

# Co-operative Social Responsibility

*2011 Sustainability Review*

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EUROPEAN ASSOCIATION OF CO-OPERATIVE BANKS  
GROUPEMENT EUROPEEN DES BANQUES COOPERATIVES  
EUROPÄISCHE VEREINIGUNG DER GENOSSENSCHAFTSBANKEN





## European Association of Co-operative Banks

The [European Association of Co-operative Banks](#) (EACB) has been the voice of co-operative banks since 1970. It represents, promotes and defends the common interests of its 28 member institutions and of co-operative banks in general. Co-operative banks form decentralized networks which are subject to banking as well as co-operative legislation. With 4,000 locally operating banks and 65,000 outlets, co-operative banks play a major role in the financial and economic system. They serve more than 181 million customers, mainly consumers, SMEs and communities. Europe's co-operative banks represent 50 million members and 777,500 employees and have an average market share of about 20%. Their resilience during the crisis make co-operative banks a key driving force in the economic recovery.

The EACB represents...

**181 000 000** customers

**777,500** employees

**4,000** locally operating banks

**20%** average market share for deposits

## What CSR means for us

Corporate Social Responsibility is not a new concept for co-operative banks: it's the cornerstone of their culture.

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 created to enable 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 co-operative principles of self-reliance, personal responsibility and autonomy" were at the origin of the movement.

The global financial crisis of the last four years has resulted in bailouts and bankruptcies of major financial institutions around the world, declines in stock market values, and recessions in developed economies. As a consequence, interest in sustainable alternatives is growing. Co-operatives banks want to be a part of the solution and can be a driving force to a more sustainable society and economy with their 65.000 banking outlets and 50 million members. They promote an ambitious vision of CSR. However, the challenge for co-operative banks is to combine their co-operative specificities with external standards and 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.

Responsibility and solidarity have been integral parts of the co-operative banks' activities since their creation in harmony with the co-operative principles and identity. Corporate Social Responsibility is in fact a new word for old co-operative practices or **Co-operative Social Responsibility**.

Corporate social responsibility is responsibility for the economic, social and environmental impact of business operations. The financial sector plays a key role in promoting the stability of the society as a whole and that is why many of the Co-operative Group's reports have been implemented by integrating sustainability reporting. Most of them have been prepared in compliance with the [Global Reporting Initiative](#) (GRI) sustainability reporting guidelines, encompassed information required by the [Global Compact](#) (this code of conduct is currently the most comprehensive and internationally recognized code with ten universally accepted principles in the areas of human rights, labor, environment and anti-corruption). Sometimes integrated reporting combines CSR data with the Group's strategy and business, corporate governance and financial results; sometimes reporting is clearly separated.

## FRANCE

In France, many legal requirements have gradually pushed public companies to develop social reporting and more recently, environmental and societal. The new Economic Relation Law (NRE) in 2001 and Grenelle 2 in 2010 were decisive in structuring the CSR approach in business. As for co-operative banks, they reinforced the approach to co-operative or mutualist reporting and made their tools compatible with reference frames like those of the GRI. The recent initiatives concerning sustainable development in business echo the founding principles of co-operative banks.

*Going further than the legal requirements:* the **Crédit Agricole FReD initiative**



In accordance with the guidelines laid down in the Group Project launched at the end of 2010, which emphasized corporate social responsibility as one of its strategic priorities, **Crédit Agricole S.A.** has implemented its own CSR approach, known as FReD. FReD, stands for Fides (trust), Respect and Demeter (the earth goddess). FReD's purpose is to promote these three concepts, and to confer tangible meaning to economic, social and environmental responsibility. The main aim is to democratise the CSR practices and expound them to all entities of the group with the independence of these entities in the prioritisation of the implementation of CSR measures. FReD has two main missions: giving a framework to the group entities to harmonise and define their CSR policies, and evaluating the societal performances of the group. The speed of the implementation will be evaluated with a FReD index and displayed every year. The main innovation in this programme is the fact that it gives incentives to the management to support and go further in the CSR measures. Indeed, **a third of the management remuneration is conditioned by the good implementation of these CSR measures.**

To illustrate and measure initiatives to support civil society the **Banque Populaire banks** have developed a range of tools aimed at promoting actions underlining their commitment and that of their co-operative shareholders, in particular, these include the "Co-operative and CSR review".

## GERMANY

The 1.100 **Volksbanken and Raiffeisenbanken** in Germany practice – or one might even want to say "live" – CSR as part of their locally rooted structure and publish a yearly engagement-report for the whole financial group (including DZ BANK AG and WGZ BANK AG with their subsidiary company). Most of the actions described show the close link to their region. The BVR flanks those initiatives by activities on the federal level that can be taken up and promoted by each bank individually such as "[jugend creative](#)" (a painting competition), "[Sterne des Sports](#)" (a competition to fostering local sports initiatives), a German





orchestra competition and a German choir competition. In Germany the DZBANK AG and the WGZ BANK AG have further set up CSR-guidelines and publish yearly reports. Generally it is highly appreciated by the German banks that the German government promotes CSR as a deliberate way for companies to be active for the society, environment and whole system they do work in.

## ITALY

Credit Co-operative Banks launched the Mutualistic Metric project. It's a new method to measure the social and economic performance of the **BCC** with specific indicators for the nature and peculiar activities of the BCC. Sustainable growth is the general goal.



## UNITED-KINGDOM



In February 2011, the **UK Co-operative Group** launches its ground breaking Ethical Plan. The Plan integrates far-reaching sustainability targets into the three-year business planning, and is underpinned by democratic consultation with membership. Responsible Finance is an integral component of the Plan and vital to the Co-operative Group's pursuit of sustainable development

# 1 Co-operative Governance

Our banks are co-operative. What does it mean? Our banks are effectively owned and controlled by their local members. Members actively participate in setting their policies and making decisions according to the funding principle "1 person = 1 vote".



This way, co-operative banks are accountable to members, not to shareholders.

