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**SUSTAINABILITY REPORTING IN COOPERATIVES BANKS:
AN ANALYSIS OF THEIR DISCLOSURE IN EUROPE**

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SUSTAINABILITY REPORTING IN COOPERATIVES BANKS: AN ANALYSIS OF THEIR DISCLOSURE IN EUROPE

Abstract

Sustainability has significantly risen within businesses management during the last decade. Nowadays, enterprises include sustainability in their strategic management. Cooperatives banks have a special relationship with sustainability. The analysis of the sustainability reports disclosed by the European cooperative banks included under GRI standard show that although the number of reports is low, it responds to the weight of cooperative banks in the European market. The results also illustrate the late incorporation of cooperative banks to sustainability reporting. Despite this, there are no significant differences compared with banks. Finally, cooperatives banks provide greater social information than economic or environmental.

INFORMES DE SOSTENIBILIDAD EN COOPERATIVAS DE CRÉDITO: UN ANÁLISIS DE SU DIVULGACIÓN EN EUROPA

Resumen

Durante la última década, la relevancia de la sostenibilidad ha crecido dentro del mundo empresarial, teniendo las cooperativas de crédito una especial relación con este concepto. El análisis de los informes de sostenibilidad de las cooperativas de crédito europeas muestra que, aunque el número de informes es bajo, se corresponde con su peso en el mercado. Los resultados también indican su tardía incorporación a divulgar información sobre sostenibilidad, aunque -a pesar de ello- no se encuentran diferencias significativas respecto a los bancos. Finalmente, cabe señalar que las cooperativas de crédito se caracterizan por divulgar más información social que económica o ambiental.

1. INTRODUCTION

Since the second half of the 20th century, a long debate on sustainability has been taking place. In 1953, Bowen (1953) wrote the seminal book “Social Responsibilities of the Businessman”. Since then there has been a shift in terminology from the social responsibility of business to sustainability (Garriga and Melé, 2004). However, as noted by Cramer, Jonker and Van der Heijden (2004) the term has been used sometimes from a broad interpretation, which has carried a profuse variety of definitions and approaches. The arising of the "sustainability" concept has greatly influenced business communication. It constitutes the foundation of most developed theories on the interaction between companies and stakeholders.

A key component of the sustainability of the company is communicating this policy with an appropriate degree of disclosure (Illia, Romenti and Zyglidopoulos, 2010; Zéghal and Ahmed, 1990). Moreover, these good practices are a way to legitimize the company among its stakeholders (Deegan and Rankin, 1999; Brown and Deegan, 1998; Hooghiemstra, 2000). Consequently, many companies have disclosed actively sustainability reports and -in the last decade- this trend has been sharply upward (Pflugrath et al., 2011).

In the past, there were no generally accepted standards to govern these disclosures, making them difficult to compare and less credible (Simnett, 2012). Today, some companies have published standards for sustainability reporting which ensure the homogeneity of sustainability reports. They have boosted the use of a common international framework in the development and disclosure of non-financial information. The two most widely used reporting standards currently in practice are the Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI) and the AA1000 AccountAbility Principles Standard (AA1000APS).

The GRI Guidelines is a structure established in 1997 as an offshoot of the Coalition for Environmentally Responsible Economies (CERES). Their main goal was to provide globally applicable guidelines to prepare sustainability reports, in contrast to environmental reports (Reynolds and Yuthas, 2007). The guidelines require disclosures in economic, environmental and social performance categories. Nowadays, the GRI is the world’s most widely used sustainability reporting framework and it has achieved a widespread adoption for sustainability reporting with 80 percent of Global 250 (G250: the top 250 companies of the Fortune 500 index) and National 100 (N100: the top 100 companies in 16 countries where KPMG operates) (KPMG, 2011).

About the current state of global sustainability reporting, 69 percent of listed companies of the N100 conduct sustainability reporting, compared to just 36 percent of family-owned enterprises and close to 45 percent for both cooperatives and companies owned by professional investors (KPMG, 2011). State-owned companies are the next highest reporters (57 percent), lifted up by Europeans countries such as the Netherlands, Sweden and Denmark, where policy mandates a high level of sustainability reporting from these enterprises as a way of setting better business practices. Similarly, just less than half of all cooperatives and slightly more than half of foundation-owned companies currently report on sustainability.

The other generic sustainability reporting standard is the AA1000 AccountAbility Principles Standards. These guidelines issued in 1999 by the former Institute of Social and Ethical Accountability (ISEA) provides a framework for an organisation to identify, prioritise and respond to its sustainability challenges (ISEA, 2008). The AA1000 standard is an accountability standard, focused on securing the quality of social and ethical accounting, auditing and reporting (Reynolds and Yuthas, 2007).

Due to its characteristics (principles-based approach, compatibility with other standards, etc.), AA1000 Series is increasingly adopted in big companies and specific industries (Sadashiv, 2010). For example, almost half of the largest Spanish listed companies use these guidelines in their sustainability reporting (García-Perdiguero and García-Reche, 2012).

Previous studies have analyzed the disclosure of joint stock companies in several countries (Deegan and Rankin, 1999; Gray et al, 1995; Guthrie and Parker, 1990), but little efforts have been made to develop a non-joint stock firm perspective on sustainability disclosure. That is, a co-operative perspective on sustainability communication, which identifies an interesting research gap, has not been developed yet.

In this sense, from an empirical perspective, Cornelius et al (2008) argued that sustainability is a key consideration for all social enterprises (such as cooperatives). Therefore, it is timely to investigate about their practices and about whether they are subject to the same requirements as capitalist firms regarding to different degrees of internal and external sustainability in non-joint stock entities (according with Emanuele and Higgins, 2000).

