and corporate, with all possible financial products and services. To this end, it has a large number of specialised businesses engaged in asset management (Robeco), insurance (Interpolis), leasing (De Lage Landen), private banking (Schretlen & Co), stockbroking (Effectenbank Stroeve), equity participations (Gilde) and corporate and investment banking (Corporate Clients, Rabobank International and its subsidiary Rabo Securities). These subsidiaries provide financial advice and products to the local Rabobanks and their clients, and also serve their own clients directly, in the Netherlands and elsewhere.

## Competence centres

The Rabobank Group is a network of competence centres working closely together. This networked expertise allows the Group to respond actively to the growing demand from business and private

clients for an integrated package of financial products and services. The Group thus combines the best of two worlds: the local involvement and personal service of the local Rabobanks and the expertise and scale benefits of a large organisation.

## Strong market position

The Rabobank Group serves more than half of the Dutch population and Dutch businesses. In the Dutch market, therefore, Rabobank is the market leader in virtually all financial services: mortgage loans (24%), private savings (40%), small and medium-sized enterprises (39%) and the agricultural sector (83%). Its share of the corporate market has been strengthened considerably.

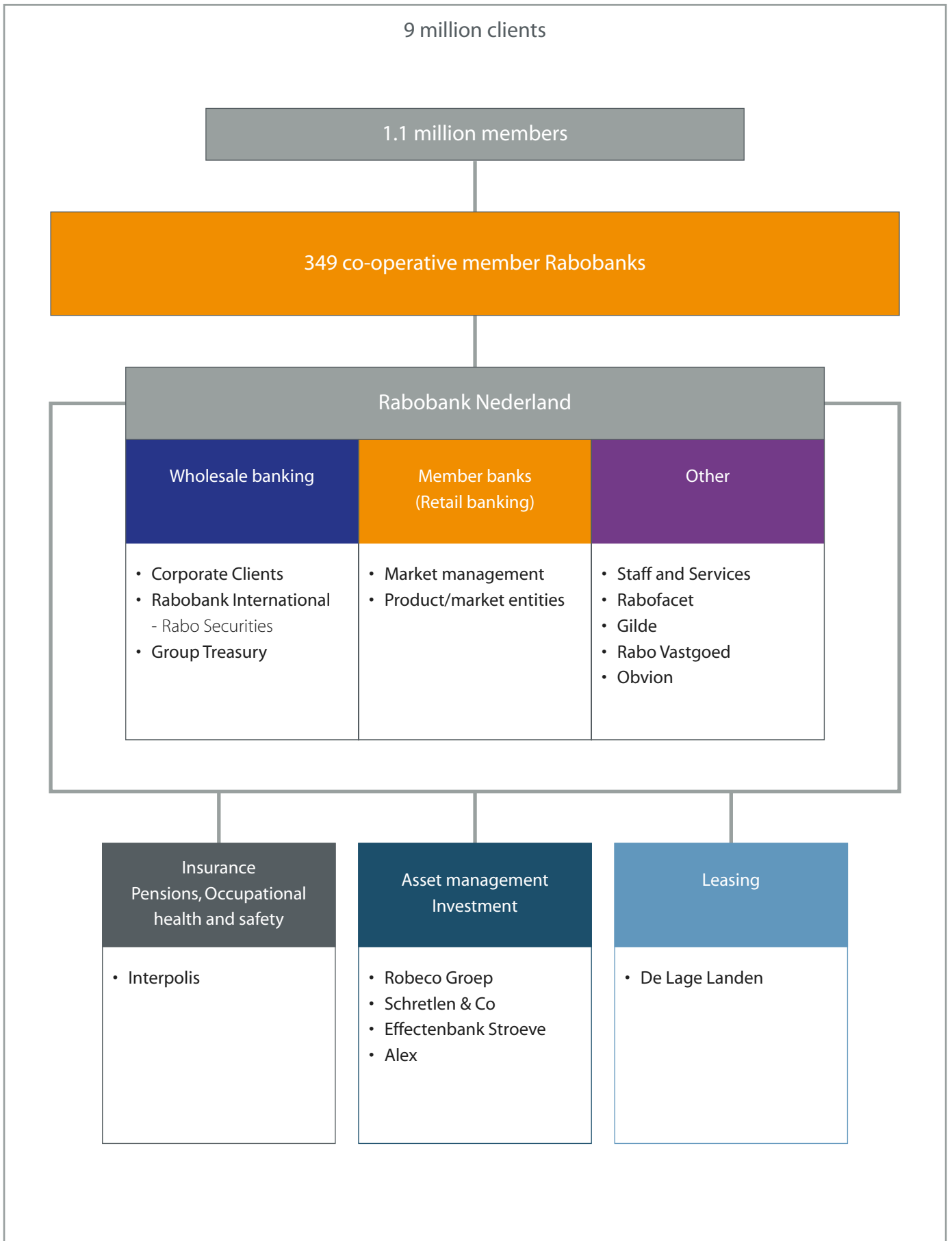
## Triple A

The Rabobank Group has the highest credit rating (Triple A) awarded by the well-known international rating agencies Moody's and Standard & Poor's.

## International network

To serve its clients in the international market, the Rabobank Group has 169 branches in 34 countries outside the Netherlands.





# Highlights in 2002 and points for improvement

The Rabobank Group believes that sustainable development in welfare and prosperity require that nature and the living environment are treated with care, and wishes to contribute towards this in its activities. In 2002, a number of new steps were taken in this regard. Not all the targets set were met in full during 2002.

## Highlights

- The membership of local Rabobanks grew further in 2002, to 1.1 million. Not only is the growing number of members important for the bank from an economic point of view, but their direct influence on policy also strengthens its social orientation.
- In consultation with Amnesty International, the Rabobank Group developed its own code of conduct on human rights and implemented it on a group-wide basis. This placed the issue of human rights higher on the agenda throughout the organisation.
- Together with other green funds and the Association of Investors for Sustainable Development, the Rabo GroenBank succeeded in preserving tax facilities for green financing in the Netherlands. This means that low-cost green funding remains possible thanks to tax allowances for green savings and investments.
- During 2002, Rabobank launched the Consultative Platform for Finances of the Elderly and Handicapped. In four meetings with ten organisations, the Platform discussed possibilities for improving service provision for the elderly and the handicapped.
- In March 2002, Robeco introduced the new Robeco Milieutechnologie investment fund. This fund focuses on investment in companies specialising in clean energy, water management, waste processing and recycling.
- Rabobank International developed an Environmental Financial Products Plan. The objective of this plan is to further streamline the commercial sustainability projects and to make optimal use of all the available knowledge on investments in environmental assets.
- During 2002, Robeco developed a Corporate Social Responsibility (CSR) model, which will allow the company to produce internal Annual Responsibility and Sustainability Reports, for the first time on the year 2002. Robeco is integrating its views in its business operations, performance indicators and management information systems.
- The option of compiling a sustainable portfolio was created for Schretlen clients.

- The main Interpolis business units explicitly mentioned CSR in their policy plans for 2003.
- The Rabobank Foundation spent more than EUR 5 million in 2002 on support and financing of projects in developing countries and in the Netherlands. The Projects Fund provided EUR 1.8 million in support for 21 innovative projects relevant for client groups in the Netherlands.
- In September 2002, the first Herman Wijffels Innovation Prize was presented. This prize is for young entrepreneurs and managers aged to 36, who develop innovative products, services or processes, have a refreshing view of enterprise and who show skills in modern co-operative thinking and CSR.
- Absenteeism in the Rabobank Group fell sharply in 2002, from 5.1% in 2001 to 4.7%.
- Through improved monitoring and administration systems, the Rabobank Group is increasingly able to provide a reliable view of the level of sustainability of its own business processes.
- The Rabobank Group more than achieved its aim of buying more than 10% of its total electricity in the form of eco-power in 2002.
- The Rabobank Group wants to implement diversity more emphatically in its role as a financial service provider, working community and co-operative.
- Rabobank International will embed sustainability still more effectively in day-to-day practice. Via its electronic Meeting Point, it will call attention more regularly to ethical aspects of doing business abroad.
- In 2003, insurer Interpolis will integrate sustainability criteria in its acceptance processes for loss of profits cover.
- In Relan and Commit, the new group units formed through mergers and acquisitions, internal environmental care will receive explicit attention in 2003. Agreements will be reached with these units in the areas of waste reduction, separated waste collection and energy savings.
- In 2003, Rabobank will expand the CSR monitoring system for local banks, tested in 2002, to more local Rabobanks. The CSR monitoring system for group units will be optimised in 2003.
- The number of women in higher functions must continue to grow in the coming period.

## Points for improvement

- Rabobank wishes to involve its clients more closely in the management of the bank. The aim is that 25% of members should be involved in the activities of their local banks by the end of 2003.
- The Rabobank Group wishes to anchor aspects of CSR more firmly in its service provision.
- Green products and services have so far been strongly fiscally-driven. Rabobank will seek other ways to develop green and socially ethical products.
- Sustainability and human rights will be implemented more explicitly in regular purchasing practice. In 2003, at least 20 packages will be assessed specifically in terms of aspects of CSR.
- The central units of Rabofacet will set up a complete waste registration system in 2003, for the purpose of waste management.

# Key figures

	2002	2001	2000	1999	1998
<b>Volume of services</b> (in EUR millions)					
Total assets	374,720	363,679 <sup>1)</sup>	342,920	281,218	249,718
Private sector lending	212,323	197,262	179,137	161,074	129,554
Funds entrusted	171,632	172,174	146,705	127,527	114,826
Assets managed	153,200	177,800	159,000	139,800	124,100
Premium income, insurance	3,660	3,926	3,417	2,867	2,485
Premium income, occupational health and safety and pensions	242	223	60	15	11
<b>Profit and loss accounts</b> (in EUR millions)					
Total income	8,564	8,434	7,760	6,806	5,832
Operating expenses	5,839	5,965 <sup>1)</sup>	5,459	4,826	4,099
Operating result	2,725	2,469 <sup>1)</sup>	2,301	1,980	1,733
Net profit	1,250	1,206 <sup>1)</sup>	1,194	1,020	936
Tax in the Netherlands	379	435	355	396	401
Tax outside the Netherlands	135	97	152	27	1
<b>Ratios</b>					
Tier 1 Ratio	10.3	9.9 <sup>1)</sup>	10.3	10.0	10.3
Return on reserves	9.6%	9.2% <sup>1)</sup>	10.1%	9.8%	9.6%
Efficiency ratio	68.2%	70.7% <sup>1)</sup>	70.3%	70.9%	70.3%
<b>Market shares</b>					
Mortgages	24%	23%	22%	22%	22%
Savings	40%	40%	40%	40%	40%
SMEs (total)	39%	37%	38%	38%	37%
- One-man businesses	37%	34%	35%	36%	35%
- SMEs with 2 to 10 employees	41%	41%	41%	41%	40%
- SMEs with 10 to 100 employees	36%	35%	35%	34%	34%
Agricultural sector	83%	87%	87%	87%	86%
<b>Client data</b>					
Number of members (x 1,000)	1,108	825	550	510	515
Member-client ratio <sup>2)</sup>	13.2%	9.7%	6.1%	-	-
<b>Customer satisfaction:</b>					
- Business clients	7.1	7.4	7.4	7.4	7.3
- Private individuals	7.4	7.5	7.4	7.3	7.6
<b>Physical presence</b>					
Local Rabobank branches	349	369	397	424	445
<b>Offices:</b>					
- Branches	1,516	1,648	1,727	1,795	1,797
- Agencies	2,517	2,609	2,693	2,719	2,727
Cash dispensing machines	2,979	2,889	2,676	2,546	2,430
Chipknip loading points <sup>3)</sup>	1,859	1,821	1,800	1,800	1,750
Foreign offices	169	137	142	147	150

1)

Owing to the changes in the pensions system introduced as of 1 January 2002, these amounts are not reconciled with amounts published earlier

2)

This ratio is based on the number of members/natural persons divided by the total number of adult clients/natural persons

3)

1998 - 1999 estimate

4)

This percentage does not include the information from Interpolis, Robeco, Effectenbank Stroeve, Gilde Investments and the foreign offices

5)

The following units were included in the determination of absenteeism: local Rabobank branches, Rabobank Nederland, Rabofacet, De Lage Landen and Schretlen & Co.

6)

Data from Rabobank Nederland and local banks

	2002	2001	2000	1999	1998
<b>Personnel data</b>					
Employees:					
- total number	58,096	58,120	55,098	53,147	49,465
- full-time equivalents (FTE)	51,867	52,173	49,711	48,224	45,310
Female employees <sup>4)</sup>	56.2%	56.8%	55.4%	55.1%	54.3%
Female employees in higher positions (> scale 7) <sup>4)</sup>	15.6%	14.6%	13.1%	12.0%	11.0%
Part-time employees: <sup>4)</sup>					
- men	4.5%	4.0%	3.3%	2.5%	2.4%
- women	57.2%	52.7%	47.2%	45.9%	43.9%
Employees under the scope of the SAMEN Act <sup>4)</sup>	4.2%	4.8%	4.5%	4.5%	
Absenteeism due to sickness <sup>5)</sup>	4.7%	5.1%	4.8%	4.5%	4.0%
Employee satisfaction <sup>6)</sup>	84.3%	83.1%	82%	79.7%	
WAO intake <sup>7)</sup>	1.1%	1.1%	1.2%	1.1%	1.0%
Training investments (in EUR millions)	78.8	85.4	70	64.6	59
Training investments (in EUR/FTE)	1,521	1,637	1,408	1,340	1,302
<b>Products and services specifically aimed at sustainability (in EUR millions)</b>					
Rabo Green Bonds (cumulative)	1,141	766	623	nvt	nvt
Green loans (cumulative)	1,100	818	494	374	228
Green lease (EIA/VAMIL/MIA)	15	20	5	nvt	nvt
Innovation capital fund	1.5	nvt	nvt	nvt	nvt
Robeco DuurzaamAandelen Fund	107	144	152	nvt	nvt
Robeco Milieutechnologie Fund	3.0	nvt	nvt	nvt	nvt
Sustainability Fund:					
- Solar Development Capital (commitment)	1.6	1.6	1.6	nvt	nvt
- Prototype Carbon Fund (commitment)	5	5	5	nvt	nvt
- Aqua Investments (commitment)	5	5	5	nvt	nvt
Gilde Biotechnology and Nutrition Fund	35	25	-	-	-
Het Betere Werk and absenteeism control scheme, premium income	152.7	nvt	nvt	nvt	nvt
Environmental damage insurance, premium income	7.4	5.2	1.6	1.7	nvt
<b>Non-commercial sustainable activities</b>					
Rabobank Foundation,					
loans/donations (in EUR millions)	5.1	5.0	5.4	4.2	3.7
Project funds, donations (in EUR millions)	1.8	1.6	2.3	1.3	1.9
Micro-insurance, premium income (in EUR millions)	15,500	12,500	nvt	nvt	nvt
<b>Business operations</b>					
Electricity consumption (kWh per FTE) <sup>8)</sup>	3,139	3,156	-	-	-
Share of eco-power <sup>9)</sup>	31%	-	-	-	-
Gas consumption (cubic metres per m <sup>2</sup> ) <sup>10)</sup>	11.4	12.4	-	-	-
Paper (kg per FTE) <sup>11)</sup>	53	51	43	-	-
Commercial transport by car (km per FTE) <sup>12)</sup>	515	665	808	-	-

7)

The following units were included in the determination of WAO intake: local banks, Rabobank Nederland, Interpolis, Rabofacet, De Lage Landen and Schretlen & Co

8)

Data from Rabobank Nederland, Interpolis, De Lage Landen, Schretlen & Co, Effectenbank Stroeve and local banks

9)

Data from units that take part in central energy purchasing (the Dutch units of Rabobank Nederland, Interpolis, De Lage Landen, Robeco and the local banks)

10)

Data from Rabobank Nederland, Rabofacet, Interpolis, De Lage Landen, Schretlen & Co, Effectenbank Stroeve and local banks

11)

Data from Rabobank Nederland, Rabofacet, local banks (regarding central purchasing), Interpolis, De Lage Landen, Gilde, Schretlen & Co, Effectenbank Stroeve

12)

Data from Rabobank Nederland, Rabofacet and local banks

# Rabobank Group Ambition Statement

## The Rabobank Group - what we want to be

The Rabobank Group was founded in the Netherlands by enterprising people who had virtually no access to capital. The early credit co-operatives broadened access to capital by providing financial services to small and medium-sized companies, especially in the agricultural sector. By working on co-operative, or mutual principles, a financial institution has since evolved which enables clients to achieve their financial ambitions. This goal forms the driving force behind Rabobank Group: it aims to create opportunities for individuals and organisations to participate fully and independently in economic activities.

The Group offers all financial services needed by customers as they participate in a modern social context. It provides a wide range of financial services in the Netherlands, striving to ensure that all services are continually adjusted and updated so that they always meet the needs of both individuals and companies in the domestic market in the Netherlands, as well as elsewhere in the world.

The Rabobank Group believes sustainable growth in prosperity and wellbeing requires careful nurturing of natural resources and the living environment. Our activities will contribute to this development. Rabobank respects the culture and traditions of the countries where it operates, insofar as these do not conflict with our own objectives and values.

In all activities undertaken by Rabobank Group, solvency and liquidity will be safeguarded as the basis for continuity of services to our clients.

## Core purpose

We, the staff and management of Rabobank Group, have as both our point of departure and primary goal the best interests of our customers. We aim to add value by:

- providing those financial services considered best and most appropriate by our customers;
- ensuring continuity in the services provided with a view to the long-term interests of the client;
- commitment to our clients and their concerns and issues so that we can contribute to achieving their ambitions.

## Core values

We believe it is important that clients immediately recognise and personally experience the following values in all our activities:

- integrity: we act according to our stated aims;
- respect: we will interact with clients so that they experience our respect for them;
- expertise: we must be able to fulfil every promise we make.

## Social Pact with members

Rabobank Group is open to the views, concerns and issues of our clients, and to those affected by our activities. Customers who are committed to the principles as pursued by Rabobank Group can become members of their local Rabobank. This enables them to participate and to have a say in the way Rabobank Group works to further their, the clients', goals.





# Vision and policy

**In Rabobank Group's vision, corporate social responsibility (CSR) offers the key to future markets and tomorrow's prosperity levels. An active CSR policy adds value to a modern company. Ultimately, the group believes that companies that do not practice CSR will not survive.**

Awareness is growing everywhere that a sound balance is needed between the economic, social and ecological outcomes of all political, economic and social activities. Rabobank Group therefore sees CSR as a key challenge for companies of this era. In the Group's vision, sustainable enterprise is perfectly compatible with the entrepreneurial aim of optimising the value of a business. An active CSR policy provides added value for all concerned. Internally, this is reflected in motivated staff, increased attraction for new talent, improved change and innovation potential and more responsive management, among other things. In relation to the outside world, it is reflected in the form of an improved reputation, greater customer loyalty, new, relevant products and services and a higher market share.

## **CSR embedded in the co-operative**

CSR is naturally compatible with the co-operative concept on which Rabobank Group is based. Both concepts involve social cohesion,

openness and dialogue. The Rabobank co-operative focuses on customer value and social involvement as a matter of course. This involves providing the best possible products and services at the best possible price, the ability to see things from the customer's point of view and making an active contribution to economic and social development in our own field of work. During the past century, local Rabobank branches have transformed from a lending co-operative for members/businesses into a broad co-operative financial service provider that aims to give all customers the best possible service. All members can influence the bank's policy.

## **Ambition: sustainable and socially responsible enterprise**

For Rabobank Group, sustainable enterprise is synonymous with CSR. Both involve a healthy balance between people, the environment and resources. Both involve dialogue, openness and trust. Ever since its formation, Rabobank has contributed actively to the economic development of the areas in which it is established and the social cohesion of the local community. For this reason, Rabobank Group has traditionally attached considerable value to a high quality personnel policy. After all, for a co-operative financial service provider, expert and well-motivated staff constitute the main factor for the realisation of the corporate goals. In the past ten years, Rabobank Group's social operations have been increasingly dominated by ecological sustainability. The Group's ambition is to remain among the leaders in this respect. A greater emphasis has also come to lie on respect for human rights and integration of CSR

in all products, services and working processes, including those of customers and suppliers.

### Integration in core activities

Sustainability will be fully integrated in Rabobank Group's core activities only when it plays a role in decision-making at all levels and in all business processes. Sustainable enterprise will succeed only if customers and stakeholders regard it as a visible part of Rabobank Group's identity, if it has direct significance for the employees and if it contributes towards the financial stability of the Group. This goal is pursued on four strategic tracks:

- embedding the CSR concept at all levels of the organisation
- integration of the vision of sustainable enterprise in existing and new financial products and services
- strengthening Rabobank Group's social involvement
- integration of CSR in internal business processes.

### Embedding at the senior management level

In the new senior management structure at Rabobank Group, which gives local Rabobank branches more influence and creates a stronger role for the Supervisory Board, responsibility for CSR has been assigned to a number of members of the Executive Board. Hans ten Cate's portfolio includes the policy issues of sustainability and social innovation, Piet Moerland is responsible for the member policy and the social funds and Bert Heemskerk chairs the Ethics Committee.

### Core documents

The Ambition Statement, the Code of Conduct and the Strategic Framework form the core documents of Rabobank Group. They describe what Rabobank wants to achieve, how it intends to do this and the values that play a role here. As a financial service provider, Rabobank Group aims to make an active contribution to the sustainable development of society in economic, social and ecological terms. The Group has recorded this in various codes of conduct and covenants. It has also explicitly endorsed various international codes. Precisely because day-to-day practice is complicated, Rabobank Group wants to publish clear statements of its views and motives. The codes of conduct are available at [www.rabobankgroep.nl/mjv](http://www.rabobankgroep.nl/mjv).