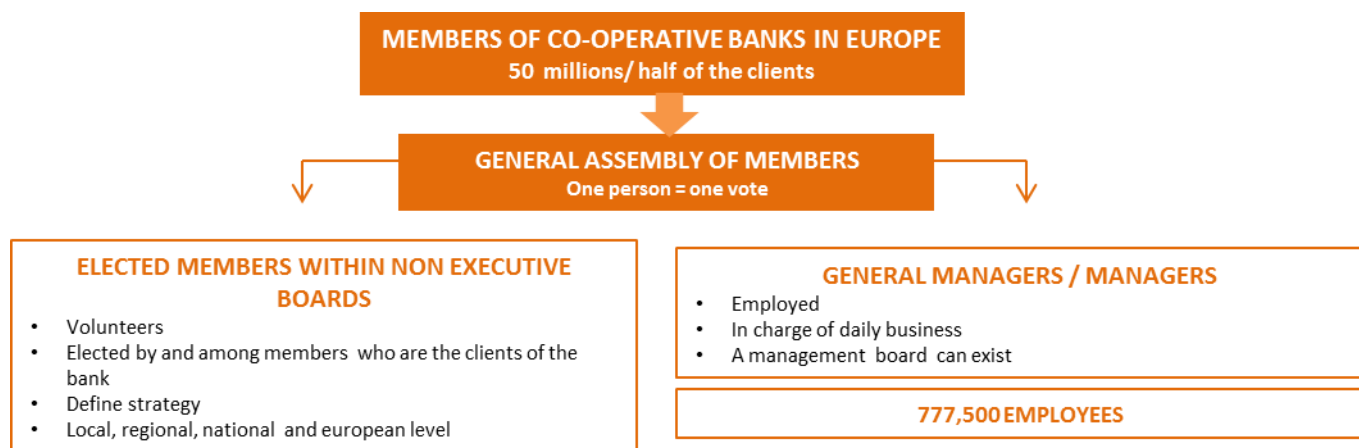
**"Co-operatives play a key role in the structure and dynamism of the economy. Moreover, they offer their members unique solidarity mechanisms, creating solid ownership structures conducive to a strong group ethos, shareholding and long-term investments."** Communication from the European Commission: "Towards a Single Market Act – for a highly competitive social market economy, 10/2010

Co-operative banks operate under democratic self-management based on the **principle "one-member = one vote"**. **Members are both owners and customers of the banks.** Members are involved in the governance of local and regional banks through an inclusive model bringing citizens to contribute to the decision-making of their local

banks. They can vote at the General Assembly, elect their directors and control the decisions made by the management.

When a company is owned by its customers, recognizing their needs and expectations is easier. As co-operative business, our banks have direct communication channels with their important stakeholders, such as customers and members.

Our groups receive capital contributions through subscriptions of member stakeholders, who are associates and co-owners of their local mutual bank. Reserves serve to back the shared obligations of members and as security for deposits and they are also used to finance long-term development. The mutualist banks practice banking in line with the co-operative principles. By their history and their model, they act in a sustainable way: they are concerned to integrate certain population excluded from traditional banking networks; they are willing to associate representatives of co-operative members with management decisions; they have a close relation with territory through democratic governance and a long-term approach.



## ❖ How do our member Organisations illustrate this principle?

### FINLAND

**OP-Pohjola Group:** Currently 70 per cent of owner-members belong to banks that have a Representative Assembly. OP-Pohjola's aim is to raise this figure to 90 per cent by 2017. In 2011 for instance web-based elections were used alongside postal elections. Owner-members were able to choose whether to vote in the traditional manner or to vote online. In the latter case they were directed from the OP online bank service to an external voting service. An online elections guide was also piloted to give all the candidates an equal chance to introduce themselves. The pilots were a success, with more women and younger people being elected to the Representative Assemblies.

### FRANCE

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 organised at local level that provide unique opportunities to exchange with the members. 300,000 members were active in these assemblies in 2011.

For **Crédit Agricole** in 2011, 405,000 members and clients attended the general assemblies of the 2,534 local banks. The regional banks also organise regular meetings with members and clients on thematic issues, like daily life services, internet, new distribution channels etc...

## 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 million 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.

## GERMANY

In 2011 more than 1,100 **Volksbanken and Raiffeisenbanken** provided their services to their customers. Each co-operative bank is an independent entity from a legal and an economic point of view. The banks have 30 million customers whereof more than 17 million people also decided to be become members and this way co-owners, capital providers and holders of the shares in their German co-operative bank.

## 2 Concern for communities and engagement in local economies

Thanks to our dense networks of branches, we reach the remotest areas in Europe. Through our Members we are locally rooted, and integrant part of the community. We understand our customers and speak their language. Our banks are dedicated to sustain the real economy by creating and fostering local jobs, accompanying key territory actors, giving to local communities means for their own social and economic development.



**“Since most of co-operative banks activity is run at the local level, their widespread local agencies allow retail activities for local communities which couldn’t be served otherwise. Europe needs an accountable and solid set of banks, well capitalized and well connected to the regions, to the economic tissue and to the real economy. This is the way to ensure a balanced and diverse banking sector and macroeconomic stability. In this respect co-operative banks have a fundamental role to play.”** Mr. Giovanni Pitella, Vice-President of the European Parliament.

### Local development

We animate local economy with a social role  
65,000 local outlets with dense presence in remote areas  
1/3 market share in SME financing & 20 % ATM market share

## ❖ How do our Member Organisations illustrate this principle?

### ⇒ Territories

Co-operative banks contribute to the local development of territories where they operate by offering quality jobs and by creating employment. In a very disrupted economic and social environment, numerous co-operatives have a positive balance of employment creation.

#### **CYPRUS**

Co-operative Credit Societies cover the whole geographical area of Cyprus, even the most remote areas, thus easing access to banking and finance of people in rural areas. More than 60% of the Societies' headquarters and branches are situated in rural areas and 45% of the ATM's are in the rural/agricultural regions of the island.

#### **FRANCE**

Proximity is key concept in **Crédit Mutuel's** strategy: 2,500 local banks, 3,100 local counters and 4,900 ATMs. One third of 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.

