

Corporate Social Responsibility in Banking Industry

Diploma Thesis

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Herewith I declare that I have written my final Corporate Social Responsibility in Banking Industry by myself and all sources and data used are quoted in the list of references. I agree that my work will be published in accordance with Section 47b of Act No. 111/1988 Coll. on Higher Education as amended thereafter and in accordance with the Guidelines on the Publishing of University Student Thesis.

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Abstract

Klimková, L. Corporate Social Responsibility in Banking Industry. Diploma thesis. Brno: Mendel University, 2017.

The topic of diploma thesis refers to a modern concept of corporate social responsibility in a specific industry, which is banking. Undertaken activities within this industry affect the well – being of all related stakeholders, and thus, the thesis analyses the current situation related to corporate social responsibility in banking companies from two European countries. It was found out that corporate social responsibility in these companies is on high level and it can be characterized by high engagement, active approach and up to date trends. Furthermore, the thesis deals with corporate social responsibility reporting in the studied companies. Progress in reporting quality and content was observed throughout the reporting years. Based on the analysis of corporate social responsibility reports, the thesis developed reporting model for companies active in the banking field. Thesis finishes with general recommendations regarding corporate social responsibility in the banking industry and concrete recommendations proposed for selected company.

Keywords

Banking industry, case study, corporate social responsibility, strategy, reporting.

Abstrakt

Klimková, L. Společenská odpovědnost firem v bankovním sektoru. Diplomová práce. Brno: Mendelova univerzita, 2017.

Tématem diplomové práce je moderní koncept společenské odpovědnosti firem v konkrétním sektoru, kterým je bankovníctví. Podniknuté aktivity v tomto sektoru ovlivňují blahobyt všech zainteresovaných stran, a proto práce analyzuje současnou situaci související se společenskou odpovědností firem v bankovních společnostech z dvou evropských zemí. Bylo zjištěno, že společenská odpovědnost firem v těchto společnostech je na vysoké úrovni a vyznačuje se vysokou angažovaností, aktivním přístupem a aktuálními trendy. Dále se práce zabývá reportingem společenské odpovědnosti firem ve studovaných společnostech. Během vykazovaných let byl zaznamenán pokrok v kvalitě reportingu a obsahu. Na základě analýzy zpráv o společenské odpovědnosti firem vypracovala práce reportingový model pro společnosti působící v oblasti bankovníctví. Práce končí všeobecnými doporučeními, které se týkají společenské odpovědnosti firem v bankovním sektoru a konkrétními doporučeními navrženými pro vybranou společnost.

Klíčová slova

Bankovníctví, případová studie, společenská odpovědnost firem, strategie, reporting.

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1 Introduction

Society of the present world is changing constantly in all spheres possible. Today's world is characterized by its constant change. This dynamic and changeable environment is often caused by human activity as it has permanent influence on socio-cultural, economic and environmental aspects. Another player is business world. Thanks to higher quality and availability of information, curiosity of population and required transparency, the expectations of humans are rising also regarding the behaviour of organizations. Society has its eye on activities, which are carried out by different types of organizations, and it monitors impacts these organizations have on society, including social, economic and environmental areas. Population is becoming more and more aware of consequences that organizations may have on society, especially, those negative ones. Concept of corporate social responsibility is becoming more significant and needed, since its aim is to eliminate negative impacts of organizations on society and affect society in the most positive way. Despite the fact that the concept has mostly voluntary character, its popularity and number of organizations implementing it is increasing. Businesses are paying attention to their competitors since possibility to miss something could cost them too much. Basic characteristics of organizations that were sufficient before do not have to be considered sufficient anymore in the current world due to perceived dynamics, and thus, organizations are trying to find its extraordinariness elsewhere. Implementation of concept of corporate social responsibility is one of the possible solutions to this issue.

Due to the pressures coming from society, competitors and other stakeholders, organizations must adjust their management styles, processes, visions and strategies. Reporting plays a key role in order to ensure transparency and provision of information regarding corporate social responsibility. Together with this, organizations must keep in mind social, economic and environmental impacts, which they have on society by carrying out their activities. Combination of these factors may be often crucial.