Our research focuses on the case of cooperative banks because of the significant link between cooperatives and social responsibility. In this sense, the coincidence between the sustainability definition by European Commission's Green Paper (2001) and the ICA's cooperatives principles is clear. Likewise, the Statement on Co-operative Identity adopted at the 1995 General Assembly of the International Co-operative Alliance (ICA), declares that cooperative members believe in the ethical values of honesty, openness, social responsibility, and caring for others (ICA, 1995). Three of these principles remind us very explicitly of matters relating to sustainability:

- The fifth principle (*education and information*) says that cooperatives have to provide education to their partners and workers.
- The sixth principle (*cooperation between cooperatives*) says that cooperatives serve their partners as efficiently as possible, working in local, regional, national and international structures.
- The seventh principle (*concern for community*) specifies that cooperatives work for the sustainable development of their communities.

Therefore, the compromise of the cooperatives with the community, workers, and environment (since it affirms the compromise with sustainable development) is clear (Carrasco, 2007).

We aim to identify what kind of information is disclosed by European cooperative banks about their sustainability and whether this information is standardized. On the other hand, we investigate about the communication channels used by the companies for disclosing this information. Furthermore, we compare the practices employed by the cooperatives banks with the banks' practices in the sustainability area. For this purpose, we analyse public information of the financial entities and their sustainability reports, when they are available.

This paper reports on the characteristics of the cooperative banks' sustainability reports presented in 2012. Specifically, we analyse the quality of those reports based on a set of items disclosed. The following section presents a review of literature in the area, followed by the methodology and the development of research hypotheses, results and conclusions.

2. LITERATURE REVIEW

2.1. Sustainability reporting

Nowadays, there is an increasing interest in sustainability from the business and academic communities. Efforts have allowed building a complex, multidimensional and subjective concept, related to different philosophical and business management theories. This theoretical development has led to achieving a consensus, allowing an emerging introduction of the concept into the business strategy of many companies.

Although disclosure of sustainability has obtained notoriety among companies' practices, there is a scarcity of standardized criteria for reporting. However, to achieve some consensus on sustainability and its implementation, a key aspect has been the acceptance of the premise that, for a business to be sustainable in the long term, it must be socially responsible. Motivations are, basically, reputation, competitive advantage and fashion (Melé, 2005).

As shown in the statement of the main theories, many authors suggest that the implementation of sustainability practices in business management adds value to products or services (Mitchell et al., 1997, Knox et al. 2005, McWilliams and Siegel, 2001; Porter and Kramer, 2006; Weber, 2008). That is, a responsible management realizes the potential of a latent value insofar as it can be exploited through effective communication with stakeholders. A communication that should serve to enhance the reputation (Cochran and Wood, 1984) or build a corporate advantage (Porter and Kramer, 2006). The building of reputation implies a value judgment of stakeholders, and this is influenced by coherent action and appropriate communication by the company (Weber, 2008).

Moreover, several empirical studies show that sustainability stakeholder engagement has a positive effect on brand value and enhances the credibility of the company (Torres, Bijmolt, Tribó and Verhoef, 2012). Regarding consumers, positive beliefs in sustainability are associated with a greater likelihood of purchase and bigger loyalty to the company in the long term (Du, Bhattacharya and Sen, 2007). The benefits of a proper sustainability strategy also include positive effects on employees and investors (Sen, Bhattacharya and Korschun, 2006).

Firms use a great variety of communication channels for sustainability reporting, including social reports, thematic reports, codes of conduct, web sites, stakeholder consultations, internal channels, prizes and events, cause-related marketing, product packaging, interventions in the press and on TV, and points of sale (CSR Europe, 2000a, b; Birth et al, 2008; Illia et al., 2010). However, social reports are the main channel for communicating "the social and environmental effect of organizations' economic actions to particular interest groups within society and to society at large" (Gray et al., 1996). This practice has quickly become the medium through which companies around the world communicate their economic, social and environmental performance to stakeholders.

Sustainability reporting has attracted significant attention from the academic community in recent years (Fifka, 2012). Consequently, there is a very large amount of empirical studies (Gray et al., 1995; Guthrie & Parker, 1990; Adams et al., 1998; Kolk et al., 2001; Adams, 2002; Kolk, 2003, 2004, 2008, 2010; Kolk & Perego, 2010; etc.). Most of them have investigated the determinants of responsibility reporting and explored whether internal factors (i.e. size, industry) or external factors (i.e. stakeholders pressures) have an influence on disclosure. The factors in the business literature that determine sustainability reporting (as a voluntary disclosure) include the size, profitability, leverage, auditor and industry of the firm. Thus, big companies are more likely to disclose sustainability information because they are more complex and their stakeholders require more information (Fernández–Feijóo–Souto et al., 2012; Andrikopoulos and Diakidis, 2007; Watts and Zimmerman, 1978). About profitability we can find mixed evidence depending on the studies considered. On the one hand, Lev and Penman (1990) identified that profitable companies might choose to disclose voluntarily. On the other hand, Clarkson et al. (2008) and Fernández–Feijóo–Souto et al. (2012) do not find any effect in the relationship between environmental performance and environmental disclosure. Leverage has been also associated with voluntary disclosure because companies increase their voluntary disclosures to lower their cost of capital (Frankel et al., 1995) and the demand for information increases as firm debt grows (Leftwich et al., 1981). Moreover, companies audited by a Big4 firm provide more information than other companies (Andrikopoulos and Diakidis, 2007; Bonsón and Escobar, 2006; DeAngelo, 1981). Finally, Fernández–Feijóo–Souto et al. (2012) found that the sector is correlated with the quality of the sustainability reporting, and Kolk and Perego (2010) and Simnett et al. (2009) found a strong relationship between the sector and the existence of sustainability reports assurance.

