



Water

The need to pay the due



Peter Vos, Senior Water Manager, Rabobank

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3. Rabobank Group & sustainability

4. Integration CSR in our daily operations

5. CSR in client acceptance process

6. Where does water come in?



1. Agriculture at the heart of the matter



Agriculture is at the heart of the matter...

- Agriculture is by far the largest user of water resources
- Agriculture is responsible for 25–40% of greenhouse gas emissions
- Between 11 and 15 million hectares tropical forest disappear, mostly to agriculture
- Agriculture will need to increase production substantially
- To meet demands for food & feed, production has to rise with 70 – 90% by 2050
- In addition, there is a strong demand for biofuels and biomass to contribute to energy needs

....While there are large inefficiencies in irrigation

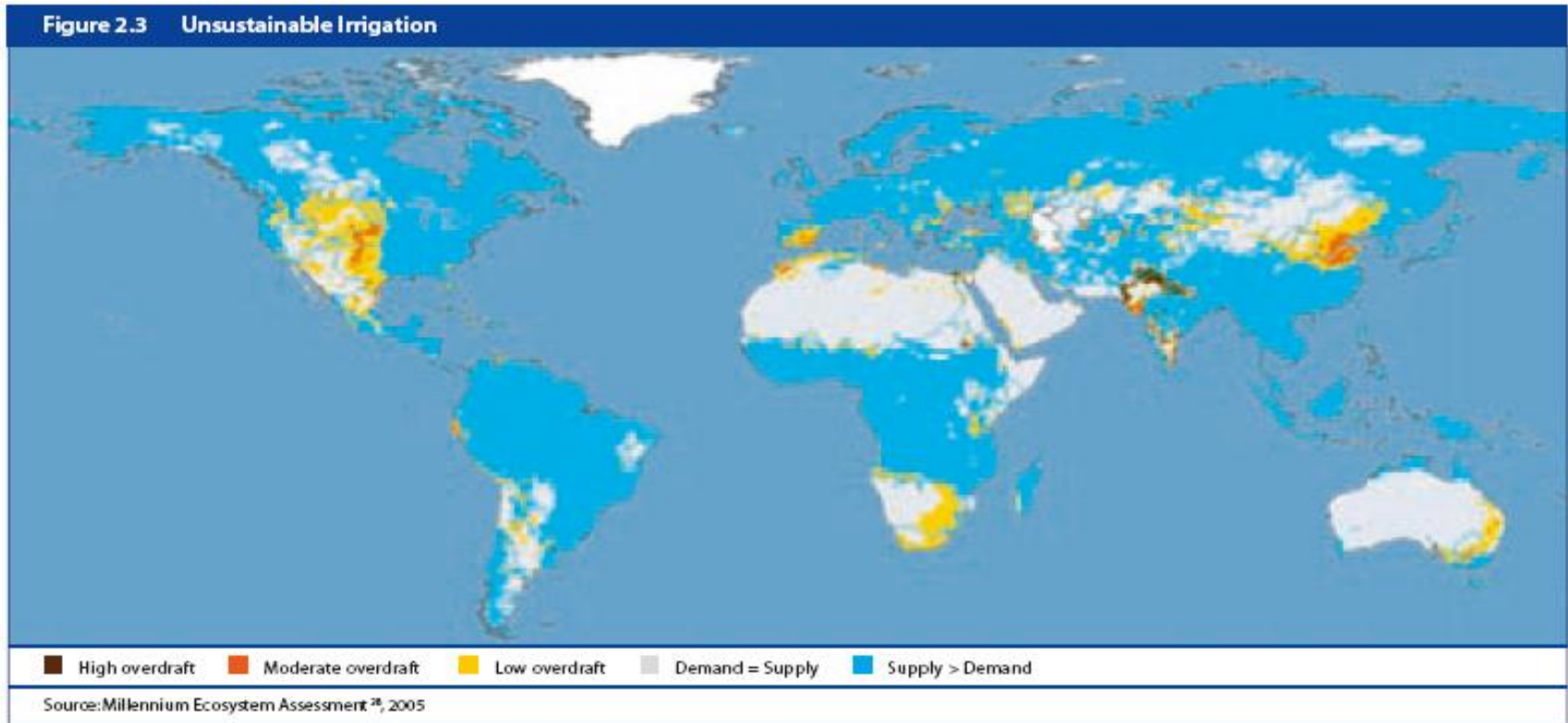
- Low levels of technology in irrigation
- By implementing irrigation technologies, water efficiency can be improved with 30%
- There is an enormous potential for water use efficiency

Figure 3.2 Irrigation Water Sources and Methods

Selected regions	Total irrigated area (million hectares)	Farmer or privately managed (% of total)	Source of Irrigation water		Irrigation method		
			Surface water (% of total)	Groundwater (% of total)	Flood (% of total)	Sprinkler (% of total)	Drip (% of total)
East Asia & Pacific	71.8	48	46	54 ⁴⁷	96	<3	<1
Eastern Europe & Central Asia	31.6	8	96	3	58	41	<1
Latin America and Caribbean	18.4	18			87	11	3
Middle East and Northern Africa	20.3	6	68	32			
South Asia	73.7	44	47	53 ⁴⁸	97	<2	<1
Sub-Saharan Africa	6.2	36	78	20	78	17	5
US	52.6		54	46	44	50	6
Australia	2.4	n.a.	75	25	60	30	10
Israel	0.2				25	15	60
Spain	3.7				83	13	4
France	2.7				10	88	<2

