

Modern Slavery Statement

2020



Contents

Overview	1
About RabobankAustralia Group	2
Modern Slavery Risks in our Operations and Supply Chains	4
Actions taken to assess and address Modern Slavery Risks	5
Effectiveness of our actions	7
Consultation on preparing a joint statement	8
Other relevant information	9

Overview

(Mandatory Criterion 1)

This Modern Slavery Statement (“**Statement**”) is made pursuant to the *Modern Slavery Act 2018 (Cth)* (the “**Act**”) by:

- 1) **the Australia Branch of Coöperatieve Rabobank U.A.** (ABN 70 003 917 655 (“**Rabobank Australia Branch**”); and
- 2) **Rabobank Australia Limited** (ABN 50 001 621 129);

which are each reporting entities under the Act in their own right.

This Statement sets out the actions taken by Rabobank Australia Branch, Rabobank Australia Limited and the Rabobank Australia Group as whole (described in Part 2 below), to identify, assess and address modern slavery risks across the group’s operations and supply chains in its financial year of 1 January to 31 December 2020.

The numbered sections of this Statement correspond to each of the seven mandatory criteria for modern slavery statements set out in section 16 of the Act.

About Rabobank Australia Group

(Mandatory Criterion 2)

Our Structure

Coöperatieve Rabobank U.A. is a cooperative (coöperatie) formed under the laws of the Netherlands with its statutory seat in Amsterdam, the Netherlands. Coöperatieve Rabobank U.A. is the head entity of the international Rabobank Group, which is a financial services organisation with operations in 38 countries, including Australia.

Coöperatieve Rabobank U.A. operates as a branch in Australia and is registered as a Foreign Company under Australian Registered Body Number (ARBN) 003 917 655 ("Rabobank Australia Branch"). Rabobank Australia Branch is part of the Rabobank Australia group ("Rabobank Australia Group" or "the Group"), which consists of Rabobank Australia Branch and the following Australian incorporated companies, of which Coöperatieve Rabobank U.A. is the ultimate parent entity:

Rabobank Australia Limited
Rabo Australia Limited
Rabo Equipment Finance Limited
Graincorp Pools Pty Limited
Soft Commodity Trading Pty Limited

Of these entities, Rabobank Australia Branch and Rabobank Australia Limited are the only reporting entities under the Act. All of the Rabobank Australia Group entities have common management, staff and premises in Australia. They are also subject to similar, if not identical, policies and procedures. In some instances, the policies are entity-specific and in other cases they apply to all entities within the Rabobank Australia Group.




On a day to day basis, Rabobank Australia Branch, Rabobank Australia Limited and the other entities within the Rabobank Australia Group are operated and managed locally by the Chief Executive Officer, Rabobank Australia (CEO), and an executive team which reports to him. The Senior Officer Outside Australia (SOOA) also has responsibilities in relation to the conduct of Rabobank Australia Branch. The SOOA is appointed by the Managing Board of Coöperatieve Rabobank U.A. and has delegated authority to fulfil his role. Rabobank Australia Limited has a board consisting of 4 independent directors, 3 non-executive, non-independent directors, and one executive director. The CEO has delegated authority from the Managing Board of Coöperatieve Rabobank U.A. and from the Board of Rabobank Australia Limited to fulfil his roles and responsibilities.



Our Operations

Rabobank Australia Group is one of the leading agricultural lenders and a significant provider of business and corporate banking and financial services to Australia's food and agribusiness sector, trading principally through the Rabobank Australia Branch and Rabobank Australia Limited entities, which are each respectively, authorised deposit-taking institutions under the Banking Act 1959 (Cth).

Rabobank Australia Group serves approximately 180,000 clients across three main target markets:

-  Rural (farming and agribusiness)
-  Wholesale (corporate)
-  Rabobank Online Savings (retail)

Through its Rural Banking and Online Savings divisions, Rabobank Australia Group's banking and financial services activities include deposit taking, loans, bank guarantees, equipment finance and providing access to transactional banking services, while its Wholesale Division provides debt products (including underwriting and related services), inventory finance, receivables & payables finance and a range of hedging and risk management products.

Rabobank Australia Group's other operational activities include food and agribusiness market research and analysis and food and agribusiness education and events.

Rabobank Australia Group employs over 1,200 people and has 62 branches throughout Australia, most of which are located in regional and rural areas, contributing to the Australian economy as a regional employer and as an active promoter of food, agribusiness and regional affairs.