#### **GERMANY**

The network of the German co-operative banks counts 13,350 outlets in total, thereof 1,121 banks with 12,229 branches. They provide 19,417 cash machines all over Germany. Therefore the **Volksbanken and Raiffeisenbanken** provide a very dense network for their customers and are this way highly present all over Germany.

#### **ITALY**

The **BCC-CR** are deeply rooted in local territories where they operate. According to their status at least 95% of their credit must be allocated within the territory where they are based. Moreover the BCC-CRs (**Federcasse**) promote a serie of initiatives to support local economies. They proactively help businesses and families to face the current financial crisis.

#### **THE NETHERLANDS**

With around 1,100 branches and nearly 3,100 cash dispensing machines, the local **Rabobanks** form the most densified banking network in the Netherlands.

#### **POLAND**

**KZBS** provides preferential loans for farmers, as a part of the government's program of supporting Polish agriculture.

#### **PORTUGAL**

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.

#### **SPAIN**

The strong link of the Spanish co-operative banks with the territory is an important factor for the prevention of the financial exclusion of territories.

## UNITED-KINGDOM

In support of local communities, 10 per cent of the **Co-operative Group** profits are available for community investment around food stores and bank branches to tackle UK poverty.

### ⇒ **SMEs & CRAFT ENTERPRISES**

The co-operative banks are well aware that the multitude of small businesses plays a crucial role in developing activity in their regions, creating jobs and ultimately developing local innovation and social cohesion. Our active presence and extended branch network is a considerable asset to appreciate the entrepreneurs' needs and project risks. This reinforces our long-term commitment as key financing partners of small businesses that are essential economic players. The business policy of the co-operative banks is determined by the promotion of their SME members and SME clients.

## FRANCE

The **Banque Populaire banks** serve 221,000 companies, or 37% of companies with more than 10 employees (TNS Sofres June 2011).

**Crédit Agricole** applies thoroughly the 10 commitments of the French national charter between prime contractors and SMEs; therefore it ranks 7th in the league table published in June 2012 in the French magazine Challenges that evaluates the quality of the relationship between large companies and SMEs.

## GERMANY

**Volksbanken and Raiffeisenbanken** have high market shares in SMEs lending: 29 per cent in lending to self-employed persons (2011) according to the credit volume. More than 46 per cent (2011) of new commitments in promotional SMEs lending promoted by KfW came from the German co-operative banks. The co-operative banking group supports several SMEs initiatives of the German government: e.g. Gründerwoche Deutschland (Global Entrepreneurship Week), "[nexxt](#)" (promotion of company succession), "[nexxt-change](#)" (biggest business succession platform).



Gründerwoche  
Deutschland

14.-20. November 2011

[www.gruenderwoche.de](http://www.gruenderwoche.de)

## POLAND

Polish National Union of Co-operative Banks (**KZBS**) is a financial and organisational support of the institutions encouraging local entrepreneurship, like [Polish-American Small Business Advisory Foundation](#).

## UNITED-KINGDOM

The [Co-operative Enterprise Hub](#) provides advice and training to help set up and grow sustainable co-operative businesses.

### ⇒ **Co-operative dividend and financing local communities**

#### **The co-operative dividend**

The dividend of co-operative banks enables to allocate substantial resources to the stakeholders. The total co-operative 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.



## FRANCE

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. In 2011 the co-operative dividend amounted to € 14,6 million. 39% was used to further employment initiatives, especially for graduates, and 17% was allocated to education and research. The co-operative dividend will be finalized in 2012 when consumer and governance perspectives will be integrated in this notion.

At the end of 2011, **Crédit Mutuel** members' shares represented a total of €8.8 billion. €276 million (Excluding 'A' shares) was paid to members in dividends, representing 28% of the net earnings of the core co-operative business carried out by the local mutual banks and federal banks.

## ITALY

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. This amount is then used for the reevaluation of the shares or allocated to other reserves or distributed to the members. The remaining net profits must be used for charity or mutual projects.

**Banche Popolari** devote around 4% of their net income to initiatives for communities, which is three times the industries average.

## THE NETHERLANDS

In the Netherlands, **Rabobank** is in a position to pay a 'co-operative 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 co-operative fund. In 2008 the co-operative funds of the local and national Rabobank funds and the [Share4More](#) employee fund distributed more than € 45 million in co-operative dividend.

### ***Donations to local projects of communities***

## CYPRUS

In Cyprus, **The Co-operative Central Bank** and the co-operative Credit Societies actively support the Government, other public institutions and semi-government organisations, municipalities and local authorities through the financing of infrastructure projects and other development projects with favorable terms.

## GERMANY

At **BVR**, personal commitment of members and employees is encouraged. One third of the employees of **Volksbanken and Raiffeisenbanken** performed volunteering activities to improve public welfare. The German co-operative banks support their social commitment by giving time during professional hours to pursue personal volunteering project, the so-called corporate volunteering. **DZ Bank AG** 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.

Besides the 125 Million Euros financial donations, the German co-operative **Volksbanken and Raiffeisenbanken** increased their investment in sustainable forms of sponsoring in 2011. They were engaged with 183 Million Euros in foundations and increased their support in this field by 43 Million Euros compared to 2010. This way they

secured – other than with singular donations – a continuous support of local initiatives and fostered the social infrastructure of their region

#### **ITALY**

**BCC** allocated € 142 million to community investments and **Banche Popolari** devoted with € 170 million around 4% of their net income to initiatives for communities, which is three times the industries average.

#### **PORTUGAL**

**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.

#### **THE NETHERLANDS**

Local Rabobanks used their co-operative funds to donate in support of local communities. 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.

#### **UNITED KINGDOM**

The total Community Investment in 2011 was € 18,9 million for **The Co-operative Bank** (4 % of Pre Tax profit of the Group). 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.

### 3 Encouraging economic and environmental sustainability

Making human beings a central concern, giving money a social purpose and promoting mutual support are co-operative banks' founding principles.

