

# *Energy policy Rabobank Group*



February 2025



# Introduction

As a cooperative bank we use our industry knowledge, networks and financial solutions to help customers transition to a sustainable future and help move 'the system' in a more sustainable and just direction. This is about increasing positive impact and reducing negative impact. Because we know: change is needed.

And we want to contribute to that as a cooperative bank. To us that means we act on climate, value nature and enable people. While the composition of our portfolio means that most of our focus is on helping our customers and their sectors transition to that more sustainable future, we also make conscious choices in growing our portfolio in a sustainable manner.

We use policies to set minimum requirements which clients and business partners are expected to meet. This also holds for the energy sector.

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.



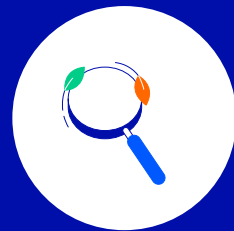


# The policy

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'), to the extent applicable.



*Rabobank's  
own activities*



*Acceptance  
requirements*



*Performance  
monitoring*

## 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 only use energy in, among others, the manufacturing industry, transportation, and the residential and agricultural sectors. Other policies of Rabobank, notably the climate policy, complement this policy.

## 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 commitments<sup>1</sup>;
- 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.
- ensure that bioenergy in our portfolio is sustainability produced in line with the EU Renewable Energy Directive specifications for sustainable biomass with the aim of:
  - reducing potential adverse effects of using biomass for energy, such as greenhouse gas emissions; and
  - reducing other significant harm aspects (e.g., to biodiversity, land-use, soil degradation, communities and water, etc.).



## Acceptance requirements

Rabobank assesses clients and business partners and their activities against specific acceptance requirements, which are split into client and business partner-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 world<sup>2</sup>.

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.

### 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 Areas<sup>3</sup> or Critical Habitats<sup>4</sup>. 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.

## 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 emissions<sup>5</sup>.

These performance monitoring criteria will gradually become acceptance requirements.

We can request 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.

Additionally, regarding bio-energy sourced from biomass, we can request supporting information that up, mid and downstream clients and business partners in the energy sector:

- if bio-energy is used, it is used as a resource to support the energy transition and the (future) decarbonized economy. Prioritizing shipping, aviation, heavy duty / long haul road transportation, non-electrified rail transportation and biodigesters for energy;
- have a sourcing policy or purchasing guidelines in place that ensures traceability;
- avoid developing technological or asset lock-in by aligning investment periods and bioenergy technologies and sources with the International Energy Agency (IEA) net zero pathway;
- for nascent technologies, have conducted a Life Cycle Assessment (LCA). Negative LCA outcomes will be assessed on a case-by-case basis; and
- if using non-residual biomass feedstock, possess a preapproved certification. Certifications not on the preapproved list need to be reviewed on a case-by-case basis.

# 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 across business operations and subsidiaries. In light of ongoing regulatory and societal changes, our sustainability policies are regularly reviewed and updated as necessary. This means that implementation is a continuous process, and there may be instances where parts of our policies are not fully implemented at a given time.

Rabobank supports its clients and business partners on their journey to become more sustainable and acknowledges that they might need time to fully meet the requirements mentioned in this policy. A limited number of exceptions can be made, in line with internal governance.



# 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

# Endnotes

<sup>1</sup> 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.

<sup>2</sup> Trade Commodity Finance clients are excluded from this requirement.

<sup>3</sup> 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)

<sup>4</sup> 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.

<sup>5</sup> Scope 3 is on a best efforts basis.

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***Rabobank***