



Faculty of Economics, Communication and IT

Maria Carlsson
Lois Lindqvist

GRI and Global Compact

For what?

Karlstads University
D-level thesis

Term: Spring 2007
Tutor: Bo Enquist

ABSTRACT

With sustainability means taking responsibility for the reality that you live and operate in. The concept sustainable development is defined as “development that meets the needs of the present world without compromising the ability of future generations to meet their own needs” (Elkington, 1999, p, 55).

Sustainable reporting means to extend the ordinary financial reporting to include both the environmental and social/ethical impacts that the organisation have, so called triple bottom line. We are in our essay discussing the element of sustainability reporting and how to perform one. Today there are an increased pressure from stakeholders on companies to express their values and ethical responsibility. This forces the organisations to extend their ordinary financial reporting to include environmental and social impacts that their operations have.

We have in our essay looked at the global ethical guidelines for sustainability reporting, the Global Compact and the Global Reporting Initiative and from these tried to examine how companies can establish a sustainability report. Global Compact and the Global Reporting Initiative are two voluntary codes that companies can draw inspire from when creating a sustainability report.

Our purpose with this essay is to examine the concept of sustainability reporting on the basis of observing three financial institutions and their sustainability reports. We have chosen to look at the three different banks, Rabobank Group, the Co-operative Financial Services and Swedbank, to compare how they have constructed their sustainability reports, and to see how they have drawn inspiration from the Global Compact and the Global Reporting Initiative.

The investigation is of a qualitative approach where the examined source is the companies' sustainability reports. The reports have been analyzed and from the analysis have conclusions been drawn to try and interpret how the companies have acted towards the guidelines. Mainly we have been looking at the organisations and the existing balance between the economical, social and environmental aspects. Further we have also been looking at the organisational structure and the management's attitude towards Corporate Social Responsibility, CSR, and the progress to implement it within the organisations. Finally we have tried to observe the relationship between the organisations and stakeholders and the transparency in communicating about the measures being taken.

We have come to the conclusion that both Rabobank and Co-operative Financial Services, CFS, have a more developed sustainability report compared to Swedbank. We believe the reason why can be found in many different aspects, since there is not just one component that makes a sustainability report. Both Rabobank and CFS are co-operative organisations that are being owned and controlled by its members, compared to Swedbank who is a public company that have obligations towards its shareholders. The managements' attitude towards sustainability also has an effect of the outcome of the reports as well as attitudes from the society in which the company is operating.

TABLE OF CONTENTS

ABSTRACT.....	2
1. INTRODUCTION	4
1.1 Background.....	4
1.2 Problem.....	6
1.3 Purpose of the thesis	6
2. METHODOLOGY	7
2.1 Choosing Methodology.....	7
2.2 Choice of Topic.....	8
2.3 Course of Action.....	9
3. CONCEPTUAL AND THEORETICAL FRAMEWORK.....	10
3.1 Global Compact	10
3.2 GRI.....	11
3.2.1 GRI Guidelines	12
3.2.2 The Report Content.....	12
3.2.3 Report Boundary	14
3.2.4 Standard Disclosure	14
3.3 Corporate Social Responsibility	16
3.3.1 Views on CSR.....	16
3.3.2 Definition of the concept	17
3.3.3 Adoption of the concept.....	18
3.4 Sustainable Development.....	20
3.5 Triple Bottom Line	20
3.6 Accountability.....	21
3.7 Analytic and interpretation tool	23
4. EMPIRICAL STUDIES.....	24
4.1 Rabobank Group.....	24
4.1.1 Rabobank Group 2003	24
4.1.2 Rabobank Group 2004.....	27
4.1.3 Rabobank Group 2005	30
4.1.4 Rabobank Group summary	33
4.2 Co-operative Financial Services	35
4.2.1 CFS Sustainability Report 2003.....	35
4.2.2 CFS Sustainability Report 2004.....	38
4.2.3 CFS Sustainability Report 2005.....	40
4.2.4 CFS summary.....	43
4.3 Swedbank.....	45
4.3.1 Swedbank 2003.....	45
4.3.2 Swedbank 2004.....	47
4.3.3 Swedbank 2005	48
4.3.4 Swedbank summary.....	50
5. ANALYSIS AND INTERPRETATION	53
5.1 Analysis.....	53
5.2 Discussion and conclusion.....	58
REFERENCE LIST	60

1. INTRODUCTION

1.1 Background

The concept of sustainability doesn't have one clear definition. When transforming sustainability, which from the beginning was a political term, into concrete goals and actions you encounter some problems, problems that becomes clearer when asking the question – what is not sustainability?

Over the past decade, corporations over the world have gradually become aware of that there is an increased pressure from the surrounding to carry out business in a changed way. The new dimension of corporate governance includes taking responsibility for both the positive and negative consequences that derives from corporate decision and actions, and to reveal these impacts in an appropriate way. The change refers to companies to become more open and accountable, not only for their economic consequences, but also for the impact that the organization's activities has on the environment and social consequences. The numbers of companies that choose to report corporate social responsibility are increasing each year and the sustainability reports have become an effective way for organizations to communicate to the stakeholders the environmental, social and economic performance of the organization. The reporting has yet to reach a generally accepted standard of financial reporting, but the rapid acceptance has contributed to a high standard of corporate social reports seen today (Jackson, 2005).

In 1999 the United Nation set up the UN Global Compact as a response to the frustration due to the lack of progress from governments and corporations to address the issues such as child labour and inhuman working conditions in companies located in the developing economies. The Global Compact is a voluntary code that is intended to influence corporate practice and set an example of good practice that other organizations can and will adopt (Fisher & Lovell, 2006). The Global Compact was launched in 2000, to bring business together with UN agencies, labour, civil society and governments to develop ten universal principles in the area of human rights, labour, environment and anti-corruption. The Global Compact is the world's largest voluntary corporate citizenship initiative with over 3000 companies participating from more than 100 countries. A Company that signs-on to the Global Compact makes an open commitment to share the conviction that business practice embedded in universal principles contribute to a more stable, equitable and comprehensive global market and help build prosperous and thriving societies (Global Compact, 2007).

To develop a framework that operational notions of ethics in business and which recognize the dynamics of market conditions at the same time as taking into consideration the differences in ethical perceptions and stances needs to have it its core some universally held principles relating to human dignity and rights but also a flexibility to allow certain acceptable variations to apply. It should be about trying to create a framework that can provide a general structure upon which organizations can begin to shape their respective approaches to managing ethically complex contexts (Fisher & Lovell, 2006). Global Reporting Initiative (GRI) is a framework that aid corporation to

take accountability and present information in an adequately way. GRI is based on triple bottom line, which means taking an economic, environmental and socially responsibility when reporting. This information should be presented in a transparent way with a balance between the three aspects. The aim is to align as nearly as possible the interests of individuals, corporations and society while upholding a balance between economic and social goals between individual and community goals. The most efficient and economic way is a relationship built on trust and that takes into consideration the issue of accountability and transparency.

According to the GRI Sustainability Reporting Guidelines (2007) the purpose of sustainable development is to “meet the needs of the present without compromising the ability of future generations to meet their own needs”. To be able to communicate clearly and openly about the economic, environmental and social impacts to your stakeholders, transparency is a key component. The Global Reporting Initiative’s (GRI) mission is to provide a credible framework for sustainability reporting that can be used for every kind of organisations. Due to increased economic development and new technological innovations the need for transparency in the way that organizations conduct their business is pressing. There is a demand on organizations from stakeholders, to change the way they carry out their business and take responsibility for the impact they are making on earth, people, and economies. To clearly communicate this impact the Global Reporting Initiative has developed a globally shared framework of concepts which will help organizations to effectively communicate with their stakeholders (GRI, 2007).

In the fall of 2006, the Global Reporting Initiative (GRI) went into a strategic alliance with the UN’s Global Compact. The alliance between Global Compact and the Global Reporting Initiative offers a more comprehensive accountability and a framework for transparency that will help companies to evolve a more meaningful and practical description of their commitment to the Global Compact (Global Compact, 2007). Although increasingly more companies are joining the Global Compact and following the GRI’s recommendations for standards, the financial-service industry is still lagging. Most finance companies are demanding sustainability reports from the companies that they invest in but are not themselves taking advantage from the benefits of sustainability reporting. A well-produced sustainability report would give stakeholders information about the company and give transparency which is important for investors. Since many of the largest global corporations are finance and insurance companies their sustainability reporting would be of great importance (Weisul, 2002).

Three financial institutions that are considered to be well performing in the field of sustainability reporting are Rabobank Group, Co-operative financial services (CFS) and Swedbank. The organizations are financial institutions but with different owner structures who all have joined the UN’s Global Compact. Rabobank Group is a Dutch financial service who is operating on the basis of cooperative principles. Rabobank aims to be successful in sustainable entrepreneurship and banking throughout the world. In the years ahead the organization will further integrate corporate social responsibility in its core activities (Rabobank, 2005).

Co-operative financial services (CFS) are a part of the UK's largest consumer co-operative, The Co-operative Group. The organization are striving to conduct its business in a socially and environmentally responsible manner, and they are stating that a future successful business is one that can achieve sustainable balance between their own interests, and those of society and the environment (Co-Operative Financial Bank, 2005). Swedbank, a listed Swedish savings bank, is the leading bank in Sweden with an aim to make everyday live easier for their customers. Environmental work is an integral part of their business and they are also strongly committed to the society as a whole and keen on to help bring a sustainable form of societal development (Swedbank, 2005).

1.2 Problem

The increasing interest in sustainability has lead to a constant change in the development of how sustainability reports should be carried out. There are some questions whether or not sustainability is possible to report in a truth worthy manner and the reporting has yet to reach a generally accepted standard of financial reporting. It is impossible to take into account all the different stakeholders' interests and there are some questions about how the reporting should be performed. Global Reporting Initiative and Global Compact have developed a globally shared framework of how to carry out a sustainability report. This will hopefully contribute to enhance the credibility of sustainable reports and create a comprehensive accountability and a framework for transparency. Rabobank Group, CFS and Swedbank are three financial institutions that have incorporated the GRI and Global Compact guidelines within their daily business. Since reporting sustainability is voluntary their might be some differences in the way it's carried out. In our thesis we have chosen to examine their sustainability reports during the years 2003-2005. This is due to the fact that during these years the sustainability reports were available for all of the companies.

To accomplish the aim of our thesis we have chosen to analyse the following questions:

- How has the three organizations interpreted the GC and GRI guidelines?
- Has the sustainability reporting changed during the years that the companies made it?
- Are there any differences in the companies' sustainability reporting?
- Can eventual differences in the reporting be due to the fact that the owner structure between the institutions differs?

1.3 Purpose of the thesis

Our aim with this thesis is to examine the concept of sustainability reporting from the perspective of the three financial institutions, Rabobank Group, CFS and Swedbank. To analyse and compare how they during the years 2003-2005 have interpreted and applied the Global Compact and the Global Reporting Initiatives as a reporting framework.

2. METHODOLOGY

2.1 Choosing Methodology

Within the field of social sciences there are two main methodological approaches, qualitative and quantitative method. Since our thesis aims to get a deeper understanding about sustainability reporting, make comparisons and evaluate its changes throughout time, we have used the qualitative method. The qualitative approach has foremost an understanding purpose and the central is to gather and collect information in order to get a deeper understanding about the problem that is being examined. The method is also distinguished by flexibility, with this meaning that the progress to reach realization is adjustable (Holme and Solvang, 1995).

We are in our essay doing a comparison between the three financial institutions, Rabobank Group, CFS and Swedbank, and observing changes that might occur in their sustainability reports. Because of that our thesis is considered to be a case study which is commonly used when examining social systems, institutions and organisations. Many variables and few observations are distinguished for a case study and most empirical studies of organisations are being conducted as case studies. We have chosen not to use interviews in our thesis because we believe sufficient information can be found within the sustainability reports conducted by the banks. Another reason is also because two out of the three organisations are situated abroad. When examined sustainability reports and utilized information available about the subject we have used secondary sources and secondary data. Secondary data is information that have been gathered and compiled by different researchers in literature, articles and the Internet. The disadvantage when using secondary data is that the information has been assembled and collected for a different purpose then the examining researcher's (Andersen, 1998).

In our essay we have used a hermeneutic approach which can be described as searching for a message and interpretation in theories and in course of action. The searched meaning can be both written text and figurative statement (Starin and Svensson, 1994). Hermeneutics involves understanding and with understanding meaning that we do not only experience reality we also interpret it (Thurén, 1991). The central idea that underlies a hermeneutic point of view is that the researcher that analyzes the text is trying to find the meaning of the text from the author's perspective. This also includes a focus on the historical and social context in which the information was produced (Bryman, 2002).

When the purpose is to create knowledge about the society, organisations or human behaviour there is mainly two approaches to choose from, deduction and induction. Deduction is called the way of evidence, meaning that the researcher starts from general principles and from these draws conclusion about single events. With the deductive approach the researcher uses theory to reach a conclusion about the empirical information. The other approach is called induction, the way of the discovery, which means that the researcher on the basis of one event concludes to one principal or general law or regulation and uses the empirical approach to achieve knowledge about the theory (Andersen, 1998). According to Patel and Davidson (2003) abduction, a combination of

induction and deduction, is a third way of relating theory and empiric information in scientific practice. Abduction means that from a single case formulate a hypothetic pattern that can explain the case, a suggestion to a deeper theoretical structure, this first step is distinguishing for induction. This theory or hypothesis is then being tested or applied on other cases in the next step and here the researcher is working with a deductive approach. The original hypothesis or theory can then be developed and expanded to a more general one.

In our thesis we have made use of these three different methodological approaches in various ways. When our intent has been not to prove something but to evaluate and examine how something might be done the inductive approach has been the one best suitable. However sometimes it has been necessary to draw conclusions from existing theories and principals and then the deductive approach has been the most appropriate one. In our analysis of the sustainability reports we have been working with the abductive approach. This has the advantage of not restraining the researcher in the same extent as when working solely with the inductive and deductive approach.

To be truthful a research needs to be both reliable and trustworthy, this no matter what method being applied within the thesis. The scientific work relies upon personal believes and norms and because of that our thesis will unintentionally be affected on your own views and values about the subject (Holme & Solvagn, 1995). The qualitative research can be conceived to be unreliable due to the fact that the process of gathering and explore data is based on interpretation. A researcher should be cautious and critical towards the material and the way of gathering this material when using qualitative research (Andersen, 1998). To give our thesis credibility we are trying to make it both reliable and validity. This can be accomplished if different sources are being used, independent of each other, and the result achieved being highly similar. The degrees of reliability are based upon how measurement is being conducted and the effort put when investigating information. Validity deals with the issue of the information, if we really examined what is being stated in our purpose. If the answerer is yes, then the information gathered and research being conducted can be seen as dependable and trustworthy, with that said validity (Holme & Solvagn, 1995).

Since sustainability reports contains a lot of information being gathered and visualized in different ways for a reader it is often hard to know what information is vital or not since it is being coloured by own perspectives and interests. The information that the sustainability reports contains are differing from one company to another and it can be difficult for a reader to interpret and understand since they contain information that can be perceived in different ways. To interpret the information the reader sometimes has to be disciplined and focused, however source of error can occur.

2.2 Choice of Topic

Before deciding to write about GRI and Global Compact we began reading different business magazine and contemplating about different subjects we thought interesting. In the magazine Balans we encountered several articles mentioning the subject sustainability and it caught our interest. We realized that it was a highly pressing subject and we

decided that we wanted to learn more about it. From the beginning our thought was to examine different companies within in the area of Karlstad. After a discussion with our tutor Bo Enquist a suggestion to make a comparison between the three financial institutions, Rabobank Group, CFS and Swedbank, was given to us, and examine how they have interpreted the Global Reporting Initiatives and Global Compact. We thought this suggestion sounded interesting and decided to carry it out in our thesis.

2.3 Course of Action

The purpose with our essay is to compare the three financial institutions Rabobank Group, CFS and Swedbank, to examine how they have applied the GRI framework and evaluate possible changes in reporting through time. Access to the different sustainability reports has been necessary to be able to make this comparison.

Before writing our thesis we began gathering and reading information about the subject to gain a better comprehension. Then we summarized the sustainability reports, as well as the GRI guidelines and Global Compact. This was done to give us a clearer and more comprehensive picture about the subject. Then we examine the material and tried to find differences and similarities between the sustainability reports, we also tried to localise main messages and see changes that might be appearing over a period of time.

After we gathered the empirical information we began searching for theories from literature and scientific articles that would support our arguments. The search for theories was being conducted in the university library, the internet and with help from our tutor. From suitable literature and articles we began analysing the empirical information and the messages being communicated in the sustainability reports. This will help us to reach a final conclusion.

Since we don't have any previous experience from reviewing sustainability reports misinterpretation and mistakes during our course of action might occur. To examine more organisations would be of an advantage and give us more experience but due to lack of time we decided to focus on these three organisations and give them our best effort. Finally we are aware that it is hard, almost impossible to remain objective towards the subject being studied. Even though we have tried to remain open to different outlays and presentations of sustainability reports, it is still a subject under progress. This is an issue that is difficult to avoid and can be of disadvantage when writing a thesis if you are looking for straight answerer. However the reality that we are living in is a constantly changing one.