## Codes of conduct, covenants and treaties that steer the operations of the Rabobank Group.

### External

- OECD Guidelines for multinational enterprises
- Declaration of the United Nations Environment Programme (UNEP)
- Global Compact
- Principles for multinational enterprises and social policy (ILO)
- Business Charter for Sustainable Development of the International Chambers of Commerce (ICC)
- Integrity Code of the Netherlands Association of Banks
- Biological Pig Farming Covenant
- Long Term Agreement on Energy Efficiency Improvement
- Packaging Covenant II
- Covenant on Working Conditions in the Banking Sector
- Primary Payment Services Package Covenant
- Multicultural Personnel Policy Covenant
- Code of Conduct for Insurers
- Code of Conduct for Processing of Protected Data by Financial Institutions

### Internal

- Ambition Statement of the Rabobank Group
- Code of Conduct of the Rabobank Group
- Rabobank Group Strategic Framework
- Human Rights Conduct Guidelines
- Mortgages Conduct Guidelines
- Code of Conduct for Palm Oil Plantations
- Genetic Modification Code of Conduct
- Information and Communication Methods Code of Conduct
- Instructions on Conflicts of Interest
- Warning Regulations

## Human Rights

The Rabobank Group's more general Code of Conduct states in fairly general terms that the Group respects human rights. In practice, this means that it bases its conduct on the guidelines of the Organisation for Economic Co-operation and Development (OECD) and the International Labour Organisation (ILO). In order to have a more practical guideline, in 2001 Rabobank International formulated its own Conduct Guidelines, which was adopted by the entire Group in the following year. Changes in this human rights document were made in consultation with Amnesty International. The chosen point of departure is that the Rabobank Group is responsible for compliance with and promotion of human rights, in as far as that lies within its reach and capacity. The Guidelines state that the Rabobank Group will explicitly support compliance with human rights in every society in which it operates. The Group expects to be able to contribute towards compliance with human rights on three levels and

from three different angles:

1. In relation to its own business activities  
In its social policy and management, the Rabobank Group bears full responsibility for compliance with human rights.
2. In the selection of partners  
The group will approach the selection of partners with care and assure itself that its partners respect human rights. Rabobank wishes to set an example to its partners in this respect.
3. In the selection of countries in which it operates  
The group will not pursue any activities in countries in which it cannot ensure protection of the human rights of its own staff or where a free choice of trading partners is not possible.

The issue of human rights will be a returning theme in internal communications in the coming years. Local compliance officers at Rabobank International have the duty and power to prevent the bank's involvement in undesirable situations. The group's central purchasing policy will also be tightened in respect of human rights in the course of 2003.

## Global Compact

In 2002, Rabobank Group became the third Dutch company, after Royal Dutch and Unilever, to sign the Global Compact. With the Global Compact, the United Nations calls attention to the environment, human rights and working conditions. Companies that sign the Compact agree to a form of enterprise that is laid down in nine principles. They state that they will eliminate all forms of forced labour, child labour and discrimination, accept ecological responsibility, promote environmentally-friendly technologies, that they will respect human rights and that they will not violate these rights.

## New CSR monitoring system

The Rabobank Group aims to include concrete CSR objectives in its annual plans in 2003, particularly in relation to sustainable investment, loans, internal corporate environmental care and human resources management. In order to measure the results, the group introduced a monitoring system in 2002, based on the guidelines of the Global Reporting Initiative (GRI). The group has matched its indicators more closely to the nature of its business operations and has identified four groups: management, financial services, social involvement and business operations, including human resource management and working conditions. An initial test was conducted at all group units for the 2002 financial year, and at a group of more than 20 local banks. The experiences of these banks will be processed in

the set of indicators with which local Rabobank branches will work in the course of 2003, for policy purposes. The indicators for group units will be further optimised in 2003.

## Embedding cultural diversity

By 2015, non-Dutch natives are expected to make up one in five of the population of the Netherlands. In the major cities, the figure may rise to as much as around 50%. The Rabobank Group wants to introduce diversity into its working community, the co-operative and its role as a financial service provider. In order to further the natural process of increased awareness of the development of a multicultural organisation, the Rabobank Group formed the Diversity Bureau three years ago. This knowledge and advice centre focuses on personnel policy (intake and advancement), commercial support (recruitment and good service for new Dutch residents), balanced communications and social involvement.

## Specific policy elements

The Rabobank Group's Ambition Statement and Code of Conduct are documents providing guidelines on integrity and ethics for all business units. Some of the group's business units have used these documents as a basis to formulate their own ambition statements and codes of conduct for their specific situations and markets. Interpolis, Robeco and Rabobank International took key steps in this regard during 2002.

- **Interpolis**

Interpolis sees CSR as a core activity. The mission statement drawn up in 2002 therefore has a high CSR content. The point of departure consists of the Code of Conduct for Insurers, signed last year, and the detailed UNEP Statement of Environmental Commitment by the Insurance Industry. CSR is now high on the internal agenda. The main business units explicitly mention CSR in their policy plans for 2003. This year, Interpolis will try to obtain a more detailed insight into the CSR activities within the organisation. At present, it does not yet have data on the business units that have joined Interpolis in the past two years. Externally, the insurer worked on the development of social performance indicators for banks and insurers in an international working group of the GRI. This resulted in the GRI Social Performance Indicators (SPI) at the end of 2002. In 2003, Interpolis will implement the Code of Conduct for Specialised Advisory Organisations. This Code makes the actions of specialised advisory services more

transparent and verifiable for consumers.

- **Rabobank International**

In 2002, Rabobank International was co-responsible for the development of the Human Rights Code that now applies for the entire Rabobank Group. The company also has specific codes for financing of palm oil plantations and genetic modification. These codes are published on the Internet and are presented as examples at international congresses and in the international trade press.

- **Robeco**

Robeco developed a CSR model in 2002, with objectives including responsibility for the environment and for the welfare and safety of the employees. Robeco pursues these objectives through its new social and working conditions policy, business continuity management, its financial products and services, its contribution to society and its ecological measures. Robeco will draw up internal CSR reports on its progress, for the first time for 2002.

## Constant undercurrent

*'The Ministry of Economic Affairs co-ordinates government policy in the CSR field. The Ministry supports sustainable economic growth and wants to create a good business climate in the Netherlands. The Rabobank has concerned itself with CSR for a long time already. My impression is that CSR is a constant undercurrent at the Rabobank. The bank doesn't blow its own trumpet in that respect. I do think that what the local banks and Rabobank International do in relation to CSR is unclear. It's important that the Annual Responsibility and Sustainability Report covers that in more detail in the future, for transparency is crucial. I also think the report could say more about the Rabobank's annual progress in the different CSR fields, the dilemmas that the bank faces in its business activities and how it deals with these.'*

Mario Jacobs, Senior CSR Policy Assistant,  
Ministry of Economic Affairs



# Market perspectives

**The Rabobank Group meets its corporate social responsibility (CSR) partly by helping to develop new markets, including by sharing knowledge, stating its views on relevant issues and developments and deploying its innovative capacity at the product level.**

Where the Rabobank Group can play a prominent role in social and political debates on the basis of its specific economic and financial expertise, it will not avoid this role. This involves raising the financial and economic consequences of proposed policy and updating knowledge of new markets. The Group's willingness to be transparent and make clear statements does not mean that its wishes to represent the political or social interests of its nine million clients. Other parties exist for that purpose. The bank does explicitly wish to maintain good relations with these parties. The Group's views on current issues are published on the Internet ([www.rabobankgroep.nl](http://www.rabobankgroep.nl)).

## Vision of the future of cattle farming

In recent years, the farming sector in the Netherlands has been severely affected by animal diseases on several occasions. In response to this, the debate on the sustainability of the existing production systems has intensified. Since the start of the 1990s, the Rabobank

Group has increasingly incorporated sustainability considerations into its financing policy. As a market leader in financial services, the group explicitly makes efforts to facilitate the required transformation of the agricultural sector in the Netherlands. It makes both financial and material contributions here. In March 2002, the Rabobank Group published its vision for the future of cattle farming. The position it takes is clear. The Rabobank Group will promote the formation of transparent and certified production columns in the cattle-farming sector. Animal welfare and food safety will be more explicitly involved in financial service provision. The bank foresees a movement towards two main types of agricultural businesses: companies that efficiently produce food for the (international) market and opt for upscaling and companies that broaden their activities, in addition to food production, with activities focusing more on landscape and nature. In the bank's view, both types of business have continuity prospects. Certification could assure the quality of cattle farming and enable compliance with public requirements. Farmers that are not certified could face higher credit rates or, in extreme cases, will not be granted loans.

## Vision of the future of Dutch horticulture

During Floriade 2002, the prestigious horticulture exhibition held in Hoofddorp with the support of the Rabobank Group, the Group presented six studies on the future of Dutch horticulture. The studies present the Rabobank's vision on a number of developments in the horticultural sector, focusing on the consequences for parties in the



chain. Through optimised chain organisation, the sector should be able to respond faster to consumer trends. Under the direction of market parties, ornamental plant and nutrition chains in the horticultural sector will have to determine the marketing, and consequently, the production of their product range. Through upscaling, the Dutch horticultural sector can remain a step ahead of the increasingly fierce competition. The field of work must acquire an increasingly global character here. Dutch experience and possibilities in logistics, coupled with the Netherlands' horticultural expertise, afford opportunities in that regard, for example to act as a food and/or flower provider. The result of this process will ultimately be a higher price for the product. The studies were discussed extensively in the horticultural world. Rabobank's aim in conducting the studies was to help businesses determine their strategies, which will be taken into account in the assessment of requests for financing. The bank aims to be closely involved in these developments, in order to be able to contribute the right banking products. The studies are also a further development of the 'Rabobank Knowledge Bank' concept, which leads to better assessments of financing requests.

### Vision of biodiversity

Balanced ecosystems sustain the vitality of life on earth. Every plant and animal has a function. In many parts of the world, human action is leading to impoverishment of biodiversity. Adequate action is needed to maintain and promote biodiversity. All over the world, farming holds a major responsibility here, for farming activities place heavy environmental pressure on biodiversity. In the

Netherlands, agrarian nature management is a growing area of agriculture. This is a form of sustainable innovation in the rural area. The Rabobank Group promotes this form of nature management by providing 'green loans'. The issue here is to strengthen the biodiversity of meadow flora and fauna, meadow bird areas and the edges of woodlands, among other things. Management activities give farmers new income that enables them to improve their economic position. The rise of biological farming and nature management is not solely a Dutch or a European trend. Initiatives are being developed on every continent to sustain ecosystems with a rich diversity of flora and fauna.

### Vision of the housing market

In 2002, the Economic Research Staff Group of Rabobank Nederland conducted research into the two main problems in the Dutch housing market: advancement and affordability. One of the solutions that came out of these studies was the use of interim forms of ownership, such as publicly committed ownership or participation properties. This gives the disadvantaged the opportunity to buy a home. With this construction, housing corporations, property companies or other market parties offer homes with a substantial discount on the market value. In exchange for this, the buyers surrender a proportionate part of the capital gains (or losses) on the sale of the property. Another solution is a mortgage that makes it easier, and fiscally attractive for parents to provide financial support for their children. In this way, a potential inheritance at a later date is deployed in the present to allow access to the home-buying market.

### Towards sustainable cattle farming

*'I don't think it was credible for the Rabobank to ignore the foot-and-mouth disease crisis – the main crisis in the agricultural sector – in the Annual Responsibility and Sustainability Report for 2001. The bank has now developed a new vision on cattle farming. I certainly expect to read about this in the Annual Responsibility and Sustainability Report for 2002 and also that we shall monitor whether the desired developments actually take place and which role the bank plays in them. The bank should have the ambition to lead conventional cattle farming towards more sustainable cattle farming, through business plans. The Rabobank plays a good role in terms of encouraging and facilitating the necessary discussions. Conducting a dialogue with interested parties ensures that the organisation does not become divorced from reality.'*

Bert van den Berg, Cattle Farming Policy Assistant,  
Knowledge and Policy Group, Animal Protection Society



### Vision of SMEs

For the 26th time, Rabobank presented its vision of 75 SME sectors in 2002. The publication 'Rabobank Figures & Trends' has grown to become a popular reference work that businesses, consultants and accountants are eager to use. The theme of the latest issue was innovation. The bank wants to make Dutch SMEs aware that they are trailing other countries in this respect. Dutch companies are less innovative than their European competitors. That is a point of concern, as innovation is important for their competitive position. More than half of innovations lead to improvements in operating results. Dutch companies are trailing because of a shortage of knowledge, funds and qualified staff and because of lack of awareness of the importance of innovation.

### Vision of the world food issue

The World Food Issue study by the Economic Research Staff Group provides a background analysis for the contribution that a commercial enterprise like the Rabobank Group can make towards solving the world's food problem. Reducing poverty, hunger and malnutrition is not only a moral duty, but also has a major economic significance, as increased productivity and income and job creation lead to improved prosperity and welfare. Reducing poverty and achieving food safety and security of food supplies for the very poorest in the world calls for a political, economic, socio-cultural and ecological approach. If the world has the political will to invest in eliminating poverty, securing food safety and protecting natural resources, then a world in which everyone always has access to the safe food needed for a healthy and productive life is feasible in the near future.

### Clear ambition and vision

*'CSR is an important issue for the Ministry of Agriculture, Nature Management and Fisheries. We want to promote and support it in the agricultural chain, in order to improve the sustainability and competitiveness of the sector. For example, we'd like agro-food businesses to show what they achieve in the field of sustainability and production methods to become more sustainable, both nationally and internationally. The banks play an important role in increasing sustainability in the agricultural chain. The Rabobank, which has such close ties to the agricultural sector, certainly does. We expect the bank to have a clear ambition and vision for improved sustainability in agriculture. It should focus more of its financial resources and tools on this transition, in the Netherlands and certainly in other countries as well.'*

Ineke Lemmen, Sustainable Agriculture Transition Theme Manager at the Ministry of Agriculture, Nature Management and Fisheries



### Vision of climate change and renewable energy

As long as fossil fuels remain the source of energy in our world, we must deal with emissions of greenhouse gases and other contaminants. This causes environmental damage, some of it irreversible, with social costs that can mount up to high levels. Experts regard climate change through excessive emissions of greenhouse gases as the biggest global threat. Legislation to reduce emissions of CO<sub>2</sub> and other greenhouse gases is therefore inevitable. Emissions of greenhouse gases play a role in all energy-intensive processes. Heavy industry, the transport sector and farming all contribute towards this, as do domestic households, through gas and electricity consumption, driving cars and flying. To give an indication: an average of 200 grams of CO<sub>2</sub> is emitted for each kilometre of car travel. In the Netherlands, average CO<sub>2</sub> emissions amount to 350 grams per euro of consumer spending. In order to solve this problem, energy supply must be placed on a sustainable footing. This transformation process calls for patience, for the development of new technologies takes time. The Rabobank Group supports a global approach, as proposed in the Kyoto Protocol, which aims to realise a substantial reduction in global CO<sub>2</sub> emissions through an absolute emission ceiling and trading of emission rights. World-wide, there are countless projects through which reductions can be achieved, such as energy conservation projects, wind parks, hydropower plants, the use of solar power, combined heat and power projects based on biomass and woodlands. Through its international network, the Group is involved in financing a whole range of renewable energy and energy conservation projects, including in Third World countries, in which CO<sub>2</sub> reductions are realised and sold, after certification, to parties with reduction commitments. In this way, the climate problem can be addressed in combination with the issue of poverty.

### Vision of the water sector

Global water consumption has been increasing for decades. At the same time, more and more water that is suitable for drinking and farming is being polluted by human activities. As a result, water shortages will become one of the main problems of the 21st Century. The farming and horticulture sector is the world's largest consumer of water, accounting for 75% of total water consumption.

The remaining 25% is used for drinking water and industry. The objective of the World Summit in Johannesburg, that everyone should have access to clean water in 2025, demands enormous investments worldwide. At the World Water Forum in March 2003 in Kyoto, the Rabobank Group and other companies will show how the private sector can help towards a solution for water issues. The Group works to expand investments by private parties, together with government authorities and multilateral organisations. At the same time, the Rabobank Group calls for effective social control of water production and consumption. In 2002, the Group published the Water & Agriculture report, which describes the relationship between agriculture and water in the world's main food-producing regions. This information supports clients and credit providers in assessing risks associated with growing water shortages for the relevant food and agricultural businesses

### Vision of the trading position of developing countries

The dominant position of western countries in world trade has detrimental effects for developing countries. Producers from low-wage countries and regions in more favourable climatological locations must gain access to the western food markets. This need not be a threat to the European Union and the Netherlands. Developing countries can complement the Dutch assortment in equal alliances. Multinational food retailers and food producers set up trading structures here for imports of agricultural products from developing countries. Developing countries can start to catch up by creating a strong agricultural sector. This offers them the opportunity to escape the poverty trap and at the same time, removes a breeding ground for terrorism. Financial institutions such as the Rabobank Group can play an important role in investments in international sustainable agriculture and nutritional chains. Dutch fiscal and financial regulations for green financing should focus more on other countries than is the case at present, particularly on countries where the nutritional chain still has to be developed.

# Distribution policy

**Rabobank has the closest branch network of all Dutch banks. In the future, too, it will remain close to the customer. The composition of the distribution network will change in the years ahead, however. With additional contact points and new formats, the bank will respond to local needs and opportunities.**

With 1,516 branches, 599 of its 2,979 ATMs at public locations and 402 regular sessions in public buildings, Rabobank had 2,517 contact points at year-end 2002. In this way, the bank alone almost fully complies with the Bill presented by Dutch MP Ferd Crone. Mr. Crone wants a joint commitment for banks to provide a physical presence every five kilometres and for every 10,000 Dutch residents. Rabobank therefore sees no need for such an initiative. Where Rabobank sees a need to close a branch, for reasons of social policy, security or profitability, it seeks additional distribution measures, in consultation with its members and clients. Rabobank recognises an attempt in Crone's Bill to do something about declining living conditions in small centres and in certain urban districts. But the real problem there is not the absence of banking services, but of vital functions such as supermarkets, small traders, GPs, schools, libraries and home care agencies. Where these functions are not

sustainable on an individual basis, the bank investigates possibilities for creating service points shared with other parties. In 2002, service points were set up in centres including Oudega, Mariahout, Loosbroek and Vorstenbosch. In early 2003, a Service Shop opened in Epen (L). By year-end 2005, Rabobank aims to create some 200 service points, in co-operation with other parties and government authorities.

## Special consideration for the elderly

In the redesign of its distribution network, Rabobank devotes extra attention to the needs of the elderly and the handicapped. We promote the use of bank cards with PIN codes and Chipknip cards, including by elderly people. The possibility of withdrawing cash in a protected environment (a bank hall or entrance lobby) increases the client's sense of security. For clients who still need to get used to using PIN codes, chip cards or banking by telephone or computer, Rabobank published the 'Modern Banking' handbook. We also trained elderly people to provide information at local banks and care institutions. Elderly and handicapped persons who still cannot withdraw cash from machines independently will receive a service card that means they receive personal assistance from a bank employee without further explanation. Rabobank also has a special card that allows clients to authorise a third party to withdraw cash from their account without having to reveal their PIN codes for this purpose. Immobile clients and those who need assistance can use Rabo Geld Expres, a new service that ensures cash is delivered to a client's

home within 24 hours of the placement of an order. Many local Rabobank branches have a taxi service to take elderly people to and from the bank if necessary. Another service for the elderly is the Rabobank bus, which regularly visits small centres such as the Heerenveen, Lopikerwaard and the Dollard areas.

### Chipknip in nursing and old people's homes

The 1,600 Dutch nursing and old people's homes are rapidly switching to Chipknip payments. Already, more than 300 homes now allow payments only with an electronic purse. The elderly account for 15 million of the 75 million payments now made each year with a Chipknip card. This higher-than-anticipated use of the Chipknip service is due partly to an information campaign that Rabobank launched in 2001 to increase awareness in nursing and old people's homes of the possibilities and benefits of using this service in the homes. Residents no longer have to visit a bank or ATM for payments they make in the home. They can load Chipknip cards at a loading point inside the home. In practice, once the elderly become used to this system, they find it helpful and practical to use this modern form of payment.

### Co-operation with SeniorWeb

Since 1998, SeniorWeb has provided nationwide computer and Internet courses. The principle is that these courses should be comprehensible and affordable for everyone who was not brought up with computers. Rabobank Nederland signed a three-year contract

with SeniorWeb at the end of 2002. In addition to the national alliance, there are now 200 local partnerships between local Rabobanks and local SeniorWeb units. Often, an area in a local Rabobank branch is used as a classroom and the bank provides equipment or other resources. Rabobank and SeniorWeb jointly published the Addo Stuur course book entitled 'Rabo Internet Banking'.

### Service for the visually handicapped

After consulting the parties involved, Rabobank created a number of services that are important for the visually handicapped. With Rabo Telebanking (Extra), these clients can conduct their banking affairs electronically, using a special chip card with a PIN code and a special chip card reader. This enables them to make a secure connection with the Rabobank website. Rabobank also provides statements in Braille. In April 2003, we introduced the option of transferring funds to third parties by telephone.

## Access

*'The banks were taken by surprise when the General Netherlands Elderly Persons Association (ANBO) placed some facts about customer friendliness for the elderly in a banking report, and we were able to open talks. At the local level, the Rabobank's social involvement goes beyond that of other banks. But with its specific background, the Rabobank could also do more and in that respect, I think they still focus too much on covering costs. In the coming years, the issue of access for the elderly will be particularly important. A growing group of people will no longer be physically able to go to a bank, but will need to be able to arrange their financial affairs independently. The Rabobank must respond to that.'*

Tim Lechner, General Manager, ANBO





# Savings and investment

The Rabobank Group introduced a number of new products in the field of sustainable savings and investment during 2002, such as the Robeco Milieutechnologie Fund, Leave Saving and the Pingi Account. Once again, there was high demand for Rabo Green Bonds.

## Institutional sustainable investment

### Rabobank Pension Fund Foundation

At year-end 2002, the Rabobank Pension Fund Foundation had invested 51% of its assets in fixed-interest securities, 33% in shares, 8% in property and held 8% in cash. Sustainable investments amounted to EUR 13 million at year-end, including investments in the Robeco DuurzaamAandelen Fund. This accounted for 0.8% of the total capital invested in shares.