These principles are enshrined in the solidarity and proximity values that have been applied on a daily basis for more than a century and a half in response to ecological, social

and society-wide challenges, for which we are all collectively responsible. The co-operative banking model is based on maximizing members' value in a long-term relationship rather than on short term profit maximization.



**“The co-operative model of enterprise is a sustainable form of enterprise able to withstand crisis, maintaining the livelihoods of the communities in which they operate.” It is “a means to address the current crisis and avert future crisis”.** International Labour Organisation (ILO) Report “Resilience of the Co-operative Business Model in Times of Crisis” (2009).

Co-operative banks are key players in the area of Socially Responsible Investment (SRI) products. Green finance is increasingly gaining importance and a variety of investment solutions allow the customers of co-operative banks to contribute to the preservation of the environment.

#### ❖ How do our member Organisations illustrate this principle?

##### ⇒ Socially Responsible Investment

Co-operative banks are a key player in the area of Socially Responsible Investment, and set up numerous ethical funds investing in shares or bonds of companies selected according to ethical criteria. The 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 have committed to the UN Principles for Responsible Investment (PRI).

#### **GERMANY**

The German co-operative sector is offering a wide variety of investment products following the UN Principles for Responsible Investment (PRI) to its clients. A number of co-operative banks are engaged in this activity and supported by their central bank as well as investment funds company. The focus is often laid upon the sustainable investment with regard to the products and the investment advice which is offered to the client but ethical aspects are also to be found. In the foreground, you will find the

responsible investment in investment funds out of the co-operative sector or offered externally. Some German co-operative banks even provide deposits for responsible investment.

#### FRANCE

At 31 December 2011, [Amundi Group](#), **Crédit Agricole** asset management subsidiary, managed €54.8 billion in assets in socially responsible investment. Amundi's SRI funds include every asset class and category: equity funds, bond funds and monetary funds. Amundi is also developing a range of so-called "socially committed" funds that includes ethical, philanthropic, social entrepreneurship and development aid funds. Finally, with its employees savings programs, Amundi manages a full range of SRI FCPEs known as Amundi Label.



#### POLAND

In May 2011, Polish National Union of Co-operative Banks (**KZBS**) organised a contest "Co-operative Bank in service of local community", which promotes an active pro-social policy and socially responsible actions by presenting activities of individual co-operative banks in the field of CSR.

#### THE NETHERLANDS

[Robeco](#) (**Rabobank**) stands for responsible investing. In 1999, Robeco was the first large Dutch asset manager to introduce a sustainable equity fund. To Robeco, embedding environmental, social and good governance factors in the investment analysis and investment decision process is a key element in responsible investing. In 2010, the Robeco subsidiary [SAM](#) (Sustainable Asset Management) won the SRI/Sustainable Investment Manager of the Year Award at the annual presentation of the Awards for Excellence in Institutional Asset Management - Europe 2010.



#### UNITED-KINGDOM

The **Co-operative Bank** is unique in the UK in that since 1992, it has implemented an Ethical Policy that directs who the bank will and will not finance, underpinned by a mandate from customers and covering key issues such as human rights, international development, ecological impact and animal welfare. Since its launch the Policy has been updated four times and over £1billion worth of loans have been declined from businesses in conflict with the Policy. In 2011, the Policy was extended to cover the investments underpinning motor and home insurance products.

### ⇒ ENVIRONMENTAL RESPONSIBILITY

Co-operative banks are committed to improve their climate footprint and promote environmental initiatives. From monitoring to developing innovative green products, they try to tackle environmental challenges.

#### ○ Clean energy

#### AUSTRIA

As of January 2012, **Volksbank AG** will be using 100% hydropower for all its energy needs. Also, each year Austrian Volksbanks offer their customers free energy consultation appointments with experts from local government agencies. The challenges for property developers are becoming increasingly complex. The aim is to give practical



advice in order to navigate the extensive subsidy system. In addition, customers receive vouchers for calculating energy performance indicators and thermography.

The **RZB group** has been using new CO<sub>2</sub>-neutral paper for copiers and printers at the Vienna head office since the beginning of 2011. The electricity supply to Raiffeisen's Vienna headquarters has been provided solely by hydropower since 1<sup>st</sup> January 2011. A certificate to that effect has been issued.

## FRANCE

In 2002, **BPCE** became the first banking group to carry out a carbon audit and chose to develop a sector based carbon review dedicated to the retail banking business. This review has the benefit of being easy to undertake, as it is based on a limited number of emissions indicators and can consequently be updated annually. Moreover, a national carbon reduction investment plan has been put in place by BPCE with a carbon action plan that identifies the most relevant equipment to reduce carbon emissions according to the bank's four main sectors of activity: energy, travel, hardware and services, and depreciation (real estate and IT equipment).

In 2012 **Crédit Agricole** is amongst the Top 10 world arrangers of "Clean Energy" asset finance according to [Bloomberg's latest league table](#).

## GERMANY

**Volksbanken and Raiffeisenbanken** offer their private and corporate customers financing of renewable energies and energy efficiency. A lot of co-operative banks are active in the foundation and financing of (mostly regional) energy co-operatives. More than 50 per cent of the number of new commitments in promotional lending promoted by KfW for investments in renewable energies came from the German co-operative banks in 2011.

## ITALY

**Federcaisse** set a clean energy agreement with [Legambiente](#) – the Italian League for the Environment – with the purpose of incentivising – via soft loans – the use of renewable sources of energy. 4,239 projects received a positive appraisal for a total of more than € 205 million. The project has recorded notable success in photovoltaic energy, for more than half of the loans.



**LEGAMBIENTE**

## POLAND

Some Polish co-operative banks (e.g. Gospodarczy Bank Spoldzielczy in Miedzyrzecz) are using solar energy instead of traditional to illuminate their outdoor advertisements ("eco-advertisements" or "green advertisements") (**KZBS Poland**). More generally, Polish co-operative banks provide preferential loans for the purchase of environmentally friendly solar panels.

