

Sustainability Reporting for Co-operatives: A Guidebook

Prepared for the International Co-operative Alliance
Prepared by Sustainability Solutions Group

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Acknowledgements

International Co-operative Alliance

Hanan El-Youssef

International Co-operative Alliance Sustainability Advisory Group

Unimed (Brazil): Edevard José de Araújo, Cristiane Hirota, and Maike Mohr

Banca Etica (Italy): Ugo Biggeri and Marco Carlizzi

Vancity (Canada): Maureen Cureton

CIC Insurance Group (Kenya): Joseph Kamiri

Seikatsu Club Consumers' Co-operative (Japan): Koichi Kato, Yuriko Ito, and Kazuhiro Shirai-

iCOOP Korea (South Korea): Hyungmi Kim

Organic Valley (US): Jonathan Reinbold

Legacoop Abitanti (Italy): Rossana Zaccaria

Prepared by:

Yuill Herbert

Rebecca Foon

Fiona Duguid

1. Introduction

On the International Day of Co-operatives in 2015, UN Secretary-General Ban Ki-Moon stated that co-operatives have an “invaluable role” in the international community’s roll-out of the sustainable development goals.¹ He also appealed for all to recommit to the co-operative business model, which could help make the vision of a sustainable future a reality for everyone. The Secretary-General’s call to action is founded on a growing understanding of the unique value that co-operatives offer to advancing sustainable development, highlighted by direct references to co-operatives in the outcome document of the UN Conference on Sustainable Development (Rio +20).

The International Co-operative Alliance (Alliance) has also undertaken and contributed to studies and reports that both explore the role of co-operatives in contributing to sustainable development and outline an ambitious agenda for them to do so. The [Blueprint for a Co-operative Decade](#) envisions a future in which co-operatives are the acknowledged leader in economic, social and environmental sustainability; the model preferred by people; and the fastest growing form of enterprise. The Alliance commissioned two studies to assess this vision. The first report, [Co-operative Growth for the 21st Century](#), explored the role of co-operatives in the context of social, ecological and economic crises, evolving notions of growth and the role of co-operatives in addressing the inadequacies of capitalism. The report identified fertile soil in which co-operatives can grow, including the following spheres:

1. In the ‘new knowledge economy’ where start-up costs can be low and international co-operation can be key;
2. In partnering with the labour movement to redefine the growth and development model;
3. In partnering with labour to transfer businesses to employee-ownership;
4. In addressing some of the critical environmental challenges such as climate change and energy; and
5. In partnering with powerful social movements such as those around food sovereignty, climate change and others.

The second report, [Co-operatives and Sustainability: An Investigation into the Relationship](#), firstly analysed the relationship between key concepts in sustainability and the co-operative principles and secondly investigated the degree to which co-operatives were referring to sustainability concepts in their annual reports and websites. The report identified a direct relationship between sustainability theory and how co-operatives described themselves. A notable finding was that the linkages to social dimensions of sustainability were stronger than the linkages to environmental and economic dimensions. The report recommended that further studies would be required to understand definitively the degree to which co-operatives are ‘walking the talk’.

«There is clearly growing momentum, but there is also need for more evidence-based approaches to demonstrate this contribution both at the level of individual co-operatives and for the co-operative movement as a whole.»

A complementary study called Social and Environmental Indicators and Tools for Co-operatives, reviewed the types of social, environmental and sustainability impact indicators and tools the top 50 of the global 300 co-operatives are using.² The primary finding was that most co-operatives are not using tools of this nature to track non-financial indicators. Those that are employing tools are using ones that were designed for investor-owned companies, including GRI, AccountAbility, LEED, and UN Global Compact, and these are discussed in more detail in Chapter 6 of this Guidebook. The study also identified fifteen co-operative specific tools. However, these tools are most often proprietary and therefore can only be used by the co-operative that designed them. In addition, these tools often do not include metrics, are not standardized and are focussed mostly on social indicators, but they often do have a close connection to the Co-operative Principles.

Further insights on the role that co-operatives can play in advancing the sustainable development agenda can also be garnered from a report by the International Labour Organisation and the Alliance titled [Co-operatives and the Sustainable Development Goals](#) and a book published by the Measuring the Co-operative Difference Research Network in Canada titled [Co-operatives for Sustainable Communities](#). SustainAbility, a consultancy which works with corporations, in a report titled [Model Behaviour](#), identified the co-operative model as one of twenty business model innovations for sustainability. Additionally, the [Centre of Excellence in Reporting and Accounting for Co-operatives](#) (CEARC) at Saint Mary's University, Canada, has embarked on a keystone project that is developing key performance indicators for co-operatives that measure social, environmental sustainability and co-operative principle impact.

There is clearly growing momentum, but there is also need for more evidence-based approaches to demonstrate this contribution both at the level of individual co-operatives and for the co-operative movement as a whole. Sustainability reporting at the level of individual co-operatives, with consideration for aggregation at the national and international levels, can provide that evidence. However, given the breadth of the co-operative movement and the variation in size, structure and sector of individual co-operatives, as well as lack of universal, standardized, co-operative-specific tools for sustainability measurement, it is clear that a prescriptive approach will not work.

Sustainability reporting is increasingly a default aspect of management for large corporations. While a number of co-operatives have led in the development and deployment of sustainability reporting, in general co-operatives lag behind, as was found when the top 50 of the largest 300 co-operatives were compared to the top 50 Fortune 500 IOCs.³ This Guidebook aims to provide the information a co-operative needs to develop and implement a sustainability report.

2. What is sustainability?

The World Commission on Environment and Development produced *Our Common Future*⁴ (known as the Brundtland Report) which defined 'sustainable development' as "development that meets the needs of the present without compromising the ability of future generations to meet their own needs". This definition is ambiguous and has been subject to considerable debate; at its core, however, is the premise that the circumstances of those who are in need can be improved without further degradation of the vitality and resilience of the ecosystem.

A focal point in the debate on the definition of sustainable development is whether or not human capital can be substituted for natural capital and whether or not there are limits to growth. Many ecologists and a few economists argue that natural capital is not infinitely substitutable – this is sometimes termed strong sustainability. Weak sustainability, on the other hand, maintains that technology can solve ecological problems and that ecological limits will not restrict economic growth.

In the strong sustainability paradigm, the economy is embedded within a society or a cultural sphere, which in turn, is embedded within the ecological or the ecosystem sphere, the ultimate limiting factor for all human activities (Figure 1). The ecosystem is the all-encompassing sphere, of which human society is but a subset. In its turn, the economy is a subset of society. This framework coalesces with our understanding, for example, that there is a limit to the greenhouse gas emissions that we can release or that there is a limited global forest area from which wood fibre can be extracted. This framework equally coalesces with the fact that 'economy' is a subservient means or tool within society to achieve that society's needs and aspirations (not an end in itself).

