



Sustainability Report

Rabobank New Zealand
2023

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*Our
approach to
sustainability*

Letter from the Chair and Chief Executive Officer

Rabobank was founded in the 1890s in the Netherlands by Dutch farmers who set up a cooperative of banks to support each other in business and ensure that rural communities were treated fairly when it came to getting the finances they needed.

That cooperative ethos – everyone being better off by working together – remains in Rabobank’s DNA today and is reflected in the approach we take to sustainability in New Zealand.

We collaborate with our clients where we can help to align their commercial goals with environmental practices, facilitating a transition to more sustainable and economically viable production systems. With our own operational improvements only moving the emissions reduction needle so far, our sustainability efforts are focused on supporting our clients to reduce their own emissions to collectively help meet New Zealand’s climate change commitments.

We believe that what’s good for the planet is also good for our clients’ businesses.

In today’s world, that means helping New Zealand’s farmers and growers to balance the priorities of providing food security to a growing world with reducing the impact agriculture has on the environment.

The transition pathway for New Zealand food and agriculture will ultimately be driven by market access considerations given agriculture’s dependence on regional and global trade.

Transitioning to a sustainable future can support market access and can lead to improved efficiencies, reduced input costs and better profitability. Where appropriate, it can also help the growth ambitions of our clients within the context of increasingly stringent regulatory standards.

The transition is also essential to us collectively managing the risks that we all share. Food and agriculture businesses are arguably more exposed to the impacts of climate change than those in any other industry.

Cyclone Gabrielle reminded us all of the long-term damage that extreme weather events can have on people, crops, livestock, infrastructure and property – which, for a lot of our clients, is also the family home. The less visible consequences of these events include impacts on insurability and premiums, property values and access to capital.

It is in all of our interests to do our bit to minimise the impacts of climate change.

This year, we have embarked on a new strategic priority of ‘Leading on Sustainability’, which is one of the key ways we plan to make progress towards our mission to *Grow a better New Zealand together*. Leading on sustainability encompasses what we do as a food and agribusiness bank and what we are doing specifically to help our clients transition to more sustainable business practices.

We are accredited with the environmental and economic sustainability organisation Toitū, participating in its carbonreduce programme, which requires us to set Science Based Targets initiative (SBTi)-aligned emissions reduction targets.

Globally, we have signed up to the Net-Zero Banking Alliance, which is a commitment to support the transition towards a net-zero economy by 2050, setting emissions reduction targets that help limit global warming to 1.5°C.

We are a founding shareholder of AgriZero^{NZ} – a joint venture between government and agribusinesses that seeks to support farmers and growers in reducing their greenhouse gas emissions by investing in research and development. The aim of AgriZero^{NZ} is to take pressure off New Zealand farmers and growers by providing them with access to affordable and effective tools and technology to cut their emissions while they concentrate on farm efficiency, production and profitability.

Education is one of the key enablers of the transition. Rabobank hosts workshops and training sessions for our clients to help build understanding on topics such as carbon, greenhouse gases and freshwater.

We also advocate on behalf of our clients’ sectors with government in an effort to inform policy discussions and ensure that the regulations and requirements put on the sector are backed by science and on a timeline that is fair and achievable for food and agriculture producers.

You will find more details about our work in this report, and we trust that you find it interesting. Further information and data can be found in our Climate Statements, which include discussion on the key risks, opportunities and potential scenarios that would challenge our sector. These will increasingly inform the future direction of the bank as we strive to achieve our sustainability commitments and do the right thing by our clients and communities.

There’s a saying used by many: “The pace of change has never been this fast, yet it will never be this slow again.” We know that’s a daunting prospect for a lot of farmers and growers, but we are up for the challenge and 100% focused on our agriculture future.



Christopher Black
Rabobank New Zealand
Chair



Todd Charteris
Rabobank New Zealand
Chief Executive Officer

About Rabobank New Zealand

Rabobank New Zealand is New Zealand's only specialist food and agribusiness bank, headquartered in Hamilton.

Rabobank was originally founded in the 1890s in the Netherlands and was established by farmers as a small cooperative of banks to serve local rural communities. Rabobank Group has now expanded to over 36 countries and has become one of the world's leading financial institutions. Within this international network, Rabobank New Zealand is a key contributor, together with Rabobank Australia, representing over 20% of Rabobank's international loan portfolio regionally.

Today, Rabobank New Zealand is one of New Zealand's largest rural lenders, being a significant provider of financial products and services to the food and agribusiness sector.

Rabobank New Zealand at a glance

As at December 31, 2023



of local profits to date retained in New Zealand



Head office: Hamilton



523 employees



Total food and agribusiness lending: \$16.6 billion



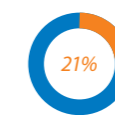
rural lending clients, 31 wholesale



27 offices from Whangārei to Invercargill



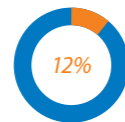
Rabobank Online savings customers: Approximately 53,000



Market share: 21.4% of rural lending



Sustainability at a glance



Developed our first plan outlining a 12% reduction in emissions intensity in dairy by 2030.



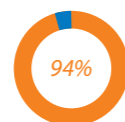
Our employees collectively received 3,983 hours of sustainability training.



Strengthened our Sustainability team with the addition of a Chief Sustainability Officer and a senior advisor focused on climate-related and ESG risk.



Hosted 16 carbon workshops and five greenhouse gas and freshwater workshops to clients nationwide.



Assessed non-financial performance, including sustainability performance, for 94% of clients with lending limits above \$1 million.



Became a founding shareholder in AgriZero^{NZ} in 2023, a joint venture between government and six agribusinesses.



Contributed \$800,000 to 35 rural community projects through the Rabo Community Fund.



Employees collectively volunteered 2,865 hours in their communities.



Continued our partnership with food rescue organisation KiwiHarvest, which has now rescued 27.5 million meals.



Increased employee engagement score to 89% as of December 2023 compared to 86.3% a year earlier.



Developed a new menopause standard and menopause toolkit and offered training to all employees.



Achieved an 11.6% decrease in fleet emissions from the 2019 base year.



Achieved a 95.3% reduction in electricity emissions from the 2019 base year.

Our business strategy and Sustainability Plan

Sustainability is a part of our business

Rabobank Group's Sustainability Plan has helped to shape our business strategy in New Zealand. As part of this business strategy under the priority of 'Leading on Sustainability', we've developed a local 10-point Sustainability Plan, which takes cues from Rabobank's global sustainability efforts and focuses on how we can positively affect our planet, clients, industry, community, employees and business locally.



As part of the Rabobank Group, we contribute to our collective ambition to Grow a better world together. As a Group, we aim to do this against three key aspirations.

