

## Daniela Mariuzzo: “Financial institution with a long-term vision”

*“From being one of the villains of global warming, farming could become one of the victims,” says Daniela Mariuzzo, CSR manager, Rabobank Brazil. But why should a bank care and what can it do to help the agri food sector deal with the increased food demand and environmental problems that come with it?*

Latin America is gradually becoming the most important agri food supplier of the world. According to OECD and FAO, the continent’s sharp increase of net food trade of 200 per cent between 2000 and 2010 is expected to continue in the next decade. However, the continent still counts 53 million undernourished people.

Climate change and the world temperature rises are estimated to lead to forest decline in the Amazon basin. Consequences for food crops could be different. Productivity of some food crops and coffee are projected to decrease while soybean and sugarcane production may rise.

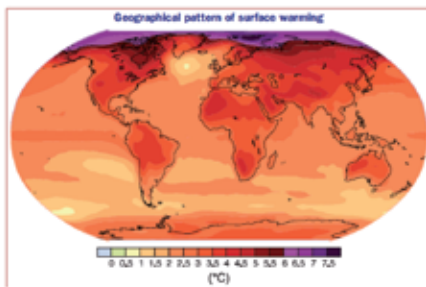
### Reasons to care

Sustainability is a factor for financial institutions to take into account. The reasons for that are threefold: First, there is the reputation risk. Especially in times of financial crisis, with banks in defense on their behavior, unsustainable investment is a risk. A damaged image, fines, demonstrations, increasing collection costs and ultimately loss of deposits are issues financial institutions do not want to be confronted with.



Second, increased attention of governments on environmental issues and scarcity of resources increase the financial risk as well. Environmental fines or depletion of resources due to unsustainable behaviour could make it impossible for companies to pay back their loans or the interest that they owe. Investors have to take these issues into account in their risk management.

The biggest challenge: face the consequences this paradox brings



Climate Change 2007: Synthesis Report  
Summary for Policymakers, IPCC



Third, and perhaps the most important reason is that the sustainability of the bank depends directly on the sustainability of the activities of the clients. For a food & agri bank, that provides services directly to the farmers and food producers, it is imperative that its clients know how to manage the environmental impacts of their activities, otherwise there will be no fertile land or water for food production in the future and consequently no “clients” for Rabobank.

## **The bank's response**

In order to minimise risks, banks participate in various initiatives to improve food production. We have seen financial institutions become members of, for example, the Roundtable on sustainable palm oil and the one on responsible soy and the Marine and Forest Stewardship Councils. Rabobank developed and implemented several sector policies thanks to which it was rated highest by BankTrack, an NGO that helps the private financial sector in social accountability.

Underlying Rabobank's approach are its five food and agri principles:

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

In screening its clients, Rabobank Brazil applies 16 exclusion criteria that relate to legal, sustainable and social behaviour. It also actively promotes sustainable behaviour of the agricultural producers. In collaboration with NGOs, criteria are defined for sustainable production in 'sensitive sectors' which are based on local conditions. All companies or farmers the bank invests in or who receive credit are assessed on these criteria. If clients score well, their interest rates are reduced. If one or more criteria are not reached, Rabobank helps the client draft an action plan to improve. It has also drafted a corporate social responsibility manual for farmers and organised sustainable field days.

The combination of personal approach, help for improvement and discounts on interest rates, provide a blueprint for sustainable investing.