



EUROPEAN ASSOCIATION OF CO-OPERATIVE BANKS

CSR REPORT

CORPORATE SOCIAL RESPONSIBILITY IN CO-OPERATIVE BANKS



Publications 2010

The voice of 4200 local and retail Banks - 50 million Members - 176 million Customers

EACB AISBL - Secretariat: Rue de l'Industrie 26-38 B-1040 Brussels

Tel: (+32 2) 230 11 24 - e-mail: secretariat@eurocoopbank.coop - www.eurocoopbanks.coop

ABOUT EACB

The European Association of Co-operative Banks (EACB) has been the voice of co-operative banks at a European level since 1970 and more recently at an international level. It represents, promotes and defends the common interests of its 27 member institutions and of co-operative banks in general. Co-operative banks form decentralised networks which are subject to banking as well as co-operative legislation. With 4,200* locally operating banks and 65,000 outlets, co-operative banks are widely represented throughout the enlarged European Union, playing a major role in the financial and economic system based on a long-term approach. In their long tradition, they have served more than 176 million customers, mainly consumers, SMEs and communities. Europe's cooperative banks represent 50 million members and 770,000 employees and have an average market share of about 20%. In some countries, such as Austria, Germany, Finland, France, Italy and the Netherlands, the market share is well above this figure, ranging from 30% to 50%. Their resilience during the crisis make co-operative banks a key driving force in the economic recovery.

For all inquiries please contact

European Association of Co-operative Banks (EACB)

E-mail: secretariat@eurocoopbanks.coop

Telephone: (+32) 2 30 11 24

Website: www.eurocoopbanks.coop

© Copyright 2010: European Association of Co-operative Banks



CONTENTS

INTRODUCTION.....	4
1. RESPONSIBILITY TOWARDS INTERNAL STAKEHOLDERS: MEMBERS AND EMPLOYEES.....	5
1.1 DEMOCRATIC MANAGEMENT OF THE CO-OPERATIVE BANKS	5
1.2 MEMBERS AT THE HEART OF THE CO-OPERATIVE BANKS.....	6
1.3 RESPONSIBILITY TO THE EMPLOYEES.....	7
2. SOCIAL RESPONSIBILITY TO COMMUNITIES	9
2.1 COOPERATIVE BANKS: KEY PRESENCE AND LOCAL DEVELOPMENT.....	9
2.2 SPECIFIC CONTRIBUTIONS DUE TO THE CO-OPERATIVE BUSINESS MODEL.....	10
2.3 SUPPORTING THE LOCAL COMMUNITY THROUGH PARTNERSHIPS AND CO-OPERATIVE DIVIDEND...	11
3. RESPONSIBILITY TO THE ENVIRONMENT.....	13
3.1 DIRECT IMPACT OF CO-OPERATIVE BANKS	13
3.2 GREEN PRODUCTS.....	14
3.3 SUSTAINABILITY IN THE AGRI-FOOD SECTOR.....	16
CONCLUSION: THE SETTING UP OF CO-OPERATIVE INDICATORS FOR CSR.....	17



INTRODUCTION

The co-operative banking movement was born in the 19th century in Europe to fight against the financial exclusion of social groups and alleviate the plight of rural population. Originally, co-operative banks were associations enabling their members to build up savings, to give access to loans and to create an independent livelihood, which was not possible with existing banking institutions, providing financial services almost exclusively to the upper class. “The cooperative principles of self-reliance, personal responsibility and autonomy”¹ were at the origin of the movement.

The co-operative idea is based on the notion that economic and social problems should be resolved collectively. Since the beginning, co-operative banks therefore felt that they were part of society and were aiming to contribute to the success of that society². This historical background highlighting the origins and “*raison d’être*” of co-operative banks explains why they are more than typical financial institutions. The co-operative banking model was an innovative answer to unequal access to financial services and the principle of mutualization was supposed to be a mean of emancipating people from economic, social and even political dependency both by self-help and solidarity approaches.

Today, the context of the financial crisis and the mistrust against financial institutions brings forward the debate on the role of banks within a society and their responsibility as key economic and social actors in current challenges. Banks can have a leverage effect and enable structural changes by financing innovative and sustainable projects and disseminating responsible practices among their clients (individuals, enterprises, SMEs, public authorities, NGOs etc). In this respect, European co-operative banks with a 20% market share for deposits, 176 million clients and 50 million members can be a driving force to a more sustainable society and economy.

Corporate Social Responsibility emerges in this debate as a tool for businesses to assess their social, environmental and economic impact within communities and to launch initiatives and policies that will create extra-financial returns. Although responsibility and solidarity have been integral parts of the co-operative banks’ activities since their creation and in harmony with the co-operative principles and identity. Corporate Social Responsibility is in fact a new word for old co-operative practices.

However, the challenge for co-operative banks is to combine their cooperative specificities (as described in the Statement on the Co-operative Identity by the International Cooperative Alliance) with external guidelines for CSR (i.e. Global Reporting Initiative, UN Global Compact, OECD, etc) in order to enshrine the co-operative banks’ contribution to a more sustainable economic and social development.

This report proposes to present in three parts the cooperative banks’ responsibility to internal stakeholders (Part 1), local communities (Part 2) and to the environment (Part 3).

STATEMENT ON THE CO-OPERATIVE IDENTITY, INTERNATIONAL COOPERATIVE ALLIANCE

Definition

A co-operative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise.

Values

Co-operatives are based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity. In the tradition of their founders, co-operative members believe in the ethical values of honesty, openness, social responsibility and caring for others.

¹ BVR, Annual Consolidated Financial Statements of the Cooperative Financial Services Network 2008, p. 11.

² Cooperative tradition, on DZ Bank website: <http://sustainability.dzbank.com/en/commitment/cooperative-tradition.html>.



1. RESPONSIBILITY TOWARDS INTERNAL STAKEHOLDERS: MEMBERS AND EMPLOYEES

European co-operative banks as democratic organizations, deal with numerous stakeholders in their daily business. At the cornerstones are the members/customers and the employees. Co-operative banks are broadly guided by the long-established co-operative values of self-help, self-responsibility, democracy, equality, equity and solidarity, along with the pursuit of legislative compliance.

1.1 DEMOCRATIC MANAGEMENT OF THE CO-OPERATIVE BANKS

Co-operative banks³ operate under democratic self-management based on the principle “one-person, one-vote”. The 50 million members of co-operative banks in Europe are also involved in the governance of local and regional banks through an inclusive model bringing citizens to contribute to the decision-making and management of their local banks.



Source: EACB, 2008 figures

In a co-operative society, members are both owners and customers. Therefore in the context of their corporate governance principles, they elect the non-executive managers of the co-operatives serving on the Boards of elected members and/or Supervisory Boards who nominate General Managers. Members express their voice in the framework of annual General Assemblies, mainly devoted to elect representatives, to assess the performance of the bank and to propose guidelines for the banks' development. Regional or national elected members of co-operative banks are generally local members. A national mandate is subordinate to a regional or a local mandate. Understanding and representing members from the basis and the local agencies is an obligation.

HOW THE DEMOCRATIC STRUCTURE WORKS AT THE CO-OPERATIVE BANK PLC.

