

SECOND PARTY OPINION (SPO)

Sustainability Quality of the Issuer and the Sustainable Funding Framework

Coöperatieve Rabobank U.A.
09 September 2020

VERIFICATION PARAMETERS

Type(s) of instruments contemplated	<ul style="list-style-type: none">• Green and Social Bonds, Green and Social Loans, Green and Social Commercial Paper, Green and Social Certificates of Deposit, Green and Social Derivatives
Relevant standards	<ul style="list-style-type: none">• ICMA Green and Social Bond Principles, LMA Green Loan Principles
Scope of verification	<ul style="list-style-type: none">• Coöperatieve Rabobank U.A Sustainable Funding Framework (as of 09.2020)
Lifecycle	<ul style="list-style-type: none">• Pre-issuance verification
Validity	<ul style="list-style-type: none">• For issuance between 09.2020 and 09.2021

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Overall Evaluation of the Green Bond

Coöperatieve Rabobank U.A. (“Rabobank”) commissioned ISS ESG to assist with its Sustainable Funding Framework Bond by assessing three core elements to determine the sustainability quality of the Bond:

1. Rabobank Sustainable Funding framework – benchmarked against the International Capital Market Association’s (ICMA) Green Bond Principles (GBPs), Social Bond Principles (SBPs) and the Loan Market Association’s Green Loan Principles (GLPs).
2. Rabobank’s sustainability performance, according to the ISS ESG Corporate Rating.

ISS ESG ASSESSMENT SUMMARY

SPO SECTION	SUMMARY	EVALUATION ¹
Part 1: Performance against GBPs, SBPs and GLPs	The issuer has defined a formal concept for its Green and Social Instruments regarding use of proceeds, processes for project evaluation and selection, management of proceeds and reporting. This concept is in line with the ICMA GBPs and SBPs, and LMA GLPs.	Positive
Part 2: Issuer sustainability performance	The issuer itself shows a good sustainability performance and has been given a rating of C, which classifies it as ‘Prime’ by the methodology of the ISS ESG Corporate Rating. It is rated 2 nd out of 284 companies within its sector as of 09.09.2020. This equates to a high relative performance, with a Decile Rank ² of 1.	Status: Prime Rating: C+ Decile Rank: 1

¹ The ISS ESG’s present evaluation will remain valid until any modification of the Sustainable Funding Framework and as long as the Corporate Rating does not change (last modification on the 08.09.2020).

² Rank relative to industry group. 1 indicates a high relative ESG performance, while 10 indicates a low relative ESG performance.



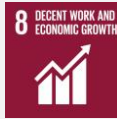
Contribution of the Sustainable Funding Framework to the UN SDGs

ISS ESG assessed the contribution of Rabobank’s Sustainable Funding Framework to the Sustainable Development Goals defined by the United Nations (UN SDGs). This assessment is an ISS ESG proprietary methodology while taking into account the sustainability quality of the Sustainable Funding Framework and the issuer’s specific sectorial context.

This assessment is displayed on 5-point scale (see Annex 2 for methodology):

Significant Obstruction	Limited Obstruction	No Net Impact	Limited Contribution	Significant Contribution
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Each of the financial instrument’s Use of Proceeds categories has been assessed for its contribution to, or obstruction of, the SDGs:

USE OF PROCEEDS	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
Renewable Energy	Significant Contribution	 
Green Commercial Real Estate	Significant Contribution <i>(For assets that obtain a BREEAM Certification of ‘very good’ and above)</i>	
	Limited contribution <i>(For assets that do not have a Sustainable building certification such as BREEAM)</i>	
Healthcare and Care Facilities	Significant Contribution	
Covid-19 Crisis Support for SMEs	Limited Contribution	
	Significant Contribution³	

³ The framework-specific assessment is diverging from the ISS ESG SDG assessment proprietary methodology. Based on use of proceeds information provided by the issuer, ISS ESG assessed that the loans to SMEs have a significant contribution to SDG 8 “Decent work and economic growth” when targeting employment generation and programs designed to prevent and/or alleviate unemployment stemming from socioeconomic crises.

ISS ESG SPO ASSESSMENT

PART I: SUSTAINABLE FUNDING FRAMEWORK AGAINST THE GBP, SBP AND GLP

The Sustainable Funding Framework bundles several Sub-Frameworks that provide details on individual thematic issuances that Rabobank can execute. Each transaction Rabobank will initiate will include eligible projects from only one Sub-Framework to avoid mixed up Use of Proceeds in one financial instrument.

The 'Management of Proceeds' and the method of Reporting are similar for each Sub-Framework, Rabobank has drafted and included a common process that is applicable to all use of proceeds categories, and therefore all Sub-Frameworks.

1. Use of Proceeds

GBP/SBP/GLP CATEGORY	TYPE OF SUSTAINABLE INSTRUMENT	DESCRIPTION OF ELIGIBLE PROCEEDS	ALIGNMENT WITH RABOBANK STRATEGY	EU ENVIRONMENTAL OBJECTIVE
Renewable Energy	Green Financial Instrument	Loan portfolio of new and ongoing wind and solar energy projects. New projects are treated preferential for inclusion in the eligible project portfolio.	Rabobank is a leading player with global presence in renewable energy. In its climate statement, the bank commits to taking responsibility for mitigating climate change risks by promoting the use of more renewable energy.	Climate change mitigation
Green Real Estate	Green Financial Instrument	Mortgage loans for real estate used for commercial purposes in the Netherlands that received an Energy Performance Certificate (EPC) label A or higher as distributed by the RVO. The RVO is the "Netherlands Enterprise Agency", which is, alongside other responsibilities, the executive body for	Rabobank has the ambition to move its entire real estate portfolio towards energy label A. By 2030, the bank aims for its real estate portfolio to have obtained energy label C or higher. Through this, Rabobank contributes to climate mitigation by limiting greenhouse gas emissions through e.g.	Climate change mitigation

