

Sustainable Agriculture Financing in Rabobank Indonesia



By Aninditta Savitry

Food & Agribusiness Research and Advisory – Corporate Banking Division

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Rabobank and It's Agriculture Root

9 million customers

1.61 million members

188 local member banks

Rabobank Nederland

Wholesale Banking and
International Retail Banking

- Corporate Clients
- Rabobank International

Domestic Market Support
Retail Banking

- Retail
- SME
- Private Banking

Group Activities

- Co-operative and Administrative Affairs
- Group ICT
- Lending
- Shared Services & Facilities
- Other support services

**Asset Management
Investment**

- Robeco Group
- Schretlen & Co
- Alex

Leasing

- De Lage Landen

Real Estate

- Rabo Real Estate
- FGH Bank

**Other
group divisions**

- Obvion (mortgages)

Rabobank International Indonesia

- Established in 1990
- Wholesale/corporate bank, focusing on Food and Agriculture business (approximately 50% of portfolio)
- Products and Services: Corporate Banking, Trade and Commodity Finance, Corporate Advisory and Mergers & Acquisitions, Financial Institutions, Treasury and Global Financial Market, Food & Agribusiness Strategic Advisory and Research
- Recent acquisition of Hagabank and Bank Hagakita





Our roots lie in agriculture.

So does our future.



Rabobank

Sustainable agriculture financing: Why do we care?



... because it makes perfect
business sense

Sustainable business translates into lower risk
client
and better business for the bank

This is especially true in agribusiness
where environmental/social/operational
management



How do we do it?

By making
environmental/social/operational assessment
a part of the credit application process



Tools

Internal CSR checklist:
10 Global CSR-guidelines

Rabobank Sector Policies:
e.g. Rabobank's Palm Oil Code of Conduct

internal

The Indonesian Environmental Performance Rating
of Businesses: PROPER

"Best Practices" Guides:
e.g. RSPO, BAP, HACCP

external



Who are involved?

- Relationship Managers (RMs)
- Credit Analysts
- Food & Agribusiness Research and Advisory (FAR) Analysts
- External Consultants (Experts)
- Senior Management (through the Credit Committee)

We take CSR issues seriously and thus relevant functions

within the organization share the responsibilities



Example of procedure: palm oil plantation financing

1. Initial financial assessment, Know Your Customer clearance (including CSR checklist), PROPER check, etc.
2. Initial visit (RM, FAR)
3. Submission of questionnaire/Rabobank palm oil code of conduct (client) →
4. Scoping exercise (FAR) Terms of Reference for External Consultant (based on internal policy and RSPO)
5. Field due diligence (FAR, External Consultants), approximately 1 week



7. Submission of full report and recommendations
(External Consultant)
8. Discussion and negotiation with the client on action plans →
immediate, short term, and long term
(RM)
9. Input to corporate CSR-database by RM and counter checked by Credit Analyst
10. Approval from Credit Committee
11. Document signing (Client, Management)

Timeline of no. 1-11 approximately 3 months



Follow up

12. “Hand holding” exercise and capacity building
13. Annual review (repeat process 3-10) →
incentive for better performance

Not a typical banker’s job!



Other Sustainability Activities

- Participation in initiatives related to sustainable agriculture
- Publication of articles related to sustainable agriculture
- Public presentations on topics related sustainable agriculture
- Communication with other stakeholders in the industry (NGOs, government, trade associations, etc.)



Implications for Rabobank

- Rabobank is among the “go to” institutions for sustainable financing resources (information, fund, endorsement, etc.)
- Rabobank’s activities in sustainable agriculture are closely followed by many stakeholders, including NGOs in other countries
- Rabobank is in a position to make positive influence in the agriculture industry



Questions?



Thank You