1. Act on climate – on or below 1.5 degrees Celsius pathways
2. Value Nature – return to planetary boundaries*
3. Enable people – a more inclusive society for customers and clients, communities and workforce

* A concept that identifies a set of critical environmental limits beyond which human activities could disrupt the stability and functioning of the Earth's systems.

Rabobank Group's Sustainability Plan

Growing a better world together

Our Aspiration

Act on climate

On or below 1.5°C pathways

Value Nature

Return to planetary boundaries

Enable people

Social inclusiveness for customers, communities and workforce

Our Levers

Customer

Help customers transition to a sustainable future

System

Help move the system in a sustainable direction

Portfolio

Grow a sustainable portfolio

Our Focus

Food system transition

Facilitate food system transition towards a future-proof system based on responsible consumption of food

Energy transition

Facilitate the energy transition towards a future-proof system based on responsible energy production, distribution and consumption

We also have three key levers that will help us to achieve our aspirations.

1

Customer

Help customers transition to a sustainable future

We do this by providing our clients with knowledge and insights into how specific activities can support their continued transition and providing finance so that clients can look at new innovations that will accelerate their efforts to a more sustainable future.

2

System

Help move the system in a sustainable direction

The transition to a more sustainable economy requires a whole-system change across the food and agriculture sectors from the government level right through to the consumer level. We support this by engaging with stakeholders at different levels in the economy and society.

3

Portfolio

Growing a sustainable portfolio

We will make informed choices to grow our portfolio and operate our own business to meet sustainability commitments.

Each year, alongside its Annual Report, Rabobank Group publishes a comprehensive Impact Report. It provides stakeholders with an update on how Rabobank globally endeavours to make a positive impact on the societies it operates in and how it aims to contribute to the food system and energy transitions. You can follow the QR code at the back of this report to read the 2023 Impact Report.

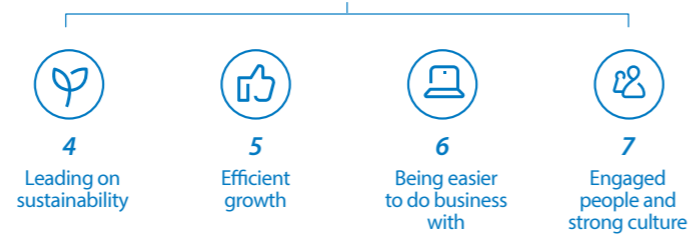


The Bank 2024–2028 strategic priorities

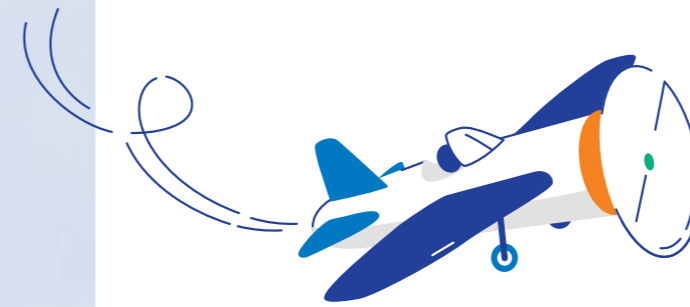
Supporting our clients and food and agribusiness through:



Enabled by:



'Leading on Sustainability' is part of the bank's overarching business plan and is a strategic priority that will enable the bank to achieve its mission and ambition to Grow a better New Zealand together.



Sustainability issues, which encompass climate, are of rising importance to the business and, more broadly, the stakeholders of the business, especially regarding the associated impacts, risks and opportunities. Across the Bank, we are working on climate risk management, which includes working towards meeting the commitments under New Zealand's Climate Change Response (Zero Carbon) Amendment Act 2019. It also includes working towards Rabobank's Road to Paris commitments being:

- net-zero CO2 by 2050 (with other GHGs aligned with pathways to net-zero by 2050)*.
- a 12% reduction in Emissions Intensity in New Zealand Dairy from the 2020 Base Year by 2030.

Ensuring the future prosperity of the bank's customers and their communities, protecting the environment and the bank's ongoing operations requires the bank to integrate climate-related and ESG considerations and responsibility throughout the business. The bank is committed to helping Rabobank to meet its global climate-related and ESG goals and its own in New Zealand.

The bank's aim is to ensure this commitment aligns with the need to assist the bank's clients to prepare for a future where both domestic and international markets, along with regulatory frameworks and legislative obligations, require farmers to produce (and demonstrate the production of) more sustainable food and fibre.

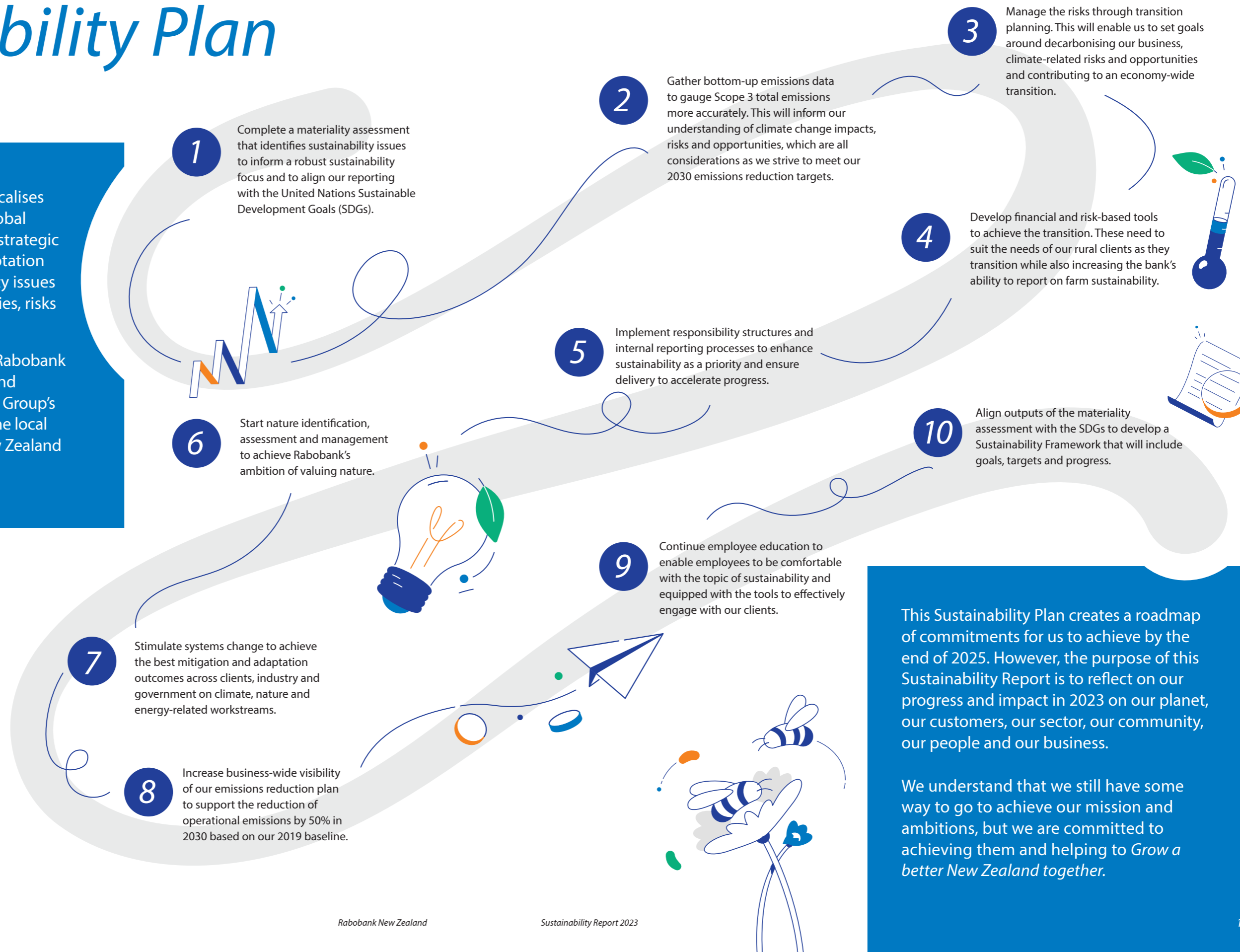
* Rabobank's goal is to support the transition towards a net-zero economy by 2050. Setting emissions reduction Targets including CO₂ emissions reaching net-zero at the latest by 2050 and a reduction of non-CO₂ emissions consistent with a maximum temperature rise of 1.5°C above pre-industrial levels by 2100.