3. CONCEPTUAL AND THEORETICAL FRAMEWORK

The Global Compact and the Global Reporting Initiatives are two concepts that can be used when informing the society about the progress done in the economic, social and environmental areas. The Global Compact and the Global Reporting Initiative are like a network that brings together the different elements of sustainability. Since the element of sustainable reporting is complex and complicated we have chosen to emphasize a few areas that we consider high-lights the most important parts within these concepts. We will also in this part of the essay discuss the driving force behind Global Compact and GRI. From reasoning about CSR, Triple Bottom Line, managed disclosure and dialogue with stakeholders we will try and form an analytic tool that will aid us in our interpretation of the three financial institutions sustainability reports. The foundation of this tool is the Global Compact and the Global Reporting Initiative.

3.1 Global Compact

The United Nations-sponsored Global Compact was initially launched in July 26, 2000. The means of the project was to mobilize corporate leadership to take responsible steps to re-establish a commitment to open markets at the same time as to ensure a more effective treatment of other societal concerns.

Global Compact derived from the inspiration of the former UN Secretary-General Kofi Annan, who confronted the leaders of global business to enact a Global Compact between the United Nations and the private sector to promote human rights, improve labor conditions, and protect the environment. The former secretary-general specifically asked companies to embrace and enact in their own company's practices, the nine principles drawn from the Universal Declaration of Human Rights, the International Labor Organization's Fundamental Principles on Rights at Work, and the Rio Principles on Environment and Development (Sethi, 2003).

In June 2004 a tenth principle was announced, that all business should work against corruption, including extortion and bribery. This was an adoption of the United Nations Convention against Corruption in Merida, Mexico in December 2003. The Global Compact asks companies to within their field of influence to support and enact a set core of principles in the areas of human rights, labour standards, the environment, and since 2004, anti-corruption (Global Compact, 2007).

The Global Compact's ten principles are:

Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses.

Labour Standards

- Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- Principle 4: the elimination of all forms of forced and compulsory labour;
- Principle 5: the effective abolition of child labour; and
- Principle 6: the elimination of discrimination in respect of employment and occupation.

Environment

- Principle 7: Businesses should support a precautionary approach to environmental challenges;
- Principle 8: undertake initiatives to promote greater environmental responsibility; and
- Principle 9: encourage the development and diffusion of environmentally friendly technologies

Anti-Corruption

- Principle 10: Businesses should work against all forms of corruption, including extortion and bribery.

(Global Compact, 2007, p.29)

By using the Global Compact as a reference point, companies can naturally develop more tailored strategies and policies that suit their priority issues and challenges. There is no single “correct” way of implementing the principles within an organisation and its management. In fact there are several approaches and models that can reflect and aid in the process. One way of implementation approach is to draw inspirations from the Global Compact and the Global Reporting Initiative. Simply put the implementation of the Global Compact principles is to make a commitment, develop strategies and polices, take action and finally report on progress. What matters is not how the organisation is performing at the present time but that the organisation is committed to change and continuous improvement (Global Compact, 2007).

3.2 GRI

The element of sustainable development in reporting is about reliable measurement and communication of the company’s economic, social and environmental performance (Global Compact, 2007). The Global Reporting Initiative offers comprehensive accountability, a transparency framework and an aid to companies in the process of developing a meaningful and practical description of their commitment of the Global Compact (GRI, 2007). Sustainability reporting is about being accountable to internal and external stakeholders for organizational performance when striving towards the goal of sustainable development. Transparency when reporting sustainable development is important to a large range of stakeholders, including business, labor, non-governmental organizations (NGO), investors and others.

GRI has since 1997 been improving the Reporting Framework in collaboration with a large network of experts from several different stakeholder groups. This consultations and multi-stakeholder approach has given the Reporting Framework a widespread reputation of credibility and reliance. The Global Reporting Initiative’s (GRI) says on

their web site that their vision is that reporting on economic, environmental and social performance becomes a routine and as comparable as the ordinary financial reporting. By continually improving and developing the framework for Sustainability Reporting GRI is accomplishing this vision (GRI, 2007).

3.2.1 GRI Guidelines

The first step to take when reporting sustainable development is to determine the report content. Some organizations choose to report against the full GRI reporting framework while others choose to start with the ones that are most vital for their organization, and over time incorporate more of the reporting framework. To clearly communicate to which extend the organizations have integrated the elements of the GRI reporting framework in their report there are different levels of application. This is to be able to meet the needs of new beginners as well as those somewhere in between and advanced reporters. The different levels are titled C, B, and A, C being the highest level and A the lowest. It's up to the reporting organization to assess reporting level. In addition to the self declaration the reporting organization should at least have either an assurance provider, a third part, to offer an opinion on the chosen level or request that the GRI examines it. The different levels aim to provide the report reader a measure to be able to see to which extend the organization has implemented GRI. The levels means are also to give the report maker a vision or path to follow to be able to further implement the GRI reporting framework (GRI, 2007).

3.2.2 The Report Content

To be able to make a balanced and reasonable presentation of the organizations performance the organization must determine what information is relevant and which is not. This determination should be made by considering both the organizations purpose and experience as well as reflecting the interests and expectations from stakeholders.

To begin with it's important to identify relevant topics and the related Indicators. The Indicators have been developed through GRI's multi-stakeholder process, and there are two Indicators to differentiate between, Core and Additional. Those known as Core are Indicators that are generally applicable Indicators who are supposed to be material for most organizations, compared to Additional whose materiality can be determined by the organizations.



Figure 1: The Reporting Framework p. 5 (GRI, 2007)

Reporting Guidance and Reporting Principles facilitate in the process of defining report content, ensuring the quality of the reported information, and setting the Report Boundary. Report Guidance is the options and actions that the reporting organization can consider when contemplating what to include in the report and it generally helps interpret and govern the use of the GRI Reporting Framework. The Reporting Principle explains the outcome a report should achieve and guides in the decision process throughout the reporting process such as selecting which topics and Indicators to report.

The Principles are indented to help achieve complete disclosure of information to enable stakeholders to make decisions. The different Reporting Principles are Materiality, Stakeholder Inclusiveness, Sustainability Context and Completeness. The information are important when evaluate the performance of the organization and it is used as a guiding tool when making comparisons between the organizations and making decision when evaluate the quality of information. Materiality is the threshold at which a subject or Indicator becomes relevant enough to report. Relevant topics and Indicators are those that affect at an economic, environmental and social level, or are influencing the stakeholders' ability to make decisions. In sustainability reporting the threshold concerns a wider range of impacts and stakeholders in comparison to the financial reporting and both internal and external factors are important when determine on material information.

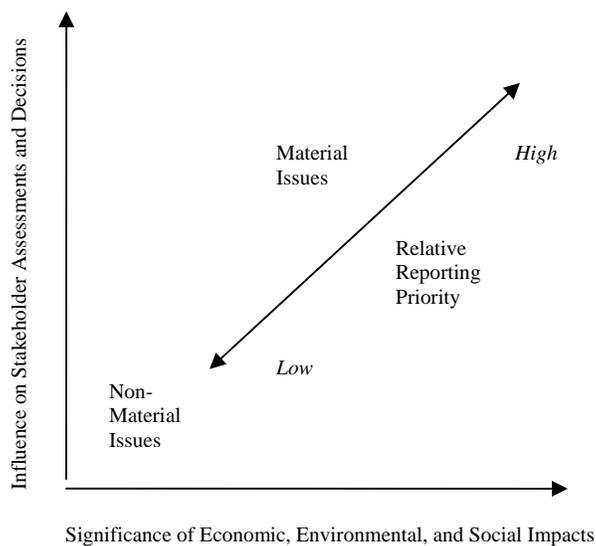


Figure 2: Illustration of Defining Materiality p 10 (GRI, 2007)

How the reporting organization have identified their stakeholders and responded to their expectations and interests should also be included in the report, this is called Stakeholder Inclusiveness. Stakeholders are different entities or individuals that are significantly affected by the organization's activities, products and/or services, and whose actions affect the organization. There should be a balance in the report between the interests from stakeholders who are expected to use the report to broader spectra of accountability to all stakeholders. When encountering conflicting views or differing opinions the reporting organization should explain and inform how they have dealt with the issue and reach its reporting decision. Sustainability in context refers to how the report should present the organization's performance in the wider context of sustainability. How an organization contributes, or intends to contribute, in the future to the improvement of sustainable development at the local, regional and global level. The reports should seek to present performance in relation to a broader concept of economic, environmental and social improvement. The last one of the principles is Completeness, which main aim is to encompass the dimensions of scope, boundary and time to reflect the coverage of significant areas of sustainability. Scope refers to the range of sustainability topics enclosed in a report, boundary considers the range of entities that an organization must

consider within its report and time is the time needed to complete and select information for the time period specified within the report (GRI, 2007).

To ensure the quality of the reported information and present the information properly there are Principles for Defining Quality. The decisions made in the process of preparing information should be consistent with these Principles. The Principles are fundamental for effective transparency and enables stakeholders to make reasonable judgments about the organizations performance. The different aspects in Principles for Defining Quality are Balance, Comparability, Accuracy, Timeliness, Clarity and Reliability. Balance is to give an unbiased picture of the organization's performance, reflecting both the organizations positive and negative aspects. To be able to evaluate and compare reported information on economic, environmental and social performance comparability is necessary. Information should be reported consistently and enable stakeholders to analyze changes over time, accuracy will vary depending on the information reported and the intended use of the information. Timeliness refers to consistency in the frequency of reporting and reporting should occur on a regular basis to aid stakeholders in their evaluation. The information should be understandable and accessible to stakeholders. Clarity is to present information that is comprehensible but not excessive and unnecessary in detail. Stakeholders should be able to find needed information without considerable amount of effort. To establish the quality and materiality of information, stakeholders should have confidence that a report could be examined and verify that it has appropriately applied Reporting Principles. Information and data in a report should be supported by internal controls that could be reviewed by a third party, this will give the report Reliability.

3.2.3 Report Boundary

Setting the Report Boundary is as important as defining the content of a report. Guidance on setting the Report Boundary reflects the report as a whole as well as setting the boundary for individual Performance Indicators. The Sustainability Report Boundary should include the entities over which the organization exercises control or has a significant influence over. With control means the power to govern over an organization's activities while significant influence is referred to participation in the decision making but not with the power to control. Since different relationships involve differing degrees of access to information and the ability to affect outcomes, this will be reflected in the Report Boundary guidance. Also important to consider when collecting and determining the significance of an entity, is the entity's sustainability impacts. Those entities with significant impacts typically cause the greatest risks or opportunities for an organization and are therefore important to take into account (GRI, 2007).

3.2.4 Standard Disclosure

Standard Disclosure is a complement to the Guidelines and it specifies the base content that should be materialized in a sustainability report. Strategy and Profile, Management Approach and Performance Indicators are three different types of disclosure included in this part.

An organization's Strategy and Profile is important to disclosure for to understand the overall context of organizational performance. The Strategy and Profile section is to provide a high-level, strategic view of the organization's relation to sustainability. This will provide context for following and more detailed reporting. The section of Strategy and Profile should consist of a statement from the most senior decision-maker about sustainability related to the organization and its strategy. The statement should give an overall vision of the organizations short-term, medium-term and long-term challenges associated with sustainability.

Following the statement, the section of Strategy and Profile should also give a description of key impacts, risk and opportunities. The focus should be on stakeholders and the organization's key impacts on their interests and expectations as well as the impact of the sustainability trends, risk and opportunities on the long-term prospects and financial performance of the organization. The focus can be divided into two parts, the first one focusing on stakeholders in a wider context while the latter one is narrower focusing on financial stakeholders and the impact sustainability has on the financial performance of the organization. While Strategy and Profile are intended to provide an overview of the risks and opportunities facing the organizations as a whole, Management Approach and Performance Indicators is intended to address a more detail level of how the organization is managing the sustainability topics related to risks and opportunities. The section includes Performance Indicators that are dived into three different categories, economic, environmental and social. The Social Indicators are further sectioned into Labor, Human Rights, Society and Product Responsibility. The Indicators are divided into Core and Additional Indicators and they are to provide a disclosure on reported information. The following is a guideline that the organization can use when reporting the Performance Indicators. Present the information for the current reporting period and at least two previous periods as well as the future targets, and use the Protocols that go together with the Indicators, these will help in interpreting and bring together information (GRI, 2007).

Following the description above about the Global Compact and the Global Reporting Initiative this paper proceeds to describe concepts that will help interpret and bring meaning to the two concepts. The Global Compact and Global Reporting Initiative are based on several different subject matters. One is the voluntary integration of social and environmental concerns into business operations, corporate social responsibility, CSR (Enquist et al., 2006). Since the aim is to bring together the three different aspects of sustainable development, the so called triple bottom line is also an important topic to evaluate. The Global Compact and the Global Reporting Initiatives brings businesses together with the concept of sustainability. Through the power of collective action the two concepts tries to bring unity among corporations in the three areas of economic, social and environmental issues. When implementing the ten Global Principles and the Global Reporting Initiative there are a few things that should be included within the framework. This includes stakeholders and the dialogue that the company have with those and their expectations on the company concerning the economic, social and environmental trends. The management is also an important topic because it is their task to drive the vision of improved sustainable performance throughout the company (Global Compact, 2007). Global Compact and Global Reporting Initiative is about demonstrating

good business citizenship known as Corporate Social Responsibility. GRI and GC compact is the two out of a number of CSR standards that firms can report in compliance with when reporting sustainability. The Global Compact and the GRI are two distinct CSR initiatives. The Global compact does not enforce behaviors and actions but rather relies on public accountability and transparency and the self-interest of the company (Enquist et al., 2006).

3.3 Corporate Social Responsibility

Corporate Social Responsibility CSR is a concept which encourages organisations to take a wider social responsibility. The concept encourage organisations to take responsibility for the impact that their activities have on customers, employees, shareholders, communities and the environment in all aspects of its operations. This is a voluntary obligation that stretches beyond the statutory obligation to comply with legislation for to take responsibility for human rights, environmental and social issues (Ekonomifakta, 2007).

The origin of the concept of corporate social responsibility can be derived from the 1950s in America when American corporations rapidly increased in size and power. In a time when the society had to confront pressing social problems such as poverty, unemployment, race relation and pollution, different diverse groups also demanded a change in American business to take corporate social responsibility (Boatright, 2003). The notion of corporate social responsibility, or CSR, has grown from these concerns and criticism of business. This has generated a number of requests for CSR and proof from corporations that they care about the environment in which they are operating. Corporate social responsibility is to consider the companies impact on society and take responsibility for these actions. Leaders and managers should evaluate their actions and decisions from a perspective of the greater good and not only that of organizational effectiveness and performance (Sims, 2003). In the last two decades there has been a struggle within companies between the demands of being competitive in a rapidly changing global economy and recognizing responsibility to society. Institutional investors put pressures for improved performance and corporate managers have in a possession of trust a responsibility towards these to push for maximum return (Boatright, 2003).

3.3.1 Views on CSR

Throughout the years a number of different views on CSR have evolved. By some normative standards corporate social responsibility primarily relates to achieving outcomes from organizational decisions that concerns specific issues or problems which have beneficial effects rather than undesirable for significant corporate stakeholders. This definition focuses on the outcomes, products, or results of corporate actions for stakeholders (Sims, 2003). Others argue that corporate social responsibility is altogether an implacable idea and that corporate only social responsibility is that of making as much money as possible for their stockholders. The conservative economist Milton Friedman writes in *Capitalism and Freedom* (Boatright, 2003) “Few trends could so thoroughly undermine the very foundations of our free society as the acceptance by corporate officials of a social responsibility other than making as much money for their stockholder as possible”. Apart from Friedman there are other critics that would like to see

corporations take more social responsibility but they are mistrustful about the way it is carried out. They fear corporate social responsibility to be a public relations ploy designed to divert actions from destructive social consequences of corporate activity.

Furthermore there is the issue of ethical guidance to the executives who must decide which causes of socially responsibility to pursue and how to commit to them. Guidance in terms of moral rules or principles will provide corporations with reasons for acting in one way rather than another which will make them more committed to exercising greater socially responsibility (Boatright, 2003).

3.3.2 Definition of the concept

Archie Carroll argues in Sims (2003) that the social responsibility of business includes the economic, legal, ethical and discretionary expectations that society has of organizations at a given point in time. This definition attempts to relate the economic and legal expectations of business to the context of more socially oriented concerns. Carroll portrays his definition of CSR in a pyramid form beginning with the economic performance at the base (Sims, 2003).