On the other hand, several studies examined the content and the quality of the companies' sustainability reports. There is an ample and complete literature on corporate social, ethical and environmental reporting (Gray et al., 1995; Mathews, 1997) that uses content analysis to collect data on disclosure in annual reports (Guthrie and Mathews, 1985; Guthrie and Parker, 1990). Traditionally, content analysis has been used to evaluate the extent of disclosure of various items in annual reports of listed companies (Cowen et al., 1987; Gray et al., 1995; Guthrie and Mathews, 1985; Guthrie and Parker, 1990; Hackston and Milne, 1996; Zeghal and Ahmed, 1990). The literature has tended to report the level of disclosure of various social and environmental elements. Often studies have contrasted these elements with previous national studies or comparative international surveys. The disclosure of these elements has dominated the use of content analysis (Guthrie & Abeysekera, 2006).

2.2. Sustainability and cooperative banks

The sustainability literature on cooperatives has developed significantly in the last years, dealing with a wide range of topics. Therefore, there is a 'Cooperative discourse' on sustainability, with special characteristics linked to historical, social, economic and political facts (Carrasco, 2007; Vargas and Vaca, 2005).

From the social economy, the credit cooperative is defined as a business where profit allocation criteria are not linked to capital and where decision-making is democratic (Defourny and Monzón, 1992).

With 4,000 locally operating banks and 65,000 outlets, cooperative banks play a major role in the financial and economic system. They serve more than 181 million customers, principally consumers, SMEs and communities. European cooperative banks represent 50 million members and 777,500 employees and have an average market share of about 20% (EACB, 2011).

The European Association of Co-operative Banks (2011) remarks that the cooperative banking movement was born in Europe to fight against the financial exclusion of social groups and enhance the difficult situation of rural population. In the beginning, these institutions were created to help their members to build up savings, to give access to loans and to create an independent livelihood.

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. Therefore, interest in sustainable alternatives is growing. Cooperative banks promote an ambitious vision of sustainability. However, the challenge for cooperative banks is to combine their cooperative specificities with external standards and guidelines for sustainability in order to preserve their contribution to a more sustainable economic and social development.

Through their actions and their particular business model, cooperative banks have positioned sustainability at the heart of their identity. They practice transparency, democratic principles and a high degree of stakeholder involvement. Their financing of local sustainable development helps sustain employment opportunities in remote areas and often contributes to ensuring the livelihood of whole communities.

Because of their specialised knowledge, they are able to offer adequate products for SMEs, farmers and fisheries, for which they are among the main providers of credit. Cooperative banks are also among the market leaders for Socially Responsible Investment. Green finance is gaining importance, as a kind of investment solutions which allow the customers to make a difference and to contribute to the preservation of the environment. They also participate in different schemes, such as microfinance, to support social reintegration. Likewise, cooperative banking networks have a long tradition of development work in developing countries and they are engaging in direct development initiatives. On the other hand, they play a part in the life and the development of their local communities by means of cultural sponsorship initiatives, responsible citizenship and foundation work (EACB, 2005).

The financial sector plays a key role in promoting the stability of the society as a whole and that is why many of the Cooperative 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, including information required by the Global Compact (EACB, 2011).

3. METHODOLOGY AND DATA

Banking industry is very sensitive to sustainability. Many financial institutions cast a significant amount of sustainability-related information to different stakeholders. Specifically, cooperative banks, as social economy institutions, have a special relationship with sustainability.

Our research focuses on this kind of entities. We aim to identify what information is disclosed by European credit cooperative banks about their sustainability practices and whether it is standardized. Moreover, we investigate about the communication channels used for disclosing this information. Furthermore, we compare the practices employed by the cooperative banks with the banks' practices in sustainability area. For this purpose, first we searched in the GRI's Sustainability Disclosure Database what financial entities disclosed a sustainability report between 2000 and 2012. Then, we applied the method of content analysis to examine reports of the year 2012.

Table 1 - Organisations and reports per country and type

Country	Companies			Reports		
	Banks	Cooperative banks	Total	Banks	Cooperative banks	Total
Andorra	1	0	1	3	0	3
Austria	7	2	9	27	2	29
Belgium	2	0	2	13	0	13
Denmark	1	1	2	5	3	8
Finland	1	1	2	1	1	2
France	4	0	4	14	0	14
Germany	12	1	13	43	4	47
Greece	6	0	6	20	0	20
Hungary	6	1	5	22	2	24
Ireland	1	0	1	4	0	4
Italy	7	2	9	31	6	37
Luxembourg	1	0	1	8	0	8
Netherlands	13	2	15	56	16	72
Norway	2	0	2	11	0	11
Poland	3	0	3	3	0	3
Portugal	5	0	5	21	0	21
Romania	1	0	1	2	0	2
Russia	8	0	8	16	0	16
Slovakia	1	0	1	5	0	5
Spain	34	5	39	175	16	191
Sweden	10	0	10	29	0	29
Switzerland	13	1	14	46	1	47
United Kingdom	9	1	10	35	3	38
Others	4	0	4	3	0	3
Total	**151**	**17**	**168**	**593**	**54**	**647**