		the implementation of the EU Energy Performance of Buildings Directive in the Netherlands. The energy labels for real estate range from A++++ down to G.	increased use of renewable energy in the built environment, energy efficiency in buildings and an advocating for the important shift towards a circular economy.	
Healthcare and Care Facilities	Social Instrument	Portfolio of loans provided to physical and mental healthcare services (e.g. medical hospitals, psychiatric and substance abuse facilities) and to care centers (e.g. community care facilities for the elderly or people with disabilities).	The core of Rabobank’s ‘Banking for the Netherlands’ strategy, is to meet challenges the Netherlands faces through investing in sustainable welfare and prosperity. Taking care of people who need care is of paramount importance in creating an inclusive and prosperous society. Rabobank has a dedicated healthcare sector team to support (health)care organisations.	N/A
Covid-19 Crisis Support for SMEs	Social Bond	New Covid-19 support loans provided to Dutch SMEs to offer additional liquidity, and existing loans to SMEs with an extended redemption period offered by Rabobank.	The core of Rabobank’s ‘Banking for the Netherlands’ strategy, is to meet challenges the Netherlands face by investing in sustainable welfare and prosperity. The Covid-19 pandemic has negatively impacted the financial stability in the Netherlands: many Dutch entrepreneurs were forced into temporary closure,	N/A

			<p>and economic activity has slowed down as a consequence of Covid-19 measures. Rabobank provides financial support to its clients with the aim to help them through the crisis, and in their recovery process. In this manner, Rabobank aims to contribute to the avoidance of job losses and to support the continuation of important drivers of a prosperous society such as food security and social well-being.</p>	
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Opinion: ISS ESG considers the Use of Proceeds description provided by Rabobank’s Sustainable Funding Framework as complete, exhaustive and aligned with GBPs, the SBPs, and the GLPs. Environmental and social benefits are described and quantified. Additionally, ISS ESG finds that Rabobank’s initiative to include only one sub-framework for each issuance to avoid mixed up Use of Proceeds reflects an innovating process in the market ensuring transparency.

2. Process for Project Evaluation and Selection

Risk management

All eligible projects under the Sub-Frameworks adhere to strict sustainability policies on a wide range of environmental and social aspects. The Rabobank Sustainability Policy Framework is leading in defining Rabobank’s commitments and the accepted and expected behavior of Rabobank’s clients. For Dutch corporate clients, a periodic assessment is conducted through Rabobank’s ‘Sustainability Matrix’ in which a client’s alignment with the Sustainability Policy Framework is tested and its pro-activeness towards sustainable business conduct is determined. For international wholesale clients, an annual assessment is done through the GAIA Next system. Through those sustainability assessments (“client photos”), sustainability data is collected on our clients and significant harm of transactions is sought to be avoided and progress in transitions monitored. This is integrated in first line processes. Moreover, clients in selected high-risk areas and above a financial exposure threshold receive and additional expert opinion from the corporate sustainability department. Additionally, Rabobank always operates in a frame of social safeguards and expects the same from its clients.

Do no significant harm

Rabobank's Sustainability Policy Framework, applicable to all clients, describes Rabobank's sustainability policies. The document is periodically updated and outlines the bank's commitments and expectations it has towards clients and business partners. It forms the basis of its sustainability standards for business relationships, and for providing financial products and services. Before onboarding a client and at the periodic sustainability reviews via the Sustainability Matrix or GAIA Next assessment a client's compliance with the Rabobank Sustainability Policy Framework is tested as a minimum requirement as a part of Rabobank's credit process. The Sustainability Policy Framework assessment includes the need for knowledge about the impacts of a client's operations that include possible environmental and/or social risks. When clients should no longer be able to comply with the bank's sustainability policies, Rabobank initiates an issue engagement process based on a set of fixed criteria. The aim is to achieve compliance within an ambitious but realistic time frame. When clients are not able to comply, Rabobank terminates the relationships.

The Sustainability Policy Framework includes detailed policies on topics relating to the environment, human rights, labour standards and anti-corruption. In the area of environment, Rabobank expects from its clients to:

- Know their potential impacts on the environment, take them into account when making business decisions, and seek to avoid, or when avoidance is not possible, minimize them
- Apply industry-specific good operating principles, management practices and best available technologies that do not degrade the surrounding environment
- When relevant production practices have been codified in globally, nationally or regionally recognized standards, the client should implement management practices to one or more relevant and credible standards, as demonstrated by independent verification or certification
- Be aware of the environmental risks in their value chain and limit dealings to those that can demonstrate that they also apply good industry standards and practices. We recognize that a client's ability to do this with suppliers will depend on the influence the client has in the supply chain, and its relative size compared to other players
- Use natural resources efficiently and optimally

Core policies are applicable to all clients. For clients with activities in high risk sectors, additional criteria have been set out in Rabobank's Sustainability Policy Framework's Theme policies (e.g. on Land governance and Animal Welfare) and sector policies (e.g. Extractive Industries, Soy etc.).