The idea of limits does not, however, mean that the economy cannot change or evolve. The word 'development' is an intrinsic partner to 'sustainable' in the idea of sustainable development. Without the concept of development, there is a tendency to couple 'sustainable' with 'growth' giving rise to the pre-tense of a world without limits. Development is, then, an alternative, and equally viable pathway to growth. As the economist Herman Daly writes "In short, growth is quantitative increase in physical scale, while development is qualitative improvement or unfolding of potentialities".⁵

A meaningful definition of sustainable development is then a paradigm with the goal of improving the quality of life of people while recognising physical limits of the ecosystem, as well as cultural and societal limits in a framework of development. This definition is compatible with the objectives of many co-operatives.

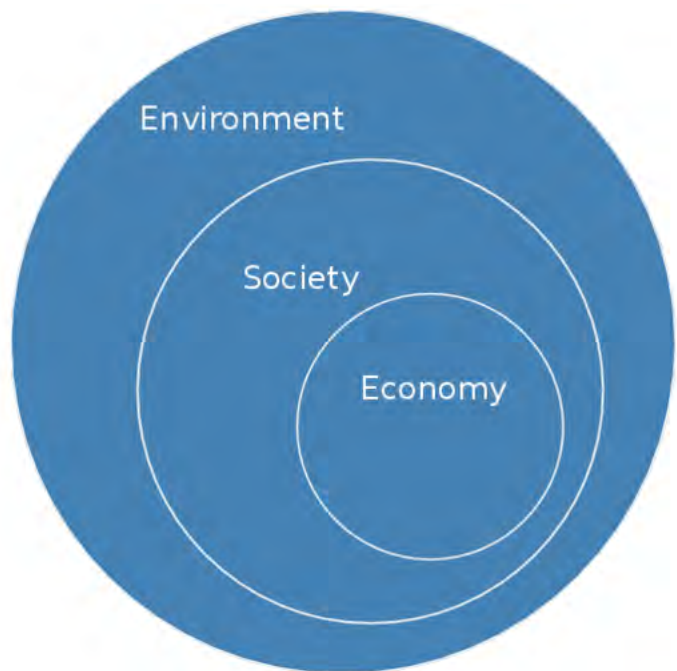


Figure 1: Framework for sustainability

3. Why should a co-operative undertake a sustainability report?

At a high level, there are critical challenges facing societies around the world, from inequality to climate change, from biodiversity loss to the provision of health care. Co-operatives need to confirm and advance their efforts to address these challenges, to undertake the leadership assumed by Principle 7 Concern for Community.

Technically, sustainability reporting describes a method of providing an integrated assessment of economic, environmental, and social impacts. Sustainability reporting is the practice of measuring, disclosing, and demonstrating accountability for organizational performance towards the goal of sustainable development. A sustainability report should provide a comprehensive representation of the performance, positive and negative, of a reporting organization.

In a [survey of reporting experts](#), The Guardian identified the general reasons for an organisation to undertake sustainability reporting:

- Ask how a company can be less unsustainable;
- Provide a bedrock for a serious Corporate Social Responsibility (CSR) management system;
- Motivate management to tackle inconvenient ethical or environmental problems;
- Redefine corporate value and value creation;
- Provide a better understanding of the dimensions of the problems we face;
- Help to identify non-financial risks and opportunities;
- Spark conversation, debate and engagement; and
- Reflect on past performance and a view of the future.

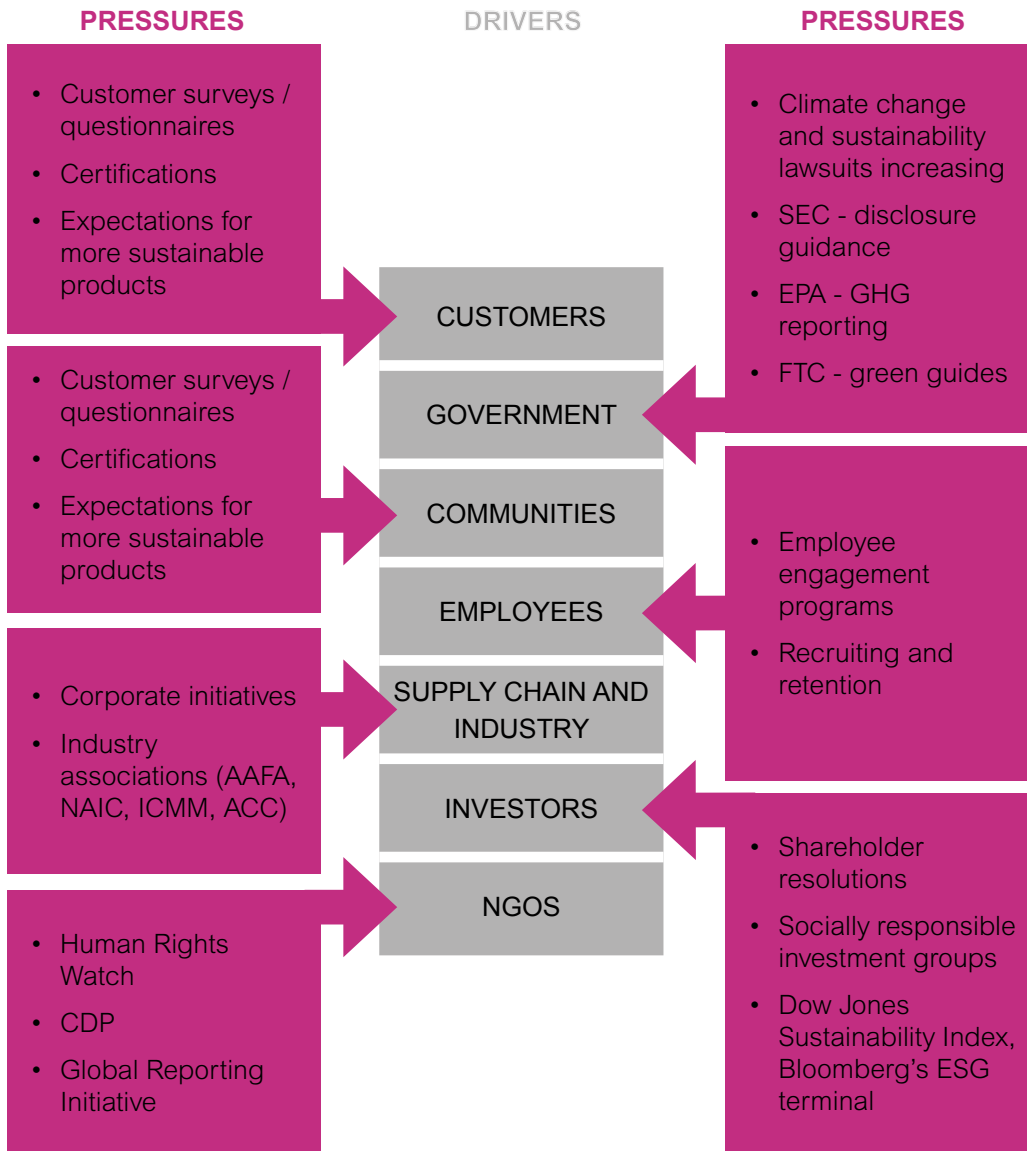
There are also external pressures not only on co-operatives but on businesses in general to implement sustainability reporting, as illustrated by a graphic adapted from a presentation by [Ernst and Young](#).

