

Energy Policy Rabobank Group

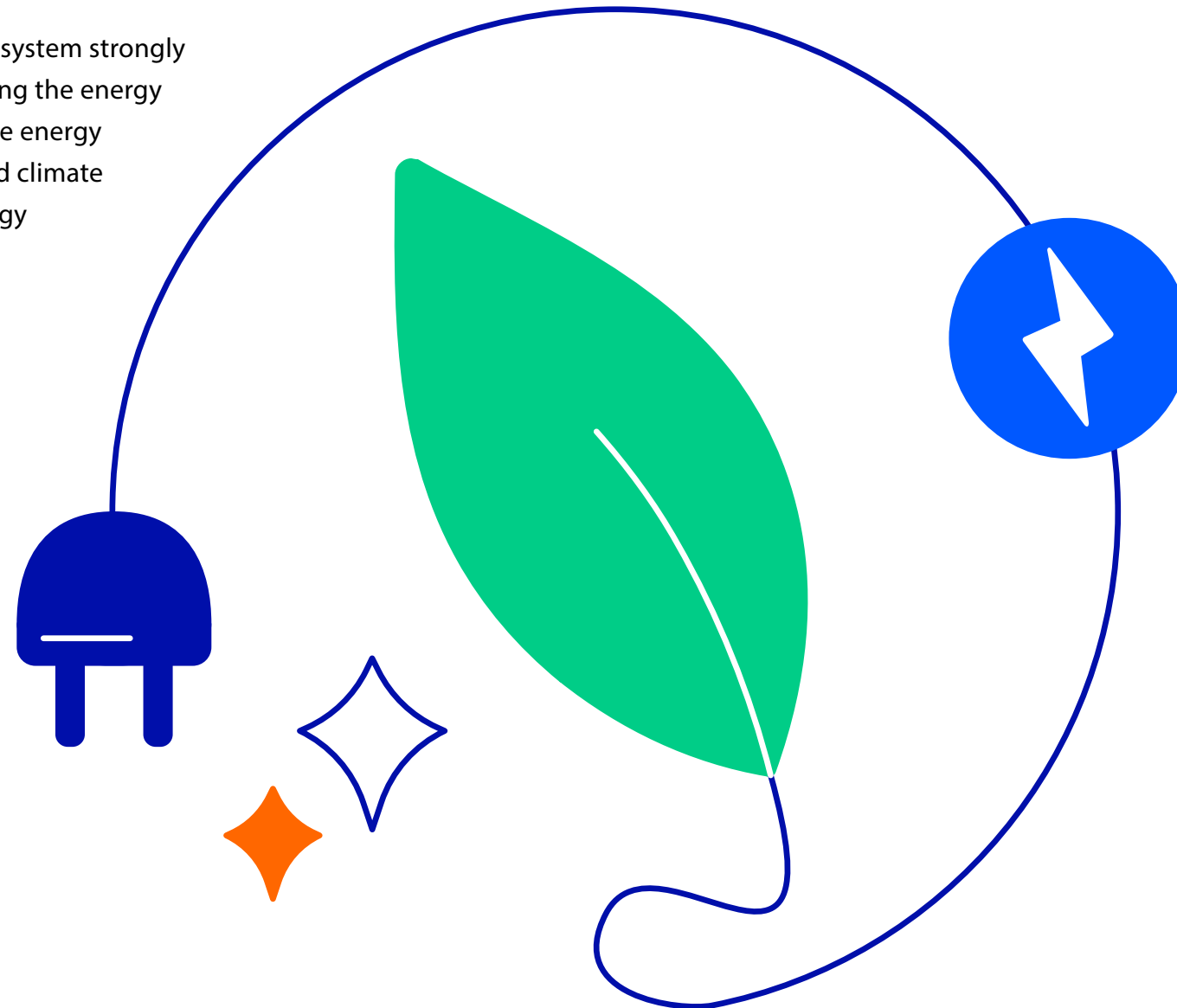
January 2024



Introduction

The world's energy sector is an essential supplier to transport and industry, heat and electricity generation, agriculture and residential consumption. Rabobank is committed to continue contributing to the energy transition.

Rabobank believes that a future-proof energy system strongly revolves around energy saving and transforming the energy mix from primarily fossil to primarily renewable energy sources in order to meet internationally agreed climate and sustainability goals, also considering energy security and affordability.



Scope

This Energy Policy is applicable to all clients and business partners that are active in the energy sector's value chain, both in renewable and in fossil energy, unless explicitly excluded from the scope. In this Energy Policy we distinguish the following activities in the energy value chain:

- Fossil energy exploration and production, including the transport to fossil fuel processing or energy production, equipment supply and services to extraction companies;
- Trading and logistic activities and services which are specifically designed or exclusively used for the energy sector, including trade, shipping, pipelines, storage facilities, vessels, floating production storage and offloading vessels (FPSOs), blending and the transmission, distribution and trading of electricity
- Energy infrastructure, processing, electric power generation, hydrogen (derivative) production, petrochemical industry, refining, fossil-based energy production, heating and cooling, gasification, ammonia cracking, etc.;
- Renewable energy production, transport and storage;
- Carbon Capture Storage (and Usage) – CCS(U).

