



Rabobank Group Group Remuneration Policy

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Rabobank

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1

Objective and scope of the Group Remuneration Policy

The Rabobank Group has a meticulous, well-managed and sustainable remuneration policy which is in keeping with the strategy, the willingness to take risks, the cooperative objectives and the core values of the Rabobank. The remuneration policy is customer-orientated and takes into consideration the long-term interests of the bank, the international context of the markets in which the Rabobank Group is active and also the general interest. This Group Remuneration Policy has been drawn up based on the bank's cooperative identity.

The Rabobank Group is an international financial service provider with a cooperative foundation. The Rabobank Group consists of local Rabobanks which together are the mother of the central organization, Rabobank and its specialized subsidiaries. In the Netherlands, the Rabobank Group offers all the financial services which are required for participation in the economic market in a modern society; internationally, the main focus is placed on the food and agriculture business. The Rabobank Group wishes to define its services in a contemporary manner for people and companies and believes that the sustainable development of prosperity and well-being require careful handling of nature and the environment. Rabobank wants its activities to contribute towards this.

1.1 Objective

The fundamental principles in this Group Remuneration Policy must guarantee a meticulous, well-managed and sustainable remuneration policy that is in keeping with the standards and values of the Rabobank cooperative bank, and meets the applicable legislation and regulations.

This Group Remuneration Policy contains the minimum requirements of a risk-mitigated remuneration policy which must be met under the current legislation and regulations.

1.2 Scope

This Group Remuneration Policy is applicable to the entire Rabobank Group. The remuneration policy of the entities within the Rabobank Group, including variable pay programs and remuneration practices, is in line with this Group Remuneration Policy. The following assumptions are at the foundations of the Group Remuneration Policy for the entire Rabobank Group:

- i. Rabobank has an effective say in or control over the local Rabobanks and subsidiaries with regard to enforcing the use of the Group Remuneration Policy. If Rabobank Group cannot legally enforce observance of the Group Remuneration Policy, then the Rabobank Group has

a duty to do its utmost to ensure that the Group Remuneration Policy is observed by the local Rabobanks and subsidiaries.

- ii. The conditions of the Group Remuneration Policy have been drawn up in accordance with the European and Dutch legislation and regulations. Where the Group Remuneration Policy conflicts with the applicable local legislation and regulations, the local legislation and regulations will prevail. In that case, as well as in cases where existing contracts or regulations (such as local collective labour agreements and other types of (collective) regulations applicable to the (remuneration of) employees) contradict the Group Remuneration Policy, the Rabobank Group will do its utmost to amend the existing contracts and regulations so as to bring them in line with this Group Remuneration Policy and, where this is not possible, to determine whether (and if so, which) additional risk-mitigating measures are necessary and possible. This can concern, amongst other things, the nature of the performance objectives, the conditions for enforcing penalties, the governance structure or the duration of the deferral period.
- iii. The conditions of the Group Remuneration Policy do not contradict the regional market forces or the regional customs. In the event of a material difference between the Group Remuneration Policy and the regional market forces and customs, deviations from the Group Remuneration Policy may be permitted after a proposal requesting that permission has been placed before the Executive Board for approval and, after its decision, has been placed before the Supervisory Board Rabobank for approval. In such cases, the proposal will separately explain the way in which an acceptable level of risk management will be guaranteed.

Chapter 6 contains a further explanation of the governance procedure relating to deviations in the Group Remuneration Policy.

The Group Remuneration Policy was declared applicable from 1st January 2011 for the Rabobank Group (see 7.1). The procedure outlined in 6.4 is followed as far as the implementation is not unilaterally enforceable.

1.3 Relationship with regard to other remuneration regulations and practices

This Group Remuneration Policy is applicable to employees who qualify as Identified Staff (employees who can have a material impact on the Rabobank Group's risk profile). An additional remuneration policy may also apply to these employees, but only under the condition that it does not contradict the Group Remuneration Policy.

All other employees fall under the remuneration policy and remuneration regulations determined for the relevant entity within the Rabobank Group. They are applied in full, including any additional conditions, as long as they do not contradict the Group Remuneration Policy, including the exceptions stated in appendix 1 (Further elaboration per entity within the Rabobank Group).

1.4 Layout of this document

The fundamental principles of the Group Remuneration Policy are explained in chapter 2, where attention is also given to the specific conditions which apply to Identified Staff and employees with monitoring functions. Chapter 3 then explains how the system of performance management is set up in order to mitigate risks. The way in which the total variable pay is determined at the central level and the ex-ante risk measures which apply to this are described in chapter 4. Chapter 5 explains how the payment of variable pay for Identified Staff and the ex-post risk measures relating to this are set up. Chapter 6 describes the governance structure of the Group Remuneration Policy, with attention given to the role of the supervisory board and the various Monitoring Committees. Finally, chapter 7 gives a few other conditions and chapter 8 contains a list of definitions.



2

Principles of the Group Remuneration Policy

2.1 Fundamental principles

The Rabobank's Group Remuneration Policy is based on the following fundamental principles:

- i. The Group Remuneration Policy is in line with the business strategy, core values and desired risk profile of the Rabobank Group and upholds its vision on sustainable entrepreneurship and corporate social responsibility.
- ii. The Group Remuneration Policy contributes towards and supports robust and effective risk management, discourages the taking of unnecessary risks and ensures a strong capital position.
- iii. The Group Remuneration Policy allows the Rabobank to attract and retain well-qualified employees in all markets. It creates a performance-orientated culture by remunerating employees for achieving sustainable results which conform to the long-term interests of the Rabobank Group, its customers and other interested parties.
- iv. The Group Remuneration Policy meets the conditions with regard to the remuneration policy and remuneration laid down in legislation and regulations. Variable pay is not paid via constructions or methods intending to evade the Group Remuneration Policy and the applicable legislation.
- v. The Group Remuneration Policy, as well as the remuneration regulations and remuneration practices which fall under this policy, have been laid down in writing and made known to the relevant interested parties.

2.2 General principles of the remuneration policy

Following on from the previously-mentioned fundamental principles, the following conditions are applicable to the remuneration of all employees within the Rabobank Group.

2.2.1 Appropriateness (including the ratio between variable and fixed pay)

The total remuneration which is paid to employees is appropriate, taking into consideration the long-term business strategy, the continuity of the Rabobank and the interests of all the stakeholders. Restraint is exercised in assigning variable pay and the remuneration offers sufficient risk mitigation to be in keeping with the Rabobank's risk profile. In principle, the total remuneration that is paid does not amount to more than the median of the relevant market. The methods, principles and objectives of the variable pay structures are transparent to all employees. The ratio between variable and fixed pay varies and is, where possible, laid down in writing. The ratio between the variable and fixed pay cannot always be univocally determined, because of

the difference between variable pay based on budgeting and remuneration pools. This is explained in more detail in appendix 1.

2.2.2 Governance

The Executive Board is responsible for determining the Group Remuneration Policy. After it has been determined, it must be approved by the Supervisory Board Rabobank. There is strict governance concerning the use of the Group Remuneration Policy (see chapter 6).

