CIBP

SPRINT

CO-CREATING VALUABLE
CONTENT AND INSIGHTS
FOR OUR MEMBERS

Cooperative Banks as Catalysts of ESG Agenda

Index

SPRINT: Providing meaningful and collaborative food for thought on innovation within the CIBP community

Taking on this challenge, the CIBP team designed a solution: SPRINT

The SPRINT is an opportunity to connect and engage specialists and seniors in an international approach to innovation and technology. This is a collaboration of CIBP members to generate knowledge, tools, and experiences to be used by all members. Based on a methodology of innovation sprints, our focus is to produce relevant material from within the community to serve real challenges.

How does SPRINT work?

After selecting a theme of innovation and technology that has multiple implications in banking and financial services, in coop models or product trends, the SPRINT team will deep dive into the matter with data and cases, share some report drafts to encourage CIBP members to share their own experience and finally producing an insightful and practical report.

The success of a SPRINT lies in the engagement of our community. Reach out to the CIBP team for co-creating the next one.

Executive Summary

Cooperative banks have a unique opportunity to serve as catalysts of the ESG agenda, leveraging their values and mission to drive positive change in the world. This report provides a comprehensive overview of the evolution of ESG in these banks, as well as practical tips and best practices how they can prepare a sound ESG and sustainability strategy.

Some key takeaways from the report include:

- The importance of integrating ESG principles into all aspects of the bank's operations, including decision-making, product and service offerings, and stakeholder engagement.
- The need to embrace new technologies and business models that can help to drive sustainability and social impact.
- The value of engaging with stakeholders in an open and transparent manner, to understand and address their concerns and priorities.
- The importance of staying up-to-date on the latest trends and regulatory frameworks in the ESG landscape, to position the bank for success in the future.

All in all, the report offers a roadmap for cooperative banks as they seek to become leaders in the field of ESG and to make a positive impact in the world. We hope this reading makes you feel motivated to develop follow-up actions. Reach out to CIBP for more insights and connections, and to understand how we can support your initiatives.

Introduction

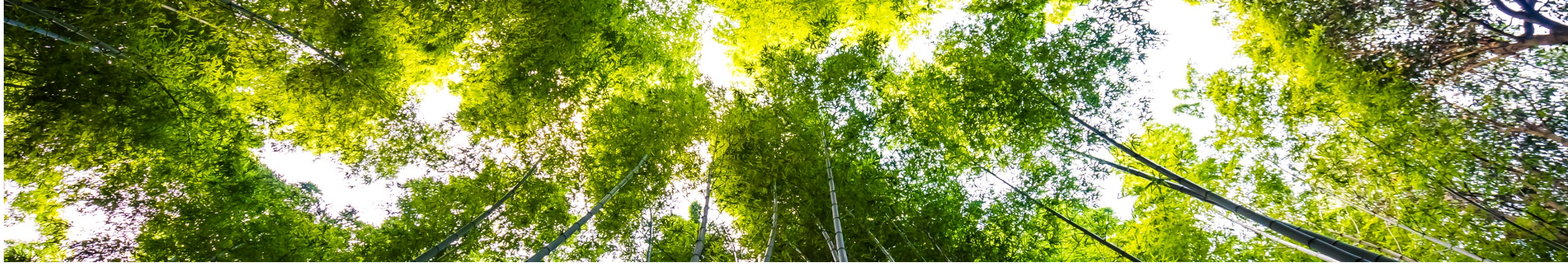
The concept of environmental, social, and governance (ESG) has gained increasing attention in the recent years, as businesses and financial institutions seek to understand and address the social and environmental impacts of their operations. This is particularly true for cooperative banks, which have a long history of prioritizing social and environmental values.

Over the past few decades, cooperative banks have made significant strides in integrating ESG principles into their operations and decision-making. However, there is still much work to be done to ensure that these banks are fully prepared to address the sustainability challenges of the 21st century.

This report aims to provide a comprehensive overview of the evolution of ESG in cooperative banks, and to offer insights and best practices for how these banks can prepare a sound ESG and sustainability strategy. We will also explore the future of ESG and consider the trends and challenges that will shape the way that these banks approach sustainability in the years ahead.

Overall, our goal is to provide a roadmap for cooperative banks as they seek to become leaders in the field of ESG.

We recommend that readers do first access the video and podcast versions of this SPRINT and then delve deeper into the topics discussed in this report. These multimedia resources offer a more comprehensive and interactive experience, with a wealth of additional information and insights on the evolution of ESG for CIBP members.



The Evolution of ESG in Cooperative Banks

The term "ESG" was first coined in the late 1980s to describe a set of non-financial factors that investors could consider when evaluating the sustainability of companies. Over time, the concept has evolved to encompass a broader range of issues related to environmental protection, social responsibility, and good governance.

While the term "ESG" is relatively new, the idea of considering the environmental and social impacts of business is not. In fact, the concept of sustainability encompasses environmental, social, and economic considerations.

