



Bank sustainability reporting within the GRI-G4 framework

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Abstract

Sustainability accounting, with its final output – sustainability reporting, is a new field of accounting focused on evaluating and following up activities regarding a firm’s governance, environmental issues and social inclusion and interaction. Among several standardized frameworks, companies worldwide often choose the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines. Since the year 2000, GRI Guidelines have evolved and currently the fourth generation is in use. The aim of this study is to assess the latest form of sustainability reporting within an integrated report in the banking industry using the UniCredit Group, which operates in 15 countries, as an example. Sustainability reporting will soon become mandatory in the European Union (EU) for large companies, listed companies and public-interest entities (e.g. banks) with an average of at least 500 employees, starting from the year 2018 (for activities in 2017). This paper is focused on a content analysis of the recent bank sustainability reporting with a critical review on this matter.

Keywords: bank, sustainability accounting, sustainability reporting, corporate social responsibility, Global Reporting Initiative.

Streszczenie

Raportowanie banków na temat zrównoważonego rozwoju według standardów Global Reporting Initiative

Rachunkowość zrównoważonego rozwoju, z jej ostatecznym produktem – raportami społecznej odpowiedzialności, jest nową dziedziną rachunkowości i koncentruje się na ocenie i monitorowaniu działań w zakresie zarządzania firmą, ochrony środowiska i integracji społecznej oraz interakcji z otoczeniem. Wśród kilku standardowych ram, firmy na całym świecie często wybierają wytyczne Sustainability Reporting Global Reporting Initiative (GRI). Od roku 2000 wytyczne GRI ewoluowały i obecnie jest dostępna czwarta ich generacja. Celem tego artykułu jest ocena raportowania społecznego w ramach zintegrowanych raportów w sektorze bankowym na przykładzie UniCredit Group, która działa w 15 krajach. Raportowanie zrównoważonego rozwoju stanie się obowiązkowe w Unii Europejskiej dla dużych firm, notowanych na giełdach spółek i jednostek interesu publicznego (na przykład banków) ze średnim zatrudnieniem co najmniej 500 pracowników, począwszy od roku 2018 (dla działalności w 2017 r.). W niniejszym artykule skoncentrowano się na krytycznej analizie treści raportu społecznego banku.

Słowa kluczowe: bank, raportowanie społeczne, rachunkowość społeczna, społeczna odpowiedzialność przedsiębiorstwa, Global Reporting Initiative.

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Introduction

Sustainability is the new business imperative and companies in the 21st century should consider operating for sustainable development, which means meeting the needs of the present without compromising those of future generations. „Conventional business firms predominantly follow a market logic that focuses on maximizing profit. For this reason, they are not capable of addressing the complexities of sustainable development and the diverse preferences of their stakeholders” (Schneider, 2015, p. 525). Nowadays, companies face various pressures to shift to a new business framework that enables sustainable growth. They are increasingly expected to be more engaged with the communities and society where their operations are located. „This is more so with ever growing sensitivity towards social and environmental issues, and demands from various stakeholders expecting corporations to do more for society” (Eweje, Sakaki, 2015, p. 678). Sustainable business models „follow a comprehensive sustainability logic that integrates economic, ecological, and social considerations with regards to present and future generations” (Schneider, 2015, p. 525).

Corporate sustainability (CS) is often described as a set of company activities that demonstrate the inclusion of social and environmental concerns in business operations and in interactions with stakeholders (van Marrewijk, 2003; Hahn et al., 2014). The body of literature observes corporate sustainability as „a promise of societal evolution towards a more equitable and wealthy world in which natural environment and cultural achievements are preserved for generations to come” (Dyllick, Hockerts, 2002, p. 130), which closely identifies another related concept – corporate social responsibility (CSR). Related terms that the academic literature provides, for instance „triple bottom line”, corporate citizenship and business ethics, simply witness terminology overlapping (Rudolph, 2005; Elkington, 2006; Fassin, Van Rossem, 2009) caused by the complexity of this concept. The lack of precise definition of all the mentioned notions results in misperception (Fassin, Van Rossem, 2009) although there are several attempts to clarify the situation. It was argued by van Marrewijk (2003, p. 102) that there is a small but essential distinction between CS and CSR. The author suggests that CSR is associated with the communication aspect between people and organizations, while CS is related to agency principle. Therefore, CSR relates to phenomena such as transparency, stakeholder dialogue and sustainability reporting, while CS focuses on value creation, environmental management, environmental friendly production systems, human resource management and so forth.