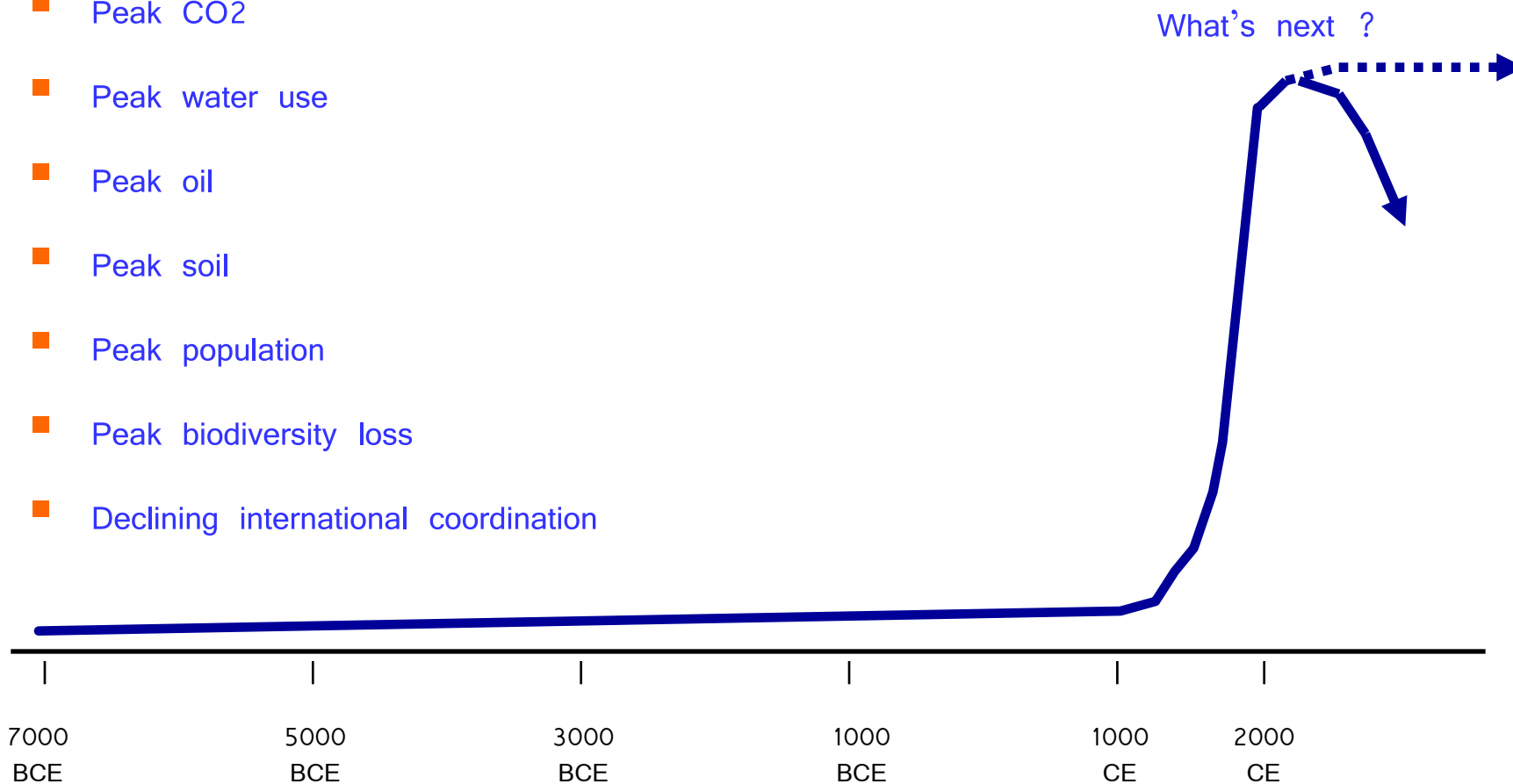
Source: FAO, World Bank ⁴⁸

And irrigation is already non-sustainable in many parts of the world....



Spaceship Earth: “Houston we have a problem.....”

- Peak CO2
- Peak water use
- Peak oil
- Peak soil
- Peak population
- Peak biodiversity loss
- Declining international coordination



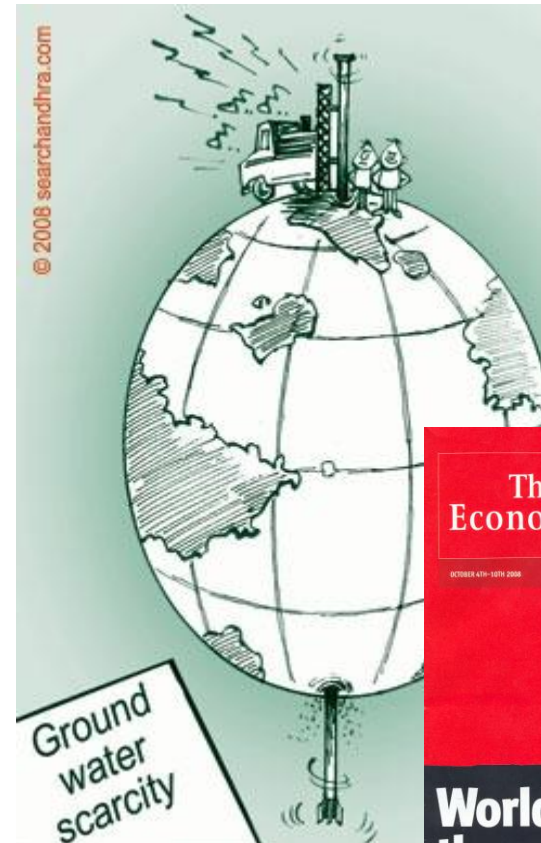
....But we still have a choice....

A paradigm shift is mandatory

- Current water needs: a canal 10 meter deep, 100 meters wide, running nine times to the moon and back
- Future water needs: same canal but seven additional times to the moon and back
- That water is simply not there...!
-We need two worlds to fulfill our resources needs!