2.2.3 Culture and conduct

When determining the total remuneration for the employees and the ratio between the variable and fixed pay, unnatural incentives are avoided and the desired conduct and desired performance of the employees are stimulated in the light of the objective formulated in 1.1. This means that employees are steered towards focusing on customers' interests and acting in a way which is in keeping with the risk profile of the Rabobank Group. Furthermore, the ratio between the variable and fixed pay is determined in such a way that the fixed pay is sufficient for an employee to meet his average costs of living, so that the variable pay can be adjusted downwards if need be. A significant part of the variable pay is deferred, as far as this exceeds a threshold amount. The way this is applied in practice varies for each entity within the Rabobank Group. See chapter 5 for the deferral regulation applicable to Identified Staff.

2.2.4 General prohibitions

The following general prohibitions are applicable to all the employees of the Rabobank Group.

- i. Within the scope of risk management and to ensure the principle of 'rewarding good performance and not failure' is observed, it is not permitted to award guaranteed variable pay to employees. Only when recruiting new employees is it permitted to award a buy-out, and then only for the first year of employment (see section 2.3 for more details).
- ii. Personal hedging strategies and taking out insurance policies which are linked to an employee's remuneration or liability in order to undermine the risk management effects embedded in the employee's remuneration regulation are not permitted under any circumstances; and
- iii. Severance pay may never include remuneration for failure and/or misconduct by an employee and must reflect the employee's past performance. Severance is never paid in the event of termination of the employment contract initiated by the employee, unless this results from major imputable acts or negligence on the part of the employer.

2.2.5 Claw-back

The Rabobank Group is authorized to reclaim, either in whole or in part, the variable pay which has already been paid to both employees and former employees if:

- i. the payment was made based on incorrect or misleading information regarding the achievement of performance objectives which formed the basis of the variable pay or concerning the circumstances on which the variable pay was made dependent.

- ii. it concerns fraudulent actions by the employee in question.
- iii. it concerns participation in or responsibility for conduct that have led to considerable loss and/or damage to the reputation of the Rabobank Group and/or the relevant entity within the Rabobank Group; and/or
- iv. the employee did not meet applicable standards regarding ability and correct conduct.

If the Executive Board decides to apply claw-back, this decision must be placed before the Supervisory Board Rabobank for approval. Where it concerns the members of the Executive Board, the full authority to apply claw-back lies with the Supervisory Board Rabobank.

2.3 Fixed and variable pay

In the Group Remuneration Policy remuneration refers to all types of remuneration awarded, including benefits (in kind), and payments made by or on behalf of the Rabobank Group as a reward for professional services provided. The total pay received by an employee consists of fixed pay plus variable pay, if relevant.

Fixed pay concerns the regular pay that is paid periodically, plus fixed contributions including, but not limited to holiday allowances, the additional month's salary, market value allowances and overtime allowances. Market value allowances are granted and defined for at least the term during which the job is held. The amount paid in the market value allowance is fixed and irrevocable for the term during which the position and the relevant responsibilities are held.

Variable pay is pay in the form of additional payments or benefits, depending on performance or other contractual goals, including any bonuses, retention and/or buy-out bonuses.

2.3.1 Buy-out bonuses

Buy-out bonuses are a form of variable pay, which is intended to compensate for the loss of (deferred) variable pay from one's previous employer. Only when recruiting new employees it is permitted to award a buy-out, and only for the first year of employment. The full cycle of risk alignment is applied to this. Buy-out bonuses are not taken into account when determining the ratio between fixed and variable pay in the first year of employment. Incidentally, an expense remuneration may also be granted on commencing employment. This type of pay is not included in the variable pay.

Before awarding a buy-out and/or expense remuneration that together exceed € 25,000, permission must be obtained from the management board of the relevant entity within the Rabobank Group.

2.3.2 Retention bonuses

In exceptional situations an employee may be awarded a retention bonus, which is part of the variable pay.

The requirement for retention bonuses is that the bonus must be linked to an imminent organizational change, and that it serves to retain employees in key positions for the organization. Organizational changes at least include, but are not limited to: the selling or split-off of an organizational unit, restructuring, reorganization, merger, takeover, integration and consolidation.

Retention bonuses are subject to the full risk alignment cycle. Awarding a retention bonus requires approval in accordance with the exception procedure.

Per year an employee can receive a maximum of 100% of the fixed pay as a retention bonus, as long as the total variable pay (retention bonus plus other variable pay) does not exceed 100%. For employees in the Netherlands, whose variable pay may not be more than 20%, this is subject to the further condition that if the total variable pay is more than 20% of the fixed pay as a result of the retention bonus, the consent of the supervisor must first be asked for in writing.

2.3.3 Discretionary pension commitments

A discretionary pension commitment is a one-off pension commitment to an individual employee as part of his variable pay that is not part of a collective scheme. Rabobank does not grant its employees a discretionary pension.

2.3.4 Ratio fixed and variable pay

For all employees maximum variable pay (not taking any buy-out into account) is set at 100% of the fixed pay. For employees in monitoring functions the variable pay is capped at 50% of the fixed maximum pay, or a lower percentage as laid down in any other applicable remuneration policy. For employees in the Netherlands the rule is that their variable pay cannot exceed 20% of the fixed pay. For certain specific groups of employees in the Netherlands, however, the average variable pay of the group is no more than 20% of the fixed pay, where the individual variable pay can never be more than 100% of the fixed pay. These groups are part of the Rabobank Group in the Further Elaboration per entity within the Rabobank (Annex 1). The maximum variable pay differs per Rabobank Group entity within the limits described above and is further elaborated in Annex 1. For the sake of clarity: the percentages named here are the maximum levels than can be awarded. In all cases, variable pay is based on non-financial criteria for at least 50%.

2.4 Risk-mitigation variable pay

A robust governance structure which guarantees the involvement of employees with monitoring domains is essential for variable pay which offers sufficient risk mitigation. Rabobank Group has taken care of this by means of a layered governance structure. Within entities of Rabobank Group there are Monitoring Committees at the group entity and subsidiary levels which advise the management Board and the supervisory board concerning variable pay and deviations from the Group Remuneration Policy.

For certain matters, the authority to take decisions lies with the Executive Board and the Rabobank Supervisory Board. The generally applicable governance structure is given in chapter 6. Where this structure requires amendments as a result of the direction taken by a Rabobank Group entity is given in the Further Elaboration (appendix 1).

2.5 Identified Staff

Besides the general principles, special conditions apply to this Group Remuneration Policy for the variable pay which is paid to employees who may have a material impact on the risk profile of the Rabobank Group. These employees are known as Identified Staff.

The conditions concerning the variable pay for employees who qualify as Identified Staff are given in chapter 5 and their objective is to guarantee that:

- i. The ratio between the variable and fixed pay is sufficiently balanced.
- ii. Payment of at least half of the variable pay is deferred and that the deferred part of the variable pay is tested ex-post against the tenability of the performance (malus and claw-back).
- iii. The amount of variable pay which an employee is awarded is based on a balanced mix of performance objectives at various levels (both individual and collective) which takes the influence of risks into consideration.