Sustainability Matrix applicable to Dutch retail clients

For all Dutch retail clients that apply for a corporate loan of more than EUR 1mln, Rabobank applies a periodic sustainability assessment called the 'Sustainability Matrix'. This assessment tests a client's alignment with the Sustainability Policy Framework and determines its pro-activeness towards sustainable business conduct. The Sustainability Matrix is a benchmark tool that determines a client's sustainability performance on the basis of objective environmental and social criteria determined per sector. Sustainability Matrices have been developed for 40 sectors and are aligned with the minimum standards set in the Sustainability Policy Framework. Based on their performance, clients are ranked in four categories (ranging from frontrunner clients to clients which are not considered in good enough alignment with Rabobank's sustainability expectations). A client's Sustainability Matrix is part of the bank's risk analysis. If the sustainability assessment leads to the conclusion that a client has sustainability issues that are unacceptable or unresolvable to the bank, no credit can be granted. Examples of criteria included in the Matrix are: energy management, waste management and the well-being of employees.

GAIA Next assessment applicable to wholesale clients

For all wholesale clients that apply for a corporate loan of more than EUR 1mln, Rabobank applies a sustainability assessment called the 'GAIA Next assessment'. The assessment is based on the Sustainability Policy Framework and includes data collection on opportunities and risks related to the primary business activities of the client. Risks and opportunities can relate to client-specific characteristics, the country of operation and/or the sector of the client. The GAIA Next assessment is conducted by the Global Client Owner. The assessment is applied at the start of the credit application process to ensure Rabobank does not provide credit to clients which have sustainability issues that are unacceptable or unresolvable to the bank. The general sustainability assessment is valid for one year and is aligned with the credit review date. The assessment needs to be current (and not older than 6 months) when a credit application for a new or existing client is in progress requesting for a material increase or new credit transaction. At the end of the process, one of four possible ratings is assigned to the clients – indicating categorisations ranging from “sustainable leader” to “does not adhere to Rabobank’s sustainability policy”. Examples of questions in the GAIA Next assessment include: human rights due diligence, sustainability reporting etc.

Social safeguards

Rabobank considers any infringements upon human dignity unacceptable. The bank respects and upholds the international human rights described in the UN Declaration of Human Rights at all times. In addition, Rabobank has the duty to respect the UN’s Guiding Principles on Business and Human Rights and the eight core conventions of the International Labour Organization (ILO) as set forth in its Declaration on Fundamental Principles and Rights at Work. Rabobank does not only prevent and mitigate adverse impacts on human rights from its activities and associated relationships, but also contributes positively to human rights wherever it can.

Rabobank’s Sustainability Policy Framework includes a core policy on human rights and labour standards that describes Rabobank’s own commitments and its expectations towards clients. Rabobank has identified human rights and labour standards that are particularly relevant to its stakeholder relationships within the context of the bank’s operations. These are described in full detail in the Sustainability Policy Framework and are related to employees, customers and business associates, and society and other stakeholders. From its clients, Rabobank expects the following in the context of human rights:

- Respect and uphold all human rights as described in the UN Declaration of Human Rights, and related international legislation and regulations
- Avoid causing or contributing to human rights violations
- Identify, prevent, mitigate and account for any actual or potential adverse human rights impacts that are directly linked to their operations, products and services through business relationships including customers, as well as business associates and society
- Be transparent about their risks of causing or contributing to adverse human rights impacts and how they manage those risks
- Be transparent about any violations of human rights
- Operate effective stakeholder engagement including an operational-level grievance mechanism for any adverse human rights impacts for which they have caused or contributed to, and involve affected stakeholders before establishing new operations in a process of free, prior, and informed consultation and duly record the process
- Provide for or cooperate in remediation through legitimate processes for violations of human rights that it has caused or contributed to

Rabobank takes a precautionary approach to assessing the labour related challenges of its clients and expects them to uphold internationally recognized labour standards, including those described in the IFC Performance Standard 2 on Labour and Working Conditions. From its clients, Rabobank expects the following in the context of labour standards:

- Respect all labour standards as described in the ILO Declaration on Fundamental Principles and Rights at Work
- Avoid causing or contributing to violation of labour standards
- Respect and encourage diversity in the workplace, including equal opportunities for all
- Identify, prevent, mitigate and account for any actual or potential violation of labour standards that are directly linked to their operations, products and services through business relationships including customers, as well as business associates and society
- Provide a safe and healthy work environment;
- Apply labour standards considerations in their business decisions
- Provide for or cooperate in remediation through legitimate processes for violations of labour standards that they have caused or contributed to
- Be transparent about their risks of causing or contributing to violations of labour standards and how they manage those risks and about any breaches of labour standard
- Operate effective stakeholder engagement including an operational-level grievance mechanism for any violations of labour standards for which they have caused or contributed to

Controversy reporting

Rabobank reports in its annual report on issue engagements with clients, this report is externally audited. The issues reported on include responses to specific cases which have come to our attention through NGO reports and dialogues, or through media exposure. When such reports involve our clients, Rabobank's issue engagement process is triggered. The annual reporting is done in an anonymized way to strike a balance between external accountability and client confidentiality. In case a client funded with proceeds collected under the Sustainable Funding Framework runs into a controversy, Rabobank will report accordingly in its annual Green Funding Report.

Renewable energy:

Project Evaluation

In its project evaluation process, Rabobank aims to eliminate and mitigate any significant harm related to the nature of the eligible projects. In addition to the Rabobank Sustainability Policy Framework and the GAIA Next assessment explained in chapter 2.2 in the framework, all renewable energy projects comply with the Equator Principles⁴. In partnership with its clients, Rabobank identifies, assesses and manages environmental and social risks and impacts on an ongoing basis in order to avoid negative impacts on project-affected ecosystems, communities and climate where possible. For projects located in [Designated Countries](#), the assessment process evaluates compliance with relevant host country laws, regulations and permits that pertain to environmental and social issues. For projects located in Non-Designated Countries, the assessment process evaluates compliance with the then applicable IFC Performance Standards on Environmental and Social Sustainability (Performance Standards) and the World Bank Group Environmental, Health and Safety Guidelines (EHS

3.Reporting can be found on: <https://equator-principles.com/reporting-cooperatieve-rabobank-u-a-2018/>

Guidelines).