A business need to be able to give shareholders return on their investment, employees their wages and customers their products. Because of this the first reason why businesses are set up in the society is to be a properly functioning economic unit and stay in business. The **economic responsibility** is the basis upon which the following responsibilities lie and according to Carroll in Crane & Matten (2004) required of all corporations. The **legal responsibility** of corporations expects that business obey the law since the law is the codification of acceptable and unacceptable behavior within the society. Abiding these standards is a necessary prerequisite for further reasoning about social responsibilities. As with economic responsibilities Carroll says that satisfaction of legal responsibilities is required of all corporations that are trying to be socially responsible. Next step of business responsibility is to be **ethical responsible** and with this means to do what is right, just and fair, to avoid harming stakeholders. The ethical responsibility consist of what is generally expected by society above economic and legal expectations, meaning that a corporations might have the legal right to do something that is unethical, but choose not to because there is expectations from the society of ethical responsibility (Crane & Matten, 2004). Finally, business is expected to be a good corporate citizen and responsibly contribute to financial and human rescores (Sims, 2003) Philanthropic is a Greek word that literally means “the love of the fellow human”. When using this concept within a business context it primarily stands for those issues that are within a corporations control to improve the quality of life of employees, local communities, and society in general. **Philanthropic responsibilities** are merely desired of corporations. (Crane & Matten, 2004).

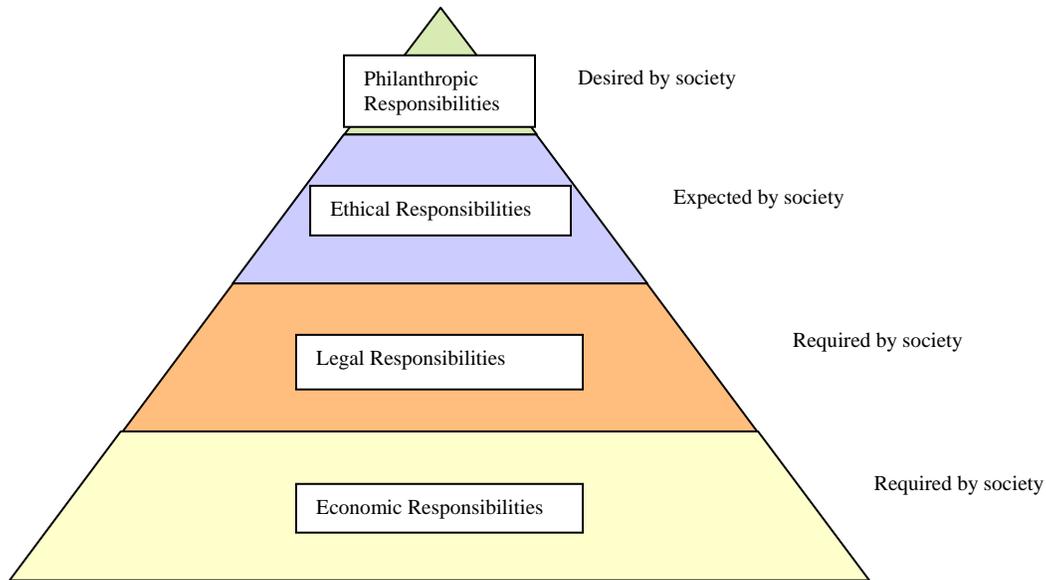


Figure 3: Illustration of Carroll's four-part model of corporate social responsibility (Crane & Matten, 2004)

Just as society's values, norms, changes over time, so does the definition of what is socially responsible behavior and an organization's social responsibilities are always being shaped by the culture and context in which the organization operates. Social responsibility referred to here is an organization's obligation to through its activities protect and contribute to the welfare of society (Sims, 2003).

The benefit with the four part model is that it structures the various dimensions of CSR, yet it does not seek to explain social responsibility without acknowledging the real demands that is placed on the firm, like being profitable and legal (Crane & Matten, 2004).

3.3.3 Adoption of the concept

CSR is known as the voluntary integration of social and environmental concerns into business operations and interactions with stakeholders. Research has established that companies use CSR initiatives when communicating with stakeholders. Regarding the adoption of CSR there are two strategies according to Freeman in Enquist et al. (2006) article, which can be emphasized. These are the shareholder strategy and the social harmony strategy. They are both stakeholder strategies but CSR plays different roles within them. According to the shareholder strategy, which is rooted in the neo-classic theory, a company's only social responsibility is to increase profit. The attention lies on satisfying the desires of shareholders and CSR is only relevant when it contributes to the creation of long-term value for owners. CSR is a mean not a goal that drives strategy implementation in management accounting and performance management (Friedman in Enquist et al., 2006). The social-harmony strategy argues that it is impossible to disconnect business from ethics and it is necessary to take all stakeholders into account, not only shareholders. The strategy emphasizes on the demands and needs of all stakeholders in a communitarian oriented perspective, and to balance these without

separating ethics from business. (Selznik, 1994; Freeman 2002, in Enquist et al., 2006) According to Freeman in Enquist et al. (2006) there's an emerging importance of ethics in business and it's not possible to deal with them alone. There is a link between corporate management and the existing political and social conditions for which management is responsible, and public responsibility is one of the key areas which business objectives should take into account (Drucker in Enquist et al., 2006). To broaden the approach of management from profit-making to a more "value-based" point of view, a shift from the narrow emphasis on profit making to larger social responsibility is required (Selznik in Enquist et al., 2006). Although the two strategies referred to above are both stakeholder strategies, the role of CSR differs between the both concepts.

In the adoption of CSR, Oliver's Typology of response to institutional pressures distinguishes between five strategic responses to institutional pressures (Oliver in Enquist et al., 2006). The first strategy refers to the organizations **acceptance of CSR values, norms and rules**. The tactics in this strategy is to make CSR a habit within the organization, which means that it becomes taken for granted and the values and norms are being accepted through an unconscious process which will result in compliance. **Compromise**, the second strategy, refers to when the organization starts to modify CSR initiative to suit its own needs. Can according to Oliver in Enquist et al. (2006) occur through the tactics of balance, pacify and bargain. Balance, when differing expectations have to be met, pacify involves some resistance to CSR, while bargaining is an active form of compromise where the organization tries to convince others that their interpretation of CSR is the correct one. Both the third and fourth strategy, **avoid**, refers to the organization resisting CSR and its arrangements. The fourth strategy, **defy**, is also referring to resisting CSR initiatives, although compared to the strategy of avoiding, defying is a more active form of resistance. The last strategy, **manipulation**, and here the organization attempts to change global CSR standards through co-option of the source of pressure, influence and control.

The study of Robert's theory of four manifestations of CSR can support when trying to understand Oliver's typology (Roberts in Enquist et al., 2006). The first manifestation in Robert's theory, **encrusting sensibility**, refers to the discipline of the communication of accounting within and beyond the organization. According to the second manifestation, the **ethics of Narcissus**, the practice of CSR might shed a light on unethical behavior and procedures within the organization and in doing so stimulate negative external visibility. This has caused companies to market their own "goodness" in the name of CSR through ethical codes and environmental and social reports. Through introduction of new forms of internal social and environmental control the third manifest, **the responsible director**, tries to support CSR. These are combined with rewards and incentives that complement the existing management accounting. The fourth and final manifest is the **dialogue with the vulnerable** which refers to the importance of having a dialogue across the corporate boundary with those that are most vulnerable to the effects deriving from corporate behavior (Roberts in Enquist et al., 2006).

According to the study of Enquist et al. (2006) it is possible to relate the two studies with each other. Acquiesce and the dialogue with the vulnerable can be related to one another,

this because the acceptance of CSR involves a concern for those who are most vulnerable to the actions of an organization. To modify CSR to suit an organization's needs is likely to be the result of a process of achieving organization-wide support for CSR. The conclusion drawn from this is that comprise can have some similarity with the conception of responsible. Likewise can be said about the association between the strategy of avoid and Robert's ethics of Narcissus. The ethics of Narcissus implies that a corporation with the help of CSR markets its own goodness, without actually doing it, which is similar to the most important avoid tactic – de-coupling. Following Enquist et al. (2006) argues that Robert's idea of encrusting sensibility has commonality with manipulation and defy because CSR is actively resisted by the common accounting categories which controls actions and thoughts. As a result from the argumentation above the conclusion can be drawn that a shareholder strategy has much in common with the avoid, defy, and manipulate strategies while the social-harmony strategy has similarities with the strategies of acquiesce and compromise (Enquist et al., 2006).

3.4 Sustainable Development

1987 the world commission, chaired by the Norwegian Prime Minister Gro Harlem Brundtland produced one of the most important books of the century, *Our Common Future*. The "Brundtland Report" put the concept sustainable development onto the international political agenda and the key objectives include the following, reviving economic growth with less material and energy intensive impacts, ensuring a sustainable level of population and conserving and enhancing our natural resources. The concept sustainable development was defined as "development that meets the needs of the present world without compromising the ability of future generations to meet their own needs" (Elkington, 1999, p, 55). A more precise definition of the Brundtland Commission's definition of sustainability, is that a sustainable society need to meet three conditions, the use of renewable resources should not exceed the rates of regeneration, the use of non-renewable resources should not exceed the rate at which sustainable renewable substitutes are developed, and pollution emission should not exceed the capacity of the environment. The sustainability agenda long understood to harmonize the traditional financial bottom line with rising concerns for the environment and the element that business for a long time overlooked, social justice; this is what we refer to as the term "triple bottom line" (Elkington, 1999).

3.5 Triple Bottom Line

The triple bottom line seeks to summarize the three different aspects of sustainable development, the economic, social and environmental issues (Enquist & Edvardsson, 2007). To harmonize the financial bottom line with the emerging thinking about the environmental bottom line turned out to be much more complicated than early business enthusiasts pictured. More and more, we think of the term "triple bottom line" focusing on the economic prosperity, environmental quality, and social justice. These issues are not just simply something only for major transitional corporations to consider. They will in their turn pass pressures down their supply chain affecting suppliers and contractors, and to refuse implementing the triple bottom line could be of a great risk for organizations. Changes driven by triple bottom line factors, most particularly environmental pressures have reshaped society's expectations, and the markets in which business serves and

questions arise whether or not it is possible for corporation and capitalism to become sustainable and learn to use tools and inputs that are less ecologically, socially and economically damaging. Once rated a low priority issue, the sustainable development process is becoming a competitive and strategy issue for many organisations and to accept the challenge of corporate citizenship is apart from demanding seen as potentially and highly rewarding. Provided that the free enterprise is suitably shaped by social and regulatory pressures, engaging with stakeholders with a clear vision of their future, and in the process outperforming their competitors against the triple bottom line, they will win people's hearts and minds and become a successful organization. We are a long way from sustainability and companies will only manage to be sustainable when the institutions and markets surrounding them have been redesigned to support and promote sustainability.

To require a much better understanding of financial and physical forms of capital, as well as, human and social capital, radically new views of what is meant by social equity, environmental justice, and business ethics will need to be addressed. Business leaders and executives will need to carry out a sustainability audit that grasps the full scale of the challenge facing their corporation regarding the requirements and expectations deriving from the sustainability's triple bottom line. We should ask whether or not it is possible to even measure progress against the triple bottom line? The answer is yes, but ways and means in how to carry out the evaluation needs to be further evolved and integrated into the corporate management. The overlap between the areas covered by financial auditors and the issue of serving the interests of both shareholders and other stakeholders in terms of the environmental and social bottom lines need to be further developed.

The challenge is to develop an economy that the planet is capable to support for ever, a sustainable global economy, but the problems arising are not simply economic and environmental. Issues concerning social, ethical and most of all political problems exceed the permission and capabilities of any corporation. While at the same time corporations are the organisations that have the resources, technology, the ability to reach globally and ultimately the most capacity to achieve sustainability. These question and issues can have a profound impact on the financial bottom line (Elkington, 1999).

The Global compact does not enforce behaviors and actions but rather relies on public accountability and transparency and the self-interest of the company (Enquist et al., 2006). Following we are going to highlight the issue of accountability and managed disclosure together with the stakeholder dialogue.

3.6 Accountability

“Holders of the public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office” (Fisher & Lovell 2006 p. 71)

During the past three or four decades interest in corporate social responsibility has heightened. This interest seems to have been spurred by both major corporate scandals and a growing interest for business ethics and social responsibility. Because of these ethical missteps businesses have been undergoing an intense demand for accountability

from the public. The public argues that business has too little concern for the consumer and has no concept of acceptable behavior and is indifferent to the problems arising within a society and its environment (Sims, 2003) The element of sustainable development in reporting is about reliable measurement and communication of the company's economic, social and environmental performance (Global Compact, 2007). The Global Reporting Initiative offers comprehensive accountability, a transparency framework and an aid to companies in the process of developing a meaningful and practical description of their commitment of the Global Compact (GRI, 2007). Accountability pressure pushes company managers to highlight the features of the organization and undertaken activities. This is done to show stakeholders, individuals or groups, that they have been able to meet at least their most important accountability pressures. In order to talk about accountability pressures to stakeholders in the context of financial disclosure management two conditions must be met. First there must be a stakeholder relationship, meaning that the stakeholder either has the ability to influence the company, or to it can be derived from the resources that the stakeholder provides to the company. Secondly, an information asymmetry between management and a given stakeholder or group must exist. With stakeholders means all individuals or groups that have an actual or potential interest in the firm and it is important to consider that management is stakeholders themselves, and they have their own interest within the company to consider (Carnaghan et al., 1996).

Different people may be affected differently by the same action and it is important to take these various actions into account. When referring to stakeholders we are talking about the number of definable groups that have an interest, or stake, in the actions of the organisation (Fisher & Lovell, 2006). There are a whole range of groups apart from shareholders that have a legitimate interest in the corporation and management should take into account the interest of both shareholders as well as these other groups (Crane & Matten, 2004).

Following are three arguments by Mathews in Gowthorpe & Blake (1998) for widening the traditional financial accounting beyond its narrow focus to encompass social and environmental issues. The first are **market-related arguments**, that social responsibility disclosure can have a positive effect on market performance. However if wealth maximization is the motive behind social disclosure it cannot be categorized as an ethical motivated practice. The second group of arguments focuses **organizational legitimacy**, meaning that if organizations are to survive and prosper their activities and objectives need to be accepted by the society. Corporate social reporting can be seen as a strategy which companies utilize in order to help them legitimize their existence. Corporate social reporting driven by external factors is a morale response to the value system of the society in which the company is operating. Still if the motivation behind the response is to safeguard the company's position and opportunities to enhance financial performance, this is no different and equally amoral as the market-related argument from above. The third group is founded in a basis that moral accountability for corporate social and environmental impacts derives from the **social contract** that exists between business and society. Although much of the early work of corporate social reporting was based on the

thought of the social contract, the idea of how such a contract should take form, for whom and for what, remained undeveloped (Gowthorpe & Blake, 1998).

A clear distinction can be made between the accountants who provide information and the managers who make the decisions. The purpose of social accounting is to help evaluate how well a firm is fulfilling its social contract. With financial disclosure means accounting or other financial performance related information, and management of financial disclosure is the activities that management undertake when generating a picture of the organization to external stakeholders. Disclosure is a product of extensive managerial activities and through deliberate choices of content, wording, timing, media, and other disclosure dimension management have the power to control information given to stakeholders. Therefore as a stakeholder you receive a picture of the organization that is coloured by the attitudes of management and their perceptions about stakeholders' priorities and interests, at the same time as it is being intervened by existing regulations. There are many complexities that management encounters when they consider opportunities or requirements to release financial disclosure in relations to the perspective on accountability relationships. There is the accountability to shareholders and various external stakeholders to consider, as well as the internal relationship within the management group. The socio-psychological psychological perspective looks deeper into the manager's point of view and considers the processes that they undertake when producing disclosures (Carnaghan et al., 1996).

3.7 Analytic and interpretation tool

The Global Compact and the Global Reporting Initiative are like a network that brings together the different elements of sustainability. We have chosen to emphasis a few areas that we consider high-lights the most important parts within these concepts. From reasoning about CSR, Triple Bottom Line, and accountability we have come to the conclusion that the issues to consider in the different sustainability reports are the following: Application Level to what extent have they adopted the GRI guidelines? Economic Responsibility, Social Responsibility, Environmental Responsibility, is there a balance between these three aspects? And the Stakeholder and Management involvement, how dedicated are the financial institutions to CSR?

4. EMPIRICAL STUDIES

The summary of the sustainability reports are given to provide a picture of the three financial institutions' sustainability reports. The aim is to show the balance within in the reports between the three aspects of environmental, economical and social issues. Since it is impossible to include everything in a summary we have tried to emphasise the issues we consider most important such as GC, GRI and with this the CSR and triple bottom line and accountability. A summary of the banks' sustainability reports years 2003-2005 will be given at the end of the empirical studies.

4.1 Rabobank Group

Rabobank Group is a financial service provider founded in the Netherlands nearly 110 years ago. The Rabobank Group is a business co-operative, meaning that local Rabobanks and their clients are all members and shareholders of the organisation. The issue of corporate social responsibility are mainly being centred on financial services, Rabobank's core business. Given that they are a cooperative bank, shareholder is not the primary target for which they are accountable, which gives them an advantage when achieving sustainable development. Rabobank can adopt a longer-term view when evaluating projects and investments and give CSR and profit a mutually inclusive part within business operations.