2.6 Monitoring functions

This Group Remuneration Policy also has specific conditions for the variable pay that is paid to employees who have a monitoring function (i.e. all Identified Staff positions within the monitoring domains HR, Compliance, Control, Risk Management, Legal and Audit).

It is necessary to ensure that these positions remain independent. To ensure this, a number of requirements regarding performance management and remuneration policy have been put in place (see chapter 5.).

In addition to the monitoring functions, all employees with monitoring and/or auditing tasks in the monitoring domains HR, Compliance, Control, Risk Management, Legal and Audit play an important role as countervailing power for the business to control risks within the organization. This means that they must be able to operate independently from the entity they monitor. They are not subject to the specific requirements, however, as detailed in chapter 3.3.

2.7 Monitoring Committees

To support the management board and the supervisory board in their duties, various Monitoring Committees have been put in place within Rabobank Group. They actively participate in the design, continuous supervision and assessment of the Group Remuneration Policy. The Monitoring Committees consist of representatives from the monitoring domains HR, Compliance, Control and Risk Management. Legal is consulted when a legal contribution is required.

The Audit domain is not part of the Monitoring Committees, but it periodically performs an independent audit into the design, implementation and consequences of the Group Remuneration Policy.

The tasks and responsibilities of the Monitoring Committees are explained in chapter 6.

3

Risk-mitigated Performance Management

3.1 Assumptions for Performance Management

Within the Rabobank Group, Performance Management is based on mutual agreements between the manager and the employee. By means of a balanced mix of performance objectives, it is clear which results the employee is expected to achieve in order to contribute towards the annual plan, the long-term strategy and the risk profile of the Rabobank Group. In other words, Performance Management contributes towards realizing the ambitions of the Rabobank Group, as well as the employee's ambitions. When assessing performance, the risks related to the performance are also considered. This serves to prevent risks that are not in line with the Rabobank risk profile. In order to guarantee that Performance Management is applied properly, a pdca-cycle (plan, do, act, check) has been set up. In this pdca-cycle, special attention is paid to groups of employees who are subject to specific requirements and groups of employees whose positions entail higher risks. The Monitoring Committee ensures the correct application of Performance Management. If the Monitoring Committee finds there are irregularities that are not followed-up satisfactorily, the Monitoring Committee can escalate.

Three core documents form the basis of Performance Management:

- i. The Statement of Ambition, which sets out the organization's objectives and values.
- ii. The Strategic Framework, whose objective it is to determine the level of ambition and the direction of the various parts of the Rabobank Group for the medium-term.
- iii. The Rabobank Group Code of Conduct, which gives the rules of conduct which typify the Rabobank Group.

Performance Management aims to make employees, departments and teams perform successfully. It is a continuous process (cycle) of planning, functioning, assessing and rewarding. By formulating objectives and steering and coaching for these objectives Performance Management promotes a result-orientated way of working (cooperating). If variable pay is granted, there is a clear relationship between this variable pay and the achieved performances.

Owing to the bank's cooperative background, one of the most important objectives is to assist members and other customers in realizing their ambitions. It is Rabobank's first and foremost task to serve its members and other customers by:

- Offering the best possible financial services that clients consider to be suitable.
- Offering continuity of service, in accordance with the long-term interests of the client.
- Being committed to its customers and their environment, which helps clients to realize their ambitions.

For this reason, Performance Management is defined in such a way that the utmost importance is given to the customers' interests. The performance objectives do not contain any incentives which encourage employees to act in a careless manner that is not in the customer's interest. The performance objectives are a good balance of both financial and non-financial criteria. This is subject to the rule that half of the performance objectives at most may be financial objectives.

Specific conditions are placed on the Performance Management of employees who qualify as Identified Staff and who are eligible for variable pay (see section 3.2). For the Performance Management of employees who qualify as Identified Staff and who have a monitoring function, the conditions for the monitoring function prevail (see section 3.3).

3.2 Performance management for Identified Staff

For employees who qualify as Identified Staff and who are eligible for variable pay the performance objectives are a mix of objectives at:

- a) Rabobank Group level,
- b) The level of the entity within Rabobank Group; and
- c) The individual employee.

The following division applies in order to ensure that there is a balanced mix of objectives:

- a. 20% at the Rabobank Group level.
- b. At least 20% at the level of the entity within Rabobank Group; and
- c. At least 20% at the individual employee level.

The weight of the objectives is in line with the division of the performance criteria.

The described division between group entity and individual objective is a minimum requirement that is applicable to all employees who qualify as Identified Staff and who are eligible for variable pay. The eventual weighing of these objectives per employee depends on the position and tasks of the employee in question. The relevant Monitoring Committee therefore supervises at the individual level to guarantee that there is a well-balanced distribution that does not give rise to undesirable incentives.

If a remuneration pool is used the ratio mentioned above must also be observed. In this case, however, the individual division into percentages over group, group entity and individual objectives is handled differently. Group level results and or group entity level results generally influence the total pool, and thus they indirectly influence the individual variable pay awarded. A deviating allocation system like this requires the consent of the Rabobank Supervisory Board in accordance with the exceptions procedure.

The group level performance objectives, which are set each year by the Executive Board, are, after approval by the Supervisory Board Rabobank, included in the performance criteria for

every employee who qualifies as Identified Staff and is eligible for variable pay. The governance regarding Performance Management and the remuneration of Identified Staff are explained in sections 6.1 and 6.2.

3.3 Performance Management for monitoring functions

Based on the Group Remuneration Policy, the following conditions apply to the assessment system for employees with monitoring functions:

- i. Employees with monitoring functions are predominantly assessed on job-specific objectives that define their countervailing power role; and
- ii. As far as objectives are of a financial nature, they are not based on the financial results of the entity that is monitored by the employee with the monitoring function. They are at a higher level, possibly at the Rabobank Group level.
- iii. At least half of the job-specific objectives must be achieved to be entitled to payment of variable pay.

The nature and relative division of the objectives may differ for each person within the stated bandwidths depending on the job, the responsibilities and the nature of the work.

The governance of the Performance Management for the monitoring functions and the members of the Monitoring Committee are explained in 6.1 and 6.2.

In order to safeguard independence, advice is required from both the hierarchical line and the functional line for the annual assessment of employees with monitoring functions. The hierarchical line and the functional line can coincide.



4

Funding and determination of the total variable pay, including ex-ante risk measures

4.1 Defining and financing variable pay

The available variable pay is determined in a number of different ways within the Rabobank Group. At most entities, the available variable pay is determined based on the annual budgeting process. For some entities, the financing of the variable pay is linked to the results of the entity (remuneration pool funding). In order to ensure that the total available variable pay correctly reflects sustainable performance (and does not reward unsatisfactory performance) and that the risks related to the operational management have been appropriately taken into consideration, the total sum of the variable pay to be paid at both the Rabobank Group level and the level of the group entity concerned is determined taking into consideration:

- i. The fact that the total variable pay should not restrict the possibility to, for example, sufficiently strengthen the regulatory capital, the capital adequacy margin and the equity of the Rabobank Group.
- ii. The measurable risks of each entity within Rabobank Group and the risk-mitigating measures required to meet the desired risk profile of the Rabobank.
- iii. The financial performance measured with regard to the long-term objectives.
- iv. The needs of the entities within Rabobank Group.