Despite the awareness of the concept's significance and current trend, practical implementation may bring difficulties and ambiguity. In order for managers, executives and their staff to make proper and right decisions, it is necessary to respond to the external and internal calls in a structured, organized and strategic way. Therefore, formation of corporate social responsibility, with related planning, targets setting, identification of observed indicators and proper reporting are necessary for successful performance of corporate social responsibility. If activities of organizations with respect to corporate social responsibility will be performed in this manner, it will ensure win – win situation for both corporations and society.

2 Objectives and Methodology

2.1 Objectives

Diploma thesis consists of two main objectives. The first one is to find out the current trends related to corporate social responsibility in the banking industry. General recommendations and reporting model suitable for banking industry will be proposed based on the outcomes of performed analysis. The second objective is to create corporate social responsibility strategy for specific company active in the banking industry.

2.2 Methodology

In order to fulfil the stated objectives, set of various methodologies will be used. Diploma thesis is divided into two main parts, literature review and result part. It begins with literature review that consists of study of relevant literature, which explains theoretical knowledge, which will be subsequently transformed and used in the result part. Literature resources are of national and foreign origin, written in three different languages. Necessary knowledge and information are found in books, professional journals, articles and on – line sources.

Diploma thesis continues with the results part. Results of diploma thesis will be risen primarily from qualitative research, which will be conducted based on the study of primary and secondary data. In order to provide clearer picture of methodology used in the thesis, author of the thesis created and visualized its methodology framework. It is made up of three diverse sections and methods used within them, as shown in the figure below (Figure 1).

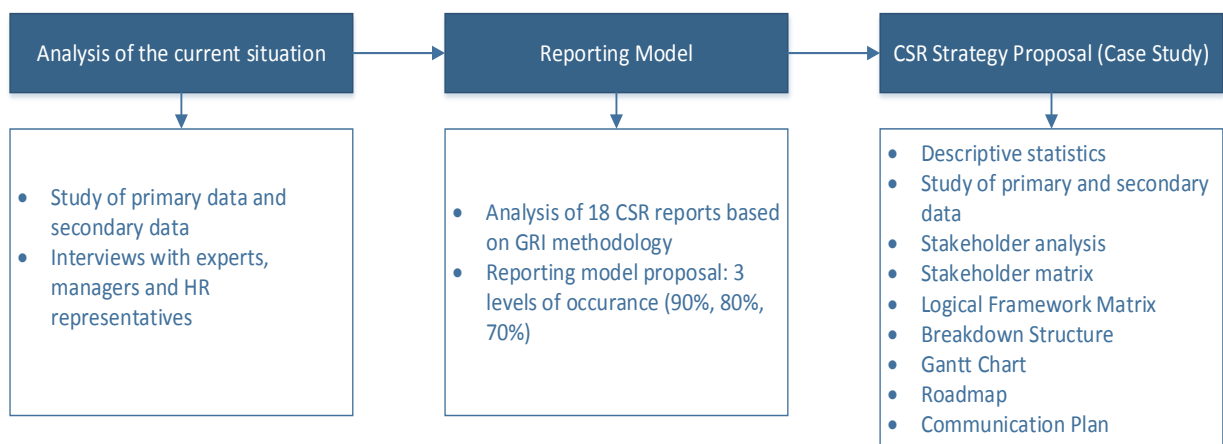


Figure. 1 The methodology Framework

Source: own elaboration

The first section represents analysis of the current situation regarding corporate social responsibility in different banking companies from two European countries. The analysis will be based on the study of secondary data and it will be subsequently complemented by primary data. Secondary data needed for the analysis will be acquired from corporate social responsibility reports of studied companies, sustainability reports, reports to society, annual reports, data available on companies' websites and other internal documentation, such as Code of conduct, strategy house and others. Findings from secondary data study will be enriched and further questions will be answered by acquiring primary data through in – depth and semi – structured interviews with managers, representatives of HR department and other related experts working in analysed companies.

The methodology framework continues with the second section focused on corporate social responsibility reporting. All together, 18 corporate social responsibility reports will be analysed. The analysis will be conducted based on methodology designed by Global Reporting Initiative standards, so called GRI. The analysis begins with the report from 2007 and it continues year by year till 2015 (note: at the time of conducting the analysis the data for 2016 was not available, yet). The Global Reporting Initiative provides standard reporting guidelines used world – wide. Its aim is to help organizations understand and communicate their impacts on society and environment, and in some cases, it enables quantification of certain indicators. The thesis will work with the newest G4 General Standard Disclosures and with the Core “In accordance” option. GRI methodology consists of numerous indicators according to which organizations are evaluated. Due to the complexity of analysis, the thesis will use only indicators that are used at least by one of analysed companies. Those indicators that were not used by neither of the banks will be fully eliminated, as they are assumed to be not suitable or important for the banking industry. Outcomes of the analysis will be visualized in form on the tables depicting the reporting development in the studied companies throughout the time.