“Members are your local representatives. They are loyal customers and so are ideally placed to be the eyes and ears of the society locally, working on the ground to make sure The Cooperative Group is giving members what they need. There are usually between 12–16 members on each committee and members usually serve for three years. They raise matters of concern with managers, contribute to the events and activities organised for members and the wider community and allocate Community Dividend.”

In the Netherlands, membership at the **Rabobank** allows engaged customers to obtain control of the co-operative structure. Usually organised in Members Councils, their 1,7 million⁴ members offer input into the direction and services of the bank. Members Councils also have an important say at many local Rabobanks in deciding on donations from local project funds to charitable causes. The **OP Pohjola Group** has more than 1,200,000 owner-members⁵ in Finland. The member co-operative banks are independent banks owned by their members that carry on retail banking in their regions. There were 227 member co-operative banks at the end of 2008.

³ European Co-operative Society Statute defined by Council Regulation (EC) No 1435/2003 of 22 July 2003 on the Statute for a European Cooperative Society (SCE)

⁴ Annual Sustainability Report 2008, Rabobank

⁵ Annual Review 2009, OP-Pohjola



Within the member co-operative banks, the highest decision-making body is the Representative Assembly or Cooperative Meeting consisting of owner-members, which elects a Supervisory Board for the bank. The Supervisory Board, in turn, elects an Executive Board for the bank. Members of the **Crédit Mutuel** are regularly invited to take part in the activities and monitor their local bank. 2,000 General Assemblies per year are organized at local level that provides unique opportunities to exchange with the members. 500,000 members were active in these assemblies in 2009. In **Crédit Agricole**, 500,000 members of local banks attended the general assemblies of the 2 559 local banks in 2008. The regional banks also organise regular meetings with members and clients on thematic issues, like daily life services, Internet, new distribution channels etc...

1.2 MEMBERS AT THE HEART OF THE CO-OPERATIVE BANKS

The members are not mere clients neither anonymous shareholders. They invest capital and time and take part to the decisional processes with a long term perspective. Indeed, the stakeholder value is at the heart of the co-operative banking model which is an economic democracy in action characterized by a long term customer relationship rather than short-term profit maximisation. When a client purchases a co-operative share, he automatically becomes a member. The co-operative share is affordable and permits an equal voting right to every member.

A strong participation of the members

Participation of members is a key feature of corporate governance in co-operative banks. In 2008 there were 1,232 **Volksbanken and Raiffeisen banks** in Germany. Each co-operative bank is an independent entity from a legal and an economic point of view. While the number of clients is around 30 million people, the number of members is approximately 16 Million who have decided to be co-owners, capital providers and holders of the co-operative shares of the German co-operative banks. At the Italian **Banche di Credito Cooperativo e Casse Rurali (BCC-CR)**, members gain benefits from **BCC-CR** services, and their main aim is not the mere acquisition of a capital through the dividends. The democratic participation underlines the cooperative nature of the BCC-CR. Their core identity is based on the values and provisions which are characterized by 3 elements. Firstly, there is the duty to focus the activities predominantly towards the members rather than pursue private speculation. Secondly, the banks must support and guide members to improve their socio-economic conditions. Thirdly, the bank promotes the development of the co-operation, the importance of saving, social cohesion and responsible local development.

The degree to which members are active in **The Co-operative Group's**⁶ affairs is a key indicator of co-operative well-being. In 2008, a total of 310,000 members (278,000 in 2007) were democratically active through the Members' Network. Members and customers were invited to participate in reviews to shape aspects of the management's approach to ethical and environmental matters. In total, almost 250,000 responses were gathered across three consultations. The Co-operative Bank's Ethical Policy was relaunched in 2009, with a series of new agenda-shaping banking positions. A new Community Plan in early 2009 focuses resources and attention on three priority themes: tackling global poverty, fighting against climate change and inspiring young people. In France, **Crédit agricole and Crédit Mutuel** aim at having 100% of members among its clients. Both French banks pursue action to foster the participation of young members within the democratic structures, as well as the women within the Councils and the Presidencies at local, regional and national levels. To do so, the Crédit Mutuel developed several communication tools and some training programs for the next administrators of the co-operative bank. In 2009, 66% of the clients (73% among individual customers) of the Credit Mutuel were members. The same year, 115,000 people decided to join this co-operative bank as members.

⁶ The Co-operative Financial Services is part of The Co-operative Group, the UK's largest consumer co-operative. The Co-operative Financial Services is the group of businesses that includes The Co-operative Insurance and The Co-operative Bank including smile and Britannia.



Members and elected members benefit education and information programs

In practice, the democratic principle is effective if members receive an education on financial and banking issues. That is why co-operative banks offer trainings to their members, especially those who are elected. Since 2008, **The Co-operative Group** supports the Co-operative College which provides education, training and research for the co-operative, mutual and social enterprise sectors. It works to raise awareness of co-operative values and, since 2008, has undertaken a three year research and policy programme to determine the benefits of co-operatives for international development. Three key levels of learning existed in 2008: managers, elected members and simple members. 32,000 local elected members of **Crédit Agricole**, in France, have followed a 1,5 day training course in 2008 while 14,000 local elected members of **Crédit Mutuel** – out of 24,000 – received more than 66,000 hours. Financial education towards members and consumers is a key aspect of responsibility.

Moreover, another aspect of the responsibility of co-operative banks consists in providing the members with a transparent and regular communication on their financial and also extra-financial results as well as on the strategy which has been pursued. The co-operative mechanism integrates responsibility at the heart of the governance and the banks' pro-active policies ensure that these principles apply. Internal magazines for all the members are regular (on a monthly basis or 4 times a year) within all the co-operative banks in Europe. Discussions within the **Co-operative Bank plc** provided opportunities for membership to communicate directly with senior Group employees. During 2008, seven of the Group's regional AGMs were webcast live. The live webcasts gave online visitors the ability to watch presentations and ask questions directly to the panel. Clients who are not members are also provided much information regarding co-operative activities of their bank. **OP-Pohjola Group** promotes people's understanding of financial matters and their financial literacy. Customers are provided with plenty of information on a range of financial issues, for example, in customer magazines. In addition, the Group's member banks provide assistance to educational establishments by offering them teaching material and arranging speaker visits.

1.3 RESPONSIBILITY TO THE EMPLOYEES

Co-operative banks are the reflection of the local reality to which they belong to. Employees of the co-operative banks have to ideally represent the diversity of the social tissue and the local citizenship. This responsible approach in promoting a more inclusive society is not limited to policies addressed to the employees. Indeed, co-operative banks tend to diffuse a responsible approach within the whole organization.