Since the early 2000s, the European Union has taken several initiatives to require companies to report non-financial information. These initiatives were less driven by the capital markets and governance concerns, and more by general concerns about sustainability and environmental issues (Wagenhofer, 2015). According to Directive 2014/95/EU on non-financial reporting of large companies, listed companies and public-interest entities for the financial year starting on January, 1st 2017 (or during the calendar year 2017), those entities (with an average number of 500 employees or more

during the financial year) shall include in the consolidated management report a consolidated non-financial statement containing information to the extent necessary for an understanding of the company's development, performance, position and impact of its activities, relating to, as a minimum, environmental, social and employee matters, respect for human rights as well as anti-corruption and bribery matters.

This study examines sustainability reporting in one of the leading banking groups in Europe – the UniCredit Group – with subsidiaries in 15 European countries. The purpose of the paper is threefold: to recapitulate the literature on sustainability accounting with the emphasis on the recent trends in sustainability reporting, to review empirical literature on CSR reporting worldwide in the business of banking and to examine the gap between the recommendations of the GRI-G4 framework and the real practice in banking industry using the UniCredit Group as a case study. In order to determine the extent of reporting practices, this case study encompasses the following research questions:

1. In which way are the main dimensions of CSR (economic, environmental and social) presented within the studied report?
2. What are the advantages and disadvantages of the GRI-G4 implementation?
3. What aspects of bank-specific CSR activities are disclosed in the Financial Services Sector Disclosures (GRI supplement for financial institutions)?

The methodology used in the empirical part of this paper is based on the case study. The paper is structured as follows: the next section is on sustainability accounting and reporting, while the third section reviews studies on CSR in banking sectors worldwide. The fourth section contains the results of the empirical study followed by concluding remarks.

1. Sustainability accounting and reporting

Interrelationship between corporate sustainability elements i.e. natural environment, economic system, and society „is highly complex and context-specific and most often also concerns various stakeholders with heterogeneous preferences” (Schneider, 2015, p. 525). In order to follow up the above mentioned interrelationship with the aim to achieve balance between the requirements of all dimensions in ethical and transparent way, a new field of accounting emerged – sustainability accounting. ”Sustainability accounting has become a generic term. A review of the literature reveals a blurred picture of what is covered by this and related terms, such as sustainability management accounting and sustainability financial accounting” (Schaltegger, Burritt, 2010, p. 375).

Sustainability accounting „has a purpose to evaluate the environmental, social and governance performance of a company and to provide a report on this matter” (Rogošić, Čaljkusić, 2015, p. 321). Sustainability accounting is seen to play a central role as it can support the implementation of the sustainability strategy, embedding sustainability

into day-to-day operations and decision-making, and developing relationships with stakeholders based on trust and legitimacy. In fact, it „comprises internal and external accounting practices and mechanisms devoted to measuring, representing and communicating the company’s performance, and embraces environmental, social, and economic aspects of business life and their relationships” (Pistoni et al., 2013). Schaltegger and Burritt (2010, p. 376) explain the evolution of sustainability accounting from environmental accounting as the foundation for external environmental reporting. Environmental accounting has a major emphasis on the impact on the environment and extended performance being expressed in physical and qualitative (non-financial) terms, while triple bottom line accounting introduces separately economic, social and environmental foci for organisations. Sustainability accounting is mainly focused on the integration of social, environmental and economic facets of organisational activities. Finally, sustainability accounting currently represents the zenith of extended accounting and reporting. The emphasis is on accounting for ecosystems and accounting for communities, consideration of eco-justice, as well as a focus on issues of effectiveness and efficiency (Gray, Milne, 2002; Schaltegger, Burritt, 2010).

Compiling the literature on sustainability accounting, Schaltegger and Burritt (2010) summed up six reasons that may encourage managers to establish sustainability accounting:

1. *Greenwashing*: one reason for dealing with sustainability accounting can be derived from the motivation of management to signal concern and to collect data for communicating and reporting purposes rather than to improve sustainability performance. In this view, accounting serves as a tool to support cost efficient communication activities regarding sustainability.
2. *Mimicry and industry pressure*: mimicry has relevance as an explanation of management activities and may also be a motivation for management to talk about and deal with sustainability accounting. Mimicry can be seen as a way in which new accounting ideas about sustainability can be introduced, but emulation of methods can also be seen as being uncritical towards associated problems.
3. *Legislative pressure, stakeholder pressure and ensuring the „licence to operate”*: stakeholder pressure and the introduction of mandatory information and reporting requirements through governmental legislation is another possibility. In the case of enforced information requirements on sustainability, institutional compliance and stakeholder communication, dialogues can become necessary for the continuation of corporate activities.
4. *Self-regulation*: self-regulation is a voluntary activity where a company or an industry association restrains its actions or commits itself to certain non-market actions. The corporation or industry seeks to improve its performance and reputation in a voluntary way, set within a framework whereby commercial or profit making considerations may be important, but are not necessarily the main driver. Self-regulation on an industry level is often introduced in order to impede further mandatory government regulations, to maintain social acceptance and reputation, or to prevent competing companies from free-riding.

5. *Corporate responsibility and ethical reasons*: corporate responsibility is a contested notion as it is frequently attributed to individuals rather than institutions, although the notion of responsibility accounting recognises the practical importance of both. For an individual to be held responsible, the process begins with the perception of phenomena, then proceeds towards identification of certain morally significant features, such as impact on others, harm, or pain. From the perspective of corporate responsibility, the corporate information gathering system provides it with a way of perceiving, the first step in acting responsibly, prior to the identification of the morally significant features of corporate activities. If the information system is incomplete, lacks relevance, or does not assist with comparability of different alternatives the likely outcome is irresponsible corporate activity and impacts. The centrality of accounting information in the process of promoting and maintaining responsible corporations is linked with the view that accounting is concerned with individual's behaviour or the behaviour of individuals in groups, such as in departments, divisions or corporations. Ethical motivation and legitimation for accounting to address sustainability issues is of uncontested importance. The focus of accounting information will direct and guide corporate decision makers. For managers who aim to improve corporate sustainability, sustainability accounting thus plays a crucial role.
6. *Managing the business case for sustainability*: one reason to introduce sustainability accounting is to identify and realize the economic (e.g. cost reduction or sales revenue increasing) potential of voluntary social and environmental activities. Corporate management will be motivated by this reason if it has some inkling that the company may have a business case for pursuing sustainability, but which would only be more transparent with better information.

Sustainability reporting as an outcome of sustainability accounting is promoted by the most important institutions. In a communication, the European Commission (2011) sets out its strategy for corporate social responsibility for the next three years. It praises the EU for its global leadership in companies providing corporate social responsibility and similar reports. However, the European Commission does not provide guidelines for reporting nor does it prescribe a particular form of the reports. These are the domains of several other institutions and groups, such as, more recently, the International Integrated Reporting Council (IIRC). In a follow-up directive, the European Union (2014) mandates disclosure of non-financial indicators and diversity information by certain large companies to improve consistency and comparability of such information throughout the EU. Among others, it requires the preparation of a „consolidated non-financial statement”, which includes a description of the business model, the policies pursued, principal risks, and key non-financial performance indicators (Wagenhofer, 2015). Although sustainability reporting is still voluntary, the practice of this type of disclosure is globally snowballing. Sustainability reporting appears to be reaching a „tipping point,” as it moves beyond the realm of the innovators and early adopters into the mainstream. Failure to engage with the reporting process could have a negative

impact on performance, reputation, and even the ability to raise capital (Ernst & Young, 2014, p. 4).

Since sustainability reporting in most countries is not mandatory, the form of disclosure is unrestricted and consequently varies among companies even within the same country and same industry. Companies often use their official websites to publish their socially responsible activities through many links or in a comprehensive report. In order to make those reports comparable, several frameworks emerged. Major providers of sustainability reporting guidance include:

- GRI (GRI's Sustainability Reporting Guidelines),
- The United Nations Global Compact (the Communication on Progress),
- The International Organization for Standardization (ISO 26000, International Standard for social responsibility) and
- The Organisation for Economic Co-operation and Development (OECD Guidelines for Multinational Enterprises).

Among all those just mentioned, the GRI Sustainability Reporting Guidelines are the most developed and used outline that enables organizations worldwide to quantify their impact on the environment, society and the economy. The GRI Guidelines have evolved over time and the most recent is the fourth generation launched in May 2013.