4.1.1 Rabobank Group 2003

According to the Global Reporting Initiative's web page, the Rabobank Group has not specified a certain application level for their sustainability reporting 2003. The Rabobank Group have registered their sustainability report according to the GRI and proclaimed the CI 2002, which indicates that readers can easily and quickly find information and/or responses to disclosure that are made in the guidelines. CI can also contain information that has not been included within the report (GRI, 2007). The Rabobank Group informs in their sustainability report 2003, that it is being based on the GRI guidelines although the layout of the GRI guidelines was not followed (Rabobank, 2003). The Rabobank Group's sustainability report are being verified and audited by an external part, in this case the KPMG Sustainability BV, which according to the GRI reporting framework will help create a path for the reader to see to which extent the organization has implemented the GRI.

The units on which the Rabobank Group issues sustainability reports are units that are relevant to Rabobank's core business, financial services, and it is also where the corporate social responsibility is centered. According to their sustainability report Rabobank is focusing more on comprehensive CSR reporting. They introduced a new CSR monitoring system, aiming to increase transparency in corporate social responsibility and the emphasis is on more intensive sustainability management and comprehension in CSR reporting. To learn how to choose the right Indicators and using them to measure responsibility and sustainability performance, the Rabobank is seeing it as a long-term process, where the Global Reporting Initiative (GRI) guidelines are the starting point.

In 2002 a change was made in the senior management structure of Rabobank Nederland. By replacing the Board of Directors and the Supervisory Board with a single new supervisory board, giving local banks more influence over policy and by doing so creating a more transparent and effective management. A new monitoring system, based on the GRI guidelines, was introduced in 2002 to improve and further incorporate social responsibility. The system was tested on twenty local Rabobank's and other group units during the second half of 2002 and the first half of 2003. Based on these the system was improved and redefined and in the end of 2003 introduced into the financial services and business operations of all Rabobank-labelled units and subsidiaries. Basis on the qualitative and quantitative CSR data this annual responsibility and sustainability report was out formed.

The Zurich-based Sustainability Asset Management agency (SAM) assesses Rabobank's performance on sustainability every two years and according to SAM Rabobank gained in 2003 the highest rating of all banks in Europe, and the second highest in the world. SAM also states that the Rabobank's policy on corporate social responsibility leads the way internationally and their strength lies in fitting sustainability into strategy. Compared to previous year 2001, the ranking is higher, and the main reason for this according to their sustainability report, is a more stringent environmental policy and increased transparency of corporate governance structure.

Priorities for CSR policies in 2004 and following years are to further integrate the social and environmental criteria in lending. Rabobank are also aiming to extend the range of financial services and products geared towards sustainability and include more sustainable asset management. These priorities were selected based on recommendations from SAM, the annual responsibility report for 2002 verified by KPMG Sustainability BV and the wishes from stakeholders.

In 2003 the Rabobank Group carried out a stakeholder consultation process with fifteen community organizations within the field of the environment, development, co-operation and human rights. They gave their opinion on the Annual Responsibility and Sustainability Report for 2001 and the outcome of the consultation resulted in highlighting issues that should be considered more.

Since social orientation is rooted in the structure of Rabobank organization, a dialogue with members is of primary importance for the bank, as stated in the 2003 Sustainability Report. Rabobank has frequent and close contact with stakeholders and in 2003 over 100 000 members took part in consultation to exercise influence and control. Regular and close contact with many different stakeholders enables the bank to have a frequent dialogue. The dialogue with stakeholders takes varies forms from personal interviews, discussion groups, conferences and seminars, websites, to written communication and partnerships. The bank has for over ten years been involved in various international congresses and conferences dealing with subject of sustainability and social responsibility in business practices. In 2002 the bank established, in consultation with the international human rights organization Amnesty International, an own code of conduct on human

rights. Rabobank aims to use its financial services to help underprivileged groups both in the Netherlands and internationally. Locally the foundation is aiming to help amongst others, asylum seekers, persons with physical or mental handicaps, homeless, long-term unemployed and people that are ex-offenders and give them a chance to be integrated within the society. Internationally Rabobank are involved in banking in developing countries, and during 2003 an effort was made to help poor women in India to a better every-day life.

According to the chairman's foreword Rabobank's policy on CSR is based on both internal and external codes of conduct. These are meant to encourage the bank's own organization and employees to adopt a more responsible, sustainable approach. Rabobank's focus is mainly on sustainability within its core activity, financial services, and to develop and offer financial services and products that can encourage social development, leading towards a better future. The bank has apart from being ranked the most sustainable bank in Europe, also attained the highest credit rating, Triple A. To gain a balance and transparency in the report the bank has tried to report what is seen as realistic and at the same time being devoted to what people would like seen reported, this will help to produce a good report on responsibility and sustainability .

Customer value, employee value and financial stability are the primary objective for the management of Rabobank Group, but this cannot be done without sufficient profit. Rabobank is among the banks with the highest credit ratings in the world and they are market leader in the Netherlands in many areas of financial services and sectors. Examples of sectors where the bank is the market leader are the market of home mortgage, the agricultural sector and since 2003, in all SME sub-sectors. During 2002 Rabobank faced some market loss within the agricultural sector, but in 2003 they recovered and the market share went up to 85 %. Rabobank has its traditional roots in the small and medium sized enterprise and especially within the agriculture sector which is also a reason why the agriculture is the main sector that Rabobank are focusing on, which reflects their huge market proportion.

Rabobank aims to be as economical as possible in its use of energy and raw materials to limit the impact that they have on the environment and because a sustainable responsible business practice also is attractive from an economic angle. They have an objective to reduce the use of paper for the period of 2004-2006, to cut energy consumption from 100 % in 1995 to 75 % in 2005 and to obtain 25 % of their energy from green sources in 2003 and to do the same in 2004. In 2003 the Rabobank Group signed a contract with the Dutch government for the supply of 10 million tones of certified greenhouse gas emission reductions from renewable energy and energy efficiency projects in developing countries. Rabobank also collaborated on the creation of trading centres for emission rights and in London a special unit was created for climate-related products with the aim of covering the risk of changes due to the climate and the weather situation (Rabobank Sustainability Report, 2003).

4.1.2 Rabobank Group 2004

According to the Global Reporting Initiative's internet site, the Rabobank Group has not specified a certain application level for their sustainability reporting 2004. The Rabobank Group have registered their sustainability report according to the GRI and proclaimed 2002 IA, which states that the report is made in accordance with the 2002 version of the Sustainability Reporting Guidelines, meaning that it meets 5 criteria including, a statement from the CEO, a content index, a response, or an explanation of mission, to each core indicator. The In Accordance status is self-declared although it can optionally be checked for accuracy by an external auditor or GRI (GRI, 2007).

The Rabobank Group declares in their sustainability report 2004 that the report has been prepared in accordance to the Global Reporting Guidelines (GRI), although the Rabobank choose not to follow the layout recommended by GRI. According to their sustainability report, a fair and balanced presentation of the organizations' economic, environmental and social performance are being given in hope to create transparency and comparability of the organization to the outside world (Rabobank Sustainability Report, 2004). The sustainability report is being verified by the KPMG Sustainability BV, who acts as an external verifier. The external auditor will help in creating comprehension to the reader in understanding to which extent the organization has implemented the GRI guidelines (GRI, 2007). Rabobank states in their sustainability report that they have further elaborated the assurance report to provide the reader with a higher level of assurance concerning the reliability of information.

In 2004 much attention was focused on further incorporating CSR criteria into the routine processes and services. With help from the CSR monitoring system that was put into action 2002-2003, all Rabobank Group units have taken action to address CSR and embedded it in the organization. The matter of developing a special "CSR tool" was examined to be used in the lending process by Rabobank. The intention is that advisors should be able to draw a CSR profile on the client based of a few qualitative questions. The tool will help in prevention of doing business with clients who have little or no concern for the ecological and social impacts of their activities. This pilot scheme will be tested to see if it is practical and worthwhile in the year 2005.

To organize CSR effectively the process demands continuous attention and flexibility when encountering changes. To be able to produce fast and appropriate responses to the constantly changing needs and wishes from the society, Rabobank has given CSR a permanent place within the organization and in their policy. According to their sustainability report (2004) Rabobank involves their corporate and private members in the whole process of the operating cycle, meaning that they are involved in both creation and consumption of products and services. Stakeholder consultation and stakeholder dialogue are constantly concerning the company's core processes and is essential for shaping CSR policy and embedding it at the heart of the company. Rabobank claims that introducing and sharing ideas with stakeholders is essential for the development and improvement of current and future products and services.

In Rabobank the CSR is organized by following criteria:

- Strive do develop CSR in the four policy areas of, policy, CSR in financial services, social engagement and business operations.
- Establish a practical organizational form for implementing the policy.
- Using a CSR monitoring system with indicators to monitor the progress.
- Controlling risk to reputation via compliance.

The Zurich-based Sustainability Asset Management assesses sustainability every two years and 2003 Rabobank gained the highest rating of all banks in Europe and the second highest in the world. In 2004 SNS, Asset Management sustainability analysts gave the bank a sound rating.

Rabobank Group is endorsed to a number of external guidelines on CSR and important external guidelines and agreements to which they are committed are, the United Nations Environment Programme (UNEP), the Global Reporting Initiative, the Global Compact, the OECD (Organization for European Cooperation and Development) and the International Labour Organization guidelines. Since some of the guidelines that they have endorsed overlap in terms of content, Rabobank intends to select the guidelines that have the widest scope and that complement one another most closely in content. According to Rabobank, the Global Compact and the Global Reporting Initiative guidelines, meet these criterion and arrangements are being made to abandon irrelevant guidelines for focusing on the two vital ones.

CSR goals for the following years are being specified on the basis of indicators taken from the CSR monitory system. From the 2004 and onwards all Rabobanks will gradually receive a report to improve their CSR performance and a three stage plan for CSR policy are going to be introduce within the local Rabobanks for further determination of CSR policy and goals. This plan will be followed by a broader program in 2005.

Rabobank states in their annual sustainability report (2004), that it is essential to have regular stakeholder survey to obtain information on present and future expectation from the surrounding. The bank is engaging in continuously consultation with members, clients, employees, to firmly embed the stakeholders' expectations within the organization. Suppliers, the government and NGOs are also frequently involved in exchange of expertise and opinion. The discussion with stakeholders is mainly focusing on the banks policy and obtaining additional information and new ideas. This will in turn give knowledge to create a more accurate picture of the changes going on within a society and enable Rabobank to respond accordingly. A good relationship with stakeholders is of high value for Rabobank yet at the same time the stakeholders that the group are involved with may sometimes have different opinions and conflict of internets could occur. To prevent these situations on conflicting situations, Rabobank is aiming at maximum transparency. Rabobank are actively seeking out certain stakeholders to hear their opinion and points of views. This applies for example with the Amnesty International in the Round Table on Human Rights and the bank also plays an active part in defining new indicators for reporting under the supervision of Global Reporting Initiative.

At the end of 2004 a survey was conducted among employees and stakeholders to gain a better idea of what issues they would prefer to be seen within the annual sustainability report. Conclusions drawn from this survey will be contained in the 2005 annual sustainability report.

The Executive Board has made a series of decisions to mark the path for implementing sustainability development further into their business processes, products and services. The main emphasis is to bring sustainability development further into core business and positively affect the performance as a financial service provider. This is a process that will be developed further in the years ahead and the aim is to constantly improve cooperative culture, structure and management style in the context of sustainability.

Previous years the focus has initially been to increase internal awareness of sustainability issues and its contribution to CSR in society. This internal focus on products and services has resulted in economic benefits of corporate social responsibility for Rabobank Group. This has resulted in making sustainability widely recognized within Rabobank Group as a subject that also is important for the financial service provider. In 2005 each entity will have to include at least two CSR objectives in its annual plan, this is an effect of the serious efforts that were made in 2004, to implement CSR consistently within business processes. The Annual Sustainability Report is not just considered to be a once a year occasion, instead it is seen as an invitation to enter into dialogue with the organization. The report aims to represent a balanced and reasonable presentation of Rabobank's economic, environmental and social performance and hopefully contribute to the transparency and comparability desired by stakeholders.

The Rabobank Group says in the sustainability report (2004) that they focus on customer value, employee value and financial stability. The bank has a sound financial policy and the highest credit rating of any bank in the world (AAA). They are market leader within the mortgage market, although in 2004 market shares fell from 25,7 % to 25,2 %. They organization is also the market leader in the SME and agricultural sector with market shares of 40 % in the SME market, 39 % previous year, and 84 % in the agricultural market, 1 % less than 2003.

In 2004 Rabobank concluded a master contract for the Dutch branches with the aim to use 100 % green energy. As a result from January 2005 an estimated 93 % of total consumption will come from renewable sources. As a global financial service provider Rabobank states in their annual sustainability report (2004) that they want to contribute to the reduction of the use of greenhouse gas and risk management. For that Rabobank has set up a special department for selling and buying emission rights. Rabobank is also the market leader in the green loan segment with a market share of 50 %. More than three quarters of the local banks are involved in the provision of green loans and all the Rabobanks are involved in the sale of green bonds to private clients. The environmental damage policy, intended mainly for the agricultural sector for small and medium-sized enterprises, for to help them cope with the effects of environmental damage caused, for example by polluted water, contaminated soil and fires or explosions. The objectives for 2005 and beyond are to further develop the green financing products and to increase diversification in the green project portfolio (Rabobank Sustainability Report, 2004).

4.1.3 Rabobank Group 2005

The Global Reporting Initiative's web page states that the Rabobank Group has not specified a certain application level for their sustainability reporting 2005. The Rabobank Group have registered their sustainability report according to the GRI and proclaimed the CI 2002, which indicates that readers can easily and quickly find information and/or responses to disclosure that are made in the guidelines. CI can also contain information that has not been included within the report (GRI, 2007). According to their sustainability report, a fair and balanced presentation of the organizations' economic, environmental and social performance is being given in hope to create transparency and comparability of the organization to the outside world. The Rabobank Group informs in their sustainability report 2005, that it is being based on the GRI guidelines although the layout of the GRI guidelines was not followed.

The sustainability report has been further elaborated to give the reader a higher level of assurance concerning the reliability of information (Rabobank Sustainability Report, 2005). KPMG Sustainability BV acts as an external verifier to the sustainability report, this in order to create comprehension to the reader in understanding to which extent the organization has implemented the GRI guidelines (GRI, 2007). KPMG states in Rabobank's sustainability report (2005) that they have provided assurance on the information given in the report, including identification of stakeholders and material issues. Although Rabobank has adopted the GRI 2002 guidelines, they also distinguish a number of indicators decisive for their policy. These Indicators reflect their activities and the impact that Rabobank might have on the society with their financial products and services. The Rabobank Group also uses the AA1000 Assurance Standard (AA1000 AS) as a key tool to support non-financial disclosures according to the demands from stakeholders. To compliance with the AA1000 Assurance Standard Rabobank has based some of their reporting on the three principles of materiality, completeness and responsiveness.

Rabobank claims in their annual sustainability report (2005) that they have tried to further incorporate CSR into their business operations. The main focuses have been on incorporating CSR into standard services and remain the close dialogue with stakeholders. The integration of CSR has progressed and is now not affecting several other areas apart from their core business. A modern human resource policy has also been an important topic since Rabobank views their employees as their most important capital, although according to a survey conducted in 2005, the employees claims that they see too little of CSR within their day-to-day work.

CSR receives priority at the highest level in the organization and in 2005 the Executive Board of Rabobank Group instructed the business units to include at least two CSR targets. According to the sustainability report (2005) we now find that 56 % of the local Rabobanks and nearly all 30 business units have managed to set the CSR targets. Various activities to create client value by providing CSR in the provision of financial services have been carried out in 2005. By offering financial products and services that are special, Rabobank can indirectly and actively steer their clients in the direction of sustainable development. Some of the products and services offered to motivate clients to

undertake sustainable initiatives and investments are green loans, project financing and funding.

Rabobank is on their way of making CSR a permanent feature with its financial services and they are developing a CSR tool that will aid in assessing loan applications. The tool is meant to be used in several fields. For example it can be used to review social issues, such as compliance with legislation, forced and child labour. It can also be used to assess environmental aspects such as in pollution due to emission, deforestation and the use of pesticides and herbicides. Rabobank international first tested the tool in 2005 at a number of Brazilian clients and the determination of CSR performance is based on these tests. The result of the test, where the main focus has been on risk associated with the encountered circumstance and management approach to these, has led Rabobank to further implement CSR review into their lending processes. A CSR checklist has been developed in 2005, to help account managers in SME and agricultural segments to review CSR aspects in lending. The checklist was developed in cooperation with five local Rabobanks, and in 2006 this checklist will be added to other non-financial assessments tools.

Since 2001, the Rabobank Group has applied for a sustainability rating from the leading Swiss Sustainable Asset Management Group (SAM) rating agency. External rating agencies are seen as a complementary to the sustainability survey conducted among stakeholders about the quality of the annual sustainability reporting. The assessment performed by SAM is being done every other year and this year, 2005 the rating proved once again that the CSR policy of Rabobank is a successful one. As in 2003 the bank was rated the most sustainable bank in Europe and the second one in the world.