Rabobank's New Zealand Sustainability Plan

Our 10-point Sustainability Plan localises actions from Rabobank Group's global Sustainability Plan and provides a strategic focus on both mitigation and adaptation in addition to broader sustainability issues such as nature-related dependencies, risks and opportunities.

The Sustainability Plan aligns with Rabobank Group's global Sustainability Plan and maps out local goals to achieve the Group's Road to Paris targets while fitting the local landscape of our operations in New Zealand to be able to lead on sustainability.



This Sustainability Plan creates a roadmap of commitments for us to achieve by the end of 2025. However, the purpose of this Sustainability Report is to reflect on our progress and impact in 2023 on our planet, our customers, our sector, our community, our people and our business.

We understand that we still have some way to go to achieve our mission and ambitions, but we are committed to achieving them and helping to *Grow a better New Zealand together.*

Our planet

Our ambition: Supporting a transition to a thriving and resilient future by reducing our own impact on the planet while working alongside our clients by supporting them as they profitably transition to a more sustainable future.

Over the past year, we have continued to see first-hand the effects of climate change on our planet. Recent climate extremes, from floods to droughts, underscore the urgency of working together to reduce the effects of climate change by reducing our emissions and supporting farmers and growers to profitably transition towards more sustainable production systems.

These increasing extreme weather events show that our food system is not future-proof and impose further challenges and financial burdens on producers. Farmers and growers will arguably be more affected than anyone else if we don't take collective action on climate change.

That is why we are working in New Zealand to help build a more resilient and profitable food and agriculture sector by lowering the bank's emissions and helping our clients to transition to a more sustainable future.

This transition requires multiple groups within the food and agriculture supply chain to stimulate systems change. To help manage the risks of climate change, our New Zealand targets and plans contribute to the reduction of emissions across the sector over time and are aligned with Rabobank Group's Road to Paris commitments and targets.

These emissions reduction targets are only one side of the story. We approach climate change by assessing and managing ESG impacts on the environment, our clients and our people as well as the impacts on our business's performance, position and development.

Through this approach, we aim to keep our activities aligned with the social, economic and environmental challenges along with the expectations of stakeholders and to support our clients in a way that makes both environmental and business sense.



Within Rabobank Group's Road to Paris Strategy, we have three key levers to support the food system.



Client level – help clients transition

We are training our employees to understand the needs of our clients and their sustainability performance and goals so we can help clients make profitable transitions to a more sustainable future. Our employees collectively received 3,983 hours of sustainability training across multiple workshops.

For each client, we are working to gather on-farm data to inform a climate and environment profile. We will do this by:

- collecting farm-level greenhouse gas figures
- continuing to develop the Rural Client Photo assessments and tooling
- entering data-sharing arrangements with key aggregators
- exploring geospatial mapping used in valuation practices to better identify physical climate risks as well as to track carbon sequestration activities.

This will enable us to provide the right products and services to help clients accelerate their efforts to transition through using innovation.



System level – stimulate system change

We believe that the greatest contribution we can make is to provide responsible finance and to help advocate, educate and stimulate responsible food production and consumption. We do this by working alongside government agencies, industry bodies and the entire value chain upstream and downstream from farm gate to market. We engage with other agri-related providers and value chain partners to strengthen networks and to help improve ESG and climate outcomes across the sector.



Portfolio level – optimise portfolio

As we work towards our own goals to reduce greenhouse gas emissions by 2030 and 2050, we'll also focus on tracking and influencing the financed emissions related to our lending portfolio and identify and assess the risks posed by climate change both in terms of physical impacts and the changes needed to adapt to a lower-emissions economy.

We use our Rural Client Photo – a tool that enables us to gather data on the ESG performance of our business clients within our portfolio. This tool informs our onboarding credit process within our lending portfolios to determine a client's suitability for onboarding. This tool is further described in the *Our customers* section.

We are proud to support our clients on their individual transitions to a profitable and more sustainable future.



Our planet

Case study



Putting soil health and environment at the forefront

Rabobank rural clients Adam and Laura Cullen operate a 220-hectare effective dairy farm in Kaipara, Northland. Their vision is to be profitable carbon-neutral food producers for the health of the environment and the community.

They are doing that by balancing the financial, environmental and societal aspects of their farming operation.

As the Cullens say, "We see the future of farming as optimising our inputs to produce the most nutritious food, thus lowering our emissions while improving the biodiversity of our environment."

The Cullens formed Cullands Limited in 2011 as a sharemilking operation, and in 2016, the company purchased the 256-hectare Ararua Hills Farm from Adam's parents' trust.

Around 30 hectares of Ararua Hills is being retired and planted to offset emissions produced by the dairy farm.



Our business gives us the opportunity to positively contribute to the environment, to our team, to our community and to our children's lives. The autonomy coupled with the weight of responsibility that comes from owning a business and property is a privilege.