## ○ Green economy

## AUSTRIA

At the end of 2011, the proportion of sustainable certificates at **Volksbank AG** was almost 20% and sustainable funds made up approximately 14% of the total volume. Overall, the proportion of sustainable products amounted to approximately 17% of the total volume. Selected products were certified in 2011. Three funds with certification marks are currently available: [Volksbank-Mündel-Rent](#), [Volksbank-Mündel-Flex](#) and [VB-Ethik Invest](#). All three funds were examined externally and were awarded with both the [Eurosif transparency logo](#) and the [Austrian eco-label](#). Furthermore, the Fix Plus Garant

4/2011 certificate (and subsequent tranches) was the first certificate to be awarded the Austrian eco-label.

## FRANCE

The **BPCE Group** is currently recognized as the bank that has innovated significantly in the area of financing sustainable development in general and green growth in particular. For example, it launched the first green passbook savings account in 1999, the first eco-loan in 1990, the first 90:10 shared return fund in 1994 and the first website dedicated to sustainable development and finance in 2001. The Banque Populaire aims to develop green economy and especially renewable energy in the territories through partnerships with local governments. Banque Populaire set up 4 low rate loans for energy efficiency with Regions, and won 4 tenders to finance on IEB funds renewable energies in 4 different regions.

In 2012 **Crédit Agricole** was awarded the [Environmental Bond Issue of the Year](#) by the journal Environmental Finance, as a reward for the innovative products developed by its dedicated teams and especially for its role in the structuring of the first public environmental and social bond issued on the European market by the Ile-de-France region.



## GERMANY

**Volksbanken and Raiffeisenbanken** support various initiatives for green economy. The BVR as the National Association of German Co-operative Banks is member of the ["Climate Change Finance Forum"](#), Germany which is a core research and dialogue platform for the effective implementation of the government's climate policy within the framework of the ["High-Tech Strategy on Climate Protection"](#).

## THE NETHERLANDS

**Rabobank Group's** areas of focus include promoting renewable energy and innovation in many products and services relating to savings, corporate finance, project finance, asset management and investment, leasing and real estate.

The [Herman Wijffels Innovation Award](#) was presented for the tenth time in 2011. A total of almost 500 entries were assessed, with the first prize of EUR 50,000 won by the Schilder brothers from Volendam for their survival tank, which enables fishermen to keep undersized fish alive and return them to the sea.

## UNITED-KINGDOM

**The Co-operative Bank** is the UK's leading financier of community renewables and district heating, and has committed £ 1 billion of lending for energy efficiency and renewables. The Co-operative Group's ['Clean Energy Revolution'](#) campaign is aiming to greatly increase the number of UK communities controlling and benefiting from their own community-scale renewable energy projects.

## 4 Solidarity and social commitment

Co-operative banks foster self-help, responsibility and solidarity. They emphasize the common good of society. They were historically founded to improve access to finance for their members, who would otherwise have had limited access to finance.



Photographer: Philippe Lissac

**“There is a lot to say about the banking sector. There are co-operative banks and their stakeholders are doing well despite the current difficult economic situation. Co-operative banks aim for the common good of society, for the real economy. They are also active in the micro-credit field.”** Marc Tarabella, Member of the European Parliament, Member of the Agriculture and Rural Development Committee. (Conference Social Business, 2011)

Co-operative banks are significant actors for the social microcredit in Europe providing loans to persons and small companies that would otherwise be financially excluded. In the context of the global crisis, they have launched several initiatives to assist members and clients with temporary difficulties. More in general they strive to provide inclusive services also to the more vulnerable segments of the population.

### ❖ How do our members illustrate this principle?

#### ⇒ Customers with temporary difficulties

The main CSR challenge for the consumer finance subsidiaries is to meet the expectations of retail customers, especially regarding credit access and quality of the customer relationship. The aim is therefore to provide credit access to the greatest possible number, while ensuring that the products offered meet each customer’s needs, and that repayment schedules are tailored to the customer’s situation and financial capacity.

#### FRANCE

For the most vulnerable customers, **Crédit Agricole** Consumer Finance undertakes an exhaustive assessment of their repayment capacity and their remaining living resources when granting them credit, in order to prevent situations of excessive indebtedness. The most vulnerable can also take advantage of the “Association de Recherche pour un Crédit Harmonieux et d’Innovation pour la Maîtrise de l’Endettement ([Archime’d](#))”, with which Crédit Agricole Consumer Finance (North region) collaborates, in order to assist them in managing their budgets and to determine the most appropriate solutions for their situation.



For **BPCE**, with total assets under management of €3,15 billion at end 2010, solidarity-based savings have grown fivefold since 2004 – more quickly than most other investments – with all three major product families in the category experiencing growth: solidarity-based employee savings, bank savings (like the [CODEVair](#) passbook savings account which promotes solidarity and is environmentally friendly) and savings invested in the equity of solidarity-based finance providers.

Elected representatives and employees of the **Crédit Mutuel** lead structures which organise internal solidarity: economic and social assistance committees, dedicated office and solidarity committees. They work together with associations and social orders to help the customers with difficulties. Federations develop guides of "solidarity practices" to help the directors and the account managers to bring concrete answers adapted to customers in trouble.

## GERMANY

The German co-operative banks are focused to offer services to their customers following their central principles of self-reliance, personal responsibility and autonomy. The co-operative banks in particular share the view of the European Commission that a current account represents a key element for participating in today's social and economic life as well as enabling the consumer to take advantage of all of the advantages of the single market. For these reasons the German co-operative banks offer basic payment accounts and implement the recommendation of "current accounts for everyone" of the German Banking Industry Committee since its announcement in 1995. The German co-operative banks establish a current account for any consumer within their business districts wishing to open an account and who has not had one thus far - at least on a deposit-only basis.

## THE NETHERLANDS

A key element in **Rabobank's** service provision is that customers are sold the right products, which helps to prevent financial problems. The [RaboOpbouwHypotheek](#) mortgage, for instance, has the option to build assets that can be used later to repay the mortgage partially or in full. Mortgage lender Obvion also offers solutions when clients face financial difficulties.



## UNITED-KINGDOM

The **UK Co-operative Bank** provides a basic bank account and in a pioneering project enables prisoners to open a bank account while in prison, ready for use on release. This is considered as a key to the reduction in re-offending.