### Sustainable investment of insurance premiums

Interpolis Re, the reinsurance business of Interpolis, has been conducting a trial with sustainable share investments since 2001. The company has given Robeco a mandate for this. At year-end 2002, the invested capital amounted to EUR 39 million, compared with more than EUR 45 million at year-end 2001. The share of sustainable investment in the Interpolis Re investment portfolio fell from almost

13% to 10%. The absolute and relative diminution resulted from stock market reductions in value. There were no policy changes. The trial will be evaluated in some years' time.

## Sustainable asset management

### Robeco

Although 2002 was a poor year for investment, few Robeco clients cashed in their shares. Robeco did note that asset managers have lost credibility in the eyes of many investors, partly as a result of statements made in 2002 that the worst was over and that the outlook was good. Robeco aims for transparency and integrity in its information for investors, so that clients can take their own well-considered decisions. At year-end 2002, Robeco's total assets in management amounted to EUR 98 billion, compared with EUR 105 billion at year-end 2001. EUR 301 million of this was invested in sustainability funds. This amount is analysed on the next page.

### Robeco DuurzaamAandelen Fund

In 2002, Robeco received a verification certificate from KPMG Sustainability, stating that the criteria and philosophy of the DuurzaamAandelen Fund were correctly recorded and applied in the portfolio of June 2002. The verification process focused on the criteria drawn up by the fund for sustainability, the creation of the investment universe and the composition of the portfolio. Robeco selects shares for the DuurzaamAandelen Fund on the basis of



Robeco assets managed in sustainability equity funds			
	2002	2001	2000
RG DuurzaamAandelen	EUR 107 million - 33% compared with index, which fell 33.3%	EUR 147 million - 15.5% compared with index, which fell 10.5%	EUR 161 million - 9.4%, compared with the index, which fell 11.0%
Robeco Milieutechnologie	EUR 3 million - 40.0% compared with index which fell 37.1%	- -	- -
Robeco Hommes, Terre et Expansion	EUR 6 million - 34.8% compared with the index, which fell 31.7%	EUR 14 million - 17.6% compared with index, which fell 12.0%	EUR 19 million - 14.1% compared with index, which fell 7.0%
Sustainable investments for institutional investors	EUR 48 million	EUR 71 million	EUR 89 million
Sustainable investments for Rabo Group clients	EUR 39 million	EUR 45 million	-
Robeco Groenrente	EUR 98 million	EUR 223 million	EUR 378 million
Robeco Agaath Bonds	EUR 65 million	EUR 40 million	-

financial, social, ethical and environmental criteria. Through the absence of economic recovery, the yield fell in 2002 and the performance of the fund matched that of the index (-33%). Since November 2002, the Robeco has used the FTSE4 Good Global Index as the benchmark for the fund's performance. At year-end 2002, EUR 107 million was invested in the Robeco DuurzaamAandelen Fund. The Fund operates in France under the name Robeco Hommes, Terre et Expansion. The underlying portfolios are virtually identical. At year-end 2002, the value of the French fund was EUR 6 million.

### Robeco Milieutechnologie

Robeco introduced the Robeco Milieutechnologie Fund in March 2002. This fund focuses on investments in companies specialised in clean energy, water management, waste processing and recycling. Such companies were not in demand among investors during 2002. The Fund therefore fell 40% in value during the year. Robeco expects a positive long-term growth outlook for these companies. The invested capital amounted to EUR 3 million at year-end 2002.

### CSR is a live issue

*'Robeco assumes that every employee holds a personal responsibility, as a professional and as a responsible citizen. Within Robeco, therefore, the CSR responsibilities are assigned at the operational level. That seems to work well. So far, we have been able to reduce energy consumption every year. We also constantly seek new initiatives, such as the environmentally friendly waste processing initiative in 2002. The fact that CSR is a live issue is shown by the number of Robeco employees following courses in this area: 137 in 2002. In the product sphere, we have received a positive verification for the Robeco DuurzaamAandelen Fund and we launched the new Robeco Milieutechnologie Fund. On the basis of the 'Robeco Centre of Knowledge philosophy' we are working actively to share knowledge with clients and prospects, to make the investment process transparent. We will continue on this course in 2003.'*

Marjo Smulders, CSR Co-ordinator, Robeco



### Schretlen & Co

Schretlen & Co's two-yearly customer satisfaction review showed that 55% of its clients believe that more of their capital should be invested in sustainable assets. The same percentage of clients would accept this leading to lower yields for their investment portfolios. On the basis of these findings, Schretlen & Co has composed a model portfolio for its clients, consisting solely of interests in companies that meet these sustainability criteria. In 2003, Schretlen & Co aims to further promote sustainable investment. The company plans active participation in sustainable Robeco products and also wants to offer its own services in this respect. It is considering the formation of a 'Windmill trading partnership' together with De Lage Landen, in which customers can invest. Schretlen & Co also hopes to offer investments in tax-friendly energy projects. At the World Summit on Sustainable Development in Johannesburg in 2002,

forestry and the trade in CO<sub>2</sub> emission rights were important topics of debate. Schretlen & Co plans to respond to this with new products. At present, the company is working on a sustainable share portfolio with forestry investments that are not fiscally or subsidy-driven. In the poor stock market climate, Schretlen & Co saw the value of its managed assets and assets in custody fall from EUR 4.1 billion at year-end 2001 to EUR 3.8 billion at year-end 2002.

### Effectenbank Stroeve

Stroeve's assets under management and in custody amounted to EUR 1.9 billion at year-end 2002, compared with EUR 1.6 billion a year earlier. The increase is attributable to the acquisition of new professional clients, such as independent asset managers and order remisers, and the acquisition of some of the activities of two banks (HSBC and Dexia). To protect the position of its clients, Stroeve intro-

### Astonished

*'The Dutch Association of Investors for Sustainable Development (VBDO) analyses the financial statements and the annual responsibility and sustainability reports of listed companies. Although the Rabobank Group is not listed, we do review its reports. Among the financial institutions, the Rabobank Group is one of the leaders in terms of reporting on sustainability. Its Annual Responsibility and Sustainability Report 2001 is very detailed. It shows a broad vision of sustainability. It's a pity that it's not more concrete. A great deal is said about the aim, but little about 'how' and 'when'. I'm astonished that the Rabobank Group supports the GRI but does not follow its reporting guidelines. The VBDO believes that regulations should not run ahead of the market, they should lay down what is already being done by progressive companies that have integrated sustainability into their business operations.'*

Gerdien Dijkstra, Policy Assistant VBDO



duced a new guarantee product in 2002, which reduces their risk. Investors are also guaranteed the return of their investment after five years, even if market prices fall, and benefit from any price increases in those five years. In 2003, Stroeve will investigate possibilities for the introduction of a new product that offers opportunities to invest in green funds or in companies that practice CSR.

## Sustainable savings

### Towards less dependence on tax facilities

In June 2002, the fiscal allowance of 1.3% for green financing appeared likely to be withdrawn as a result of Dutch government cutbacks. On the basis of these Cabinet proposals, the Rabo Groen Bank had to discontinue issues of Rabo Green Bonds and of offers for green financing. Ultimately, the green facility was retained as a result of intervention by the Second Chamber of Parliament, in response to lobbying from the Dutch Association of Investors for Sustainable Development and the green banks. However, awareness has grown at the Rabobank Group that the strategy followed to date requires adjustment. Existing green financing facilities are entirely tax-driven. The same applied for 'Agaath' financing, for which the tax incentives have disappeared as a result of government decisions. The Rabobank Group is therefore focusing on the development of new funding products that are not tax-dependent. The same applies for social, ethical and cultural investments that Rabobank hopes to start up in 2003.

### Year-end issue of Rabo Green Bonds

Rabo Groen Bank offered a new issue of Rabo Green Bonds at the end of 2002. 'Agaath' investors had an opportunity to exchange Agaath Bonds for Green Bonds, as their tax benefits would be significantly less in 2003 as a result of the new tax Act. Investors exchanged bonds worth a total of more than EUR 260 million. The total return on the year-end issue was EUR 375 million. In addition to the usual terms of three and five years, Rabo Groen Bank also offered its clients seven-year green bonds for the first time in 2002. Subscriptions for the seven-year issue totalled some EUR 30 million. Rabo Groen Bank raised a total of EUR 627 million in new green

assets. This enables Rabobank to fund its green financing activities and further strengthen its leading market position in the field of green financing.

### New: Leave Saving

In the summer of 2002, Rabobank became one of the first parties to launch the Leave Saving product. This product is based on the Work and Care Act. The new Leave Saving Regulation, based on this Act, took effect on 1 January 2001. Employers can now offer their employees the opportunity of fiscally attractive saving, in cash or through the surrender of free days, for a maximum of one year's paid leave. At year-end 2002, Rabobank had contracted (framework) agreements with some 70 employees. The bank regards it as a duty to translate new statutory gains into concrete products quickly.

### Pingi Account: a real specific-purpose account

In June 2002, Rabobank Emmen introduced a new innovative form of saving: the Pingi Account. This is a 'specific-purpose' account. Funds deposited in this account are used for a socially responsible purpose. The purpose of the Pingi Account is to house several hundred South American Humboldt penguins in the Noorder Zoo in Emmen. The zoo uses the funds firstly to improve the accommodation for the penguins. In addition to interest, savers receive a payment in kind from the zoo. This creates additional involvement and a special association between the savers and the zoo. On the basis of experiences with this new product, the bank will decide whether more such specific-purpose accounts are possible and desirable.



# Payments

**Providing for good and efficient payments is a public duty of the major public banks. Partly through permanent information, clients of Dutch banks increasingly use modern and efficient payment methods. In 2002, security of payments was an important issue.**

For the first time in 2002, more than 1 billion payments were made in the Netherlands with one of over 20 million bank cards in circulation and a PIN code. Nevertheless, cash remains highly desirable for many people and situations. Bank cards were used to withdraw cash from Dutch ATMs on 500 million occasions.

## Fraud

A number of cases of bank card fraud occurred in 2002. Criminals copied magnetic strips at certain locations in the country and read the PIN codes for more than 200 cards. Several thousand cards used at the same locations in the same period had to be blocked as a precautionary measure, and exchanged in order to minimise inconvenience for clients. Several dozen Rabobank clients also became victims of this form of crime. As a preventive measure, the Rabobank issued replacement cards to hundreds of clients in 2002. The victims were compensated for losses. The total damages at all

banks amounted to several hundred thousand euros. Control of bank card crime is a concern shared by banks, retailers, ATM suppliers and clients, among others.

## Security of direct debits

In 2002, a book was published in which the author outlined unlawful direct debits of large amounts from a number of account-holders. Although the amounts were transferred from their accounts to a contra account, there was no question of a successful fraud attempt. Because the direct debit system is surrounded by controls, an uncommon money flow of this kind can be traced quickly. The financial value of direct debit fraud for criminals is therefore zero. Account holders have the right to reclaim direct debits from their accounts within three weeks, without stating the reasons. This protects account holders from financial damages resulting from abuse and against default by collectors. The author of the book on direct debit fraud made improper use of collection possibilities that the bank offered to his wife's company, with which it had a direct debit agreement and a confidential relationship. Dutch banks have the security and reliability of their systems tested by professional companies. There is no question of loopholes in the direct debit system.

## Disclosure of Unusual Transactions

Under the Disclosure of Unusual Transactions (Financial Services) Act (MOT), bank employees must be alert to unusual client transactions and report these to a central office. About 25,000 employees

that have direct contacts with clients followed a special course for this in 2002 and early 2003. In 2002, Dutch banks reported a total of 120,000 transactions pursuant to the Act. The government takes action in relation to only a fraction of these. The banks are therefore conducting talks with the government on the development of a more effective reporting system.

### Rabobank Reporting Policy Regulations

The Rabobank considers it important that the Ministry of Justice is informed of criminal offences, so that the government gains an insight into crime levels. In principle, therefore, every suspected crime against the Rabobank is reported to the Ministry. Only after a very careful assessment of interests and a careful internal procedure can the bank refrain from doing so. This was laid down at the end of 2001 in the Rabobank Reporting Policy Regulations, which apply for all units of the banking business (Group Treasury Rabobank Nederland, Corporate Clients, Rabobank International, all Rabobanks, Schretlen & Co, Effectenbank Stroeve, Rabo Securities and Rabofacet). The non-banking and foreign business units have been advised to adopt these regulations.

### Security

The number of bank robberies in the Netherlands fell from almost 200 in 1997 to 80 in 2002, as a result of growing improvements in bank security. Sixteen of the incidents in 2002 involved a Rabobank branch. Physical security therefore remains important. Criminals use

increasingly violent robbery methods, such as robbing ATMs with the aid of a fork-lift truck. Better security at banks is leading to a shift in crime to other sectors, such as supermarkets and petrol stations. At the Rabobank Group, more emphasis has been placed on the Internet in recent years. The Group continually investigates the methods developed by criminals, nationally and internationally, in both the physical and the virtual fields. The organisation adapts the security of its systems in line with the findings.

### Safe cash withdrawals

In view of the public sense of lack of security when withdrawing cash from ATMs, Rabobank will devote extra attention to the location and security of its ATMs. This involves matters such as good lighting, the location of ATMs in closed areas and the use of security cameras. More ATMs will also be installed at locations where there is a high level of social control and where cash can actually be spent. Most Rabobank branches that have an ATM on the outside wall (for 24-hour service) also have an indoor ATM where cash can be withdrawn using a PIN code during opening hours.

### A way of doing business

*'The Consumer Association represents the interests of its 620,000 members. For consumers, price and quality are important, and increasingly, so is the way in which business is done. For example, the fact that a bank keeps branches open in rural areas and disadvantaged districts, and that small clients receive the same service as major ones. What happens with your money is also important. Which projects does the Rabobank finance? Does it apply the same standards everywhere, to ensure that investments in the Third World are also clean and socially responsible. An Annual Responsibility and Sustainability Report is one of the ways in which the bank can communicate on these points. We also think that consumers should receive honest answers to their questions about a company's social responsibility. Those can never all be answered in an annual report. In our view, companies should be far more transparent.'*

Melanie Peters, CSR Policy Assistant, Consumer Association





# Lending

**The Rabobank Group increasingly includes aspects of ecology and corporate social responsibility (CSR) in its assessments of corporate loan requests. An encouraging development in 2002 was the continuing success of 'green financing'. However, Rabobank Environmental Loans was discontinued at the end of the year.**

As with investment, due care is an important principle in the provision of corporate loans. The organisation issues loans only if it is genuinely convinced that the investment can be successful. Realistic banking considerations are in the client's direct interest. If the client faces difficulties, Rabobank continues to provide support for as long as possible and to seek solutions to form a bridge to better times, if possible.

## Supervision and compliance of local banks

Rabobank Nederland supervises the local Rabobanks on behalf of and on the instructions of DNB. As a result of a number of incidents in the private sector and social pressure, the importance of supervision and compliance is now very high on corporate agendas. Partly because of incidents at a number of banks, the Rabobank Group has also tightened its supervision in recent years. All local banks have now appointed a risk manager and a compliance officer.

In 2002, the group also formed a Risk Quality Assurance Committee, which commissioned detailed studies of the credit risks of all local banks. Where the risks were considered too high, on the basis of internal criteria, measures were taken and are closely monitored. In order to manage credit risks effectively, the mandate to local banks to issue their own loans is more strictly controlled.

## International compliance

Since July 2002, Rabobank International has had a local compliance officer at every branch, to guard against the bank becoming involved in undesirable practices. These officers report quarterly on their findings. In 2002, Rabobank International refused clients and transactions in some cases, on grounds including anti-whitewashing legislation, anti-terrorism agreements, suspicions of corruption and the like. The company devotes continual attention to identifying structures that lead to inadequate transparency. The bank only grants credit with cash security if there is sufficient transparency and, therefore, no reprehensible action is taken. In order to secure the objectivity and legal security of the compliance officers, they cannot be dismissed for calling attention to unwanted practices on the grounds of their position.

## Sustainability in loan requests

Since March 2002, Rabobank has included issues such as sustainability, CSR and ethics more explicitly in its assessments of loan requests. The internal guides for loan requests were modified



during the year under review and are now more consistent with the general code of conduct of the Rabobank Group, its Ambition Statement, the Genetic Modification Code of Conduct and internal views on CSR. Through internal attention to these issues (including via the Ethics Committee) and modification of the guides, these aspects are increasingly taken into consideration. The Guide also stated that companies must, of course, comply with current environmental legislation and regulations. In addition, where relevant the bank makes assessments of environmental risks and the impact of social issues on the company from the point of view of both risk management and sustainability, such as compliance with social standards and human rights, respect for animal welfare or responsible use of genetic modification. In practice, this may mean that the bank imposes specific conditions on businesses and their projects, or that it rejects their applications for loans. For example, we rejected relationships with a number of dubious partners in the forestry field. Another notable example in this regard is Rabobank Hilversum, which refused to issue a bank guarantee for the purchase of a vacant property. The initiators wanted to use these means to prevent asylum-seekers from being housed in these premises. The issue received nationwide publicity. Internally, this emphasised yet again the need to include social aspects in decisions on loans.

### Rabobank Protection Mortgage

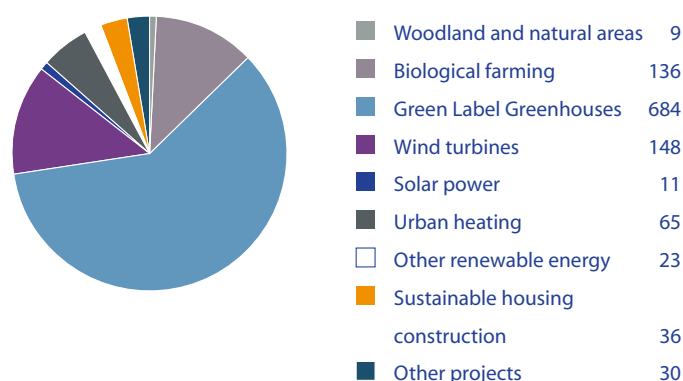
In the autumn of 2002, Rabobank introduced a new product with a strong social profile: the Rabobank Protection Mortgage. This is a combination of a savings-based mortgage and insurance cover against the risk of a loss of income through unemployment or ill health. The Protection Mortgage is intended for potential homebuyers who are concerned about the disappointing economic situation and uncertainties regarding social security. The Rabobank Protection Mortgage offers homebuyers the security that they can continue to live in their home if they fall ill or become unemployed, through temporary continuation of the payment of the mortgage costs.

### Rabo Groen Bank successful

Rabo Groen Bank had to suspend its activities temporarily in mid-2002, due to uncertainty over the continuation of tax facilities for green financing. Nevertheless, Rabo Groen Bank had a successful year. At year-end 2002, the total amount of green financing in issue was more than EUR 1.1 billion. The number of projects financed rose almost 25% in comparison with 2001, to a total of 1,314. The growth of green financing is primarily attributable to Green Label Greenhouses and wind turbines. The growth of wind energy projects results mainly from the discontinuation of occupational procedures for the construction of windmill parks.

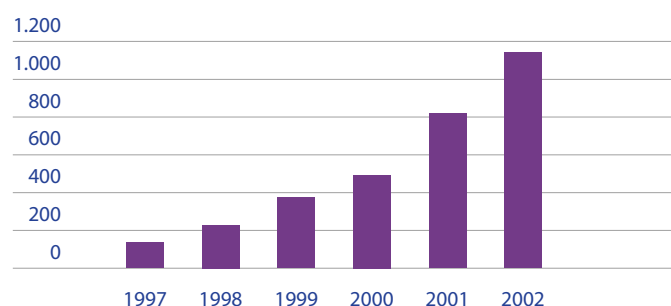
### Volume of green financing

(in millions of EUR per category at year-end 2002)



### Volume of green financing

(in millions of EUR at year-end)

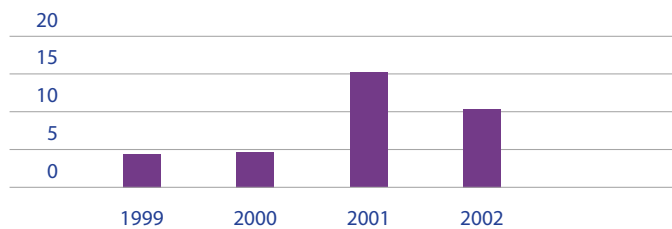


### Discontinuation of Rabobank Environmental Loans

On 31 December 2002, Rabobank Environmental Loans was discontinued. This product was based on a special agreement with the European Investment Fund (EIF). The European Commission decided not to grant the EIF any new budgets for this purpose. Consequently, Rabobank can no longer issue environmental loans in 2003. In 2002, 64 Rabobank Environmental Loans were issued, for an amount totalling EUR 10.4 million. In total, some 250 loans were issued between 1999 and 2002, for a total amount of almost EUR 35 million.

## Environmental loans in issue

(in millions of EUR at year-end)



## Scope for Space in Limburg

Together with the Limburg provincial authority, Rabo Vastgoed launched a public-private partnership (PPP) in the 'Scope for Space' project during 2002. As part of this project, pig farmers are bought out on a voluntary basis. On their land, currently still used for intensive cattle farming, 750 luxury homes will be built in the course of the next ten years. This PPP has created the possibility of using the land released in a more sustainable way and financially facilitates the disposal of pig farms. This serves the government's aim of reducing environmental pressure from pig farming and at the same time, helps to meet existing demand in the region for better quality housing in higher price categories.

## First PPP in the water sector

The Delfluent consortium, which includes Rabobank, was selected as the preferred tenderer for the construction, financing and management of the Harnaschpolder Sewage Treatment Unit (RWZI) in 2002. The consortium can therefore implement this PPP for the largest sewage treatment plant in Europe. Rabobank International is the lead-manager for the project financing. After the HSL, which Rabobank International also finances, the RWZI Harnaschpolder is the second-largest PPP project in the Netherlands and the first in the Dutch water sector. Delfluent's integrated approach means that the Harnaschpolder will cost tens of millions of euros less than with a conventional approach. The sewage treatment unit will reduce pollution of the North Sea considerably and enable the Dutch government to comply with international water quality guidelines.