The risk review concerns both quantitative risk adjustments, such as based on Economic Capital or RAROC (Risk Adjusted Return On Capital), and qualitative risk adjustments, such as based on the information available concerning risk management and compliance, and differs per Rabobank Group entity. Please refer to appendix 1 for more detailed information about each entity within Rabobank Group.

4.2 Ex-ante risk measures

4.2.1 Risk analysis of the total variable pay

Notwithstanding the authority of the management boards and the supervisory boards at the subsidiary and local Rabobanks levels, each year, the total variable pay to be awarded within the Rabobank Group is assessed by the Executive Board and placed before the Supervisory Board Rabobank for approval. The total variable pay to be awarded for the Rabobank Group consists of the variable pay (including any possible buy-outs) for all the employees of the Rabobank Group worldwide, including the Identified Staff and employees with a monitoring function.

During this assessment and determination of the total variable pay, ex-ante measures are taken to correct the total available variable pay due to risks which materialize in the relevant year and longer-term risks which influence the risk profile of the Rabobank Group. During this assessment and determination the general interest may also be a factor.

The Executive Board reviews the total variable pay ex-ante. The total variable pay consists of the variable pay to be awarded by each entity within Rabobank Group and is placed before the Supervisory Board Rabobank for approval. The entities within Rabobank Group provide the required information for this¹. The ex-ante review is prepared by the Monitoring Committee RG in order to guarantee the input from the various monitoring functions (particularly Risk Management and Control). The following is taken into consideration for this:

- i. The consequences for the regulatory capital, capital adequacy margin and equity of the Rabobank Group.
- ii. The capital costs (as far as they are relevant for the various entities within Rabobank Group) in order to guarantee that the payment of the Rabobank Group variable pay does not restrict the maintenance of a solid capital base.

The minimum condition for guaranteeing that the variable pay is in line with the risk profile of the Rabobank Group is that, after awarding and paying out the variable pay, the Core Tier 1 capital ratio of the Rabobank satisfies the threshold as determined according to the applicable legislation and regulations. If, and as far as, this minimum condition is not met, then the variable pay will not be (fully) awarded or paid.

4.2.2 Ex-ante review at the individual Identified Staff level

Before the variable pay of Identified Staff is awarded at the individual level based on the assessment system, the individual variable pay is determined by the Executive Board and placed before the Supervisory Board Rabobank for definite approval in order to guarantee that it is consistent with this Group Remuneration Policy. The Monitoring Committee RG, at the initiative and under the leadership of HR, prepares for this decision to be taken and advises the Supervisory Board Rabobank, taking into consideration any compliance issues and/or incidents concerning the employee's conduct.

1) For all the local Rabobanks together, this information is drawn up centrally by the CRG and submitted to the Executive Board. This information does not have to be provided by individual local Rabobanks.

5

Payment of variable pay and ex-post risk measures for Identified Staff

5.1 Granting variable pay

On the basis of paragraph 4.2, the variable pay of Identified Staff must be approved by the supervisory board Rabobank before the variable pay can be granted definitively.

5.2 Deferral regulation

Variable pay is paid to Identified Staff over a period that can appropriately take into consideration the risks which are related to the underlying business activities. That is why a significant part (at least 50%) of the variable pay is deferred (called the deferred part). This is also referred to as 'deferral'.

The following progressive sliding scale is used for this:

<i>Variable pay (€)</i>	<i>Maximum total of the deferred amount (€)</i>	<i>Deferral percentage</i>
0 – 150.000	150.000	50%
150.000 – 500.000	350.000	75%
> 500.000	-	100%

By using a progressive sliding scale, additional risk-controlling measures are taken for employees who have larger variable pay in the form of a higher percentage of the variable pay being deferred.

The part of the variable pay which is immediately payable is awarded unconditionally and the deferred part of the variable pay is awarded conditionally. The deferred part becomes unconditional ('vested') after a period of three years. Before the time that the deferred part of the variable pay becomes unconditional, it is assessed to see whether there is a reason to adjust the amount of the variable pay downwards after applying the risk-mitigating measures described in 5.3 (malus).

5.3 Cash payment and the use of an instrument

5.3.1 Cash payment

50% of both the deferred part of the variable pay and the immediately payable part of the variable pay are awarded in cash (the cash component).

The cash component of the immediately payable part of the variable pay is paid immediately to the employee after it has been awarded.

The cash component of the deferred part is only paid to the employee after it has become unconditional (after a period of three years). This payment includes interest at the market rate, which is added after the deferral period has elapsed.

5.3.2 Application of instrument

50% of both the immediately payable part of the variable pay and the deferred part of the variable pay is awarded in the form of an instrument determined by the Executive Board (instrument component). The application and execution of the instrument is laid down in the Regulations Variable Pay Identified Staff.

The payment of the instrument component is subject to a retention period of one year, from the moment the instrument component has been granted irrevocably.

5.4 Termination of employment

The table given below is used to determine in which situations the deferred variable pay becomes invalid, in which situations it becomes unconditional earlier than would normally be the case and in which situations it remains deferred in accordance with the standard rules.

<i>Reason for the termination of employment</i>	<i>Consequences for variable pay</i>
Death	All the deferred variable pay is paid immediately without a malus. This also concerns the amounts in the retention period.
Disability	All the deferred variable pay is paid immediately without a malus. This also concerns the amounts in the retention period.
Retirement	The deferred variable pay remains deferred and is determined and paid at the end of the deferral period, whilst taking into consideration the retention period. The ex-post risk measures will remain applicable in full.
Redundancy	The deferred variable is upheld and is determined and paid at the end of the deferral period, whilst taking into consideration the retention period. The ex-post risk measures will remain applicable in full.

<i>Reason for the termination of employment</i>	<i>Consequences for variable pay</i>
Change of authority	The deferred variable pay may or may not be paid immediately and may or may not have a malus applied to it. The amounts in the retention period may or may not also be paid immediately. The decision is at the discretion of the employer.
Resignation	All the deferred variable pay will become invalid without the right to compensation.
Dismissal for urgent reasons	All the deferred variable pay will become invalid without the right to compensation.
Termination of employment by mutual consent	All the deferred variable pay will become invalid without the right to compensation. At the discretion of the Supervisory Board Rabobank, (part of the) deferred variable pay may remain in place and be paid at the end of the deferral period, whilst taking into consideration the retention period. The ex-post risk measures will remain applicable in full.

A change of job or no longer being qualified as Identified Staff does not lead to the deferred variable pay becoming invalid. The deferred part of the variable pay will be released in the normal way, whilst taking into consideration the retention period.