## ⇒ MICROCREDIT

Co-operative banks are significant actors for the social microcredit in Europe. This scheme consists in the grant of concessional loans to persons and small companies unable to secure "typical" loans because of their situation, and aims at preventing or curing disenfranchisement and supports access or a return to a salaried or entrepreneurial position.

## AUSTRIA



[Oikocredit](#) provides micro and project loans that are tailored especially to the needs of the poor. The capital comes from around 36,000 investors. 17 million people worldwide are already reaping the benefits. **Volksbank AG** actively supports Oikocredit as a cooperation partner in the implementation of projects.

## CYPRUS

In 2011 the **Co-operative Central Bank** and the Co-operative Credit Societies signed a €8 million loan agreement with European Investment Fund to provide micro loans in Cyprus under the European ["Progress"](#) Microfinance Facility, an EU microfinance initiative from the European Commission and the European Investment Bank. The program aims to increase access to finance for micro-entrepreneurs, including the self-employed with special emphasis to young entrepreneurs, female entrepreneurs and start-ups.



## FRANCE

Microloans financed by **BPCE Group** totaled €123 million at the end of 2011, including loans complementing the [NACRE](#) scheme (Nouvel accompagnement à la création d'entreprise – new support from public authorities for business creation).



In France, **Crédit Agricole** regional banks collaborate with local initiative platforms (Pfil), or business creation programs such as [ADIE](#) (Association pour le Droit à l'Initiative Economique). Some banks are also working with networks such as [France Active](#), boutiques de gestion, Entreprendre or decentralised programmes such as business incubators.

**Crédit Mutuel** is a historical partner of microcredit institutions. It granted more than € 278 million in microcredits at professional level and supported loans financed in cooperation with [France Initiative](#) et [France Active](#) and with the [ADIE network](#) and more than € 1,7 million in microcredits were granted at individual level in 2011.

## GERMANY

The German co-operative banks are active microcredit providers for small SMEs. The co-operative market share in promotional microfinancing of KfW, [KfW-Gründerkredit Startgeld](#), amounts to more than 30 per cent. The GLS BANK further offers special financing programs for micro-enterprises.

## UNITED-KINGDOM

**The UK Co-operative Bank** provides facilities to approximately 60% of the UK credit union sector and supports the provision of a current account to credit union customers. Credit unions provide savings and low cost loans to members many of whom do not have access to mainstream banking services.

## ⇒ NGOs & NON-LUCRATIVE ORGANISATIONS

In addition to funding local projects of communities where co-operative banks operate, they contribute to local charities and promote active citizenship.

## FRANCE

**Banque Populaire** Corporate Foundation supports the development of young instrumentalists and composers of classical music when they graduate from the music academy, persons with disabilities, and community oriented entrepreneurs involved in general interest projects.

**Crédit Coopératif ( BPCE)** has launched an innovative funding mechanism in 2011: [the Voluntary Contribution on Currency Transactions](#). The VCCT is based on the volume of the interbank currency transactions (spot and outright on Foreign Exchange market) processed by Crédit Coopératif. The applicable rate will be 0.01%. The money raised through this mechanism is dedicated to beneficiary among active and recognized NGOs dedicated to international cooperation for development and the Millennium Goals.

**Crédit Agricole** supports the [Dons Solidaires association](#), which collects unsold consumer goods from large companies and distributes them to a broad network of partner associations, helping more than 200,000 disadvantaged people in France. Crédit Agricole also partners the French [association of food banks \(FFBA\)](#) providing support and training for volunteers working for its partner associations. This humanitarian association coordinates a network of seventy-nine food banks across France, which collect food



products and redistribute them to almost 5,000 social associations and organisations. In 2010, these food banks distributed the equivalent of 185 million meals in France.

**Crédit Mutuel** supports associations through the website [associatheque.fr](http://associatheque.fr) which offers information, guidelines and support for the volunteers of the association.

## GERMANY

The **national German organisation of co-operative banks (BVR)** supports its more than 1,100 banks with a number of centrally initiated activities and competitions that are an offer to each institute to take it up for their members, customers and community in the fields of society, culture, arts and sport.



The BVR is the patron of "[Aktive Bürgerschaft](#)", an organisation that is the centre of excellence for civic engagement of the Volksbanken und Raiffeisenbanken co-operative financial network. They advocate that the co-operative principles of helping others to help themselves, individual responsibility and self-administration form the basis of a modern civil society. This is essential for the sustainability of our country in order to maintain and improve the standards and quality of living in the future. It thus provides the impetus for a society of active citizens and committed companies.

Very prominent is also a sportive activity initiated by the BVR and the [German Olympic Sports Committee](#) (DOSB) that focuses on local sport organisations and their social initiatives. Sport associations can apply with their integrative and social project at their local bank. There's a decision on the regional and on the federal level. At the later one, the Chancellor or the President of State take place to honor this kind of engagement for



## POLAND

In January 2011, Polish National Union of Co-operative Banks (**KZBS**) together with Polish co-operative banks joined the charity campaign "[The rest is in your hands!](#)" organised by [UNICEF](#) and the Mint of Poland, whose aim was to raise funds to help children in the poorest countries of the world.

## THE NETHERLANDS

**Rabobank Group** signed a [memorandum of understanding](#) with [WWF](#) on a global partnership to make production chains more sustainable, in order to protect nature and biodiversity.



## ⇒ SUPPORTING COMMUNITIES IN EMERGING COUNTRIES

Thanks to their co-operative identity and principles, co-operative banks are keen on providing finances, logistics and human resources in order to support all kinds of initiatives which are dedicated to the development of the global co-operative movement.

## AUSTRIA

In the middle of 2011, a devastating drought befell East Africa which affected millions of people in the region. The United Nations announced that there was a famine



in parts of Southern Somalia. The [United Nations Children’s Fund](#) speculated that more than two million children in the region were undernourished and would need immediate life-saving measures. In order to mitigate this terrible hardship, **RZB** set up an account for donations in cooperation with the Austrian Red Cross. The main focus of the project is to look after the weakest (pregnant women, children and older people) with food and medicines in health centers and via mobile units. RZB staff was able to make their own contributions via this account. The board also supported the campaign. The [campaign](#) raised the sum of € 190,000, which flowed directly into setting up aid facilities and was thus able to alleviate a great deal of suffering.