Disseminate CSR policies within their organisations

Within their own structure, throughout their subsidiaries or with their suppliers, co-operative banks can enhance and foster CSR best practices. **Crédit Mutuel** created a regional contact person's network for CSR issues and a regional co-operative bank created a local contact person in each of its 150 affiliated local banks. Each local bank will realize its own local CSR Report. Within each of the 39 **Crédit Agricole's** regional banks exists a CSR "contact person". A CSR department at the national level coordinates the CSR's policy for the whole group. As far as **Rabobank** is concerned, each unit of the co-operative bank and its subsidiaries has an official CSR co-ordinator. Its Ethics Committee advises on the application of Rabobank's corporate values to moral dilemmas as well as on real-life social issues and ethically sensitive topics. Furthermore, codes of conduct are thereafter published and disseminated among all staff members. The first stage of the **OP-Pohjola Group's** Environmental Programme⁷ involved the definition of policies and targets for the following sub-areas: its own business operations and real estate, the online services, the products and services enhancing environmental friendliness, the Pohjola's Non-life Insurance operations. The second stage covers the following sub-areas: the environmental impacts of customer's operations in non-life insurance and financing decisions and of partner's operations. A special issue on CSR was published the end of April 2010 in the internal newspaper '**RZB Intern**' covering Code of Conduct and Corporate Responsibility issues.

⁷ <https://www.pohjola.fi/pohjola/?id=355100&kielikoodi=en&srcpl=1>



After its acquisitions in Ukraine, Egypt and Greece in 2006 and in Italy in 2007, and to ensure a secure framework for international expansion, **Crédit Agricole** created a special unit for this purpose within its Compliance Department. This department ascertains that the Group's compliance guidelines are circulated within each new foreign subsidiary. In 2008, a network consisting of about ten sustainable development officers was created within the foreign subsidiaries. The Groupe Crédit Agricole favored 3 SRI-oriented organizations. Like Emporiki Bank, Meridian Bank, the Serbian subsidiary, created a social and environmental responsibility (SRI) committee at the beginning of 2009. The committee members include the bank's top managers. The committee defines a socially and environmentally responsible policy and relevant actions.

ORIENTING SUPPLIERS TOWARDS SUSTAINABILITY

Rabobank is a significant buyer of goods and services. Purchases represented a value of EUR 1,6 billion in total. In 2008 steps were taken to make the purchasing process more sustainable with a number of standard process steps, forcing buyers to analyse any CSR impact. In 2008 more than 100 Rabobank's suppliers were informed of their CSR performance based on a self-assessment.

Representativeness and diversity of employees

RESULTS OF THE IDEE PROGRAM, BCC-CRS		
POSITION	WOMEN IN 2007	WOMEN IN 2008
President of the Board meetings	2	8
Vice-President	9	23
General Manager	/	8
Member of the Board Meetings	95	180
President of the Board of Arbitrators	15	27

Representativeness means equal opportunities for all and can take several forms such as encouraging diversity among the employees, supporting the employment of vulnerable groups and reaching a balanced proportion of men and women in managerial positions. Equal pay for equal work, fair balance of genders in managerial positions, promotion of diversity, inclusion programs for disabled employees, as well as for the youngest and seniors are some of the initiatives taken by the co-operative banks. In Portugal, **Credito Agricola** is monitoring the balance of women and men in its annual reports to measure the progress towards more equality regarding positions of responsibility. Women represent 20% of senior management and 57% of the supervisors for **OP-Pohjola Group**. Between 40 and 48% of the Boards are managed by women and Boards are composed at 60% of women for **Polish co-operative banks**. Over the year 2008, the **Groupe Banque Populaire** increased the proportion of women at management positions reaching the ratio of 33.1% in 2008. 57.3% of the individual pay rise targeted women in 2008. Formed in 2004 with the aim of enhancing and promoting the contribution of women within the **BCC-CR**, iDEE aimed at increasing the managerial positions for women. In 2008 women accounted for over 10% of the senior **Rabobank** management (senior staff and executive staff). The proportion of women working in the **DZ Bank** in Germany, the number of female executives is still short of what DZ Bank is aiming for. The proportion of female management board members at the network banks is 12.5%. Increased attention is paid and targets have been set to achieve this objective in the next few years⁸. At **Crédit Mutuel**, the rate of women managers increased from 26% in 2007 to 29% in 2009. Several federations have set up dedicated funds to facilitate the upgrading and equalization of wages between men and women.

⁸ Please refer to Rabobank and DZ Bank CSR Reports for more details.



Crédit Agricole organised meetings to identify the expectations of employees aged over 55. In addition, individuals met their managers to discuss their career development, possible trainings and their expectations. Moreover, with the Association HECA (Handicap et Emploi au Crédit Agricole), the The Group has committed itself to employ over 800 disabled employees by 2010, and to help each of these employees to earn a degree through apprenticeship. The objectives have been achieved : since 2005, 1456 disabled people have been hired, including 397 for undetermined term contract and 832 in apprenticeship. By developing e-learning modules and by sensibilising HR staff on the employment of disabled employees, Banque Populaire is able to integrate people with a handicap. The number of handicapped employees increased by 39% in 2008 with 853 collaborators thanks to a special taskforce implemented within the **Groupe Banque Populaire**. At the group level, around 1,500 specific actions such as adapting workstations, travel conditions, technological equipment, support and various forms of aid have allowed 400 employees to remain in their jobs. A local **Rabobank** in Utrecht helps students from immigrant background to gain internships. In order to adapt its age management policy, **LCL**, a Crédit Agricole's subsidiary, has also signed up to the "*Espoir Banlieues*" programme, making a commitment to receive at least 50 people from disadvantaged urban areas for a period of three years. This target was fully met in 2008. To better understand some of the challenges faced by ethnic minority colleagues and jobseekers, and to improve relationships with the **Co-operative Group's** diverse customer and employee base, a Trading Group race plan project was run and completed during 2007. An ethnicity ombudsman was appointed at the Trading Group in early 2008. This ombudsman held meetings with other ethnic minority colleagues to generate ideas on increasing the mobility of ethnic minorities.



2. SOCIAL RESPONSIBILITY TO COMMUNITIES

European co-operative banks undertake numerous initiatives that demonstrate a responsible commitment on territories where they operate by supporting and/or financing communities from the local to the international level. An academic study on the **Greek co-operative banks** illustrated that the adoption of the social responsibility philosophy by the co-operative banks affects both the overall customer satisfaction and the customer's intention of recommending the bank to others. It therefore, enables the Greek co-operative banks to differentiate themselves from the other banking institutions⁹. This responsible approach applies to co-operative banks in general.

2.1 CO-OPERATIVE BANKS: KEY PRESENCE AND LOCAL DEVELOPMENT

Being decentralised organisations, the co-operative banks are active partners to promote development at a local level whether it is in the form of financing, through donations or partnerships or by bringing their expertise and know-how.

Co-operative banks presence on local territories and remote areas

PROXIMITY FIGURES FOR THE EUROPEAN CO-OPERATIVE BANKS:

Branches: 4,100 local or regional banks

Outlets: more than 65,000

Market shares of ATMs: 17%

Nb of clients: 176,508,971

The decisions in co-operative banks are taken at the local level and granted to local projects from members. "This reflects the primary banks' awareness of their social and economic responsibilities in their respective local communities and is very much in line with the cooperative principle: from the local community and for the local community"¹⁰. The **BCC-CR** are deeply rooted on local territories where they operate and according to their status, at least 95% of their credit must be allocated within the territory where they are based. In terms of geographic distribution, **Credito Agricola** is very different from the other Portuguese banks, given that over half of its customers (53.3%) live in the country's inland regions. This makes the Portuguese co-operative bank a key presence in the most rural part of Portugal by allowing the inhabitants to access necessary financial services in their daily life. In a number of areas, around 250 of them, the Group provides the only financial institution. With around 1,100 branches and nearly 3,100 cash dispensing machines, the local **Rabobanks** form the most densified banking network in the Netherlands. Proximity is key concept in **Crédit Mutuel's strategy**: 2,045 local banks, 3,100 local counters and 4,900 ATMs. 54 new banks opened in 2008. One third of its local banks are located in rural areas. 72% of the *zones franches* (priority zones for economic development) have at least one local bank member of the Crédit Mutuel. **OP-Pohjola Group** has Finland's largest network of banking and non-life insurance services to ensure that customers have equal opportunities to carry out transactions. At the end of 2009, the Group's member banks had branches in a total of 309 municipalities.

