

Justyna Zabawa

Wrocław University of Economics
e-mail: justyna.zabawa@ue.wroc.pl

**REPORTING OF ENVIRONMENTAL INFORMATION
IN THE LARGEST BANKS IN POLAND. SCOPE,
MEASUREMENT, FORMAL AND LEGAL CONDITIONS¹**

**RAPORTOWANIE INFORMACJI ŚRODOWISKOWYCH
W NAJWIĘKSZYCH BANKACH W POLSCE.
ZAKRES, POMIAR ORAZ UWARUNKOWANIA
FORMALNOPRAWNE**

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Summary: The main goal of the article is to present the scope and diversity of pro-environmental information reporting in the five largest banks in Poland according to the balance sheet total at the end of 2016. Non-financial reports of the largest banks have been analysed over the last two financial years, 2015–2016. The publication presents formal and legal requirements (Directive 2014/95 EU, Article 49 of the Accounting Act, National Accounting Standard No. 9), which determines the necessity of reporting such information by public interest entities, such as modern banks. Attention was also given to the way environmental information is reported in the above-mentioned banks (with particular reference to the GRI standard). The methods employed during the preparation of the publication include: critical analysis of the literature, including domestic and foreign publications in the area of corporate social responsibility, and the analysis of non-financial reports of the largest Polish banks.

Keywords: Corporate Social Responsibility, bank, environmental responsibility, non-financial reporting.

Streszczenie: Celem głównym artykułu jest prezentacja zakresu oraz różnorodności form raportowania informacji prośrodowiskowych w pięciu największych bankach w Polsce wg sumy bilansowej na koniec 2016 r. Przeanalizowano raporty niefinansowe największych banków w ciągu ostatnich dwóch lat obrotowych (2015 i 2016). Ponadto w publikacji zostały ukazane wymagania formalnoprawne (Dyrektywa 2014/95 UE, art. 49 ustawy o rachunkowości, Krajowy Standard Rachunkowości nr 9) warunkujące konieczność raportowanie tego typu informacji przez jednostki interesu publicznego (JZP), jakimi są współczesne banki.

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Zwrócono również uwagę na sposób raportowania informacji środowiskowych w wymienionych bankach (ze szczególnym uwzględnieniem standardu GRI).

Słowa kluczowe: CSR, bank, odpowiedzialność środowiskowa, raportowanie niefinansowe.

1. Introduction

Among the numerous dimensions of the CSR concept, it seems that the ecological dimension is dominant in contemporary socio-economic conditions. The other main dimensions include: economic, sociological (social) and ethical ones. The ecological dimension of running the company's activity, in practical terms, is often identified with corporate social responsibility [Stępień 2017]. In the subject literature, however, there can be identified approaches according to which this dimension is treated as a separate one. This approach was also used in this article.

Responsibility in the area of natural resources results from the fact that every human activity, and therefore every enterprise, has an impact on the natural environment. In the traditional approach, it is pointed out that each organisation exerts an impact on its surroundings, for example by creating jobs, shaping the technical infrastructure, generating revenues for the state budget, as well as negative impacts on the environment through the use of natural resources, degradation of the landscape, and the increase in environmental pollution [Stępień 2017]. In the face of socio-economic changes, a more accurate approach to the recognition of the organisation's activities is one in which its impact on the natural environment is not only neutral, but more and more often positive and significant. In the face of the abundance of studies, conditions and the alarming significance of the problem, one can already speak about the paradigm of an environmentally responsible enterprise, where environmental issues are of key importance. It also seems reasonable to conduct a discourse around the paradigm of an environmentally responsible organisation. The participation of stakeholders at all stages of defining, implementing and implementing the principles of social and environmental responsibility is also of key importance [Rok 2013].