## THE NETHERLANDS

The [Rabo Agri Fund](#) issues credit guarantees to local banks as security for loans to co-operatives and relatively small commodities producers in the food and agribusiness sector that do not yet qualify for commercial bank loans. Together with [Rabobank Foundation](#) and [Rabo Development](#), the Fund works on offering access to loans in emerging economies in Latin America, Africa and Asia. In the reporting period, the Fund bolstered its position in Africa, issuing its first credit guarantee in Tanzania, which was used to fund organic cotton, to [Biosustain](#), one of the largest organic cotton traders. The Fund shared the risk on the guarantee with National Microfinance Bank, one of Rabo Development’s partner banks.



## FRANCE



**GRAMEEN CRÉDIT AGRICOLE**  
*Microfinance Foundation*

The [Grameen Crédit Agricole Foundation](#) was founded in 2008 at the initiative of **Crédit Agricole S.A.**, in partnership with [Professor Yunus](#), founder of Grameen Bank and a Nobel Peace Prize laureate. Its purpose is to help microfinance institutions (MFIs) provide financial services guarantees, equity and technical assistance to the most impoverished populations. Since its inception, more than € 15 million of funding has been approved for 46 projects in 19 developing countries, reaching approximately 1,252,000 people.

For more than 30 years, Centre International du **Crédit Mutuel** ([CICM](#)) has fostered the creation of autonomous mutual banking networks in Africa and Southeast Asia. CICM’s action is at the crossroads of microfinance and development aid, fully in line with Crédit Mutuel’s founding values: giving money a social purpose and promoting mutual support. Through CICM, which is endowed with a € 2 million budget, Crédit Mutuel is one of the few banking institutions to be so concretely involved in development efforts.



## GERMANY

Helping people help themselves is the central idea of the **DZ BANK** microfinance fund and remains true to the co-operative principle. A steadily growing number of stakeholders and regular donations from DZ BANK ensure the fund can achieve its objective of providing financial support to microfinance organisations in developing countries – currently Algeria, Mali, Namibia, and Togo. Above all, these local organisations grant microcredit to women, helping them and their families establish a sustainable livelihood. The [German Co-operative and Raiffeisen Confederation \(DGRV\)](#) is both the apex and auditing association of the German co-operative organisation. Besides all its tasks, the DGRV also promotes co-operative development primarily in third world

countries, but also in central and Eastern Europe, as a cooperating partner of other institutions at home and abroad. The DGRV is a member of various international organisations.

### **ITALY**

In Ecuador, 200 **CCBs** have provided [Codesarrollo](#) ("Co-operative for Peoples' Development") an amount of more than \$ 29 million in soft loans (at an interest rate of 4-5%). Codesarrollo's financing is primarily aimed at promoting local development through the active involvement of the population. The contribution from CCBs does also encompass investment in training, support for agricultural development projects and liaising with National and International Institutions. Moreover, thanks to the contribution and collaboration of Iccrea Banca, Codesarrollo has had access to the Swift international payments system, which enabled the Ecuadorian co-operative banks to get involved in sending and receiving money to and from overseas. It enabled them to handle payments sent from Ecuadorians living and working abroad. Another successful initiative is the collaboration with the Progetto Agricolo supported in Ecuador by the [Third Millennium Foundation](#). Relationships are also being developed between single local banks in Italy and single local banks in Ecuador. In 2012, the Ecuadorian project will celebrate its 10th anniversary (2002-2012).



### **UNITED –KINGDOM**

In 2007, **The UK Co-operative Bank** created a \$50m [microfinance fund](#) to help support the development of small businesses in some of the world's poorest countries. By 2011, the fund had lent to three schemes which have financed microfinance institutions in 27 countries. The bank also helped launch a \$ 50 million Global Co-operative Development Fund to finance small and medium sized co-operatives throughout the developing world.

In partnership with [www.lendwithcare.org](http://www.lendwithcare.org) , **the UK co-operative bank** has launched a successful peer-to-peer lending scheme which has connected tens of thousands of people in the UK with micro-entrepreneurs in the developing world.

In partnership with Oxfam the UK Co-operative's '[Grow Co-operative's](#)' campaign is calling for increased international investment in small-holder farmers and co-operatives to meet the growing global food demand sustainably.



## 5 Promoting Knowledge and Skills

We encourage training, knowledge and skills in line with the co-operative principle that “co-operative provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their co-operatives”. They inform the general public - particularly young people and opinion leaders - about the nature and benefits of co-operation.



**“Co-operatives provide young people with opportunities to create their own businesses, work with enterprises that are value based, flexible and that provide as a rule skills training for members and employees.”** ILO COOP message brought to the Youth Employment Forum held at ILO headquarters in Geneva from 23–25 May 2012.

Co-operative banks are providing training programmes to their members, their voluntary representatives and managers of local and regional banks. This is crucial for an effective governance function in particular following the crisis – due to their role in risk management and strategy of the banks.

### ❖ How do our member Organisations illustrate this principle?

Employees are the most valuable asset of any company. That is especially true for co-operative banks as co-operatives and financial service providers. 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.

#### ⇒ EQUAL OPPORTUNITY EMPLOYER

##### **AUSTRIA**

**Volksbank AG** is one of the first signatories of the Diversity Charter and signed it together with 10 other national and international companies on 26 November 2010. By pioneering this charter in Austria, the signatories clearly expressed the value they place on and the respect they have for diversity. The model for the charter was provided by countries that have been active in the European Union for several years: Germany, France, Switzerland, Italy and Spain.

## FRANCE

The French co-operative banks have developed original solutions to satisfy the legal obligation to employ 6% of effective employees with handicaps, or to financially compensate the non-respect of this percentage.