Project Selection

Rabobank's project finance department is responsible for the financing of renewable energy projects. In collaboration with the sustainability department, recommendations to the treasury department are made as to which eligible projects should be allocated to the portfolio on an annual basis.

Green Real Estate

Project Evaluation

In its project evaluation process, Rabobank aims to eliminate and mitigate any significant harm related to the nature of the eligible projects. Rabobank's 'Tribe Business Lending' team updates real estate sector and sustainable lending policies on a regular basis, taking into account recommendations made by Rabobank's sector management team that includes a dedicated Real Estate Finance team and an Energy Transition team. As a basis, Rabobank requires that mortgage loans comply with national and international environmental and social standards, laws and regulations. Besides, mortgage loans have to adhere to all requirements described under the Rabobank Sustainability Framework and clients are assessed on their sustainability performance on the basis of the Sustainability Matrix. Specific criteria included in the Sustainability Matrix for real estate include:

- Energy Label of buildings and/or portfolio's
- Use of renewable energy
- Sustainability strategy
- Sustainable real estate certifications, such as BREEAM

Additionally, energy labels play an important role in the credit application process for loans for Commercial Real Estate clients: there is a minimal energy label obligation for each object type and better the energy labels receive favourable pricing.

Project Selection

Rabobank's local banks and wholesale departments are responsible for providing loans to clients and conducting sustainability assessments. The Tribe Business lending team, supported by the sector management teams, ensures information on energy labels is available for all mortgages. Together with Rabobank's sustainability department, they will make recommendations to treasury on an annual basis on the eligible projects to be included in the eligible portfolio.

Healthcare and Care Facilities

Project Evaluation

Rabobank has a specialised (health)care sector management team and specific (health)care lending policies. In its project evaluation process, Rabobank aims to eliminate and mitigate any significant harm related to the nature of the eligible projects. As a basis, Rabobank requires that loans comply with national and international environmental and social standards, laws and regulations. Clients have to adhere to all requirements described under the Rabobank Sustainability Framework and clients are assessed on their sustainability performance on the basis of the Sustainability Matrix. Specific criteria included in the Sustainability Matrix for healthcare and care facilities include:

- How sustainable is the real estate strategy (e.g. preparation for future regulations)
- Are human resource policies sustainable, e.g. is attention paid to absenteeism, staff turnover and training
- Is attention paid to sustainability in the purchase of material and healthy food for

- employees and clients
- Is the organisation affiliated with initiatives and certifications such as the 'Green Deal Duurzame Zorg'⁵, the 'Milieuthermometer Zorg'⁶ or ISO 26000

Project Selection

Rabobank's local banks are responsible for providing loans to clients and conducting sustainability assessments. The dedicated (health)care sector management team collects data on loans provided and makes, in collaboration with the sustainability department, annual recommendations to the treasury department on the basis of which eligible projects are included in the portfolio of eligible projects.

Covid-19 Crisis Support for SMEs

Project Evaluation

In its project evaluation process, Rabobank aims to eliminate and mitigate any significant harm related to the nature of the eligible projects. As a basis, Rabobank requires that loans comply with national and international environmental and social standards, laws and regulations. Besides, clients have to adhere to all requirements described under the Rabobank Sustainability Framework and clients are assessed on their sustainability performance on the basis of the Sustainability Matrix. Criteria included in the Sustainability Matrix for SME clients include:

- Circular economy focus included in the business model
- Generation or purchase of renewable energy
- Energy label SME real estate

Project Selection

Rabobank's local banks are responsible for providing loans to clients who face difficulties due to the Covid-19 crisis, and for conducting sustainability assessments. The loans are earmarked as 'Covid-19 support loans' and 'loans with an extended redemption period' in Rabobank's internal data systems. Rabobank's sustainability department makes recommendations to treasury on an annual basis on the eligible projects to be included in the eligible portfolio.

Opinion: ISS ESG considers the Process for Project Evaluation and Selection description provided by Rabobank's Sustainable Funding Framework as complete and aligned with the GBPs, the SBPs and the GLPs. Additionally, the issuer refers to the EU Taxonomy Do No Significant Harm and social safeguards criteria reflecting best market practices.

3. Management of Proceeds

Proceeds from sustainable financial instruments will be managed by Rabobank on the basis of a portfolio approach. As long as sustainable funding is outstanding, the proceeds will be balanced by a matching amount of loans to eligible projects on a portfolio basis. Rabobank maintains a healthy

4.Green Deal Duurzame Zorg (translated from Dutch: 'Green Deal Sustainable Care') is a collaboration between the Dutch government, sector organizations, care providers and ambassadors for sustainable care in which agreements have been made on e.g. the reduction of CO2 emissions, circularity and the reduction of medicine residues in surface water and groundwater

5.Milieuthermometer Zorg (translated: 'Environmental Thermometer Care') is a Dutch certification scheme that translates the sustainability efforts of (health)care facilities into one of its scheme's three certification levels. The certification offers facility managers a tool for continuous improvement

buffer of assets over liabilities of at least 130%. This will ensure compliance even when loans are impacted unexpectedly or in case of maturity mismatches. Rabobank will hold and/or invest, at its own discretion, in its liquidity portfolio, the balance of net proceeds not yet allocated to eligible projects. Rabobank ensures that the systems and processes as specified above meet their requirements over the lifetime of the financial instruments.