## International sustainability projects

In 2002, Rabobank International drew up an Environmental Financial Products Plan in order to streamline sustainability projects in the international banking business and to make optimal use of all knowledge of investing in environmental assets. The plan is aimed at investments in emission rights for greenhouse gases, climate risk management, renewable energy certificates, tradable CO<sub>2</sub> and NO<sub>x</sub> emission rights and tradable water rights. In the coming years,

## Active role

*'LTO Nederland (the Dutch Organisation for Agriculture and Horticulture) and the Rabobank are both closely involved in Dutch agriculture. That's why there are many contacts between the two organisations, on all sorts of levels. A great deal is happening on the environmental front in the farming and market gardening sectors. For example, efforts are being made in the energy conservation field and for reduced use of pesticides. That's why LTO does not see CSR as an activity alien to the sector. We are now working on the development of a code of conduct, for example. As far as the Rabobank is concerned, we call for the bank to play an active role in modern agriculture. Loans, research and investment in new developments are still badly needed there. Rabobank could also write about that in its Annual Responsibility and Sustainability Report.'*

Arend Hekman, Economic and Social Policy Assistant,  
LTO Nederland



Rabobank International aims to profile itself explicitly as a provider of such products in the international market. Rabobank International Project Finance has consciously chosen to finance sustainable projects for many years. In 2002, it expanded its activities in this area still further. In total, four windmill parks were financed, for a total sum of EUR 60 million. Consequently, the amount of financing in issue for sustainable projects has grown to EUR 733 million.

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## Ethics Committee

With its Code of Conduct and the guidelines based on it, the Rabobank Group shows how it aims to contribute towards sustainable development. Nevertheless, this does not always make these matters entirely clear and the Group's employees regularly face difficult dilemmas. They can deal with most of the issues on the basis of internal and external guidelines and structured analysis. If this fails, or if there is a need for a second opinion, the Ethics Committee can be asked for advice. This Committee is chaired by the Chairman of the Executive Board and consists of employees from commercial and executive disciplines. Its recommendations are based on the core values of the Rabobank Group: professionalism, integrity, respect and sustainability. The Committee's recommendations are non-binding. The commercial officers hold final responsibility for the decisions and will continue to do so. All employees are notified of the Committee's recommendations via the internal media. In 2002, the Committee met on five occasions. It discussed 16 cases at these meetings, relating to issues including the sex trade, animal welfare, drugs/addiction, ethnic minorities, conflicts of interest, misleading conduct, criminal circuits, due care, morality and human rights. The Committee's recommendations are published on the Internet at [www.rabobank-group.nl](http://www.rabobank-group.nl).

Two dilemmas submitted to the Ethics Committee:

### Child labour

A clothing wholesaler buys its products from a large number of Asian countries where child labour occurs. It is not clear whether children make the products of the relevant wholesaler. The question was how the financing bank should act in relation to this question. The Rabobank Group has its own Human Rights guidelines and has adopted the guidelines of the International Labour Organisation (ILO), a UN organisation that focuses on working conditions and terms of employment. The dilemma in this case was that, although the group explicitly rejects child labour, this is one

of the few sources of income for disadvantaged population groups. The Committee found that under certain circumstances, (safe) labour by young people should be possible if the employer provides for education and training. The Committee recommended that the wholesaler be notified that the Rabobank Group is opposed to child labour and accepts the ILO Conventions. It also recommended that this client be asked to confirm that its production operations comply with these standards. In the case of conditioned child labour (i.e. a link between working and training), a decision can be made to accept the situation, depending on the conditions.

### Oil trading in Sudan

A local Rabobank branch had a commercial relationship with an oil trader established in the Netherlands for tax purposes, which receives its raw materials from Sudan. Oil production in Sudan appears to be a vital part of the repressive regime that abuses human rights on a large scale (displacement and genocide of the local population). The civil war is funded entirely through oil revenues. A number of western and Asian oil companies are active in oil operations. Some organisations, such as Pax Christi and Novib, campaign strongly against the involvement of the relevant oil traders, among other things. The dubious reputation of the company concerned in relation to bribery, corruption and evasion of oil boycotts were other factors taken into consideration. This set of factors led the local Rabobank to terminate the relationship. It nevertheless asked the Ethics Committee for a second opinion. As oil operations are an important source of funding for the civil war, of which the local population is the victim, the Committee recommended that Rabobank should not play any role in financing or even facilitation of these activities. It stated that the Rabobank Group should not involve itself with parties that take immoral action.

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# Venture capital

The need for venture capital for activities aimed at sustainability increased further in 2002. Existing companies developed new activities, and new businesses started up. This led to growing demand for funds including the Gilde Biotechnology and Nutrition Fund, the Prototype Carbon Fund and the Rabo Innovation Capital Fund.

## Gilde Biotechnology and Nutrition Fund

The total capital invested in the Gilde Biotechnology and Nutrition Fund rose in 2002 by EUR 10 million to EUR 35 million. The fund participates in 'high potential' business start-ups in biotechnology, the pharmaceutical industry and the clinical nutrition industry. The innovative technologies in which it invests contribute towards the development of medicines and the supply of food for the growing world population. The Rabobank Group's Code of Conduct on Genetic Modification is taken into account in the investments. In 2002, participating interests were acquired in an American bio-IT company, a French start-up in the field of cancer immunotherapy, a German therapeutic protein development business and a Belgian therapeutic antibody start-up.

## Rabo Sustainability Fund

The Rabo Sustainability Fund (RSF) is a 'fund-of-funds' for venture capital investments in funds that participate in sustainable development projects. During 2002, the RSF shares were transferred from Gilde Investment Management to Rabo Participaties BV. RSF has participating interests in three funds: Solar Development Capital, Prototype Carbon Fund and Aqua Investments. The number of applications for RSF is growing, but in practice, it remains difficult to find projects that meet the RSF criteria.

- [Solar Development Capital](#)

Solar Development Capital aims to stimulate the sale and distribution of solar power systems in developing countries, through venture capital investments. Only two participating interests were added during 2002. This was partly because sales of PV systems in developing countries are not progressing as fast as was originally assumed. Talks on investments are in progress in countries including Brazil, Kenya, Indonesia, Bolivia, Morocco, the Philippines and South Africa.

- [Prototype Carbon Fund](#)

The World Bank formed the Prototype Carbon Fund (PCF) in 1999. PCF participates in projects that emit no greenhouse gases. At present, 17 companies and six national government authorities participate in the fund. In 2002, the capital of EUR 130 million was expanded to EUR 180 million. The first agreement was contracted during the year, with the 26 mW Chile Chacabuquito run-of-river hydroelectric project. The number of contracts is expected to

grow quickly, in view of the strong and diversified projects in the pipeline.

- **Aqua Investments**

Aqua Investments Ltd. is a closed-end fund that invests in companies that contribute to sustainable ground water supplies, water treatment and irrigation. The Aqua Investments fund is worth USD 232 million. In 2002, it acquired six participating interests. One of these is the USD 38 million investment in an Indian producer of micro-irrigation. The producer has a 60% market share in India and is the world's fifth-largest producer.

### Rabo Innovation Capital Fund

The Rabo Innovation Capital Fund provides venture capital for small-scale sustainable innovation projects in which the products are on the eve of a market launch. The fund currently participates in three projects. In 2002, it acquired a participating interest in a water-borne anti-slip coating for bathtubs and shower trays. This product is entirely environmentally-friendly and there is worldwide demand for it. Demand for the Rabo Innovation Capital Fund is showing strong growth. Nevertheless, in practice, it proves difficult to find projects that qualify. The fund invests a maximum of EUR 1.5 million in each project.

### Rabo Sao Paulo: a first in CO<sub>2</sub> financing

Rabobank International Brazil finances the 'Plantar' project in Minas Gerais province in Brazil. Here, crude iron is produced with sustainable methods, using charcoal as a fuel instead of coal. Rabobank International and the Sustainability and Social Innovation Directorate conceived the combination of CO<sub>2</sub> and green financing that enabled the start-up of this project. In order to produce charcoal from timber, Plantar plants and manages forests. This reduces the CO<sub>2</sub> emissions from the iron production operations. That is the aim of the Kyoto international climate treaty, which the Netherlands has ratified. The project will create 3,000 jobs in the Planta- region. Plantar qualifies for both green financing at lower interest rates and for income from the sale of the sale of CO<sub>2</sub> reductions. This project is expected to lead to a reduction in CO<sub>2</sub> emissions by 12 megatons per year. Plantar sells these reductions to the PCF, of which the Rabobank is a shareholder. This extra income is of major importance to the entire project. Rabobank International is the first commercial bank in the world to become involved in a financing arrangement of this kind.

### Dilemmas

*'Dutch agriculture has reached the limits of growth. In particular, public support has been lost for intensive animal farming in its current form and on the present scale. Biological, or in any event more sustainable farming is inevitable. The Rabobank is closely associated with the existing intensive and non-sustainable agricultural system. It should also opt more firmly for more sustainable agriculture in its own interests. I see and hear few solutions from Rabobank for the many dilemmas facing the agricultural sector. How do you combine sustainable development with economic profitability? Within which boundaries is growth possible? How do you break through the deadlock between social demand for sustainable production and better animal welfare, and the market that does not provide sufficient rewards for companies with sustainable production methods? I expect a clear vision for the future from the Rabobank. I would like an insight into Rabobank's considerations on these points.'*

Bert Ruitenbeek, Biology Affairs Director



# Insurance

**Interpolis sees its social role in the development of products and services that offer clients a solution for problems in terms of continuity and welfare. The insurer aims to go beyond customary practice in that regard. It therefore aims to help absorb risks that are difficult or impossible to insure by forming and facilitating mutual trusts.**

Interpolis signed the Code of Conduct for Insurers at the end of 2002. Interpolis made a significant contribution to the development of this Code. Its basic values are reliability, professionalism, solidarity, corporate social responsibility (CSR) and transparency. Interpolis, for example, works only with carefully selected, certified repair businesses. This avoids black market work and tax evasion. Interpolis also contributes in various ways to the prevention of fraud, burglary and damage. In 2003, Interpolis plans to integrate sustainability criteria into its acceptance processes for corporate insurance. This could mean that acceptance of new accounts becomes dependant on the potential client's sustainability performance. The insurer also aims to develop a green car insurance policy, with policy terms and conditions stipulating that used car parts should be deployed for damage repair wherever possible.

## **'Win Win Win'**

At the end of 2002, Interpolis published a booklet entitled *Win Win Win*: a review of the significance and importance of CSR in the insurance sector. The booklet makes the broad field of CSR more transparent and accessible for insurers, and encourages them to apply it in practice.

## **Key role in employability**

In recent years, units including Relan, Commit Arbo, Prevend and Beon Advies were incorporated into Interpolis's activities. These new units are active in the fields of employment conditions, working conditions policy, supervision of absenteeism and reintegration. The activities are aimed at promoting employability. This combines the interests of individual clients, companies and society as a whole. For this reason, the Rabobank Groep aims to be active as a financial service provider in this field. The group is now one of the largest service providers in the Netherlands in this field of work.

## **'Het Beter Werk'**

Under the combined label 'Het Beter Werk', Interpolis and Rabobank introduced two packages for SMEs in 2001: the *OndernemersZekerPakket* and the *PersoneelsZekerPakket*. The *OndernemersZekerPakket* is intended for businesses with no salaried employees and includes financial services such as disability insurance and pension cover. The package will be expanded to include health insurance in 2003. A total of 36,000 of these packages



were sold in 2002, with premiums totalling EUR 89 million. The PersoneelsZekerPakket is a combination of products relating to insurance, prevention, employability and reintegration. In addition to pension and health insurance, the package includes services relating to prevention and reintegration, child care and communications for employees on working conditions. The package also includes the VerzuimBeheersingsArrangement, introduced in early 2002. This is a combination of cover for continued payment of salary and provision of working conditions services. In 2002, 17,000 PersoneelsZekerPakket policies were sold, with a total premium amount of more than EUR 63 million.

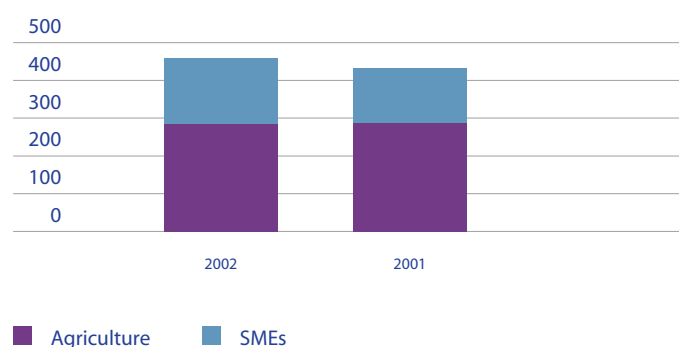
### Sustainable life insurance

Interpolis offers its clients the option of sustainable investment for life insurance savings premiums. In 2002, demand for this grew more than 11%. As a result of lower stock market prices, the amount invested by clients in the Robeco SustainableShares Fund nevertheless fell in 2002, from EUR 3.3 million in 2001 to EUR 2.4 million.

### Environmental damage insurance

Interpolis retained its strong market lead in the field of environmental damage insurance during 2002. At year-end, Interpolis had more than 46,600 of these policies in its portfolio, compared with 43,900 in 2001. The total premium income was EUR 7 million, 66% of which related to the agricultural market and 34% to SMEs.

#### Number of environmental damage insurance policies (x100)



### Micro-insurance

At the initiative of Interpolis Re, the Interpolis reinsurance business, the Yasiru Mutual Provident Society Ltd was formed in Sri Lanka in 2001. This is a mutual insurance company for the rural population which has no access to the commercial insurance market. The company covers risks relating to health, disability and mortality. It is run by women in the local population. It now has 2,800 members and an annual premium income of some LKR 1.5 million (approximately EUR 15,500). This programme will be extended to 18 other districts in the coming period. Interpolis Re has now launched a similar pro-

ject in the Philippines. At the end of 2002, this led to the formation of the Pakisama Mutual Benefit Association (PMBA). PMBA has 150 members and is showing steady growth. The experience gained was compiled in a manual that appeared in February 2003. At present, Interpolis is recruiting staff willing to help form new mutual trusts with the aid of the manual.

### Integrated approach to soil decontamination in preparation

In co-operation with BOVAG, the Dutch sectoral organisation for automotive industry businesses, and the Metal Industry Trade Union Federation, the Rabobank, Interpolis and the Business Estates Soil Decontamination Foundation studied possibilities for the development of an integrated approach to compulsory soil decontamination in SMEs. A non-profit mutual trust appears to be the best solution here. Such a trust would form a 'one-stop shop' for companies with soil decontamination problems. The integrated approach would combine decontamination management, saving, financing and insurance. The parties involved aim to develop their plans together in the course of 2003.



# Leasing

**Recent government measures appear to be undermining sustainable lease products. The Clean Premium Act and the Energy-Efficient Cars Act were both repealed as of 1 January 2003 and the government has discontinued fiscal incentives for sustainable means of production.**

The Clean Premium Act awarded a subsidy to buyers of cars complying with environmental requirements that will take effect in 2005. De Lage Landen Translease deducted this subsidy from its customer charges in full. The same applies with regard to the Energy-Efficient Cars Act, which afforded a premium for buyers of cars with low fuel consumption. Soon after the introduction of the Clean Premium Act, almost all petrol-fuelled cars leased via De Lage Landen complied with the standards. The share of fuel-efficient leased cars rose from 78% to 88% in 2002.

## Hybrid cars

The Rabobank Group aims to promote the use of more efficient and less pollutant cars. This is why De Lage Landen offers lease cars with a hybrid power source: a combination of a petrol engine and an electric engine with exceptionally low consumption and emission values. Hybrid cars are not yet popular in the Netherlands, partly because only one type, the Toyota Prius, is available in the Dutch

market and partly because buyers must drive at least 35,000 kilometres per year in order to cover the additional costs.

## Less 'green leasing'

In 2002, De Lage Landen issued 15 green leasing contracts worth a total of EUR 16 million. This was below the level of 2001, when 20 contracts were issued, worth EUR 20 million in all. The reduction is related to the exhaustion of the budget for a number of tax incentives as of 26 September 2002. The green leasing product is available only in combination with these tax facilities. In view of the government's limited fiscal budget, no growth in the number of green leasing contracts is expected in 2003. For the same reason, the prospects for leasing heat pumps are not good either. In 2002, heat pumps worth EUR 1.5 million were leased for three projects. At present, there are no alternatives for the lost tax facilities.

## Leasing of solar panels discontinued

Through the introduction of the energy premium 2001, no solar panels were leased from De Lage Landen in 2002. The premium provides a considerable subsidy for the acquisition of solar panels, making a lease construction superfluous.



# Social dialogue

**The Rabobank Group works for a high-quality society in both ecological and socio-economic terms, through an active contribution to sustainable social activities. This takes place through all sorts of dialogues and alliances. Employees and members are the main stakeholders here.**

The membership of the Rabobank rose by 283,000 during the year under review, to 1.1 million (+34%). This brings the bank close to its target, formulated some years ago, of 1.2 million members by the end of 2003. The member ratio at year-end 2002 was 13.2%. This is the percentage of adult clients (natural persons) who are members of a local bank. Active members enable the local Rabobanks to closely monitor social and economic developments in their working area and to translate these into appropriate services. Members influence the quality of service in relation to, for example, the branch network, opening times and service levels. They can also determine what the bank does with part of its profits and select projects that qualify for sponsoring. Now that the target membership is close to being reached, the bank is switching its focus from member recruitment to closer member involvement. The aim for 2003 is that 25% of members should be involved in the operations of their local bank.

## Higher service uptake by members

An involved member has an active relationship with the bank: he or she knows how the bank is performing, takes part in studies and attends e.g. members meetings, advisory group meetings, youth council meetings or seminars. Some 3,400 clients are directly involved in the management of the 350 local Rabobanks. Strengthening ties with clients in the form of a membership leads to intensified commercial relationships. At 3.59, the average service take-up by private members is significantly higher than that of non-members (2.26). Among corporate clients, these figures at year-end 2002 were 3.99 for members, compared with 1.92 for non-members.

## Rabobank Valkenswaard: branch closure

Rabobank Valkenswaard closely involved its members in the closure of the Borkel en Schaft branch from the start. Research showed that operation of this branch was no longer profitable. The Rabobank discussed this conclusion with the members in order to find a solution. People in the village want a community centre. The possibility of housing the community centre in the existing bank building, with an ATM inside, is now under consideration. The Rabobank could hold consulting hours in the community centre.

## Payments for the Elderly and Handicapped Platform

The Rabobank Group formed the Payments for the Elderly and Handicapped Platform in 2002 with the aim of exchanging information and views, seeking solutions together and generating under-

standing of the bank's policy. The Platform has met on four occasions since its formation. The issues raised included the special service card for the elderly and handicapped, the home cash delivery service, the creating of additional service points and neighbourhood counters, promotion of ChipKnip use in care institutions, the practical problems of the handicapped with modern banking and the complaints procedure. The Platform holds new meetings in special situations. In the interim, contacts are continued in many areas. The organisations taking part were the Council for the Chronically Sick and Handicapped (the CG Council), the National Client Council's Organisation (LOC), the General Netherlands Elderly Persons Association (ANBO), the KBO Union, the Protestant Elderly Persons Association (PCOB), the Netherlands Elderly Persons and Europe Platform (NPOE), the Federation for the Interests of the Blind and Partially Sighted, the Joint Coordination Centre for Organisations for the Elderly (CSO) and SeniorWeb.

### Social Venture Network

The Rabobank Group once again made financial, material and personal contributions to the Social Venture Network (SVN) in 2002. It served as treasurer for SVN Nederland's appeal for candidate MPs in the Dutch elections to stimulate and make use of the innovative potential of Dutch businesses and their social orientation in the right ways. The SVN is a network of companies, entrepreneurs and non-governmental organisations (NGOs) that regard the realisation of social and ecological sustainability as an important corporate task. The SVN affiliates encourage each other to be commercially successful and at the same time to practice corporate social and ecological responsibility.

### Talks with the government

The Rabobank branches in the four main Dutch cities, Rabobank Nederland and Rabo Vastgoed met central government representatives on several occasions in 2002 to discuss issues including the development of the Deltametropolis and policy on the major cities. In talks with the Ministries of Economic Affairs, of Housing, Physical Planning and the Environment and of the Interior and Kingdom Relations, knowledge and views were shared and the possibilities for public-private partnerships in some areas were reviewed.

### Sustainable palm oil

Rabobank International was one of the driving forces behind the Sustainable Palm Oil Round Table, co-ordinated by the World Wildlife Fund in London in September 2002. This meeting reviewed the options for realising a flow of sustainable palm oil, with various parties in the chain, government authorities, consumer organisations and the environmental movement. Palm oil is a very important raw material in the food industry. The meeting led to the preparation of a conference on this subject for all parties concerned, to be held in Malaysia in August 2003.

### Communities

Since June 2002, a manual has been available to local Rabobanks, providing a guide to upgrading existing communities and starting up new ones. Communities are groups of people who share an interest and undertake joint activities. The Rabobank supports and facilitates such communities, or takes the initiative itself to bring together people in relation to certain issues.

### Attention to young people

*'Rabobank Texel asked me to join a Youth Council. I found that an attractive idea. I study financial services management and wanted to know more about banking practice. I also want to work to involve young people in Texel more closely in the bank's activities. We now have nine people and meet once every six weeks. A number of people from the bank always attend the meetings. We discuss ideas, possibilities and what is not possible. At present, we are working on our own website and discuss ideas that the bank could take up in relation to its centenary next year. We shall certainly make suggestions with the youth of Texel in mind.'*

Sarah Albers, Member of the Rabobank Texel Youth Council



### Talks on sustainable enterprise

The Rabobank Group worked for two years with 18 companies to share practical experiences with the introduction of sustainable enterprise. This partnership operated as part of the 'From Financial to Sustainable Yields' programme organised by the National Sustainable Development Initiative (NIDO). The visions, experiences and recommendations of the companies taking part were combined in a book published at the end of 2002, entitled 'Enterprise with Head and Heart. Sustainable Enterprise: Practical Experiences.'