Co-operative banks contribute to local development

Co-operative banks contribute to the local development of territories where they operate by offering quality jobs and by creating employment. In total, 13,000 new employees were hired in 2007 within the European co-operative banks¹¹. The very local economy is of utmost importance for ÖGV. The Austrian co-operative bank is deeply committed to re-use the capital raised at regional level in the same area. In this sense, ÖGV took the initiative of several renovation projects of old city centers on the area covered by the co-operative bank's activities

⁹ Androniki Katarachia, "Social responsibility and customer satisfaction in cooperative banking", 2nd International CIRIEC Research Conference on the Social Economy, Sweden, October 2009.

¹⁰ BVR, Annual Consolidated Financial Statements of the Cooperative Financial Services Network 2008, p. 26.

¹¹ EACB data



The **Credito Agricola** has a special responsibility regarding local development. Its presence in rural areas means that it has a very high proportion of customers (more than 90%) which are on low and moderate incomes. Local *Caixas* have therefore a social function as well as a financial purpose. Moreover Caixa staffs live in the area so that Credito Agricola generates local jobs. Most of the regional banks, members of the **Groupe Cr dit Agricole**, contribute to a Local Development Fund. 7 implemented a dedicated Foundation and 12 implemented a special associative body. In 2008, they provided EUR 22 million which financed 8,000 projects for which 38% of them focused on local territories economic and social liveliness, 37% focused on solidarity, 16% targeted economic development and 9% contributed to local heritage and environment protection.

In 2009, **Raiffeisen Bank EAD**¹² signed new Credit Lines and Guarantee Agreements for approximately EUR 110 million with the European Investment Fund (EIF) in Bulgaria, a EUR 10 million Credit Line with the European Bank for Reconstruction and Development (EBRD) for financing projects of farmers and entrepreneurs from the private sector based in rural areas in the country; a EUR 20 million Credit Line from KfW for financing Energy Efficiency projects in the Bulgarian industry sector.

2.2 SPECIFIC CONTRIBUTIONS DUE TO THE CO-OPERATIVE BUSINESS MODEL

Being co-operative implies sharing values and principles¹³. In this respect, a broad range of actions are initiated by the co-operatives banks in order to foster principles such as open membership, democratic control, autonomy, independence, concern for community and cooperation among co-operatives, aiming at creating a sustainable value as well as social and environmental benefits.

Promoting social commitment

Several co-operative banks implemented support structures for members facing financial difficulties. These initiatives have been initiated in the past ten years. The following are specific and concrete actions. Dedicated local agencies have been created by **Banque Populaire** to fight against financial services exclusion and to provide services for members facing difficulties. The '*Agences Solidarit *' combine personal trainings for their members who face major health or economic problems during their life. It guides them for a maximum of 2 years. As a co-operative bank, the **Groupe Cr dit Agricole** is committed to bring special services to its clients who face difficulties during their life. The group has created some mediation places, the '*Points passerelles*' where the members and the employees accompany the clients in difficulties. The client can access this service under the condition he shows good will to cope with his difficulties. 28 regional banks, more than half of all the regional banks of the Groupe Cr dit Agricole propose these services since 1979. 52 Points passerelles exist in 2008. As a supporter of the individual and collective entrepreneurship, the **Cr dit Mutuel** was one the first to innovate with NACRE project and with the refundable loan Eden which is distributed by its networks to help job-seekers in the creation of their enterprise by allowing loans up to EUR 10,000. The objective is to make them bankable by increasing the durability of their enterprise. Cr avenir are networks set up by the Cr dit Mutuel to detect projects at the local level and which can provide financial services such unsecured loans or guarantees with personal coaching provided by "solidarity ambassadors". The **Co-operative Bank** offers a basic bank account entitled Cashminder. It includes an option to pay bills by direct debit; the ability to have pensions and benefits paid directly into the account; and access to money via a cash card. Research commissioned by the British Bankers' Association in 2006 showed that over three-quarters of adults who had recently opened a basic bank account felt more confident in dealing with money as a result.

¹² RZB subsidiary in Bulgaria

¹³ Please refer to Statement on the Co-operative Identity of the International Co-operative Alliance



Co-operative banks are significant actors for the social microcredit in Europe. **Groupe Banque Populaire** is the first refunder of the French microcredit institution ADIE by raising its participation which reached EUR 10,9 million in 2008. Altogether, the French co-operative banks provide 70% of the capital of the ADIE, which is one of the main French microcredit networks. Banque Populaire Occitane, Provençale and Corse have signed local partnerships with ADIE to develop “*crédit solidaire*” (solidarity loans) to help job-seekers and people on income support to create their enterprise. Moreover, employees of regional banks and Natixis plus members of the co-operative bank volunteer to provide them personal coaching. With 1,300 additional bank loans provided for more than 74 million euros in 2009, **Crédit Mutuel** plays an active role in the France Initiative network which supports social inclusion and local development. It works with 152 platforms for local initiatives that have been created to help people access banking services. The successful applicants are helped through assistance and advice before and after they receive their loans which improve the durability of their enterprise during the three first years (87% against 70% for the national average). Crédit Mutuel established more than 100 partnerships with local organizations distributing microcredits. The **Crédit Agricole**'s Regional Banks are also active by forging partnerships with 184 of the 245 platforms for local initiative (PFIL) of the France Initiative network and with other organisations that support start-up businesses through microcredit, such as ADIE, to which 18 Regional Banks have contributed with almost EUR 900,000. **RZB** is contributing to microcredits for Romanies in Bulgaria. Loans totalling about EUR 200,000 are to be granted by the end of 2010. The **Bulgarian Raiffeisenbank** and RZB support Landhill Financial Ltd., whose business purpose is granting microloans to the Roma people. With group loans in amounts of up to EUR 300 per group member, funds are made available to start up micro and small businesses. **Raiffeisen Bank Albania** offers tailor-made private low interest loan products for teachers, who would otherwise be excluded from this type of financial service, because their salaries are too low to qualify for normal loans. The loan program is designed to give teachers access to capital and to help them improve their living standards. The program represents a new business approach, offering financial inclusion to the community of around 30.000 teachers throughout the country.