Opinion: ISS ESG finds that Management of Proceeds proposed by Rabobank is well aligned with the GBPs, the SBPs and the GLPs. The proceeds are segregated as each issuance will concentrate on one selected use of proceed category, emphasizing Rabobank's commitment to transparency. Although the issuer has not defined the expected allocation period, Rabobank has set 130% buffer assets over liabilities, ensuring that the eligible project portfolio is always higher than the number of projects financed and thereby reflecting a robust practice to ensure full allocation of proceeds.

4. Reporting

Rabobank will update investors twice a year on the total value of sustainable financial instruments outstanding and the percentage of these instruments allocated to sustainable projects. These updates will be published on Rabobank's website. Additionally, a Sustainable Funding Report will be published annually with specific information on eligible projects on portfolio level per Sub-Framework. This report will include information on a best-efforts basis in line with the allocation and impact reporting further specified in the Sub-Frameworks. Reporting on a transaction will occur until full allocation of the proceeds. The Sustainable Funding Report will be audited by an external auditor and be published on Rabobank's website⁷.

Renewable energy:

Allocation reporting can include on a best-efforts basis:

- Percentage allocated
- Percentage new finance vs. refinance
- Percentage opex vs. capex⁸
- Number of loans to wind energy and number of loans to solar energy
- Alignment with specific Sustainable Finance Guidelines
- List of projects as client confidentiality allows this with information on:
 - Financial closing date
 - Equator Principles category per project
 - Project development stage per project
 - Geographical location on country level

Impact reporting can include on a best-efforts basis:

- Estimated installed capacity in gigawatt (GW)
- Indicative volume of carbon emissions avoided
- Standard Equator Principles reporting
- Case studies

⁷ Sustainable Funding Report to be consulted on the following webpage:

<https://www.rabobank.com/en/investors/funding/greenandsustainabilitybond/index.html>

⁸ Rabobank can already confirm upfront that all loans eligible under the renewable energy category are capex projects

Green Buildings:

Allocation reporting includes on a best-efforts basis:

- Percentage allocated
- Percentage new finance vs. refinance
- Percentage opex vs. capex⁹
- Number of mortgages financed
- Alignment with specific Sustainable Finance Guidelines

Impact reporting includes on a best-efforts basis:

- CO₂ emissions avoided compared to average energy labels in the Netherlands
- CO₂ emissions avoided compared to theoretical original built quality of buildings
- Case studies

Healthcare and Care Facilities:

Allocation reporting can include on a best-efforts basis:

- Percentage allocated
- Percentage new finance vs. refinance
- Number of loans to healthcare and care facilities
- Alignment with specific Sustainable Finance Guidelines

Impact reporting can include on a best-efforts basis:

- Estimated number of people who received care services
- Distribution of real estate energy labels of (health)care facilities
- Percentage of (health)care facilities using renewable energy
- Percentage of (health)care facilities involved in circular economy solutions
- Percentage of (health)care facilities that have a monitored energy management and carbon emission reduction plan, and report on these
- Percentage of (health)care facilities that have a sustainable purchase and waste plan
- Average absenteeism under employees
- Percentage of (health)care facilities that have a vitality plan for employees
- Percentage of (health)care facilities that is affiliated with initiatives and certifications such as the 'Green Deal Duurzame Zorg', the 'Milieuthermometer Zorg' or ISO 26000
- Case studies

Covid-19 Crisis Support for SMEs:

Allocation reporting can include on a best-efforts basis:

- Percentage allocated
- Percentage new finance vs. refinance
- Percentage of Covid-19 support loans vs. loans with an extended redemption period
- Number of clients supported with crisis support
- Alignment with specific Sustainable Finance Guidelines

Impact reporting can include on a best-efforts basis:

⁹ Rabobank can already confirm upfront that all loans eligible under the green real estate category are capex projects

- Employee evolution
- Revenue evolution
- Distribution of real estate energy labels of SMEs
- Percentage of SMEs using renewable energy
- Percentage of SMEs that with specific external sustainability certifications

Opinion: *ISS ESG finds that the reporting proposed by Rabobank is in line with industry best practices. Rabobank has established a clear allocation inclusion and set impact metrics and commits to have the reporting reviewed by an external auditor, reflecting best market practices.*

External review

Rabobank's Sustainable Funding Framework has been reviewed by ISS ESG, who has issued a Second Party Opinion. The Second Party Opinion will be made publicly available on Rabobank's website¹⁰.

¹⁰ Second Party Opinion to be consulted on the following webpage:

<https://www.rabobank.com/en/investors/funding/greenandsustainabilitybond/index.html>

PART II: ASSESSMENT OF COOPERATIVE RABOBANK'S ESG PERFORMANCE

The ISS ESG Corporate Rating provides a rating and then designates a company as 'Prime¹¹' or 'Not Prime' based on its performance relative to the industry sector. It is also assigned a Decile Rank, indicating this relative industry group performance, with 1 indicating a high relative ESG performance, and 10 a low relative ESG performance.

COMPANY	STATUS	Rating	DECILE RANK
COÖPERATIVE RABOBANK U.A.	PRIME	C+	1

This means that the company performed well in terms of sustainability, both compared against others in the industry and in terms of the industry-specific requirements defined by ISS ESG.

As of 09.09.2020, this rating places Rabobank 2nd out of 284 companies rated by ISS ESG in the Financials/ Commercial Banks & Capital Markets sector.