While some of these drivers overlap, co-operatives experience different drivers than investor-owned corporations. Transparency and accountability are foundational attributes of co-operatives and reporting on impacts beyond the financial clearly aligns with the seventh Co-operative Principle, Concern for Community, if not all of the Co-operative Values and Principles.

Co-operatives can also use non-financial indicators to demonstrate the value of the co-operative business model. The co-operative difference is the result of an adherence to seven principles as described by the Alliance: Voluntary and Open Membership; Democratic Member Control; Member Economic Participation; Autonomy and Independence; Education, Training and Information; Co-operation among Co-operatives; and Concern for Community. These underlying Principles will likely translate into observable and predictable outcomes that differ from outcomes observed in other corporate forms.

As the Alliance Sustainability Scan demonstrated, there is a strong relationship between Co-operative Principles and the key ideas of sustainable development. Sustainability reporting can therefore provide a mechanism to report on both the adherence to and implementation of the Principles and sustainable development simultaneously.

Figure 2: External pressures for businesses to undertake sustainability reporting.



Source: adapted from Ernst and Young

4. The history of sustainability reporting

Over the last decade, the practice of corporate sustainability disclosure has increased dramatically in line with stakeholder demand for information. Governments all over the world, market regulators and stock exchanges have initiated reporting policies and regulation in recent years to require various forms of sustainability reporting and there are currently at least 180 national policies and initiatives on sustainability reporting worldwide, of which approximately two thirds are mandatory.⁶ Figure 3 describes the differences between traditional financial reporting and the emerging field of sustainability reporting.

Figure 3: Differences between sustainability reporting and financial reporting⁷

	Emphasis in financial reporting	Emphasis in sustainability reporting
Time-scale	The reported year	Future orientation
Focus	Issues that organisation directly controls	Wider sustainability impacts
Economic view	Material	Intangible
Data	Financial	Financial and non-financial
Materiality	Financial significance	Any information that is significant to readers
Users	Shareholders and investors	Stakeholders

Source: Karis & Poysti, 2013, p. 10

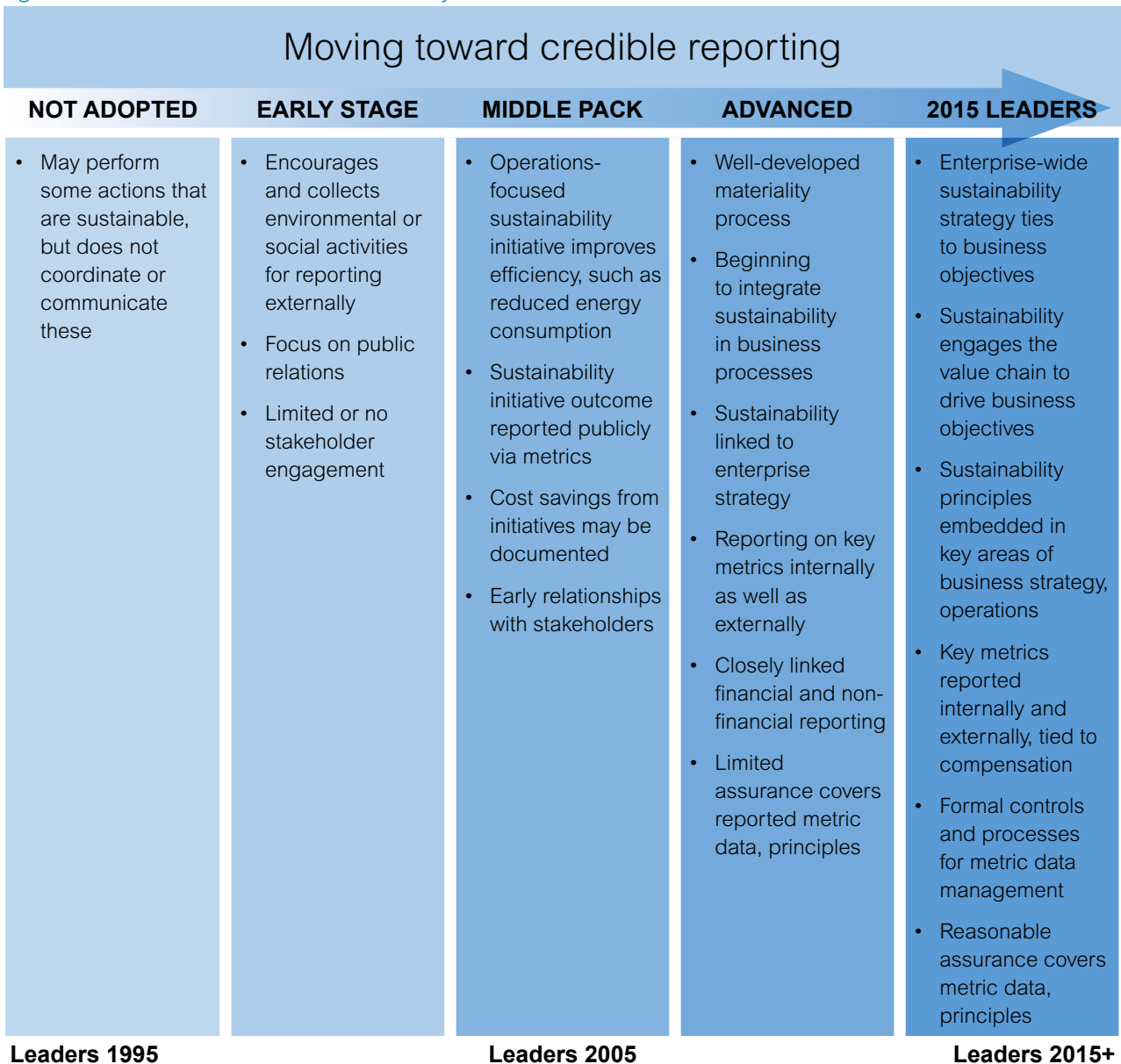
This varied and complex landscape of reporting frameworks and methods has given rise to confusion about which is the preferable framework or approach and many large organisations are currently using multiple systems or frameworks for different audiences or regulatory environments.

Figure 4 illustrates the importance of sustainability reporting in sustainability leadership by an organisation. In general, co-operatives have not embraced sustainability reporting to the same extent as investor-owned companies. An analysis of the extent of sustainability reporting in the largest 300 co-operatives found that the total increased from one report in 2001 to 22 reports in 2010 but dropped drastically in the last two years. Of those co-operatives that issued a sustainability report only 5% commissioned external assurance to validate the results.⁸ In contrast, the Global Reporting Initiative (GRI) sustainability reporting framework has been adopted extensively by conventional business with 82% of the top 250 companies of the Fortune 500 Index reporting and 71% of National 100, the top 100 companies in 16 countries where KPMG operates reporting.⁹ A study of European banks also found that a low percentage of co-operative banks prepared sustainability reports but those that were published were of a high quality.¹⁰ In some cases co-operatives have helped lead the development of sustainability frameworks or standards, for example, the Co-operative Bank in the UK was the first organisation to use AccountAbility AA1000 and Vancity has helped pioneer

‘integrated reporting’. Additionally, many of the members of the Global Alliance for Banking on Values are co-operative banks or credit unions.