According to GRI, the benefits of implementing their sustainability guidelines are various. An effective sustainability reporting cycle, which includes a regular program of data collection, communication, and responses, should benefit all reporting organizations, both internally and externally. GRI points out several internal benefits for companies like: increased understanding of risks and opportunities, emphasizing the link between financial and non-financial performance, influencing long term management strategy and policy as well as business plans, streamlining processes, reducing costs and improving efficiency, benchmarking and assessing sustainability performance with respect to laws, norms, codes, performance standards, and voluntary initiatives, avoiding being implicated in environmental, social and governance failures, and comparing performance internally as well as between organizations and sectors. Also, external benefits of sustainability reporting are important and they include: mitigating – or reversing – negative environmental, social and governance impacts, improving reputation and brand loyalty, enabling external stakeholders to understand the organization's true value, and tangible and intangible assets, and demonstrating how the organization influences, and is influenced by, expectations about sustainable development. Zimara and Eidam (2015, pp. 97–98) state that transparent and detailed reports can lead to an improved reputation among stakeholders and, although the benefits are non-monetary in the short-term, sustainability reporting enables companies to expand and secure their social and human capital and provides an enhanced competitive position.

The practice of using the GRI Guidelines has encouraged companies to disclose a standalone sustainability report although a significant number of companies still publish the results of their CSR activities in an annual report. There are some arguments

for an integrated report. Bouten and Hoozée (2015, p. 375) point out that „the future communication of companies will certainly be characterized by the integration of their financial and non-financial (societal and environmental) strategies and the accompanying results”. The integrated report is essential for organizations to make more sustainable decisions, and for investors and other stakeholders to understand how well a company is performing. Moreover, it generates a more complete picture of the organization within the boundaries of the materiality criteria. They conclude that in contrast to standalone sustainability reporting, integrated reporting explicitly links material issues to the organization’s financial performance. On the other hand, there are many proponents of standalone sustainability/CSR reports (Faisal et al., 2012). Also, some critique on separate reporting emerged in the literature. „Although standalone sustainability reports can contain a wealth of information about the organization’s social and environmental policies, practices, and impacts, it is difficult for its readers to systematically link these pieces of information” (Bouten, Hoozée, 2015, p. 374).

The GRI framework enables sustainability reporting harmonization and comparison so it can be used as a basis for CSR performance measurement (Skouloudis et al., 2010; Giannarakis, Theotokas, 2011; Faisal et al., 2012; Young, Marais, 2012; Gallén, Peraíta, 2015; de Villiers, Marques, 2016). Its relevance is underlined with the following notion. Sustainability reporting can be improved if it is based on attributes derived from recommendations of the International Accounting Standards Board, the Financial Accounting Standards Board and the Global Reporting Initiative (Chauvey et al., 2015, p. 800).

3. Corporate social responsibility behaviour in banking sector

The practice of CSR/sustainability reporting in the banking industry was studied in different ways around the world (Tsang, 1998; Douglas et al., 2004; Cuesta-González et al., 2006; Gutiérrez-Nieto et al., 2008; Day, Woodward, 2009; Hinson et al., 2010; Kundid, Rogošić, 2011; Kundid, 2012; Carnevale, Mazzuca, 2014; Rogošić, 2014; Rogošić, Čaljkušić, 2015) and the online disclosure of socially responsible activities was detected in large banks and in more profitable banks. The overall conclusion is that banks are not excessively inclined to sustainability reporting. One of the reasons may be the fact that banks have not been, until recently (i.e. due to the financial crisis) very interested in CSR and CSR reporting. Since then, CSR reporting has become one of their main tools for rebuilding the lost trust. Thus, an empirical investigation (van Wensen et al., 2011) shows a large number of late adopters of CSR reporting in the banking industry compared to the other sectors. Nevertheless, differences between countries obviously exist, as according to Tsang (1998), the banking industry in Singapore had the highest CSR disclosure volume in comparison to other non-financial industries in the research focus, while Day and Woodward (2009) confirm banks’ supremacy in CSR reporting if benchmarked with insurance companies and building societies in the