Key Challenges facing companies in term of sustainability management in this sector are:

- Sustainability impacts of lending and other financial services/products
- Customer and product responsibility
- Sustainable investment criteria
- Labour standards and working conditions
- Business ethics

In four of the key issues, Rabobank rates above the average for the sector. A very significant outperformance was achieved in "Sustainability impacts of lending and other financial services/products" and "Customer and product responsibility". The company lags the industry's average performance in "Business ethics".

The company has a significant controversy level due to a failure to prevent money laundering in Mexico and the United States in its Californian unit during the period 2009-2012. In 2018, US investigators closed the investigation on this case. However, in comparison to the sector, Rabobank's controversy level is comparatively low.

Details on the rating of the issuer can be found in Annex 1.

¹¹ Prime is only awarded to the top sector performers, often less than 10% of companies within the respective sector.

DISCLAIMER

1. Validity of the SPO: For Rabobank's potential Green and Social Financial Instruments issuances occurring between 09/2020 and 09/2021.
2. ISS ESG uses a scientifically based rating concept to analyse and evaluate the environmental and social performance of companies and countries. In doing so, we adhere to the highest quality standards which are customary in responsibility research worldwide. In addition, we create a Second Party Opinion (SPO) on bonds based on data from the issuer.
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4. All statements of opinion and value judgements given by us do not in any way constitute purchase or investment recommendations. In particular, the SPO is no assessment of the economic profitability and credit worthiness of a bond but refers exclusively to the social and environmental criteria mentioned above.
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ANNEX 1: ISS ESG Corporate Rating

The following pages contain extracts from Coöperatieve Rabobank U.A. 2020 ISS ESG Corporate Rating.

Coöperatieve Rabobank U.A.

Corporate ESG Performance
Prime
 RATED BY
ISS ESG

Company Information

Country
Netherlands

ISIN
XS0530302628

Industry
Financials/Commercial Banks & Capital Markets

Key Results

Rating
C+

Decile Rank
1

Transparency Level
Very High

Performance score
58.88

Status
Prime

Prime Threshold
C

Absolute Rating



The assessment of a company's sustainability performance is based on approximately 100 criteria, selected specifically for each industry. A company's failure to disclose, or lack of transparency, regarding these matters will impact a company's rating negatively.

Transparency Level



Decile Rank



Industry Leaders

Company name (in alphabetical order)	Country	Grade
BNP Paribas S.A.	FR	C+
Coöperatieve Rabobank U.A.	NL	C+
NIBC Holding N.V.	NL	C+

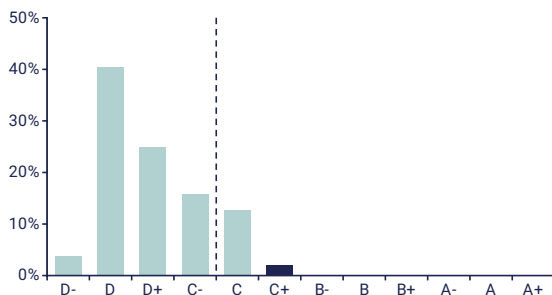
Legend: ■ Industry ■ Company --- Prime

Key Issue Performance

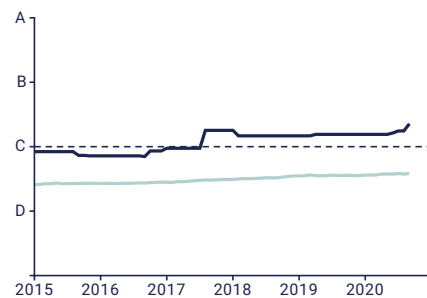


Distribution of Ratings

284 companies in the industry



Rating History



Coöperatieve Rabobank U.A.

Analyst Opinion

Sustainability Opportunities

Rabobank's business activities are managed through five business segments: domestic retail banking, wholesale banking and international retail banking, asset management and investment, leasing, and real estate. The company offers social financial services such as lending with a focus on social infrastructure, provides a basic banking account for vulnerable clients (e.g. asylum seekers and homeless people) and single inclusive financial services e.g. for the elderly. Moreover, Rabobank also offers products with environmental benefits such as financing of sustainable buildings, green bond underwriting, and renewable energy finance with a focus on solar and wind energy. Likewise, in the asset management segment, Rabobank provides socially responsible investment products for private and institutional customers. Although Rabobank offers several financial services with a high social and environmental benefit, these do not yet represent a major business for the company.

Sustainability Risks

In the financial sector, the main sustainability challenges are in the lending and investment banking, and asset management businesses. Regarding its lending business, Rabobank has a comprehensive sustainability policy framework in place covering all transactions executed by the company. The framework contains core policies about environment, human rights, labour standards and anti-corruption as well as theme policies on topics such as biodiversity, and animal welfare. Furthermore, it also includes sector specific lending guidelines covering industries with increased sustainability requirements such as armaments, biofuels, fishery and forestry among others. This approach is complemented by a list of restricted activities and the adoption of the Equator Principles addressing environmental and social issues in project finance activities. Compliance with these policies is ensured through regular reviews and monitoring as well as risk and impact assessments and action plans. In case of non-compliance, the company is committed to disengage. When it comes to asset management, the company has defined a basic integration approach and excludes some controversial sectors, such as weapons, from investments. However, a comprehensive approach in this respect is not visible. In the field of customer and product responsibility, Rabobank is committed to responsible marketing and responsible sales practices. According to the company, it refrains from paying commissions and sales targets, while performance targets consist partly of non-financial objectives. Moreover, Rabobank offers solutions for clients facing financial difficulties. Staff-related issues are managed well through the offering of some work-life balance options and the implementation of measures regarding mental health. There are also major redundancies in the recent years. Rabobank maintains its own Collective Labour Agreement (CLA). In order to ensure that the workforce reduction proceeds as scrupulously as possible, the bank signed a social plan with the trade unions. The company has established a group-wide code of conduct covering some important issues, such as corruption, conflicts of interest, and money laundering at least in general terms. Compliance training, anonymous and confidential reporting channels as well as a statement on non-retaliation against whistleblowers are provided. Compliance risk assessment, and audits are not sufficiently addressed. In 2018, Rabobank was fined USD 360 million for allowing and covering up the laundering of drug-related funds through a branch in California, USA.