Co-operatives have also developed unique approaches to sustainability reporting. Co-operatives UK prepared a set of [financial and non-financial indicators](#) specifically applicable to co-operatives while drawing on the principles and foundations of GRI. These indicators help ensure and demonstrate a co-operative is living up to its Values and Principles and demonstrate the benefits of co-operatives. Similar initiatives include the [Co-operative Sustainability Scorecard](#), the [Local Footprint](#), [AdValua](#) (which incorporate social enterprise considerations into the GRI framework), and others; however, none have gained widespread uptake. Additionally, initiatives such as the Global Green Pact under the auspices of Co-operatives of the Americas (the Alliance Regional Office for the Americas), contain commitments to reporting on environmental

Figure 4: What it takes to be a sustainability leader in 2015



Source: Adapted from Ernst and Young

impacts but do not specify a particular framework or have standardized metrics to be applied.

In the mainstream business world, there are three different aspects that organisations use to advance their efforts on sustainability: management system, reporting framework system uses the systematic approach of: plan, do, check, and act, after which the cycle begins once again. Sustainability reporting frameworks need to be integrated into the strategic planning process and therefore a part of the plan stage. They also fit within the check stage of the management system and provide guidance on identifying what should be tracked and how it should be tracked. Second, when formalized, this guidance on the implementation and assessment of indicators, metrics and reporting mechanisms is underpinned by a sustainability framework. Third, certification systems provide a stamp of approval once a certain level of performance is achieved and different certification systems apply to different industries or sectors, or different aspects of an organisation. Leading organisations are using all three of these approaches in combination to advance their sustainability efforts.

Figure 5: Different aspects of sustainability management

	Management system	Reporting framework and guidance	Certification system
Purpose	Support continuous improvement	Ensure transparency of impacts	Achieve a standard of performance
Approach	Policies	Indicators	Credits
Performance standards	None	Determined by applicant organisation against indicators	Established by certifying body
Recognition	Certification of process	Certification not necessary	Certification of performance level (silver, gold, platinum, etc.)
Flexibility of application	Broad-based	Broad-based	Applies to specific sectors or industries
External validation	Of policies and processes	Of transparency	Of performance
Examples	International Standards Organisation 14001	GRI	Leadership in Energy and Environmental Design, Forest Stewardship Council, Marine Stewardship Council
Applicable to co-operatives	Yes	Yes	Yes

5. The process of developing a sustainability framework

The process of designing, preparing, and implementing a sustainability report is a significant task that requires dedicated staff time as well as the engagement of staff throughout the co-operative. A meaningful process will involve the evaluation of different frameworks, involvement of stakeholders and careful data collection and analysis. The dominant sustainability reporting framework, GRI, has listed the key principles (which are analogous to financial auditing principles) that underlie an effort to report on sustainability performance (Figure 6).

Figure 6: Principles guiding GRI sustainability reporting

Principle	Outcome
Stakeholder inclusiveness	The co-operative should identify its stakeholders and explain how it has responded to their reasonable expectations and interests
Sustainability context	The report should present the co-operative's performance in the wider context of sustainability
Materiality	The report should reflect the organisation's significant economic, environmental and social impacts that can substantively influence the decisions of stakeholders
Completeness	The report should include coverage of material aspects sufficient to reflect significant economic, social, and environmental impacts and to enable stakeholders to assess the organisation's performance
Balance	The report should reflect positive and negative aspects of the co-operative's performance to enable a reasoned assessment of the overall performance
Comparability	The co-operative should select, compile, and report on information consistently that enables an analysis of performance over time
Accuracy	The reported information is sufficiently accurate and detailed for shareholders to assess the organisation's performance
Timeliness	The co-operative should report on a regular schedule so that information is available in time for stakeholders to make relevant decisions
Reliability	The co-operative should gather, record, compile, analyse, and disclose information and processes used in the preparation of a report in a way that they can be subject to examination and that establishes the quality and materiality of the information

The following steps outline a step-by-step process to develop and implement a sustainability reporting process and further how to integrate that process into the governance and operations of a co-operative. The steps are generic by design, as the process for each co-operative will vary according to its structure and the sectors in which it is engaged.

Step 1: Establish a steering committee: Sustainability is a cross-cutting theme that touches on every aspect of a co-operative, from finance to maintenance, from investments to sales, and beyond. A steering committee with a diverse set of representatives from the co-operative and the broader community will help to ensure an integrated approach. It needs to be embraced into the strategic planning of all departments and personnel.

Step 2: Identify stakeholders: A stakeholder, broadly defined, is anyone whose life is impacted by the existence of the co-operative. Stakeholders can include staff, members, board, interested community members, representatives of other organisations that work closely with the co-operative, academics or others with specialised and relevant expertise, and others. Some organisations also identify future members. Those with an ecological bent will also identify other species as stakeholders.

Step 3: Identify material issues: A key focus of sustainability reporting is to address the issues that are relevant to stakeholders, what are the issues that most significantly impact stakeholders, what are the issues that are of greatest interest to stakeholders. The co-operative can invite stakeholders to a focus group or to participate in a survey as ways to identify which issues are material.

Step 4: Review existing frameworks: Following the identification of stakeholders and the issues most relevant to the stakeholders, the co-operative can work with the steering committee to identify the sustainability framework that is most appropriate to their particular circumstances. Criteria for selecting a framework include:

- Relevance to the industry or sector
- Relevance to the co-operative
- Relevance of the indicators
- Relevance to the SDGs
- Cost of use
- Ease of use
- Requirements and process for verification

In addition to selecting an existing framework, another option is to develop a custom reporting framework, an approach which can be useful for a co-operative in a unique niche or a co-operative that is seeking to manage and report on indicators that are not addressed by other frameworks.

Step 5: Propose a framework: Following its analysis of frameworks, the co-operative can identify its preferred option, either to apply an existing framework, or to develop a customised or unique framework. Ensuring buy-in from the steering committee and board is critical for the implementation of the process.

Step 6: Identify indicators: Once a framework has been identified, the next step is to review the indicators contained within the framework and to confirm

that they are appropriate and meaningful for the co-operative. For example, a number of the indicators listed under GRI may not be relevant for the co-operative: this is an opportunity to confirm which indicators will be tracked over time. Other factors that influence the selection of indicators may include overlap with the UN Sustainable Development Goals, the Co-operative Principles, and the availability of or opportunity to collect data on the indicators. In addition to identifying the indicators, the metric for reporting on the indicators will be specified. If an existing framework is being employed, this may be already described, for example, the data will be measured on a per employee or per member basis, or according to a percentage, or as a total quantity. However, if the indicators are custom, the metrics will need to be clarified.

Step 7: Collect data: The co-operative can establish a data collection protocol indicating the sources of the data, the format of the data, the frequency of data collection, and the responsibility for maintaining the data. A consistent approach to data collection ensures comparability over time so that trends become apparent, and benchmarking and forecasting are options.