5.5 Ex post risk measures

5.5.1 Malus regulation

Shortly before the deferral period elapses, the Executive Board will determine whether a malus should be applied and, if so, to what extent it should be applied to the deferred variable pay (both the cash component and the instrument component). The Executive Board will use the following review criteria:

- i. Proof of misconduct or material errors by the employee, such as conduct which is not in line with the internal code of conduct, compliance guidelines or core values
- ii. Evidence of participation in or responsibility for conduct that have led to considerable loss and/or damage to the reputation of the Rabobank Group and or the relevant Rabobank Group entity;
- iii. Determining whether there has been a significant decline in the financial performance of the Rabobank Group and/or the Rabobank Group entity concerned which throws a different light on the circumstances as they were assessed at the time that the variable pay concerned was awarded (both the personal performance and the financial performance of the group entity and the Rabobank Group in that year).
- iv. Determining whether there has been a significant breach of risk management within the Rabobank Group and/or the Rabobank Group entity in which the employee works which

throws a different light on the circumstances as they were assessed at the time that the variable pay concerned was awarded (both the personal performance and the financial performance of the Rabobank Group and the relevant Rabobank Group entity in that year).

- v. Determining whether a significant adverse change has taken place in the Core Tier 1 capital of the Rabobank which throws a different light on the circumstances as they were assessed at the time that the variable pay concerned was awarded (both the personal performance and the financial performance of the relevant group entity and the Rabobank Group in that year).
- vi. Awarding variable pay based on incorrect or misleading information or as a result of fraudulent actions by the employee concerned.
- vii. Ascertaining that the employee has not met the applicable standards with respect to ability and correct conduct, and
- viii. The minimum condition for guaranteeing that the variable pay is in line with the risk profile of the Rabobank Group is that, after awarding and paying the variable pay, the Core Tier 1 capital ratio of the Rabobank must be equal to or greater than the threshold as determined by the applicable legislation and regulations. If, and as far as, this minimum condition is not met, then the variable pay will not be (fully) awarded or paid.

The decision by the Executive Board whether or not to apply a malus will be placed before the Supervisory Board Rabobank for approval. As far as it concerns the deferred variable pay for the members of the Executive Board, the Supervisory Board Rabobank is authorized to decide on and apply a malus as described above.

5.5.2 Claw-back

In addition to the malus regulations described in 5.5.1, the gross amount which has already been paid can be re-claimed from both employees and former employees if:

- i. the payment was made based on incorrect or misleading information concerning the achievement of the performance objectives which formed the basis of the variable pay or concerning the circumstances on which the variable pay depended;
- ii. the employee concerned has acted fraudulently;
- iii. it involves participation in or responsibility for conduct that has led to considerable loss and/or damage to the reputation of the Rabobank Group and/or the relevant Rabobank Group entity; and/or
- iv. the employee did not meet applicable standards regarding ability and correct conduct.

If the Executive Board decides to apply claw back, the decision is submitted to the Rabobank Supervisory Board for approval. Insofar as the claw back concerns members of the Executive Board, the full competence for applying claw back rests with the members of the Rabobank Supervisory Board.

5.5.3 Postponement of variable pay

In addition to the malus and claw back options there is also an option to postpone the award, payment or irrevocability of variable pay. This may be decided when an investigation has been started that may have consequences for the award or payment of variable pay to an employee. This is subject to both the assessment framework as described for malus and the assessment framework as described for claw back.

The Executive Board decides on the application of postponement. Insofar as this concerns members of the Executive Board, the full power to apply postponement rests with the Rabobank Supervisory Board.

5.6 Regulations Variable Pay Identified Staff

The above conditions of chapter 5 are explained in more detail in the Regulations Variable Pay Identified Staff. Where the above text differs from the Regulations Variable Pay Identified Staff, the Regulations Variable Pay Identified Staff will prevail.



6

Group Remuneration Policy governance structure

A robust governance structure is essential for satisfactory, risk-mitigated variable pay. Within the Rabobank Group, this has been achieved by implementing a layered governance structure.

6.1 Rabobank Group

Within the layered governance of the Rabobank Group, the Executive Board and the Supervisory Board have final responsibility for the correct implementation of the Group Remuneration Policy, for which they receive support from the RG (Rabobank Group) Monitoring Committee. It has the following roles and responsibilities:

6.1.1 Monitoring Committee RG

In line with the stipulation given in 2.6, the Monitoring Committee RG consists of the directors of Human Resources (HR), the Supervision & Compliance (T&C), the Control Rabobank Group (CRG) and the Risk Management (RM). Legal Affairs Rabobank (JZ) is consulted as an expert in legal matters, but is not part of the Monitoring Committee RG.

The Audit domain (ARG) is not part of the Monitoring Committee RG, but it periodically performs an independent audit into the design, implementation and consequences of the Group Remuneration Policy.

Within the Monitoring Committee RG, HR is responsible for:

- i. Supervising the implementation of the GRP by the management board at the relevant entity within Rabobank Group.
- ii. Initiating an annual evaluation of the GRP. The evaluation ensures that the GRP is in keeping with the strategic objectives and the risk profile of the Rabobank Group.
- iii. Initiating the issuance of advice to the Executive Board and the Supervisory Board Rabobank concerning proposed alterations based on the annual evaluation of the GRP.
- iv. Initiating the annual reporting to the Supervisory Board Rabobank concerning the variable pay for Identified Staff and any required alterations, taking into consideration the results of the Rabobank Group.
- v. Issuing advice to the Remuneration Committee concerning proposed material changes to the GRP originating from the relevant entity within Rabobank Group.
- vi. Initiating the provision of the information necessary for the annual review by the Supervisory Board Rabobank and the Remuneration Committee concerning the implementation of the GRP.

- vii. Issuing advice on behalf of the Monitoring Committee RG to the Executive Board concerning the determination of the total available variable pay for all employees and the total available variable pay for Identified Staff.
- viii. Initiating taking ex-post risk measures (malus, claw back and postponement) regarding Identified Staff.
- ix. Collecting information concerning the relevant Rabobank Group entity as regards the implemented remuneration policy for the benefit of the legally required public disclosure by the Rabobank Group.

Within the Monitoring Committee RG, RM is responsible for:

- i. Initiating an evaluation of and necessary changes to the selection criteria for Identified Staff, as well as the final selection of Identified Staff.

Within the Monitoring Committee RG, CRG is responsible for:

- i. Initiating an annual ex-ante review within the scope of the risk analysis of the total variable pay in order to guarantee that the total available variable pay is appropriate for the financial position and risk profile of the Rabobank Group.

Within the Monitoring Committee RG, T&C is responsible for:

- i. Initiating the issuing of advice to the Supervisory Board Rabobank in the event of a decision by the Executive Board to apply claw back.

The domains specified are supported by the other domains and assisted in fulfilling their responsibilities. The other domains make a contribution based on their own expertise and job descriptions.

The Monitoring Committee RG will meet at least four times a year under the leadership of the HR director.

6.1.2 Executive Board

The Executive Board is responsible for the actual leadership and guidance of the Rabobank Group. As such, the Executive Board is responsible for:

- i. Determining the Group Remuneration Policy.
- ii. Determining the criteria on the basis of which the Identified Staff is selected.
- iii. Determining the Identified Staff group.
- iv. Determining the variable pay for Identified Staff, with the exception of the variable pay for the Executive Board itself.
- v. Decision-making regarding the application of ex post risk measures (malus, claw back and postponement) in case of Identified Staff with the exception of ex post risk measures in respect of the Executive Board itself;
- vi. Determining the annual group objective for Identified Staff;
- vii. Approving the mandate for severance pay from € 500,000 to € 1,000,000; and

viii. Expressing its opinion of reports by the Monitoring Committee RG to the Supervisory Board Rabobank.