Sustainability practices in cooperative banks have evolved significantly, reflecting a growing recognition of its importance. Some key trends in its evolution include:

1. **Increasing regulatory pressure**: Many countries have implemented regulations or guidelines that require financial institutions to disclose information about their ESG practices and performance. This has led to an increase in sustainability reporting and disclosure by cooperative banks.

2. **Growing customer demand**: Consumers are increasingly demanding products and services that are aligned with their values and priorities, including sustainability. As a result, cooperative banks have to respond by developing and promoting sustainable commodities.

3. **Increasing competition:** As more financial institutions adopt sustainability practices cooperative banks have had to compete to differentiate themselves and demonstrate their commitment to ESG goals.

4. **Emerging technologies**: The development of new technologies, such as renewable energy and digital finance, has created new opportunities for cooperative banks to integrate sustainability into their operations and product offerings.

As the focus on ESG and sustainability continues to grow, cooperative banks are well-positioned to lead the change. For decades, these banks have been catalysts of the ESG agenda, prioritizing long-term sustainability over short-term profits and being more responsive to the needs and values of their members.

Banque CPH, a cooperative bank in Belgium, is taking action to lead the way in ESG and sustainability. According to François-Xavier Carbonnelle, Treasury Front Office at Banque CPH, *"Banque CPH established the Green Asset Ratio Group, an internal working group of six senior executives led by the Chairman, Alain Declercq. The group's core objectives include developing ESG-oriented reporting, applying ESG ratios to investment analysis, and measuring the bank's carbon footprint."* By establishing this group and focusing on ESG reporting, Banque CPH is prioritizing long-term sustainability and demonstrating its commitment to reducing its carbon footprint and becoming carbon neutral.

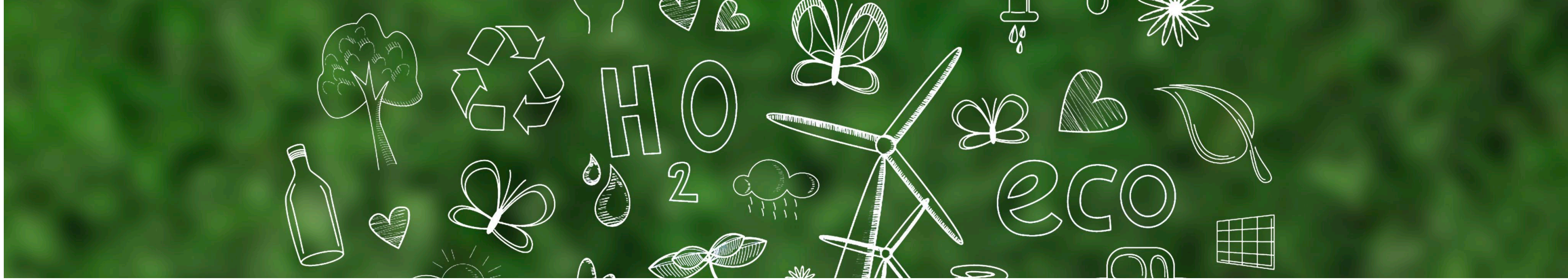
In practice, this means that cooperative banks prioritize ESG issues in their operations and decision-making processes and may be more likely to support businesses and projects that align with these principles.

This approach is reinforced by the words of Helene Cambou, CSR Responsible at FNBP (Fédération Nationale des Banques Populaires) in France, *"There are three pillars: territorial proximity, entrepreneurial culture, and cooperative and sustainable commitment. Each and every time we do something, make an offer, or have a relationship with a customer, we must have or respect this raison d'être and what we as Banque Populaire stand for."* In other words, ESG and sustainability are at the core of what cooperatives banks do, and they work to promote these values in their local communities through their lending and investment activities.

To a great degree, the evolution of sustainability practices in cooperative banks has been driven by a combination of regulatory pressure, customer demand, competition, and emerging technologies. As the importance of ESG issues continues to grow, it is likely that sustainability practices in cooperative banks will continue to evolve and become increasingly integrated into their operations and decision-making processes.

For that to happen, Tariq Noori, Head of Group Strategy & Sustainability at DZ BANK AG in Germany, emphasizes that *"The most important is change management."* It is crucial for the banks to not only stay up to date with ESG trends, but also effectively manage the changes that come with implementing ESG and sustainability practices.

To conclude this section, we will provide a list of specific technologies, startups, and countries that are relevant to our understanding of ESG issues. These references are intended to provide additional information and context for our readers and to highlight some of the innovative approaches and initiatives that are shaping the ESG landscape.



Technologies

Several emerging technologies have the potential to have a significant impact on ESG strategies. Some of the technologies having a particularly significant impact include:

1. **Renewable energy technologies**: Renewable energy technologies, such as solar panels and wind turbines, have the potential to significantly reduce greenhouse gas emissions and contribute to a more sustainable energy system.

2. **Electric vehicles**: Electric vehicles are becoming increasingly popular as a more sustainable alternative to traditional gasoline-powered vehicles. The widespread adoption of electric vehicles could have a significant impact on reducing air pollution and mitigating climate change.