At present, it is possible to meet with the thesis that the reporting of social and environmental responsibility by entities, including banks, faces a number of problems. The entities suffer from the lack of uniformly effective regulations in this respect in the form of a standard and guidelines which cause reports to differ significantly in content, form and quality [Stępień 2017]. These inconveniences are partly mitigated by the provisions of Art. 49 of the Accounting Act [Ustawa z 29 września 1994] in the field of non-financial information reporting and guidelines of the international reporting standard of the Global Reporting Initiative (GRI) in the area of disclosure of this type of information in social reports. Regulatory issues were raised in the next part of the study. Analysing the literature in the field of social and environmental

reporting, one can notice an increase in publications, both in the national and foreign literature on the subject [Roszkowska 2011; Dyduch 2017; Moneva et al. 2006].

The methods employed during the preparation of the publication include: critical analysis of the literature, including domestic and foreign publications in the area of corporate social responsibility, and the analysis of non-financial reports of the largest Polish banks. The empirical part, which uses descriptive analysis, illustrates the theoretical results with examples from bank reports.

The main goal of the article is to present the scope and diversity of pro-environmental information reporting in the five largest banks in Poland according to the balance sheet total at the end of 2016. Non-financial reports of the following financial institutions have been analysed: Bank Polska Kasa Opieki S.A., Powszechna Kasa Oszczędności Bank Polski S.A., Bank Zachodni WBK S.A., mBank S.A. and ING Bank Śląski S.A. over the last two financial years, 2015 and 2016. The above-mentioned financial institutions were selected for research due to their dominating share in the balance sheet total of the Polish banking sector in the analysed period. The article consists of four parts, where the first part is an introduction to the study. It presents the issues of social responsibility of a contemporary organisation, with particular emphasis on environmental aspects. The second chapter is devoted to the currently binding legal regulations in the area of environmental reporting. In the fourth part, there are presented empirical studies in the group of the largest Polish banks in the field of disclosed environmental information. The last part contains conclusions from the conducted research.

2. Environmental responsibility of banks in the context of current legal regulations

The analysis of current legal norms in the area of sustainable development leads to the conclusion that these regulations are usually considered at three levels: international law, the European Union law and national law [Bukowski 2009]. In Polish legislation, sustainability issues have been included in a number of legal acts that directly concern environmental protection, as well as in laws outside the environmental protection area [Zioło 2017]. In the Polish legal order, special attention should be paid to the provisions of Art. 5. of the Constitution of the Republic of Poland, where the sustainable principle has been included. According to this article, “the Republic of Poland safeguards the independence and inviolability of its territory, ensures the freedom and rights of man and citizen and the safety of citizens, guards the national heritage and ensures environmental protection, guided by the principle of sustainable development” [Konstytucja Rzeczypospolitej Polskiej].

In this article, particular attention is paid to those regulations that concern the activities of the Polish banking sector. At this point, we should first of all highlight the Directive 2014/95/EU, concerning the disclosure of non-financial information and information on diversity by certain large entities and groups [Dyrektywa 2014/95/EU], Article 49 of the Accounting Act, as well as the provisions of the National Accounting Standard No. 9 [Komunikat nr 4].

The basic regulations regarding the disclosure of environmental information by organisations, including financial institutions, are reflected in the provisions of Directive 2014/95/EU. These laws come into force for Polish institutions on the 1st of January 2017 and include public interest institutions, commercial banks among them. According to the Directive text, the public interest institutions must disclose, in their reports or separate documents, important information concerning: environmental matters, social and HR matters, respecting human rights, counteracting corruption and bribery as well.

Transposition of the regulations contained in the above Directive to the Polish legal system took the form of an amendment to the text of the Accounting Act (art. 49b and art. 55b – consolidated report). According to art. 49b of the Accounting Act, disclosure of non-financial information applies as obligatory to those entities that satisfy the following requirements: employ over 500 employees on average over one year period, the sum of their assets is over 85 million PLN or the sum of their income from selling goods and products exceeds 170 million PLN.

Additionally, according to art. 49 pkt 3 the management report should also include, if relevant to the development, performance and situation of the entity, at least key non-financial performance indicators related to the entity's operations as well as information concerning employee and environmental issues.