6.1.3 The Supervisory Board Rabobank

The Supervisory Board Rabobank has the ultimate supervisory function concerning the defining and implementation of the Group Remuneration Policy and is responsible for approving it after it has been determined by the Executive Board. The Supervisory Board Rabobank ensures that, as a whole, it has sufficient knowledge of remuneration policies and remuneration structures. In its role of having final responsibility for supervising the implementation of the Group Remuneration Policy, the tasks of the Supervisory Board Rabobank are:

- i. To determine the total remuneration for the members of the Executive Board.
- ii. To approve the Group Remuneration Policy and changes to the Group Remuneration Policy.
- iii. To approve the general principles of the remuneration policy within the Rabobank Group and to periodically test the policy against the general principles.
- iv. To approve material exceptions, taking into consideration the effects of these exceptions, and if necessary, taking additional risk-mitigating measures.
- v. To approve the group-wide total budget for variable pay.
- vi. To approve the criteria on the basis of which the Identified Staff is selected.
- vii. To approve the composition of the Identified Staff group if the criteria have been adjusted.
- viii. To grant final approval to individual variable pay for Identified Staff (also see "Ex-ante measures" in 4.2).
- ix. To guarantee that an independent review is held at least once a year by the Monitoring Committee RG to see whether the Group Remuneration Policy works as intended and to assess whether the conditions of the Group Remuneration Policy do not contradict the local legislation and regulations and whether the conditions do not contradict the applicable regional remuneration practices.
- x. To ensure that compliance with the Group Remuneration Policy is independently reviewed periodically by the Audit Rabobank Group (ARG).
- xi. To approve the total remuneration of the highest earners of the Rabobank Group.
- xii. To approve, at the group level, the performance criteria which are applicable to the Identified Staff.
- xiii. To approve the performance objectives of Identified Staff and the monitoring functions as a result of the Monitoring Committee RG raising the issue with a higher hierarchical level.
- xiv. To approve the mandate for severance pay in excess of € 1,000,000; and
- xv. To approve the decision by the Executive Board to apply ex post risk measures (malus, claw-back and postponement) and to decide to apply ex post risk measures to members of the Executive Board.

Every year, the Supervisory Board Rabobank is subsequently informed of the remuneration practices within the Rabobank Group for the group of highest earners by means of a group-wide

report. The Supervisory Board Rabobank then discusses this report, which includes, besides the fixed and variable pay, information about any material retention packages, exit packages and buy-outs which may have been awarded.

In order for the members of the Supervisory Board Rabobank to be able to perform their tasks independently, they only receive fixed pay. They do not receive any variable pay.

Remuneration Committee

The Remuneration Committee supports the Supervisory Board Rabobank in fulfilling their tasks and responsibilities as described above. The Remuneration Committee has sufficient expertise and experience in the field of remuneration policies, risk management and supervision to guarantee that the Group Remuneration Policy is in keeping with the risk and capital profiles of the Rabobank Group.

The Remuneration Committee is responsible for the preparation work and making recommendations to the Supervisory Board Rabobank regarding the total remuneration of the Executive Board.

- i. Is responsible for the preparation work for the decision-taking process and for making recommendations to the Supervisory Board Rabobank concerning the variable pay of Identified Staff including the Identified Staff that have a monitoring function.
- ii. Is responsible for preparing the discussions concerning the group-wide report on total remuneration by the Supervisory Board Rabobank.
- iii. Supports and advises the Supervisory Board Rabobank concerning the design and implementation of the Group Remuneration Policy.
- iv. Has access to (internal and external) advice which is independent of the advice which is given by the senior management of the Rabobank.
- v. Assesses the appointment of external remuneration advisors for the Supervisory Board Rabobank, who may be appointed for advisory or support reasons.
- vi. Gives specific attention to the assessment of the ex-ante and ex-post measures which has been made by the Monitoring Committee RG to ensure that sufficient consideration has been given to the various types of risk, liquidity and capital levels when deciding the variable pay.
- vii. Is responsible for carrying out analysis in order to test how the Group Remuneration Policy would react to future internal and external events, such as developments in the labour market and strategic developments within the Rabobank Group.
- viii. In all of the above events factors in the long-term interests of Rabobank Group, the interests of other stakeholders as well as the general interest.

The Supervisory Board Rabobank and the Remuneration Committee are supported by the Monitoring Committee RG in fulfilling these responsibilities, where the Monitoring Committee RG has an advisory role. The advice given by the Monitoring Committee RG is sent to the Supervisory Board Rabobank together with the opinion of the Executive Board.

6.2 Entities within the Rabobank Group

The entities within the Rabobank Group are responsible for the correct implementation of the Group Remuneration Policy within their own entities. The (prime) responsibility for determining the variable pay and approving the performance criteria and non-material exceptions lies with the management board and supervisory board concerned, who receive advice concerning this from the Monitoring Committee or (for local Rabobanks and Obvion) representatives of the combined monitoring domains.

6.2.1 Monitoring Committee

In order to guarantee that the Group Remuneration Policy, including the involvement of the monitoring functions, is implemented correctly at the Rabobank Group entity, a Monitoring Committee has also been set up at:

- i. Domestic banking domains (Support local Rabobanks (OAB, Staff departments and Services (Staven en Diensten) and IT&Operations)
- ii. Wholesale, Rural & Retail domain
- iii. De Lage Landen
- iv. Rabo Vastgoedgroep

Each Monitoring Committee consists of representatives from HR, Compliance, Control and Risk Management and has the following tasks:

- i. Giving advice on any exceptions to the Group Remuneration Policy, whilst taking into consideration the possible consequences for the risk profile of the Rabobank Group.
- ii. Advising the Monitoring Committee RG on applying ex post risk measures (malus, claw back and postponement) in respect of Identified Staff.
- iii. Supervising the performance management practice and remuneration practice for Identified Staff against the policy requirements and advising on the approval of the proposed variable pay for Identified Staff; and
- iv. Supervising the general performance management practice and remuneration practice for employees in general by means of a PDCA cycle and reporting on this to the supervisory board in the event of persistent irregularities.

No Monitoring Committee has been put in place at the local Rabobanks. At local Rabobanks, the above tasks are performed by the Monitoring Committee Domestic banking domain, with support of the Local Compliance Officer (LCO), the Business Controller BM and the HR officer of the local bank.

A Monitoring Committee has also not been put in place at Obvion. The above-listed tasks (i to iv) are performed by representatives of the monitoring domains.

6.2.2 Management board

Domestic banking domain and WRR domain

The Executive Board (responsible for the management of Domestic banking domain and WRR

domain) has at least the following tasks with regard to total remuneration within these domains:

- i. determining the individual variable pay for Identified Staff as far as it does not concern members of the Executive Board themselves.
- ii. determining the total available variable pay.
- iii. determining and implementing its own remuneration policy within the scope of this Group Remuneration Policy.
- iv. approving of buy-out and expense allowances when first employed, if these combined amount to more than € 25,000; and
- v. approving of any material and non-material exceptions to this policy.