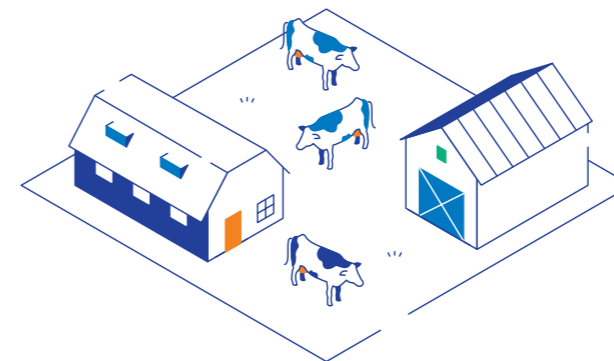
ADAM & LAURA CULLEN



"Our business gives us the opportunity to positively contribute to the environment, to our team, to our community and to our children's lives. The autonomy coupled with the weight of responsibility that comes from owning a business and property is a privilege."

Some of the Cullens' on-farm initiatives to date include:

- putting soil health at the forefront of everything they do
- planting 15 hectares of a range of cover crop species annually in preparation for direct drill maize to be established
- eliminating cultivation by using no-till maize planting
- using visual soil assessment to build a record of progress in soil management
- changing grazing protocols by allowing diverse sward and higher residuals to develop root depth.



Their environmental work programme extends to understanding and measuring their greenhouse gas emissions through to significantly reducing nitrogen fertiliser to improve water quality.

More broadly, the Cullens also look for wins 'outside the numbers' with their keen focus on employment, remuneration, health, safety and wellbeing for their employees and active contributions to local community projects.

They see the opportunity of leaning into New Zealand's climate commitment as a strength of their farming operation, with a vision of having a food-producing business that fits into the ecological environment of its landscape.

"As farmers, risk management is something we live and breathe. We see each identified risk as an opportunity to innovate and to do things better. The future of food is up to us food producers to evolve and to embrace the advancement of our business."

Our customers

Our ambition: Building on our commitment to the food and agriculture sector by empowering and appropriately backing clients to develop on-farm solutions that generate positive financial, social and environmental impact.

Farmers and producers across New Zealand face a unique balancing act of on-farm and off-farm challenges. They need to balance reducing agricultural sector emissions while producing food that contributes to national economic prosperity and the wellbeing of rural communities.

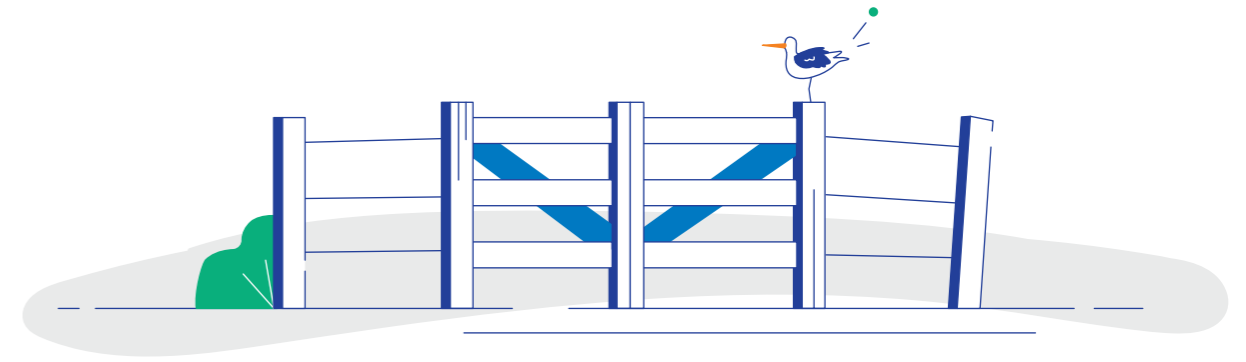
As the only specialist food and agriculture bank in New Zealand, Rabobank can play a role in providing the guidance to help clients navigate these challenges while they generate positive financial, social and environmental impacts.

We help to facilitate these outcomes by equipping our customers with appropriate knowledge and tools and providing suitable financing to implement on-farm changes.

Farmer-focused workshops

We provide various workshops such as our Financial Skills Workshops that aim to build farmers' financial literacy skills and advance their agricultural careers. The workshops have been running since 2021. By 2025, 2,000 primary producers will have completed our Financial Skills Workshops, helping them with financial skills, reading financial statements, key ratios and calculations, budgeting, business planning and variations.

We have also hosted 16 carbon workshops and five greenhouse gas and freshwater workshops across the country in 2023. These workshops aimed to equip our customers with information and tools to develop their own plans to manage the environmental impacts of their farm business into the future.



Rural Client Photo

The purpose of our Rural Client Photo is to improve client engagement and business development. It's used as a management tool to discuss climate-related resiliency and on-farm transitional plans among other things. It enables us to gather data on the ESG performance of our business clients and is a useful tool in helping us assess our clients' sustainability performance and onboarding suitability.

It currently allows us to:

- assess our clients' compliance with our sustainability policies
- better understand our clients' non-financial business performance and help them manage transition challenges and risks and identify future opportunities
- benchmark our clients' sustainability performance against historical results to better understand the path they are on to a more sustainable business.

By the end of 2023, 94% of clients with lending limits above \$1 million had been assessed via the Rural Client Photo, of which:

- 41% had a greenhouse gas emissions number
- 85% had a farm environment plan.

We recognise that there are inherent limitations of the Rural Client Photo due to evolving tool development, restricted access to sustainability data and methodologies and the necessity for professional judgement. Despite these constraints, the Rural Client Photo remains a valuable tool in aiding our evaluation of client sustainability.



Our customers

Case study



Rabobank's first rural client sustainability-linked loan in New Zealand and Australia

In 2023, Rabobank New Zealand was part of an agreement to provide a NZ\$65 million sustainability-linked loan facility for a portfolio partnership of diversified rural investment company Craigmore Sustainables.

Craigmore Sustainables is a Kiwi-owned and operated company that manages more than 26,000 hectares of dairy, grazing, forestry and horticultural properties throughout New Zealand. The company manages over \$1 billion of assets and employs more than 250 people directly.

This transaction marked the first rural sustainability-linked loan for Rabobank in New Zealand and Australia. It was also our first rural sustainable finance transaction globally fully aligned with Rabobank's newly adopted Sustainable Finance Framework, which will be used to finance or refinance a portfolio of eligible green assets.

The loan facility, provided through a club deal arrangement by Rabobank and ASB that pools capital from both banks together, was one of the largest of its kind for a New Zealand agribusiness company operating inside the farm gate.

The portfolio, named Craigmore Farming Partnership, operates dairy farms across New Zealand and receives financial incentives as it delivers on targets linked to its sustainability strategy. This includes greenhouse gases, people and leadership, animal welfare and biodiversity.

The sustainability-linked loan will help Craigmore deliver on its sustainability ambition. Specifically, a focus is supporting its teams to identify, test and adapt greenhouse gas reduction solutions to integrate into real-world farming and create a carbon-neutral dairy farm by 2035.

Commenting at the time of the loan announcement, Rabobank General Manager of Country Banking Bruce Weir said Rabobank works closely with clients in New Zealand and around the world to help them achieve their sustainability goals.