The specifics of this Energy Policy are not applicable for those clients and business partners who are only user of energy in, among others, the manufacturing industry, transportation, and the residential and agricultural sectors. Other policies of Rabobank, notably the Climate Policy and Biomass Policy, complement this Energy Policy.

The Policy

We distinguish between impacts in our direct control and those that are indirectly created through our relationships with clients and business partners. We therefore set requirements for our own activities ('Rabobank's Own Activities') and for our clients and business partners ('Acceptance Requirements' and 'Performance Monitoring').

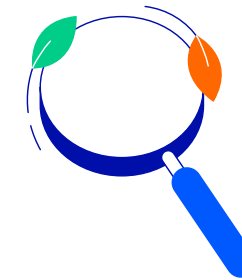




Rabobank's Own Activities

Regarding the energy sector, for activities in our direct control we will:

- reduce the footprint of our own operations and our direct suppliers and compensate for the remaining Greenhouse Gas Protocol scope 1 and 2 emissions;
- reduce by 2030, the combined volume of traded oil and gas financed by Rabobank by 20% compared to 2022. Within the reduced combined volume, gas will grow by 20%, effectively reducing traded oil further;
- position ourselves as the financial partner in transitions into future-proof business in the low carbon economy, in line with our international commitments¹;
- facilitate the acceleration in the development of energy technologies and energy infrastructure that result in substantial Greenhouse Gas emission reductions to keep our portfolio in line with the Net Zero scenario reference of the International Energy Agency (IEA);
- take a balanced approach when we assess efforts to reduce Greenhouse Gas emissions, in order to prevent significant harm to other sustainability goals and to ensure adherence to national and international standards and approaches.



Acceptance Requirements

Rabobank assesses clients and business partners and their activities against specific acceptance requirements, which are split into client-level and activity-level.

Thermal coal

With regard to clients with thermal coal activities we exclude on a client-level, clients:

- with a relative turnover of > 5% from thermal coal (corrected for price fluctuations);
- not continuously reducing their relative thermal coal turnover from 2020 onwards to 0% by 2030 in developed countries and by 2040 in the rest of the world;
- not publicly committing to the Paris Climate agreement;
- not reporting to us on their relative and absolute thermal coal-related turnover (as to assess the criteria above).

We exclude on an activity-level the direct financing of:

- All thermal coal activities, except for higher-grade metallurgical coals used for the production of steel and base metals, only while the sector transitions to alternative carbon and energy sources.

Shale gas and other non-conventional fossil natural resources (notably tar and oil sands, shale oil, coal seam gas, etc.)

We exclude on a client-level:

- Upstream clients with a relative turnover of > 5% from non-conventionals; and
- Mid and downstream clients with a relative turnover of > 20% from non-conventionals and not continuously reducing their relative non-conventional turnover from 2020 onwards to 5% by 2030 in developed countries and by 2040 in the rest of the world².

We exclude on an activity-level the direct financing of:

- All non-conventional fossil activities. Exception to this is trade finance in case of transport together with conventional fossil fuels and thus not separately traceable.

¹ For energy this includes the goals of the Paris Climate Agreement, the EU Green Deal's intermediate target of at least 55% GHG emission reduction by 2030 compared to 1990 levels, and the Sustainable Development Goals (SDGs), of which SDG 7 specifically aims to ensure access to affordable, reliable, sustainable and modern energy for all.

² Trade Commodity Finance clients are excluded from this requirement.

Fossil fuel exploration and extraction

We exclude on an activity-level the direct financing of:

- New financing of exploration and extraction activities of fossil fuels (e.g. thermal coal, conventional and non-conventional oil and gas). This includes the actual extraction and exploration activities, as well as the specifically designed supplies (infrastructure, assets, equipment and services).

Fossil energy infrastructure

Other than permitted below, we exclude on an activity-level the direct financing of:

- Up-, mid- and downstream fossil infrastructure. The direct servicing and financing of up-, mid- and downstream fossil infrastructure is only accepted when clearly and verifiably compatible with the energy system of the future (thus in line with the goals of the Paris Agreement; see point 1 below) or identified as required for energy security and affordability in Europe (see point 2 below).