3. **Digital technologies**: Digital technologies, such as cloud computing and the internet of things (IoT), can enable businesses to operate more efficiently and reduce their environmental footprint. For example, using cloud computing can reduce the need for physical servers, which can save energy and reduce waste.

4. **Circular economy technologies**: Technologies that support the circular economy, such as closed-loop supply chains and waste-to-energy systems, can help businesses reduce their environmental impacts by reducing waste and reusing resources.

Substantially, the technology that will have the greatest impact on ESG strategies will depend on the specific needs and priorities of the organization. By considering the environmental and social impacts of different technologies and how they align with their ESG goals, organizations can identify the technologies that are most likely to have a positive impact on their ESG strategy.

Startups

There are many startups that are focused on developing innovative technologies and business models that support environmental, social, and governance (ESG) goals. Some examples of startups that may be worth paying attention to in this field include:

1. **<u>Carbon Clean Solutions</u>**: Carbon Clean Solutions is a startup that has developed a technology capturing carbon dioxide (CO2) from power plant emissions and converting it into useful products, such as baking soda and other chemicals. This technology has the potential to significantly reduce greenhouse gas emissions and contribute to a more sustainable energy system.

2. **<u>Impossible Foods</u>**: Impossible Foods is a startup that originate a plant-based meat alternatives that are designed to taste and look like meat, but with a much smaller environmental footprint. The company's products have the potential to reduce the environmental impacts of the meat industry, which is a major contributor to greenhouse gas emissions and deforestation.

3. **<u>Wefox</u>**: Wefox is a startup that built an insurance platform that uses data analytics and machine learning to offer personalized insurance products to consumers. The company's technology has the potential to improve the efficiency of the insurance industry and reduce waste, while also providing more tailored and convenient insurance products to consumers.

4. **The Ocean Cleanup**: The Ocean Cleanup is a startup that is developing technologies to remove plastic pollution from the oceans. The company's technologies have the potential to significantly reduce the environmental impacts of plastic pollution and protect marine ecosystems.

5. **HELIO**: HELIO is a subsidiary of Marine Tech, a company with a great expertise in marine environment. The water produced by them is one of the most respectful and affordable in the world, and is the first 100% autonomous system that allows the natural transformation of all types of unclean water in pure water. Over its lifetime (30 years), HELIO avoids 200 tonnes of CO^2.

These are just a few examples of the many startups that are working to develop innovative technologies and business models that support ESG goals. By paying attention to startups in the field, it is possible to stay up to date on the latest developments in this area and identify opportunities to support and invest in sustainable technologies.

Countries

Some examples of countries that are generally considered to be ahead in policy making in this area include:

1. Sweden:

- Has implemented a number of initiatives to reduce greenhouse gas emissions, including the Swedish Climate Policy Framework, which sets targets for reducing emissions and increasing the use of renewable energy.
- The country has also established the Swedish Energy Agency, which is responsible for promoting sustainable energy and reducing greenhouse gas emissions.
- Sweden has executed several programs to promote sustainable transportation, including the Swedish Transport Administration, which works to promote sustainable transport and reduce greenhouse gas emissions.

2. Germany:

- Has carried out a number of policies to promote renewable energy, including feed-in tariffs[1] that provide financial incentives for the development of renewable energy projects.
- Germany has also established the Federal Ministry for the Environment, Nature Conservation, and Nuclear Safety, which is responsible for developing and implementing environmental policy.

[1] A feed-in tariff is a policy tool that encourages the development of new renewable energy infrastructure through financial incentives paid by the utilities directly to the power producer. Construction of renewable energy infrastructure requires high levels of capital investment up front.

- The country put into effect several programs aiming at promoting sustainable agriculture, including the National Action Plan for Sustainable Agriculture.

3. Costa Rica:

- Is known for its commitment to environmental protection and sustainable development. The country set a goal to become carbon neutral by 2021 and is a leader in renewable energy. While they did not achieve their target, they currently generate over 99% of their electricity from renewable sources.
- Costa Rica has executed several initiatives to protect its biodiversity, including the National Biodiversity Institute, which works to protect and conserve the country's rich biodiversity.
- The country has also implemented the Ministry of Environment and Energy, and that is responsible for coordinating efforts to address environmental and energy issues.

4. Chile:

- Has implemented several policies to promote renewable energy, including the National Renewable Energy Program, that sets targets for increasing the use of renewable energy.
- The country has also established the Ministry of Energy, which oversees the coordination of efforts to promote sustainable energy and reduce greenhouse gas emissions.
- Chile is also a world leader in sustainable mining, with several initiatives aimed at promoting responsible mining practices, including the Responsible Minerals Initiative and the Chilean Copper Commission.