The thesis then continues with proposal of reporting model, which will be designed based on the findings from the analysis. In order to make reporting model accurate and up to date, the thesis will consider findings from last five years, starting with findings from 2011. Final reporting model will consist of three difficulty levels. Each step will cover different specific topic and will follow a pattern of Global Reporting Initiative methodology. Mentioned three difficulty levels of reporting model are:

- basic,
- intermediate,
- and advanced,

so wider scope of requirements and expectations can be satisfied. Besides, division into difficulty level provides higher flexibility and suitability.

The research methodology used in the last section of methodology framework is a case study dealing with creation of proper corporate social responsibility strategy in a specific Czech company active in the banking industry. Because of the confidentiality and internal regulations of the company, the thesis uses the name "Company ABC" instead of the real name of the company. The thesis will work with the company's data, both primary and secondary. In order to understand the strategy, culture and functioning of the company, author of the thesis has a chance to experience these aspects by spending some time in the company. Descriptive statistics in form of graphical visualization will be carried out when processing the data. When creating corporate social responsibility strategy certain methods, mainly from the area of corporate social responsibility and project management, will be used. Specifically, stakeholder analysis method will be carried out, in which impact and interest of different stakeholder are evaluated using five possible evaluation values - low, low - medium, medium, medium - high and high. Findings from this analysis will be subsequently transformed into stakeholder matrix, designed by Imperial College of London (2007), for better comparison of stakeholder's positions. Concrete steps proposed within the CSR strategy will be then processed using Logical framework matrix, Breakdown structure, Gantt chart, Roadmap and Communication Plan.

3 Literature Review

3.1 Corporate Social Responsibility

Concept of corporate social responsibility has its origin in 1953, when the author named Bowen published his first book called *Social Responsibility of the Businessman*. Since then, corporate social responsibility concept has been developing, gaining on importance, and nowadays, the concept is often subject of interest among researchers and practitioners. Corporate social responsibility contributed to change in philosophy and business thinking. Currently, it is also known for its dynamic character. Wide spectrum of definitions regarding corporate social responsibility (abbreviated CSR) was created during the years of its existence. Mullerat (2010) explains that variety of definitions is caused by difficulty to define something which is imprecise, as it is in case of CSR. He also mentions that also for the future reference the reader cannot expect harmonization of CSR definitions, and there is no valid and generally excepted definition, despite the fact that discussions have been held over half century. Definition offered by Combos and Halladay (2012) says that corporate social responsibility is a voluntary action carried out by different types of organizations on their way of fulfilment of their duties related to all participating stakeholders and society in general. Kotler's definition (2005) states that organizations commit themselves to efforts of improvement of well – being of society with use of discretionary business practices and corporate resources. Besides mentioned definitions, the concept is often connected to ethical values, moral issues, social principles and norms. Corporate social responsibility is a concept that may be applied in different types of organizations, for example, formal or informal entities, charities, public or private sector organizations, small medium and large businesses, profit or non – profit organizations, corporations, partnerships and other similar groups. Feature of universality and voluntariness of the concept causes its diversity and offers numerous forms of implementation. The final implementation and selected strategy depends of the type of an organization, performed activities, industry and specialization of a given organization. Dahlsrud (2008) carried out analysis of 37 corporate social responsibility definitions. These definitions most commonly included social, economic and environmental pillar, and thus, the concept of triple bottom line on which the concept is based, and then stakeholders and its character of voluntariness. The author concludes that even though there are many definitions offered, their content is similar, carrying out almost identical message but using different words. Kašparová and Kunz (2013) name six main principles and characteristics of corporate social responsibility among which are:

- Voluntariness,
- Active cooperation with all stakeholders,

- Transparency and open dialogue with all stakeholders,
- Complexity and functioning of business with respect to triple bottom line concept,
- Systematic approach and long – term character,
- Responsibility of an organization towards society and its liability to contribute to the development of quality of life.