Governance Opinion

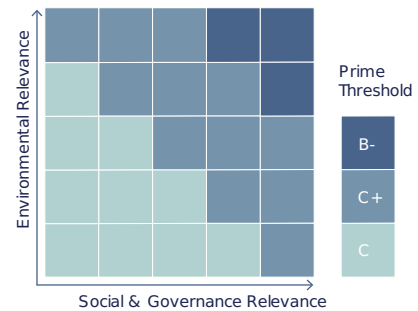
Rabobank is a cooperative bank whose clients can become members of their local Rabobank. In turn, all local banks are a member and shareholder of the umbrella company, Rabobank Nederland. The company's governance structure is designed to ensure the separation of managerial and supervisory functions, with a board consisting exclusively of independent members, including the board chair (Mr. Ron Teerlink as at May 1, 2020). In addition, independent board committees in charge of audit, remuneration and nomination have been set up. The company discloses its remuneration policy for executives on an individual basis. There are no variable compensation or long-term incentive payments for executives. Regarding the sustainability governance of the company, a climate committee is present but it is mainly handled by the executive management. ESG targets are not integrated in executive compensation schemes since there are no variable components. The company has established a group-wide code of conduct covering some important issues, such as corruption, conflicts of interest, and money laundering at least in general terms. Compliance training, anonymous and confidential reporting channels as well as a statement on non-retaliation against whistleblowers are provided. Compliance risk assessment, and audits are not sufficiently addressed. In 2018, Rabobank was fined USD 360 million for allowing and covering up the laundering of drug-related funds through a branch in California, USA.

Coöperatieve Rabobank U.A.

Methodology - Overview

Industry Classification - The social and environmental impacts of industries differ. Therefore, based on its relevance, each industry analyzed is classified in a Sustainability Matrix.

Depending on this classification, the two dimensions of the ESG Corporate Rating, the Social Rating and the Environmental Rating, are weighted and the sector-specific minimum requirements for the ISS ESG Prime Status (Prime threshold) are defined (absolute best-in-class approach).



Industry Leaders - List (in alphabetical order) of the top three companies in an industry from the ESG Corporate Rating universe at the time of generation of this report.

Key Issue Performance - Overview of the company's performance with regard to the key social and environmental issues in the industry, compared to the industry average.

Performance Score - The ESG Performance Score allows for cross-industry comparisons using a standardized best-in-class threshold that is valid across all industries. It is the numerical representation of the alphabetic ratings (D- to A+) on a scale of 0 to 100 with 50 representing the prime threshold. All companies with values greater than 50 are Prime, while companies with values less than 50 are Not Prime. As a result, intervals are of varying size depending on the original industry-specific prime thresholds.

Rating History - Development of the company's rating over time and comparison to the average rating in the industry.

Rating Scale - Companies are rated on a twelve-point scale from A+ to D-:

A+: the company shows excellent performance.

D-: the company shows poor performance (or fails to demonstrate any commitment to appropriately address the topic).

Overview of the range of scores achieved in the industry (light blue) and indication of the grade of the company evaluated in this report (dark blue).

Distribution of Ratings - Overview of the distribution of the ratings of all companies from the respective industry that are included in the ESG Corporate Rating universe (company portrayed in this report: dark blue).

Sources of Information - A selection of sources used for this report is illustrated in the annex.

Status & Prime Threshold - Companies are categorized as Prime if they achieve/exceed the sustainability performance requirements (Prime threshold) defined by ISS ESG for a specific industry (absolute best-in-class approach) in the ESG Corporate Rating. Prime companies are sustainability leaders in their industry and are better positioned to cope with material ESG challenges and risks, as well as to seize opportunities, than their Not Prime peers. The financial materiality of the Prime Status has been confirmed by performance studies, showing a continuous outperformance of the Prime portfolio when compared to conventional indices over more than 14 years.

Transparency Level - The Transparency Level indicates the company's materiality-adjusted disclosure level regarding the environmental and social performance indicators defined in the ESG Corporate Rating. It takes into consideration whether the company has disclosed relevant information regarding a specific indicator, either in its public ESG disclosures or as part of the rating feedback process, as well as the indicator's materiality reflected in its absolute weight in the rating. The calculated percentage is classified in five transparency levels following the scale below.

0% - < 20%: very low

20% - < 40%: low

40% - < 60%: medium

60% - < 80%: high

80% - 100%: very high

For example, if a company discloses information for indicators with a cumulated absolute weight in the rating of 23 percent, then its Transparency Level is "low". A company's failure to disclose, or lack of transparency, will impact a company's ESG performance rating negatively.

Coöperatieve Rabobank U.A.

Methodology - Overview

The ESG Corporate Rating methodology was originally developed by Institutional Shareholder Services Germany (formerly oekom research) and has been consistently updated for more than 25 years.

ESG Corporate Rating - The ESG Corporate Rating universe, which is currently expanding from more than 8,000 corporate issuers to a targeted 10,000 issuers in 2020, covers important national and international indices as well as additional companies from sectors with direct links to sustainability and the most important bond issuers that are not publicly listed companies.