### Rabobank Group co-initiator of WBCSD report

The Rabobank Group was one of the three leaders of the report entitled 'Sustainable Development Reporting, Striking the Balance', published at the end of 2002 by the World Business Council for Sustainable Development (WBCSD). Since the end of 2000, the Rabobank Group and two other companies have co-headed a working group of some 50 multinationals, which shared their experiences in the field of reporting on sustainable enterprise. The report provides a review of the current position in sustainability reporting and aims to provide advice for companies that are just starting on this process. Apart from the report, the WBCSD provides a databank on reporting 'the reporting portal', at its website.

### Group units maintain their own contacts

The various Rabobank Group units conduct independent talks with their specific stakeholders. Rabobank International, for example, is

holding talks with experts from the agricultural world and the government. Many Rabobank International offices also have an advisory board consisting of experts and clients. Interpolis has an intensive consultative circuit with representatives of the agricultural sector. The insurer also participates in many working groups and committees working for a better society. Robeco concentrates its dialogue with stakeholders at the Robeco Centre of Knowledge. Here, knowledge is actively shared with clients, including through company visits, workshops, training courses, training placements and meetings on current issues. Schretlen & Co regularly assesses its policy within the Client Advisory Council and the Bank Advisory Council, which has members from 15 local Rabobanks.

# Specific social activities

The Rabobank Group has a number of special activities aimed at support and development aid. The Project Fund and the Rabobank Foundation are ideological funds, while RIAS operates on a commercial basis. The Rabobank also has a sponsorship philosophy, in which 'partnership' is the key word.

## Project Fund

The Project Fund received 66 applications in 2002, 21 of which were approved, for a total sum of EUR 1.8 million. In 2001, 20 new projects were approved, for a total of EUR 1.6 million. The Fund applies stringent criteria. Projects must be innovative and serve the interests of members, or economic and/or social interests. Other criteria include highlighting the image of the Rabobank and the release of the project results to the sector. In the future, the fund wants to offer more than financial support alone. The Rabobank will participate in project development on a structural basis. Local banks will also be involved in projects with increasing frequency.

## Biogas project

'Biogas in recreational areas' is a project in which surplus fertilizer and other organic wastes are fermented into biogas, which is used for heating in recreational businesses. The Project Fund donated EUR 10,000 for a feasibility study. In the coming period, the operation of the fermentation unit in the project will be assessed. An estimate of the national potential must then be made. A review of areas where this heating method could be applied is also in preparation.

## Rabobank Foundation

The Rabobank Foundation supports groups of people in the Netherlands and elsewhere who cannot take part in social and economic life unaided. The Foundation provides knowledge and financial support for co-operative savings and loan organisations in developing countries, set up by local people themselves. It also assists disadvantaged groups in the Netherlands.

## Income and expenditure in 2002

The Rabobank Foundation receives its funds from the local Rabobanks, which donate part of their net profits to the Foundation. Rabobank Nederland doubles this amount. In 2002, the Rabobank Foundation received total donations of more than EUR 4.5 million. Including other income (interest and repayments), the Foundation's total income was EUR 5.5 million. This was EUR 0.6 million less than in 2001. The Rabobank Foundation spent EUR 4 million in 2002

on financing for 86 foreign projects. It also allocated more than EUR 1 million for 43 projects in the Netherlands.

Key figures Rabobank Foundation		
Funds received (in euro)	2002	2001
Contributions of local Rabobanks	2,259,105	2,437,892
Contribution of Rabobank Nederland	2,259,105	2,437,892
Other income	991,092	1,228,073
Total new resources	5,509,302	6,103,857
Financial support (in euro)		
- Projects in the Netherlands	1,038,375	1,224,572
- Projects in other countries	4,067,607	3,831,606
Return transfers	-/-349,726	-/-158,694
Total net commitments *	4,756,256	4,897,484
Guarantees	387,701	271,678
* Excl. provisional commitments		
Applications for support		
Total submissions:	664	642
- From the Netherlands	131	171
- In other countries	533	471
Honoured requests:		
- From the Netherlands	43	47
- In other countries	86	93

## Foreign loans and donations

Allocations of foreign loans were more than EUR 400,000 higher in 2002 than in the year before. Foreign donations fell in comparison with 2001 by almost EUR 165,000. For many project organisations, loans are a better instrument for setting up viable financial services than donations. Most loans went to projects in Latin America in 2002, often for harvest pre-financing, in particular for coffee. As in 2001, most donations went to projects in Africa.

Foreign loans 2002			
	Euro's	No. of countries	No. of projects
Africa	214,466	5	7
Asia	24,206	2	3
India	528,387	1	6
Latin America	1,534,630	7	12
Eastern Europe	252,500	2	2
Total	2,554,189	17	30

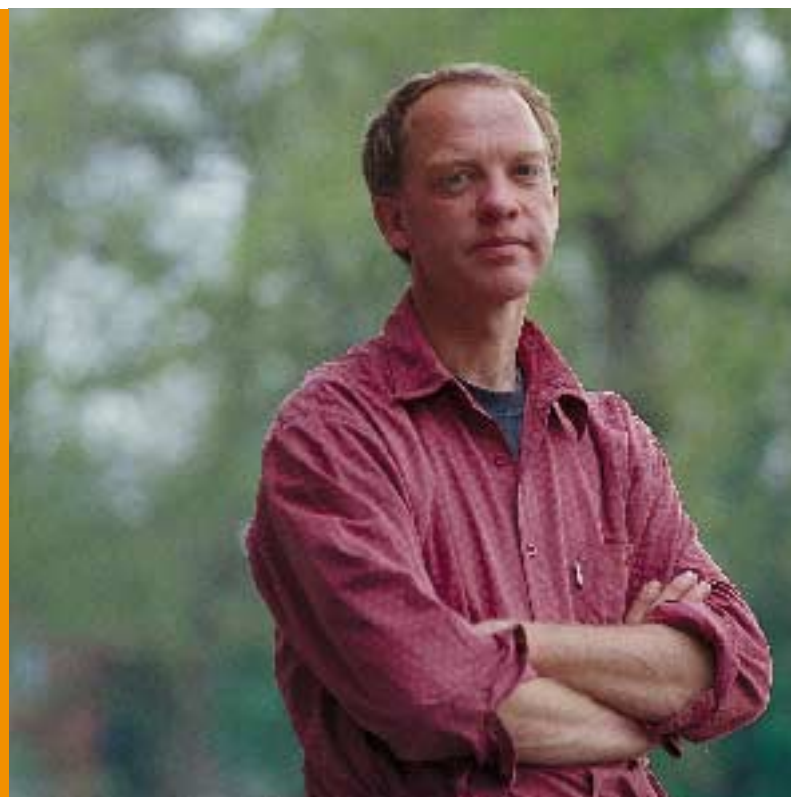
Foreign donations 2002			
	Euro's	No. of countries	No. of projects
Africa	578,350	11	24
Asia	472,970	7	16
India	67,113	1	7
Latin America	214,146	8	12
Eastern Europe	164,913	7	9
General	15,927	-	2
Total	1,513,419	34	70



## Best suit

*'The Rabobank is one of the banks with the most socially responsible operations, based on both its background and its present culture. If the Annual Responsibility and Sustainability Report is written for the general public, then it's a question of 'putting on your best suit'. You shouldn't burden the target group with the complexity of the problems. You should show what kind of organisation the Rabobank is. In that sense, the current annual report is satisfactory. As a stakeholder, you're more interested in the realities of the situation. Then the 'best suit' isn't enough. An important point in the coming years is whether social and ethical investment takes off. The Rabobank and the other banks are important players here, which can be expected to make major efforts.'*

Herman Uit de Bosch, Trade and Economic Development, ICCO (Interchurch Organisation for Development Co-operation)



## Eastern Europe

In 1992, the Albanian government set up a project for building up village credit funds. At the end of 1999, these were transformed into independent savings and loan associations in which members capitalise their own association through share capital and savings. The current loan portfolio is worth USD 4 million. The maximum loan for farmers is USD 5,000. In early 2002, the Rabobank Foundation was involved in the formation of a new co-operative bank, the Union of Savings and Credit Associations. The Foundation trains new managers, together with the ILO.

## Central America

In 1998, Hurricane Mitch caused widespread damage in Central America. The Rabobank Foundation issued a loan to a large coffee co-operative in Honduras, to enable it to continue production. This

partnership expanded to the provision of support for coffee producers in Nicaragua, El Salvador and Honduras, in the form of trade financing, long-term loans and technical assistance. An alliance was sought here with the Green Development Foundation (GDF), a small foundation in Amsterdam. The Foundation and GDF now also work together with coffee co-operatives in Peru and Ethiopia.

## Asia

The Rabobank Foundation made a donation to the Social Awareness and Voluntary Education (SAVE) organisation. SAVE is working on an awareness process in India for parents of children working in the clothing industry. These children can now go to school again because their parents receive the money that the children would otherwise earn. The families also learn better financial management and to save small amounts. The savings of small

groups of people are used to set up small industries. Health care is also offered in various villages. The ultimate aim is to set up a small co-operative bank.

### Domestic donations

The projects in the Netherlands involve a wide range of activities. Examples include improving access to buildings for the handicapped, labour rehabilitation, daytime activities, housing forms and recreation. Donations in 2002 were over EUR 186,000 below the amount donated in 2001.

Domestic donations 2002		
	Euro's	No. of projects
Labour rehabilitation	267,325	15
Buildings	236,000	9
Recreation	301,882	12
Miscellaneous	233,168	7
<b>Total</b>	<b>1,038,375</b>	<b>43</b>

### Equipment of a care farm

The Rabobank Foundation pledged a contribution to the Meeshoeve Care Farm Foundation for the equipment of this farm. The contacts with the latter foundation were made via the Rabobank's Mark en Dintel branch. In Meeshoeve, daytime activities will be offered for 20 to 25 mentally handicapped persons and 12 Alzheimer's sufferers from the region.

## RIAS: knowledge transfer to developing countries and emerging markets

Rabo International Advisory Services (RIAS) B.V. is an independent subsidiary of the Rabobank Group. RIAS's objective is to disseminate the knowledge and experience of the Rabobank Group in the fields of banking, co-operative development and agricultural chain development to semi-urban and rural areas in emerging markets and

developing countries. This creates value for the banks involved, the agrarian companies and the countries in which these organisations operate. The principle is to contribute towards sustainable development of the economic sector. RIAS regularly assists in international workshops in the field of co-operative enterprise and rural banking. For the fourth time in 2002, it organised a management course funded by the Rabobank, for 16 bankers from developing countries and emerging markets. During the year under review, some 40 Rabobank employees worked on RIAS projects for 2,057 man-days. RIAS also makes use of external consultants. The total turnover that RIAS realised through projects in 2002 amounted to EUR 3.3 million. This involved projects including the following:

### Central and Eastern Europe

- Kosovo and Montenegro: support for a financial institution in its transformation into a private commercial bank.
- Moldavia, Kazakhstan and Rumania: assistance for banks in their transformation into market-oriented institutions qualified to issue loans that contribute towards the development of the SME sector.
- Russia, Kazakhstan and Ukraine: development of co-operatives and strengthening agricultural chains

### Europe

- Turkey: together with Rabobank International, Rabobank Turkey and the Boston Consulting Group, the development of a strategy for the Ziraat Bank, the largest rural bank in Turkey
- Cyprus: a study concerning the potential consolidation of the grain industry in connection with accession to the European Union.
- UK: development of dairy co-operatives in order to strengthen their role in the chain

### Asia

- Sumatra: a study aimed at improving fisheries co-operatives, together with the Stellendam branch of the Rabobank.
- Egypt and Yemen: support for two rural financial institutions in the development of new financial products and services and institutional strengthening of these organisations.

## On the right track

*'The dialogue between the Rabobank and the FNV Bondgenoten union is open and of a high standard. The bank is on the right track as regards CSR, but I think it could seek more publicity. The Rabobank is not in it for the money alone, and it should show that. It's also one of the ways that the bank wants to distinguish itself from the competition. Because it's not dependent on shareholders, there is more scope for CSR. Some of the themes I expect to be relevant for the relationship between the bank and the stakeholders in the future are intensive cattle farming, gene technology and the distribution policy of the branches.'*

Piet Smit, Manager, Services Business Group,  
FNV Bondgenoten union



## Latin America

- Suriname: updating the loan portfolio of the National Development Bank in Surinam, and training for employees.
- Brazil: restructuring of an agricultural co-operative.

## Rabobank: a sponsor with a philosophy

In the Rabobank's vision, sponsorship is more than a matter of providing money in exchange for publicity. The Group sees sponsoring primarily as a partnership from which both parties can benefit. That inevitably involves a close alliance, an exchange of ideas and experiences and the contribution of the organisation's expertise and resources. In sponsorship of major projects, the Rabobank opts for long-term commitments. Continuity and results through partnership take priority. In 2002, Rabobank Nederland sponsored three major sports on a national scale: hockey, cycling and equestrian sports. Contracts have been signed with the relevant sports associations

until 2005. These parties represent large groups of supporters with strong social ties and in which voluntary work is still one of the driving forces. Amateurs and enthusiasts receive full attention, as well as the elite players. This is reflected in a large number of activities, such as youth training in cycling and equestrian sports, recreational cycling and projects to promote wider support for the sport and the associations. The bank also worked with the Museum Year Card Foundation once again in 2002, to encourage visits to museums. All holders of a bank Eurocard receive a 50% discount on museum entry prices. Since 2000, the Rabobank has also used its communicative strengths in promotional campaigns directed at its millions of clients and the general public. In all, Rabobank Nederland spent more than EUR 16 million on sponsorship in 2002. The local Rabobanks also spent over EUR 19 million on local donations and sponsorship. The local banks make many contributions, as sponsors and donors, to projects that are significant to the local culture and social cohesion.

## Concrete

*'The Rabobank focuses more on sustainable sectors than other banks. Nevertheless, I conclude from the Annual Responsibility and Sustainability Report 2001 that at the Rabobank too, CSR still holds only a marginal share compared to other banking affairs. The vision and ambition expressed in the report sound good, but the question remains: how are they put into practice? For example, if I read that the bank has a human rights code, I'd be interested to know what's in that code and how it is implemented. And exactly which sustainability criteria does the bank apply when granting loans? The report lacks detailed information on the level of sustainability in the Rabobank's overall lending policy. I would see that as the most important information, as it concerns the core function of a bank.'*

Paul de Clerck, Campaign Manager, Globalisation and the Environment, Milieudefensie environmental organisation



## Rabobank Group main sponsor of Floriade 2002

In 2002, the Rabobank Group was the main sponsor of the Floriade 2002 exhibition. The Group was a key promoter and played a major role in the realisation of this international event at which the Dutch market gardening sector presented itself in full glory. This was achieved through activities including the member programme, the widely discussed Floriade studies and through intensive communications with the Dutch public. Via the Project Fund, the Group made an important contribution to the realisation of the Greenhouse of the Future. The Rabobank Conference Hall at the site was built with sustainable construction techniques. The building consisted of loam, straw and timber. More than 100 meetings were held here for thousands of business associates.

## Sustainable projects

Rabobank Nederland's Sustainability and Social Innovation Directorate mainly supports innovative activities and projects designed to help realise sustainable development of welfare and prosperity. In 2002, support totalling EUR 182,000 was provided for some 25 projects. Examples of sponsored projects include the National Future Prize, the annual prize for the best sustainable plan or project for tomorrow's world, and the 'Polystyrene in the Polar Ice' teaching project of the Netherlands Fieldwork Foundation. The latter initiative contributes towards the knowledge and awareness of pupils in the 5th to 8th year of primary school.

## Social sponsoring and donations policy of other business units

In other units of the Rabobank Group, sponsoring and donations are often a reflection of their social involvement. Some examples will suffice here:

- **Interpolis: Vital for the elderly**

It is often difficult for senior citizens to access all sorts of special housing, care and welfare facilities. For this reason, Interpolis launched the 'Vital' project. The insurer donated three new laptops, on which an information programme developed by Interpolis was installed, to the Vital Foundation, an organisation for the elderly in Brabant. Consultants can use this to provide the elderly with information on social legislation and financial services. Organisations for the elderly in other parts of the country now hope to work with the information programme too.

- **De Lage Landen: Charities Committee**

De Lage Landen formed a Charities Committee in 2002. This Committee provides financial support for concrete and visible projects focusing on people. In 2002, the Committee donated EUR 15,000 to organisations including the Eindhoven Sports Association for the Handicapped, the Severinus Foundation in Veldhoven and the national Zonnebloem Association.

- **Robeco: responsibility for the environment**

Robeco's CSR model explicitly refers to responsibility for the environment as an objective. The trees planted at the Floriade 2002 exhibition are an example of this. In 2002, Robeco sponsored the Robeco Summer Concerts in the Amsterdam Concertgebouw for the 15th time. The sponsorship helps to keep ticket prices low and gives a broad public access to classical music. The Robeco Emerging Markets Team writes a column in the *Financieele Dagblad* newspaper every three weeks on current affairs in specific emerging markets, typical features of a country and the investment climate. The earnings from this are spent on social projects in the emerging markets. The team's involvement has led to development work at a school in India and a contribution towards the reconstruction of a local hospital. A financial contribution for surgeons who perform operations on children with simple disorders was also provided.

### **Herman Wijffels Innovation prize**

The Rabobank Group presented the Herman Wijffels Innovation Prize for the first time in September 2002. The prize is intended for entrepreneurs aged up to 36, who develop innovative products,

services or processes, or have a fresh view of enterprise. This is not just a question of business economic skills. Requirements are also made regarding skills in modern co-operative concepts and CSR. Some 100 entrepreneurs competed for the available prizes. The top prize of EUR 100,000 was awarded to two entrepreneurs from Alkmaar who developed an appliance that prevents the development of air bubbles in the patient's circulatory system during open-heart surgery.

### **Voluntary work**

Rabobank Nederland invested EUR 357,000 in national activities to support voluntary work in the Netherlands in 2002. Among other things, the Rabobank wants to contribute more towards the continuity of voluntary work, through knowledge transfer. In 2002, 50 workshops were held for some 4,000 managers and executives of associations and foundation. The Rabobank expects to expand these workshops in 2003. The bank also promotes voluntary work internally. Some 1,500 employees of the local banks (3.5% of the total number) did voluntary work for one day in 2002. The total value of this was EUR 1.5 million.

### **The National Compliment**

For the sixth time in 2002, the Dutch Volunteer Work Organisations (NOV) and Rabobank Nederland issued the National Compliment award: a pat on the back and a cheque for notable and inspiring voluntary projects. The three winning projects, from 550 entries, were announced during International Volunteers Day on 7 December 2002. In 1999, at the request of local Rabobanks, the Local Compliment was introduced. In 2002, 20 banks organised Local Compliment contests.

### **SESAM Academy**

The Rabobank has provided support for the formation of the SESAM Academy since November 2002. The SESAM Academy is a 12-week university course intended for elderly graduates willing to work for the non-profit sector after a successful career in the private sector. The first course began in January 2003, with 25 participants. In the coming two years, the Rabobank will provide the Academy

with financial, material and organisational support. An evaluation in 2004 will determine whether the partnership is renewed.

### Fuel for sustainability

In the autumn of 2002, the Rabobank made its members an offer for a low-cost switch to eco-power, through an alliance with Shell. Shell guarantees renewable energy generation and a low kWh price. In addition, Shell will contribute EUR 0.50 to the Rabobank Sustainability Fund each time that a participant fills up a vehicle with Shell fuels. Through this fund, the bank aims to finance projects that promote the use of renewable energy sources. At year-end 2002, more than 1,700 contracts had been signed, with 13% of the buyers taking part in the fuel initiative. This result is far lower than both parties expected for the campaign. In practice, it was found that offers of non-bank products must be consistent with the overall service to customers and with overall communications to the customer. This was not sufficiently the case with this offer.

### The 'Getting Better' Programme

In 2002, the Rabobank was once again the leader of the 'Getting Better' programme of the Society and Business Foundation, in which a number of major companies take part. Within this programme, SMEs, in particular, work to develop concrete activities that help to improve living conditions, together with the municipal authority and local social organisations. The Rabobanks in the main cities take the lead in this programme, in order to form local task forces. In 2003, concrete projects were being undertaken in 13 major cities. In the autumn of 2002, a study was conducted into the results of the 'Getting Better' programme. This showed that in practice, there are two ways to address local activities: the primary policy approach and the primary project-based approach. Both approaches lead to concrete activities, but in both cases there is a need for a visible party that can act as a co-ordinator and point of contact. In some cases, the Rabobank plays this role, and in other, an official paid by the municipal authority. In January 2002, a 'Practical Guide for Corporate Social Responsibility in SMEs' appeared as part of the 'Getting Better' programme. On the basis of experience gained through the programme, an advisory report was drawn up for all

municipal authorities, which concluded that it is essential for municipal authorities to show an involved and progressive attitude to help such projects to improve urban living conditions to succeed. In the course of the year, a number of meetings were organised so that the parties involved could exchange knowledge and experience.







# Employees

**Talented and continually motivated people are the most important assets of the Rabobank Group. The HR policy helps to create the conditions for professional and result-oriented enterprising by more than 58,000 employees. It is directed at the balance between results and job satisfaction, freedom and responsibility and individual and collective interests.**

As a financial service provider, the Rabobank Group aims for market leadership in all the areas in which it operates. As an employer it has also the ambition for market leadership. The personnel component accounts for about two thirds of all operating expenses. The distinguishing features of the Rabobank Group as an employer are investment in personal development, aiming for continuity of employment, respect for individuals, primary and secondary benefits at commercial rates, appreciation for individual input, job satisfaction and enjoyable work.

## Reduced workforce

After years of growth, the workforce at the local Rabobanks fell by 1,643 FTEs in 2002. The job reductions were achieved through natural wastage and a strong reduction in recruitment. Further job

reductions are expected in the years ahead. This is related to continuing automation of processing, the success of electronic banking and efforts to reduce costs. Because clients increasingly use the virtual channels (ATMs, the Raboline, telebanking and the Internet), the number of direct contacts with clients has fallen. This calls for a more active and extravert customer approach from the customer consultants. The Group supports this transformation with specific training courses for employees and managers. Agreements have been reached with the trade unions on employee guidance for new positions in or, if necessary, outside the Group. In certain business units, such as Robeco and Interpolis, the workforce increased by a total of some 600 employees, partly as a result of acquisitions.

