



Rabobank

Careful reflection  
Concrete solutions

# Rabobank – CSR and the initiatives

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# Rabobank Group



- Founded in 1898, a Co-operative of 328 smaller Banks
- Core Sector: Food & Agribusiness
- Presence in 32 countries with 1800+ offices
- Largest Bank in The Netherlands; in top 30 of world
- Balance Sheet size of EUR 400 billion+
- An "Allfinanz" Group with all banking products++
- Only privately held bank in the world with Triple A credit rating
- No.1 in "Green Banking" in The Netherlands
- No.1 Bank in corporate sustainability performance in Europe

# Corporate Social Responsibility



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Rabobank has a long standing Sustainability and Social Innovation Department

**Mission** – To ensure market leadership in sustainability, and as such (in combination with the Triple A status) create optimum long term added value for investors, clients, employees and society in general

**Sustainable Markets Team** – Selects investments, and builds relationships for financial transactions in companies with a strong Corporate Sustainability business concept.

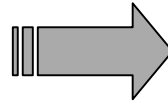
**Focus** – Environmental Markets – Energy, water and other sectors related to food & agribusiness and rural development

# SRI Initiatives of Rabo Group



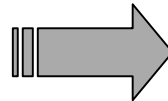
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SRE Policy



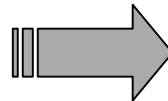
- Financial products and services
- Social positioning
- Operational management

Green Banking



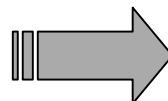
- Rabo Green Bank since 2000
- Corpus Euro 1.2 billion

Funds



- Rabobank Foundation
- Herman Wijffels Fund
- Participation in PCF
- Rabo Innovation Capital Fund
- Robeco Sustainable Private Equity

Sectors



- Urban Renewal
- Sustainable Energy
- Sustainable Water
- Clean Industrial Processes
- Rural Renewal

# Sustainable Private Equity



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Sustainable private equity Investing is gaining momentum :

- CalPERS and CalSTRS: USD 500 million in sustainable private equity

Morgan Stanley Dean Witter:

"Given that more than two trillion dollars are invested in funds that use social, environmental and ethical criteria to select quoted stocks, it may be a natural progression that SRI (ie. Socially Responsible or Sustainable) investors might also seek opportunities in the realm of venture capital/private equity"

INSEAD :The Emergence of Green Venture Capital:

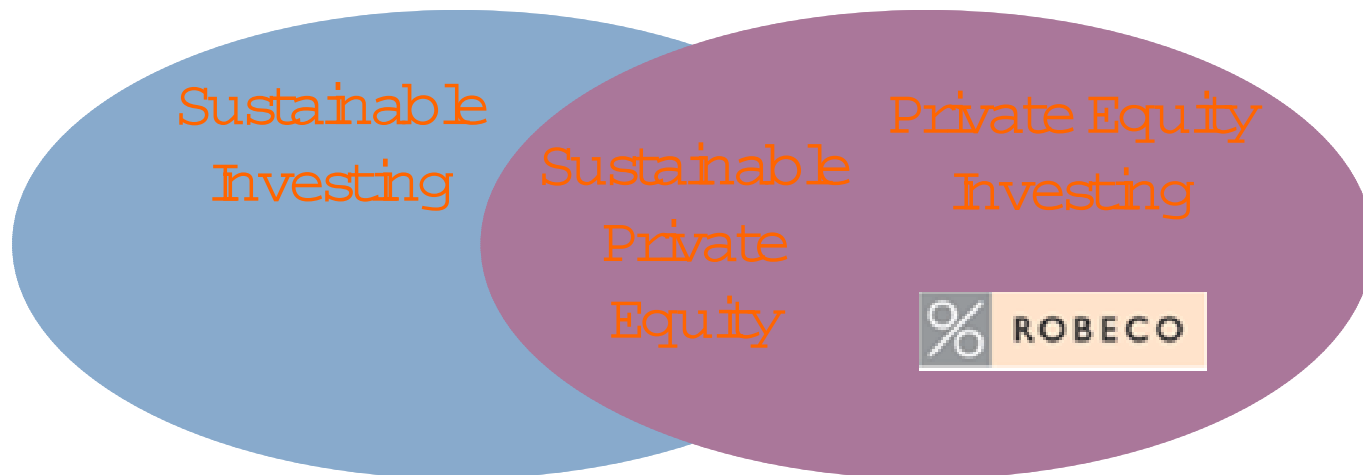
"Increasingly, venture capital is being directed towards entrepreneurial ventures that demonstrate various aspects of sustainability"