Rabobank





Resource efficiency is key



How to feed 9 bn and fuel the economy sustainably?

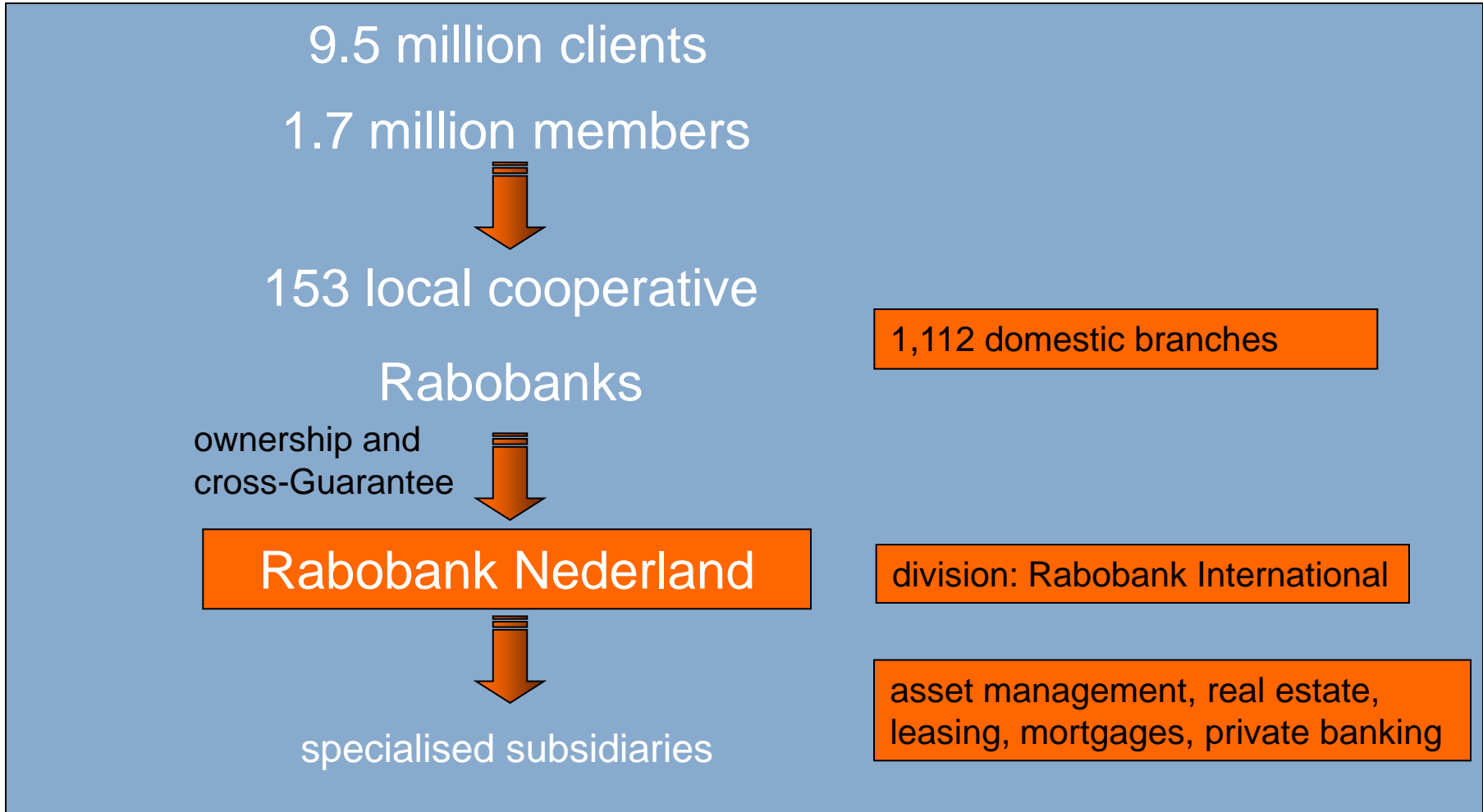


2. Rabobank's call on duty



Structure

Local cooperatives basis of Rabobank



Results 2008

Rabobank at a glance



Focussed strategy:

- Cooperative bank established in 1898; keep a strong co-operative identity
- stay a predominantly Dutch bank
- further strengthen the Allfinanz-leadership in the Netherlands
- further strengthen the global position as the number 1 food & agribusiness bank
- retain creditworthiness at Triple-A level
- maintain a high level of Corporate Social Responsibility

(€bn)	Dec 2008	Dec. 2007
Total assets	612.1	570.5
Group equity	33.5	31.4

	2008	2007	Long term objective
Return on equity	9.7%	10.2%	10%
Net profit growth	2%	15%	10%
Tier-I ratio	12.7%	10.7%	12.5%

	2008	2007
Net profit (€ bn)	2,754	2,696
Efficiency ratio	65.3%	69.5%

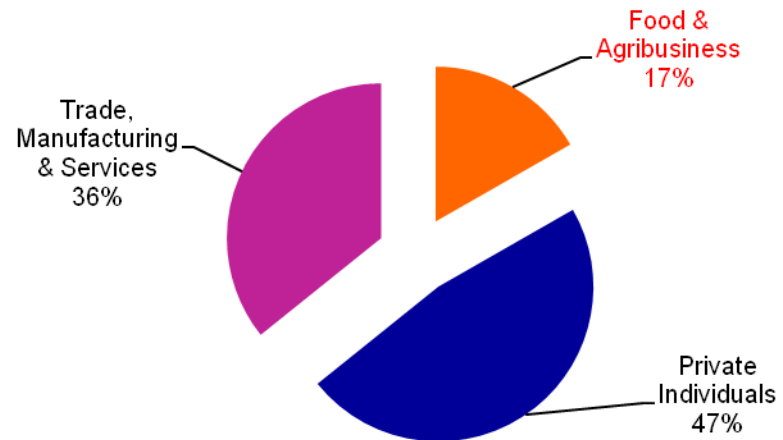
Committed to

Triple-A ratings

			since
Standard & Poors	AAA		1981
Moody's Investor Service	Aaa	1981	
DBRS	AAA		2001