5. Brazil:

- Has executed a number of initiatives to protect its rich biodiversity, including the Brazilian Institute of Environment and Renewable Natural Resources, and that is responsible for coordinating efforts to protect the country's biodiversity and manage its natural resources.
- The country has also established the Ministry of the Environment, that is responsible for coordinating efforts to address environmental issues and promote sustainable development.
- Brazil is a world leader in sustainable agriculture, with many initiatives designed for promoting sustainable agriculture practices, including the Brazilian Agricultural Research Corporation and the Brazilian Agricultural Policy Council.

All countries have room for improvement in this area. However, these countries are generally considered to be ahead in policy making regarding ESG, as well as leaders in their efforts to promote sustainability and responsible business practices.

How to Prepare a Sound ESG and Sustainability Strategy

Organizations can take a few steps to avoid pitfalls and to be better prepared to deliver their ESG and sustainability strategy. However, one of the crucial factors for success is the commitment of the management. As Monika Tögel, Head of Sustainability at Volksbanken-Verbund in Austria has stated, *“The most important thing is that management is convinced.”* If the management is not fully committed to the idea that ESG and sustainability are the future, the organization cannot successfully implement its ESG strategy. Moreover, to help ensure success, here are some key actions that organizations can take:

1. **Develop a clear and comprehensive ESG and sustainability strategy**: Cooperative banks should develop a clear and comprehensive ESG and sustainability strategy that outlines their goals and priorities in these areas. This strategy should be aligned with the cooperative principles and should consider the needs and values of the bank's members and the local community.

2. **Measure and report on ESG and sustainability performance**: Financial institutions should measure and report on their ESG and sustainability performance to demonstrate their commitment to these issues. This involves collecting and analyzing data

on the bank’s environmental and social impacts, and communicating this information to stakeholders through regular reporting.

3. **Engage with stakeholders:** Engage with members, employees, regulators, and the local community, to understand their priorities and concerns, and to ensure that the bank's ESG and sustainability strategy is aligned with these priorities.

4. **Train and educate employees**: Invest in training and education for their employees to ensure that they have the skills and knowledge needed to implement the bank's ESG and sustainability strategy effectively.

5. **Collaborate with other organizations**: Seek out opportunities to collaborate with other organizations, including other cooperatives, to share knowledge and resources, and to amplify their impact in the local community.

Eduardo Ciancio, Executive Director at Banco Credicoop Foundation in Argentina, provided a noteworthy example of stakeholder engagement. He stated that his bank participated in the implementation of the labeling law for the food sector by convening approximately 200 companies. Together, they presented projects to work on innovation programs for the improvement and sustainability of food additives, ingredients, and packaging. By engaging with stakeholders in collaborative innovation programs, organizations like Banco Credicoop

Foundation can build trust, foster partnerships, and create positive impact in the communities where they operate, aligning their ESG and sustainability strategies with the priorities and concerns of their members, employees, regulators, and the local community.

Cooperative banks, owned and controlled by their members, have a unique opportunity to align their operations and strategies with the values and communities. In today's complex and interconnected world, ESG and sustainability issues are becoming increasingly important for financial institutions, and cooperative banks are no exception.

To implement ESG, it is important to prioritize and choose areas to focus on first. As Monika Tögel, Head of Sustainability at Volksbanken-Verbund in Austria, has advised, "*Don't put emphasis on everything, so just start.*" Regarding their portfolio composition, they began with the real estate sector.

To be effective in addressing ESG and sustainability issues, we will suggest below a few different strategies that cooperative banks can use to deepen their ESG and sustainability efforts:

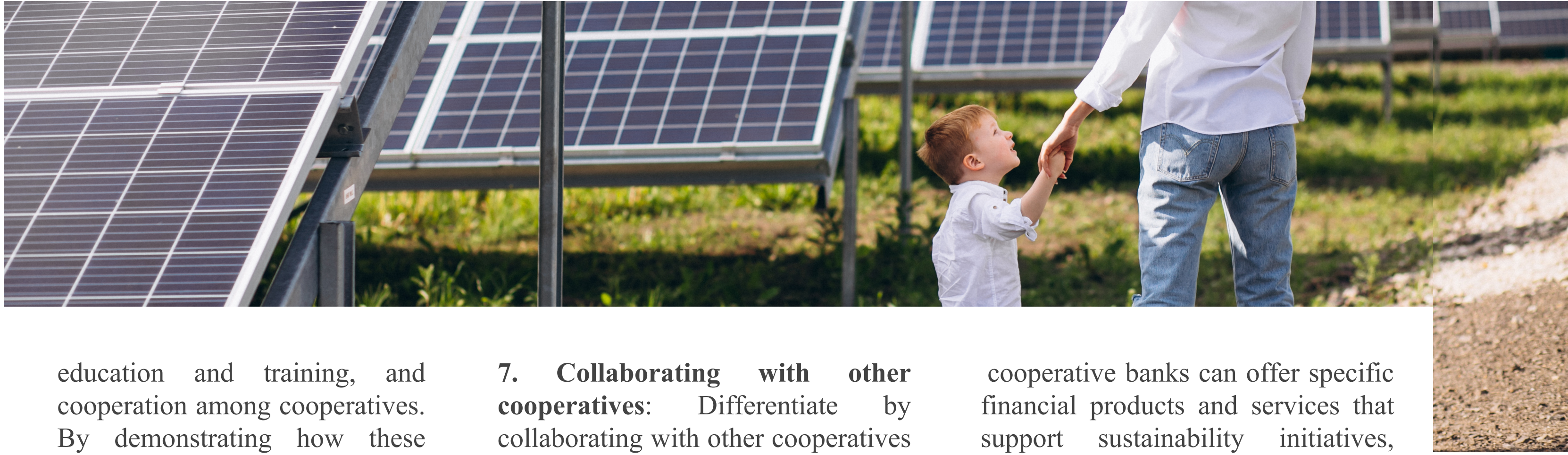
1. **Leverage the bank's unique position in the community**: Cooperative banks often have strong ties to their local communities and may be viewed as trusted and responsible institutions. By leveraging these relationships and demonstrating their commitment to ESG goals, cooperative banks can differentiate themselves from other financial institutions and enhance their reputation in the community.