Our Supply Chains

Rabobank Australia Group's supply chain consists of approximately 1,200 suppliers, of which more than 99% are based in Australia. Of the less than 1% of our suppliers that are based offshore, the majority of these are based in the EU, USA, UK and India. Rabobank Head Office, based in the Netherlands, is also a major supplier of services to Rabobank Australia Group.

The main categories of suppliers to the Group (in terms of numbers) include:

-  Information technology and telecommunications
-  Property and facilities management
-  Professional services
-  Human resources services
-  Marketing services

Of the above categories, over 50% of all suppliers fall within the information technology and telecommunications category.



Modern Slavery Risks in our Operations and Supply Chains

(Mandatory Criterion 3)

Risks in our Operations

As a financial services provider with an Australian based professional workforce, Rabobank Australia Group considers the risk of modern slavery within its own direct operations to be low.

Through its core business of providing banking and finance services to the food and agribusiness sector, Rabobank Australia Group may be indirectly exposed to modern slavery risks through its clients or investments made on its own behalf or by its clients.

Risks in our Supply Chains

As a financial services provider with a large proportion of its suppliers based in Australia and a proportionately low need to procure physical goods, or to use manual labour within its operations, Rabobank Australia Group considers that the risk of modern slavery within its direct supply chain to be low.

Looking at recognised rankings of high risk sectors, such as Walk Free's Global Slavery Index (GSI)¹ and the Commonwealth Modern Slavery Act Guidance², Rabobank Group's areas of exposure relate to the following sectors:



laptops



computers and mobile phones



cleaning services



garments

Less than 1% of Rabobank Australia Group's direct suppliers are based outside of Australia and, from our due diligence to date, we have not detected any exposures within our supply chains to high risk countries (as defined by GSI). Notwithstanding this, we will continue to develop our risk assessment methodology to ensure that these geographic risks are appropriately considered on an ongoing basis.

¹ www.globallslaveryindex.org/2018/findings/highlights/

² www.homeaffairs.gov.au/criminal-justice/files/modern-slavery-reporting-entities.pdf



Actions taken to assess and address Modern Slavery Risks

(Mandatory Criterion 4)

Rabobank Australia Group is bound by the international Rabobank group's Global Sustainability Policy, which states the following with regard to human rights:

"Rabobank considers any infringements upon human dignity unacceptable. Rabobank recognises its corporate responsibility and respects and upholds human rights – which are universal and to be enjoyed by all people, no matter who they are or where they live – in its own operations and asks its clients and business partners to do the same."

The Group's commitment to uphold human rights dictates that we do not allow or enable modern slavery practices to occur in connection with our organisation. This overarching obligation flows through to a range of Group policies and practices described below, which help to reduce the risk of modern slavery within our operations and supply chains.

To further strengthen this commitment, in 2021 Rabobank Australia Group will be localising the Global Sustainability Policy specifically for Australia, as part of which modern slavery risks will be more specifically addressed.

Our Employees

Modern Slavery training

In 2020 all Rural client facing staff were trained in sustainability topics including issues relating to human rights. This training will continue in 2021. Our supplier relationship managers of the targeted material and high risk suppliers have received Modern Slavery specific training. In addition, sector specific training will be provided to relevant Rural client facing staff.

Whistle-blowing policy

Rabobank Australia Group is committed to maintaining a high standard of business ethics and safety within its organisation. We promote a strong culture of transparency and integrity and we are committed to detecting and addressing misconduct and ensuring that those who become aware of misconduct can report it without being concerned that it will negatively affect them or their positions.

To support this commitment, our Whistle-blowing policy protects individuals and groups of individuals that 'speak up' about misconduct and sets out how Rabobank will respond to reports of misconduct.

Our whistle-blowing policy covers anyone who works (or has worked) for Rabobank, in any role, location, or contract term, as well as anyone who has or had another type of business relationship with Rabobank (e.g. suppliers), and family members of current or past employees of Rabobank.

Banking, Finance and Insurance Award

All employees on our payroll are covered by the Banking, Finance and Insurance Award. As part of the Award changes in 2020, we have recently made changes to employment contracts and recording of time to ensure that we are adhering to these new requirements.

Our Clients

Our client portfolio includes providing financial services to agriculture primary producers and businesses downstream in the agricultural supply chain, which indirectly exposes Rabobank Australia Group to modern slavery risks. Due to the seasonal nature of the horticultural industry workforce requirements, these businesses often rely on transient, short-term contract manual labour to manage their peak harvest periods. We have a range of policies, procedures and tools covering our client base to help identify, quantify and report on such risks.