Irrigation is part of loans to F&A sector

Group lending by customer category total €409 billion

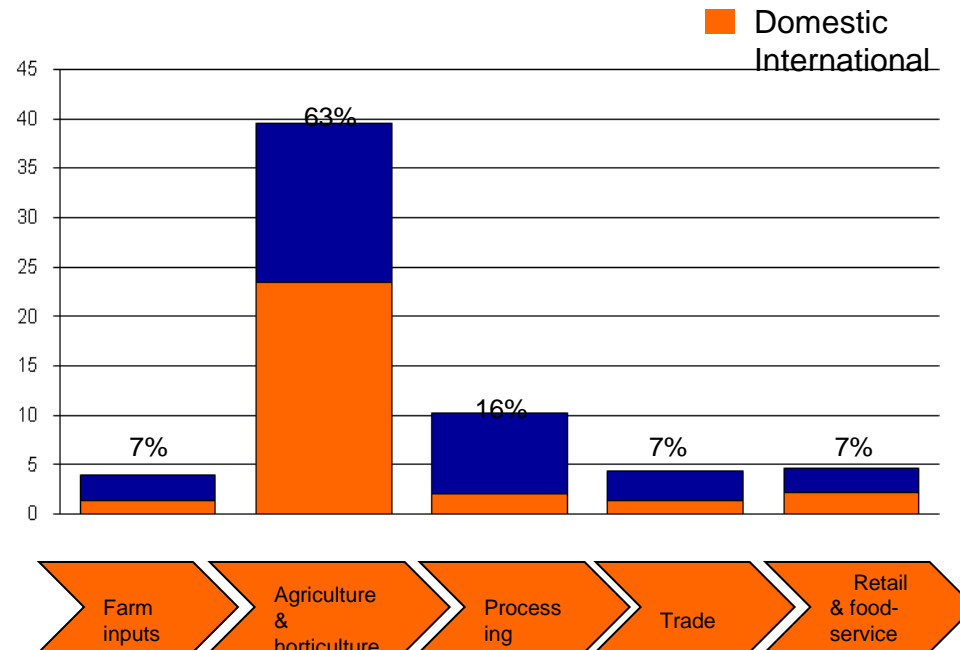


Total lending Rabobank €409bn of which F&A €68bn

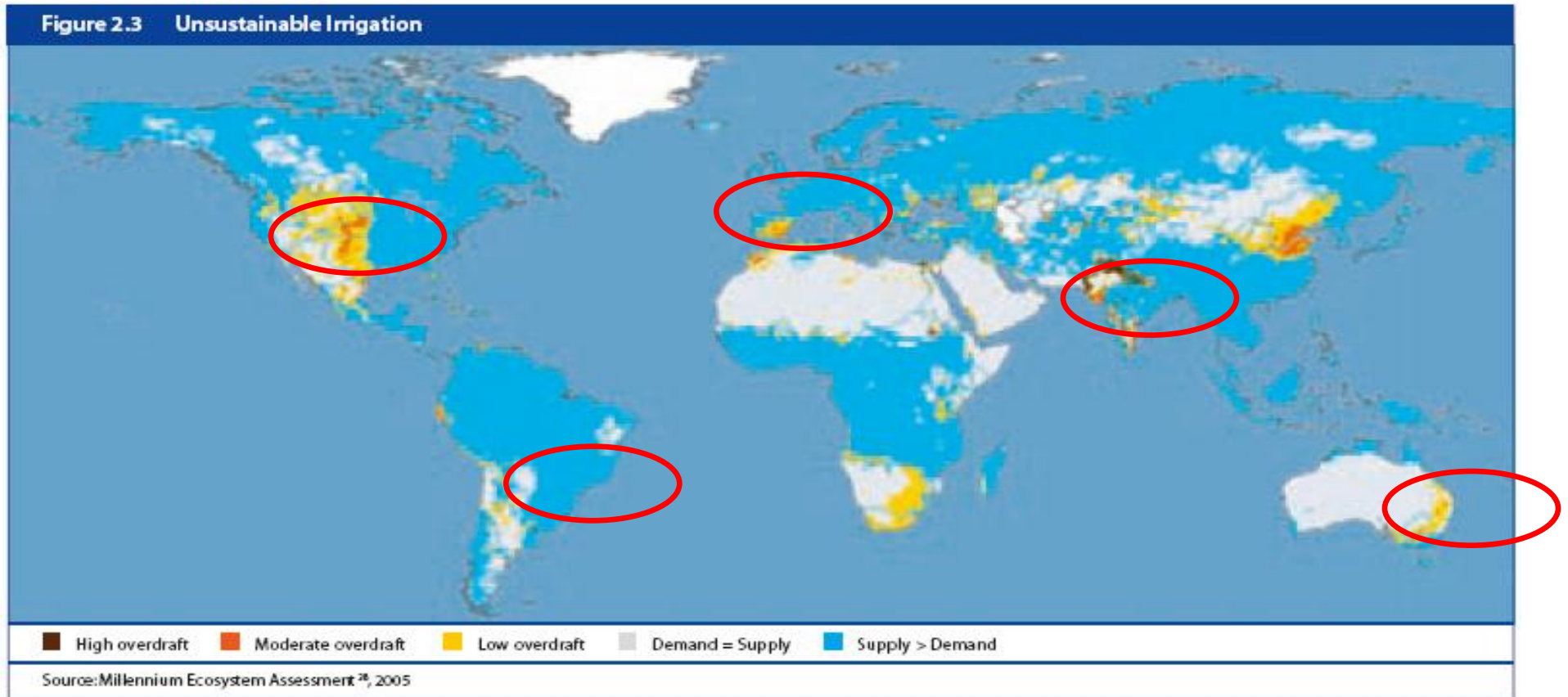
Rabobank finances all kinds of activities in the F&A chain