2. **Focus on sustainable products and services**: Differentiate by offering products and services that are aligned with ESG goals, such as financing for renewable energy projects or sustainable agriculture. This can help the bank attract and retain customers who are seeking more sustainable financial options.

3. **Invest in sustainable infrastructure**: Improve its corporate and financial performance by investing in sustainable infrastructure, such as energy-efficient buildings and renewable energy systems. These investments can reduce the bank's operating costs and enhance its reputation as a responsible and sustainable institution.

4. **Partner with ESG-focused organizations**: Enhance cooperative banks ESG efforts and improve its corporate and financial performance by partnering with other organizations that are focused on ESG goals. For example, the bank could work with local non-profits or NGOs to support environmental or social initiatives in the community.

5. **Emphasizing the cooperative principles and integrating ESG goals into decision-making**: Cooperative banks can differentiate themselves by highlighting their commitment to the cooperative principles, which include democratic member control, member economic participation, autonomy and independence,



education and training, and cooperation among cooperatives. By demonstrating how these principles shape the bank's operations and decision-making, cooperative banks can differentiate themselves from other financial institutions.

6. **Promoting transparency:** Be more transparent about its operations and may be more open to sharing information about their financial performance, decision-making processes, and ESG efforts with their members and other stakeholders.

7. **Collaborating with other cooperatives**: Differentiate by collaborating with other cooperatives and mutual organizations to share knowledge and resources, and to amplify their impact in the local community.

Here we have just named some that leverage cooperative banks' unique characteristics positioning them as responsible and banks strategies that place a strong emphasis on ESG goals.

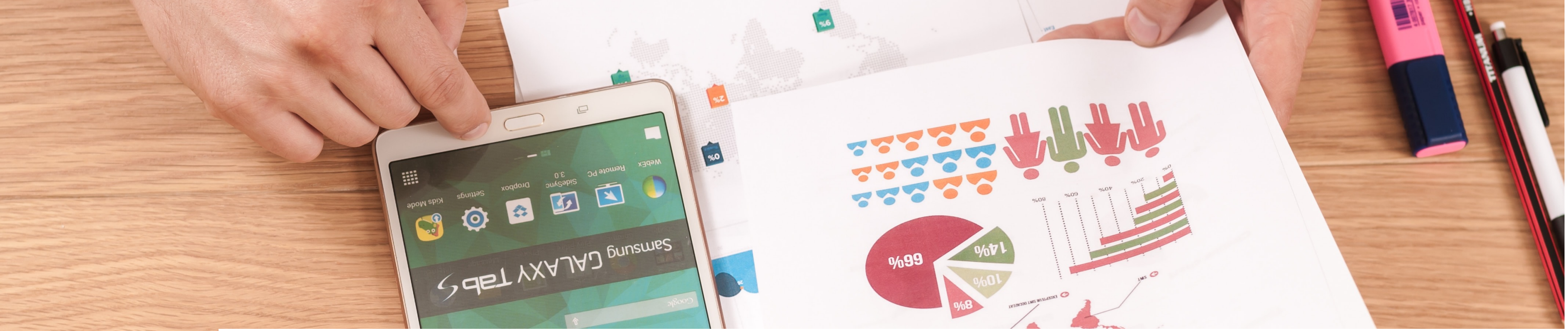
As Alejandro Schachter, Corporate Business Manager at Banco Credicoop in Argentina, points out, cooperative banks can offer specific financial products and services that support sustainability initiatives, such as short lines with preferential rates for companies that meet ESG criteria. Additionally, cooperative banks can use their resources to invest in projects that improve energy efficiency, reduce carbon emissions, and contribute to the fight against climate change.

Now that we have explored some of the key issues and challenges facing cooperative banks when it comes to ESG and sustainability, let's turn our attention to some specific metrics that these banks can

use to improve their performance in these areas. From measuring and reducing greenhouse gas emissions to supporting social and environmental projects in local communities, there are many ways how cooperative banks can make a positive impact.