United Kingdom (UK). Whatever the case might be, by exploring on-line disclosure of the banks in three counties (Bosnia and Herzegovina, Croatia and Montenegro), Rogošić (2014) found that commercial banks rarely publish their standalone CSR reports. When the free form of disclosure of banks' CSR activities is considered, banks were the most transparent regarding employee motivation systems and investments in education of the employees. Another finding implies that banks rely vastly on their human resources, which became the strongest point of their CSR (Rogošić, Čaljkusić, 2015, p. 322). According to the empirical results of the same study, the weakest side of CSR reporting is community investments. The authors conclude that the above mentioned empirical results suggest that banks in Croatia and Slovenia are not so keen on sponsoring or donating (to local community or non-profit organizations), which implies that banks do not equally relate to all stakeholders. Giving their best to motivate, train and educate the employees (crucial for gaining revenue) and neglecting the other stakeholders does not make banks socially responsible, not in a substantial way. Similarly, Douglas et al. (2004) found that Irish banks communicate the most on human resources policies and corporate governance, while neglecting community involvement. External shareholders seemed to be marginalized in Spanish banks as well (Cuesta-González et al., 2006), although over the years this has changed, as Rodríguez-Gutiérrez et al. (2013) recently found that society and the environment have become the most reported aspects of CSR among the Spanish banking intermediaries. Thus, besides the reporting extent and form, fashion in CSR disclosure content also varies across countries and time, as different conclusions were found by Hinson et al. (2010) with respect to Ghanaian banks in which community involvement, product development and customer relations are the most reported categories, while human resources and environmental disclosures are the ones least disclosed. Finally, Pérez and Rodríguez del Bosque (2012) studied the role of CSR in the corporate identity of banking service providers and found that banks focus their social strategy on the customers and the employees – the two stakeholders with the greatest impact on business results. They concluded that although companies believe that the improvement of corporate image is the main CSR result, managers' perceptions are that their institutions' public images are far from the initial objectives.

Many shortcomings of sustainability reporting were also revealed by performing an in-depth analysis for the Croatian banking sector. For instance, Kundid and Rogošić (2011, p. 514) argue that Croatian banking practice in sustainability reporting should be significantly improved. Advancement potentials are identified in the field of financial inclusion, reporting on policy towards insolvent clients, product ecology, ethical policies (whether positive or negative criteria in funds receiving and allocation), banks' contribution to reduction in financial crime and fulfilling acts on money laundering and preventing the financing of terrorism. The authors also noticed that the content of sustainability reporting is more oriented to the narration of beliefs, general attitudes and self-glorification than on quantitative aspects and monetary values. Furthermore, solely positive aspects of CSR practices are disclosed by Croatian banks, while negative ones are minimized, which indicates rather immature CSR reporting practices (Kundid, 2012).

As Scholtens (2009) concluded, CSR is an increasingly important issue in the international banking industry. For this reason, and because of the fact that in the EU disclosure of CSR activities is soon to be mandatory, there is a need for standardization of sustainability reports. The harmonization of CSR disclosures within the industry could be of great support in ending the actual practice of having self-serving reports if a social responsibility report, or the so-called social balance that exists in some countries, is composed of both a descriptive statement as well as a monetary report (Kundid, Rogošić, 2011, p. 514). In the following section, content analysis of one sustainability report is performed and despite numerous assumed benefits of harmonized CSR reporting, some pitfalls still remain unresolved in practice.

4. Case study of GRI-G4 implementation in the UniCredit Group

4.1. UniCredit sustainability reporting overview

UniCredit is an Italian company in the banking sector with a tradition of publishing a Sustainability Report every year since 2000 with the aim of providing a connection between its business strategies, main activities and the management of the relationships with stakeholders. This company was chosen for the case study because it is perceived as a good example of CSR implementation, which can be confirmed by the fact that UniCredit has been selected as an index component of the Dow Jones Sustainability Indices (DJSI World and Europe) with a total score of 84/100 in 2014 (from 82/100 in 2013). This score is above the banking sector average score (which was 60) confirming that UniCredit is among the most sustainable companies in Europe and worldwide. Launched in 1999, the Dow Jones Sustainability Indices (DJSI) were the first global indices to track the financial performance of the leading sustainability-driven companies worldwide. The DJSI follow the best-in-class approach, including companies across all industries that outperform their peers in numerous sustainability metrics.

The empirical research of this paper is based on content analysis which is used for this case study. The Sustainability Report was replaced with the Integrated Report in 2014. The Integrated Report is also a standalone report published by the UniCredit Group which operates in Italy, Germany, Austria, Poland, and a number of Central and Eastern European (CEE) countries, namely Bosnia and Herzegovina, Bulgaria, Croatia, the Czech Republic, Hungary, Romania, Russia, Serbia, Slovakia, Slovenia and Ukraine. It consists of the Group's financial and sustainability performance, business model, corporate governance, risk management, compliance, competitive environment, strategy and capital. The UniCredit Group claims to be socially responsible in everything they do, from their core banking activities to their corporate citizenship initiatives. These initiatives emphasize financial inclusion and education, complementing Group's

philanthropy in the field of social inclusion. They strongly believe that communities that provide a genuine diversity of opportunities nurture the innovative environment that enables both people and businesses to thrive.