We have a strong relationship with Craigmore, whose commitment to meeting sustainability and environmental challenges very much aligns with Rabobank's global commitment in this space. This loan facility is just one example of that commitment. We congratulate Craigmore for taking the next step in accelerating its business sustainability goals.

**RABOBANK COUNTRY BANKING
GENERAL MANAGER BRUCE WEIR**



"We have a strong relationship with Craigmore, whose commitment to meeting sustainability and environmental challenges very much aligns with Rabobank's global commitment in this space. This loan facility is just one example of that commitment. We congratulate Craigmore for taking the next step in accelerating its business sustainability goals."

The Craigmore loan followed Rabobank acting as joint sustainability coordinator on Silver Fern Farms' NZ\$320 million sustainability-linked financing facility in 2022. The facility was one of the first of its type for New Zealand's red meat processing sector.

It sees Silver Fern Farms receive financial incentives as it delivers on sustainability targets linked to its Sustainability Action Plan.

Complexities associated with establishing a sustainability-linked loan in addition to ongoing compliance costs and relatively low margin discounts mean they are likely to be appropriate for wholesale clients and a small number of major agribusiness clients with our rural portfolio.



Our sector

Our ambition: Supporting the food and agriculture sector to profitably transition to a low-carbon and more sustainable future through advocacy, insight and capability building.

We have deep roots in the New Zealand food and agriculture sector and look to support initiatives that in turn support our mission and ambition of helping to *Grow a better New Zealand together*. We intend to create a long-lasting impact through our advocacy, insights and capability building, ultimately stimulating system change for our clients and the wider food and agriculture sector.

We work constructively alongside our clients, rural communities, the government and its agencies and the wider public. Outwardly, our role is to help represent the industry in a way that builds an understanding of what it looks like for our sector to transition towards low emissions and a more sustainable future. Within the sector, our role is to help guide and enable our sector to successfully transition.

Over the past year, we have undertaken a range of activities in this area.

1

2023 Primary Industries New Zealand Summit

For the second successive year, Rabobank New Zealand was the primary sponsor of the 2023 Primary Industries New Zealand Summit held in Wellington. The summit brought together over 400 delegates from the food and agriculture sector to plan for challenges and hear about opportunities for the future.

Rabobank New Zealand CEO Todd Charteris was a keynote speaker, releasing our 2023 white paper (see below) and hosting a panel event with BusinessNZ titled *From farm to export: how can New Zealand feed the world while achieving emissions efficiency and economic prosperity?* These activities all focused on the food and agriculture sector's pathway towards a sustainable future.

2

White paper: The great New Zealand balancing act

We developed our second white paper titled *The great New Zealand balancing act: Delivering sustainable emissions reductions, food security and economic prosperity*. The paper aimed to help our clients and leaders in the public and private sectors learn about negotiating the existing challenges and opportunities in reducing carbon emissions while increasing production and global food security. Please follow the QR code at the back of this report to read more.

3

AgriZero^{NZ} joint venture and government briefings

Rabobank New Zealand is one of the six founding shareholders in the AgriZero^{NZ} joint venture with the government. Its aim is to help farmers reduce emissions while maintaining production and profitability. Through targeted investments, AgriZero^{NZ} is focused on accelerating the development and deployment of affordable and effective emissions reduction tools for New Zealand farmers. On behalf of our clients, we also take an active and constructive interest in government policy development by engaging with politicians and key government officials on the challenges and opportunities faced by the food and agriculture sector.

4

Growing our Future podcast series

We have continued our *Growing our Future* podcast series, which had published 28 episodes and been downloaded over 12,000 times by the end of 2023. The podcast series aims to equip New Zealand's farmers and growers with the knowledge to support resilient agriculture systems for the future by using insights gathered from New Zealand and across the world.



Our sector

Case study



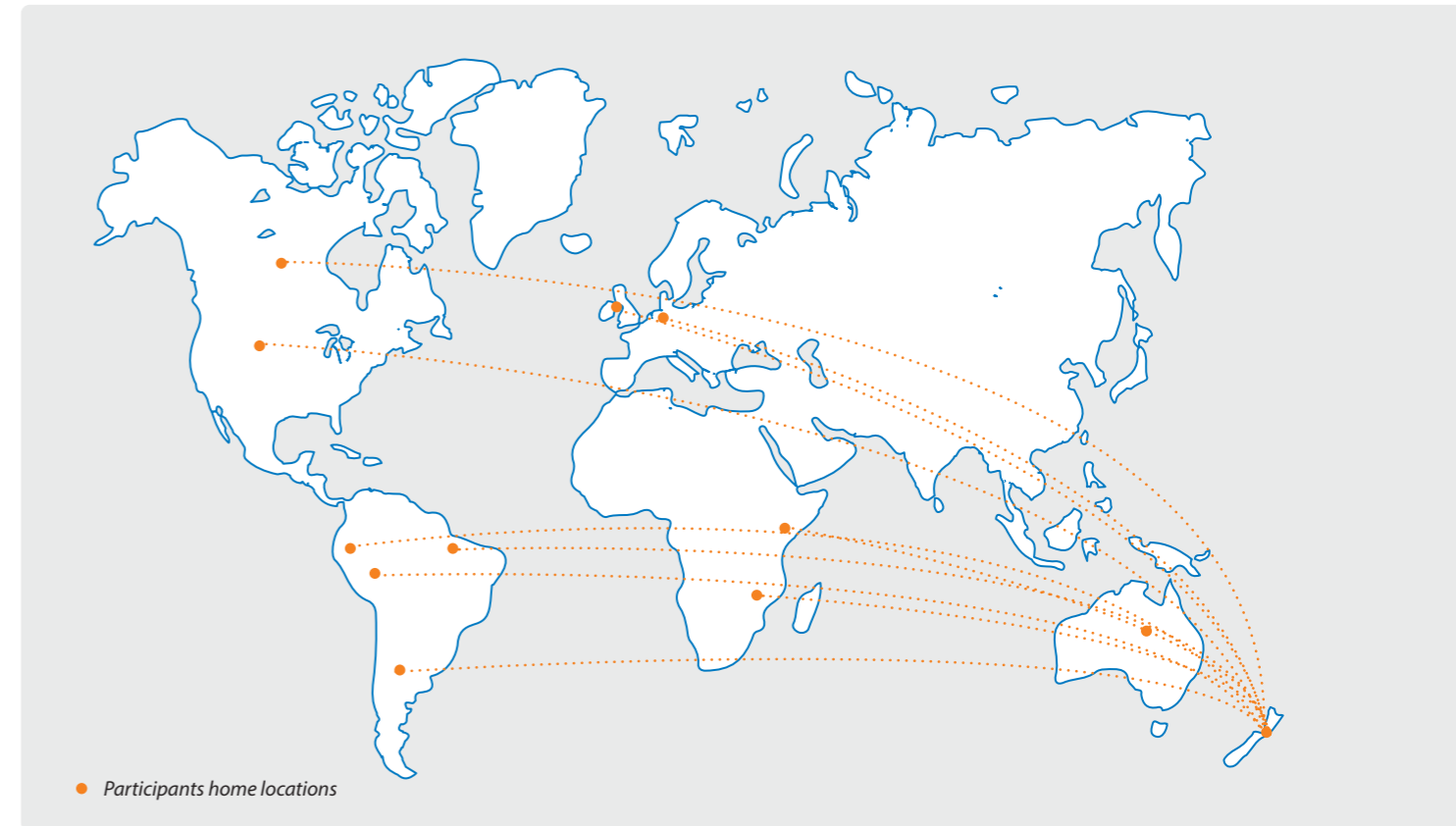
Bringing leading farmers from around the world to New Zealand