The dialogue with stakeholders is vital for the Rabobank Group and they are consistently taking into account the expectations and opinion of their stakeholders. Stakeholders' opinions are fundamental when improving the quality of services and operations, as well as reflecting the way in which the bank presents itself in society. Stakeholders with whom the bank were in frequent contact with in 2005 were members and clients, client organizations, NGOs, suppliers, rating agencies, investors, the government and own employees. Efficient and effective management of the stakeholder dialogue has been on the agenda in 2005 and an Issue Manager was appointed in late 2005. This is to be able to coordinate and plan the opinions occurring in the stakeholder dialogue and more actively and flexible respond to their demands. Different stakeholders might have different opinion and by listening to public opinion, identifying and analyzing conflicting interests and adapting policy where necessary, Rabobank are able to present itself as being firmly rooted in the society.

The different stakeholders play different roles within the dialogue and Rabobank tries to maintain a constant and strategic dialogue. The dialogue with members and clients are more focused on the organizations core processes and their input is on the direction of developing the bank and its products. Client interest groups works as reflection to the need and requirement of the society and responses from the group offers a base at which products and services are being improved. Concerning the social issues, NGOs are the

most important stakeholders and among the results of the dialogue carried out with NGOs, are the streamlining of financial services and increased transparency. Rabobank actively take part in internationally discussions and consultations to share expertise and gain new knowledge in the field of sustainability. In 2005 Rabobank entered into a dialogue with various stakeholders concerning the issues about loans portfolio in countries, regions and sectors where specific social and ecological concerns are important aspects.

Rabobank consider the supplier's view of CSR as a key selection criterion when choosing supplier and to increase the level of sustainability the bank regularly consults with their suppliers. Rabobank present their requirements and the suppliers indicate how they have planned to contribute to develop corporate social responsibility.

Every year Rabobank, via the Rematch research, conducts a survey among various stakeholder groups. Based on this survey, where over 233 stakeholders participate, the respondents indicated that they were satisfied with the Annual Sustainability Report. One of the conclusions was that the report didn't need to undergo any fundamental changes.

According to the statement from the Executive board, Rabobank assume responsibility in the bounds of possibility considering their role as a financier. To ensure sufficient care for nature, the environment and the well-being of people the corporate social responsibility are being explicitly mentioned within the new strategic framework for the period of 2005-2010. As a responsible financial institution Rabobank also have the ambition to maintain an international leading position within the field of CSR.

In 2005 all business units and local Rabobank were requested to include at least two CSR objectives within their annual plans. Six key areas were concentrated on when formulating these objectives. These six areas fit into Rabobank's strategic framework, and they are, identity and reputation management, financial services, social commitment, Human Rights policy, environmental management and banking in developing countries. With effect from 2006 the monitoring of goals has become a part of the standard planning and control cycle of Rabobank Group. This allows the bank to create a better starting point for a successful CSR policy in the future.

Since staff acknowledgement about CSR-related activities are too low an internal communication campaign and e-learning programme are being prepared. This will help bring CSR and Rabobank's code of conduct to more sharp attention of the employees. Having employees that are being familiar with the CSR aspects and their activities will give clients and stakeholders a confident that CSR is a priority in Rabobank's policy and that it is a decisive factor in their thinking and action.

Rabobank ranks amongst the banks with the highest credit rating in the world (Triple A) and this is due to their sound financial policy. The bank is market leader in many areas of financial services and in several sectors, although market leadership is not an objective in itself but a means to achieve the highest possible client value. In 2005 the bank managed to maintain its market leadership within the market of home mortgage, the SME segment and in the agricultural sector.

Green loans and project financing and funding aimed at promoting sustainable innovations are some of the products and services that are being offered by Rabobank Group. The bank is indirectly trying to steer the activities of clients in the direction of sustainable development. For the last 10 years the bank has been involved in green investments and green financing and they can now look back at the most successfully year in its history, the portfolio of green investments had the highest growth figure ever. During the reporting year efforts have been made to increase the awareness and involvement in green financing among clients.

In 2005 Rabobank started an energy programme to enable them to improve the way in which they monitor their energy consumption. This is done to pursue sustainable development within the internal operations and an important step was made in January 2005 when the greater part of the operations switched to 100 % green electricity. Another milestone within the internal environmental progress was the contract signed with the Dutch branch of the Forest Stewardship Council (FSC) for the use of FSC-certified paper. Before issuing a seal of approval the FSC are assessing the whole chain, from forest managers to paper manufacturers and printers and since October the Rabobank has been using this in most part of its organization. Further more in 2005 a detailed transportation policy will be formulated and a greater effort will be made to ensure that leased cars are less environmentally harmful. This is done to ensure a sustainable development and further incorporation of corporate social responsibility within the organization (Rabobank Sustainability Report, 2005).

4.1.4 Rabobank Group summary

There are many ways in which Rabobank tries and demonstrate their commitment to CSR, both in practice and in principle. Between the years 2003-2005 the bank have been working for a further integration of CSR into all of their activities. Primary focus has been on integrating CSR into credit policy and to develop more sustainable financial products. Rabobank has also been constantly involved in dialogue with stakeholders in the aim to create transparency and improving sustainable development. In the internal organisation focus has been on motivating and informing employees and the bank has developed a modern human resource policy. The intention is to make CSR reporting more comprehensive for both management and employees and to increase sustainable management for to create an organization wide understanding about sustainability.

Externally the organisation has engaged in different social projects to the benefit of both clients and society at large. Rabobank believes that it is important to have a strong presence and be strongly involved in the communities. They distribute part of their profits to both local and international projects to be put towards economic, social and cultural improvements. They strive to offer access to affordable financial services and in the last century the bank has contributed significantly to the economy in rural areas and developing countries. The aim with their activities in developing countries is to help local communities to become economically independent and to create a growing economy. With the access to affordable financial services it can generate the knowledge, manpower and capital needed to build well-organised, self-sustaining financial services.

Rabobank Group is basing their sustainability reporting on the GRI guidelines, although they are not following the recommended layout. Looking at the process of sustainability reporting between the years 2003-2005 there has been a further integration of CSR within the reports. According to the GRI framework you can state an application level that is showing how much you are dedicated to the GRI guidelines. During the years of 2003-2005 Rabobank Group has not stated an application level, however other indicators such as AA1000 Assurance Standard, and IA In Accordance, shows that Rabobank is dedicated to GRI and incorporating it further and further within its sustainability reporting.

They are striving for a high level of CSR and to grow in prosperity and improving the social environment. The bank is convinced that there should be a healthy balance between the economic, social and ecological effects of their financial and operational activities and it is a matter of conducting business in a careful and transparent manner. Rabobank Groups sees sustainability reporting as long-term project with the aim to further implement CSR within the organization. CSR has been accorded a place at the core of Rabobank Group and it is one of the factors determining how they think and acts. Through sustainability reporting they are able to communicate to employees, clients and stakeholders the progress done within sustainability.

Rabobank Group's focus is mainly on sustainability within its core activity, financial services, and to develop and offer financial services and products that encourage social development, leading towards a better future. Their mission is to operate a sound business where CSR and profit are mutually inclusive. The Rabobank Group is offering financial products and services that indirectly encourage clients to conduct their operations in a more sustainable manner. Examples of the products being offered are green loans, funding of sustainable project, funds designed to foster sustainable innovations and environmental solution products.

Since social orientation is rooted in the structure of Rabobank Group, a dialogue with members is of primary importance. Rabobank has frequent and close contact with stakeholders. The dialogue with stakeholders is also of great importance, and cooperation is a key issue to solve complex social concerns. Rabobank is actively pursuing strategies that encourage and facilitate cooperation between companies and NGOs. One such strategy is the "multi-stakeholder dialogue". This brings together relevant stakeholders from the production chain or sector and collectively tackling issues to find better and more sustainable solutions. The dialogue with stakeholders provides valuable input and insights that help Rabobank to chart new directions in policy. Exchanging facts, opinions and values helps them to better understand the rapidly-changing business context. By systematically maintaining a network of contacts they are also better able to anticipate future developments, and thereby gain a competitive advantage

Rabobank Group aims to limit their impact on the environment by cutting down on their energy consumption and the use of raw materials. They also want to increase the switch and increase the use of green energy. They are also engaging in projects of energy efficiency projects in developing countries. In London a special unit has been created to

address the climate-related products with the aim of covering the risk of changes due to the climate and the weather situation. Rabobank is also engaging in the funding and/or leasing of renewable energy and other sustainable projects.

4.2 Co-operative Financial Services

Co-operative Financial Services (CFS) is part of the co-operative Group, a group of business that includes Co-operative Insurance Society (CIS) and the Co-operative Bank and it is UK's largest consumer co-operative. CFS was created in 2002 and it is wholly owned and democratically controlled by its members, the Co-operative Group. CFS main area of businesses includes food stores, travel agents, pharmacies, funeral, homes and farms and through the Co-operative Bank and Co-operative Insurance they offer a range of financial products. Since 2003 the CFS has been reporting sustainable development and The Co-operative Group produces its own Corporate Social Responsibility Report according to the 2002 Global Reporting Initiative (GRI) Guidelines. The Group is committed to ethical, environmental and social values and both Co-operative Insurance and The Co-operative Bank have unique ethical policies that have been developed in consultation with customers and are setting the way which business is conducted.

4.2.1 CFS Sustainability Report 2003

CFS's sustainability report is registered on the Global Reporting Initiatives website. According to the website, the organization has not specified a certain application level for their report 2003. CFS's sustainability report is performed "with reference to" or "based on" the 2002 GRI guidelines. This means that the report does not contain a GRI Content Index or an In Accordance declaration. The report has been verified by the JustAssurance (GRI, 2007). CFS has in their assurance process hired four different organizations to provide audit and commentary on their 2003 Sustainability Report but JustAssurance act as their sustainability auditor. The JustAssurance states in CFS's Sustainability Report (2003) that they have in the report utilized the AA1000 Assurance Standard and in the report they are also commenting on the materiality, completeness and responsiveness of CFS's activities. These activities are also being commented on in relation to the issue of delivering value, social responsibility and ecological sustainability.

This report covers the performance in 2003 and the first year of the Co-operative Financial Services. During the process of out forming this sustainability report staff, suppliers, customers have been largely consolidated. CFS says in their report that indicators are being highly affected by the opinions of the stakeholders and the targets set in relations to actual performance. The indicators in the report have been developed in a combination with stakeholder dialogue and standards such as the Global Reporting Initiative.

The online version of the CFS Sustainability Report meets "Level AA" of the W3C Web Content Accessibility Guidelines, an international standard for website accessibility. The majority of the content of CIS, the bank and smile websites already meets the first level, Level A, and during 2004 further accessibility improvements will be implemented to bring CFS towards level AA.

CFS has in their sustainability report recognized six groups, or Partners upon which its success to various degrees are dependent on. In managing its business the interest from partner groups are taken into account and CFS seek to deliver value to all Partners in a socially responsible and ecologically sustainable manner. Although conflicts of interest will arise, enhancing the utility of one Partner while diminishing that of another, balance is a key component alongside profitability for CFS's pursuit of sustainability.

When considering matters such as ethical components to sustainable development for which business should be accountable, there are fewer consensuses as to what constitutes socially responsible business practice compare to ecological sustainability. Therefore CFS will undertake extensive stakeholder dialogue and be guided by the arising views when considering these matters. Although there are always going to be certain values that support CFS business, such as values of self-help, self-responsibility, democracy, equality, equity and solidarity. Diversity among staff, customers and suppliers are also a priority. CFS states in their sustainability report that they seek to be transparent and accountable in their pursuit of sustainable development and setting clear priorities and targets for all material activities.

Since sustainable development is a wide-ranging subject and objectives are broad, organizations must focus in specific issues to be able to deliver these objectives. CFS has chosen to do this by using indicators which quantify and illustrate important performance issues. CFS has in their reporting used the criteria referred to as SMART, Specific, Measurable, Achievable, Realistic and Timely as well as incorporating own values. The own values are Delivering value indicators that are based on focused consultation with affected Partners. Social responsible indicators, which are informed by the widest possible dialogue while the Ecological sustainability indicators are based on sound scientific principles.

During 2003, CIS and the bank have been working towards a series of targets that was set out in previous sustainability reports. For the bank 77 targets were set last year and of this the bank has fully achieved 40 and made acceptable progress against 22, while 15 is not yet achieved. For CIS nine targets were set last year and of these three were fully achieved, acceptable progress was made towards five and one has not yet been achieved. For 2004 and beyond details of 60 new targets were set in order to constantly improve the performance of CFS sustainability development.

In 2003 a project was developed to bring together sustainability in the different approaches of CIS and Co-Operative Bank to Socially Responsible Investment.

Since the Bank has reported its sustainability performance longer than CIS, emphasis will be put on bringing CIS to the same level as the Bank. In 2004 and extensive customer consultation will take part to develop a new CIS Socially Responsible Investment (SRI). The policy will be launched in 2005 and cover all assets, such as shares, bonds and property and CIS will use their influence to the benefit for customers and society. The new SRI policy is developed in consultation with customers and the aim is to make it consistent with that of the bank. The new policy is a signal to the customers that CIS aims to be the leader in its sector in terms of corporate social responsibility. The new policy's

mean is to improve CFS's overall influence. Depending on the feedback from customers it is probable that in 2005 the bank will be able to decline to finance businesses that have relations of questionable nature, such as for example exporting arms to oppressive regimes. At the same time CIS would be able to leverage its stakeholding in the same business.

Partners of CFS have indicated that value should be delivered to them in a socially responsible manner. Therefore when addressing the issue of what is social responsible business and whose ethics to embrace, the organization repeatedly consult customers. The bank has chosen to question customer since they represent a good cross-section of society, and it is also generally their money that is being used. For the first time an ethical and sustainability analysis is provided to assess the extent to which the bank's products and services support organizations that make a particularly positive contribution to society. The analysis show that 47 % of the bank's deposits and 24 % of its lending balances were derived from activities that have a distinct and co-operative, ethical or sustainability purpose.

In 1999 CIS announced its Responsible Shareholding approach. With this approach the CIS are engaging in companies in which shares are held with the aim of implementing and improving their financial, social and ethical, and economic performance. Whenever possible in companies which CIS invest they are committed to exercise voting rights. They were also the first UK investors to put their entire voting record on its website and in the report for 2003 a detailed analysis of CIS voting and engagement activities are for the first time being provided. The focus of corporate governance has primarily been on corporate governance and executive compensation, but it has also embrace issues of ethical and sustainability performance of companies. In 2003 a project was developed to establish a clear customer mandate for CIS Responsible Shareholding policies and it is planned that after extensive customer consultation in 2004 a new Socially Responsible Investment Policy will be launched in 2005.

CFS has sought to influence the social, ethical and environmental dimensions of various legislative proposals during 2003, this is done to support regulations needed to promote more sustainable business practice. Further issues apart from the bank's ethical policy and CIS' Responsible Shareholding programme, that CFS report should be of concern to a socially responsible business includes, diversity, health, safety and welfare, and community investment.

CFS claims in their report that delivering value is of importance and value is an issue that should be balances over time and defined by all Partners, not by the CFS. To enhance the utility that is enjoyed by Partners by which CFS is to various degrees dependent is what makes CFS' approach to sustainable development a genuine triple bottom line strategy.

During the 2003 the economic growth in UK was supported by optimistic consumer spending, low interest rate, low unemployment and a strong housing market. In 2003 the Co-operative Bank achieved a profit of £130.1 million before tax. The outlook for 2004 is currently more positive with an improved forecast for economic growth. Although

positive economic forecast the Co-operative bank has for the last two years adopted a cautious lending policy. This because of the fact that household borrowing are at a record level and a significant increase in interest rates could depress future economic growth and increase credit risk.

CFS states in the annual sustainability report that their ethical and sustainability approach has contributed to their profitability. In 2003, 30 % of the bank profits can be attributed to customers who cite these as important factors. Despite increased competition and a narrower interest margin, the profitability has continued to grow steadily. The development of CFS as the financial service provider for co-operative customers has together with a unique ethical stance, ensured that businesses are well placed to innovate and compete in a changing financial service market.

The CFS states in their annual sustainability report that there are physical limits to the resources of the Earth and any business activity that exceeds these limits is by definition unsustainable and needs to be reconstructed. In 2003 the eco-efficiency analysis has been extended across CFS, meaning that they report the ecological impact in relation to customer account numbers. CFS wants to control the consumption of energy and other resources while increasing the number of customer accounts it operates, and by doing so achieve real eco-efficiency.

CFS' performance has been benchmarked against the Credit Suisse Group whose environmental report is one of the few in which data has been externally verified. Following CFS states in their report that they have followed most aspects of DEFRA's reporting guidelines for greenhouse gas emissions, waste and water use (CFS Sustainability Report, 2003).

4.2.2 CFS Sustainability Report 2004

According to the Global Reporting Initiative's website the CFS' sustainability report are unchanged compared to previous year. This means that the organization has not specified a certain application level for their report 2004 and their sustainability report is performed "with reference to" or "based on" the 2002 GRI guidelines. The report has been verified by the JustAssurance (GRI, 2007). CFS has in their assurance process hired the JustAssurance to act as their external verifier and sustainability auditor. The JustAssurance states in CFS's Sustainability Report (2004) that they have in the report utilized the AA1000 Assurance Standard and in the report they are also commenting on the materiality, completeness and responsiveness of CFS's activities. This year the JustAssurance have been asked to make additional reference to the International Auditing and Assurance Standard Board's (IAASB) International Standard on Assurance Engagements ISAE 3000, which is a new standard that governs professional accountants when preparing and conducting statements in relation to non-financial information.