Step 8: Reflect on the results: Working with the steering committee, the co-operative can reflect on its performance against the indicators. Which are areas of strength and which are areas that merit improvement? Are there specific reasons or factors that influenced the performance against specific indicators? A discussion should be prepared for each indicator providing context and insight into the performance.

Step 9: Prepare a report: The report is a visually compelling synopsis of the results, providing the overall picture of the contribution of a co-operative to sustainable development. Sustainability reports have traditionally been a printed document; however, increasingly reports use online interactive platforms. The report will include recommendations based on observations that arose during the reporting process, including mechanisms to improve the reporting process and strategies to improve the co-operative's performance.

Step 10: Validate the results: There are various mechanisms that the co-operative can use to provide an additional level of assurance to its stakeholders. At a minimum the co-operative can conduct a third party internal review of the results, ensuring that errors and data gaps are identified. As a best practice, the co-operative can contract a qualified third party to audit the results in the same way that an auditor evaluates financial statements.

Step 11: Identify targets for the indicators: The indicators can provide a baseline for strategic or business planning for the co-operative. Targets can be established for a subset or for all the indicators.

Step 12: Develop a strategy: An annual or biennial strategy outlines the steps that the co-operative will undertake to advance its sustainability efforts and how those efforts will be reported on in subsequent years. After being approved by management and the board, this strategy is reported to stakeholders and members so that they are aware of how the co-operative is responding to the results of the sustainability report.

A new reporting cycle begins in the subsequent year with the first task being to evaluate the scope of the previous assessment to see if it needs to evolve or not. Then the process of data collection begins again.

Figure 7 describes a number of challenges that [Ernst and Young](#) have identified in their work on sustainability reports with companies.

Figure 7: Common pitfalls of sustainability reporting¹¹

Common pitfalls	Suggested approach
Reliance on one individual	Establish segregation of duties, document processes and controls; establish data retention protocol
No documented processes or controls	Document data collection processes
Making commitments without clearly defining how they will be measured	Follow SMART framework (Strategic, Measurable, Achievable, Realistic, and Time-bound) for goal-setting
Deficiencies in the internal control environment	Leverage internal audit to review control process
Data errors	Leverage internal audit to conduct review of data accuracy and completeness
Misrepresentation of information in the report	Conduct third party assurance
Inaccurate estimation methodologies applied	Follow generally accepted methods for estimations
Lack of baseline	Where applicable, measure baseline performance to inform progress over time
Use of jargon	Use terms that are clear and concrete
Unclear boundaries	Define reporting boundary
Undisclosed uncertainties in data	Establish and document data uncertainties and basis for uncertainty level

Source: Ernest and Young, Trends in Sustainability Reporting

6. Sustainability Frameworks

This section provides an overview of many of the frameworks that can be used by co-operatives. Information is provided on how a co-operative could use the framework, if co-operatives have previously used the framework (to the best of our knowledge), and an assessment of the external costs of accessing the framework. Note that in each case there will also be internal costs to the co-operative in terms of collecting and compiling data and reporting; these are not assessed.

This Guidebook does not recommend one particular framework over another in recognition that co-operatives exist in a variety of circumstances and sectors for which one particular framework may not always be complete and appropriate. A number of co-operatives have developed frameworks specifically for themselves. This approach may be appropriate, if informed by best practice from the frameworks below, particularly given that there is no framework that is specific to co-operatives.

AccountAbility

Status: Used by few co-operatives

External cost: Framework can be used without cost. Third party assurance costs vary.

Notes: Useful for co-operatives that aim to provide third party verification of their stakeholder engagement.

Website: <http://www.accountability.org/>

Description: AccountAbility is an international standard designed to support organizations in acknowledging, assuming responsibility for, and being transparent about the impacts of policies, decisions, actions, products, and associated performance – in other words about the process of engaging stakeholders. AA1000 AccountAbility principles aim to:

- Establish a strategy based on a comprehensive and balanced understanding of and response to material issues and stakeholder issues and concerns;
- Establish goals and standards against which the strategy and performance can be managed and judged; and
- Disclose credible information about strategy, goals, standards, and performance to those who base their actions and decisions on this information.

Figure 8: Accountability AA1000 Principles

AA1000 Principle	Description
Inclusivity	The participation of stakeholders in developing and achieving an accountable and strategic response to sustainability. Inclusivity requires the consideration of 'voiceless' stakeholders including future generations and the environment.
Materiality	Determining the relevance and significance of an issue to an organization and its stakeholders
Responsiveness	How an organization demonstrates that it responds to and is accountable to its stakeholders

B-Corporation

Status: Used by few co-operatives

External cost: Becoming an official- B-Corp starts at \$500 and increases according to the size of business

Notes: Useful certification program to identify as a progressive business. Can also track performance using the B-Impact Assessment, which can form the basis of a sustainability report and can be used to benchmark performance against other businesses, including non-co-operatives. Appropriate for businesses of all sizes and can be completed in a few hours.

Website: <https://www.bcorporation.net/>

Description: B-corporation is a benefit corporation: a for-profit corporate entity that is legislated in certain states in the USA that legally includes a positive impact on the environment and society in its mandate (as well as making profit) enabling their boards to consider additional factors beyond maximising profit. B-Corporations need to complete a B-Impact Assessment as one step to evaluate social, environmental, and financial performance. There are currently 1,200 companies in 38 countries that have become B-Corporations.

Carbon Disclosure Project (CDP)

Status: Used by few co-operatives

External cost: US\$1,000

Notes: Co-operatives can voluntarily report on their impacts on forests, water, and/or climate change. The questionnaires are useful frameworks to consider the level of effort within the co-operative.

Website: <https://www.cdp.net/en-US/Pages/HomePage.aspx>

Description: CDP requests information on greenhouse gas emissions, energy use, and the risks and opportunities from climate change from thousands of the world's largest companies on behalf of major institutional investors with over \$92 trillion in investments. This information is then made available to investors to help inform their decisions. A sub-organisation, the Climate Disclosure Standards Board seeks to embed climate change related information into mainstream financial reporting by developing new frameworks.

Dow Jones Sustainability Index (DJSI)

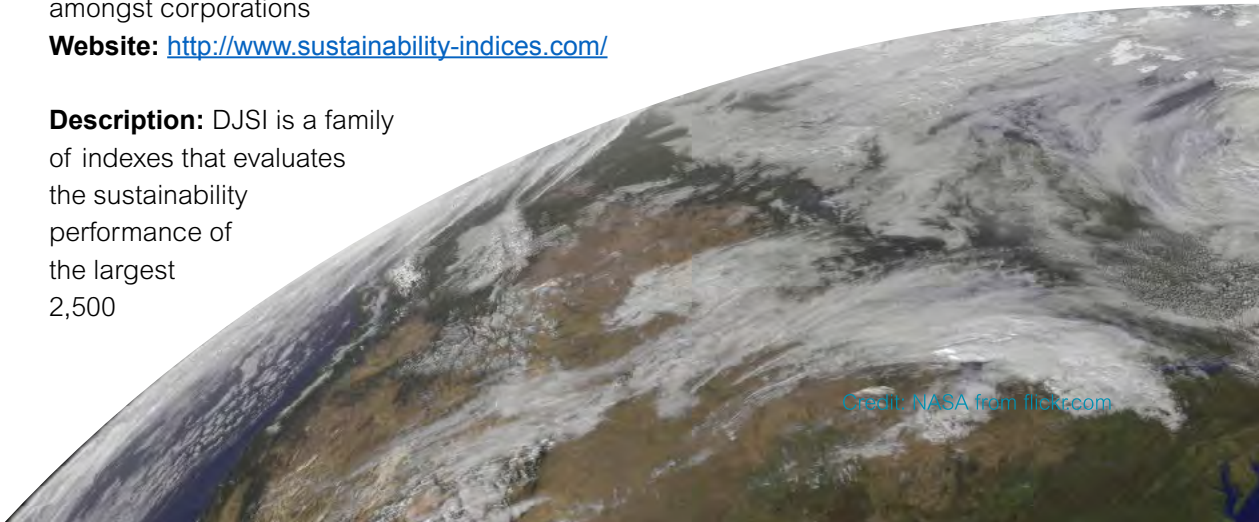
Status: Available formally only to publicly traded companies