Group F&A lending by link in the chain total €68billion



Hotspots in the F&A loan portfolio



Rabobank is exposed to water risks

- Physical risks
- Financial risks
 - Political risks
 - Credit risks
 - (Sub) sovereign risks
 - Regulatory risks
 - Commercial risks
- Reputational risks





3. Rabobank Group & sustainability

Rabobank Group & sustainability



Core values

- Respect
- Integrity
- Professionalism
- Sustainability

Vision

A healthy balance should exist between the economic, social and environmental effects of our financial and operational activities

Ambition

Top-3 worldwide most sustainable bank



Rabobank Group & sustainability (2)

CSR key activities 2009 – 2012

- Sustainable F&A chains and better food security & safety
- Stimulating renewable energy and clean tech innovations
- Access to finance: financial inclusion and literacy
- Promotion of social cohesion and solidarity

Showing our leadership in F&A and Sustainability

1. Aiming for food safety and food security
2. Using natural resource responsibly
3. Promoting social welfare
4. Treating animals responsibly
5. Consumer and citizen awareness



4. Integration CSR in our daily operations

Integration CSR in our daily operations



CSR spectrum



Integration CSR in our daily operations (2)



Rabobank

Rabobank activities worldwide

Ambition & Identity

- * Mission statement
- * Code of conduct
- * 12 sector policies & membership of sustainable initiatives
- * F&A principles
- * Rabobank Statements
- * Equator Principles

Client & Financial services (not exhaustive)

- * FAR specialists & reports
- * Clean tech Desk
- * Renewable Energy & Infrastructure Finance
- * Rabo ventures
- * Carbon trading
- * Sustainable Agriguarantee Fund
- * Cooperation RI-RF-RD
- * Green Bank
- * Robeco engagement service

Business Operations

- * Procurement guidelines
- * CO2 Footprint compensated
- * Energy, water & paper savings
- * Internal HR policy
- * Travel policy (leasing, public transportation, air travel)

Social Engagement

- * Rabobank Foundation activities
- * Strategic Financial support, locally organised
- * Sponsoring (sport & culture)
- * Local community initiatives (education, health, poverty elevation)

Integration CSR in our daily operations (3)



**Aquaculture
stewardship
council**




**Roundtable
on Sustainable
Biofuels**



12 Sensitive Sectors



Fishery-Wildcatch



Forestry



Biofuels



Mining



Aquaculture



Oil & Gas



Cocoa



Palm oil



Cotton



Soy



Coffee



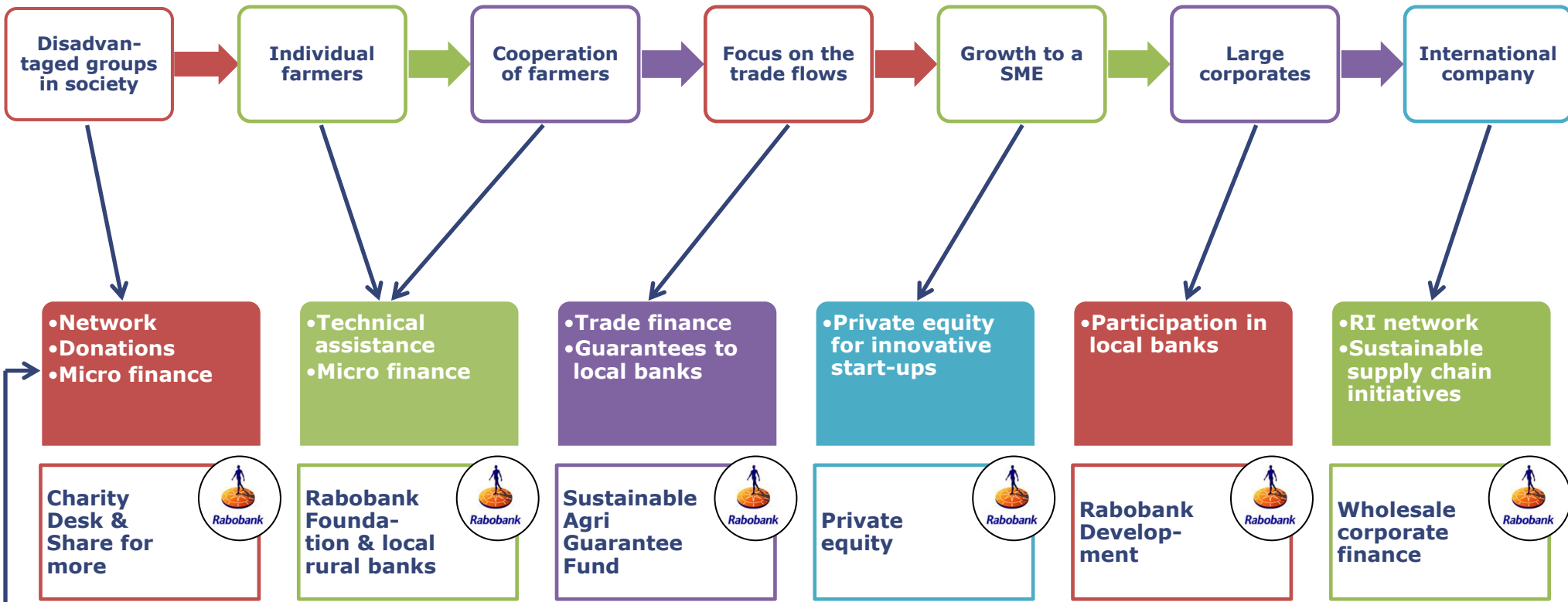
Sugarcane

Integration CSR in our daily operations (4)