A specific support to members facing the crisis

The co-operative banks implemented initiatives to allow clients and members coping with the financial crisis. Indeed, the recent financial crisis has significant effects on the local economy, with repercussions both for business and for families. For this reason, the **BCC-CRs** are promoting a series of initiatives to support local economies through intervention for the benefit of businesses and families. The initiatives put into effect by the BCC-CRs are various: from suspension of the payment of loan instalments, through facilitating access to credit for SMEs and families, and supporting businesses in the payment of Christmas bonuses, to advances against redundancy pay. **OP-Pohjola Group**'s strongly and publicly expressed in its policy the desire to help both corporate and private customers withstand the recession as well as possible. Financing operations, for example, have remained normal in the face of the recession - the basic principles and criteria governing financing have not been tightened. In 2008, the farming sector had to face the consequences of the financial crisis and the volatility of the prices of raw materials. As the first funder of the farming sector, the **Groupe Crédit Agricole** maintained its commitment to its historical clients. Regional banks elaborated a process to cope with financial difficulties of farmers. Fundings and risk management solutions allow farmers maintaining their activities. Support to the pork producers in 2007 is a good proof of the engagement of Crédit Agricole to stand with farmers. These initiatives implemented with 4 other banks made available EUR 100 million for groups of producers. 60% of the funds were provided by the Crédit Agricole. In 2010, the group will take part in implementing the «special agriculture support plan», which includes EUR 1 billion of bank loans aimed at improving the financial position of farmers. Moreover, the Regional Banks continued to provide finance to the economy in 2009, granting EUR 357 billion of loans, an increase of EUR 7 billion on 2008. In the fourth quarter, a major campaign was launched aimed at lending EUR 300 million per day, or EUR 22 billion during the quarter, to individuals and businesses. The Regional Banks undertook major efforts to hit that target.



2.3 SUPPORTING THE LOCAL COMMUNITY THROUGH PARTNERSHIPS AND CO-OPERATIVE DIVIDEND

Co-operative banks are some of the main tax payers in their local areas and are often the largest local corporate lenders. In addition, they provide substantial support for local activities thanks to the co-operative dividend.

The co-operative dividend

The dividend of co-operative banks enables to allocate substantial resources to the stakeholders. The total cooperative dividend is actually much higher than a mere financial contribution because inputs such as volunteering or the provision of tools and resources are difficult to estimate. The **Groupe Banques Populaires** created a new governance body in 2008: the Co-operative Committee and a new indicator, the co-operative dividend as a qualitative and quantitative inventory of all the actions implemented by the group through its membership and through its training networks for the common interest, the entrepreneurship and sustainable development. The amount of this co-operative dividend in 2008 was EUR 28,86 million. The **BCC-CR** must allocate at least 70% of the yearly net profits to the legal reserve. 3% of the yearly net profits must be allocated to the mutual reserve for the promotion and development of the cooperation. After this amount is first used for the reevaluation of the shares or allocated to other reserves or distributed to the members, remaining net profits must be used for charity or mutual projects. **Banche Popolari** devoted around 4% of their net income to initiatives for communities, which is three times the industries average. In the Netherlands, **Rabobank** is in a position to pay a 'cooperative dividend' to the community, both at a local and at a national scale via community investment funds and of course via sponsoring community initiatives. 95% of local Rabobanks have a cooperative fund. In 2008 the cooperative funds of the local and national Rabobank funds and the Share4More employee fund distributed more than EUR 45 million in cooperative dividend.

Donations to local projects of communities

In addition of funding local projects of communities where co-operative banks operate, many of them contribute to local charities and promote active citizenship. At **BVR**, personal commitment of members and employees is supported¹⁴. One third of the BVR employees performed volunteering activities to improve public welfare. The German co-operative bank supports their social commitment by giving time during professional hours to pursue personal volunteering project, the so-called corporate volunteering. **DZ Bank** supports its employees to volunteer as well within the 'Social Day' by renovating schools for instance. It supports also the concept of 'active citizenship' since 1997 which was created within the German financial co-operative actors.

HOURS SPENT VOLUNTEERING BY EMPLOYEES WITH RABOBANK

Local Rabobanks: 79,000 hours
Rabobank International: 11,382 hours
Other Rabobank group entities: 4,872 hours

The total Community Investment in 2008 was EUR 12,8 million for **The Cooperative Bank** (9.9% of Pre Tax profit of the Group), EUR 112 million in 2007 for **BVR**, EUR 10 million for **Crédit Mutuel** in France, EUR 142 million Euros for **BCC** and 170 million for **Banche Popolari** in Italy. In 2009, local Rabobanks used their co-operative funds to donate EUR 25,8 million in support of local communities. Donations by other divisions of **Rabobank Group** amounted to EUR 3,3 million. Over the past 10 years. These contributions allowed fundings of hundreds of local groups, projects, community groups, self-help organisations and charities nationwide to benefit. These are very often initiatives which would not be able to take place without the support of the local bank. **Credito Agricola** supports various projects and initiatives of local communities such as the acquisition of equipment for the fire services, health centers or hospital wards. There is a significant involvement with schools by providing incentives through the awards to children as well as distribution of school materials. A significant share of **OP-Pohjola Group's** sponsorship is local.

¹⁴ Please refer to BVR annual report and website for further information.



Member banks bear responsibility for their sponsorship agreements independently, in their own locales. In 2009, member banks supported Finnish universities, the Group-wide contribution exceeding EUR 800,000. In early 2010, Pohjola and Suomi Mutual granted their joint annual Medical Award for the 30th time. In 2009, the Group's foundations distributed a total of some EUR 875,000 in grants. The Co-operative Foundation, an independent charitable trust, was set up in 2000 and is solely funded by **The Co-operative Group**. Since 2000, £11,9m has been donated, £9,6m of which has been invested in endowment funds that generate income for future disbursement, and £2,3m of which has been directly distributed. **The Co-operative Bank plc.** issued credit cards for over 30 national charities/non-governmental organisations. Affinity partners received a donation from the bank for each new card and received a share of the margin in function of the use of their card.

Supporting communities in developing countries

Thanks to their co-operative identity and principles, co-operative banks are keen on providing their financial, logistics, human resources in order to support all kind of initiatives which are dedicated to the development of the global co-operative movement. **Crédit Agricole** through *Solidarité et Développement* aims at supporting the development of rural communities in Sahel. It favours projects involving water access, health and education. This operation supports currently 80 villages and 105,000 people. Current and retired **Rabobank Group** employees can opt to make a monthly donation to the Share4More fund. The Executive Board of Rabobank Nederland doubles any donations made. The fund works to improve the position of women, children and disabled people in developing countries. On the other hand, **Rabo Development** helps rural banks active in developing countries to transform themselves into professional and modern financial institutions. Partner banks remain independent and benefit from Rabobank's capital, expertise, products, networks and management capabilities. A **Co-operative Group's** contribution of £285,000 over three years, from 2009, will support own-brand Fairtrade sugar producers in Malawi, and their communities. A total of 10,000 people are set to benefit from improved access to clean water, improved sanitation facilities and renewable energy from the project. **Crédit Mutuel's** commitment for an autonomous local development goes beyond the national level. Through the intermediary of the **Centre International du Crédit Mutuel (CICM)**, for more than 30 years has been and still is actively supporting co-operative banking networks in developing countries. It embodies microfinance activities but also sparing and credit mechanisms, professional trainings, contribution to the socio-economic actors and to the democratic education. The aim is to participate to the creation of autonomous bank networks, and so to contribute to the financial independence of people.