External cost: Corporate Assessment Framework is freely available

Notes: The survey is useful as an exercise for considering best practice amongst corporations

Website: <http://www.sustainability-indices.com/>

Description: DJSI is a family of indexes that evaluates the sustainability performance of the largest 2,500



companies on the Dow Jones Global Total Stock Market Index. DJSI uses an analysis of corporate economic, environmental, and social performance to evaluate companies. Companies that do not operate in a sustainable and ethical manner are removed from the index. The DJSI relies – to a large degree – on self-reported information from companies but is considered rigorous.

The Earth Charter

Status: No identified use by a co-operative

External cost: Framework can be used without cost

Notes: Useful values and principles a co-operative can adopt to enhance Principle 7 and then evaluate its performance against these values and principles.

Website: <http://earthcharter.org/>

Description: While not explicitly a sustainability framework, the Earth Charter is a set of values and principles on how to build a just and sustainable global society – an ethical blueprint. Some organizations are using the Earth Charter as a framework for assessing their performance; however, it is global and high level in its focus.

Global Alliance for Banking on Values (GABV)

Status: Used by financial co-operatives

External cost: The scorecard is available to members and cost of membership varies according to the size of the co-operative

Notes: Useful for financial co-operatives to track their efforts on sustainability

Website: <http://www.gabv.org/>

Description: The GABV is an independent network of banks and banking co-operatives with a shared vision to use finance to deliver sustainable economic, social, and environmental development. Members commit to the Principles of Sustainable Banking and must meet six criteria on leadership on sustainability. GABV has developed a scorecard against which banks can measure their performance.

Global Reporting Initiative (GRI)

Status: Standard; most commonly used by large co-operatives

External cost: GRI framework and Indicators can be used without cost

Use case: Useful for large co-operatives to compare performance against non-co-operatives. Useful set of indicators for reporting performance to members and the community at large.

Website: <https://www.globalreporting.org/Pages/default.aspx>

Description: GRI is designed as a full sustainability framework incorporating social,

economic, and environmental dimensions. GRI issues sector specific supplements for different sectors such as the public sector and others. GRI is currently the dominant sustainability framework with thousands of companies as users. GRI's Guidelines include Reporting Principles, Standard Disclosures, and an Implementation Manual for the preparation of sustainability reports by organizations (regardless of their size, sector, or location). The Guidelines are developed through a global multi-stakeholder process involving representatives from business, labor, civil society, and financial markets, as well as auditors and experts in various fields.

International Integrated Reporting Framework (IIRC)

Status: Used by few co-operatives

External cost: Framework can be used without cost

Notes: Useful to provide a structure for an integrated report but is high level

Website: <http://integratedreporting.org/>

Description: The IIRC is a joint initiative by organizations supporting sustainability reporting (including the GRI) and has developed a framework for reporting financial, environmental, social, and governance information in an integrated format. Typically, sustainability reports have been prepared by separate departments in a standalone format and IIRC seeks to bring the financials and non-financials more closely together.

ISO 26000

Status: No identified use by a co-operative

External cost: CHF 198 to purchase the standard package

Notes: Provides general guidance appropriate for co-operatives of all sizes on incorporating social responsibility into the co-operative

Website: <http://www.iso.org/iso/home/standards/iso26000.htm>

Description: ISO 26000 is a guideline that provides direction on concepts, terms and definitions; principles and practices on social responsibility; best practices for integrating, implementing and promoting socially responsible behaviour throughout organizations; identifying and engaging with stakeholders; and communicating commitments and performance related to social responsibility.

Sustainability Accounting Standards Board (SASB)

Status: No identified use by a co-operative

External cost: Standards are freely available

Notes: Useful framework of prescribed metrics that are specific to each industry type, so that they can be incorporated into financial reports. SASB is narrower in scope than GRI. SASB will enable direct comparison of performance within a sector.

Website: <http://www.sasb.org/>

Description: SASB is a framework for accounting that is aiming to provide investors with a standard and complete view of material financial and sustainability information in the same format that financial information is currently provided. The information will enable investors to compare peer performance and benchmarking of public equity companies on a sector-by-sector basis for the USA.

Comparison of Frameworks

There is considerable confusion on the purposes and use of different frameworks; Figure 9 highlights the differences and similarities.

Figure 9: Comparison of frameworks

	Type of Guidance	Scale	Scope	Target disclosure	Target reporters	Target audience	Type of organisation
AccountAbility	Guidance on assurance	International	General	Voluntary	Public and private companies, governments	Auditors and accountants	Non-profit
B-Corporation	Certification	Primarily US	Broad	Voluntary	Progressive businesses	Stakeholders, customers	Non-profit
Carbon Disclosure Project	Guidance	International	Climate	Voluntary report	Companies, governments, cities	Investors	Non-profit
Dow Jones Sustainability Index	Rating	International	2,500 traded companies	Voluntary	Publicly traded companies	Investors	Business
Earth Charter	High level guidance	International	General	Voluntary	Public and private companies	Broader community	Non-profit
GABV	Guidance	International	Financial Institutions	Voluntary	Progressive financial institutions	Management and Board	Non-profit
GRI	Guidance	International	General	Voluntary	Public and private companies	Stakeholders	NGO
IIRC	Framework	International	General	Voluntary report	Public companies	Investors	NGO
ISO 26000	Guidance	International	Social responsibility	Voluntary	Public and private companies, hospitals, charities, schools	Stakeholders (employees, local communities, investors, customers)	Non-profit
SASB	Standards	United States	Industry specific	Mandatory	Public companies traded on US exchanges	Investors	Charitable

7. Indicators for the Co-operative Principles and SDGs

Indicators are at the heart of most sustainability reporting frameworks. In addition to whichever framework is selected above, it is recommended that a co-operative adopt a series of indicators that specifically address the Co-operative Principles and the Sustainable Development Goals. A good indicator captures a broader trend, is unambiguous, is based on available data, and can be readily tracked over time. Examples of the types of indicators that can be used are described for both the Principles and the SDGs below.