The assessment of a company's social & governance and environmental performance is based on approximately 100 environmental, social and governance indicators per sector, selected from a pool of 800+ proprietary indicators. All indicators are evaluated independently based on clearly defined performance expectations and the results are aggregated, taking into account each indicator's and each topic's materiality-oriented weight, to yield an overall score (rating). If no relevant or up-to-date company information with regard to a certain indicator is available, and no assumptions can be made based on predefined standards and expertise, e.g. known and already classified country standards, the indicator is assessed with a D-

In order to obtain a comprehensive and balanced picture of each company, our analysts assess relevant information reported or directly provided by the company as well as information from reputable independent sources. In addition, our analysts actively seek a dialogue with the assessed companies during the rating process and companies are regularly given the opportunity to comment on the results and provide additional information.

Analyst Opinion - Qualitative summary and explanation of the central rating results in three dimensions:

- (1) Opportunities - assessment of the quality and the current and future share of sales of a company's products and services, which positively or negatively contribute to the management of principal sustainability challenges.
- (2) Risks - summary assessment of how proactively and successfully the company addresses specific sustainability challenges found in its business activity and value chain, thus reducing its individual risks, in particular regarding its sector's key issues.
- (3) Governance - overview of the company's governance structures and measures as well as of the quality and efficacy of policies regarding its ethical business conduct.

Controversial Business Practices - The assessment of companies' sustainability performance in the ESG Corporate Rating is informed by a systematic and comprehensive evaluation of companies' ability to prevent and mitigate ESG controversies. ISS ESG conducts research and analysis on corporate involvement in verified or alleged failures to respect recognized standards for responsible business conduct through Norm-Based Research.

Norm-Based Research is based on authoritative standards for responsible business conduct such as the UN Global Compact, the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles for Business and Human Rights and the Sustainable Development Goals.

As a stress-test of corporate disclosure, Norm-Based Research assesses the following:

- Companies' ability to address grievances and remediate negative impacts
- Degree of verification of allegations and claims
- Severity of impact on people and the environment, and systematic or systemic nature of malpractices

Severity of impact is categorized as Potential, Moderate, Severe, Very severe. This informs the ESG Corporate Rating.

Decile Rank - The Decile Rank indicates in which decile (tenth part of total) the individual Corporate Rating ranks within its industry from 1 (best – company's rating is in the first decile within its industry) to 10 (lowest – company's rating is in the tenth decile within its industry). The Decile Rank is determined based on the underlying numerical score of the rating. If the total number of companies within an industry cannot be evenly divided by ten, the surplus company ratings are distributed from the top (1 decile) to the bottom. If there are Corporate Ratings with identical absolute scores that span a division in decile ranks, all ratings with an equal decile score are classified in the higher decile, resulting in a smaller number of Corporate Ratings in the decile below.

ANNEX 2: Methodology

Assessment of the contribution and association to the SDG

The 17 Sustainable Development Goals (SDGs) were endorsed in September 2015 by the United Nations and provide a benchmark for key opportunities and challenges toward a more sustainable future. Using a proprietary method, ISS ESG identifies the extent to which Coöperatieve Rabobank U.A.'s Green or Social Bond contributes to related SDGs and has a positive association with their respective sub-targets.

ANNEX 3: Quality management processes

SCOPE

Coöperatieve Rabobank U.A. commissioned ISS ESG to compile a Framework SPO. The Second Party Opinion process includes verifying whether the Sustainable Funding Framework aligns with the ICMA GBPs, SBPs and the LMA GLPs, as well as the issuer's sustainability strategy.

CRITERIA

Relevant Standards for this Second Party Opinion

- ICMA GBPs and SBPs, and LMA GLPs

ISSUER'S RESPONSIBILITY

Coöperatieve Rabobank U.A.'s responsibility was to provide information and documentation on:

- Framework
- Documentation of ESG risks management at the asset level

ISS ESG'S VERIFICATION PROCESS

ISS ESG is one of the world's leading independent environmental, social and governance (ESG) research, analysis and rating houses. The company has been actively involved in the sustainable capital markets for over 25 years. Since 2014, ISS ESG has built up a reputation as a highly-reputed thought leader in the green and social bond market and has become one of the first CBI approved verifiers.

ISS ESG has conducted this independent Second Party Opinion of the Sustainable Funding Framework to be issued by Coöperatieve Rabobank U.A. based on ISS ESG methodology and in line with the ICMA GBPs and SBPs, and the LMA GLPs.

The engagement with Coöperatieve Rabobank U.A. took place in September 2020.

ISS ESG'S BUSINESS PRACTICES

ISS has conducted this verification in strict compliance with the ISS Code of Ethics, which lays out detailed requirements in integrity, transparency, professional competence and due care, professional behaviour and objectivity for the ISS business and team members. It is designed to ensure that the verification is conducted independently and without any conflicts of interest with other parts of the ISS Group.

About ISS ESG SPO

ISS ESG is one of the world's leading rating agencies in the field of sustainable investment. The agency analyses companies and countries regarding their environmental and social performance.

As part of our Sustainable (Green & Social) Bond Services, we provide support for companies and institutions issuing sustainable bonds, advise them on the selection of categories of projects to be financed and help them to define ambitious criteria.

We assess alignment with external principles (e.g. the ICMA Green / Social Bond Principles), analyse the sustainability quality of the assets and review the sustainability performance of the issuer themselves. Following these three steps, we draw up an independent SPO so that investors are as well informed as possible about the quality of the bond / loan from a sustainability perspective.

Learn more: <https://www.isscorporatesolutions.com/solutions/esg-solutions/green-bond-services/>

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