By carrying out business activities, organizations influence its environment in both positive way, such as job creation, investment in community by paying salaries and taxes and others, and negative way, of which examples are pollution, environmental damage, cheap labour and others. Thus, the main role of CSR is to set values and way how business activities will be performed. It is essential to know about the negative effects organizations have on surrounding environment. CSR helps in this matter as its part is to recognize the negative impacts and suggest possible ways of their elimination and mitigation in the biggest scope possible. Organizations and their management must be aware of interactions between organizations and environment and society in order to make the right decisions. Awareness of people about the problems of society is one of another driver for implementation of the concept. Organizations must take into consideration the pressures created by different stakeholders and society as well as their needs, interests and concerns.

3.2 Three Pillars of CSR

Essence of corporate social responsibility is hidden in incorporation of the three main pillars, social, environmental and economic, into the behaviour and strategy of the organization. Three main pillars, which are equally important, are based on the Triple Bottom Line concept introduced by Elkington in 1996, who suggests that organizations should focus on Profit – People – Planet, and so measure their economic, social and environmental performance. Profit represents economic pillar, people belong to social pillar and planet is the symbol for environmental pillar. Fulfilment of the triple bottom line consequently leads to the sustainability of an organization, and thus, the concept of corporate social responsibility does, too. Therefore, implementation of corporate social responsibility must be accompanied by integration of the three pillars in the business strategy of an organization. Activities carried out by organizations can be classified into one or more pillars of triple bottom line. It is up to implementing organization itself to pick what activities will be crucial for its strategy.

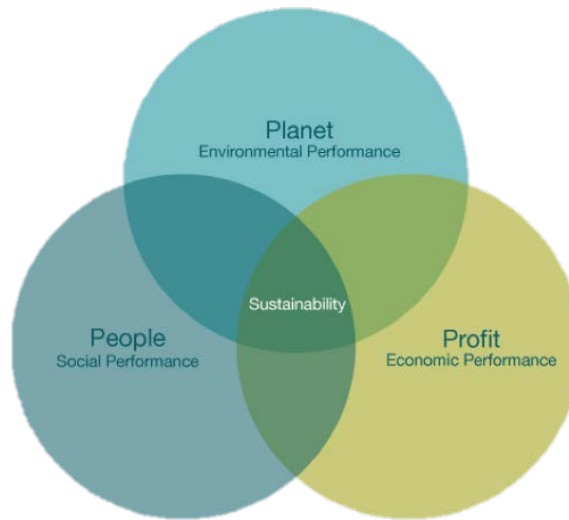


Figure. 2 Triple Bottom line

Source: Greenlumens, available from: <http://greenlumens.com/environmental/>

3.2.1 Social Pillar

The social line of triple bottom line consists of business practices which are fair and beneficial for stakeholders. Elkington (1997) names labour, human capital and community. Steinerová (2008) describes social pillar as pillar which pays attention to social aspects of activities. It focuses mainly on employees and support of local community. Activities of each organization have an impact on wellbeing of its employees and people living in the area, their safety, personal development and education and culture.

3.2.2 Environmental Pillar

Environmental line of triple bottom line refers to behaviour of business in a way that it does not compromise natural resources for next generations. (Alhaddi, 2015). Activities of organizations, especially industrial companies or the ones active in production sphere may have very negative impacts on environment, including nature, soil, ecosystems, air, water etc. Hence, it is important for organizations to realize how their actions influence environment and to adjust their activities in a way that they will eliminate these negative impact as much as possible (Steinerová, 2008).

3.2.3 Economic Pillar

Elkington (1997) characterizes economic line of triple bottom line by impacts of business practices on the economic system. This includes growth of economy and its con-

tribution to the system and society in a way that it supports not only present but also future generation. According to Steinerová (2008), economic pillar should consist of transparency, positive relationships with suppliers, customers, investors and other business partners on national level and in possible also on international level.