## Internal appreciation of the working climate

In the annual Identity and Working Climate Survey (POPIA), the Rabobank studies employee satisfaction in the organisation. The survey is conducted among a large sample of employees at local banks and Rabobank Nederland. POPIA 2002 showed that overall satisfaction with the working climate remains high and continues to rise. As many as 84% of employees agree with the statement that 'overall, I am satisfied with my work as an employee of the Rabobank'. This is considerably higher than the external benchmark (70%). The Rabobank also significantly outperforms the benchmark with regard to career development and provision of information. Rabobank employees were also positive with regard to salaries. However, in 2002, the perceived working atmosphere was regarded

as somewhat less positive than in 2001. The Rabobank trails the external benchmark in two of the 14 points: co-operation within departments and satisfaction with immediate superiors. The actual quality of the management does not appear to be the direct or only cause. The survey reflects a particular point in time and in the period preceding the 2002 survey, the bank's course was not always equally clear. The reorganisations and feelings of insecurity also affect the assessment. The management style in the Rabobank is changing and anticipates new demand from customers and employees. The modern manager allows scope for individual initiative and promotes result-orientation. The HR policy supports the shift in emphasis towards enterprising management. Managers at the Rabobank have been assessed in terms of both commercial performance and HR indicators for some time. The number of employees who perceive the pressure of work as (excessively) high fell from 33% to 27%.

### External assessment of the working climate

- Each year, the business magazine Management Team surveys 1,200 Dutch managers regarding their favourite employers, business partners and shares, in order to identify the 500 companies with the best image in the Netherlands. In 2002, the Rabobank ranked 8th, and was 6th among the 'favourite employers'.
- In a survey of 'the best Dutch employers' conducted by Intermediair magazine, Interpolis held 7th place and the Rabobank 10th. 153 companies took part in the 2002 survey.
- The CNV Dienstenbond union surveyed perceptions of CSR

among its members at the three major banks. In the Rabobank, 87% agreed with the statement that 'I feel closely involved in the company' and 82% supported the statement that 'I work for a decent company'.

- In the Graduate Corporate Image Survey 2002 conducted by the Interview NSS agency, graduates ranked the Rabobank sixth among the companies they would most like to work for.

### Rabobank collective labour agreement for 45,000 employees

In 2002, the third Rabobank collective labour agreement (CAO) was contracted. Notable points in this included:

- A 3% increase in salaries from 1 August 2002 and a 0.6% increase from 1 January 2003.
- The benefits of the Employee Incentive Plan are based on company results. The minimum payment is EUR 500 and the maximum EUR 1,000.
- The study facilities scheme has been simplified and modified. The scheme is now consistent with the principle that training and continual employability are shared responsibilities.
- The leave arrangements pursuant to the new Work and Care Act were incorporated into the CAO.
- As of 1 January 2003, part-time employees have also qualified for the elderly workers scheme.

The Rabobank CAO applies for the 45,000 employees of the local banks, Rabobank Nederland, De Lage Landen and Rabofacet, making it the second-largest CAO in the Netherlands. Within the

### Striking

*'In 2002, absenteeism fell from 5.1% to 4.7%. That's striking, because in the years before that, absentee rates were rising. There are some reasons that can be given for the fall, such as reorganisations and the associated uncertainties. Employees then want to be away as little as possible. We've also provided a great deal of information, for example in the field of RSI. People with complaints are reporting them at an earlier stage. That makes RSI easier to treat and employees are out of the running for shorter periods. Finally, the introduction of the Gatekeeper Act also plays a role. The aim of this Act is to ensure that employees who are sick return to work as quickly as possible. We have actively informed managers and employees about their roles. Concrete plans to avoid long-term absences are now more likely to be prepared. I also expect a reduction in the number of new WAO benefit claimants.'*

Gerda Verpoorte, Rabobank Working Conditions Service



total CAO population, separate agreements were made for senior managers as of 1 January 2003, as the advisory and management posts called for a 40-hour working week rather than the standard 36-hour working week. The variable and fixed remunerations for senior manager were also adjusted in line with market rates.

### Specific working conditions for 13,000 employees

A specific working conditions package applies for the General Managers of the local banks and the management of Rabobank Nederland. These separate working conditions and in some cases, varying pay systems, are explained by the specific differences between the various labour markets and business units. The Interpolis employees are covered by the CAO for the insurance sector. Interpolis merged with Relan in 2001. Earlier, the company acquired Commit Arbo and Beon. This resulted in two new CAOs - one for employees of People and Work and one for Insurance & Pensions, both of which were introduced on 1 January 2003. Robeco, Rabo Securities and Effectenbank Stroeve all have their own working conditions. De Lage Landen has its own secondary benefits and bonus scheme. Schretlen & Co follows the Rabobank CAO, but has some individual secondary benefits and its own bonus scheme. Employees with a foreign labour contract have their own working conditions, which are consistent with the local labour market.

### Robeco: social policy statements

In 2002, Robeco laid down its social policy in a number of clear statements. This is known as the '5f policy': focused, flat, flexible, fast and fun. Robeco aims for the loyalty of the best professionals and an inspiring working environment, with scope for personal and professional development, a package of working conditions that match or exceed the market rates with a significant variable component and a package of secondary benefits that, to some extent, are offered through an a-la-carte system.

### Forms of worker consultation

Worker consultation at Rabobank Nederland and the local banks is organised via the 300 Works Councils of the local Rabobanks, the Rabobank Nederland Works Council and the Rabobank Central

Advisory Council on Labour Affairs (CAAR). The CAAR members are employers and employees who advise the Executive Board on social policy. The Executive Board cannot take decisions on social issues without first consulting the CAAR. A CAO Committee was formed from the above worker consultation bodies, which can be consulted by the trade unions and the Rabobank negotiating delegation. The other units of the Rabobank Group all have their own works councils or staff representation.

### Key issues in worker consultation

Reorganisation plans were the main focus of attention for the Rabobank Nederland Works Council in 2002. More specifically, it concentrated on how employees hired externally could be replaced by employees with permanent contracts. In the talks on job cuts and cost savings, the Rabobank Nederland Works Council and CAAR took the view that the customer focus must be the guiding factor and should never suffer through reorganisations. The Rabobank Nederland Works Council again emphasised the unity between Rabobank Nederland and the local Rabobanks.

### Central Disputes Regulation

The Labour Relations Disputes Regulation introduced in 2001 provides for a need of employees of Rabobank Nederland, the local banks and Rabofacet. Employees and the bank can present a dispute to an independent third party. Often, advice on the approach to a dispute is enough for the parties to solve the problem themselves. If advice proves insufficient, an attempt is made to solve the dispute through mediation, if both parties consent to this. If this fails, or if one of the parties does not accept mediation, the dispute can be referred to one of the four Regional Disputes Committees, on request. The Committee then issues a binding ruling. In 2002, 142 advisory reports were issued, 43 mediation cases were settled and the Disputes Committees handed down seven rulings. No comparison can be made with 2001, as the Disputes Regulation took effect on 1 June 2001. In that year, 59 disputes were reported.

## Competency management

In 2002, the conditions for the introduction of competency management were developed. The system of assessment and remuneration based on both performance and competencies will be introduced for all employees of Rabobank Nederland, the local banks, De Lange Landen and Rabofacet. The Rabobank Competency Language was updated and describes the competencies and required tasks for success in a particular position. In 2003, the competencies will be linked to jobs, after which the system will be introduced in stages. The job requirements for general managers have already been modified. The new profile means an important quality stimulus for the management. The three core competencies are customer focus, co-operation and result orientation.

## Personnel development policy

The employer and employees have a shared responsibility for career planning and development. Training agreements are laid down in a personal development plan (POP) wherever possible. This means they can be assessed in terms of the career path agreed upon with the employee. The figures for the year under review show that the personnel development policy is broadly embedded in the organisation. In 2002, 91% of employees had an assessment interview (2001: 87%). The number of careers interviews conducted rose from 62% in 2001 to 69% in 2002. The proportion of employees with a written POP was 54% (2001: 37%).

## Key figures on personnel development policy

2002	local banks	Rabobank Nederland	Total
Percentage of employees that had an assessment interview with their supervisor in the past 12 months	92	90	91
Percentage of employees that had a career interview with their supervisor in the past 12 months	71	61	69
Percentage of employees with a written personal development plan (POP)	56	45	54
Total percentage of employees with a POP	71	60	69
Employee rating of the assessment interview	6,9	6,7	6,9
Employee rating of the career interview	6,8	6,8	6,8

## Training

Investments in training amounted to EUR 78.8 million during the year under review (2001: EUR 85 million). Rabobank Opleidingen Nederland provides for professional training courses in the domestic business and gave courses for some 11,000 employees during 2002. The Training Alliances of local banks provided such courses for a similar number of employees. The Rabobank Academy is responsible for group-wide training activities and management courses. The POPIA 2002 shows that employees are very satisfied with the opportunities for training and development: 83% agreed (completely) with the statement that 'The Rabobank offers me enough training opportunities for my current job' (benchmark: 60%) and 72% endorse the statement that 'The Rabobank offers me enough opportunities for personal development' (benchmark: 54%).

## First results of Management Development Circle

The Management Development Circle (MDC), launched in 2001, made good progress in 2002. MDC is an approach for anticipating succession issues at senior management level in the local banks and Rabobank Nederland. MDC localises talent and offers career advice. The target group consists of 6,000 employees (salary scales 9

and above). In 2002 and 2003, the particulars for 2,000 employees are being updated in three tranches. This process had been completed for 1,200 employees at year-end 2002. The non-compulsory participation rate of local banks in the first tranche is 93%. For Rabobank Nederland, participation in MDC is compulsory. A careers advisor visited all banks in the first tranche and the Rabobank Nederland departments. At the end of 2002, the careers advice process had been completed for 400 employees and had begun for a further 300 employees.

### Management Development Steering Groups

Management Development Steering Groups (SMOs) were introduced in various business units during 2002. This essential part of management development policy focuses on senior managers (some 1,000 persons). Their career development is closely monitored, including through monthly steering group meetings. The SMOs discuss potentials, determine career indications and are responsible for succession management.

### Health and Safety Covenant

Health and safety are basic elements of the HR policy. The in-house Rabobank Health and Safety Service is available for the majority of the employees. The priorities are prevention (teaching managers and employees to assess risks themselves), reintegration and rapid service provision in the event of work-related complaints. In November 2001, the government, employers and employees in the banking sector contracted a three-year Working Conditions Covenant. The targets for the Rabobank are:

- 10% reduction in absenteeism (from 5.1% in 2001 to 4.6% at year-end 2004).
- 20% reduction in new WAO benefit claimants (from 564 persons in 2001 to 451 at year-end 2004).
- Reduction in the number of RSI complaints (the reduction percentage will be based on a benchmark measurement in 2002).
- 40% reduction in the number of departments with 'high pressure of work'. Further agreements will be made on this in 2003.

The risk of new WAO claims in 2002 was unchanged from 2001, at 1.12%. In 2002, however, the number of new full disability claims was far lower than in 2001 (36%, compared with 49% in 2001). No information on RSI and pressure of work can be reported as yet, since the benchmark position was determined at the end of 2002. The first report on these issues will be produced in 2003.

### Sharp fall in absenteeism

Absenteeism in the Rabobank Group fell sharply in 2002, from 5.1% in 2001 to 4.7%. This diminution is in line with the trend in the banking sector. The average length of absence was virtually unchanged from a year earlier, at 11.96 calendar days (2001: 12). For every 100 employees who reported sick, five remained sick after six weeks, three after 13 weeks and two after 26 weeks. 34% of employees did

not report sick on any occasion in 2002. Managers and employees are more conscious of their own responsibilities in relation to illness and more aware of the high cost of absences. The Rabobank Group's direct costs of absences amounted to EUR 144 million in 2002, EUR 6 million more than in 2001. The higher costs of absences at lower absence rates are attributable to the sharp rise in wages and, in particular, pension premiums in 2002. If the absenteeism rate had not fallen, the direct costs of absences would have been EUR 19 million higher than in 2001.

### The 'Improved Gatekeeper' Act

In 2002, the Rabobank Working Conditions Service was involved in 2,400 reintegration processes, twice as many as in 2001. The doubling was related to the introduction of the 'Improved Gatekeeper' Act on 1 April 2002. The purpose of this Act is to speed up reintegration of employees when there is a risk of long-term absence from work. The Act calls on managers and employees to meet their responsibilities. At the end of the first year of illness, the manager, employee and Working Conditions Service record what they have done to facilitate a return to work. The UWV government agency assesses this report. The Rabobank Working Conditions Service supports managers and employees and takes action during the first or second week of absence. In 2002, the Rabobank invested almost EUR 11 million in prevention and reintegration.<sup>3</sup>

### Code of Conduct on Information and Communication Methods

In 2002, every employee gained access to the possibility of external e-mail communications. The Code of Conduct on Information and Communication Methods was introduced in order to steer e-mail traffic on the right track. The Code explicitly states that Rabobank Group personnel may not store, circulate, send or download insulting or reprehensible material. This in any event includes material of a discriminatory, racist or pornographic nature. In May 2002, Robeco dismissed eight employees with immediate effect for downloading and circulating pornographic material via the Internet.

### Undesirable conduct

If a person feels uncomfortable, hurt, bullied, threatened or discriminated against, undesirable conduct is involved. The Arbo-Totaal Employee Survey showed that 3% of the local bank employees suffered from this in 2002. The rate at Rabobank Nederland was 6%.

1 The figures relate to the local banks, Rabobank Nederland, Rabofacet, De Lage Landen and Schretlen & Co.

2 The direct costs include salaries, pension premiums and social insurance charges.

3 These costs were lower than in 2001, as secondary psychological care was outsourced to third parties. These costs are not included here.

Managers and employees of local Rabobanks can contact one of the 272 mediation officers in relation to undesirable conduct. Four basic training courses for new mediation officers were provided in 2002. The eight 'central' mediation officers of the Rabobank Working Conditions Service provided support for 32 employees in relation to perceived undesirable conduct in 2002.

### Warning scheme

The Rabobank Internal Reporting of Abuses Regulation took effect in the Rabobank Group in July 2002. This warning scheme includes a procedure for internal reporting of abuses and their settlement. Employees can report abuses to an independent mediation officer. Reported abuses are discussed by the Abuse Reporting Committee. The mediation officer monitors compliance with the Committee's recommendations. An employee who reports an abuse in good faith is protected under the scheme and will not be disadvantaged in any way in relation to his or her position with the employer. During the year under review, only one complaint reached the Committee.

### Successful introduction of smoking policy

In 2002, Rabobank Nederland introduced a smoking policy in which smoking is only permitted at a selected number of locations. Through good communications and the availability of a sufficient number of ventilated smoking areas, the introduction proceeded smoothly. The new policy is widely accepted by both smokers and non-smokers. 80% of the local banks have a smoking policy (survey conducted at the start of 2001).

### Special activities of the Rabo Health and Safety Service

- Evaluation of the new Rabobank shop concept in terms of health and safety issues.
- Implementation of a large number of Arbo-Totaal surveys. These surveys provide information to reduce or control health risk factors.
- The introduction of Workpace 2002 (a programme for breaks from the PC in order to prevent RSI).
- Deployment of company doctors and psychologists in relation to robberies, kidnappings and other traumatic experiences. In 2002, 16 Rabobank branches were robbed.
- Expansion of the Health and Safety website. The 60,000th visitor was recorded at the end of 2002.

### Diversity in the workforce

The Rabobank Group aims for a workforce that is 'a reflection of society'. This takes account of social diversity in many different ways. The various angles are ethnicity, gender, qualifications, age and the level of handicap in relation to work. The right to equal treatment in general, and to equal pay in particular, are self-evident here.

### Ethnic Minorities

The Stimulation of Labour Participation by Minorities Act promotes the intake of ethnic minorities by organisations with more than 34 employees. The percentage of employees in relation to this Act at Rabobank Nederland is 8.7, compared with 9.0 in 2001. This reduction relates to the slim-down of a number of departments at Rabobank Nederland. At the local Rabobanks, the average percentage is still low, at 3.4% (2001: 3.4%), but there are very significant local variations. The aim is to increase the number of ethnic minority employees in management positions. This involves POPs, training managers to deal with cultural diversity and partnerships with ethnic minority student and youth organisations, partly to stimulate intake for management traineeships. In order to promote the intake and advancement of ethnic minorities, the Rabobank Group contracted a Framework Covenant in 2001 with the Ministers of Social Affairs and Employment and of Urban Policy and Integration of Ethnic Minorities on the implementation of inter-cultural personnel policy. The agreements reached relate to recruitment and selection, advancement and careers policy, development policy and organisation and increasing awareness and knowledge. The Rabobank Group respects the public holidays of the various faiths, has a training module on diversity for all commercial consultants and also operates a Diversity Network, consisting of employees from all units of the Rabobank Group, who are convinced that diversity is important for the further development of the organisation.

### Women in senior positions

The percentage of women employed by the Rabobank at year-end 2002 was 56.2%, compared with 56.8% in 2001. The project launched in 2002 in order to continually increase female participation in senior positions has produced its first results. The percentage of women in senior positions (Scale 8 and above) was 13.1 in 2000, 14.6 in 2001 and 15.6 in 2002. The Rabo Women's Network (RVN) started by employees in the Group began recruiting members in early 2002. At year-end 2002, 450 women had joined. As an umbrella network, the RVN works for the personal development of women, with the aim of improved advancement within the organisation. The RVN organises plenary sessions, theme-based meetings and workshops and has its own website.

4 Last year, the number of employees was divided by the total number of employees, in relation to the Stimulation of Labour Participation by Minorities Act. This year, the percentage of ethnic minorities in the organisation was determined by registered employees only. A correction was made for the 2001 figures.

5 Data from local banks, Rabobank Nederland, Rabofacet, De Lage Landen and Schretlen & Co.

## The disabled

The Rabobank Group considers it a social duty to keep employees facing a physical handicap or chronic illness in work. Where necessary, the work and/or workplace will be modified. On 1 January 2003, the Act on Equal Treatment of the Handicapped and Chronically Sick took effect. This prohibits discrimination of the handicapped or chronically sick in the field of work and vocational training.

### Analysis of Rabobank Group staff in 2002 (in numbers)

	Netherlands	Abroad	Total 2002	Total 2001
<b>Local Rabobanks</b>	36,657	-	36,657	38,189
<b>Wholesale banking</b>	1,045	3,741	4,786	3,659
Rabobank International	504	1,958	2,462	-
RI foreign participating interests	-	1,725	1,725	-
Group Treasury	314	-	314	-
Rabobank Nederland Corporate Clients	227	58	285	-
<b>Asset management</b>	1,583	570	2,153	2,593
Robeco Group	1,210	559	1,769	-
Schretlen & Co	210	-	210	-
Effectenbank Stroeve	141	-	141	-
Other asset management	22	11	33	-
<b>Insurance</b>	5,873	28	5,901	5,362
Interpolis	5,873	28	5,901	5,362
<b>Leasing</b>	732	1,585	2,317	2,122
De Lage Landen	732	1,585	2,317	2,122
<b>Other</b>	6,278	4	6,282	6,195
Market management	784	-	784	-
Product-market units	1,230	-	1,230	-
Corporate staff and services	1,399	-	1,399	-
Rabofacet	2,334	-	2,334	-
Rabobank Nederland Securities Services	296	-	296	-
Rabobank Vastgoed	66	-	66	-
Gilde	48	-	48	-
Obvion	121	-	121	-
Other	-	4	4	-
<b>Total Rabobank Group</b>	52,168	5,928	58,096	58,120



# Business operations

**The Rabobank Group aims for efficient use of raw materials and energy, and for processes and products with a low environmental burden. We want our own operations to meet the high standards that we promote, stimulate and facilitate with our products. In 2002, considerable progress was made with joint purchasing of eco-power.**

Although financial service provision is not a highly contaminant activity in itself, the Rabobank Group explicitly works to control the environmental load resulting directly from its business operations. The Group is therefore working to embed sustainable enterprise in existing processes and in the management of the various business units. Since March 2002, this has taken place under the auspices of an Internal Corporate Social Responsibility Steering Group.

## Energy

### Long Term Agreement (LTA) on Energy Efficiency

Rabobank Nederland and the local banks signed the Energy Efficiency LTA in 1996. The aim is to realise an decrease in energy consumption per m<sup>2</sup> at Rabobank Nederland and the local banks by

25% in 2006, in comparison with 1995. In recent years, the central offices and the local Rabobanks have made substantial investments in energy efficiency. In 2002, more than EUR 6 million was spent on energy conservation measures such as the installation of high-yield glass, recovery of heat and cooling from ventilation air, light conservation systems, heat pumps, boilers and storage of heat and coolants. The energy efficiency index (EEI, showing net energy consumption per m<sup>2</sup>) improved 15% in 2002 in comparison with 1995. The target for local banks and the central Rabofacet units is a reduction in the EEI from 100% in 1995 to 75% in 2005. The policy target for new construction is an Energy Performance Standard 10% below the statutory requirement for office buildings.

For its head office in Tilburg, Interpolis signed the Energy Efficiency LTA in 1998. This LTA aims for 23% energy conservation over a period of eight years. In 2002, Interpolis realised 8% of this saving.

<sup>1</sup> In order to determine the energy consumption of the local banks, the costs incurred for energy are divided by average gas and electricity prices. In 2002, the energy price determined for joint purchasing was used here. The gross floor area by which total energy consumption was divided in order to determine energy efficiency for 2002 is based on a sample of some 50% of the units, conducted in 2001. A correction was applied for the reduction in the number of branches in comparison with 2001.

According to an audit by Lloyd's Register Management Consultants in early 2003, the Interpolis energy care system is one of the three highest rated in the insurance sector.