This report is the Co-operative Financial Services' (CFS) second Sustainability Report. The structure is much the same as previous years report and information are provided and values delivered to a range of Partners in a socially responsible and an ecologically sustainable manner.

As previous year the CFS are focusing on Partners and this year a fuller description is being provided in areas that are of concern for Partners. Moreover in this report added weight is given to the disclosure and analysis in the area of material impacts associated with the provided finance, products and services

In the 2004 Sustainability Report, CFS is continuing to provide details on instances where they have sought to influence various proposals during 2004. In 2005, CFS will contribute to an international project that is seeking to identify best practice in relation to lobbying and disclosure. Their approach is to deliver a sustainability report that is being hard for others to match and at the same time deliver an ethical co-operative approach towards customers. Looking back at 2004 and early 2005 CFS has needed to make some difficult decisions but the co-operative values of openness and honesty have been maintained.

Their sustainability report continues to earn national and internationally recognition and in 2004 CFS became the only major financial services provider anywhere in the world to secure total business ISO 14001 certification for its management system.

In the second half of 2004 CIS began to transform most of its business processes, service channels and products through a thorough modernization programme. This programme will continue throughout 2005 and needs to be completed before developing the CFS vision to become the primary financial service provider for a broad range of co-operative customers.

When looking at the future the CFS states that they will in business be guided by their belief in social, ethical and environmental responsibility and to provide the best possible service for their customers. In terms of reporting challenges will arise due to changes connected to outsourcing and the use of third party products. This will present challenges to the accounting and the analysis of the year-to-year performance. However when the extensive CIS modernization programme is complete, CFS will continue to integrate their business and this will provide a foundation for future success.

During 2004, CFS has been working towards a series of targets that was set out in previous sustainability reports. 70 targets were set last year and of this the CFS has fully achieved 33 and made acceptable progress against 22, while 15 is not yet achieved. For 2005 and beyond details of 62 new targets were set in order to constantly improve the performance of CFS sustainability development.

In 1992 the Co-operative Bank launched its Ethical Policy and this has been reviewed in 1995, 1998 and 2001. In each year of renewal an extensive customer consultation has been the foundation. This Ethical Policy specifies who the Bank will and will not finance, as directed by customers. This Ethical Policy is unique in UK retailing banking and it contains explicit clauses that restrict the provision of financial services to certain activities and sectors.

CIS launched in 1999 and socially responsible investment approach and to date it comprise of two major elements. Both these elements were the subject of significant development in 2004/2005. A customer-led Ethical Engagement Policy has been developed to guide CIS' responsible shareholding activities. This policy will help CIS to realize improvements in companies which shares are held and increase the financial, ethical and sustainability performance. Previous year 2003 an extensive analysis on CIS' voting and engagement activity was provided. This year, for the first time, CIS's overseas voting has been aligned with investee management.

Also in 2004 a CFS Sustainable procurement and supplier Policy and CFS Health and Safety Policy were launched. As previous year indicators are being derived from a combination of extensive stakeholder dialogue, business strategy and emerging standards. The socially responsible reporting is in part influenced by the Global Reporting Initiative.

In 2004 the Co-operative Bank achieved a profit before tax of £130.2 million, £ 1.9 million higher than last year. During the 2004 the economic growth in UK was supported by optimistic consumer spending, low interest rate, low unemployment and a strong housing market. The outlook for 2005 is currently generally weaker with slower growth rates in domestic product, and indications that the housing market is beginning to cool down and indications that consumer spending are weakening. Due to this progress the Bank maintains its cautious lending policy that it has had for the last two years.

According to their sustainability report CIS' capital position remains stable and satisfactory. A survey done by MORI shows that CIS' motor insurance, home insurance, life insurance and pensions customers are more likely to be satisfied that the market average. The same can be said about the Bank were MORI's survey shows that the Bank's current account, savings, credit card and loan customers are more likely to be satisfied that the market average. The Co-operative bank has for some time been recognized as the leading proponent of the sustainable development business model.

For the first time CFS has been able to cover all aspects of ecological impacts (operations, investments, products/services and influence and action) together with the most relevant performance indicators. This has made the report more consistent and the extra emphasis could be given to the ecological impacts of investment, products and services. The integration of CIS and the Bank's operations into new CFS has led to difficulties in divide and allocate certain ecological impacts to CIS and the Bank. CFS' 2004 Sustainability Report is consistent with the reporting process proposed by the UK Government's Department for Environment, Food and Rural Affairs (DEFRA). CFS states in their report that they have, as previous year, followed most of DEFRA's reporting guidelines for greenhouse gas emissions, waste and water use (CFS Sustainability Report, 2004).

4.2.3 CFS Sustainability Report 2005

The Global Reporting Initiative's web page states that CFS has not specified a certain application level for their sustainability reporting 2005. They have registered their sustainability report according to the GRI and proclaimed the CI 2002, which indicates

that readers can easily and quickly find information and/or responses to disclosure that are made in the guidelines. CI also contain information that has not been included within the report (GRI, 2007). The report has been verified by the JustAssurance and they act as CFS sustainability auditor. The JustAssurance states in CFS' Sustainability Report (2005) that they have in the report utilized the AA1000 Assurance Standard and in the report they are also commenting on the materiality, completeness and responsiveness of CFS' activities. These activities are also being commented on in relation to the issue of delivering value, social responsibility and ecological sustainability.

This third Sustainability Report is structured in the same format as the previous two years. The Group aims to compare its performance against that of other organisations and indicators can facilitate this comparison. The Indicators used in the Report are derived from three main sources, Partner consultation, CFS' business strategy and Ethical, sustainability and co-operative standards and guidelines. CFS use indicators to inform strategic decisions and to enable stakeholders to make informed assessments about the reported sustainable development. CFS report contains 81 different indicators grouped together in 21 themes. These themes are then further integrated into the three areas of delivering value, social responsibility and ecological sustainability. The Partners which are affected the most should be consulted when founding the indicators of delivering value, while social responsibility indicators should be carried out by the widest possible dialogue and ecological sustainability indicators based on scientific methods. The Global Reporting Initiative is specially influencing the reporting on delivering value in the areas of economic and social performance indicators and the sector specific guidance of the financial service sector.

Apart from focusing on the six partner groups, Shareholders, Customers, Staff, Suppliers, Co-operative movement, and Society, the sustainability report focuses on CFS' material impacts areas. The Report consists of 21 indicator or themes that address the material aspects that is important to CFS. Material in this aspect refers to the provision of finance which is related to CFS' core business and it also refers to the areas that CFS's partners prioritise. Both the principle of completeness and responsiveness are being addressed within the report. The principle of completeness aims to present at full picture of performance in relation to CFS' operations while the responsiveness relates to CFS' response to Partner concerns.

According to their sustainability report (2005) there are three distinct roles that CFS is specifically focusing on. The first one is to become more accountable their stakeholders to increase a level of trust between business and society. Business need to report comprehensively and transparently about the social, economic and environmental impacts that they have. Secondly the enterprise seeks to balance the interest of its stakeholders, and when doing so in a sustainable manner, becoming more profitable in the long-term. Thirdly it is of importance to be able to prove that they can confirm to stakeholders that the issues they claim is of importance has been performed. This is why it is important to have a third party audit that can satisfy the critical enquirer and give evidence of sustainable performance. CFS purpose is to be a growing, pioneering financial services business that by being committed to value, fairness and social responsibility, delivers

benefits to customers, members and communities. The Group are striving to be UK's most admired financial services business and they are strongly committed to ethical, environmental and community issues. Their latest Sustainability Report provides Partners with a detailed picture from which they can evaluate the group's performance in areas such as financial performance; customer, staff and supplier satisfaction; ethical finance; health and safety; and diversity. A series of indicators and targets in the different areas are provided to aid stakeholders when examining the Report and the Report is also being used to drive sustainability throughout the business.

CFS undertakes extensive stakeholder dialogue and is guided by the arising views, especially in relation to social responsible investment. The Ethical Policy that the Bank launched in 1992 is also formulated on the basis of extensive stakeholder consultation. The Policy stipulates what the Bank will and will not finance and it covers all of the Bank's assets and since 2002 the Bank provides a detailed annual breakdown of all instances where business has been declined. An analysis of the degree to which the Bank finances organisations that make a particularly positive contribution to society is also being reported.

The CIS' socially responsible investment approach was launched in 1999 and since 2002 CIS became the first UK investor to disclose its entire UK voting record via its website. This voting record was extended to include overseas companies in 2005. During 2005 a customer-led Ethical Engagement Policy was launched to guide CIS' responsible shareholding activities. The customer-led Ethical Engagement Policy's aim is to further integrate improvements of financial, ethical and sustainability performance within companies which CIS holds shares. The Ethical Policy is being based on the Bank's current Ethical Policy which covers the areas of environmental sustainability, human rights and armaments, trade and labour rights, social inclusion, genetic modification and animal welfare. Reporting on social responsibility is being influenced by the Global Reporting Initiative and CFS aims to make its performance comparable to that of other organisations.

In 2005 CFS developed a new ten-year vision to be the most admirable financial service provider in the UK. One of five key objectives to support and attain this vision is profit generation in pursuit of business sustainability. For the first time this year CFS has commissioned a study of its economic impact. The framework reveals that the nature of economic impact that the benefits CFS brings to the UK economy is varied, both in scale and nature. The framework includes issues such as direct employment, indirect employment, induced employment and other economic impacts related to value added.

2005 the Co-operative Bank achieved a profit of £96, 5 million before tax although according to an analysis undertaken, the Bank's co-operative, ethical and sustainability positioning continues to contribute to the Bank's profitability. The decline in profit is reflecting a membership dividend and a higher debt charge due to the deteriorating personal consumer credit environment.

This the third year of CFS' sustainability reporting it has become increasingly apparent that reporting of ecological sustainable performance should be seen in relation to the business as a whole. As previous year, the CFS is reporting their environmental performance in consistency against the DEFRA guidelines and to some degree the Global Reporting Initiatives guidelines. CFS also claims in their sustainability report that they aim to be a world leader, amongst business of all types in its response to global climate change. As a part of this their Ethical Policy states that they do not want to see their money invested in business that extract fossil fuels and CIS wish to encourage business to reduce their reliance on fossil fuels and increase renewable energy usage (CFS sustainability report, 2005).

4.2.4 CFS summary

CFS purpose is to be a growing, pioneering financial services business that by being committed to value, fairness and social responsibility, delivers benefits to customers, members and communities. The Group is striving to be UK's most admire financial services business and they are strongly committed to ethical, environmental and community issues. When managing their business, CFS has identified their stakeholders and is referring to them as Partners. These Partners' interests are taken into account when managing business and they are acknowledged in six different classes and CFS is seeking to deliver value to all classes in a socially responsible and ecologically sustainable manner. When conflicts of interest arise between partners balance is a key component in pursuing sustainability apart from profitability which are absolutely vital to CFS. Certain values that CFS is guided by are self-help, self-responsibility, democracy, equality, equity and solidarity. Legislative compliance and diversity are also a priority. CFS seeks to be transparent and accountable in their pursuit of sustainable development and the group are involved in and guided by extensive stakeholder dialogue. Apart from focusing on the six partner groups, Shareholders, Customers, Staff, Suppliers, Co-operative movement, and Society, the sustainability report focuses on CFS' material impacts areas, material in this aspect refers to CFS' core business and it also refers to the areas that CFS's partners prioritise. The reports aims to present a full picture of performance on sustainability related to CFS' operations while being responsive to Partners' concerns. CFS is being highly affected by the opinions of stakeholders and they undertake extensive stakeholder dialogue. The arising views are guiding CFS on the matters of sustainable development. Since sustainable development is a wide-ranging subject and objectives are broad, organizations must focus in specific issues to be able to deliver these objectives. CFS has chosen to do this by using indicators which quantify and illustrate important performance issues.

CFS is basing their sustainability reporting on the GRI guidelines and during the process of sustainability reporting between the years 2003-2005 there has been a further integration of CSR within the reports which indicates that CFS is dedicated to GRI and incorporating it further and further within its sustainability reporting. The GRI guidelines are specially influencing the reporting on delivering value in the areas of economic and social performance and in the guidance of the financial service sector. According to CFS there are three distinct roles that CFS is specially focusing. The first one is to become more accountable their stakeholders to increase a level of trust between business and

society. Business need to report comprehensively and transparently about the social, economic and environmental impacts that they have. Secondly the enterprise seeks to balance the interest of its stakeholders, and when doing so in a sustainable manner, becoming more profitable in the long-term. Thirdly it is of importance to be able to prove that they can confirm to stakeholders that the issues they claim is of importance has been performed. This is why it is important to have a third party audit that can satisfy the critical enquirer and give evidence of sustainable performance.

During the first year of CFS' sustainable reporting emphasis were put on bringing together sustainability in the different approaches of CIS and Co-operative Bank. Since the Bank has reported its sustainability performance longer than CIS emphasis were put on bringing CIS to the same level as the Bank. This was done partly by developing the Socially Responsible Investment (SRI). This policy is covering all assets such as bond, shares and property and is developed through consultation with customers. The new policy's mean is to improve CFS's overall influence. Depending on the feedback from customers it is probable that in 2005 the bank will be able to decline to finance businesses that have relations of questionable nature, such as for example exporting arms to oppressive regimes. At the same time CIS would be able to leverage its stakeholding in the same business. In 1999 CIS announced its Responsible Shareholding approach. With this approach the CIS are engaging in companies in which shares are held with the aim of implementing and improving their financial, social and ethical, and economic performance. Whenever possible in companies which CIS invest they are committed to exercise voting rights, they were also the first UK investors to put their entire voting record on its website.

CFS has sought to influence the social, ethical and environmental dimensions of various legislative proposals and this is done to support regulations needed to promote more sustainable business practice. Further issues apart from the bank's ethical policy and CIS' Responsible Shareholding programme, that CFS report should be of concern to a socially responsible business includes, diversity, health, safety and welfare, and community investment.

CFS states in the annual sustainability report that their ethical and sustainability approach has contributed to their profitability. Almost one third of the bank profits can be attributed to customers who cite these as important factors. Despite increased competition and a narrower interest margin, the profitability has continued to grow steadily. The development of CFS as the financial service provider for co-operative customers has together with a unique ethical stance, ensured that businesses are well placed to innovate and compete in a changing financial service market.

Partners of CFS have indicated that value should be delivered to them in a socially responsible manner. Therefore when addressing the issue of what is social responsible business and whose ethics to embrace, the organization repeatedly consult customers. The bank has chosen to question customer since they represent a good cross-section of society, and it is also generally their money that is being used. CFS claims in their reports that delivering value is of importance and value is an issue that should be balances over

time and defined by all Partners, not by the CFS. To enhance the utility that is enjoyed by Partners by which CFS is to various degrees dependent is what makes CFS' approach to sustainable development a genuine triple bottom line strategy.

In 2004 CFS became the only major financial services provider anywhere in the world to secure total business ISO 14001 certification for its management system. There are physical limits to the resources of the Earth and any business activity that exceeds these limits is by definition unsustainable and needs to be reconstructed. Due to this CFS has developed an eco-efficiency analysis that has been extended across CFS, meaning that they report the ecological impact in relation to customer account numbers. CFS wants to control the consumption of energy and other resources while increasing the number of customer accounts it operates, and by doing so achieve real eco-efficiency.

4.3 Swedbank

Swedbank is Sweden's largest commercial bank and it's also the largest bank for private consumers. The first savings bank was founded in Gothenburg in 1820 and the savings bank initiative rapidly gained interest among different places all over Sweden. The bank has its origin in the agriculture sector and their intention was to satisfy the growing need for capital among farmers. Swedbank is a merger of the different banking institutions Sparbanken, Föreningsparbanken and Hansabank and in the 8th of September in 2006 they officially changed its name to Swedbank AB (publ).

4.3.1 Swedbank 2003

In 2003 Swedbank started to make their annual sustainability report an integrated part of the annual report (Swedbank, 2003). According to the Global Reporting Initiative's internet site, Swedbank's sustainability reporting is not being verified by an external auditor. Application level for the sustainability reporting is no being applied and the report is stated to be developed "with reference to" or "based on" the 2002 Guidelines. This indicates that the report does not contain a GRI Content Index or an In Accordance declaration (GRI 2007). Swedbank has chosen to integrate their sustainability report with the annual financial report. The reason for doing this is that it will give the reader a more complete picture of the organization and the sustainability report will work as a compliment to the ordinary one. The sustainable accounting is being performed according to the guidelines out formed by the Global Reporting Initiative, GRI.