Co-operative banks role in microfinance in developing countries

Microfinance is the provision of financial services to the working poor, usually in the form of small loans that can be as little as US\$100, which are provided by microfinance institutions (MFIs). The co-operative banks participate in the provision of development finance support to recipients who lign with key priorities such as sustainable development, renewable energy and Fairtrade. The **Grameen Credit Agricole Microfinance Foundation** was created in 2008 following a partnership with 2006 Nobel Peace Prize winner Professor Mohamed Yunus. Crédit Agricole S.A. has decided to team up with Grameen Trust to create a dedicated foundation and endow it with EUR 50 million to lend funds, provide guarantees and in some cases to acquire equity interests in microfinance institutions in developing countries. In 2007, the **Co-operative Bank** created a US\$ 50 million fund to help support the development of small businesses in some of the world's poorest countries. Via this fund, The Co-operative Bank helps support 54 MFIs in 25 developing countries. Progress, in terms of funds lent, was slower than anticipated, primarily due to the global financial climate. **DZ BANK** microfinance fund is a fund established in 2000 by employees and managed by them on an unsalaried basis. It supports microfinance institutions in rural and undeveloped regions of Mali and Namibia. The **Banche di Credito Cooperativo e Casse Rurali** are increasingly involved in cooperation. It is the centrality of the cooperative formula that is the determining factor in the various projects such as the Campesina Microfinance Project. As of today 165 BCC-CRs have provided Codesarrollo (Cooperative for Peoples' Development) an amount of more than 20 million dollars in soft loans (at an interest rate of 4-5%). With this financing Codesarrollo has been able to gather total assets of 37.9 million dollars in December 2008.



3. RESPONSIBILITY TO THE ENVIRONMENT

Responsibility towards the environment is the third dimension beside responsibility towards internal stakeholders and community, which characterises the way co-operative banks do business. Several approaches and methods have been devised to tackle the environmental challenges: from monitoring the impact of their activity on the environment to developing innovative green products.

3.1 DIRECT IMPACT OF CO-OPERATIVE BANKS

Co-operative banks bear in mind their business have direct and indirect impacts on the environment. This trend is led by some regional entities within large cooperative banking groups, which contribute to pilot experiences for all the cooperative banks. They are concerned about reducing their environmental impact and waste production. To achieve these objectives, co-operative banks are committed to improve their climate footprint and collaborate

with NGOs in order to promote environmental initiatives. The **Crédit Mutuel's** priority is to reduce its own carbon footprint. Its main concern is the daily professional travels of its employees. Some of the regional banks already started to do energy and carbon inventories. For instance, the Federation of La Roche-sur-Yon evaluated to 79,944 km traveled by its employees for one year, equivalent of 19,000 tons of CO₂. Transport action plans are then implemented to reduce these figures. Regarding personal transportation, 83% of **Raiffeisen Zentralbank** staff members, in Austria, use public transport to get to work; 10% use their own car. As from the spring 2009, bicycles have been provided for work related-journey. **RZB** processes some 19 million sheets of paper per year at the Stadtpark office building. In terms of the industry average this is an excellent performance. Several headquarters have been renovated with new environmental standards and are currently evaluating their CO₂ consumptions. **DZ Bank** started the renovation of its main building in Frankfurt in 2008. The CO₂ emissions will be cut by 48%, which should save 570 tons per year. **The Co-operative Insurance** Solar Tower in Manchester is clad in over 7,000 solar panels, making it the UK's largest solar power installation.

The Co-operative Group's total reported waste arisings reduced by 5% (4,200 tonnes) in 2008 despite an increase in year-on-year sales of 15%. Reported arisings of general waste disposed also reduced by 11% (4,800 tonnes) and waste reused/recycled increased slightly, by 500 tonnes, resulting in an improvement in the percentage of waste reused/recycled from 48% in 2007 to 49% in 2008.

E-learning and intranet are another way to spread environmental awareness through the **Banque Populaire** staff. Several Banques Populaires (Alsace, Atlantique, Sud-Ouest) already complies with HQE French standards (High Environmental Quality) regarding their headquarters building. Other Banques Populaires (Sud, Val de France) signed a partnership with EDF to increase the part of renewable energies in their global consumption. **DZ Bank** plans to introduce an environmental management system which complies with the ISO 14001 standard and committed itself to ambitious reduction objectives in its consumption and footprints. From 2005 to 2007, paper consumption was reduced by 26%. From 2008 to 2012, energy consumption should be cut by 10%, energy harmful for environment energy will be reduced by 30%, waste separation for recycling purpose will be improved, non-environmental friendly business trip will be reduced by 66%. **OP-Pohjola Group's** Environmental Programme¹⁵ reviews the environmental impacts of the Group's own operations, those caused indirectly by the Group and, as a special theme, the effects of climate change on Non-life Insurance. In cooperation with WWF Finland, the Group has monitored the environmental impacts of its operations and developed the related methods.

At **Rabobank**, they also took steps in 2008 to chart the impact of climate change on their policies via research, alliances and publications. Rabobank commissioned a study, which was completed in 2008, by Ecofys (lending portfolio) and TruCost (investment funds) of CO₂ emissions and environmental pollution caused by businesses.

HOW TO TAKE ACCOUNT OF THE ENVIRONMENTAL IMPACTS OF CUSTOMERS' OPERATIONS AND HOW TO ADVISE CUSTOMERS?

OP-Pohjola Group informs its customers of green opportunities through its customer magazines. In Non-life Insurance, they have been developing a motor liability insurance whose premiums are based on driving style and kilometres driven on a pay-as-you-drive basis.

¹⁵ Can be found OP-Pohjola website, <https://www.pohjola.fi/pohjola?id=300000&kielikoodi=en>



The methodology and approach were reviewed by the WWF. The Dutch co-operative bank has the objective to be climate neutral. Externally verified climate footprints of 176,000 tonnes CO₂ in 2008 were compensated. Rabobank wants to clearly demonstrate that they are committed to reducing CO₂ emissions. That is why one of their Key Performance Indicators for CSR is reducing the climate footprint of each Full Time Equivalent. It was decided in 2008 that Rabobank Nederland will seek to achieve a 20% reduction in CO emissions over the next five years. Reductions have been achieved via the Climate Care projects of **The Co-operative Bank**. Carbon offsetting has been a standard feature of all mortgages since 2000. Every year that a customer holds a mortgage, the bank pays to offset a fifth of a typical UK home's CO emissions on the customers' behalf. In early 2008, **The Co-operative Insurance** extended its carbon offset feature to cover virtually all new car insurance policies. For each year that a policy is held, The Co-operative Insurance will offset 20% of the car's CO₂ emissions, based on an average UK car travelling an average number of miles. In 2008, **CFS** maintained its policy of going 'beyond carbon neutral' by offsetting all its remaining operational and business travel emissions. CFS will maintain its policy of offsetting 110% of its remaining emissions in 2009. Following its 2007 carbon audit, The **Groupe Cr dit Agricole** made a commitment to reducing greenhouse gas emissions at its sites in the Paris region, e.g. 15% cut in energy-related emissions between 2008 and 2010. Two thirds of the Regional banks have implemented a carbon assessments.