Combining services and expertise of Rabobank

The Outside

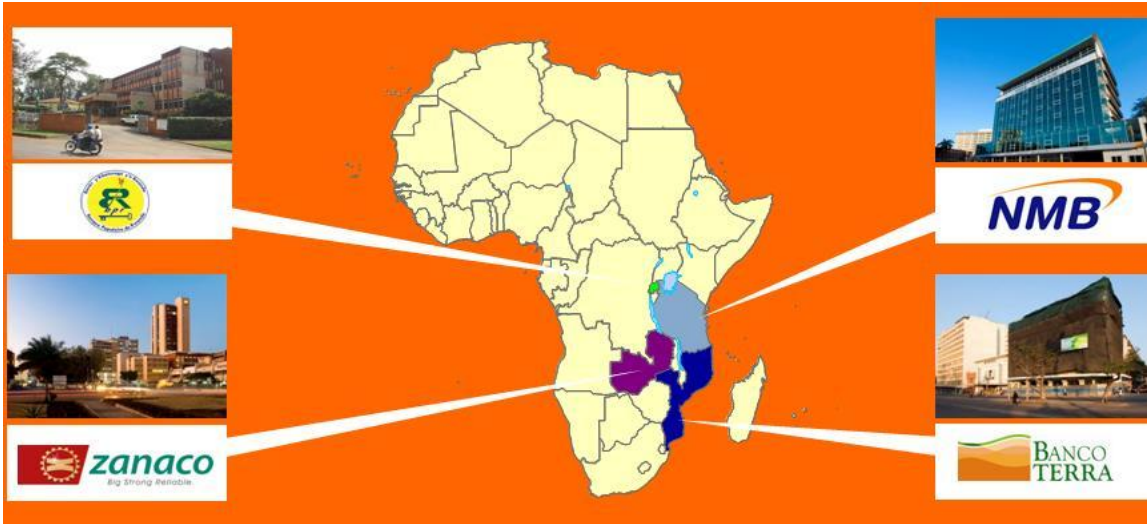


The Inside

What do they need and what can we provide?

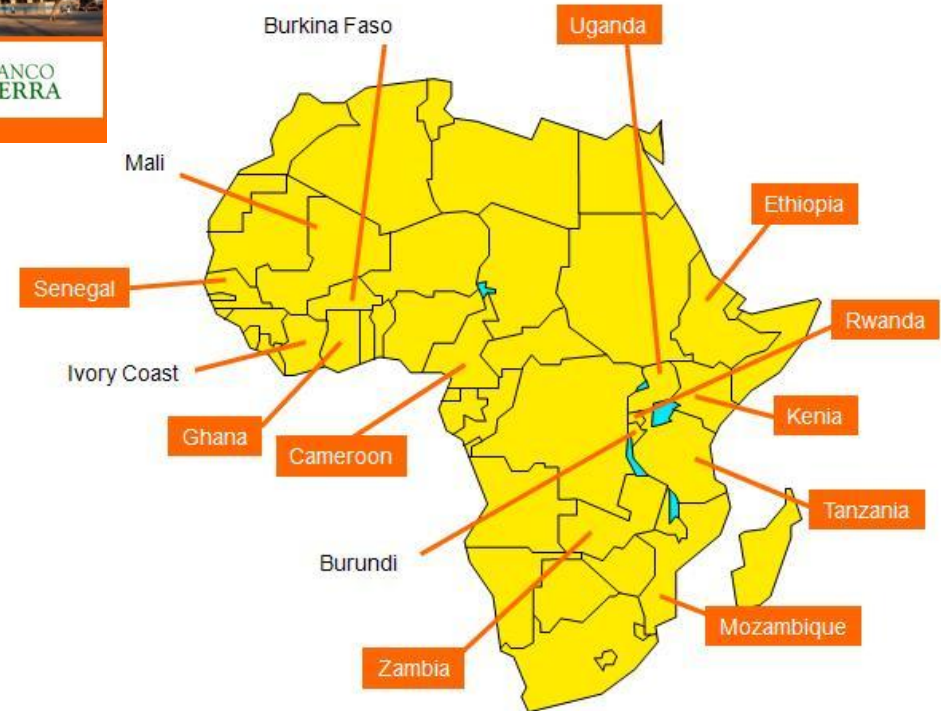
Integration CSR in our daily operations (5)

Cooperation RI, Rabobank Foundation and Rabobank Development



Partner banks Rabobank Development in Africa

Activities Rabobank Foundation in Africa



Integration CSR in our business operations (6)



Reduction of our own CO2
footprint (Rabobank Alkmaar)