The **Crédit Mutuel**, in the Loire and Basse Normandy regions, facilitates maintaining disabled employees in their jobs by using an internal procedure with the cooperation of the concerned workers. Several contracts have been approved with specialized companies (ESAT or EA) to carry out work projects or order supplies. Finally, the Crédit Mutuel has also initiated 'professionalisation' contracts for disabled workers within a group of employers.

**BPCE** increases efforts in relation to disability with the responsible purchasing and disabilities policy ("PHARE") was successfully rolled out in 2011.

Since 2005 **Crédit Agricole S.A.** has had an active policy of hiring people with disabilities. The first Group agreement, signed in 2005, was renewed in 2008 and subsequently in 2011. At end-2011, the Group employed 2,074 people with disabilities.

## GERMANY

**DZ BANK** actively promotes compatibility between work and family. In 2007, "we were awarded the 'Work and Family' basic certificate by the non-profit-making [Hertie Foundation](#). A successful re-audit was completed in August 2010. Besides part-time and alternating teleworking models, DZ bank has offered various facilities throughout Germany in cooperation with the families service since 2007: emergency childcare for children up to twelve years of age is available to employees free of charge for ten days per year. **German co-operative banks** signed in 2008 the "Corporate Charter of Diversity", in which the importance and value of diversity for business and society is acknowledged.



## ITALY



Associazione delle donne  
del Credito Cooperativo

The Co-operative bank women's association ([iDEE](#)) was initiated in 2004 with the aim of enhancing and promoting the contribution of women within the Italian Co-operative Bank. iDEE has the following aims: professional and personal enrichment of female members; the transfer of sensitivities, skills and best practices for the benefit of the bank, the territory and local communities; maximization of the contribution of women to the definition of the policies of the **BCC-CRs**.

### ⇒ TRAINING & SHARING

It is important to provide employees with development opportunities and thereby attain an appropriate level of skills and responsibility. Hiring, integrating, offering career paths, facilitating mobility, offering training programs and putting in place the appropriate tools all play a part in successful employee management.

## CYPRUS

The Pancyprian Co-operative Confederation co-organises with the University of Cyprus a two year training program "Business Administration" for Co-operative Credit Societies employees. The program started in 2005 and until now 219 employees have graduated from the program. In addition, the Pancyprian Co-operative Confederation in co-operation with the Human Resource Development Authority of Cyprus organises several training seminars for the Co-operative Credit Societies employees.

## AUSTRIA

In 2011 **Volksbank AG** continued its commitment to business mediation as part of its sustainability-program. The shared search for permanent and sustainable solutions conforms to the idea of sustainability and the co-operative values of personal responsibility and participation. At the end of 2011, the first "Mediation and management skills in banks" course was completed successfully. Twelve managers completed this intensive training.

**Fachverband der Raiffeisenbanken (RZB Group)**: A Community Day was organised for the first time as part of the overall corporate volunteering measures. The project was about redesigning a room for children and teenagers in the apartment building for refugees and migrants run by [Caritas Vienna](#). On a Saturday, approximately 50 colleagues of RZB and RBI renovated walls, assembled furniture together and invited all residents to a joint barbecue at the end of the day.

## FRANCE

**French Co-operative banks** and more specifically **Crédit Mutuel** provides staff members with training opportunities throughout their careers, reflected by a training budget equivalent in 2010 to almost 5% of the payroll. The increasing proportion of women in management positions is a long-term trend. Within the network, the proportion of women in point-of-sale and corporate account management positions increased by 14% and 10% respectively between 2004 and 2010. A similar pattern is also emerging at the highest management level, where the bank now has three woman chief executive officers.

## GERMANY

**German co-operative banks** traditionally place a high emphasis on vocational education and training. Each year over 11,000 interns are being trained both in vocational colleges and in banks to become qualified bank clerks. This dual system is unique to Germany, combining both theoretical and practical training at the same time. After having completed this 3-year course employees continue with regular trainings which often take place in co-operative training academies. These academies place special emphasis on co-operative values and the co-operative banking model. In recognition of their attractive vocational training schemes, the German co-operative banks have in recent years repeatedly been awarded "Deutschlands Top-Arbeitgeber" (Top Employer in Germany).

## ⇒ EDUCATION

The role of higher education establishments is fundamental for the dissemination of the concept of a set of values. Education should involve the instilling of a set of attitudes and forms of behavior that develop an entrepreneurial, responsible and collective spirit which are inherent to co-operativism.

## FINLAND

**OP-Pohjola** is one of the largest corporate bodies financing Finish universities. These donations (3.6 million euros for 2010 & 2011) form a considerable percentage of the Group's total charity donations. The group wants to contribute to safeguarding an extensive Finnish university network. The Group finds it extremely important that Finland continue to have several vital universities that lead the development of both their region and the whole society.

## FRANCE

French co-operative banks and more specifically **BPCE GROUP** have entered into a partnership with business schools as part of the [Passerelle](#) scheme aimed at helping young students with disabilities enter the workforce.



## GERMANY

The co-operative banking group **Volksbanken Raiffeisenbanken** are active for many decades already in the schools of their local communities to foster financial education of children and teenagers. A special website, [www.jugend-und-finanzen.de](http://www.jugend-und-finanzen.de), dedicated to this topic offers a good insight to the different projects and initiatives in this field and names contact persons for specific questions. It further holds – especially for teachers, parents and interested consumers – a lot of information and materials on financial education for all class levels that can all be downloaded and used for free. *'Jugend und Finanzen'* was awarded the Comenius-EduMedia-Certification (in 2012).



## PORTUGAL

The **Crédito Agrícola**, through the Caixa central has close ties and arranges traineeships with education institutions. The Group is sponsoring a nationwide initiative involving 17 polytechnics, covering more than 95,000 students and 7,000 teachers. The aim of this initiative is to put in the light the most innovative business plans.

## UNITED-KINGDOM

**The Co-operative Banking Group** promotes three educational initiatives to improve young peoples' numeracy and financial literacy. Over 500 employee volunteers are involved in the scheme which benefits approximately 12,000 young people.