Reflecting our credentials as a food and agriculture market leader in New Zealand, in late 2023, Rabobank New Zealand hosted 25 leading farmers from 12 countries for the Rabobank Global Farmers Masterclass, where they learned about the range of opportunities and challenges facing food producers around the world.

The 10-day agri learning programme was established in 2012, bringing together leading farmers from around the world to address the challenge of global food security. It was the first time the programme had been held solely in New Zealand.

It featured presentations from top agricultural thinkers and business experts, interactive workshops and case studies as well as visits to a range of flagship agricultural businesses in both the North and South Islands.

The Global Farmers Masterclass provided an opportunity for Rabobank to host farmers from a wide range of backgrounds and specialities.



Farmers from Argentina, Australia, Brazil, Canada, Ecuador, Ireland, Kenya, the Netherlands, Peru, the United States and Zimbabwe joined five New Zealand-based farmers for the programme. They came from a wide range of agriculture sectors, including those familiar to New Zealand such as dairy, sheep and beef and some not so familiar such as floriculture and banana and cocoa production.

The farmers were selected based on criteria that targeted innovative, environmentally progressive and passionate decision makers willing to share ideas, learn from others and invest in a sustainable future for agriculture.

The Global Farmers Masterclass provided an opportunity for Rabobank to host farmers from a wide range of backgrounds and specialities while showcasing some of New Zealand's leading agricultural operations and best practices, including Livestock Improvement Corporation in Waikato, Canterbury-based mixed farming operation Quartz Hill Station and Forest Lodge cherry orchard in Central Otago.

It was also an opportunity for Rabobank to demonstrate its food and agribusiness sector leadership by providing an interactive and dynamic platform for sharing ideas and solutions to some of the world's challenges around producing more food for a growing world population and doing it in a way that's more sustainable.

Our community

Our ambition: : Strengthening New Zealand's rural communities by promoting kaitiakitanga (guardianship) and manaakitanga (care and respect).

Rabobank has been a supporter of New Zealand rural communities since our establishment in this country in the 1990s. Approximately 16% of New Zealand's population live in rural areas, and around 35% in total live in rural or semi-rural locations. Agriculture is the cornerstone of most populated areas in rural New Zealand, and we lend our support to a number of organisations that work hard to grow and strengthen our rural communities.

Guided by kaitiakitanga and manaakitanga, we hold to a mission and ambition of helping to *Grow a better New Zealand together*. We contribute to community ventures and sponsorships that support the potential of our rural communities.

Some key community highlights in 2023:

- The Rabo Community Fund contributed \$800,000 to 35 rural community projects.
- We provide each employee with a day's paid community leave each year. In 2023, more than 370 of our people dedicated a total of 2,865 hours to work on various projects in their communities.
- Through the Rabobank Good Deeds initiative, Beaconsfield School in South Canterbury won \$5,000 and a day's labour from local Rabobank staff for its project to revitalise a local wetland (Lake of Spode) by clearing overgrown foliage, planting native trees and opening the space for the community to enjoy.
- We hosted 40 primary producers from across New Zealand and Australia in July 2023 to help develop their farm management skills at the 2023 Rabobank Farm Managers Programme.



- Our Rabobank Client Council network promotes awareness of the issues and challenges most important to our farmers, producers, their rural communities and the wider industry. The Client Councils had a busy year, including:
 - supporting Growing Future Farmers, which is a structured 2-year educational course providing graduates with specialised agricultural industry training and development opportunities
 - continuing support of Surfing for Farmers, which encourages farmers to take a couple of hours each week to head to the surf to help better manage stress and improve wellbeing
 - providing the *Grow* board game and *George the Farmer* books to 45 schools.
- We launched a new principal partnership with national food education charity Garden to Table to help empower children from across New Zealand to grow, harvest, prepare and share great food. The module is now available in 300 schools – up from 250 last year. Garden to Table is further expanding the programme and developing a financial literacy module in schools.
- Our partnership with food rescue charity KiwiHarvest has entered its fourth year. With our support KiwiHarvest has now rescued the equivalent of 27.5 million meals, and together we have highlighted issues surrounding food waste by publishing the third Rabobank-KiwiHarvest food waste report in September 2023. This report found that Kiwis are wasting less of their food than they were in 2022 but that food waste continued to be a major problem for New Zealand with the estimated value of wasted food continuing to rise.



Our community

Case study



Teaming up with Garden to Table to improve kids' skills in the garden and kitchen

We believe it's important that young Kiwis know where their food comes from and how to make the most of fresh produce in the kitchen.

In 2023, Rabobank announced a new principal partnership with national food education charity Garden to Table to empower kids across New Zealand to grow, harvest, prepare and share great food.

The partnership builds on the two organisations' shared values around sustainable food production, health and wellbeing, agri education and growing stronger communities.

Established in 2008, Garden to Table is a charitable trust that supports primary and intermediate schools and kura to take learning out of the classroom and into the garden and kitchen.

The sessions are 90 minutes long – the first half in the garden and the second half in the kitchen. They conclude with classes coming together for a shared meal.



By the end of 2023, more than 32,400 children and over 300 New Zealand schools were taking part in the Garden to Table programme, preparing over 1 million fresh seasonal meals.



With Rabobank's support, Garden to Table aims to have the programme in more than 500 schools and reaching in excess of 50,000 students by 2027.

Schools involved in the programme report that it positively impacts health, social and education outcomes and improves children's environmental awareness. They also take their new skills home and recreate recipes with their families.

As a result, the programme not only benefits the children but also the communities they live in.

The partnership will also allow Rabobank employees from across New Zealand to join the Garden to Table sessions through their community leave day.

Rabobank's support is funded through the Rabo Community Fund, which receives an annual contribution from Rabobank. It invests in a range of initiatives that benefit rural and regional communities around New Zealand.

Schools involved in the programme report that it positively impacts health, social and education outcomes and improves children's environmental awareness.