Some aspects associated with protection of natural environment in the context of economic operation are also addressed in the regulations contained in the National Accounting Standard No. 9 [Komunikat nr 4]. The above standard applies both to the impact exerted by economic entities (banks included) upon natural environment, and to the impact of environmental forces upon organizations and their conditions of operation.

In the area of currently binding legal conditions, banks have not been imposed reporting rules, hence they can apply standards chosen by themselves. It should be noted, however, that currently the most frequently used standard, also by banks, is GRI, the Global Reporting Initiative.

This most popular guideline standards for social and environmental reporting were established by the Global Reporting Initiative, an international non-profit organisation, with their newest standard being GRI Standards. GRI guidelines contain general rules of communicating the influence of business activities, and detailed indicators related to specific parts of reports.

The GRI standard ensures comparability of the reported data, both in subsequent years in a given company, in the industry, and in a given geographical area [Zabawa et al. 2017]. It clearly defines the principles and the course of the process of reporting non-financial data, as well as their significance.

They have strategic partnerships with international organizations including the OECD, the UN Global Compact, UNEP, and ISO. They advise governments, market regulator and stock exchanges in their policy development to help create a more conducive environment for sustainability reporting [www.globalreporting.org]. Sustainability reporting is carried out by organizations and companies of all

sizes, types and sectors. Of the world's largest 250 corporations, 93% report on their sustainability performance, 82% of them use GRI's Standards [www.globalreporting.org]. The GRI Sustainability Disclosure Database is a collection of all sustainability reports where GRI is aware, and available to all members of the society.

3. Results of the conducted research – main findings

In Poland, like in other countries of the region of the Central and Eastern Europe, the banking sector continued to play a major role in the financial system, although the Polish financial system can be regarded as one of the least banking-oriented in CEE [NBP 2017]. The reason for that is the situation of the sector of collective investment undertakings, i.e., pension and investment funds and insurance companies, which is larger compared with other countries of the region. In Poland, at the end of 2016, 61 commercial banks, including 27 branches of credit institutions, 558 cooperative banks and 2 affiliating banks carried on operations on the domestic market. The assets of whole Polish banking sector amounted 1,706.4 billion PLN. The main part of this amount are assets of commercial banks: 1,548.2 billion PLN, that constitutes 91% of all assets of banking sector in Poland [NBP 2017].

The five largest banks constitute more than half (55%) assets of all commercial banks in Poland. It is the reason, why these banks have a huge influence on Polish modern economy. And research in this paper focus on these main Polish commercial banks, and their environmental reporting especially. Characteristics of pro-environmental information of the five largest banks in Poland were presented in Table 1.

At Bank Pekao S.A., the ecological risk assessment is one of the integral elements of the assessment of credit transactions concluded with all business entities [Bank Pekao 2017]. It includes the following activities:

- review of the client's activities,
- preliminary ecological risk assessment,
- phase of proper assessment during which, among other things, a visit to the client's site takes place along with verification of documentation regarding environmental aspects,
- management phase involving making a credit decision and signing a contract,
- phase of monitoring ecological risk.

Bank PKO BP S.A. [PKO BP 2016] indicated the following pro-environmental activities, among others:

- programs for optimising printouts and reducing paper consumption,
- saving electricity,
- recycling of used computer equipment and mobile phones,
- collecting wastepaper, batteries and toners,
- digitising documents.