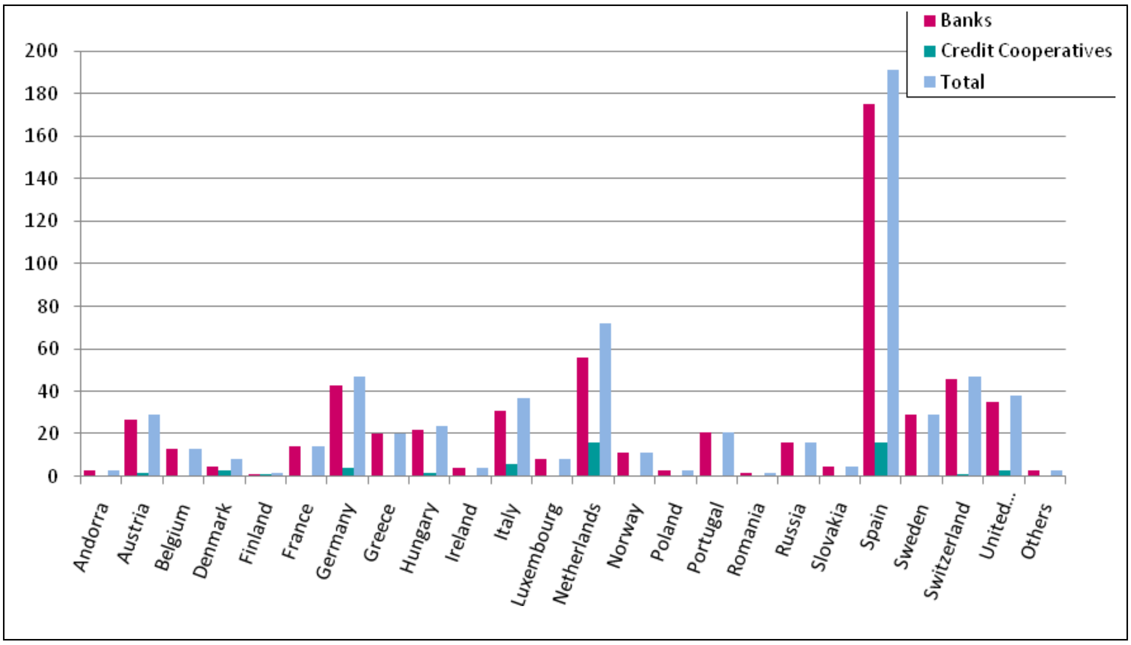
Source: author's own.

As shown in table 1, 168 entities from 26 different European countries published a report in the period observed. The most of these companies are Spanish, followed at a distance by German, Swiss, Dutch, Swedish, English and Italian entities. On the opposite, we found companies from Andorra, Ireland, Luxembourg, Romania, Slovakia and Others (Bulgaria, Ukraine and Iceland). If we differentiate per organisation type, the 89.88% are banks while 10.12% are cooperative banks. Specifically, these 17 entities are from Austria, Denmark, Finland, Germany, Hungary, Italy, the Netherlands, Spain, Switzerland and United Kingdom.

4. RESULTS

With reference to the number of sustainability reports, we found 647 reports published from 2000 to 2012. Our data indicate that the adoption of this practice in the case of European financial entities is highest in Spain (29.52%), followed by the Netherlands (11.13%), Switzerland and Germany (7.26%). If we turn our attention to the dynamics of diffusion at organisation type, cooperative banks published 54 reports, which represent the 8.35% of total. The most of these reports are from Spain and Netherlands (16 reports), followed by Italy (6 reports), Germany (4 reports), United Kingdom and Denmark (3 reports), Austria and Hungary (2 reports), and, finally, Finland and Switzerland (1 report). On the other hand, banks disclosed 593 reports that suppose the 91.65%. In this case, the first country per reports disclosed is Spain (175 reports). The Netherlands (56 reports), Switzerland (46 reports) and Germany (43 reports) occupy the second, third and fourth position respectively (table 1 and figure 1).

Figure 1 - Reports per country and organisation type



Source: author's own.

In the next table, we can see how the number of sustainability reports increased significantly from 2000 to 2011. Since the year 2000 until 2004, only banks published sustainability reports. Any cooperative disclosed their economic, social and environmental performance in this period. From 2004, the number of cooperative banks' reports increased in one or two reports each year until 2011 (when the trend reaches a peak with 12 reports). In relation to the banks, this behaviour was more modest. The disclosure of reports decreased drastically in the last year due to the financial crisis. The banking sector has undergone a strong restructuring and, consequently, the number of financial entities has decreased. Many of them have disappeared and new entities have been created. In absolute terms, this situation is more pronounced in the case of the banks that in the case of the cooperatives, but in reality have disappeared in only one year almost half of the cooperative banks' reports.

Table 2 - Reports evolution per organisation type

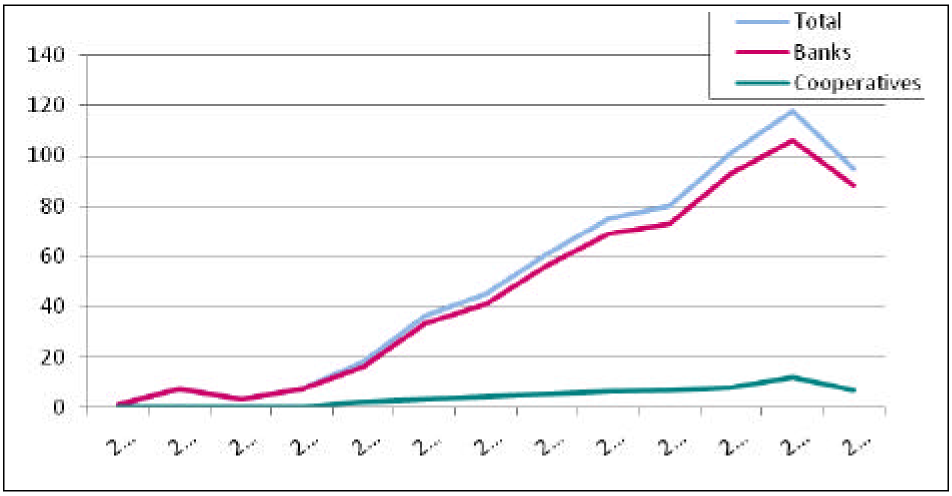
Year	Reports		
	Total	Banks	Cooperative banks
2000	1	1	0
2001	7	7	0
2002	3	3	0

2003	7	7	0
2004	18	16	2
2005	36	33	3
2006	45	41	4
2007	61	56	5
2008	75	69	6
2009	80	73	7
2010	101	93	8
2011	118	106	12
2012	95	88	7
Total	**647**	**593**	**54**

Source: author's own.