UniCredit has a traditional management and control system based on two corporate bodies whose members are appointed at the Shareholders' Meeting: the Board of Directors, in charge of the strategic supervision and the management of the company, and the Board of Statutory Auditors, responsible for supervising management. The Board of Directors has 19 members and it is supported by five Committees which have the authority to give advice and submit proposals to the board. The CEO's work to run the Group is supported by the General Manager and two Deputy General Managers. The CEO's work to make strategic decisions on behalf of the Group is supported by two management bodies, the CEO Office and the Executive Management Committee, which have been set up to perform consultative functions. The Integrated Report offers figures on the Board's composition. Interestingly, there are no disclosed members from Bosnia and Herzegovina, Bulgaria, Croatia, the Czech Republic, Hungary, Romania, Russia, Serbia, Slovakia, Slovenia or Ukraine. As it is an Italian company, most of them are from Italy (64%). There are Board members from Germany, England, Poland, France, Austria and the United Arab Emirates, while banking experts from the countries where UniCredit has enormous market share, like Croatia where their market share is 26.4% and Bosnia and Herzegovina – 21.5% in 2014, are not included.

The UniCredit Group has a unit that deals with sustainability issues. The Group Sustainability unit and its manager are formally responsible for supporting the Group's management in defining strategies and policies to include sustainability criteria within the business activity. Also, their task is to monitor key sustainability indicators and to communicate externally sustainability positioning of the Group. This unit has its organisational position within the Group Identity and Communications department, reporting directly to the CEO.

The preparation of the sustainability information included in the Integrated Report was within the framework recommended by the GRI-G4 Sustainability Reporting Guidelines and the Sector Disclosures – Financial Services. The information in the Report refers to issues identified as material and associated indicators that reflect the main economic, environmental and social impacts of the organization, or that could have a substantial influence on the views and decisions of the stakeholders. Based on the coverage of the „Specific Standard Disclosure”, indicators associated with material aspects are summarized in the GRI Index at the end of Integrated Report, where the level of compliance with the GRI-G4 Guidelines is marked as „In Accordance – Core”.

In the report structure it is stressed that the figures and information relating to Scope 1, Scope 2, and Scope 3 of the greenhouse gas emissions have been prepared in accordance with the GRI-G4 Guidelines and *The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)* (2004).

4.2. UniCredit sustainability reporting – in-depth analysis

UniCredit has made an Integrated Report for the entire Group, and also for its Italian and German subsidiaries. Since the observed Integrated Report includes all the UniCredit Group banks that perform in 15 countries, it is negligent to present most of the selected dimensions and indicators with numbers and graphics classified regionally only as: Austria, Germany, Italy, Poland and CEE. Moreover, because in many countries jointly classified as CEE UniCredit has a very impressive market share that is greater than its market shares in Austria, Italy and especially Germany. Unfortunately, this segmentation of countries is rather common in large banking groups reporting.

UniCredit uses advanced communication techniques with their stakeholders by means of: customer satisfaction assessment, brand and reputation assessment, instant feedback, mystery shopping, and focus groups, workshops and seminars. Also, different tools are deployed where employees are concerned (People Survey professional engagement measurement, internal clients' perceptions of headquarters services, the group's intranet portal and departmental online communities). Quarterly webcasts and conference calls to present results, one-on-one and group meetings and calls as well as shareholder meetings witness UniCredit's shareholder engagement. They have regular meetings with NGOs. Brand and reputation assessment and social media are used when dealing with communities.

The analysis of sustainability disclosure in the GRI-G4 framework shows that UniCredit follows those guidelines but with some distinctions. The Integrated Report lacks information on delegating authority for economic, environmental and social topics (indicator G4-35) and on highest governance bodies and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts (indicator G4-42). In the part that covers general standard disclosures, the following indicators are not well explained: G4-49 (communicating critical concerns to the highest governance bodies), G4-51 (remuneration policies for the highest governance bodies and senior executives), and G4-53 (how stakeholders' views are sought and taken into account regarding remuneration). Critical concerns that were communicated to the highest governance bodies and the mechanism used to address and resolve them (indicator G4-49) is not revealed because of confidentiality of the data. Internal and external mechanisms for seeking advice on ethical and lawful behaviour, and matters related to organizational integrity (indicator G4-57) lack explanation.