Table 1. Characteristics of pro-environmental information

Bank	Reporting standard	Scope/Nature of disclosed environmental information
PKO BP	No specific standard	<ul style="list-style-type: none"> • separate “Social report” document which includes the following chapter: “Sustainable development, the natural environment,” • no identified indicators • information is presented in a descriptive manner
Bank Polska Kasa Opieki S.A.	No specific standard	<ul style="list-style-type: none"> • non-financial report “Corporate social responsibility” as part of the annual report (integrated report) • no identified indicators • information is presented in a descriptive manner
BZ WBK S.A.	GRI G4	<ul style="list-style-type: none"> • non-financial report “Corporate responsibility report”, “How do we influence the environment?” • the whole report is available only in the form of a webpage, • the webpage is adapted to the needs of people with sight dysfunction and those who use reading and assisting programs, • the report has been verified by an independent auditor.
mBank S.A.	GRI G4	<ul style="list-style-type: none"> • non-financial report “Responsible company. mBank’s CSR Strategy”, • non-financial report as a part of the annual report (integrated report, • environmental impact as goal no. 4 (out of 5): “We want to limit our impact on the environment: reduce our environmental footprint in terms of: <ul style="list-style-type: none"> • CO2 emissions/revenues, • water consumption/revenues, • paper consumption/revenues.” • non-financial data is presented in Excel files.
ING Bank Śląski S.A.	GRI G4	<ul style="list-style-type: none"> • non-financial report “Integrated Annual Report of ING Bank Śląski 2016”, the part concerning the environment: “Out of concern for the environment”, • environmental descriptive-quantitative disclosures, • at the beginning of 2016, together with other companies of the ING Group, the bank joined the “Environmental Program”, and in May it adopted the ING Environmental Declaration.

Source: own work based on non-financial reports of banks.

In Bank Zachodni WBK S.A. [BZ WBK 2016], the following impacts of the bank’s activities on the natural environment were reported as part of the approach to managing the aspect of “Environmental impact” (G4-DMA), in accordance with the GRI standard:

- use of materials by weight and volume (G4-EN1),
- direct and indirect energy consumption by the organisation (G4-EN3),
- total indirect and direct greenhouse gas emissions by weight (G4-EN15 and G4-EN16),

- transport of products and other goods and materials used by the organisation in its operations, as well as the transport of employees (G4-EN30).

In turn, mBank S.A. [2017] presents its impact on the environment by providing information on the total consumption of fuels and energy by the organisation (G4-EN3 and G4-EN5). This information is presented along with the source of energy and energy resources, such as electricity, gas, gasoline, and diesel. In addition, the bank's non-financial report presents data on the energy consumption as a ratio of net profit to total energy consumption.

In 2016, the activities of ING Bank Śląski S.A. in the area of environmental protection mainly concerned the reduction of the carbon footprint (by 50% by 2020) and the reduction of energy and water consumption (by 20% by 2020). The carbon footprint in this period was reduced by more than 70%. In addition, there was conducted analysis of water consumption for the headquarters buildings and regions, based on which there were developed new standards for modernisation of buildings [ING 2017].

4. Conclusions

As a result of the analysis of non-financial statements provided by the surveyed banks, presented in the third part of the article, the following conclusions can be reached:

- in the field of environmental information reporting there is a large degree of differentiation among the presented disclosures;
- there can be observed a trend to create annual integrated reports (Bank Polska Kasa Opieki S.A., mBank S.A. and ING Bank Śląski S.A.); this information is presented in the annual report, while in the case of other banks, environmental disclosures were presented as part of a separate social report;
- the presented information is most often descriptive (two largest banks) or descriptive-quantitative; the most transparent way of presenting data in a quantitative form was employed by mBank S.A.;
- the two largest banks (PKO BP S.A. and Bank Polska Kasa Opieki S.A.) do not use any of the available standards in this area, the standard for reporting this type of information is the GRI G4 or GRI Standards; GRI Standards replace GRI G4 in May 2018;
- only one bank (Bank Zachodni WBK S.A.) decided to undergo external verification of the information contained in the social report;
- all of the analysed banks met the requirements imposed on them in the scope of the currently binding provisions of the Accounting Act in the area of non-financial information reporting.

The scope of disclosure of environmental information in the organisation's reporting depends primarily on the binding legal regulations in this area and on the information policy of enterprises [Dyduch 2017]. Since January 1, 2017, institutions of the Polish banking sector have to meet the amended provisions of the Accounting

Act. At present, there is no provision on mandatory verification of non-financial reports by external auditors. It seems that further amendments to this law will follow in this direction. Based on the above analyses, it can be assumed that in the future more and more banks will report non-financial information according to GRI G4 or GRI Standards. It can increase the comparability and transparency of CSR reports prepared by banks.

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