Therefore, the incorporation of cooperative banks to the sustainability disclosure happens later than commercial banks. However, the peak of the series was achieved at the same time than banks (see table 2 and figure 2).

Figure 2 - Reports evolution per organisation type



Source: author's own.

Next table summarizes the evolution of sustainability reports per country. The decline in the number of issued reports is more significant in Spain, where it has been disclosed 24 reports in 2011 to only 10 reports in 2012. This is due to the drastic restructuring of the Spanish banking system, especially in the case of savings banks. This restructuring has been under way since 2011, reducing the number of entities and the sector capacity (branches and employees) and transforming savings banks (non profit organizations) into commercial banks (joint stock firms) (Bank of Spain, 2012). Specifically, the number of cooperative banks amounted to 74 entities at the end of 2011. However, because of several integration processes in credit cooperative sector, the number of cooperative banks operating in Spain at the end of 2012 was 68, out of which 31 are integrated in 3 cooperative groups (UNACC, 2012). In the others European countries, this trend is not as pronounced as in Spain. The evolution of sustainability reporting is more stable and, in some cases, like in Switzerland, the trend is upward.

Table 3 - Reports evolution per country

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Total
Spain	0	0	0	3	6	15	22	26	30	28	27	24	10	**191**
Netherlands	1	3	2	1	6	6	7	6	7	6	9	13	5	**72**
Switzerland	0	0	0	0	1	2	2	2	3	4	9	10	14	**47**
Germany	0	0	0	1	1	3	1	4	4	5	8	11	9	**47**
United Kingdom	0	0	1	0	1	2	5	3	6	5	5	5	5	**38**
Italy	0	2	0	1	2	2	1	4	4	5	5	6	5	**37**
Austria	0	0	0	0	1	1	0	3	3	2	4	9	6	**29**
Sweden	0	1	0	0	0	0	0	0	0	5	6	9	8	**29**
Hungary	0	0	0	0	0	0	0	2	2	5	6	5	4	**24**
Portugal	0	0	0	0	0	1	0	1	3	3	4	4	5	**21**
Greece	0	0	0	0	0	0	0	0	2	4	3	5	6	**20**
Russia	0	0	0	0	0	0	1	2	1	0	2	5	5	**16**
France	0	1	0	1	0	1	2	3	2	1	2	1	0	**14**
Belgium	0	0	0	0	0	1	2	2	2	1	2	2	1	**13**
Norway	0	0	0	0	0	1	1	2	1	0	2	2	2	**11**
Denmark	0	0	0	0	0	0	0	0	1	1	2	2	2	**8**
Luxembourg	0	0	0	0	0	1	1	1	1	1	1	1	1	**8**
Slovakia	0	0	0	0	0	0	0	0	1	1	1	1	1	**5**
Ireland	0	0	0	0	0	0	0	0	1	0	1	1	1	**4**
Andorra	0	0	0	0	0	0	0	0	1	1	1	0	0	**3**
Poland	0	0	0	0	0	0	0	0	0	1	1	0	1	**3**
Finland	0	0	0	0	0	0	0	0	0	0	0	0	2	**2**
Romania	0	0	0	0	0	0	0	0	0	1	0	1	0	**2**
Others	0	0	0	0	0	0	0	0	0	0	0	1	2	**3**
Total	**1**	**7**	**3**	**7**	**18**	**36**	**45**	**61**	**75**	**80**	**101**	**118**	**95**	**647**

Source: author's own.

In 2012, only 95 European financial entities published a sustainability report, as we can see in table 4. This year, the country that discloses more reports was Switzerland (14.74%), followed by Spain (10.53%) and Germany (9.47%). If we differentiate per organisation type, 7.37% of these reports are from cooperative banks and 92.63% are from banks. These proportions are similar to the whole period 2000-2012.

Table 4 – Organisations and reports per country and organisation type (2012)

Country	Organisations / Reports		
	Banks	Cooperative banks	Total
Austria	6	0	**6**
Denmark	1	1	**2**
Finland	1	1	**2**
Germany	8	1	**9**
Greece	6	0	**6**
Hungary	4	0	**4**
Italy	5	0	**5**
Netherlands	4	1	**5**
Norway	2	0	**2**
Portugal	5	0	**5**
Russian Federation	6	0	**6**

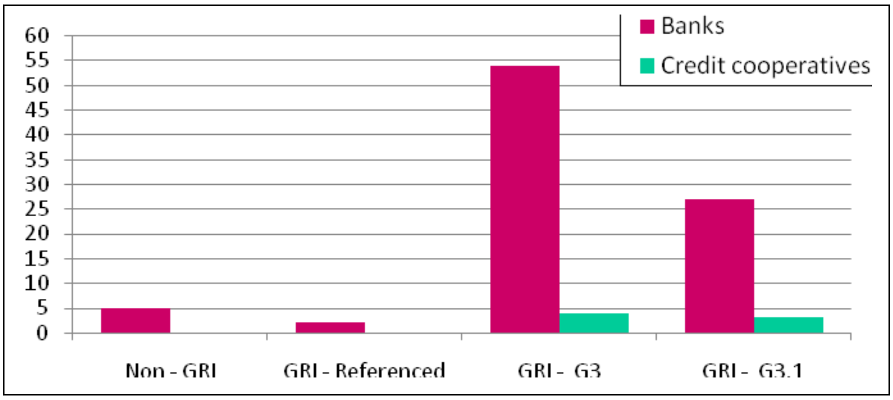
Spain	8	2	**10**
Sweden	8	0	**8**
Switzerland	13	1	**14**
United Kingdom	4	0	**4**
Others	7	0	**7**
Total	**88**	**7**	**95**

Source: author's own.