In respect of the above, non-material exceptions and buy-out bonuses are subject to the approval of the responsible member of the Executive Board.

Subsidiary

The Executive Board of a subsidiary has at least the remuneration-related responsibilities i to iv mentioned above. Any material and non-material exceptions will be established by the Executive Board of the relevant subsidiary.

Local Rabobank

The management board of a local Rabobank is responsible for ensuring the remuneration policy is implemented correctly. The management board is also authorized to determine buy-out and expense allowances and any non-material exceptions.

6.2.3 Supervisory Board

Rabobank Group entity (excluding local Rabobanks)

The supervisory board of a Rabobank Group entity is responsible for:

- i. Supervising the implementation of the remuneration policy.
- ii. Approving the individual variable pay for Identified Staff; this is then placed before the Supervisory Board Rabobank via the Monitoring Committee RG for final approval.
- iii. Approving any material and non-material exceptions; material exceptions are then placed before the Supervisory Board Rabobank via the Monitoring Committee RG for final approval.
- iv. Approving the total available variable pay; this is then placed before the Supervisory Board Rabobank via the Monitoring Committee RG for final approval.
- v. Approving the remuneration policy of the Rabobank Group entity, as well as amendments to the policy, within the scope of the Group Remuneration Policy.
- vi. Compliance with the legislation and regulations relating to remuneration policies.

Local Rabobank

The supervisory board of a local Rabobank is responsible for:

- i. Supervising the implementation of the remuneration policy.

- ii. Approving the individual variable pay for Identified Staff (if applicable); it is then placed before the Supervisory Board Rabobank via the Monitoring Committee RG for final approval.

6.3 Governance of severance pay

As regards the awarding of severance pay, the following applies:

- severance pay may not reward for failure and/or misconduct;
- the severance pay reflects the performance of an employee;
- in the event of termination of the employment contract on the employee's initiative no severance pay may be paid, unless this results from major imputable acts or negligence on the part of the employer. Discharge based on a redundancy plan is not considered as termination of employment initiated by the employee,
- severance pay for officers responsible for day-to-day policy-making amount to one annual salary maximum.
- in the event of failure of the company no severance may be paid to officers responsible for day-to-day policy making.

Every intended severance, whatever the amount, must be assessed by the representatives from the relevant monitoring domains.

The governance procedure depends on the amount of severance to be paid.

There is no individual review by the Executive Board or the Supervisory Board Rabobank in the case of severance pay with a collective regulation. Severance pay which has been determined by a judge via a court procedure does not require further approval.

In all other cases, a procedure is applicable where a mandate is requested in advance. Depending on the expected amount of the severance pay, the procedure is as follows:

Severance pay up to € 500,000

The local bank, the organization unit or the subsidiary is authorized to determine a mandate for severance pay up to € 500,000.

Severance pay from € 500,000 to € 1 million

In addition to the above conditions, a mandate for severance pay from € 500,000 to € 1 million requires approval from the Executive Board.

Severance pay above € 1 million

A mandate for severance pay above € 1 million must be placed before the Executive Board and the Supervisory Board Rabobank for approval. In urgent cases, the chairman of the Supervisory Board Rabobank will make a decision based on advice from the Remuneration Committee and the full Supervisory Board Rabobank will be informed at a later date.

Severance pay for the statutory directors of local Rabobanks

In addition to the procedure described above, the governance for awarding severance pay to statutory directors of a local Rabobank is included in the General Rule on Remuneration Policy.

6.4 Exception procedure

In order to have a sound remuneration policy which is in keeping with the desired risk profile and cooperative nature of the Rabobank, it is assumed that there are no exceptions to the Group Remuneration Policy within the remuneration policy of the different entities of the Rabobank Group. Any exceptions are only permitted when conditions of the Group Remuneration Policy contradict:

- i. Local legislation and regulations and/or
- ii. Local labour market forces and customs.

If exceptions to the Group Remuneration Policy are necessary based on the determined grounds for exception, then a stringent exception procedure is applicable:

- i. Material exceptions are placed before the Supervisory Board Rabobank and non-material exceptions are placed before the management board and the supervisory board for approval.
- ii. Exceptions that relate to the variable pay for which the proposed variable pay is more than 100% of the fixed pay, always regard a material exception in which this exception must first be presented to the General Assembly of the relevant group entity; and
- iii. All proposals for exceptions are substantiated by the Monitoring Committee concerned. This substantiation explains the consequences for the risk profile of the Rabobank and includes a proposal for one or more risk-mitigating measures.

6.4.1 Subsidiary exception procedure (excluding Obvion)

Material exceptions

If an exception qualifies as a material exception for the operational management of a subsidiary, the procedure given below is applicable in order to guarantee that the exception is sufficiently risk-mitigated, does not harm the basic principles which are contained in this Group Remuneration Policy and that the intended exception does not contradict legislation.

Once a material exception has been approved by the subsidiary's Supervisory Board, the management board must request approval for a material exception from the Executive Board (of Rabobank). This request will at least include:

- i. A specific (qualitative and quantitative) description of the proposed exception.
- ii. The analysis by the Monitoring Committee with justification of the exception (prevailing legislation and regulations or the market forces).
- iii. Supporting documentation (in particular, in the case of market forces).
- iv. The analysis of the need to take additional risk-mitigating measures and, if necessary, a proposal for and a description of these measures.
- v. The approval of the proposal as it is by the supervisory board.

If, after careful consideration by the Executive Board, the proposed exception is found to be necessary and acceptable, it will be placed before the Supervisory Board Rabobank for approval.

The Supervisory Board Rabobank will review the submitted exception and get advice for this purpose from the Monitoring Committee RG. The Supervisory Board Rabobank will only approve the exception if it is sufficiently risk-mitigated and does not promote the wrong behaviours. The following additional risk-mitigating measures may be used:

- i. Altering the amount of the pay and/or the ratio of variable to fixed pay.
- ii. Setting additional objectives or applying additional ex post risk measures (malus, claw-back and postponement).
- iii. More stringent supervision (governance).
- iv. Extending the duration of the deferral period.

Non-material exceptions

The Group Remuneration Policy places responsibility for comparing non-material exceptions with the Group Remuneration Policy with the supervisory board of the subsidiary. This supervisory board is authorized to independently assess, based on the advice that it receives from the relevant Monitoring Committee, whether the exception is permitted and whether sufficient risk-mitigating measures have been taken to meet the fundamental principles of the Group Remuneration Policy.

6.4.2 Exceptions procedure within Obvion, WRR and Domestic banking domain

Material exceptions

Material exceptions to the Group Remuneration Policy are assessed by the Monitoring Committee RG and after being determined by the Executive Board, they are placed before the Supervisory Board Rabobank for approval.