In addition to these practices, it is important for cooperative banks to consider the regulatory landscape and the various certifications available to help them demonstrate their commitment to ESG and sustainability. From international standards like the Global Reporting Initiative (GRI) to industry-specific certifications like the B Corp certification, plenty of options are at hand to help cooperative banks communicate their sustainability performance to stakeholders.

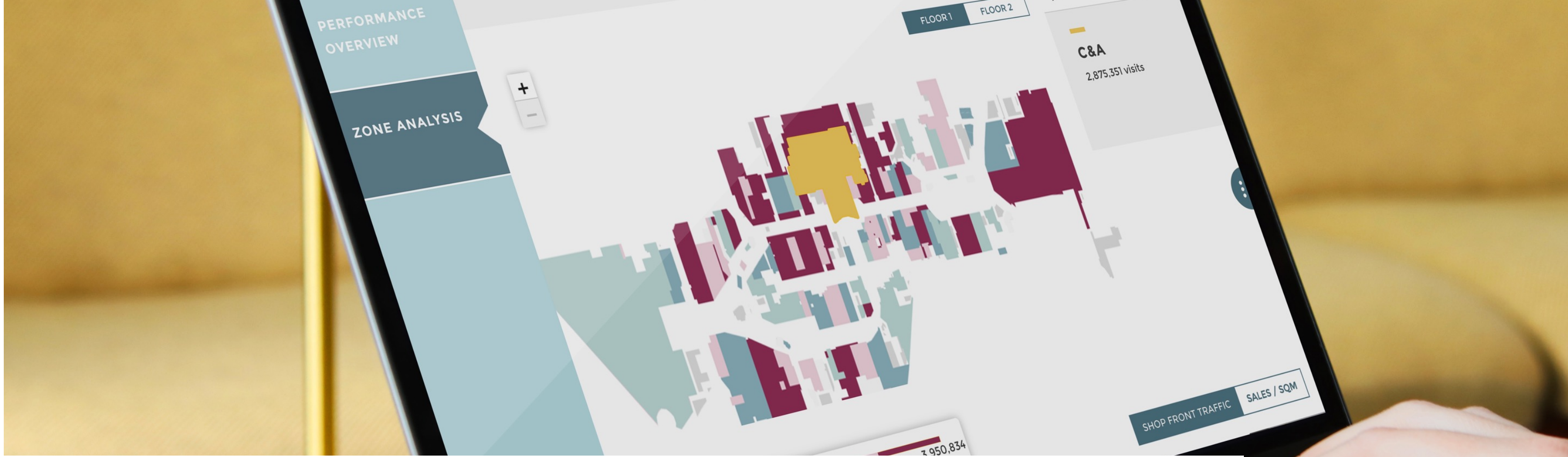
Below, we will provide some examples of ESG practices and metrics that cooperative banks can use, as well as a discussion of the regulatory landscape and available certifications.

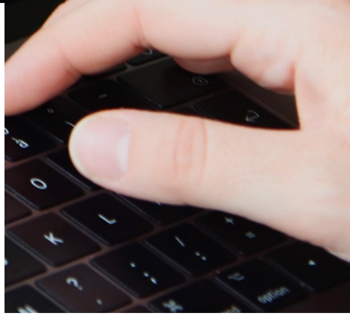


Costs and Return on Investment (ROI)

Calculating the costs and return on investment (ROI) of implementing an ESG strategy can be challenging, as it may involve a variety of direct and indirect costs and benefits that are difficult to quantify. Some factors to consider when calculating the costs and ROI of an ESG strategy include:

1. **Direct costs**: Tangible costs associated with implementing an ESG strategy, such as the cost of purchasing new equipment or implementing new processes. These costs should be clearly identified and tracked so that they can be accurately accounted for in the calculation of ROI.
2. **Indirect costs**: Intangible expenses linked to the execution of an ESG approach, such as the time and resources required to train employees or engage with stakeholders. These costs may be more difficult to quantify, but they should be considered in the calculation of ROI.
3. **Benefits**: The benefits of deploying an ESG strategy can be both financial and non-financial. Financial benefits may include cost savings or increased revenue, while non-financial benefits may include improved reputation or brand value.





To calculate the ROI of an ESG strategy, it is important to identify and quantify all the costs and benefits associated with the strategy and to use a consistent methodology to compare the costs and benefits over a specific period. This may involve creating financial models or using specialized tools and frameworks, such as the Global Reporting Initiative's (GRI) sustainability reporting guidelines.

On balance, calculating the costs and ROI of an ESG strategy can be complex, but it is an important aspect of managing and evaluating the sustainability performance of an organization. By clearly identifying and quantifying the costs and benefits of an ESG strategy, organizations can make informed decisions about how to allocate resources and measure the impact of their sustainability efforts.

Regulations

From climate change and environmental protection to social issues and corporate governance, there is a growing recognition of the need for regulatory frameworks in shaping the ESG landscape and driving the transition towards a more sustainable future.