According to the vision stated in the annual report (2003), the goal is to be the leading bank within the Nordic and the Baltic region. The bank aims to be the natural choice for their customers regardless if they are being private persons, companies or organizations and increased customer satisfaction is a key component within the organizations of Swedbank. To increase the ability to gain higher customer satisfaction and profitability, an extensive work of improvement concerning the entire office staff are under progress. The different improvements undertaken are to increase systematic in contact with customers and to increase the clarity in sales situations. Since the middle of the 1990: s Swedbank is pursuing an extensive environmental and sustainability development. The bank has been a pioneer within the financial sector in their work with environmental and suitability issues and these are now considered to be an incorporated part of the

organization. Swedbank believes that by focusing on different aspects concerning sustainability, customer's loyalty and confidence for the organization will increase. Working with sustainability will also contribute to the process of identifying new business opportunities as well as decrease risk and operations costs

Swedbank's social responsibility is based upon the valuation that the bank should be available for every human being upon their own conditions. To be socially responsible is an integrated part of the bank's business. This social responsibility shows in the way the bank places its offices. For example you can find Swedbank's offices in areas where there is an ethnic diversity of people and the bank want to be able to meet their needs. The Internet bank is also of great importance for Swedbank and they have adapted their website to suit the needs of people with visual and hearing aid as well as for young and elderly people. This is a few examples of how the bank tries to meet the different needs and demands from the society. The activities within the organization are based upon a humanistic point of view, meaning that there is a respect for the human being and their equal value. Swedbank has as one of few Swedish organizations chosen to embrace the UN's voluntary initiative Global Compact to support fundamental human rights. When choosing suppliers and doing purchases, Swedbank are only doing business with companies that can respond to the overall demands stated in the companies environmental policy and other controlling regulations.

The profit before tax during 2003 for Swedbank was 9 564 mkr. To ensure satisfied customers and employees, and a future profitability following issues are going to be of priority during 2004. Strengthen competence among employees and an increased customer focus. Improve the management on all levels within the corporation, and a working environment that increases the well-being and health of employees. In the beginning of 2004, Swedbank are launching new financial goals to improve profitability and to increase dividends to shareholders. The goal is to increase efficiency within the organization and to become even more competitive.

Their impact on the environment is both indirect and direct. With the direct impact Swedbank are mainly referring to the traveling made by employees and the consumption of paper and energy. With the indirect impact the bank is trying to encourage customers and suppliers to reduce their affect on the environment. This is according to Swedbank were the bank has the most influence. By affecting customers and suppliers they can help create a better environment.

In 2003 Swedbank became the first Nordic bank to be certified according to the international ISO 14001 standard. The aim with the system is to reduce the environmental impact made by the Bank in a professional manner. Swedbank has during the 2003 been marketing product and services that have a special environmental profile based on sustainability criterion. Swedbank are also conducting environmental analysis when deciding whether or not they are going to grant loan facilities. The bank's aim is to prevent granting loans when the environmental risk is too severe. The environmental analysis is also a tool that can be used when searching for new business opportunities and the certification system is since 2003 integrated and implemented within the ordinary

business functions. Swedbank has as a strategic goal the aim to be the organization that is the best to work with environmental issues (Swedbank Annual Financial Report, 2003).

4.3.2 Swedbank 2004

2004 is the second year the Swedbank presents their annual sustainability report as an integrated part of the annual financial report. The reason for doing so is to give the reader a more complete picture of the organization and the sustainability report will work as a compliment to the ordinary one (Swedbank, 2004). According to the Global Reporting Initiative's internet site, Swedbank's sustainability reporting is not registered for the year of 2004 (GRI, 2007). An important event that takes place during 2004 is that in January 2004 Birgitta Johansson-Hedberg resigned as President and CEO for Swedbank and Jan Lindén was appointed as the new President and CEO.

According to the annual financial report the bank's vision is to be regarded as the clear choice among banking alternatives for retail customers, business, the agriculture sector, communities, country councils and organizations. Further their vision is to be the leading bank in the Nordic-Baltic region. For customers, this means meeting their financial needs on their terms, increased customer satisfaction is the key to Swedbank's strategy. For shareholders, to realize its vision translate into stable competitive appreciation in value and dividend growth. The bank wants to be regarded as a responsible citizen and its employees should have the opportunity for personal development and security

For the second year, the Bank was named the Corporate Bank of the year, and for the third year they received the reward as the best bank by Sweden's entrepreneurs. A further proof of Swedbank's successful strategy was the award as Competence Company of the year. Compared to competitors the Bank are currently the most profitable bank and they are trying to maintain an aggressive agenda with the goal of retaining or raising market shares in core areas, lending, saving and investment. At the same time they are aiming at increasing their presence in areas where future strong growth is expected.

The single most important competitive factor for Swedbank is according to their annual financial report (2004) the competence of their employees. The bank was named Competence Company of the year in 2004 and this award is given to the company that meets the needs and develops its human resources. During the year the Board of Director has adopted a gender equality and diversity policy that reflects the strategic importance of Swedbank. The gender equality objective of 2004 is to raise the share of women in managerial and specialist positions. During 2004 gender and equality, and diversity plans were approved by the Equality Ombudsman and the Ombudsman against the Ethnic discrimination.

2004 was a successful year for Swedbank, with strong development and record high profit. Compared to previous year the profit rose by 35 % and profit before taxes was 11 912 mkr. Priorities for 2005 are to ensure satisfied customers, satisfied employees and strong profitability. To reach these objectives the following areas will be prioritized: the local competence plans primarily in the corporate segment, strategic competence

planning, local management development, wellness and occupational health (Swedbank Annual Financial Report, 2004 p. 19)

Their impact on the environment is both indirect and direct. With the direct impact Swedbank are mainly referring to the traveling made by employees and the consumption of paper and energy. With the indirect impact the bank is trying to encourage customers and suppliers to reduce their affect on the environment. This is according to Swedbank were the bank has the most influence. By affecting customers and suppliers they can help create a better environment.

The Bank markets products with an environmental connection and environmental analysis are an integral part of business loan evaluations. The environmental analysis can also help determine whether it makes sense to grant loans for environmental improvements. Structured and systematic work leads to new business opportunities and environmental work should promote sustainable development while generating profitability and structure. Successfully performed and communicated environmental work can produce a competitive advantage and a positive image for the organization. One of the bank's fundamental values has always been the long-term sustainable development and a connection with the communities. The Bank also supports the Global Compact and the UN's voluntary initiative for companies to support basic human rights.

Since 2003 Swedbank's environmental management system been certified according to the international ISO 14001 standard. This system was reviewed in 2004 by external and internal environmental auditors and the Bank is maintaining its certification. The aim with the system is to reduce the environmental impact made by the Bank in a professional manner. In 2005 greater focus will be made to further clarify the significance of the Bank's environmental work both internally and externally (Swedbank Annual Financial Report, 2004).

4.3.3 Swedbank 2005

According to the Global Reporting Initiative's internet site, Swedbank's sustainability reporting is not registered for the year of 2005 (GRI, 2007). 2005 is the third year that Swedbank presents their annual sustainability report as an integrated part of the annual financial report for to give the reader a more complete picture of the organization. The sustainability report works as a compliment to the ordinary one.

For the third consecutive year Swedbank was named the Commercial Bank of the Year in Sweden, Swedbank was also named the Bank of the Year by the magazine Privata Affärer. The bank states in their annual financial report that they want to be a positive force within the society and continuously increase the company's value. To help improve customers' financial situation and understand and react to their need, they can offer them the best financial solutions. Further they aim to be the leading financial institution in the Nordic and Baltic region and by leading they mean to have the highest customer satisfaction and best profitability in each market at the same time as maintaining their reputation as a strong employer. The bank claims that their strong result and greater international recognition are a result of a performance-oriented culture with a clear and

open communication. They say to be open and transparent in their communication and they are building a business sustainable for the future.

In 2003 the Board of Directors established for priorities for its work, one of these was the international strategy that assumes three possible ways to create growth. These three ways are the following, acquisitions of operations in specific product areas, growth through their own brand and acquisitions of universal banks. Based on these the Bank has successfully managed to increase their presence in the Baltic countries and they are now highly competitive within the Nordic-Baltic banking market.

For the last three years Swedbank has been devoted to an extensive improvement program. The program's aim is to improve the Swedish banking operations and employees have among other things received additional training to adopt a more structure way of working, which will increase customer satisfaction and profitability.

The employees and their competence are according to the annual financial report (2005) Swedbank's most important competitive factor. To help employees to develop and enhancing competence are important for the Bank to be able to realizing their long-term business concept. Another important issue for the Bank is to create a common corporate culture among its new acquisition. During the year an extensive culture study has been conducted and based on this the work with creating a common corporate platform will continue in 2006. Swedbank has also been involved with an extensive work in gender equality and 2005 the share of women in specialist position is 38 %, with the long-term target being 40 %.

2005 was another successful year for Swedbank, with strong development in both the Swedish and Baltic markets with a record high profit. Profit rose by 30 % and profit for the year 2005 is 11 879 mkr. Their profit last year was well in line with their financial objectives and with a return on equity of over 24 % they were the most profitable major Nordic bank for the third consecutive year. Priorities for 2006 are business synergies and a uniform market between Swedbank's Nordic and Baltic acquisitions and to launch web solutions for currency trading and trade finance.

Swedbank are reducing their environmental impact by setting requirements on lending or through sustainability analyses of the companies in which they invest in. To minimize the impact that customer has on the environment when using the Bank's products and services a number of environmentally products have been developed. For example, Robur, the Bank's Fund management company, offers eleven socially responsible funds that strictly invest in companies that meet certain environmentally requirements. The Telephone and Internet banks offers electronic products and services which help reduce the impact that customers can have on the environment when traveling to the bank. Environmentally issues goes hand in hand with the Bank's policy since it can help keep costs down and reduce resource consumption which benefits both the environment and the Bank's spending. Since 2003 the bank has an environmental management system for its Swedish operations and the aim with the system is to reduce the environmental impact by using a structured approach. The Bank's environmental management system has since

2003 been certified according to the international ISO 14001 standard. During 2006 questions whether or not the environmental system should include the Baltic regions will be addressed and resolved. The Bank also supports the Global Compact and the United Nations Environmental Programme (UNEP).

Following objectives have been established for 2006 in the Swedish operations. 85 % of the employees should feel it is important that the Bank takes environmental aspects into consideration when doing business with customers or suppliers. Each business unit will have at least one business-related environmental objective. The Bank's aim is to reduce emissions and increase the number of environmental analyses conducted in connection with lending (Swedbank Annual Financial Report, 2005).

4.3.4 Swedbank summary

The bank's mission is to be a positive force in society and with a growing business outside the country Swedbank is promoting sustainable responsibility and sustainable development. In respect for customers, shareholders, employees, society, environment, and based on the concept of sustainability, the bank are trying to reduce its environmental impacts and build long-term relationships with customers. The bank supports the UN's Global Compact and has guidelines for ethics, working environments, gender equality and diversity covering all its employees. Swedbank has also developed its own ethical rules that go beyond laws and regulations. One of the bank's fundamental values has always been the long-term sustainable development and a connection with the communities. The Bank also supports the Global Compact and the UN's voluntary initiative for companies to support basic human rights.

Further their vision is to be the leading bank in the Nordic-Baltic region. For customers, this means meeting their financial needs on their terms, increased customer satisfaction is the key to Swedbank's strategy. For shareholders, to realize its vision translate into stable competitive appreciation in value and dividend growth. The bank wants to be regarded as a responsible citizen and its employees should have the opportunity for personal development and security.

In 2003 Swedbank started to make their annual sustainability report an integrated part of the annual report. Swedbank has chosen to integrate their sustainability report with the annual financial report. The reason for doing this is that it will give the reader a more complete picture of the organization and the sustainability report will work as a compliment to the ordinary one. The sustainable accounting is being performed according to the guidelines out formed by the Global Reporting Initiative, GRI. Between the years of 2003-2005 there are indications that they are becoming less and less dedicated to the element of sustainable reporting, one being the fact that 2003 is the only year that the bank is registered on the GRI website.

According to the vision stated by Swedbank the goal is to be the leading bank within the Nordic and the Baltic region. The bank aims to be the natural choice for their customers regardless if they are being private persons, companies or organizations and increased customer satisfaction is a key component within the organizations of Swedbank. To

increase the ability to gain higher customer satisfaction and profitability, an extensive work of improvement concerning the entire office staff are under progress. The different improvements undertaken are to increase systematic in contact with customers and to increase the clarity in sales situations.

Further they aim to be the leading financial institution in the Nordic and Baltic region and by leading they mean to have the highest customer satisfaction and best profitability in each market at the same time as maintaining their reputation as a strong employer. The bank claims that their strong result and greater international recognition are a result of a performance-oriented culture with a clear and open communication. They say to be open and transparent in their communication and they are building a business sustainable for the future.

In the beginning of 2004, Swedbank are launching new financial goals to improve profitability and to increase dividends to shareholders. The goal is to increase efficiency within the organization and to become even more competitive. Further more in January 2004 Birgitta Johansson-Hedberg resigned as President and CEO for Swedbank and Jan Lindén was appointed as the new President and CEO. Compared to competitors the Bank are currently the most profitable bank and they are trying to maintain an aggressive agenda with the goal of retaining or raising market shares in core areas, lending, saving and investment. At the same time they are aiming at increasing their presence in areas where future strong growth is expected.

2005 was another successful year for Swedbank, with strong development in both the Swedish and Baltic markets with a record high profit. Profit rose by 30 % and profit for the year 2005 is 11 879 mkr. Their profit last year was well in line with their financial objectives and with a return on equity of over 24 % they were the most profitable major Nordic bank for the third consecutive year.

Swedbank's social responsibility is based upon the valuation that the bank should be available for every human being upon their own conditions. To be socially responsible is an integrated part of the bank's business. This social responsibility shows in the way the bank places its offices. For example you can find Swedbank's offices in areas where there is an ethnic diversity of people and the bank want to be able to meet their needs. The Internet bank is also of great importance for Swedbank and they have adapted their website to suit the needs of people with visual and hearing aid as well as for young and elderly people.

Swedbank has since December 2000 an environmental policy where it strives to create a sustainable society which will contribute to consistent profitability and strengthen the brand. The bank is aware of environmental issues and Swedbank's impact on the environment is both direct and indirect. The direct environmental impacts are relatively limited while the indirect impact is more extensive. To minimize its indirect impacts Swedbank has a system that considers social factors as well as environmental factors. Swedbank are also excluding companies that generate their significant share of sales from manufacture and /or sale of armaments, alcohol, tobacco, commercial gambling and

pornography. Instead they are actively seeking responsible companies that can demonstrate management in social, ethical and environmental risks while at the same time capitalizing on the present business opportunities (Swedbank, 2005).

Since 2003 the bank has an environmental management system for its Swedish operations and the aim with the system is to reduce the environmental impact by using a structured approach. The Bank's environmental management system has since 2003 been certified according to the international ISO 14001 standard. During 2006 questions whether or not the environmental system should include the Baltic regions will be addressed and resolved. The Bank also supports the Global Compact and the United Nations Environmental Programme (UNEP).

Following objectives have been established for 2006 in the Swedish operations. 85 % of the employees should feel it is important that the Bank takes environmental aspects into consideration when doing business with customers or suppliers. Each business unit will have at least one business-related environmental objective. The Bank's aim is to reduce emissions and increase the number of environmental analyses conducted in connection with lending (Swedbank Annual Financial Report, 2005).

5. ANALYSIS AND INTERPRETATION

Here we are trying to answer the question made in the first chapter; this will aid us in our progress to reach a final conclusion.

5.1 Analysis

How is the Global Compact and GRI guidelines out formed?

The Global Compact is a voluntary code that is intended to influence corporate practice by gaining support and membership of leading organizations who will then increase the acceptance of corporate responsibility and set an example of good practice that other organizations can and will adopt (Fisher & Lovell, 2006). The Global Compact asks companies to within their field of influence to support and enact a set core of principles in the areas of human rights, labour standards, the environment, and since 2004, anti-corruption (Global Compact, 2007). By using the Global Compact as a reference point, companies can naturally develop more tailored strategies and policies that suit their priority issues and challenges. There is no single “correct” way of implementing the principles within an organisation and its management. In fact there are several approaches and models that can reflect and aid in the process. One way of implementation approach is to draw inspirations from the Global Compact and the Global Reporting Initiative. Simply put the implementation of the Global Compact principles is to make a commitment, develop strategies and policies, take action and finally report on progress. What matters is not how the organisation is performing at the present time but that the organisation is committed to change and continuous improvement. The Global Compact and the Global Reporting Initiatives brings businesses together with the concept of sustainability. Through the power of collective action the two concepts tries to bring unity among corporations in the three areas of economic, social and environmental issues. The concept of sustainability is quite ambiguous and there are several ways of interpreting it. Because of the difficulties when construing the concept, the Global Reporting Initiative tried to develop certain guidelines to follow. They have been working in collaboration with different organisations since 1997, to develop and compose these guidelines for sustainability reports. The Global Reporting Initiative offers comprehensive accountability, a transparency framework and an aid to companies in the process of developing a meaningful and practical description of their commitment of the Global Compact (GRI, 2007).

How has the three organizations realized the GC and GRI guidelines?