Non-material exceptions

Non-material exceptions to the Group Remuneration Policy are subject to the approval of the responsible Executive Board member. The responsible Executive Board member is advised by the Monitoring Committee Domestic banking domain or the Monitoring Committee Wholesale, Rural & Retail domain. Non-material exceptions within Obvion are approved by the Obvion Executive Board, supported by a representative of the monitoring domains.

6.4.3 Periodic review

Periodically, the Audit domain of Rabobank (ARG) reviews whether all the determined and documented exceptions satisfy the procedure described above, with input from the Audit domain at the lower levels within the Rabobank Group. ARG submits the results of this review to the Supervisory Board Rabobank, after which the Supervisory Board Rabobank has the authority to forbid existing exceptions or to place additional requirements on the risk-mitigating measures which must be taken.



7

Other conditions

7.1 Date of coming into force

The Group Remuneration Policy came into force on 1 January 2011 and was last amended on 1 July 2015. The Group Remuneration Policy is applicable to all pay within the Rabobank Group for the performance years from 2011 onwards. The version of the GRP of July 2015 will enter into effect from performance year 2015 onwards. The remuneration policy and the remuneration regulations of the different entities within the Rabobank Group remain applicable in full as far as they contain additional conditions and do not contradict this Group Remuneration Policy, including the exceptions stated in Further Elaboration (appendix 1).

7.2 Version history

<i>Version</i>	<i>Determined</i>	<i>Approved</i>	<i>Valid from</i>
Dec 2011	13-12-2011	20-12-2011	01-01-2011
Oct 2012	14-08-2012	20-08-2012	01-10-2012
Jan 2014	10-12-2013	19-12-2013	01-01-2014
Jul 2015	19-05-2015	01-06-2015	01-01-2015

7.3 Disclosure

The Rabobank Group ensures that the Group Remuneration Policy is made known to all the employees and other stakeholders of the Rabobank Group. Furthermore, each year, the Rabobank Group publishes the relevant qualitative and quantitative information regarding the pay of Identified Staff at the aggregated level, as far as this is permitted based on the applicable data protection and privacy laws.



8

Definitions

Buy out

Compensation for the loss of (deferred) variable pay from a former employer which, when recruiting a new employee, is only permitted for the first year of employment and to which the full cycle of risk alignment is applicable.

Core Tier 1 Capital

Tier 1 capital as determined in accordance with the European liquidity guidelines.

Deferred (part of the) variable pay

The part of the variable pay that is awarded conditionally.

Executive Board

The Executive Board of the Coöperative Centrale Raiffeisen-Boerenleenbank.

Expense remuneration

Compensation that can be granted for newly starting employees for the expiration of secondary and tertiary working conditions regulations. These costs that have to be substantiated concern an expense remuneration and are not considered variable pay.

Financial objective

A financial objective is an objective that is directly related to things like profit, commercial result, commercial productivity, bank-related productivity, formula result, cost-benefit ratio, gross result, client contribution or revenue. Objectives that are related to costs are not considered as financial objective in this context.

Fixed pay

The normal pay which is periodically paid, including fixed allowances, such as, but not limited to, holiday money, payment of a thirteenth month, a market value allowance and overtime pay.

Identified Staff

Employees who can have a significant influence on the risk profile of the Rabobank Group and, as such, are designated by the Executive Board based on current legislation and regulations.

Instrument

The instrument that is used for the part of the variable pay that is paid out in other ways than in cash as described in the Regulations Variable Pay Identified Staff.

Job-specific objective

A job-specific objective is an objective that is directly related to the job profile of the job concerned and, therefore, intrinsically concerns the work which the job consists of.

Local Rabobank

A cooperative bank that is a member of the cooperation Rabobank.

Management board

The management body of the relevant entity within the Rabobank Group.

Material exception

A material exception is intended to mean a deviation from the Group Remuneration Policy which can have considerable, current or future, financial or non-financial, adverse consequences for the Rabobank Group (including the loss of credibility), where the following situations are considered to be material:

- Deviations which can be quantified and amount to more than 10% of the annual variable pay, yet which are at least € 25,000 per individual employee or 1% of the wage costs of the group entity concerned if it concerns a group of employees.
- Deviations of the rule that the variable pay is maximised on 100% of the fixed pay regardless of the height of the deviation.
- All deviations specified in 3.2 and 3.3.
- All deviations specified in chapter 5.

Monitoring Committee RG

The Monitoring Committee at the Rabobank Group level is referred to as the Monitoring Committee RG in the Group Remuneration Policy.

Monitoring Committee

Monitoring Committees at the relevant Rabobank Group entity level.

Monitoring functions

Monitoring functions are all the Identified Staff functions within the monitoring domains Risk Management, Compliance, Control, HR, Legal and Audit.

Performance Management

The process that has been set up within the Rabobank Group to translate strategic objectives into group and individual performance objectives, also called the assessment system.

Rabobank Group

Rabobank, including all of its subsidiaries and the local Rabobanks. This includes all the legal entities at home and abroad:

- (i) In which Rabobank or one or more of its subsidiary companies (whether or not by virtue of an agreement with other voting members) has by itself or have together more than half of the voting rights in the General Meeting.
- (ii) Of which Rabobank or one or more of its subsidiary companies is a member or a shareholder and where they can, whether or not by virtue of an agreement with other voting members, appoint or fire on their own or together more than half of the management board members or supervisory board members, even if all the voting members vote.

Rabobank

The Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A., statutorily established in Amsterdam, the Netherlands.

Remuneration Committee

The Remuneration Committee of the Supervisory Board Rabobank.

Retention bonus

A retention bonus is a type of variable pay that is linked to an imminent reorganization, and that serves to retain employees in key positions for the organization.

Subsidiary

In the context of this Group Remuneration Policy a subsidiary refers to DLL, Rabo Vastgoedgroep and Obvion.

Supervisory Board Rabobank

The Supervisory Board of Coöperatieve Centrale Raiffeisen-Boerenleenbank.

Supervisory Board

The supervisory board of a subsidiary or local Rabobank.

Variable pay

Pay in the form of additional payments or benefits, depending on performance or other contractually determined objectives, including bonuses, retention pay and/or buy outs.





Appendix 1

Further elaboration per entity within the Rabobank Group

General explanation

The Group Remuneration Policy is applicable to the entire Rabobank Group. Aspects of the remuneration policy are interpreted differently at the various entities of the Rabobank Group. For example, the way in which the total available variable pay is determined may differ for each Rabobank Group entity (for example, budgeting versus pool funding). This does justice to the diversity of the activities within the Rabobank Group in the various sectors and labour markets in which it operates.

In order to make clear what this specific interpretation of the Group Remuneration Policy looks like, the Further Elaboration explicitly shows what the applicable ratio between the variable and fixed pay for the various groups of employees.

Finally, every Further Elaboration specifies whether the group entity applies exceptions to the Group Remuneration Policy which, in accordance with the exception procedure described in chapter 6, have been assessed and approved by both the management board and the supervisory board of the entity concerned, as well as by the Supervisory Board Rabobank. If applicable, a short description is given of these exceptions, including the extra risk-mitigating measures which have been applied.

In this version of the Group Remuneration Policy, the addenda of the various group entities and subsidiaries are not included.