As Marco Almada, President of Sicoob in Brazil and President of CIBP, highlights, *"What's new in the 21st century regarding this matter is the trend towards regulation, how to carry out the ESG agenda, how to be accountable."*

Moreover, Marco Almada notes that *"Many of the actions we took used to be spontaneous, they had an effect, but they didn't have this process of being catalogued, measured, described, and audited."* This highlights the importance of having a systematic and well-structured approach to ESG, which is supported by regulation.

To examine the role of regulation in shaping the ESG landscape, it is important to consider the various levels of regulation, including national, regional, and global regulations. These regulations can take many forms, including laws, directives, and voluntary initiatives.

1. **National regulations**: Many countries have implemented national regulations to promote ESG goals. For example, countries have laws and regulations that require

businesses to disclose information about their environmental and social impacts, or that set standards for the use of renewable energy or the management of waste.

2. **Regional regulations**: Some regions, such as the European Union, have implemented regional regulations to promote ESG goals. For example, the EU has adopted a range of regulations related to sustainability, including the EU Non-Financial Reporting Directive, which requires large companies to disclose information about their ESG performance.

3. **Global regulations**: Plenty global regulations are designed to promote ESG goals. For example, the United Nations Global Compact is a voluntary initiative that encourages businesses to adopt sustainable and responsible business practices. The Global Reporting Initiative (GRI) is a global organization that provides guidelines for companies to report on their ESG performance.

Basically, it is important for businesses and financial institutions to understand and comply with the various ESG regulatory frameworks that are in place at national, regional, and global levels. By doing so, they can demonstrate their commitment to ESG goals and responsible business practices.

Certifications

A wide range of sustainability and ESG certifications are available, and it can be challenging to determine which ones are worth pursuing. Some factors to consider when evaluating the value of a sustainability or ESG certification include:

1. **Relevance**: It is important to consider whether the certification is relevant to the organization's industry, operations, and sustainability goals. Some certifications may be more relevant to certain types of organizations or sectors than others.

2. **Credibility**: It is important to consider the credibility of the certification, including the reputation of the organization that issues the certification and the rigor of the certification process.

3. **Recognition**: It is worth considering whether the certification is widely recognized and accepted by stakeholders, including customers, employees, investors, and regulators.

4. **Cost**: The cost of obtaining and maintaining a certification should be weighed against the potential benefits of the certification, including any potential cost savings or increased revenue that may result from the certification.

5. **Time and resources**: It is important to consider the time and resources required to obtain and maintain a certification, including any training or documentation that may be required.

Overall, it is important to carefully evaluate the value of a sustainability or ESG certification and to consider whether it aligns with the organization's sustainability goals and objectives. By considering factors such as relevance, credibility, recognition, cost, and time and resources, organizations can determine which certifications are worth pursuing. Some widely recognized certifications that may be worth considering include:

1. **ISO 14001**: This certification is focused on environmental management and is designed to help organizations improve their environmental performance and reduce their environmental impact.

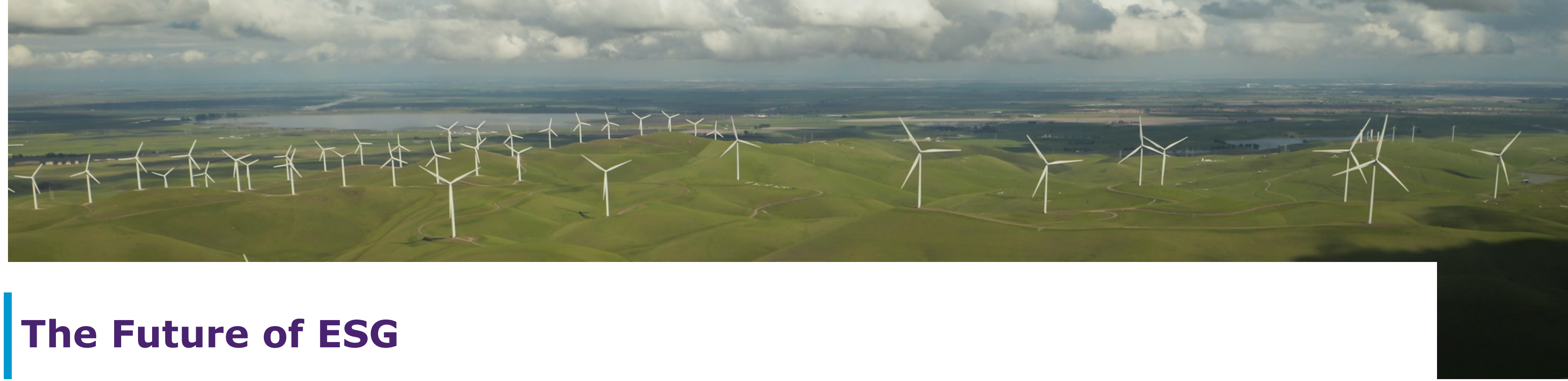
2. **LEED**: This certification centers on sustainable building design, construction, and operations, and is widely recognized in the real estate and construction industries.