3.2 GREEN PRODUCTS

A second step for co-operative banks is to enhance the financing of the projects in low carbon economy and orientating financial services towards more sustainable practices and products. Furthermore, by proposing savings, payments and loans ethical and sustainable products and by introducing Socially Responsible Investment in leasing and Real Estate, co-operative banks can play a major role in greener retail banking.

Co-operative banks initiated several funding environmental projects

Rabobank Group created **Rabo Groen Bank**, a separate official licensed entity, which finances and promotes environmentally friendly government-approved projects. The Project Financing division of **Rabobank International** was renamed Renewable Energy and Infrastructure Financing (REIF) in 2008. REIF not only funds wind and biofuel projects, but provides financial backing to solar energy farms and biomass projects in Europe as well. The total portfolio at year-end 2008 was EUR 500 million (including local Rabobanks). Developed by **Banque Populaire des Alpes**, "*Alp'Invest Environnement*" is a private equity fund of EUR 10 million per year on four year to invest in green tech at regional level. A broad range of products have been oriented towards environmental projects funding such as *CODEVair* and *PREVair* which were the first environmental savings accounts in France. Natixis and Cr dit Coop ratif propose various green investment products. In the area of renewable energy, **RBBG**, as part of **RZB Group**, funded seven renewable energy projects totalling EUR 8,9 Million: four wind-power plants; one hydro-power plant; one biomass-burning heating power plant and one geothermal project in 2008 and 2009. As a result of the project's implementation, the expected emission reductions for the period 2008 - 2012 are as follows: CO₂ up to 140,275 tons; 505 tons for SO₂ and 102 tons for NO₂. Seven other energy efficiency projects totalling EUR 4,3 Million were also realized. The **Cr dit Agricole Group** also provides financing for environmentally-friendly investments, mainly via its subsidiaries in France and abroad in various activities such as leasing, corporate finance and project finance. In 2008, Unifergie—the Group's Sofergie unit (fund for energy efficient investments in industry)—continued its developments in the fields of energy and environmental protection, focusing on three main areas: wind energy, photovoltaic energy and biomass energy. 947 projects received a positive appraisal for a total of more than EUR 50 million. Furthermore, in 2006 the Group's private equity subsidiary launched the first institutional venture capital fund in France for renewable energy. this renewable energy fund has 109 million in funding, invests in companies such as technology developers, specialist property developers, equipment manufacturers and operators, as well as in energy project finance (for now, 16 projects with 60% in wind energy, 20% in solar and 20% in hydro and biomass energies). In Italy, a national framework agreement between Federcasse and Legambiente entered into in December 2006 with the aim of promoting and facilitating agreements between the individual **BCC-CRs** and Legambiente for the purposes of incentivising - via soft loans - the use of renewable sources of energy.



Providing green financial products

Since 2007, **The Co-operative Bank** has offered the think credit card. The card supports ethical consumerism, whereby purchases from specified ethical partners attract preferential rates of interest. **Rabobank** took the same initiative. In 2008, 17 ethical partners were identified as organisations that provide ethical or sustainable products or services. **Credito Agricola** developed 'Eco Soluções' product in conjunction with two specialist partners with the aim of financing the purchase of goods and equipment using renewable energies or vehicles with low emission. The **Banques Populaires** led pioneer partnerships with local authorities to propose zero interest loans so that clients can purchase environmental-friendly equipments and better building isolation. The French government followed the initiative by proposing a zero interest loan at national level for home ecological renovation. The "PREVair 0 % " of Banques Populaires led the way to the "Prêt éco-PTZ". The concept has been extended to the professionals with the "prov'air". In 2007, **Crédit Agricole** launched the energy conservation loan (PEE) to finance energy-efficient improvements to existing residential property. At the end of 2009, and since their launch in 2007, more than 60,000 energy-efficiency loans have been granted, totalling EUR 705 million. The zero-interest Eco-loan (Eco PTZ) was marketed by the Regional Banks retail network starting on 1 April 2009. At 31 December 2009, more than 27,000 0% eco-loans offers had been commercialised, totalling EUR 400 million. Today, nearly 7,5 million Regional Bank customers in France have an 'LDD'¹⁶ with aggregate deposits of over EUR 22 billion, and over 1,8 million LCL customers have deposited a total of EUR 5.3 billion in these accounts. Regional banks of the **Crédit Mutuel** propose several green products (*Crédinergie, Prêts économie d'énergie*, zero interest eco-loans) to their clients generated by responsible savings products.

Environmental dimension of the SRI

Co-operative banks are a key player in the area of Socially Responsible Investment¹⁷, and showed their involvement by setting up numerous ethical funds investing in shares or bonds of companies selected according to ethical criteria. SRI funds, with portfolios consisting of equities in companies that have the best track record in sustainable development. These companies are selected by cross-referencing a set of extra-financial criteria (environmental, social responsibility, governance) and financial criteria, including an overall risk and reward analysis of the companies, so as to assess their real value over the long term. Several co-operative banks integrate ethical policies in their asset management activities. **The Co-operative Bank** launched its Ethical Policy in 1992, with the most recent review being completed in 2009. The Ethical Policy is formulated on the basis of an extensive programme of customer consultation. The policy stipulates who the Bank will and will not finance, as directed by customers. It covers the entire Bank's corporate, business and wholesale market assets and liabilities and the investment of all retained balances. The Rabobank Group instituted an Ethics Committee in 1998 in order to determine its position in the field of ethics and to find answers to societal sensitive issues¹⁸. Within **The Co-operative Bank**, Sustainable Leaders Trust (SLT) employs, in the main, a 'best-in-class' approach to ethical investment, whereby it places an increased emphasis on holding shares in businesses that are considered corporate responsibility leaders in a particular sector. Amundi, a subsidiary of the **Groupe Crédit Agricole**, manages a range of traceable products in all asset classes: equities, bonds and money market products. It practices innovative management in future-oriented projects, such as theme funds (water, clean energies) and in financing sustainable development projects. In 2009, SRI assets managed by Amundi Group amounted to EUR 14 billion, It has made SRI a strategic focus for development. The company has adjusted its organisation by reinforcing and centralising all extra-financial research and analysis within Ideam, its dedicated SRI subsidiary which manages ethical, shared return and social entrepreneurship funds.

¹⁶ LDD: sustainable development passbook account

¹⁷ As known as Sustainable and Responsible Investment, please refer to Eurosif papers.

¹⁸ More information available on Rabobank website: www.rabobank.com/content/csr/ethics_and_issues/



To extend the application of environmental, social and governance (ESG) criteria to an increasing number of investment processes in function of customer needs, an internal tool makes available the ESG ratings of companies or countries to all Crédit Agricole Asset Management Group managers, giving them the same importance as the recommendations made by financial and credit analysts. The Crédit Mutuel offer progresses through its three management companies distributing SRI products, that held in custody an amount of to EUR 1,3 billion. The **DZ Bank** proposed in 2008 8 SRI products¹⁹ offering different options in terms of partnerships with NGOs, environmental action and rentability. Having already a large range of SRI products, DZ Bank conducted a market study in 2008 to assess the new demands on SRI from its clients. In 2009, **Rabobank Group's** sustainable assets under management and held in custody amounted to EUR 16,438 million, being 7.1% of total assets under management and held in custody for clients. Rabobank aspires to make responsible investing part and parcel of its regular investment services. The group entities concerned – i.e. Rabobank Private Banking, Robeco, Schretlen & Co, Sarasin and Rabobank International – are bringing their investment services in further alignment with the United Nations Principles for Responsible Investment.