Where we have identified poor labour practices in previous years amongst our client base, we have sought to address these concerns directly with the relevant clients in accordance with our Global Sustainability Policy Framework.

Client screening

Like other criminal conduct, modern slavery is often associated with the risk of money laundering.

We have policies and mandatory procedures in place to conduct due diligence on our customers at the time of onboarding and on an ongoing basis during their banking relationship with us. We collect "Know Your Customer" (KYC) information from our customers and ensure that we verify their identities. We risk assess each client based on the information provided by them, and based on other information sources available to us.

We screen customers and their related parties on a daily basis to identify and mitigate money laundering and terrorism financing (ML/TF) and government sanctions risks. Customers that pose a higher ML/TF risk are subjected to enhanced due diligence measures and are monitored according to their level of risk. Our systems are designed to alert us when detecting an unusual transaction and our staff are trained to identify and report red flags and suspicious customer behaviour.

Client Photo

For all our Rural clients, which are typically family-run farming businesses, we are implementing a broad sustainability questionnaire known as the 'Client Photo' in order to gain a snapshot of the environmental, agronomic and social facets of each of their businesses. In relation to potential modern slavery risks in those businesses, we collect data on:

- Tenure of workforce (casual vs. FTE)
- Occupational Health & Safety compliance
- Induction programs for staff
- Accidents and fatalities; and
- Serious staffing incidents (e.g. unfair dismissal, negligence or assault)

The implementation of the Client Photo is currently in progress and will be finalised by the end of 2021.

Data collected as part of the Client Photo will be incorporated into our assessment of modern slavery risks in future reporting years under the Act and is subject to ongoing enhancement.

GAIA

'GAIA' is the name of our Global Corporate Social Responsibility (CSR) questionnaire for our Wholesale clients (typically large corporations). The questionnaire covers all topics under the CSR umbrella including particular reference to the way corporations report on and govern the CSR impact of their operations and supply chains. All of our Australian clients in our Wholesale portfolio meet the threshold under the Act to publish their own individual Modern Slavery Statements.

Our Suppliers

All of Rabobank Australia Group third party suppliers are subject to due diligence at the time of on-boarding. Suppliers with whom we expect to have an annual spend greater than \$15,000³ are subject to a further sanctions, adverse media and politically exposed persons screening process. This screening process is repeated periodically according to the risk rating of the supplier. This supplier screening and the overall due diligence process helps us to identify and mitigate modern slavery risks related to our suppliers.

In 2020, Rabobank Australia Group developed and implemented a modern slavery specific questionnaire to perform further due diligence on our suppliers, targeted at material and high-risk suppliers.

As of the end of 2020, this questionnaire is now part of on-boarding process for every new supplier. To date this process has identified one possible instance of modern slavery risk, described in Section 5.

³ Effective from the second quarter of 2021, the \$15,000 threshold no longer applies and all new suppliers, regardless of expected expenditure, are now subject to the additional screening process.



Effectiveness of our actions

(Mandatory Criterion 5)

To assess and report on the risks of modern slavery within Rabobank Australia Group, a modern slavery working group was formed. This working group has helped to develop Rabobank Australia Group's processes to detect and address modern slavery risks, including assessing the effectiveness of the measures we have implemented during the initial (and subsequent) reporting periods under the Act.



Case Study

As described in Part 4 of this Statement above, Rabobank Australia Group developed a modern slavery specific questionnaire which it targeted at certain high risk suppliers.

After sending the questionnaire to our material and high risk suppliers, one supplier refused to fill out the questionnaire. They cited their strong dissatisfaction at being asked to answer the modern slavery risk related questions about their business. Upon our efforts to obtain further clarification, the supplier then unilaterally terminated their contract with us.

Although there is no direct evidence of modern slavery in this instance, upon further investigation and discussions with the team in the branch where the services were being provided, we discovered that there were irregularities with the staff from this supplier, and a lack of transparency around the provision of the services in general.

Rabobank Australia Group will continue to expand and develop our due diligence and monitoring of our suppliers, including instituting relevant triggers to more effectively identify risks of modern slavery.