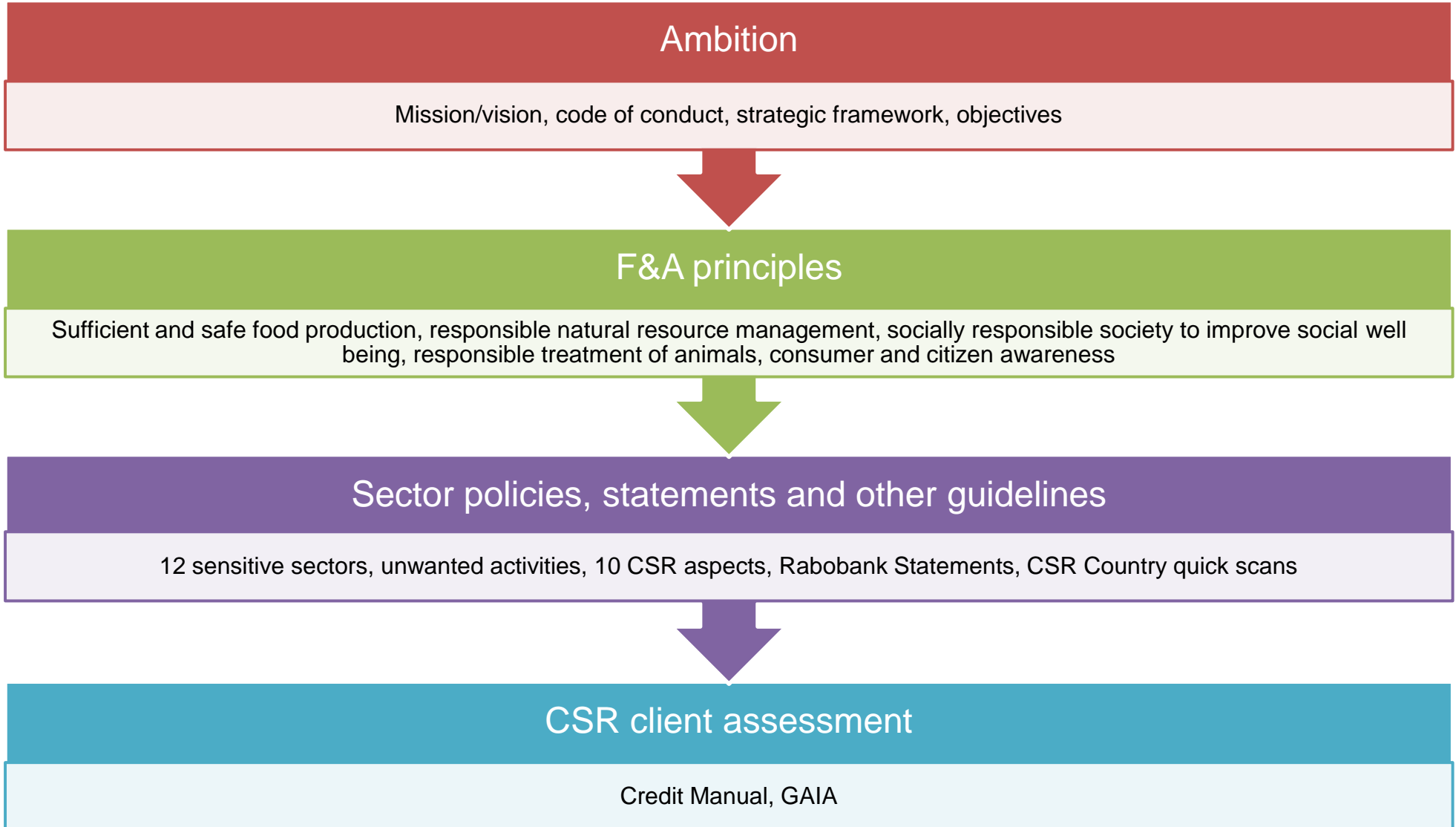


5. CSR in client acceptance process

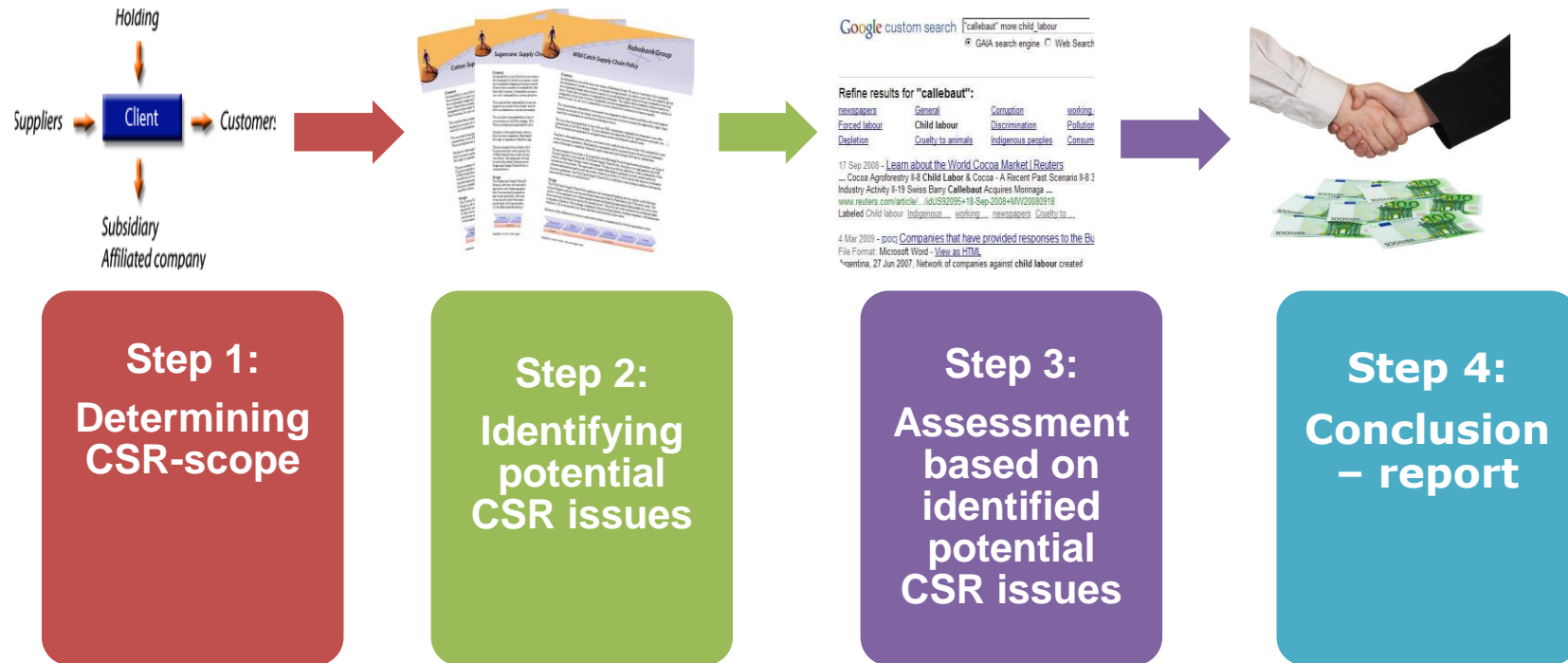
CSR in client acceptance process



CSR policy framework



CSR in client acceptance process (2)