We studied how these 95 reports are elaborated. We identified the type of report, the application level, the status, if they use the sector supplement and if they are integrated. Moreover, we determinate differences depending on the organisation type.

The Sustainability Reporting Guidelines consist of principles for defining report content and ensuring the quality of reported information. It also includes standard disclosures made up of performance indicators and other disclosure items, as well as guidance on specific technical topics in reporting (GRI, 2006). Released in 2011, the G3.1 Sustainability Reporting Guidelines are the latest and most complete version, and completes the content of the version G3 launched in 2006. It features expanded guidance on local community impacts, human rights and gender. While G3-based reports are still accepted, GRI recommends that reporters use G3.1, the most comprehensive reporting guidance available today.

Figure 6 - Types of reports

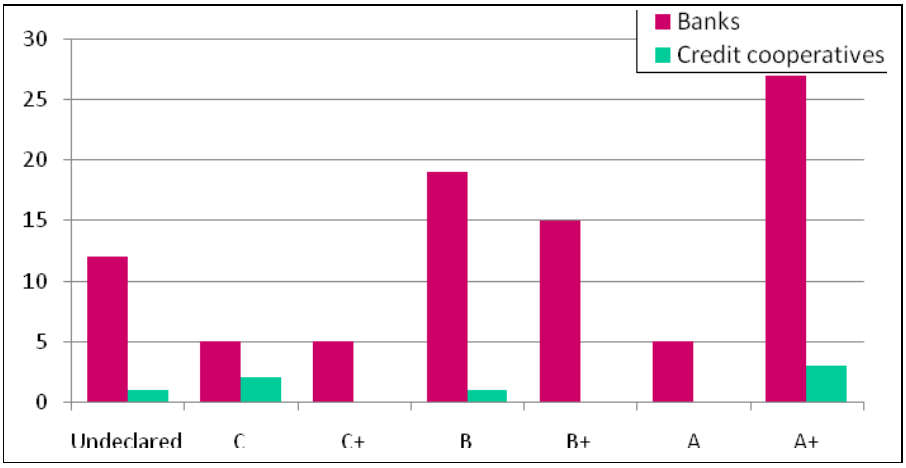


Source: author's own.

In 2012, most of entities elaborated their reports according the G3 Sustainability Reporting Guidelines. Nevertheless, opposite to the banks, the difference in the case of cooperative banks is lower (figure 6). However, in this moment, it is important to note that GRI's fourth generation reporting guidelines, G4, will be launched in May 2013.

The declaration of an application level produces a clear communication about which elements of the GRI Reporting Framework have been applied in the preparation of a report. There are three levels in the system (A, B, C). The reporting criteria found in each level reflect an increasing application or coverage. An organisation can self-declare a "plus" (+) at each level, if they have utilized external assurance (GRI, 2006, 2011). According to our data, the majority of entities used external assurance and many of them declared the highest level (A+), although there is a great variability.

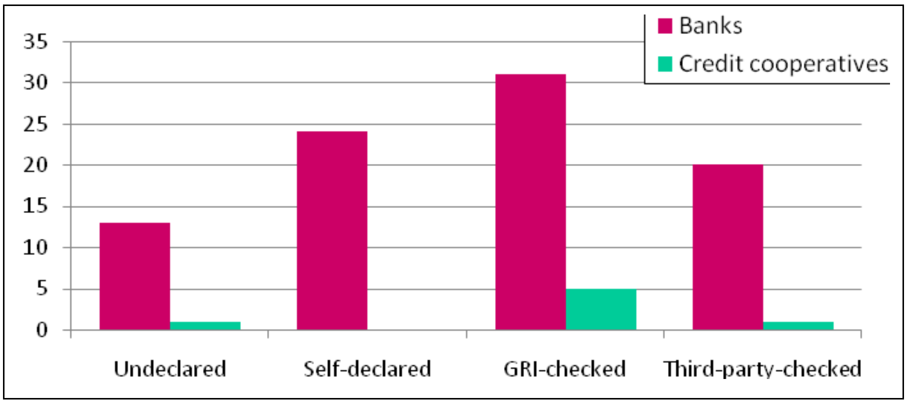
Figure 7 - Application level



Source: author's own.

In addition to the self declaration, reporting organisations can choose have an assurance provider to offer an opinion on the self-declaration or request that the GRI check the self-declaration (GRI, 2006, 2011). In most cases, companies chose the Global Reporting Initiative to check their reports, as shown in the following figure. There is no difference between banks and cooperatives, both of them follow the same strategy.