Our people

Our ambition: *Fostering a culture where everyone engages in and benefits from inclusion, equity and belonging throughout their time at Rabobank.*

We are passionate about fostering an inclusive environment at Rabobank where individuals can authentically contribute to our clients and communities every day. Our focus on creating a workplace where employees can thrive, learn and feel a sense of belonging aligns closely with our strategic priority of 'Empowered Employees'.

A positive organisational culture is one of the drivers of employee performance, productivity and engagement and a key part of Rabobank's mission and ambition of helping to *Grow a better New Zealand together*. This in turn helps Rabobank to deliver fair and optimal outcomes to clients.

Our Inclusion, Equity and Belonging Strategy is built on harnessing the differences in the backgrounds, skillsets, experiences and perspectives of our people. It is vital to our ongoing success and reflects the uniqueness of the communities in which we live and work.

We foster a culture of belonging, where all our people will thrive and encourage diversity of thought through our Employee Council, Rainbow Employee Group and Māori Culture Group. Our goal is that all Rabobank employees receive equal opportunities, are treated fairly and have the resources they require to succeed in their roles, regardless of their background.

With these core values underpinning our way of working, we consistently return a strong New Zealand employee engagement score, which increased to 89% as at December 2023. We have been recognised with the Transformation Te Puāwaitanga award from global organisational culture expert Human Synergistics for proactively growing constructive behaviours while at the same time reducing defensive behaviours.

Our culture work continues to be supported and led by our Human Resources team, people leaders and our community of Culture Coaches who help us build internal culture capability by leading culture change initiatives across our business.

We remain committed to further developing our employees' professional skills, with our Country Banking team of rural bankers upskilling using our Sustainability Toolkit and remaining well versed in critical environmental issues.

This equips our people with the knowledge and tools to engage effectively with clients on issues such as their carbon footprint, freshwater management and industry accreditation schemes.

The ongoing development of our Sustainability Knowledge Hub in 2024 will serve as a valuable resource for all teams, enabling them to integrate sustainability principles into their day-to-day work and stay at the forefront of industry trends and practices in this space.

Gender equity

We progressed towards our goal of equitable representation of women in senior leadership roles with a series of targeted campaigns through 2023 that increased the representation of women in senior leadership positions to 41.5% by December 2023. Our goal is to have 45–55% representation of women in senior roles by 2026 in addition to maintaining an even gender split in our ongoing Graduate Programme.

We use two measures to help us better understand and explain the underlying reasons for differences in pay: the gender pay gap and the pay equity gap.

The gender pay gap represents the overall difference between the average pay for men and the average pay for women across the bank regardless of role. In December 2023, our gender pay gap increased to 23.2% (up 0.7% since December 2022). The main cause for the gender pay gap was the under-representation of women in senior and higher-paying roles and a lack of men in lower-level roles.

The pay equity gap compares the average pay of women and men doing the same or similar roles at Rabobank. Where there are like-for-like roles, the average gender pay gap reduced to 1.0% (in favour of female employees) in December 2023 compared with a year earlier.

We continue to work towards closing the gap through our Women in Leadership programme Ignite and monitoring and addressing the gap through our annual compensation review process.

Additional and ongoing inclusion, equity and belonging initiatives

- Retention of our Rainbow Tick accreditation, which we acquired in 2022 with the support of the Rabobank Rainbow Employee Action Group.
- Ongoing paid parental leave of 26 weeks with a top-up to full pay paid to primary carer leave and 4 weeks' paid partner leave.
- KiwiSaver employer contribution paid over the parental leave period of up to 52 weeks.
- Unconscious bias and inclusive leadership development rolled out to support all employees and people leaders.
- A new menopause standard, menopause toolkit and training offered to all employees.
- Two wellbeing days a year offered to all employees for any wellbeing-related purpose.
- Flexible and hybrid working, including part-time work and job sharing, to support our people in the workplace.
- Launched in 2023, Rabobank's employee sustainability contribution benefit supports our cooperative mindset and goal of sustainable food production by offering eligible employees up to NZ\$2,200 to invest in selected sustainability-related products and services.



Our people

Case study



Our nationwide network of Rabobank Culture Coaches supporting our progress

Rabobank New Zealand has a network of 17 Culture Coaches across the bank – employees who are passionate about being involved and actively supporting our work in the culture space.

Our Culture Coaches come from a wide range of roles and areas of the bank. They are tasked with helping us to build internal culture capability within the organisation.

Culture Coaches begin with a training programme focused on understanding culture and learning how the organisational culture tools work, how to debrief results and how to facilitate action planning processes.

Culture Coaches fulfil a range of roles across the bank

- Advocating for our desired culture by role modelling Rabobank's values and behaviours.
- Assisting people leaders in leading culture change initiatives.
- Assisting with the debriefing, communication and action planning of culture survey results and feedback.
- Providing ongoing local expertise and support for behavioural change and looking for continuous improvement and simplification changes to improve employee engagement.
- Supporting corporate culture change initiatives within the local environment.
- Participating in Rabobank's learning community on culture change.

In every business unit, a Culture Coach is there to help support culture action planning, delivery and change initiatives. They play a key role in fostering a deeper understanding of culture among colleagues and assisting people leaders in driving culture change.

They also help capture feedback and provide insights on what is working and what we can do better as a business with respect to culture initiatives and how we can improve our storytelling and internal communications. Culture Coaches have open dialogue sessions with the Rabobank New Zealand Chief Executive Officer and the Rabobank New Zealand Limited Board.



Our business

Our ambition: Embedding environmental and social factors into our decision making to maximise value creation and limit risk to the bank, our clients and the community.

As part of our mission and ambition of helping to Grow a better New Zealand together, we include environmental and social factors that are important to our business, clients and stakeholders in our decision making – especially when it comes to managing our collective risk.

The impacts of greenhouse gas emissions impose significant risk to the bank and to our stakeholders. Climate change and nature loss are increasingly having a negative impact on the economy and eroding the biodiversity of ecosystems. Without a meaningful global commitment to reduce emissions, we can expect an increasing frequency of extreme weather events like Cyclone Gabrielle.

In 2021, the New Zealand Government passed legislation making climate-related disclosures mandatory for large financial market participants, including Rabobank. From this year, these mandatory climate disclosure reports will detail the material climate-related risks and opportunities as well as climate-related metrics and our approach to mitigating the climate-related risks for Rabobank and our stakeholders. Over time, these documents will increasingly guide our approach to sustainability.

Within our business, in the past year, we have taken a number of steps to help reduce our direct emissions and the Scope 3 emissions we share with our clients and partners.

Emissions are broken down into three categories – Scope 1 (direct emissions), Scope 2 (indirect emissions from energy use) and Scope 3 (other indirect emissions). We have set a target of reducing absolute operational emissions by 50% by 2030 compared with our 2019 base year. We have categorised operational emissions to include our Scope 1 and Scope 2 emissions and some key sources of Scope 3 emissions.

