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Subject Draft scores Rabobank Banking with Principles II report

Dear Mr. Blackwell,

I write to you as a follow up to your e-mail of 18 April 2016 in which you invite Rabobank to provide BankTrack with additional feedback on the draft scores of the Banking with Principles II report. Thank you for the opportunity to provide additional feedback.

Rabobank has recently renewed its sustainability policies and brought them together in the new Rabobank Sustainability Policy Framework (“the Framework”). It brings together all relevant Rabobank sustainability policies into one reference document with a clear structure and simpler language. The human rights policy is one of the core policies of this new framework (applicable to all products and services). The Framework is broadly seen as a major step forward in providing clarity to our stakeholders in terms of commitments and the expectations we have of clients and business partners regarding sustainability issues.

Criterion 1.3 Is the bank’s human rights policy commitment approved at the most senior level of the business?

The human rights policy is integral part of the Framework that was published on our website in April 2016. This Framework has been approved at the most senior level of the business.

Criterion 2.1 Does the bank commit to carry out human rights due diligence?

Our commitment follows from the various commitments we make in the Framework:

- P. 8 (Managing impact): this states that our policies align with the OECD guidelines for Multinational Enterprises and describes our ambition to neither cause nor contribute to adverse social and environmental impacts and how we address that.
- P. 12 (Materiality): this describes how we define materiality of potential adverse impacts.
- P. 23-25 (Sustainable Development Policy): this describes the commitments of Rabobank and its expectations towards clients and business regarding sustainable development (including human rights) and how we address that.

A handwritten signature in blue ink, consisting of a stylized 'R' followed by a vertical line and a small loop at the bottom.

- P.30-31 (Human Rights Policy): this describes that Rabobank is guided by the UN Guiding Principles on Business and Human Rights (UNGPs) and commits to respecting human rights.
- P.32-34 (Labour Standards Policy): this reflects Rabobank commitments towards to labour standards (human rights related to relations between workers and their employers); and finally, please see,
- P.81 (OECD Guidelines for Multinational Enterprises): Rabobank endorses the OECD guidelines and is guided by its principles.

Both the UNGPs and the OECD guidelines require appropriate due diligence to be carried out. With our clear commitments to both of these guidelines we explicitly commit ourselves to carry out proper human rights due diligence. Elements of this due diligence process are, among others:

- The process is aimed at ‘knowing and showing’ that human rights are not infringed upon in the course of doing business.
- It consists of:
 - a) Identifying and assessing actual and potential human rights impacts
 - b) Integrating and acting upon the findings
 - c) Tracking the effectiveness of the response
 - d) Communicating how human rights impacts are addressed
- The process will vary in complexity according to the size of the business enterprise, the risk of severe human rights impacts and the nature and context of the operations.
- It is different from other due diligence activities in that it focuses on adverse impacts on individuals and communities and on their rights, rather than only on risks to the company.
- The fact that human rights risks may change over time means this is an ongoing process instead of a one-off transactional analysis.

Criterion 2.2 Does the bank show how its due diligence process involves meaningful consultation with potentially affected groups and other relevant stakeholders?

In addition to what is stated at criterion 2.1, please also see p. 13-14 (Implementation) and p. 49-51 (Land Governance Policy) of the Framework. This Land Governance Policy addresses land rights, which have a close relation to human rights because a breach of these rights often also affect the human rights of stakeholders. In this Policy we commit to encourage clients to deal responsibly with land governance, including the right of free, prior and informed consent of all stakeholders. The policy was consulted with various internal and external stakeholders.

Criterion 2.3 Does the bank clearly allocate responsibility for addressing human rights impacts to specific levels and functions within the business enterprise?

See also answer to criterion 1.3 Furthermore , on p. 6 (Introduction), p. 8 (Sustainability Policies, purpose and scope) and p. 12-15 (Policy implementation) the purpose, scope and responsibilities with regards to the Framework are defined, and with that also for the human rights policy as it is integral and inseparable part of this Framework. Secondly, roles and responsibilities have been further identified and allocated in an internal Policy and Procedure



Management (PPM) document that embeds the Framework into Rabobank's internal processes. In this PPM document relevant responsibilities (including responsibilities for addressing human rights impacts) are described as follows:

The Executive Board is responsible for:

- Approving of the Sustainable Development Policy and the underlying Framework.
- Promoting and supporting the implementation of this policy in all group entities.

The management of the business units of Rabobank Group is responsible for:

- Appraising the material sustainability risks and impacts in their own activities, services and markets.
- Taking appropriate steps to ensure that clients meet our 'policy requirements'. This includes engagement with clients and affected parties.

Employees that prepare and conduct approval and/or review of Rabobank clients and transactions are required to use these guidelines to structure client analysis.

The Sustainability Department's responsibilities regarding this Global Policy are:

- To provide guidance on the interpretation and implementation of this policy and related standards and procedures.
- To develop and establish a monitoring mechanism to monitor periodically the uptake in banking processes and operations.
- To serve as a first point of contact for questions.
- To review and update the Global Policy every two years.

The responsibility for the delivery of the Framework is that of all Rabobank employees. Finally, the Ethics committee can provide guidance and advice on ethical issues and topics such as human rights. For more information on the Ethics Committee see: <https://www.rabobank.com/en/about-rabobank/in-society/ethics/index.html>.

I hope to have informed you sufficiently.

Kind regards,



J.S. Rüter
WRR HO Duurzaamheid