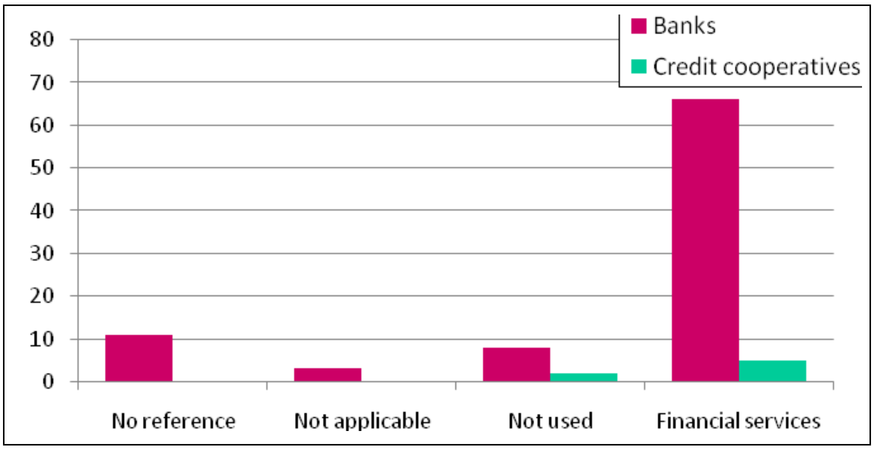
Figure 8 - Status



Source: author's own.

Sector Supplements complement the guidelines with interpretations and guidance about how to apply them in a particular sector, and include sector-specific performance indicators. Applicable Sector Supplements should be used in addition to the Guidelines rather than in place of the Guidelines (GRI, 2006, 2011). According the figure 9, we interpret that nearly all the companies apply the Financial Services Sector Supplement.

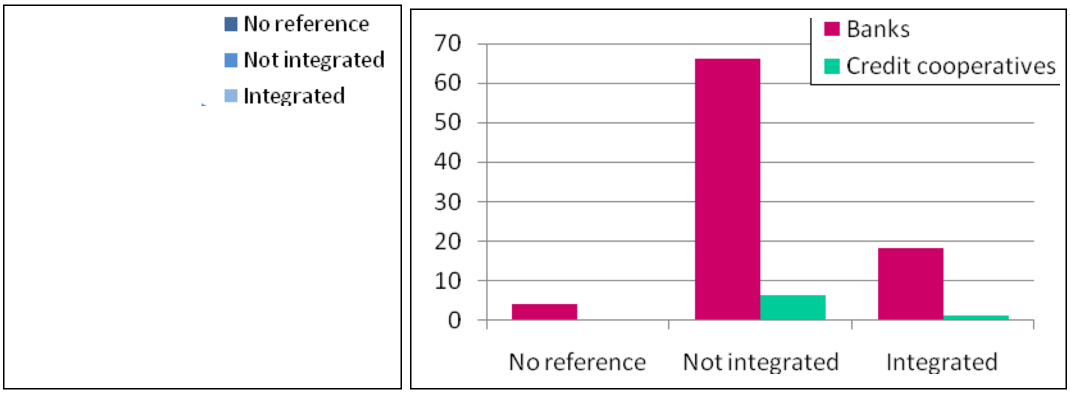
Figure 9 - Sector supplement



Source: author's own.

Over the last years, a selected number of companies have started to integrate sustainability reporting into the annual report. Regulatory and other reporting initiatives are embracing the concept of integrated reporting (KPMG, 2010). The 20% of the reports published in 2012 are integrated. Both banks and cooperative banks present largely not integrated reports. Only 20.45% of the reports in the case of banks and 14.29% in the case of cooperative are integrated reports, as we can see in the next figure.

Figure 10 - Reports integrated or not integrated



Source: author's own.

If the attention focuses on cooperative banks, only 7 of them disclosed a sustainability report in 2012. These entities are Nykredit (Denmark), Rabobank (the Netherlands), Caja Laboral (Spain), Cajamar Caja Rural (Spain), Raiffeisen Schweiz (Switzerland), DZ Bank (Germany) and OP-Pohjola Group (Finland). We analysed them to identify which information they disclose about their sustainability. On the other hand, we investigated about the communication channels used for disclose this information. For this purpose, we applied a content analysis.

Table 5 – Sample's description

Name	Caja Laboral	Cajamar Caja Rural	Nykredit	Raiffeisen Schweiz	Rabobank	DZ Bank	OP-Pohjola Group
Country	Spain	Spain	Denmark	Switzerland	Netherlands	Germany	Finland
Size	Large	Large	Large	n.a	Large	Large	n.a.

Total assets (€ million)	20,840	30,192	187,364	128,940	731,665	245,412	92,287
ROA (%)	n.a.	0.09	0.10	n.a.	0.38	n.a.	0.49
ROE (%)	n.a.	n.a.	2.0	6.2	7.6	n.a.	6.50
Listed / Non-listed	Non-listed	Non-listed	Non-listed	Not applicable	Non-listed	Listed	Not applicable
Type of report	GRI - G3	GRI - G3.1	GRI - G3.1	GRI - G3.1	GRI - G3	GRI - G3	GRI - G3
Application Level	A+	A+	C	C	A+	Undeclared	B
Status	Third-party-checked	GRI-checked	GRI-checked	GRI-checked	GRI-checked	Undeclared	GRI-checked
Sector Supplement	Financial services	Financial services	Not Used	Financial services	Financial Services	Financial Services	Not Used
Integrated report	Yes	No	No	No	No	No	No
Assurance	Yes	Yes	No	No	Yes	No	No

Source: GRI database.

Cooperative banks report their sustainability through their corporate website, mainly. However, they use more and more other communication channels like web 2.0. They are present in social networks like Facebook, Twitter, YouTube or LinkedIn (see table 6). Moreover, they have corporate blogs on sustainability issues.