The Co-operative Principles

The Alliance Sustainability Scan demonstrates that there is a theoretical relationship between the Co-operative Principles and the social, economic, and environmental dimensions of sustainability. In particular, the relationship between the Co-operative Principles and the social dimensions of sustainability are particularly strong.

The frameworks described above, because of their broad focus, do not address the Co-operative Principles. Developing a series of indicators that track each of the Co-

Figure 10: Sample indicators for the co-operative principles

Co-operative Principle	Sample indicators
1. Voluntary and Open Membership	<ul style="list-style-type: none"> • Number of members • Diversity (age, sex, race, ethnicity, educational background, etc.) of members • Diversity of the board
2. Democratic Member Control	<ul style="list-style-type: none"> • Percent of members that voted in the board election • Number of resolutions put forward by members
3. Member Economic Participation	<ul style="list-style-type: none"> • Percent of capital provided by members • Percent of total capital that is indivisible • Indicator of member loyalty
4. Autonomy and Independence	<ul style="list-style-type: none"> • Percent of assets owned by outside investors
5. Education, Training and Information	<ul style="list-style-type: none"> • Percent of revenues expended on education, training and information • Number of participants by category (members, public, youth, directors) in programs run by the co-operative
6. Co-operation among Co-operatives	<ul style="list-style-type: none"> • Percent of revenues and expenses associated with other co-operatives
7. Concern for Community	<ul style="list-style-type: none"> • GHG emissions per member • % of revenue allocated for community-based organisations • Weight of food donated to community food banks • Number of community organizations supported

operative Principles would serve as a strong proxy for performance against the social dimensions of sustainability, while simultaneously reporting on the organisation's efforts on the Co-operative Principles (see Figure 10). Reporting on such indicators is an important differentiator with other forms of business, which – because of their structure – are limited in their ability to address issues such as democracy, equality, and solidarity. The Alliance [Guidance Notes on the Co-operative Principles](#) and the Alliance report, [Co-operative Governance Fit to Build Resilience in the Face of Complexity](#), both provide insight on issues and approaches that could be incorporated into indicators.

The Sustainable Development Goals

The Sustainable Development Goals represent consensus on a global development agenda, which highlights and addresses the world's economic, social, and environmental challenges. While the SDGs represent an agreement amongst UN member states, the UN is relying on the involvement of the private sector for implementation. The UN Global Compact, the World Business Council on Sustainable Development, and GRI have partnered to produce the [SDG Compass](#), a guide for business action. The Compass describes a logic model that can be used to integrate the SDGs into the fabric of a business using standard government and management processes such as key performance indicators, priority and goal setting, and reporting. The Compass also includes a database that matches indicators from GRI, the International Labour Organisation (ILO), and others with the SDGs to illustrate the overlap.

The SDGs provide a high-level framework against which governments and other actors will track progress going forward. Translating these goals into specific performance indicators at the level of a co-operative is not overly complicated, and the indicators in GRI address most aspects of the SDGs.

Figure 11 illustrates an example of how a housing co-operative can identify how it contributes to the SDGs and then develop indicators that represent those contributions. Note that in some cases, one indicator addresses several of the SDGs.



Figure 11: Sample review of SDGs for a housing co-operative

UN Sustainable Development Goals	Focus by Housing Co-operative	Sample Indicators
1. End poverty in all its forms everywhere	<ul style="list-style-type: none"> Housing co-operative seeks to provide adequate and affordable housing 	<ul style="list-style-type: none"> Number of people for which housing is provided Average income of inhabitants of the housing
2. End hunger, achieve food security and improved nutrition, and promote sustainable agriculture	<ul style="list-style-type: none"> Housing co-operative seeks to support urban and organic agriculture in the context of its housing projects 	<ul style="list-style-type: none"> Number of families using urban agriculture sites Number of hectares of urban agriculture
3. Ensure healthy lives and promote well-being for all at all ages	<ul style="list-style-type: none"> Housing co-operative seeks to support healthy homes through the use of non-toxic fuels for cooking Supports the HIV/AIDS programs of partners 	<ul style="list-style-type: none"> Number of households using non-toxic fuels for cooking
4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	<ul style="list-style-type: none"> N/A 	<ul style="list-style-type: none"> N/A
5. Achieve gender equality and empower all women and girls	<ul style="list-style-type: none"> Housing co-operative supports efforts that promote the leadership and needs of women and girls 	<ul style="list-style-type: none"> % and number of women on board of housing co-operative
6. Ensure availability and sustainable management of water and sanitation for all	<ul style="list-style-type: none"> Housing co-operative seeks to use rainwater and greywater collection and develop innovative wastewater treatment systems such as biogas digesters 	<ul style="list-style-type: none"> Number of houses using greywater collection
7. Ensure access to affordable, reliable, sustainable, and modern energy for all.	<ul style="list-style-type: none"> Housing co-operative seeks to use renewable energy, such as photovoltaics 	<ul style="list-style-type: none"> Number of kW of photovoltaics installed
8. Promote sustained inclusive, and sustainable economic growth; full and productive employment; and decent work for all	<ul style="list-style-type: none"> Housing co-operative seeks to provide meaningful employment during construction and maintenance and operations of housing co-operatives 	<ul style="list-style-type: none"> Number of jobs created by the housing co-operative
9. Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation	<ul style="list-style-type: none"> Housing co-operative seeks to provide resilient infrastructure including energy, roads, buildings, water, and wastewater 	<ul style="list-style-type: none"> Results of a survey on safety and well-being of housing co-operative members

UN Sustainable Development Goals	Focus by Housing Co-operative	Sample Indicators
10. Reduce inequality within and among countries	<ul style="list-style-type: none"> Reduce inequality within local community by providing affordable and accessible housing to minority communities 	<ul style="list-style-type: none"> Number of units available to low income households
11. Make cities and human settlements inclusive, safe, resilient, and sustainable	<ul style="list-style-type: none"> Housing co-operative seeks to help provide a sense of security for residents of housing co-operative 	<ul style="list-style-type: none"> Results of a survey on safety and well-being of housing co-operative members
12. Ensure sustainable consumption and production patterns	<ul style="list-style-type: none"> Housing co-operative seeks alternative fuels for cooking moving away from wood and charcoal in areas where there is deforestation 	<ul style="list-style-type: none"> Number of dwellings using natural plaster and building materials % of post-consumer products used
13. Take urgent action to combat climate change and its impacts	<ul style="list-style-type: none"> Housing co-operative seeks to use renewable energy and to adapt to the impacts of climate change 	<ul style="list-style-type: none"> Number of kW of photovoltaics installed
14. Conserve and sustainably use the oceans, seas, and marine resources for sustainable development	<ul style="list-style-type: none"> N/A 	<ul style="list-style-type: none"> N/A
15. Protect, restore, and promote sustainable use of terrestrial ecosystems; sustainably manage forests; combat desertification; and halt and reverse land degradation and halt biodiversity loss	<ul style="list-style-type: none"> Housing co-operative seeks to incorporate space for biodiversity in their projects and avoid using materials that are harmful 	<ul style="list-style-type: none"> Number of hectares set aside for green space
16. Promote peaceful and inclusive societies for sustainable development; provide access to justice for all; and build effective, accountable, and inclusive institutions at all levels	<ul style="list-style-type: none"> Housing co-operative seeks to help provide democratically-owned and open access housing and other types of co-operatives characterized by accountability and transparency 	<ul style="list-style-type: none"> Number of members of the housing co-operative Average investment in the co-operative by members
17. Strengthen the means of implementation and revitalize the global partnership for sustainable development	<ul style="list-style-type: none"> Housing co-operative seeks to work collaboratively with federations of housing co-operatives to strengthen the global capacity to provide healthy and sustainable human settlements 	<ul style="list-style-type: none"> Number of advocacy letters written to governments and other policy makers

8. Communicating a sustainability report

A sustainability report can be technical and difficult to read because of the diversity of themes that it addresses and its reliance on indicators and data. Figure 12 illustrates how some companies have been experimenting with different formats and media to illustrate their efforts.