Whereby:

1. "Compatible with the energy system of the future" shall mean that the up-, mid- or downstream fossil infrastructure which is accepted, is included in the EU Taxonomy; or is infrastructure which is technically anticipating on CCS/renewable hydrogen or upfront committing to do so; or supports renewables within the (energy balancing) region, e.g., related gas-peaker installations;
2. "Identified as required for energy security and affordability in Europe" shall mean that the up-, mid-or downstream fossil infrastructure which is accepted is either: included in the EU list of projects of common interest (currently 5th PCI list) for energy security and affordability reasons, as amended and/or updated from time to time; or included in the EC/ENTSOG RE PowerEU analysis on required additional infrastructure needs to enable independence from Russian gas, in each case for energy security and affordability reasons.
3. Rabobank may, on a case by case basis, only engage in direct servicing and financing of up-, mid- and downstream fossil infrastructure when identified by the Dutch government as required for energy security and affordability in The Netherlands, and when the activity is assessed and approved following these considerations.

Nuclear energy

We exclude on an activity-level the direct financing of:

- All activities in the nuclear value chain. Except for medical purposes;
- New generation nuclear reactors, to be assessed on a case-by-case basis.

Protected Areas or Critical Habitats

We exclude on an activity-level the direct financing of:

- All fossil and renewable activities in Protected Areas³ or Critical Habitats⁴. This exclusion is not applicable to projects subject to the Equator Principles (EP), as the EP cover the checks and balances and mitigants on Protected Areas and Critical Habitats.

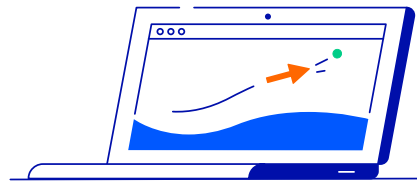
Waste to Energy

Rabobank may, on a case by case basis, only engage in direct financing of Waste to Energy (WtE) when no better alternatives are available, and when the activity is assessed and approved following these considerations:

- Role in the recycling process and circular solution, methane avoidance, energy source, emissions, potential lock-in effect undermining recycling efforts in the longer term or during the lifetime of the infrastructure, existing WtE, landfill, regional recycling plans (higher up in the waste hierarchy), upcoming regulations and impact on capacity needs, upfront CCS commitment of the project, controversies or calls for moratorium, lessons learned from other regions or geographies.

³ Areas designated by national regulations and/or internationally designated for protection by the International Union for the Conservation of Nature IUCN Protected Area Categories I-VI), UNESCO World Heritage sites, RAMSAR wetlands, High Conservation Value Areas or High Carbon Stock Areas, Wadden Sea, onshore & offshore Arctic (AMAP definition)

⁴ Areas with high biodiversity value that meet the criteria of the IUCN classification (including habitat required for the survival of critically endangered or endangered species as defined by the IUCN Red List of Threatened Species) or as defined in any national legislation.



Performance Monitoring

Rabobank monitors the sustainability performance of accepted clients and business partners.

When financing Wholesale clients and contracting energy suppliers of Rabobank we monitor their performance in relation to their pathway to net-zero. For the energy sector specifically, this entails:

- a stated commitment to the Paris Climate Agreement;
- commitment to a 2050 net-zero pathway with credible intermediate targets (between 2025-2035) and strategy; and
- disclosure of scope 1,2 and 3 emissions⁵.

These performance monitoring criteria will gradually become acceptance requirements.

We collect supporting information on our accepted clients' and business partners' controls and progress that demonstrate they:

- are transparent, accountable and responsive about their policies, performance and progress;
- prevent or mitigate adverse environmental and social impacts, notably regarding water and air pollution, waste and hazardous materials;
- minimize the chance of accidents by using the best available techniques and having contingency plans and securing healthy and safe working conditions;
- engage with stakeholders affected by their business.

Implementation

Rabobank embeds these acceptance requirements and performance monitoring in its business operations taking into account the applicable and relevant finance practices, thresholds per client and business partner type, different impacts per sector and region, and risks and controls that are applicable in the specific business operations and subsidiaries. As a result, requirements may be implemented differently in different business operations and subsidiaries.

Rabobank supports its clients and business partners on their journey to become more sustainable and acknowledges that it might need time to fully meet the requirements mentioned in this policy. For some clients and business partners, a temporary exception can be made, provided the exception is within the established limits of our risk appetite.

“Rabobank supports its clients and business partners on their journey to become more sustainable”

⁵ For scope 3 is on a best efforts basis.

Our Commitments

Rabobank is involved in sector initiatives and has joined commitments that relate to energy:

- Partnership for Carbon Accounting for Financials (PCAF)
- Net Zero Banking Alliance (NZBA)
- Taskforce on Climate-related Financial Disclosures (TCFD)
- Financial Institutions Commitment to the Dutch Climate Agreement



Energy Policy

Rabobank Group

This policy forms part of the Sustainability Policy Framework (for the avoidance of doubt a waiver to any policy may be obtained by means of the waiver procedure described therein). Any updates to (part of) the Sustainability Policy Framework apply to new and refinancing requests as of the date of such update.

Rabobank