### Robeco: CSR reporting

Robeco drew up an internal CSR report, for the first time on the 2002 financial year. This made clear that the company not only has its own view of CSR, but also integrates it into its business operations, key performance indicators and management information systems. The essence of Robeco's approach is the delegation of CSR to responsible line managers throughout the company. This approach has produced notable results in areas including energy consumption. In the head office, consumption was 46% lower than in 1993, partly due to the use of technical opportunities (less cooling, optimised ventilation and weather-dependent regulation of cooling water temperatures) and through the use of flat screens.

### Green power: 31%

Rabobank Nederland and the local Rabobanks exceeded their target of central purchasing of 10% eco-power in 2002. The share of eco-power in the units that take part in central energy purchasing (the Dutch units of Rabobank Nederland, Interpolis, De Lage Landen, Robeco and the local banks) was 31%. The green power that the Rabobank Group purchases is generated from wind, hydropower or clean biomass. Central purchasing of eco-power will generate a

total financial saving of 5% in 2003. More than 900 Rabobank branches have now switched to eco-power for their entire power consumption. As a result, the Rabobank Group is now among the top three consumers of eco-power in the Netherlands. The Group aims to raise the share of eco-power to 25% in 2003.

### Electricity consumption

At the end of 2001, the Rabobank Group purchased power for 1,400 units through a joint purchasing arrangement. The framework contract requires a description of power consumption at each location and that power consumption at 300 large locations can be read at a distance. This energy supplier ran up delays with this project. Consequently, Rabobank does not yet have the direct view of varying power consumption patterns needed to take specific action. At Rabobank Nederland, Effectenbank Stroeve and the local banks, the power consumption per FTE fell slightly in comparison with 2001. At Robeco, a clear reduction was achieved. Power consumption per FTE at De Lage Landen and Interpolis increased slightly. An increase was also seen at Schretlen & Co, due mainly to a number of major IT projects at the company's head office.

## Good living environment

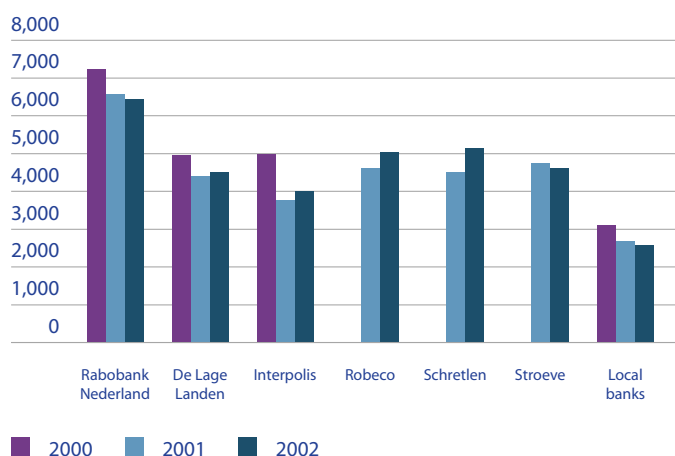
*'In order to put the bank's sustainability policy into practice, the EcoTeam at Schretlen & Co conceived of environmental protection campaigns with the assistance of a coach. For example, we have made a partial switch to recycled paper, are gradually changing to printers that can print both sides of a sheet of paper and order environmentally friendly office requisites as far as possible. Some of our colleagues also followed the 'New-Style Driving' course, where they learned to drive more efficiently, safely and comfortably with average fuel savings of 10%. We also drew up a code of conduct to increase the environmental awareness of the employees. I myself think environmental care is important. I want my son and any children that he may have later to grow up in a good living environment.'*

Yvonne Rozenbroek, Member of the EcoTeam at Schretlen & Co



## Electricity consumption

(per FTE in kWh)



Notes:

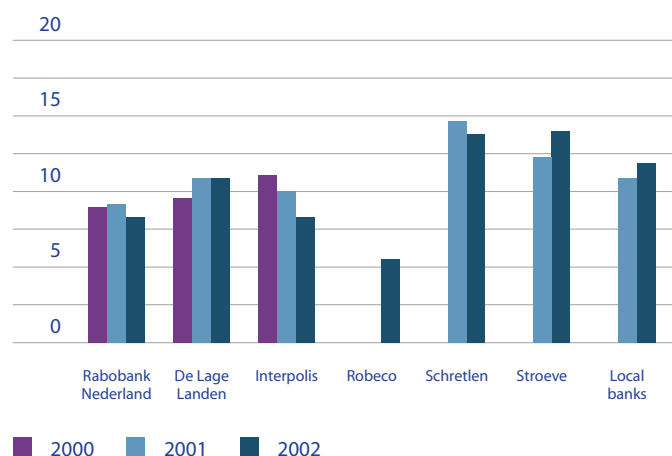
1. The Interpolis data for 2002 are based partly on estimates. Interpolis also received a high additional bill for the Leidschendam location for 2001: its total electricity consumption in 2001 was therefore higher than shown in this graph. Further data for a correction of the level for 2001 are not available.
2. Interpolis reports only on electricity consumption at the Leidschendam, Tilburg and Roermond premises, and not yet on that of the partners with which it has merged.
3. The Robeco data for electricity consumption all relate to the Coolsingel 120 location (more than 50% of the total number of employees). The increase can be explained by a reduction in the number of FTEs.
4. No data on electricity consumption are available for Gilde.
5. The data for Schretlen & Co in 2001 have been downwardly adjusted. They proved to relate to the entire premises, when the company only occupies part of these itself.

## Gas consumption

Gas consumption per m<sup>2</sup> at De Lage Landen remained virtually unchanged in 2002. Gas consumption per m<sup>2</sup> at Rabobank Nederland, Schretlen & Co and Interpolis was lower. The reduction at Interpolis was due to the commissioning of new boilers and modified firing times. Gas consumption per m<sup>2</sup> increased at Effectenbank Stroeve. However, additional insulation measures were taken during the company's move to a new location at the end of 2002. Savings in gas consumption should become visible in 2003.

## Gas consumption

(in m<sup>3</sup> per m<sup>2</sup> of gross floor area)



Notes:

1. Gas consumption is corrected for weather conditions ('grade days').
2. The Utrecht location of Rabobank Nederland, Robeco and the Rotterdam location of Schretlen & Co do not use gas for heating, but hot water from the urban heating system. Heat consumption is converted into a corresponding number of m<sup>3</sup> of gas.
3. The Robeco data for urban heating relate only to the Coolsingel 120 location (more than 70% of the total m<sup>2</sup> of gross floor area).
4. Gas consumption per m<sup>2</sup> at De Lage Landen is corrected for the year 2001. An expansion of the Eindhoven location in that year (700 m<sup>2</sup>) was not in use for the entire year. Gas consumption at the Nijmegen location was also erroneously shown as too low (23,871 m<sup>3</sup>). The current calculations and this graph show the correct consumption of 49,985 m<sup>3</sup>.
5. No data on gas consumption are available for Gilde.
6. Gas consumption is shown per m<sup>2</sup> and power consumption per FTE, as power consumption depends heavily on the number of consumers (lighting per workplace, computer use, coping etc.) rather than on the number of m<sup>2</sup> in use.
7. Interpolis reports only on gas consumption at the Leidschendam, Tilburg and Roermond premises, and not yet on that of the partners with which it has merged.

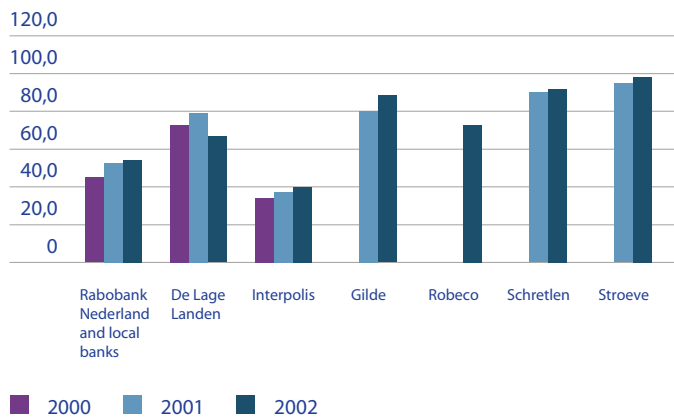
## Paper, office requisites and waste

### Paper consumption for printing and copying

Consumption of A4 paper per FTE at De Lage Landen has fallen, following a slight increase in 2001. At Interpolis (see the Notes), Gilde, Schretlen, Effectenbank Stroeve, Rabobank Nederland and the local banks all showed a small increase. In order to obtain a better insight into the paper consumption of Rabobank Nederland and the local banks, Rabofacet will set up a monitoring system in 2003. The aim is to achieve a 20% reduction in paper use in the Dutch units of the Rabobank Group in 2006, in comparison with 2004.

### Paper consumption per employee

(in kg per FTE)



Notes:

1. Interpolis did not report part of the paper consumption in Roermond in earlier years. This explains the increase in comparison with 2001.
2. Interpolis reports only on paper consumption at the Leidschendam, Tilburg and Roermond premises, and not yet on that of the partners with which is merged.
3. Consumption is based on the paper that is purchased centrally.

### Rabobank Paper Evaluation System

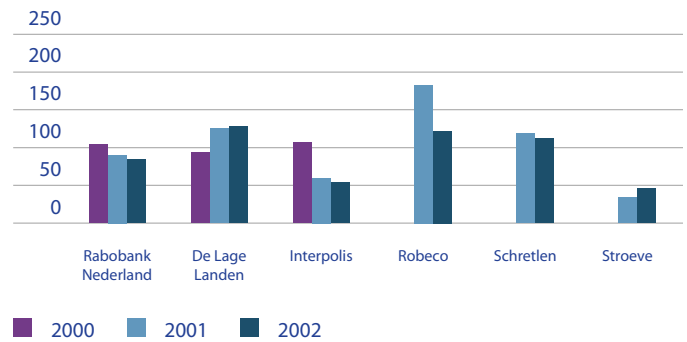
Rabobank Nederland has used the Paper Evaluation System for some years now. This system provides a score for the most relevant environmental aspects for each paper type. Paper types from suppliers consequently become comparable. On the basis of the system, Rabobank Nederland now uses choices of paper types for all bulk flows.

### Residual waste and paper and cardboard waste

Residual waste and waste paper and board per employee remained unchanged or were lower in almost every business unit in 2002. Only De Lage Landen, Effectenbank Stroeve and Rabobank Nederland produced more waste. In the case of Rabobank Nederland, this involved only a slight increase in waste paper and board. The increase at Effectenbank Stroeve was a once-only rise caused by the move to new premises at the end of 2002. The Robeco data on 2001 were based partly on estimates. During 2003, the central Rabofacet units will set up a complete waste recording system for waste management purposes.

### Residual waste

(in kg per FTE)

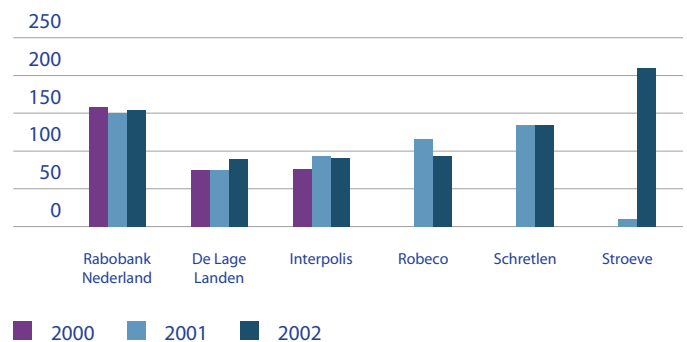


Notes:

1. No data on residual waste are available for Gilde or the local banks.
2. No data are available on the Rabobank Nederland branches in Sijpesteijn, Janssoensborgh and Hoog Catherijne in Utrecht.
3. Interpolis reports only on residual waste at the Leidschendam, Tilburg and Roermond premises, and not yet on that of the partners with which is merged.

### Paper and cardboard waste

(in kg per FTE)



Notes:

1. No data on waste paper and board are available for Gilde or the local bank.
2. Interpolis reports only on waste paper and board at the Leidschendam, Tilburg and Roermond premises, and not yet on that of the partners with which is merged.

### Packaging

During 2002, Rabobank Nederland used a total of 41.7 tonnes of paper and board and 97.5 tonnes of plastic for packaging. This is shown by the materials accounts of Rabobank Nederland, kept for the purposes of the Packaging Covenant. The share of plastic packaging fell sharply, by more than 55 tonnes (36% in comparison with 2001). In 2000/2001, a once-only increase occurred as a result of the

introduction of the euro. The share of paper and board fell further in comparison with 2001, by 4 tonnes.

### Sustainable purchasing

In 2002, the issue of sustainability was integrated with the general purchasing policy of the Rabobank Group, in general terms. Rabobank Group Purchasing and the Sustainability and Social Innovation Directorate conducted a trial with sustainable purchasing during the year. This included development and testing of a CSR scan for five different purchasing packages. The scan proved to be a useful tool for identifying relevant sustainability aspects that require special attention, such as social conditions during production, packaging, energy consumption during product use and any environmentally hazardous substances in the waste phase of the product. The scan made a direct contribution to improved knowledge and awareness of sustainability among buyers and clients. During 2003, CSR will be introduced in other areas of purchasing practice in order to do justice to the sustainability ambitions of the Rabobank Group. The social and ecological conditions in which goods are manufactured will be taken even more closely into consideration in goods purchasing. At least ten purchasing packages will be assessed in terms of CSR factors during 2003. Buyers will receive a web tool that enables fast selection of the relevant CSR factors for their purchasing

documents. In this way, they can also provide further justification towards suppliers for the Group's ambitions in relation to CSR.

### Transport/mobility

The Rabobank Group also accepts its responsibilities in relation to mobility and aims to improve efficiency in this respect. Mobility and its relationship with the number of products sold is so complex that further studies will be conducted in the 2003 and 2004 into realistic conservation targets and meaningful parameters.

#### Leased vehicles

Despite policy on reducing the number of leased vehicles, the number of leased cars at Rabobank Nederland and the local banks rose slightly in 2002. The company now has 4,547 leased cars, compared with just over 4,400 at year-end 2001.

#### Car travel between home and work

Car travel between home and work has been falling sharply since 2000. There is now a potential problem here, as new tax legislation has led to a reduction in the number of commercial kilometres declared. Some travel between home and work ('two-destination journeys') can no longer be claimed as commercial travel.

### Human Rights Statement

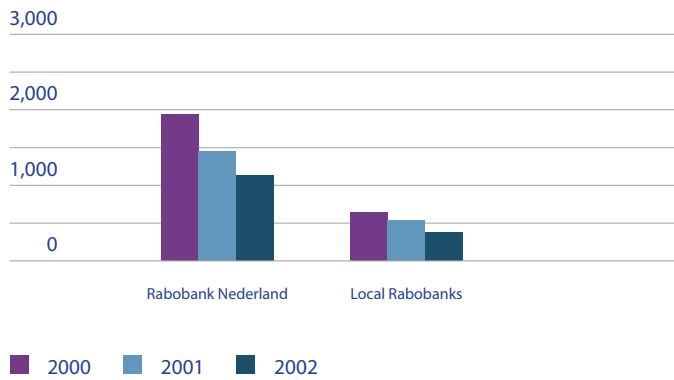
*'Compliance with human rights is one of the most important CSR issues. Amnesty International wants an integrated focus on human rights in all corporate activities. Amnesty hopes that the Rabobank Group's Human Rights Statement will contribute towards this. Here the Group has stated that it bears full responsibility for compliance in its own business activities, that it will refrain from entering into relationships with parties that violate human rights and that it only wishes to develop activities in countries where it can comply with the human rights of the staff and where it has a free choice of business partners. In the coming years, the Group must put this statement into practice in its day-to-day activities. Successful introduction calls for monitoring of compliance and reporting on progress in this respect, in the Annual Responsibility and Sustainability Report. A difficult but challenging task.'*

*Marleen van Ruijven, Economic Relations Executive, Amnesty International in the Netherlands*



### Car travel between home and work

(in km per fte)



Notes:

1. The kilometres travelled for commercial trips in this graph exclude the use of leased cars.

### Company bicycles

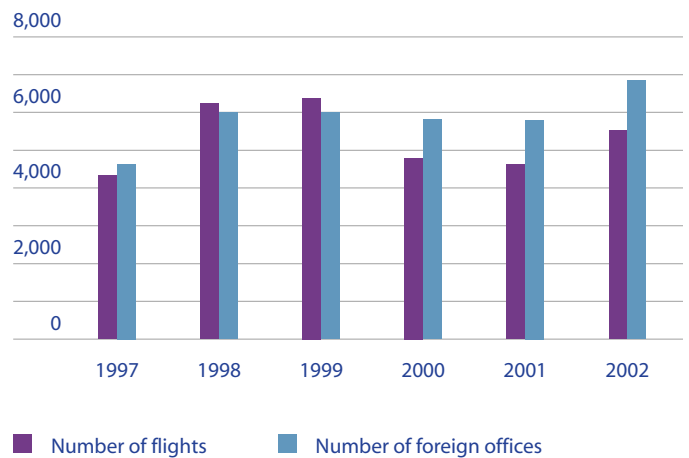
In 2002, employees of Rabobank Nederland and the local banks bought 620 bicycles via the central Company Bicycle scheme, bringing the number of company bicycles to more than 2,450. The total number of bicycles purchased through this scheme is probably higher in practice, since local banks have a free choice of suppliers for bicycle purchases and there is no central reporting requirement.

### Air travel

In 2002, Rabobank Nederland, Rabobank International, Interpolis, RIAS and Schretlen & Co. booked more than 5,400 flights through Rabobank Nederland's central travel agency. These were flights from the Netherlands to other countries and back. The number of commercial flights rose slightly in comparison with 2001 (4,450 flights). This was related to the increase in the number of Rabobank Group foreign offices. Information on the number of flights from foreign offices to the Netherlands or other destinations is not available.

### Outgoing flights from the Netherlands

(reserved via the central travel agency)



### More hits

*'If you want to promote sustainability, it is important that green, sustainable products are developed that are also attractive. This is why the World Wildlife Fund (WWF) has supported eco-power from the start. With the assistance of the major power companies, this product has now become a major national success. We need more 'hits' like that. It would be wonderful if the Rabobank and the WNF could launch a new sustainable product together, such as a climate product for consumers. I'd also like to see more creativity and effort from the Rabobank in the introduction of new and creative sustainable products. The bank already makes good use of all sorts of tax incentives that the government has created to stimulate sustainability. That's good.'*

Sible Schöne, Head of the Climate Unit, World Wildlife Fund









# Economic performance

**Profit is not the primary objective of the Rabobank Group. However, it is the means to secure the continuity of the business and to create continual customer and employee value. In principle, the group allocates its profits to reserves, in order to expand its product range and services. The Rabobank Group realised a net profit of EUR 1,250 million in 2002.**

The Rabobank Group steers on the basis three elements: customer value, employee value and financial stability. Thanks to its solid financial policy, the Group is one of the creditworthiest banks in the world. Despite the economic setbacks in 2002, the Rabobank Group's net profit increased 4%. The majority of the income (63%) was generated by interest. Loans to the private sector accounted for a large proportion of the interest income.

## Customer and employee satisfaction

Customer satisfaction fell slightly in 2002. Private individuals gave a score of 74% for satisfaction, compared with 75% in 2001. Corporate clients give a rating of 71% for service provision, compared with 74% a year earlier. Robeco Direct and Interpolis had scores of 77% and 76% respectively. Reduced customer satisfaction is a trend seen

throughout the sector. This is due partly to changes in the distribution network and the partial shift from physical branches to less personal channels such as telephones and the Internet. Rabobank employees once again showed themselves to be very satisfied with their employer in 2002, according to a study of the labour market climate during the year. Overall satisfaction was 84%, well above the external benchmark of 70%. Rabobank also has a good reputation as an employer in the market, due to the secondary benefits and varied opportunities for advancement.

## Market leadership

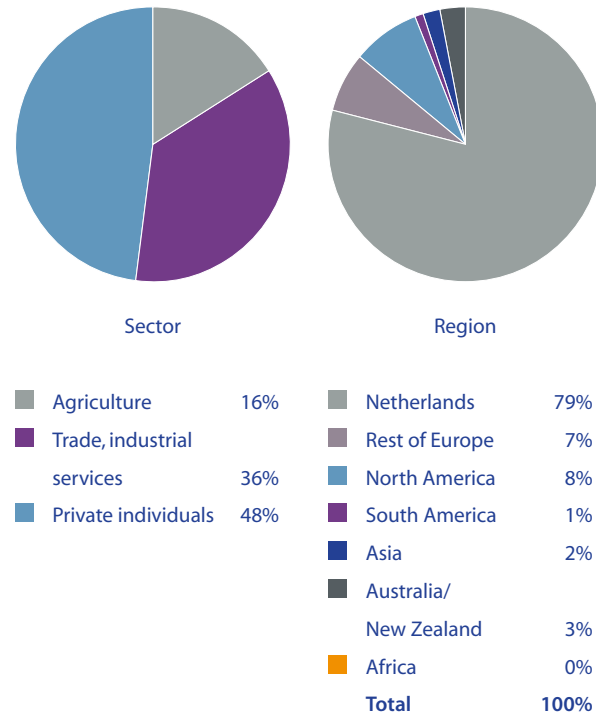
The Rabobank Group is the financial service provider of more than half the Dutch population and Dutch companies. The Group is the market leader in many areas of financial services and several different sectors in the Netherlands. The market share for home mortgages was 24% in 2002. In the savings market, the Rabobank Group retained its 40% market share, despite fierce competition from Internet saving schemes. The overall market share in the SME sector amounted to 39% during the year. 37% of one-man businesses bank with the Rabobank, 42% of companies with two to 10 employees and 36% of those with 10 to 100 employees. The Rabobank's strong association with the agricultural sector is shown by a very high market share of 83%. The market position for large companies is less prominent, but is growing fast. In December 2002, the website at [www.rabobank.nl](http://www.rabobank.nl) was one of the most-visited bank websites in Europe, with more than 1.3 hits per month.

Furthermore, the Rabobank is by far the largest Internet bank in the Netherlands, with more than 1 million on-line clients.