3.3 SUSTAINABILITY IN THE AGRI-FOOD SECTOR

Their anchorage in rural areas and their specific role in agri-business explain why co-operative banks are pro-active in fostering and promoting sustainable agriculture. For instance, the **Group Credit Agricole** in France supports its clients facing new ecological challenges by contributing to the development of organic agriculture and it has signed partnerships with NGOs (e.g. "Farre", "l'Agence Bio", "Ligue de Protection des Oiseaux") in order to find innovative solutions and educate clients as well as public opinion. In 2008 **Rabobank** was a participant in sector-wide global round tables on Sustainable Agribusiness. On both Rabobank's and stakeholders' initiative, talks involving a range of CSR issues were held also with key players. In 2008 they also took the initiative to define Food & Agribusiness Principles, which illustrate how Rabobank Group goes about its business in the international food & agribusiness market²⁰. Rabobank started to define the Food & Agribusiness Principles in 2008 so as to steer their input into social issues in agricultural core markets. Five principles have now been formulated: adequate and secure food production, sustainable use of natural resources, a responsible society where public welfare is key, ethical treatment of animals, and awareness among consumers and citizens. The **Crédit Mutuel** gives the possibility to invest in the environmental compliance standards and in green energy production. All its regional banks of the record a strong demand in solar panels. They propose to their client the product *Crédinergie* specifically tailored for the agriculture. As a traditional actor in financing the farming sector in Germany, similar attention is paid by the **DZ Bank** to allow farmers gaining renewable energy powerplants. The bank contributed substantially to create a competence center in this sector.

¹⁹ Please refer to Nachhaltigkeitsbericht 2008 of DZ Bank for further details.

²⁰ Please refer to Rabobank Annual Sustainability Report 2008 for further details.



CONCLUSION: THE SETTING UP OF CO-OPERATIVE INDICATORS FOR CSR²¹

The role of the firm within the society is broadened by CSR and is part of a movement which takes into account complex direct and indirect effects for productive activity in terms of economical, social and environmental access. Linked to the increasing analysis focused on governance, CSR expresses the possibility that for-profit organisations can be potentially associated to the contribution or/and to the preservation of common goods and to the common interest in a broader respect. Thus, CSR contributes to change functional frontiers between the different traditional actors. However, and as a consequence, CSR blurs the role of original organisations such as co-operative organisations for which it is more difficult to assume their specificities and their natural contributions, *voluntary and per se* to the public interest. This broadened vision of the role of the firm can potentially assert new performance criteria and goes along with the trend aiming at redefining wealth indicators. This approach is notwithstanding coming up against the necessity and the difficulty to construct composite indicators or against the challenge to produce a range of indicators, instead of a single one, to produce and represent a meaningful result.

Producing specific indicators is at stake to make CSR a tool of a strategic positioning. Whether choosing an existing referential allows comparing oneself to another as benchmark practices do, it should be completed by specific indicators which account for the characteristics of the co-operative business model and its differences. It is not a question of inflecting the strategy as in shareholder business model, but on the contrary, to explicit and makes the stakeholders business models accountable as for co-operative banks. In this respect, CSR becomes a tool to characterize co-operative specificities and a factor for the co-operative identity. These specificities still need to be standardised and fully assessed. The choice to refer itself to the founding principles of the co-operative model such as ICA constitutes a legitimate answer to the need of objectification. It allows us to elaborate a range of original indicators that can be detailed below.

Beyond the affirmation and the diffusion of co-operative identity, shall we see in the construction of additional indicators a contribution to the international attempts to regulate more adequately markets, especially financial markets? New governance with different stakeholders is necessary to establish new rules promoting more responsibility and fairness among financial actors.

The largest co-operative banks are participants in the UN Global Compact²²



²¹ This part is a conclusive contribution by Prof. Nadine Richez-Battesti, Faculté des Sciences Economiques et de Gestion, Université de la Méditerranée and Member of the EACB Think Tank. member of the European Think Tank on co-operative banks.

²² Crédit Mutuel, Crédit Agricole, DZ Bank, Groupe Banque Populaire, ÖGV, Rabobank, RZB, The Co-operative Financial Services



Co-operative Principles ¹	CSR Indicators for Co-operative Banks
<p>-1- Voluntary and Open Membership</p>	<p>Possibility to become a member : Financial accessibility : Social share to become a member Information accessibility : communication on membership toward clients and general public / number of public meetings organised Bank accessibility for their members : members/client ratio, membership ratio</p>
<p>-2- Democratic Member Control</p>	<p>Participation of members to the strategic management within the enterprise : Number of members who take vote during General Assemblies at local and regional levels Number of General Assemblies Participation ratio to the General Assemblies at local or regional level (1st level) Men and women serving as elected representatives and accountable to the membership: Election procedures of the representatives: by members, by other means Number of volunteer representatives Percentage of women representatives Representatives and Managers commitment : Time spent by representatives to the management of the co-operative bank (weekly average) Amount of the compensation and remuneration of representatives and managers (local, regional and national level)</p>
<p>-3- Member Economic Participation</p>	<p>Financial liability in case of difficulties : Solidarity of the members with the organisation : co-operative share amount, contribution reminder</p>
<p>-4- Autonomy and Independence</p>	<p>Banking solidity and resiliency Amount of capital reserves (durability of the organisation) Amount of the dividends (weakness, lack of) Independence from State and financial markets Independence toward financial markets Number of listed subsidiaries, quotation of governing body, amount hold by market/co-operative shares Evaluations and scores attributed by independent rating agencies</p>
<p>-5- Education, Training and Information</p>	<p>Training of voluntary representatives : Number of hours of training Number of trained representatives Training of employees Number of hours of training Available information on co-operative principles Public communication, advertising Communication in specialised media</p>
<p>-6- Co-operation among Co-operatives</p>	<p>Membership in co-operative networks : Local, national, European, global, institutions for the promotion and cooperation between co-operative business Contribution to the development of international co-operative banking networks : Numbers of members generated by the initiatives Amounts of deposits and loans in the countries where initiatives take place</p>
<p>-7- Concern for Community</p>	<p>Actions in favour of microcredit : Mechanisms Initiatives Allocated amounts Number of voluntary persons committed within co-operative banks Support provided to people facing difficulties : Personal support for social inclusion Banking inclusion Local presence in poor areas Toward non-profit associations: Number of association which are clients of the bank Number of educational meetings and free trainings provided Amount of donations</p>

Sources : Boned, Richez-Battesti, 2009.

¹ International Co-operative Alliance Principles



EUROPEAN ASSOCIATION OF CO-OPERATIVE BANKS

EACB AISBL - Secretariat - Rue de l'Industrie 26-38 - B-1040 Brussels
Tel: (+32 2) 230 11 24 - Fax: (+32 2) 230 06 49 - Enterprise 0896 081 149 - Lobbying register 4172526951-19
www.eurocoopbanks.coop - e-mail: secretariat@eurocoopbanks.coop