Assessment: Van drie holding b.V.(32223)

Status: Relation manager

General Questions 1

General client info ?

Clients for which this assessment is also applicable ?

CSR scope of the client (identifying the CSR risks) ?

CSR risks can be directly linked to your client but can also be in other parts of the supply chain or in the companies group structure.

Note that the CSR scope is not always the same as the Credit base.

In case the CSR risk is in other parts of the supply chain, the risks can be linked to one company (specific supplier or customer), or can be general for (the relevant part of) the industry.

The CSR Risks can also be linked to a country in which the Client, Suppliers, Customers or Group companies are active in.

Based on this approach, the CSR assessment will be focussed on the countries, industries and companies with the expected highest CSR Risk impact on the client.

The client itself, its homeland and its industry is always part of the CSR Scope.



Countries

NETHERLANDS

-Select-

-Select-

-Select-

Industries

Type (part of) NAICS or industry

Type (part of) NAICS or industry

Type (part of) NAICS or industry

Type (part of) NAICS or industry

Companies

WWID	Company	Relation
a 32223	Van drie holding b.V.	Client itself
b		-Select-
c		-Select-
d		-Select-

Save CSR scope

CSR in client acceptance process (3)



GAIA screenprint



GAIA



Manager, R (Relation) Log out

Applications

Assessments

Help

[Rabobank - Back to CRIS Portal](#)

Assessment: Premier Foods PLC(30585)

Status: Relation manager

General Questions 1

General Questions 2

General client info ?

CSR scope of the client (identifying the CSR risks) ?

Are companies in CSR scope of the client involved in one of the 12 sensitive sectors? ?

Company	a	Premier Foods PLC = a
Biofuels	<input type="checkbox"/>	
Cocoa	<input type="checkbox"/>	
Coffee	<input type="checkbox"/>	
Cotton	<input type="checkbox"/>	
Seafood wild catch	<input type="checkbox"/>	
Seafood aqua culture	<input type="checkbox"/>	
Mining	<input type="checkbox"/>	
Oil & gas	<input type="checkbox"/>	
Palm oil	<input checked="" type="checkbox"/>	
Soy	<input checked="" type="checkbox"/>	
Sugar Cane	<input type="checkbox"/>	
Timber	<input type="checkbox"/>	
None	<input type="checkbox"/>	

Save and go to next step



Assessment: Van drie holding b.V.(32223)

Status: Relation manager

General Questions 1 General Questions 2

CSR Issues ?

Which CSR Issues can be applicable for the industries and/or the companies in the CSR scope of the client?

	a	b	N.A.
Corruption and/or bribery	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Poor working conditions	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Forced labour	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Child labour	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Employee discrimination	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Pollution	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Depletion of scarce natural resources	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cruelty to animals	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Violation of the rights of indigenous peoples	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Products/services that impose serious health or safety risks to consumers	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Van drie holding b.V. = a
Veau Pays d'OC SAS = b

Save CSR issues

Assessment Van drie holding b.V. (32223)

General Questions 1 General Questions 2 Media attention **Assessment**

Country features

?

Sensitive sector analysis

?

CSR features

?

Conclusion based on assessment above:

?

When drawing a conclusion one should take in mind:

- What is our client's power / ability to influence the behaviour of companies in the CSR scope of the client?
- Is there room for improvement of the client's behaviour?

Which CSR-risks are identified in the assessment and have these risks been discussed with the client? *

What opportunities have been identified in discussing CSR with the client? *

Conclusion based:

-Select-

Conclusion based on assessment above (recommendation and comments): *

-Select-

-Select-
Acceptable
Acceptable under conditions
Unacceptable



Is there an action plan regarding the risks and opportunities identified in the assessment? *

Yes No

Save

Attachments

?



5. Where does water come in?

Where does water come in?

Credit assessment

- Policy documents on sensitive sectors
 - Issues on pollution and depletion of scarce natural resources
 - Background documents: best management practices
- List of potential CSR issues
 - Pollution
 - Water Quality
 - Effluent treatment
- CSR country quick scans
 - Water scarcity issues
 - Groundwater & surface issues
 - Pollution

Where does water come in?

Performance indicators

- Chief liquidity series on agribusiness a good start
 - Performance indicators per geography
 - Measuring awareness and activeness of clients
 - At the frontier of current discussions
- But
 - Qualitative, not quantitative
 - Not measuring performance
 - Dealing with individual clients, not supply chains
 - No benchmarking
 - Water footprint concept needs to be clarified

Where does water come in?

Our future steps

- Generic, quantitative approach of non-financials as part of tool box for client assessments
- Two data streams : financial and non-financials
- Smart parameters : quantifiable, verifiable (using external benchmarks)
- Interactive quantitative non-financials fact sheet (risk photo)
- Risk photo for all resource inputs: energy, water, CO₂, waste & natural resources
- May be a link between REF and financial terms should be established (carrot – stick)

From reactive to proactive



Let's listen to our clients
and learn from them