### Lending

Loans to the private sector – private individuals, the agricultural sector, trade, industry and services – grew 8% in 2002, to EUR 212.3 billion. The highest proportion of loans, 48%, involves private individuals. Total private loans grew 12% in the year under review, to EUR 103 billion. The majority of this amount, EUR 99.8 billion, related to mortgage loans. The trade, industry and service sector accounted for 36% of loans and the agricultural sector for 16%. 79% of loans were issued in the Netherlands, 8% in North America and 7% in the rest of Europe. The Rabobank Group issues loans to less well-developed countries only on a very limited scale. Partly for this reason, the risks are relatively low. Apart from its regular lending activities, the Rabobank does consider that it has a duty to contribute towards the social and economic development of developing countries, including through the Rabobank Foundation and RIAS.

### Private loans by sector and region



### Passion

*'The government is a player in the CSR field, alongside companies and NGOs. The NGOs are the ones that get into the newspapers, but civil servants can get their message across through talks with the different parties. The Annual Responsibility and Sustainability Report is a good start for a stakeholders dialogue. A dialogue starts in the comfort zone, where consensus is predominant. The issues that are of interest to individual stakeholders, and are somewhat more difficult, follow later. I believe an Annual Responsibility and Sustainability Report should show passion. What are the experiences, the 'lessons learned'? Choose three or four subjects and discuss them in more detail. The Rabobank refers to its members as specific distinguishing assets of the bank. Then I want to read about the exact influence they have on CSR developments.'*

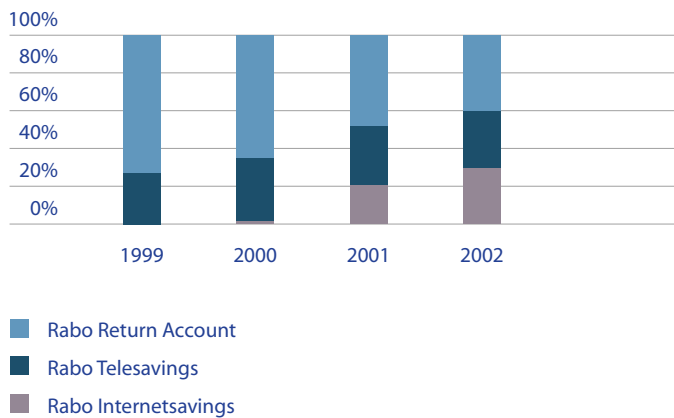
Jelle Blaauwbroek, Sustainable Development Policy Co-ordinator, Ministry of Housing, Physical Planning and the Environment



## Entrusted assets

Entrusted assets (savings, professional securities transactions and other entrusted assets) fell marginally in 2002, by EUR 0.6 billion to EUR 171.6 billion. The value of savings grew 5% to EUR 66.3 billion. This growth was realised mainly through Internet savings schemes. The share of these schemes in total savings at the local banks rose during 2002 from 21% to 30%.

### Development per saving channel

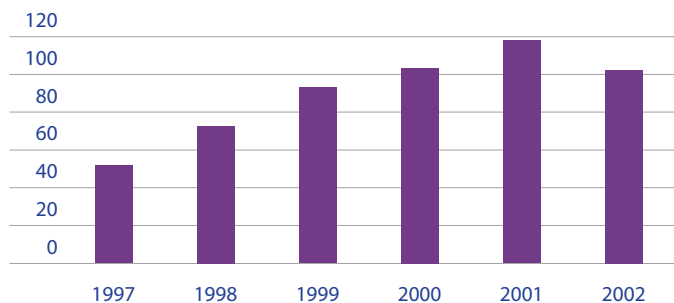


## Assets managed and insurance sales

Negative stock market sentiment during 2002 led to a 14% fall in the value of assets managed for clients, to EUR 102 billion. The value of the Rabobank's own investment portfolio fell 15% to EUR 51 billion. Sales of insurance products were 7% lower in 2002, at EUR 3.7 billion. Life insurance sales were under particularly heavy pressure. Tax reforms led to reduced demand for annuities and single-premium policies. However, turnover from non-life insurance was higher, due to an increase in the number of policies and higher product take-up per policy.

### Movements in assets managed for clients

(in billions of eur)



## Personnel costs

During the year under review, personnel costs accounted for 63% of total costs. The personnel costs include wages, pension and social insurance premiums. In 2002, these costs amounted to EUR 3.7 billion, an increase of 3% in comparison with 2001. This amount is exclusive of training costs, which totalled EUR 78.8 million or more than 3% of the wage costs.

## Capital providers

In principle, the co-operative Rabobank Group allocates profit to its reserves. The group does not steer for maximisation of profit, but for customer value, employee value, stable progress in results and a relatively low risk profile. This policy and the strong shareholders' equity are key reasons why the leading ratings institutes Standard and Poor's and Moody's have awarded the Group the highest credit rating (AAA). This high rating enables the Rabobank Group to raise funds relatively cheaply in the money and capital markets.

The Group's co-operative structure means it has no shares with which it can increase its shareholders' equity or can enter into mergers and acquisitions through share swaps. The Group has been able to increase its capital by raising innovative capital in the form of Trust Preferred Securities and Rabobank Member Depository Receipts for Shares. These depository receipts are only available to members and employees, and increase their involvement in the Rabobank Group. In 1999, an amount of EUR 650 million was issued in the form of Trust Preferred Securities. In 2000, 2001 and 2002, Member Depository Receipts for Shares totalling EUR 4.3 billion were issued. According to the regulations of the supervisory authority, 90% of this (i.e. EUR 3.9 billion) may be shown as shareholders' equity.

## Tier 1 ratio and BIS ratio

The Rabobank Group is one of the soundest private banks in the world. The most common ratios used for capital adequacy in the financial world are the Tier 1 ratio and the BIS ratio. DNB applies minimum requirements of 4 for the Tier 1 ratio and 8 for the BIS ratio. The higher the ratios, the lower the risk of company failure. The Rabobank Group has a Tier 1 ratio of 10.3 and a BIS ratio of 10.5.

## Tax payments

The Rabobank Group showed an amount of EUR 514 million in tax in its financial statements for 2002. This equates to a tax burden of 26.1%. Total taxes payable in the Netherlands amounted to EUR 379 million (tax burden of 30%). Total taxation in other countries amounted to EUR 135 million (tax burden of 19.1%).

# Verifiers' Report

## Introduction

The Executive Board of the Rabobank Group (the Rabobank) asked us to verify the Annual Responsibility and Sustainability Report 2002 (the report). The report is the responsibility of Rabobank's management. Our responsibility is to issue a Verifiers' Report on the report.

## Scope

The report as a whole has been subject to verification. In the Guide Rabobank provides an explanation of the scope of the report and the reporting principles. Our verification focused on the question whether the report has been drawn up with due care, as well as a review of the reliability of the information in the report. This verification provides a moderate level of assurance.

## Activities undertaken

The verification was planned and conducted by a multidisciplinary team. Our verification approach was based on the International Standard for Assurance Engagements of the International Federation of Accountants.

In the context of verification we recognise that non-financial data are, in general, subject to more inherent limitations than financial data due to their nature and the methods used for determining, calculating or estimating such data.

Our activities, aimed at providing a moderate level of assurance, included:

- a review of the underlying systems and procedures used to collect and process the reported information, including the aggregation of data into the aggregated information at corporate level;
- a review of the underlying principles of information management and reporting used in drawing up the report;
- an evaluation of the reliability and other quality criteria of the reported information, including a review of important estimates, based on, among others, the Sustainability Reporting Guidelines of the Global Reporting Initiative (part B);
- a review as to whether the report covers the most important environmental and social issues for the Rabobank Group;

- an evaluation of the general picture presented in the report based on underlying internal information and external publications such as research and media reports.
- checking whether the financial information in the report has been correctly derived from the audited annual accounts for 2002 of the Rabobank Group.

## Opinion

Based on our verification we conclude that the Executive Board has drawn up the Annual Responsibility and Sustainability Report 2002 with due care. Nothing has come to our attention that causes us to believe the report is not reliable.

Amstelveen (The Netherlands), June 2003  
KPMG Sustainability B.V.

Ir. J. van der Kolk, Director

# Foreign offices

## Europe

### Belgium

Antwerp  
Brussels  
Zaventem

### Denmark

Ballerup

### Germany

Frankfurt  
Düsseldorf  
Langenhagen

### Finland

Helsinki

### France

Beauvais  
Paris

### United Kingdom

Coventry  
Edinburgh  
London  
Watford

### Hungary

Budapest

### Republic of

### Ireland

Clare  
Cork  
Donegal  
Dublin  
Galway  
Kerry  
Kildare  
Laois  
Leitrim  
Limerick  
Longford  
Meath

Monaghan

Offaly

Roscommon

Sligo

Tipperary

Westmeath

Wexford

Wicklow

### Italy

Milan

### Luxembourg

Luxembourg

### Austria

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### Sweden

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Willemstad

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Berwyn

Blythe

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Chicago

Coachella

Dallas

Des Moines

Dinuba

El Centro

Fresno

Greenbrae

Hanford

Hemet

Holtville

Honolulu

Imperial

Indio

Julian

La Quinta

Los Angeles

Menlo Park

New York

Orange

Palm Desert

Palm Springs

Rancho Mirage

Reedley

San Francisco

Selma

Tecate

Thousand Palms

Toledo

Visalia

Washington

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Darwin

Dubbo

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Forbes

Geraldton

Goondiwindi

Goulburn

Griffith

Ingham

Launceston

Longreach

Mackay

Melbourne

Moree

Mount Gambier

Orange

Perth

Rockhampton

Roma

Shepparton

Swan Hill

Sydney

Tamworth

Toowoomba

Townsville

Wagga Wagga

Warrnambool

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Jakarta

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Tokyo

### Singapore

Singapore

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Taipei

### Thailand

Bangkok

### Turkey

Istanbul

### New Zealand

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Ashburton

Auckland

Blenheim

Christchurch

Dannevirke

Dunedin

Feilding

Gisborne

Gore

Greymouth

Hamilton

Hastings

Invercargill

Masterton

New Plymouth

Oamaru

Pukekohe

Rotorua/Taupo

Taumarunui

Te Kuiti

Te Puke

Thames

Timaru

Waipukurau

Wanganui

Wellington

Whangarei

# Directors and management Rabobank Group

## General Managers, Rabobank Nederland

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Ralf Dekker (R.J.)  
Paul Dirken (P.H.J.M.)  
Henn Geukers (H.M.)  
André van Iersel (A.A.J.M.)  
Wouter Kolff (W.J.)  
Jos van Lange (J.H.P.M.)  
Hans van der Linden (J.A.M.)  
Bert Mertens (H.H.J.)  
Rik Op den Brouw (H.)  
Hanno Riedlin (H.W.E.)  
Harry de Roo RA (J.H.)  
Thomas van Rijckevorsel (T.C.A.M.)  
Sipko Schat (S.N.)  
Rutger Schellens (R.V.C.)  
Jaap Slotema (J.)  
David Vander (D.)  
Jan van Veenendaal (J.)  
Pieter van der Weijden (P.P.M.)

## Deputy General Managers, Rabobank Nederland

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Aad Balm (A.M.A.W.)  
Robin Bargmann (R.K.)  
Mats Beem (M.G.)  
Wim Boonstra (W.W.)  
Jan Bos (J.J.)  
Cor Broekhuysen RA (C.F.)  
Evert Broekmans (E.A.H.G.)  
Ben Christiaan (B.J.)  
Jules Coenen (J.P.G.)  
Bruce Dick (B.)  
Dick Duit RA RO (D.)  
Jan Hageraats (J.M.J.)  
Mirjam Halverhout (M.A.)  
Rob Hartog (D.R.)  
Floris Henning (F.J.)  
Henri Jacquand (H.)  
Machiel Jansen Schoonhoven (E.M.)  
Cilian Jansen Verplanke (C.A.)  
Peter Knuvers RA RE (P.M.)  
Bart Jan Krouwel (B.J.)  
Sjors Kruiper (S.J.)  
Arnold Kuijpers (A.J.A.M.)  
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Peter Norrie (P.A.)  
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Herman Prins (H.)  
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Arnoud Roux de Bezieux (A.)  
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Cees Schakelaar (C.G.)  
Jan Schinkelshoek (J.)  
Jan Schonewille (J.)  
Hans Siebelink (A.J.F.)  
Alison Straszewski (A.M.)  
Cees van Tiggelen (C.A.V.)  
Wim Timmer RA RO (W.J.)  
Guido Vos (G.J.)  
Willem Wagner (W.)  
Alfons de Weerd (A.L.)  
Pieter Wetselaar (P.)  
Ruurd Weulen Kranenberg (R.)  
Hans van Zanten (J.)

## Directors and management of Group entities (non-Rabo lables)

### Interpolis NV

Kick van der Pol (C.), Chairman  
 Huub Hannen MFE (H.A.J.), Deputy Chairman  
 Roel Wijmenga (R.Th.)

### Robeco Groep NV

Géry Daeninck (G.A.M.J.), Chairman  
 Stefan Bichsel (S.T.)  
 Jaap van Duijn (J.J.)  
 Hans van der Koogh (H.H.)

### De Lage Landen International BV

Karel Schellens (C.A.C.M.), Chairman  
 Ab Gillhaus (A.J.)  
 Gerard van Kaathoven (G.J.C.M.)  
 Ronald Slaats (R.A.M.)

### Schretlen & Co NV

Harold Knebel (H.A.J.M.), Chairman  
 Jan Smits (J.W.M.)  
 Bert Wenker (G.J.M.)

### Effectenbank Stroeve NV

Cees Haasnoot RBA (C.), Chairman  
 Nico van den Haak AA (N.W.), Financial Director

### Gilde Investment Management BV

Boudewijn Molenaar (B.T.), Chairman  
 Jan Beukers RA (J.C.M.)  
 Toon den Heijer (A.A.)

### Obvion NV

Roy van Diem (R.), Chairman  
 Gerard Vankan (G.H.G.M.)

### Alex

René Frijters (R.J.A.), Chairman  
 Henk Wim van Arem (H.W.)  
 Peter Verhaar (P.F.)



# Personnel data tables

Rabobank Group Staff Movements from 1992-2002			
	No. of employees at year-end	Movements from earlier years	
		In total	Percentage
1992	39,510	460	1.2%
1993	38,475	-1,035	-2.6%
1994	37,789	-686	-1.8%
1995	37,408	-381	-1.0%
1996	40,152	2,744	7.3%
1997	44,538	4,386	10.9%
1998	49,465	4,927	11.1%
1999	53,147	3,682	7.4%
2000	55,098	1,951	3.7%
2001	58,120	3,022	5.5%
2002	58,096	-24	0.0%

Key figures Staff				
(Amounts in EUR millions)	2002	2001	2000	1999
Total wage costs	2,530	2,410	2,191	1,920
Total personnel costs	3,682	3,434	3,099	2,860
Personnel and other management expenses	5,471	5,466	4,985	4,454
Total training expenses	78.8	85	70	65
Net profit	1,250	1,291	1,194	1,020
Number of FTEs	51,867	52,173	49,711	48,224

(Amounts in EUR)	2002	2001	2000	1999
Wage costs per FTE	48,776	46,192	44,075	39,814
Personnel costs per FTE	70,989	65,819	62,340	59,307
Personnel and other management expenses per FTE	105,481	104,767	100,280	92,361
Training expenses per FTE	1,521	1,637	1,408	1,340
Net profit per FTE	24,100	24,745	24,019	21,151

Intake and outflow		
(persons)	2002	2001
Intake from outside Rabobank Group	2,732	4,905
Outflow to outside Rabobank Group	4,284	3,998

\* These data relate to the local banks, Rabobank Nederland, Rabofacet, Robeco, Schretlen & Co, Effectenbank Stroeve and De Lage Landen.

\* All intake/outflow from/to outside the Rabobank Group is included.

Absenteeism		
	2002	2001
Absenteeism percentage	4.68	5.1
Frequency of absences	1.7	1.7
Disability benefits intake	533	564
Disability benefits outflow	297	297
Disability intake risk	1.12	1.12

\* These data relate to local banks, Rabobank Nederland, Rabofacet, De Lage Landen and Schretlen & Co

Salary structure, gross full-time annual salaries				
	2002		2001	
	Persons	%	Persons	%
up to 10,000	86	0.2%	133	0.3%
10,000 - 20,000	4,787	10.4%	7,733	16.3%
20,000 - 30,000	21,698	47.2%	22,170	46.7%
30,000 - 40,000	9,229	20.1%	8,908	18.8%
40,000 - 50,000	5,251	11.4%	4,287	9.0%
50,000 - 60,000	2,306	5.0%	1,980	4.2%
60,000 - 70,000	1,111	2.4%	916	1.9%
70,000 - 80,000	608	1.3%	510	1.1%
80,000 and above	908	2.0%	790	1.7%
Total	45,985	100.0%	47,426	100.0%

\* This table does not include data for Interpolis, Effectenbank Stroeve, Gilde, Obvion or foreign offices

<b>Composition of personnel</b>									
		No. of employees	% Women	% Part time	% Women in higher positions <sup>1)</sup>	% Fixed term contracts	% up to age 34	% Aged 55 or more	% Graduates
Total <sup>2)</sup>	2002	44,775	56.2%	34.2%	15.6%	6.8%	47.1%	5.3%	41.6%
	2001	46,330	56.8%	31.7%	14.6%	9.8%	50.5%	4.6%	38.8%
Per unit 2002 <sup>3)</sup>									
<b>Retail banking</b>									
Local banks		36,657	61.3%	38.0%	12.7%	7.4%	49.5%	4.9%	36.6%
<b>Wholesale banking</b>									<b>75.2%</b>
Rabobank International		504	29.2%	11.1%	18.3%	4.4%	50.2%	4.0%	
Group Treasury (incl. support)		314	26.3%	7.0%	17.4%	6.4%	47.7%	2.0%	
Rabobank Nederland Corporate Clients		227	33.0%	17.2%	21.8%	1.8%	38.3%	2.6%	
<b>Asset management</b>									
Robeco Group		1,210	34.4%	24.6%	21.2%	5.1%	55.1%		
Schretlen & Co		210	35.7%	25.2%	10.9%	3.3%	44.8%	3.8%	
Effectenbank Stroeve		141	27.0%	7.6%	32.0%	24.0%	63.0%	2.0%	
Rabo Trust		22	54.5%	22.7%	46.7%	0.0%	50.0%	0.0%	
<b>Leasing</b>									
De Lage Landen		732	39.6%	20.6%	14.3%	8.7%	46.6%	2.3%	
<b>Other</b>									
Staff Groups & Services		1,399	45.1%	22.4%	28.7%	2.7%	30.7%	9.1%	74.1%
Property		66	33.2%	4.5%	15.6%	3.0%	37.9%	4.5%	
Rabobank ICT and FB		2,334	25.5%	15.8%	13.0%	3.0%	29.6%	8.4%	50.9%
Market management		784	35.2%	14.5%	23.0%	5.1%	34.7%	11.5%	80.7% <sup>4)</sup>
Product market units		1,230	36.0%	16.3%	16.6%	4.3%	36.2%	6.8%	80.7%
RNE		296	26.0%	13.9%	18.8%	3.4%	47.6%	6.1%	

1) Scale 8 and above, or an equivalent salary

2) The total does not include Robeco, Effectenbank Stroeve, Interpolis, Obvion, Gilde or foreign offices

3) Data on Interpolis, Obvion, Gilde and foreign offices were unavailable

4) This figure relates to the former RN Associated Banking Business

<b>Rabobank Group absenteeism percentages (excl. maternity leave)</b>					
	2002	2001	2000	1999	1998
Rabobank Group	4.68	5.12	4.83	4.53	4.03
Local banks	4.56	5.04	4.69	4.30	3.87
Rabobank Nederland	-	-	5.07	5.29	4.59
AAB	4.97	5.63	5.31	-	-
Staff Groups and Services	5.45	5.87	5.43	-	-
Rabobank International	3.82	4.39	4.21	-	-
Securities services	4.09	4.25	4.60	-	-
Rabofacet	6.21	6.50	6.73	7.12	
De Lage Landen	4.21	4.28	5.24	4.07	3.20
Schretlen & Co.	5.20	3.72	4.15	4.50	
Interpolis <sup>1)</sup>	5.20	5.90	6.30	5.30	4.80

1) The absenteeism percentages of Interpolis are not included in the average for the Rabobank Group.

<b>All allocations under the Invalidity Insurance Act (WAO) and WAO intake risk <sup>1)</sup></b>							
		2002	2001	2000	1999	1998	1997
Rabobank Group	Abs	533	564	523	473	393	283
	%	1.12	1.12	1.21	1.12	1.00	0.77
Rabobank Nederland and local banks	Abs	- *)	530	475	432	364	270
	%	- *)	1.12	1.17	1.09	0.98	0.77
Rabofacet	Abs	34	24	37	35	24	11
	%	1.39	1.22	1.88	1.84	1.36	0.86
Schretlen & Co	Abs	1	1	2	1	0	0
	%	0.38	0.65	1.56	0.89	0.00	0.00
De Lage Landen	Abs	1	5	9	5	5	2
	%	0.14	0.75	1.74	1.02	1.08	0.45

1) Source: Rabobank Group key figures provided by GAK

\*) These figures cannot be calculated, due to the failure of the Implementing Organisation for Employee Insurances (UWV) to provide full information

# COLOPHON

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## Annual Reports

Rabobank Group publishes the following Annual Reports:

- Annual Report 2002  
(in Dutch and in English);
- 2002 Financial Statements and other information  
(in Dutch and in English);
- Annual Responsibility and Sustainability Report 2002  
(in Dutch and in English)
- Interim Report 2003  
(in Dutch and in English, to be published in September 2003)

For copies of these reports please contact Rabobank Nederland,  
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All Annual Reports are also available on the  
Internet: [www.rabobank.com](http://www.rabobank.com)

'The Rabobank Group believes sustainable growth in prosperity and wellbeing requires careful nurturing of natural resources and the living environment.'

'Rabobank Group is open to the views, concerns and issues of our clients, and to those affected by our activities.'

Source: The Ambition Statement of the Rabobank Group