Figure 12: Techniques for communicating a sustainability report

Technique	Print	Web
Visualisation	Data visualisation (see Mountain Equipment Co-operative)	Interactive visualisations
Story-telling	Using stories or narrative to illustrate highlights or challenges (see Ikea's 2015 report)	Videos and photo-journalism (see Vancity)
Innovation	Cartoon/graphic novel approach	Web-based productions (see Coca Cola or GM)

Co-operatives also need to consider how they present themselves in terms of sustainability. For example, do they produce an Annual Report that has sustainability indicators added to it or a separate Sustainability Report. Or do they have a seamless and integrated report. Additionally, co-operatives need to think about how to best use the knowledge and information they have gained about themselves from sustainability measurement in their communications strategies and social media platforms, as well as in marketing roll-outs and branding exercises. Co-operatives can also share their sustainability data with their federation (if they have one) and/or their apex organization(s) or sector organization(s) in order to support their advocacy or awareness-building work and to gain a clearer picture of the co-operative sector in terms of sustainability.



9. A process of evaluation

Following the completion of the first sustainability report, the co-operative can deliberate on what worked well and what needed improvement. Sustainability is a concept to which there is no one, singular answer. It requires a process of continuous learning or adaptive management. To support that analysis, the following questions can help guide that discussion:

Process:

- Was there support from co-operative owners and staff?
- Was the community engagement process effective?

Content:

- Are the indicators that were selected a good fit for the co-operative?
- Was the relevant data readily accessible?
- Did the steering committee find that the report addressed the issues they considered most important?

Response:

- Were the results of the report presented in an engaging way?
- Did the co-operative develop an action plan to address the results of the report?
- Did the report help inform the co-operative's strategy?
- Was there any meaningful feedback from the community on the results?
- Does the co-operative feel that the process generated value for the co-operative?

Following this review, recommendations can be prepared that will help improve the next year's sustainability reporting efforts.



10. Sample reports

Many co-operatives already produce sustainability reports, many of which are quite sophisticated. A comparison of some of these reports is produced below in Figure 13.

Figure 13: Examples of sustainability reports prepared by co-operatives

Annual report	Frameworks used	Addresses Co-operative Principles	Third party assurance
<u>Co-operative Group (UK)</u>	GRI	Indirectly	Yes
<u>Cooperators Insurance (Canada)</u>	GRI, UNEP Finance Initiative for Sustainable Insurance Annual Disclosure of Progress	Indirectly	No
<u>iCOOP (Korea)</u>	Custom framework	Directly	No
<u>Organic Valley (USA)</u>	Custom framework	Indirectly	No
<u>Unimed (Brazil)</u>	GRI, Sustainability Seal for individual co-operatives (custom framework), Millennium Development Goals, UN Global Compact	Directly (through Co-operative Governance)	
<u>Vancity (Canada)</u>	Accountability AA1000, International Integrated Reporting Council, GRI	Indirectly	Yes
<u>Seikatsu Club Consumers' Co-operative Union (Japan)</u>	Custom framework	Indirectly	No

11. Conclusion

Sustainability reporting, if done well, is an opportunity for co-operatives to better tell the story of what it means to be a co-operative and to focus on enhancing those areas of the co-operative that could be enhanced. Sustainability reporting consists of both inward reflection and meaningful sharing of performance to members and the broader community.

Sustainability reporting is not, however, a panacea. Some observers criticise the dominant framework, GRI, as perpetuating the status quo. As one paper notes, the GRI founders took “efforts to shape GRI as complementary to corporate and financial market needs. The strategic risk, of course, is that GRI would be co-opted and assimilated within these structures rather than transforming them. This does appear to be the emerging outcome”.¹² In a thought [piece on self-reflection](#), GRI recognised that while its efforts have resulted in increased transparency, change towards a sustainable economy is progressing slowly, as inequality grows and ecological systems are increasingly undermined. GRI identified four trends that would accelerate change, including:

- Reporting on the transition to a sustainable model, whether recognising ecological limits, the circular economy, or another such paradigm
- Reporting on the contribution of the enterprise to the UN Sustainable Development Goals
- Reporting with a focus on investors’ interests, given the leverage that investors are able to and could potentially exert
- Reporting on the valuation of externalities

Co-operatives are well positioned to address the first two trends. Firstly, co-operatives are neither primarily nor solely oriented towards economic growth. Secondly, given the unique attributes that arise from the Co-operative Principles, co-operatives have an opportunity to demonstrate a way of doing business that is fully compatible with sustainable development – this is a unique value proposition that is intrinsic to the co-operative business model.

Considerable effort has been invested in developing the various standards and frameworks described above but this effort has been invested in the context of private and investor-owned corporations, and not with respect to the unique characteristics of co-operatives. This leaves individual co-operatives with a dilemma.

One option is to adapt an existing framework to ensure comparability and tweak it at the edges to reflect the co-operative nature of the enterprise. The risk with this approach is the Co-operative Principles – which are a profound offering to the process of sustainable development – are side-lined in reporting and thus management. The second option is to develop a specific framework for co-operatives that reflects the co-operative way of doing business. This approach involves considerable work by the co-operative movement as a whole, firstly developing a legitimate and broadly applicable framework, and secondly convincing a sufficient number of organisations to apply that framework for it to garner broader acceptance. This dilemma will not be resolved in this Guidebook, and in the meantime co-operatives are reliant on using, customising existing standards of, and/or sharing ‘co-operative-tweaked’ frameworks.

The Co-operative Values and Principles codify a particular concept of community wealth and prosperity – one that has recognized economic, social, and environmental criteria in symbiosis long before the coining of the “triple-bottom-line.” It is a story that needs to be told and sustainability reporting for and by co-operatives can contribute to telling that story.

Endnotes

- 1 See the statement from the United Nations, UN hails cooperatives as vehicle to make sustainable development a reality for all, here: <http://www.un.org/apps/news/story.asp?NewsID=51339#.Vr6ECpMrJhE>
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**International
Co-operative
Alliance**

International Co-operative Alliance

Avenue Milcamps 105
1030 Brussels - Belgium

Tel: +32 2 743 10 30

Fax: +32 2 743 10 39

ica@ica.coop

www.ica.coop