# Sustainable Private Equity Investing



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Integration of two attractive investment approaches:



## Robeco

- Founded in 1929 in Rotterdam, the Netherlands
- Assets under management over EUR 100 billion
- Robeco is fully owned by Rabobank. Within Rabobank, Robeco is the independent asset management center

# Robeco Sustainable Private Equity



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1st Fund with attendant Sustainability Guidelines

## Philosophy

- Sustainability is a strong value driver
- Social and economic factors are evident in economic equation
- Induce Sustainability in underlying investee companies

## Objective –

- Achieve Financial outperformance (Profit) through Social outperformance (People) and Environmental outperformance (Planet)

## Investment Policy

- A Fund of Funds of US\$200 million with a \$20-40 million carve out for Asia
- Invest in mainstream and dedicated Funds with sustainability edge
- Well-diversified investment portfolios and disciplined due diligence
- Focus on Sustainability as a value driver in underlying companies
- Use knowledge and resources of cornerstone investments

# Robeco Sustainable Private Equity:

## Investment Strategy

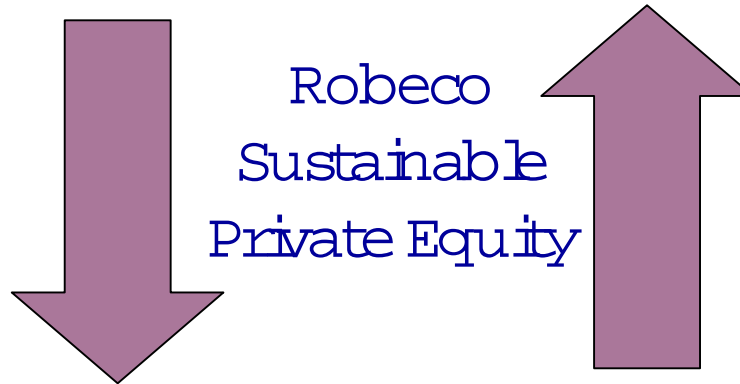


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Strategy combines top-down and bottom-up approach:

Top-down  
approach:

Analysis of global economic developments and impact on private equity and sustainable investing markets.



Bottom-up  
approach:

Sourcing and in-depth due diligence of investment opportunities around the world through extensive relationship network

# Robeco Sustainable Private Equity:

## Extensive SRIG Guidelines



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### Extensive Sustainability Guidelines framed

Corporate Sustainability Guidelines will be applied to all investee companies in order to mitigate risk and capture opportunities deriving from social and environmental developments.

The Guidelines are value drivers for strong growing companies:

- |                               |                                 |
|-------------------------------|---------------------------------|
| 1. Corporate Governance       | 7. Employees                    |
| 2. Risk and Crises Management | 8. Customers                    |
| 3. Corporate Finance          | 9. Suppliers and subcontractors |
| 4. Management Commitment      | 10. Community                   |
| 5. Transparency               | 11. Environment                 |
| 6. Products and Services      |                                 |

# Indian Renewable Energy Enterprise Development Fund (REED)



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A Direct Investment Private Equity Fund of US\$30 million

To provide critical capital to renewable energy and energy efficiency projects in India and capture upside through superior knowledge of Rabobank and professional management of REED

REED is targeting selected provinces and sub-sectors:

Wind Power:	Potential: 45000 MW <u>Installed: 1800 MW</u>
Small Hydro:	Potential: 15000 MW <u>Installed: 1500 MW</u>
Biomass Power:	Potential: 19500 MW <u>Installed: 600 MW</u>

# Asia promise a large plate to private equity



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- Asian has large investment potential in sustainability:
  - Est. environmental & energy technology sales - \$195 bn by 2010
  - Spend on water and sanitation in 1994-2004 - \$153 bn
  - China set apart 1.2% of GDP or \$84.5 bn for 2001-2005 for environment
- Better awareness on Corporate Governance, CSR
- Asian is a huge opportunity for PE Funds even as
  - Usual problems of Emerging Markets
  - Evolving acceptable norms and practices
  - Unclear sustainability criteria and benchmarks could impinge on deal flow
  - Religious and Ethical values have to be taken into account
- Shareholder activism can be expected in Sustainability Asia:  
Buy out Funds



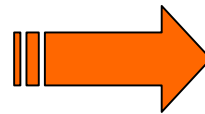
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Roots in Agriculture ...

...Belief in Sustainable Agriculture

Its time for



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