Several economic indicators (G4-EC5, G4-EC6 and G4-EC7) are not included in the observed report, while environmental indicators are completely underrepresented. The Integrated Report lacks 14 environmental indicators. When labour practices and decent work is considered, the indicators G4-LA7, G4-LA14 and G4-LA15 are missing, while information on retention rates after parental leave, by gender, are partly confidential and those disclosed are not comparable because of different country-specific legal considerations. Surprisingly, the lowest level of sustainability disclosure concerns human

rights. The observed report lacks 7 out of 12 indicators on human rights. The social aspect of CSR is also modestly explained, missing 5 out of 11 indicators. However, the UniCredit Group is more transparent when product responsibility is concerned. Although the sale of banned or disputed products is not well elaborated and the report is without information on G4-PR1, G4-PR2 and G4-PR7 indicators, this aspect has proper explanation.

The GRI-G4 Guidelines and the Financial Services Sector Disclosures form together the reporting framework for financial institutions. The observed supplement issued by the UniCredit Group shows engagement regarding financial inclusion and some forms of socially responsible investments, but more effort should be made regarding initiatives to enhance financial literacy. There is a lack of information recorded on companies held in the institution's portfolio with which UniCredit has interacted on environmental or social issues.

The studied Integrated Report has some elements adopted from the Annual Report but without financial statements included, so more accounting information is needed to be more informative for all stakeholders. Some basic financial indicators are published but only on a consolidated basis, so the information on financial performance of the bank in every country is missing. To sum up, this form of the sustainability report consists of a narrow scope of accounting information, which is its main disadvantage. Integrated in every sense – regarding regions and CSR activities – this report reduces the comparability of in-depth sustainability of banks in those 15 countries leaving the interested public wondering if there is the same approach and CSR effort in Central and Eastern Europe as there is in Western Europe.

Concluding remarks

Although previous studies (Rogođić, 2014; van Wensen et al., 2011) reveal that banks are not keen on publishing their CSR activities in a standalone report, this case study shows that there are still examples of sustainability reporting in the banking sector. We chose the UniCredit Group for the case study for several reasons. First, due to potentially vast impact this banking group has on the economy and society in 15 European countries (mostly Central and Eastern Europe), since their market share in each of these countries is significant. Second, UniCredit is selected as an index component of Dow Jones Sustainability Indices with a total score of 84 out of 100 in 2014, making this banking group one of the most sustainable companies in Europe (and worldwide). Finally, the observed company has a tradition of sustainability reporting that started as far back as the year 2000.

With regard to the research objective, the Integrated Report of UniCredit was thoroughly analysed. However minor, this study has some limitations. First, it is focused on only one reporting year, so future research should take into consideration a longitudinal analysis. Second, the study is performed on the best-in-class example and for future research it is recommendable to extend the number of observed banks.

In 2014, the UniCredit Group abandoned the disclosure of CSR activities in a standalone report (sustainability report) and chose to follow new trends by publishing an Integrated Report. This Integrated Report turns out to be too integrated in every sense which resulted in a loss of transparency. In previous years some subsidiaries had published online their own sustainability reports (like Zagrebačka banka in Croatia), but now when it is consolidated the real CSR activities in each of the 15 countries are not observable. The introduction of a few financial ratios and accounting information derived from financial statements did not complete the sustainability picture. The Integrated Report should provide financial information in the sustainability context and disclose more ratios which combine accounting to sustainability data. These are the main disadvantages of the observed sustainability report which claims to be in accordance with the GRI-G4 guidelines. Where requested information (within the GRI-G4 framework) is concerned, the studied report shows some shortfalls, namely within the human rights and environmental indicators. Each of the three main dimension of CSR: economic, environmental and social, has been underrepresented in the observed report. The Integrated Report lacks more than a few indicators in each of three dimensions. The situation is not better when the supplement for the financial institutions is considered. This additional report was made according to Financial Services Sector Disclosure guidelines, although it should be integrated into the Integrated Report. This separate report also shows some flaws or just a lack of several crucial CSR activities that banks should deploy.

To sum up, the overall impression is that the observed entity has a lot to do to improve its sustainability reporting. Before doing so they should be truly and more seriously engaged in CSR across all countries in which they operate, without sizeable disparities.

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