We have seen changes to our emissions profile, and we are increasing business-wide visibility of our reduction plan to support the reduction of our own emissions. While we have made good progress in a number of areas, we have more work to do – especially when it comes to emissions from our employees' work-related flights and vehicle fleet, which together make up more than 90% of our total operational emissions.

Our flight emissions increased by over 80% year on year in 2023 as our operating environment returned to a more normal state following the COVID-19 pandemic and our teams reconnected globally and domestically with colleagues and clients. However, our flight emissions in 2023 were still 9% lower than in our base year of 2019.

Over the same period, we reduced our vehicle fleet emissions by 11.6% as we continued to transition our fleet from high-emitting diesel vehicles towards hybrid vehicles. This transition has faced challenges due to vehicle stock availability in New Zealand. However, we have ordered more hybrid vehicles for 2024.

Our Scope 2 electricity emissions have also reduced by 95.3% since 2019 after we joined Meridian's certified renewable energy scheme.

In 2023, we exceeded our sustainability educational initiative key performance indicator by conducting seven employee workshops to increase awareness of sustainable consumption and waste management.

We know that data is a key part of driving long-term improvements and behaviour. In 2024, we will develop an emissions dashboard for each business unit to give greater visibility across the business on our emissions and then set specific reduction targets.

Reduction efforts in our operations can only move the emissions needle so far, so it makes sense for us to also focus our sustainability effort into supporting our clients' reduction efforts.

Our Scope 3 emissions relate to emissions in the upstream and downstream activities of Rabobank such as those coming from our clients and supply chain partners. This is a far more complex challenge. To reduce these emissions, we have developed our first Sector x Country plans, which include a target of reducing emissions intensity by 12% in our dairy portfolio by 2030. This is in line with our Rabobank Group's global target of net-zero CO₂ emissions by 2050.

Our approach to managing emissions continues to evolve. We've recently made changes to our team structure, including the addition of a Chief Sustainability Officer and a senior manager focused on climate-related and ESG risk. These new roles complement our existing Sustainability team, which comprises a Head of Sustainable Business Development and two sustainability managers. We are also expanding our relationships and networks within similar businesses and organisations to exchange ideas on best practices and solutions aimed at transitioning and mitigating climate risk.



Our business

Case study



Supporting rural customers and communities when disasters and cyclones strike

We take a long-term view of supporting clients through the economic and commodity cycles. This also applies when disasters and severe weather events strike.

When Cyclone Gabrielle brought significant damage in early 2023, we offered a range of support measures to our food and agribusiness clients across the many parts of the North Island adversely impacted by the cyclone.

Our teams in the worst-affected regions reached out to clients and their wider communities and, in many cases, were out on farms and orchards to help with the recovery and clean-up. In the days immediately after the cyclone, this proved incredibly challenging, with some areas such as the East Coast having few or no communication links.

It was clear that farmers across multiple regions and sectors had been hit hard. Dairy and livestock farmers faced a number of obstacles such as disruption to milking and milk collection, issues with livestock transportation and processing, power cuts and damage to farm infrastructure, machinery and access roads.

The horticulture and agriculture sectors faced significant damage to maize, fruit and vegetable crops and orchards across many parts of the North Island.

From the outset of the recovery phase, Rabobank's approach was to work with clients individually to provide support through their immediate difficulties and then assist with longer-term recovery plans.

Rabobank provided client support in a variety of ways

- Deferral of scheduled loan payments.
- Waiver of break costs on early redemption of term deposits.
- Waiver of fees on loan increases necessary for rebuilding operations.
- Waiver of fees for equipment finance contract variations.
- Labour support from local Rabobank employees to help with the clean-up.
- Access to Employee Assistance Programme services for both clients and employees.
- Financial support to local causes.

Rabobank also joined the government's North Island Weather Events Loan Guarantee Scheme, which was established to provide targeted support for businesses, orchards and farms significantly impacted by the Auckland Anniversary floods and Cyclone Gabrielle. We have fully allocated our initial share of the fund to qualifying clients to help them financially during this challenging time.



Looking forward

Rabobank is committed to our mission and ambition of helping to Grow a better New Zealand together with our clients and the wider food and agriculture sector. We recognise that sustainability and the inherent risks and opportunities of climate change are increasingly significant to the bank, our clients and, more broadly, other stakeholders.

Our commitment to the ambitions set out in this Sustainability Report will evolve while our business growth strategy adapts to meet the changing needs of our economy, society and natural environment – with a strategic priority of leading on sustainability as outlined in our business plan.

Looking forward to 2025, our stakeholders can expect to see Rabobank Group's Sustainability Plan impact our sustainability actions locally and help guide a more comprehensive, globally aligned sustainability reporting series.

Continuing with the work already under way as set out in our 10-point Sustainability Plan

We will look to deliver on our reported programme of ESG initiatives with improvements every year. See some of our key focus areas with in the 10-point Sustainability Plan for 2024.



1

Improve assessment of greenhouse gas data

A key focus for the coming year is to improve the accurate measurement of on-farm greenhouse gas emissions, which is essential to understanding our climate change impacts, risks and opportunities. This is necessary to be able to provide accurate emissions data for our regulated annual climate reporting statements. Currently via the Rural Client Photo assessment, we have collected 41% of clients' greenhouse gas emissions numbers, and our plan is to increase this over the coming years.

2

Begin development of a robust Sustainability Framework with goals aligned with the United Nations Sustainable Development Goals (SDGs)

The Sustainability Framework will guide our work towards achieving a better and more sustainable future as aligned with objectives of the SDGs. Our first step in 2024 will be a materiality assessment to gain a more objective understanding of our material impacts, aiming to better inform our strategic focus areas and actions. As part of that process, we will then identify which goals really matter to our organisation and where the challenges and opportunities are for us to have real and measurable impact.

3

Stimulate system change

To achieve the best mitigation and adaptation outcomes for our clients, we will develop further connections with clients, industry and government on climate, nature and energy-related workstreams. In early 2024, we joined the Climate Leaders Coalition, which represents 34% of New Zealand's gross domestic product, and we will also further develop existing relationships to stimulate system change. This includes working with the government on methane targets and introducing new ways to reward or incentivise sustainability through financial mechanisms as well as further developing research and white papers focusing on industry efficiency alongside the existing focus on technology development.

We have a fair way to go before achieving our 2030 ambitions and Rabobank Group's global Road to Paris goals. As the impacts of climate change become more apparent, we recognise that the actions we take in the coming years will be critical in deciding how we can mitigate risks and capitalise on the opportunities ahead.



Rabobank New Zealand
whitepaper 2023:
*The great New Zealand
balancing act*



*Rabobank Global
Impact Report 2023*