Consultation on preparing a joint statement

(Mandatory Criterion 6)

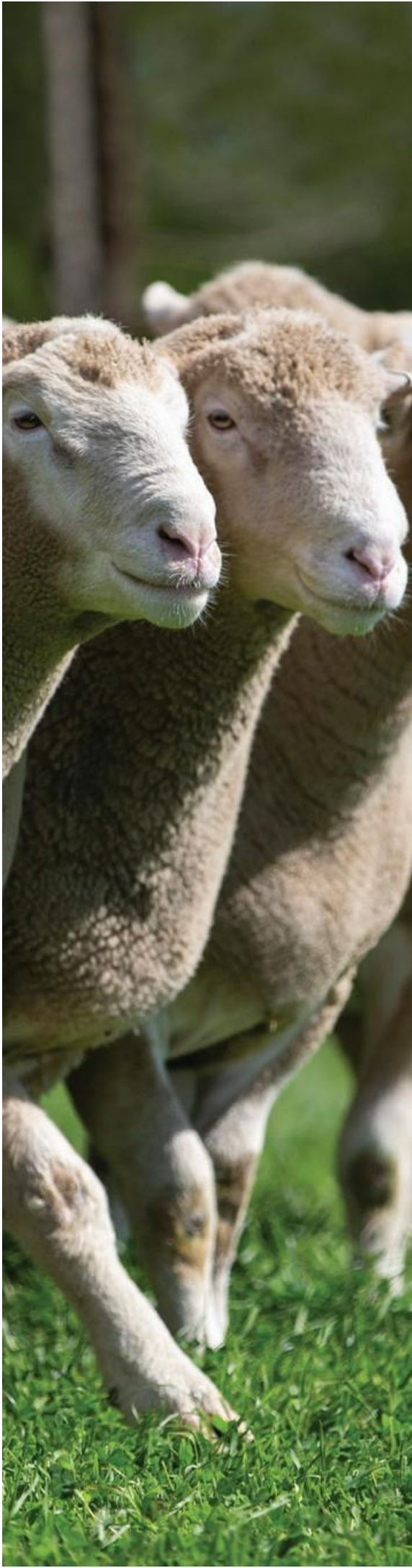
As set out in Part 2 of this Statement, Rabobank Australia Branch and Rabobank Australia Limited, together with the other entities within the Rabobank Australia Group, share similar if not identical, operations, supply chains, management, staff and policies. Accordingly, the actions taken by the Rabobank Australia Group to identify, assess and address modern slavery risks, have been taken at a single consolidated level.

This Statement has been considered and supported or approved by the following management and governing bodies:

1. CEO and Executive Team of Rabobank Australia Group;
2. Board of Rabobank Australia Limited;
3. Management Team of Rabobank's global Wholesale & Rural division; and
4. Managing Board of Coöperatieve Rabobank U.A., based in the Netherlands.

EU Modern Slavery reporting laws

This Statement is focussed on the operations and supply chains of the Rabobank Australia Group. It is anticipated that in 2021, the EU will introduce modern slavery due diligence and reporting legislation similar to the Act. Leading from that, Rabobank Australia Group expects to work more closely with Rabobank's offices in the Netherlands in relation to addressing modern slavery risks, and may consider incorporating its future reporting under the Act as part of a global or multi-jurisdictional modern slavery statement.



Other relevant information

(Mandatory Criterion 7)

Impacts of COVID-19

Relative to the financial services sector and to the economy as a whole, COVID-19 has had a limited impact on Rabobank Australia Group's operations and supply chains due to the nature of our business and client base.

Within our client base we have seen some adverse financial impacts as result of the pandemic, for example, within viticultural businesses which are reliant on the hospitality industry. Our horticulture clients have also been negatively impacted, with difficulties in their ability to source labour for their operations, which in turn may lead to looser hiring practices and an increased risk of modern slavery.

An important part of Rabobank Australia Group's business involves banking commercial family-run farms and providing a relationship banking service to them. COVID-19 related restrictions have meant that in 2020, face-to-face meetings on farm with clients across the country have been curtailed. This has meant that informal due diligence on a range of sustainability issues that we undertake as part of those visits, has not been completed as usual. In 2021, with community transmission of COVID-19 so far being extremely limited in rural areas, we are transitioning back to our full client service model.

This statement has been approved by the Board of Rabobank Australia Limited and the Managing Board of Coöperatieve Rabobank U.A.



Peter Knoblanche

CEO Rabobank Australia &
Director, Rabobank Australia Limited



Berry Martin

Member, Managing Board of
Coöperatieve Rabobank U.A.

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