When looking at the sustainability reports made by Rabobank Group, Co-operative Financial Services and Swedbank there are some similarities and differences in how the Global Compact and the Global Reporting Initiative framework has been realized. The three financial institutions were all very early to adopt the GRI guidelines and to work under the influence of Global Compact.

When implementing the ten Global Principles and the Global Reporting Initiative there are a few things that should be included within the framework. This includes *stakeholders and the dialogue* that the company have with those and *their expectations* on the company concerning the *economic, social and environmental trends*. The *management* is

also an important topic because it is their task to drive the vision of improved sustainable performance throughout the company (Global Compact, 2007).

A dialogue with members is of primary importance for both Rabobank and CFS. They are both committed to using the dialogue with stakeholders when planning directions and actions to take, and in the creating process of new policies. Swedbank on the other hand is not expressing specifically that they are engaging in a dialogue with stakeholders although they claim to have a clear and open communication it is not to the same extent as Rabobank and CFS. When comparing the three financial institutions and their sustainability reporting the impression is that both Rabobank and CFS are more dedicated to the opinions of stakeholders and trying to adopt their organisations to the arising views from the surrounding. Swedbank on the other hand is more secluded in their communication and their sustainability reporting is more undervaluing instead of developing. This is something that goes against the principle of Global Compact since simply put the implementation of the Global Compact principles is to make a commitment and that the organisation is committed to change and continuous improvement (Global Compact, 2007). Also the Global Reporting Initiative is about offering comprehensive accountability and a transparent framework which will aid companies in the process of making a meaningful commitment to the Global Compact. Sustainability Reporting is about being accountable to internal and external stakeholders and transparency when reporting sustainable development is important to a large range of stakeholders (GRI, 2007).

According to Carroll's pyramid the social responsibility of business can be divided into four different levels. The third level, taking an ethical responsibility, meaning to do what is just, fair, and right to avoid harming stakeholders and the final level to be a good corporate citizen and responsible contribute to financial and human resources, is what mainly can be referred to when looking at the financial institutions and their commitment to the Global Compact (Sims, 2003). When comparing the different organisations and their commitment to take an ethic responsibility Rabobank are clearly showing in their sustainability report that they are striving to improve the environment in which they are operating. For example they state in their sustainability report that they believe it is important to have a strong presence and be strongly involved within the communities and to distribute parts of their profits to both local and international projects. In the last century Rabobank has contribute significantly to the economy in rural areas and developing countries. Both Rabobank and CFS has a clear ethical thinking incorporated in their investment and CFS for example has developed SRI Socially Responsible Investment to be able to evaluate which business are the right ones to invest in from an ethical point of view. Both Swedbank and Rabobank Group emphasise in their reports the importance of the workforce reflecting the society both in gender an ethnicity. The both banks are also concerned and taking a social responsibility, this showing Swedbank's case that they want their service to be available for every human being, placing offices in areas where there is an ethnic diversity of people. They have also adapted their website to suit the needs of visual hearing aid as well as for young and elderly people.

There are some factors that corporations have to take into consideration to make CSR a successful part of the organisation. Mainly and above all the management has to be aware what involvement in CSR means. Successful CSR has its origin within the commitment of the organisations' management. To be able to incorporate the whole company the CSR work has to start from the management, and then spread to involve the whole organisation. Apart from the management's commitment it is also important that corporation is involved in an active dialogue with their stakeholders, this is also vital for the corporation's survival. Working with CSR is a progress that continually changes and therefore it is important to maintain a dialogue with stakeholders as well as regularly educate and inform staff working within the organisation. Rabobank Group is striving for a high level of CSR and it has been accorded a place at the core of Rabobank Group. It is one of the factors determining how the organisation should think and act. The Group is striving to create a balance between the economic, social and ecological effects of their financial and operational activities.

Problems that can be encountered when working with sustainability are amongst others the problem of measurement, meaning that the element of sustainability can be a difficult one to measure. There are also the elements of culture differences, in some cultures sustainability are of more importance than in others, indicators can be interpreted different and the legal conditions also has an effect on the measurement of sustainability.

Has the sustainability reporting changed during the years that the companies made it and are there any differences in the companies' sustainability reporting?

To be able to make a balanced and reasonable presentation of the organisations performance the organisation must determine what information is relevant. This should be made while considering the purpose and experience of the organisation as well as reflecting the interest and expectations from stakeholders (GRI, 2007). When we reviewed the different sustainability reports made by the banks we encountered some differences in the way the organisations chosen to reveal reported information. Rabobank and CFS have chosen to present its progress in the field of sustainability in a separate report, while Swedbank since 2003 have made the sustainability report an integrated part of the annual financial reporting. Compared to Rabobank and CFS's sustainability reports, Swedbank's reporting is not as extensive. The impressions made from the different sustainability reports were that Rabobank Group is a bank that is outgoing and the concept of sustainability is an integrated part in both management and staff policy and they also maintain a close contact with stakeholders. Rabobank has during the years been working for a further integration of CSR into all of their activities and you can clearly see that there has been a progress during the years and their employees and management are now more aware about their CSR work. Rabobank is dedicated to GRI and incorporating it further and further within its sustainability report. They are convinced that a healthy balance between economic, social and ecological effects on their financial and operational activities is a matter of conducting business in a careful and transparent manner.

CFS is also putting a lot of effort on their sustainability report and seeing it as an integrated part in management and among staff, close contact and consulting with

stakeholders is also of great importance. They seek to be transparent and accountable in their pursuit of sustainable development and their group are involved and guided by extensive stakeholder dialogue. Apart from focusing on their six partner groups and areas that they priorities, the sustainability report focuses on areas that are material and referring to CFS's core business. The GRI guidelines are specially influencing the reporting in the areas of economic and social performance and in the guidance of the financial sector. During the first years that the sustainability report where made the emphasis was on bringing together sustainability in the different approaches of the CIS and Co-operative Bank. Progress in CSR can be seen and the CFS are particularly devoted to make stakeholders a part of the process of further integrating CSR within the organisation.

Swedbank is the one of the three organisations that chose to present their sustainability report as an integrated part of the annual financial report. The reason for doing this was to give the reader a more complete picture of the organisation and the sustainability report is seen as a compliment to the ordinary one. Between the years of 2003 and 2005 there are indications that Swedbank is becoming less dedicated their sustainability report the information found in the report are far less revealing compared to both Rabobank and CFS sustainability reports. There is also an unbalance between the different areas in which the sustainability reporting and the triple bottom line seek to summarize, the different aspects of the economic, social and environmental issues (Enquist & Edvardsson, 2007). Swedbank is more focused on the economical factors while social and environmental issues are being given less attention. According to Bäckström and Olsson (2002) the reason why Swedbank started to conduct sustainability reports was mainly because of inspiration drawn from foreign competitors and not because of pressures from stakeholders, which is usually the main reason behind making a sustainability report. The bank have been working with sustainability issues since its foundation 200 years ago, but it was not until the year of 2000 that the decision was made to share their progress in the sustainability area with others in a more structured way in a separate sustainability report. Although presenting its annual sustainability report as an integrated part of the annual financial report doesn't have to be a negative thing. In Swedbank's case the report content has been reduced drastically while Rabobank and CFS are producing reports that are better performing in terms of revealing information. This can be due to the fact that Rabobank and CFS are both banks with a different owner structure compare to Swedbank.

Can eventual differences in the reporting be due to the fact that the owner structure between the institutions differs?

The Rabobank Group is a business co-operative, meaning that local Rabobanks and their clients are all members and shareholders of the organisation. Co-operative Financial Services (CFS) is part of the co-operative Group, which includes the Co-operative Insurance Society (CIS) and the Co-operative Bank. CFS was created in 2002 and is wholly owned and democratically controlled by its members. Swedbank is a public bank and it is Sweden's largest commercial bank and also the largest bank for private consumers. The bank is a merger between the different banking institutions Sparbanken,

Föreningsbanken and Hansabank and it officially changed its name to Swedbank AB in 2006.

Both Rabobank and CFS have an advantage when achieving sustainable development since in their case shareholders is not the primary target for which they are accountable. They can adopt a more long-term view when evaluating projects and investments and give CSR a mutually inclusive part within business operations. Compared to Swedbank they are not forced to the same profit thinking as a public company is since a co-operative it is not controlled by shareholders. Swedbank is pressured by institutional investors for improved performance and corporate managers have in possession of trust responsibility towards these to push for maximum return (Boatright, 2003). Rabobank and CFS instead are able to evaluate their actions and decisions from a perspective of the greater good and not only that of organizational effectiveness and performance (Sims, 2003).

In Swedbank's case there is an impression given that there is a lack of interest for sustainability report. According to an article in Svenska dagbladet (Fröberg, 2007) Swedbank neglected to hand in information about their progress to the Global Compact. This strengthens the argument that there is a lack of interest within the organisation's management for corporate social responsibility. This might be because there are not enough pressure from stakeholders and the society in which they are operating that they should report sustainability. Corporate social reporting driven by external factors is a morale response to the value system of the society in which the company is operating (Gowthorpe & Blake, 1998). According to Bäckström and Olsson (2002) the reason why Swedbank started to conduct sustainability reports was mainly because of inspiration drawn from foreign competitors and not because of pressures from stakeholders, which is usually the main motive behind making a sustainability report. Accountability pressure pushes company managers to highlight the features of the organization and undertaken activities. This is done to show stakeholders, individuals or groups that they have been able to meet at least their most important accountability pressures.

A further reason why Swedbank's sustainability report differs from both Rabobank and CFS is that their management have a different attitude towards the element of sustainability reporting. Disclosure is a product of managerial activities and as a stakeholder you receive a picture of the organisation that is coloured by the attitudes of the management and their perceptions about stakeholders' priorities and interest (Carnaghan et al., 1996). The management is important to consider when evaluating the sustainability reports since it is their task to drive the vision of improved sustainable performance throughout the company (Global Compact, 2007).

If you compare the changes that been made within the structure of the organization's management, there are different reasons why this changes were made. Rabobank made a change in 2002 in the senior management structure of Rabobank Nederland. They replaced the Board of Directors and the Supervisory Board with a single new supervisory board. This was done to give local banks more influence over policy, trying to create a more transparent and effective management in order to further implementing CSR within the organization.

When comparing the change that was made in Rabobank with the change done in Swedbank's management you see that in the case of Rabobank the change was made to create a more sustainable organisation, while the impression given from Swedbank is that they didn't in the same way think in terms of sustainability when appointing a new President and CEO.

CFS has as well made some changes in their structure, mainly when they in 2002 made a merger between Co-operative Bank and Co-operative Insurance Services. In the first years making their sustainability report the emphasis was on bringing CIS up to the same level as Co-operative Bank. Comparing their sustainability report with Rabobank Group, Rabobank have the advantage of already being a complete organisation not having to struggle with bringing unity within the organisation. This might be a reason why their sustainability report is better performing than CFS's.

5.2 Discussion and conclusion

In 1999 the United Nation set up the UN Global Compact as a response to the frustration due to the lack of progress from governments and corporations to address the issues such as child labour and inhuman working conditions in companies located in the developing economies. The Global Compact is a voluntary code that is intended to influence corporate practice and set an example of good practice that other organizations can and will adopt (Fisher & Lovell, 2006).

To develop a framework that operational notions of ethics in business and which recognize the dynamics of market conditions at the same time as taking into consideration the differences in ethical perceptions and stances needs to have in its core some universally held principles relating to human dignity and rights but also a flexibility to allow certain acceptable variations to apply. It should be about trying to create a framework that can provide a general structure upon which organizations can begin to shape their respective approaches to managing ethically complex contexts (Fisher & Lovell, 2006). Global Reporting Initiative (GRI) is a framework that aid corporation to take accountability and present information in an adequately way. GRI is based on triple bottom line, which means taking an economic, environmental and socially responsibility when reporting. This information should be presented in a transparent way with a balance between the three aspects. The aim is to align as nearly as possible the interests of individuals, corporations and society while upholding a balance between economic and social goals between individual and community goals. The most efficient and economic way is a relationship built on trust and that takes into consideration the issue of accountability and transparency.

A corporation that chose to integrate sustainability reporting within its operation is associated with engagement and compassion. To a large extent it is the society that makes it possible for corporations to survive and finance their business operations. Sustainability reporting is a tool that can be used by companies to communicate with stakeholders and to answer their questions, as well as for communicating efficiently within the organisations. When a company commits to making a sustainability report they will in turn create a good reputation as a responsible citizen and gain credit value, given

that they are seriously committed and not doing it for to create an illusion of good will. Both CFS and Rabobank Group have shown that organisations can be dedicated to corporate social responsibility and profitable at the same time. During the year 2002 CFS declined business worth over 4 million pound because it went against their ethical criteria. Meantime the CFS has estimated a profit of 30 million pounds due to their ethical policy since one third of their private customers choose to hire CFS because of their moral stand point. Sustainability reporting isn't just a popular trend, it is here to stay. Financial institutions have the power to decline business financial support and it is up to the corporations to take responsibility for their actions. Declining business financial support due to lack of ethical responsibility is something that is going to be seen more of in the future.

REFERENCE LIST

Andersen, I. (1998), *Den uppenbara verkligheten – Val av samhällsvetenskaplig metod*, Lund: Studentlitteratur.

Boatright, John R. (2003) *Ethics and the Conducts of Business*, 4th ed, Chicago: Prentice Hall.

Bryman, A. (2002) *Samhällsvetenskapliga metoder*, Malmö: Liber AB

Bäckström, N. & Olsson, L. (2002), *Föreningssparbankens hållbarhetsredovisning – Ur ett externredovisningsperspektiv*, Karlstads Universitet

Carnaghan, C., Gibbins, M & Ikäheimo, S. (1996) *Managed Financial Disclosure, the Interplay Between Accountability Pressures In* Munroe, R & Mouritsen, J.(ed) *Accountability, power, ethos and the technologies of managing*, London: International Thomson Business Press.

CFS Sustainability Report (2003)

CFS Sustainability Report (2004)

CFS Sustainability Report (2005)

Co-Operative Financial Bank (2005), www.co-operativebank.co.uk (2007/04/10)

Co-Operative Financial Services (2005), www.cfs.co.uk (2007/04/10)

Crane, A. & Matten, D. (2004) *Business Ethics: A European Perspective*, Oxford: Oxford University Press

Ekonomifakta (2007) www.ekonomifakta.se (2007/09/07)

Elkington J. (1999) *Cannibals with Forks*, Oxford: Capstone Publishing Ltd

Enquist, B. & Edvardsson, B. (2007) *Corporate Social Responsibility as a Driving Force for Service Brand Cultivation*, Service Research Center, Karlstad University

Enquist, B., Johnson, M. & Skålen, P. (2006) *Adoption of Corporate Social Responsibility – Incorporating a Stakeholder Perspective* Qualitative Research in Accounting & Management, Vol. 3, No. 3, 2006

Fisher, C. & Lovell, A. (2006) *Business Ethics and Values –Individual, Corporate and International Perspectives* 2nd ed. Harlow: Financial Times/Prentice Hall

Fröberg, J. (2007) "Jag skäms – det har fallit mellan två stolar", *Svenska Dagbladet* (2007/03/28)

Global Compact (2007), *After the Signature, A Guide to Engagement in the United Nations Global Compact*, New York: United Nations Global Compact Office.

Gowthorpe, C. & Blake, J. (1998) *Ethical issues in accounting*, London: Routledge

GRI (2007), *Sustainability Reporting Guidelines*, www.globalreporting.org (2007/04/18)

Holme, I M. & Solvang, B K. (1995), *Forskningsmetodik- Om kvalitativa och kvantitativa metoder*, Lund: Studentlitteratur.

Jackson, R.(2005) An Introduction to Environmental and Sustainability Reporting. In Brown, Christopher S. (ed.) *The Sustainable Enterprise* London: Simmons & Simmons p 86-93.

Patel, R. & Davidson, B. (2003), *Forskningsmetodikens grunder: Att planera, genomföra och rapportera en undersökning 3:e upplagan*, Lund: Studentlitteratur.

Rabobank (2005), www.rabobank.nl (2007/04/10)

Rabobank Group Annual Responsibility and Sustainability Report (2003)

Rabobank Group Annual Sustainability Report (2004)

Rabobank Group Annual Sustainability Report (2005)

Rabobank Sustainability Report (2005), www.rabobank.nl (2007/04/10)

Sethi, S. Prakash (2003), *Setting Global Standards, Guidelines for Creating Codes of Conduct in Multinational Corporations*, Hooboken, New Jersey: John Wiley & Sons, Inc.

Sims, Ronald R. (2003), *Ethics and Corporate Social Responsibility; Why Giants Fall*, Westport: Praeger Publishers.

Starrin, B. & Svensson, P-G. (1994), *Kvalitativa metoder och vetenskapsteori*, Lund: Studentlitteratur

Swedbank (2005), www.swedbank.se (2007/04/10)

Swedbank Annual Financial Report (2003)

Swedbank Annual Financial Report (2004)

Swedbank Annual Financial Report (2005)

Thurén, T. (1991), *Vetenskapsteori för nybörjare*, Malmö: Liber AB

Weisul, K. (2002), *What is Corporate Responsibility?* Business Week Online, (2002/08/29) Academic Search Elite