Table 6 – Cooperative banks in social networks

Name				
Caja Laboral	Yes	Yes	Yes	Yes
Cajamar Caja Rural	Yes	Yes	Yes	Yes
Nykredit	Yes	Yes	No	Yes
Raiffeisen Schweiz	Yes	Yes	No	No
Rabobank	Yes	Yes	Yes	Yes
DZ Bank	Yes	Yes	Yes	Yes
OP-Pohjola Group	Yes	No	Yes	Yes

Source: author's own.

By means of sustainability reports, companies disclose their economic, environmental and social performance. Overall findings indicate that cooperative banks provide information on all issues, but the most communicated are social issues. They strongly engage with their stakeholders (members, employees, clients and local community).

Employees seem to be a very important group in cooperative banks. They try to satisfy their demands via policies orientated to increasing safety and stability in the workplace, developing training and participation, and ensuring equal opportunities (de la Cuesta-González et al, 2006).

In relation to good governance, cooperative banks have a code of ethics that workers sign for the purpose of ensure the highest standards of social responsibility. In this case, it specifies ethical conduct, rights and duties of management and employees. On the other hand, they also have a bribery and corruption policy.

Another very significant group are the clients. Customer sustainability management means managing product quality (e.g. offering competitive conditions, avoiding phenomena such as financial exclusion), or searching for client satisfaction and retention (de la Cuesta-González et al, 2006).

Cooperative banks offer different channels to contact to them, such as Internet-Banking, but they keep offices to keep in touch with their customers and give access to all segments of the population. With this line, they contribute to develop the economy in less advanced areas.

In line with EACB (2005, 2011), SMEs are an important part of the cooperative banks' business. Their knowledge about the local context generates them a competitive advantage. It allows them to propose products adapted to the needs of their SME customers.

Moreover, cooperative banks have strong links to the agri-food and fishing industries. Many of them have grown out of farm cooperatives and, consequently, they are specialised in these particular types of business. For example, the Raiffeisen banks have their origin in the Raiffeisen movement, which has been founded in the 19th century as farming cooperative. In other cases, similar types of cooperative banking networks with a strong presence in agriculture include among others Cajas Rurales from Spain.

On the other hand, they supply ethical and socially responsible investment instruments such as ethical funds, socially responsible funds and savings account products.

Microfinance is particularly significant from a social and from an economical perspective. With microfinance, cooperative banks support the economic reintegration of vulnerable segments of the population. It encourages self-employment and private sector initiative and thus contributes to the stability of economy and society.

In addition to their activities in social integration at national level, cooperative banks are strongly committed to international cooperation and development work. Nearly all national cooperative banking organizations dispose of specialized institutions (associations, foundations, independent banks or consultancies), which are active in setting up cooperative banking networks throughout the developing world.

Cooperative banks undertake numerous initiatives for the economic, social and cultural development as well as the cohesion of their local communities. They use part of their proceeds to support actions, which often rely on the voluntary involvement of staff members. Most of these activities are undertaken by local cooperative banks at a local level, as they know the needs and customs of their communities. Their activities are usually channelled through foundations and they are active in the development of social and economic projects.

Furthermore, cooperative banks organise events as sponsors in the field of youth activities, sports, culture and local art venues. They are also strongly engaged to promoting social involvement of individuals in society in particular. On one hand, as is the case for development activities in third countries, the employees are usually given the opportunity to participate benevolently in the projects. In addition, some member organizations have set up platforms, which inform clients and citizens about means to become socially active and to make a difference.

5. CONCLUSIONS

As noted in the literature review, the historical, economic and ideological nature of cooperative banks allows linking their objectives with the sustainability definition. Consequently, the hypothesis is that these features will translate into more and better information about their sustainability.

The results show that, in 2012, cooperative banks that published sustainability reports were only 7.3% of the total (7/95 reports). This figure shows how few cooperative banks to disclose their sustainability information in relation to their weight in the European banking market. However, this weight is very heterogeneous depending on the country. Thus, of the seven cases analyzed specifically, the percentage of cooperative banks' reports is much greater than its market share (according to the EACB data 2011) in the case of Spanish and Danish entities, being similar to the Swiss and lower only in the Dutch case. In short, although the number of sustainability reports is apparently low, the conclusion must be qualified because it responds to the weight of cooperative banks in the European market and, in some cases, even improves it.

In addition, in 2012 happens the rise of the 'sustainability crisis' in issuing sustainability reports (due to the impact of the economic crisis on the priorities in management). Despite the social nature of cooperative banks, the decline in the publication of reports is higher than in the case of banks, although keeping the proportions of both on published reports.

Secondly, the results show the later incorporation of European cooperative banks to sustainability disclosure in relation to banks. This seems to be a consequence of their conservative nature and resistance to develop activities beyond their traditional business (feature that is observed again in the slower adoption of integrated reporting). However, although the peak of reports disclosure was reached at the same time than banks (in 2011), the fall was more drastic in 2012.

Results on certain attributes of sustainability reports under the GRI standard, it can be inferred that cooperative banks reports are few. However, there are no significant differences between them and banks. Thus, equally than banks, most of cooperatives use the version G3 of the GRI guidelines, and apply its specific sector supplement. In relation to the application level, practices are very heterogeneous, that means there are many differences on the number of indicators that they report. In addition, in relation to assurance, almost all of them choose GRI-checked. Moreover, they elaborate largely not integrated reports.

Finally, regarding to the content of sustainability reports, the cooperative banks provide greater social information than economic or environmental. The most popular contents are usually related to local development, financial inclusion, ethical investments, cultural activities, etc. This bias seems to stem from its traditional social action, often linked to education funds, etc.

This exploratory study, due to the small sample of cooperative banks' standardized sustainability reports, should continue to set more specific goals, which allow know the financial, human, organizational and corporate governance features that determine communication of sustainability in cooperative banks as a whole.

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