3. **B Corporation**: This certification prioritizes companies that are committed to using business as a force for good and that meet high standards of social and environmental performance, accountability, and transparency.

4. **Global Reporting Initiative (GRI)**: This certification emphasizes on sustainability reporting and provides guidelines and standards for organizations to report on their sustainability performance.

5. **Carbon Trust**: This certification is focused on carbon management and reduction and provides a range of tools and services to help organizations reduce their carbon footprint.

These are just a few examples of widely recognized certifications that may be worth considering. It is important to carefully evaluate the relevance and value of these and other certifications and to consider which ones align with the organization's sustainability goals and objectives.

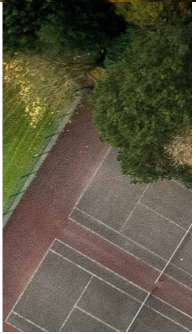


The Future of ESG

It is difficult to predict with certainty how the ESG agenda will evolve over the next 10 to 20 years. However, ESG will continue to be a key consideration for businesses and investors, and that there will be ongoing efforts to integrate ESG principles into business practices and decision-making. Some of the main trends that are expected to shape the ESG landscape in the coming years include:

1. **Increased focus on climate change**: Climate change is likely to remain a top priority for investors and policymakers in the coming years, with an increasing focus on the role of the financial sector in supporting the transition to a low-carbon economy. This may include efforts to reduce greenhouse gas emissions, invest in renewable energy and other low-carbon technologies, and support the transition to a circular economy.

2. **Growing demand for ESG data**: It is expected an increasing demand for high-quality and reliable ESG data from investors, regulators, and other stakeholders, as more organizations seek to understand and evaluate the sustainability performance of companies. This may involve efforts to standardize and improve the quality of ESG reporting, as well as the development of new technologies and tools to facilitate the collection and analysis of ESG data.



3. **Emergence of new technologies**: The development of new technologies, such as renewable energy, digital finance, and sustainable materials, is expected to continue to shape the ESG landscape in the coming years, creating new opportunities and challenges for organizations. These technologies may provide new ways for businesses to reduce their environmental footprint and support the transition to a more sustainable economy.

4. **Increased attention to diversity and inclusion**: Diversity and inclusion are prone to remain key ESG issues in the coming years, with an increasing focus on gender diversity, racial diversity, and other areas of inclusion. This may include efforts to improve representation and inclusion within organizations, as well as to address issues related to diversity and inclusion within supply chains and other stakeholders.

5. **Growing importance of stakeholder engagement**: There are high chances that stakeholder engagement will become an increasingly important aspect of ESG performance, as organizations seek to understand and address the concerns and priorities of their stakeholders. This may involve efforts to engage with stakeholders through a variety of channels, such as through meetings, surveys, and social media, to understand their needs and expectations and to identify opportunities for collaboration.

6. **Shift towards circular business models**: There is a trend towards adopting circular business models, which aim to minimize waste and maximize resource efficiency. This involves designing products and services that can be used, re-used, or recycled, rather than being disposed of after a single use. This shift towards circularity may involve efforts to redesign products and business models, as well as to adopt new technologies and practices that support circularity.

7. **Emergence of sustainable finance products**: It is noticeable a growing trend towards the development of sustainable finance products, such as green bonds and sustainable investment funds, which are designed to support the transition to a more sustainable economy. These products may provide new opportunities for businesses and investors to align their financial activities with their ESG values and goals.

8. **Increased regulatory focus on ESG issues**: Governments and regulatory bodies around the world are increasingly focusing on ESG issues and are implementing policies and regulations to promote responsible business practices. This may include efforts to improve transparency and disclosure, to set standards for ESG performance, and to incentivize businesses to adopt more sustainable practices.

All in all, these are some of the main trends that are shaping the way that businesses and financial institutions approach ESG issues. By staying up to date on these trends, businesses and investors can better understand the evolving landscape and position themselves to take advantage of new opportunities in the field. In addition to these trends, it is also important to consider the broader social, economic, and technological forces that are driving the evolution of the ESG agenda, as these forces will likely shape the future of ESG in ways that are difficult to predict.

Conclusion and outlook

Conclusion and outlook

In conclusion, cooperative banks have a unique opportunity to serve as catalysts of the ESG agenda, leveraging their values and mission to drive positive change in the world. To do so, these banks must be proactive in developing and implementing a sound ESG and sustainability strategy.

It is vital a commitment to transparency and continuous improvement, as well as the integration of ESG principles into all aspects of the bank's operations. It also requires a willingness to embrace new technologies and business models, as well as to engage with stakeholders in an open and transparent manner

Looking to the future, we can expect to see continued evolution in the ESG landscape, as businesses and financial institutions grapple with the challenges of climate change, resources depletion, and social inequality. By staying attuned to these trends and embracing their role as agents of change, cooperative banks can play a vital role in building a more sustainable, equitable and ground values world.

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