Social Pillar	Environmental Pillar	Economic Pillar
<ul style="list-style-type: none"> • Diversity • Equal opportunities • Health and safety • Trainings and development • Rewarding – salary and bonuses • Job creation and protection • Work – life balance • Human Rights • Community impacts • Employee relations • Rejection of child labour • Philanthropy • Communication with stakeholders 	<ul style="list-style-type: none"> • Sustainable usage of natural resources and energy • Waste management – handling with soil, underground waters, waste disposal • Pollution – water, air, soil pollution • Recycling • Carbon footprint • Ecological production • Investment in ecologically friendly technologies 	<ul style="list-style-type: none"> • Responsible management • Innovation • Quality • Safety of products • Fair pricing • Fair trade • Satisfaction of customers • Ethical marketing • Transparency • Corruption • Taxes paid • Relations with business partners • Corporate governance

Tab. 1 Activities of social, environmental and economic pillars

Source: own work based on Zdražilová (2011), Savitz (2013), Pavík and Bělčík (2010)

3.3 Corporate Social Responsibility and Stakeholders

Every organization operates in certain environment and society where stakeholders are present. Global Reporting Initiative (2013) defines stakeholders as group of people or individuals, who can be somehow affected by activities carried out by the organization or by its products and services. Stakeholders are, for instance, shareholders and investors, employees, suppliers, contractors, partners, customers and others. Core of corporate social responsibility is to link organization's activities and impacts with all related stakeholders. Due to the fact that current society is changing rapidly, as well as its awareness and demand for transparency and information, organizations must think about expectations that society and stakeholders have towards it. Organizations are watched and monitored closely by society, which afterwards evaluates whether organizations perform with good intentions or not, whether their products and services are created responsibly and

what kind of impact their production and selling have on environment and local community.

When setting up vision and strategy of organization, it is very important that it is created by as many stakeholders as possible, that it is understood and clear, and that the business objectives are aligned so successful outcomes can be achieved. Moreover, each stakeholder has different interests, opinions, goals, motivations, and thus, all of them must be listened and considered. The aim of the discussion among stakeholders is not to achieve unified agreement but to create a clear picture of what is considered important. Figure 3. provides better picture of how the targets and objectives should be set (Asbury, Ball, 2016).

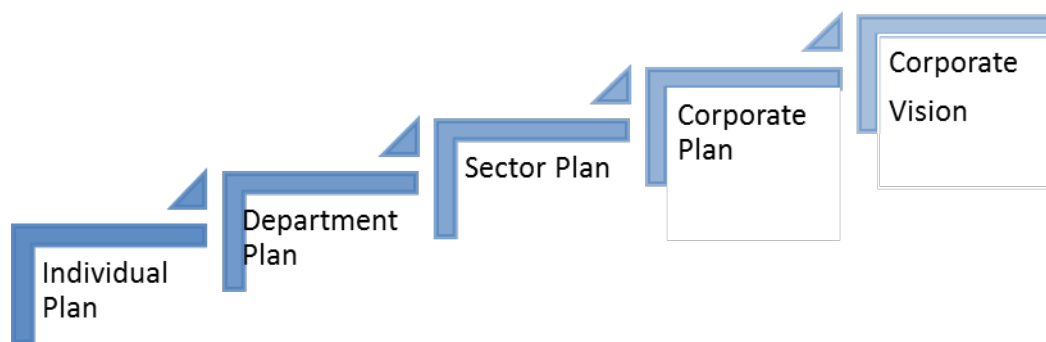


Figure. 3 Aligning objectives

Source: own elaboration based on Asbury and Ball, 2016

During the implementation process of CSR concept it is necessary to have in mind close collaboration of stakeholders, who should be actively involved and engaged in the process, which is also defined as stakeholders engagement. (Husted, Allen, 2010). In situation where effective engagement wants to be reached, certain rules and principles should be followed. Among these are providing and sharing the same information to everyone, organizing consultation activities and discussions during which decision – making takes place, respecting minorities and treating them without disadvantage, listen to feedback, suggestions, remarks and concerns. All of these should be finished by reporting to stakeholders so the results and performance is clearly stated. Asbury and Ball (2016) state two main goals resulting from cooperation of stakeholders. The first one is creation of the maximal shared value for owners or shareholders and also for other related stakeholders and for society in general. The second one is identifying negative aspects and working on their prevention and mitigation. Talks with stakeholders and their integration contributes to more meaningful implementation and more precise planning and strategy setting.

3.4 Reasons for and against the implementation of CSR

The common trends are in favour of corporate social responsibility, since more and more companies are implementing the concept. Different discussions are the matter of diverse ideologies. However, concept of corporate social responsibility is still not supported by everybody and some entities and individuals do not accept it at all. Since implementation of activities of corporate social responsibility influence all related stakeholders, their impacts must be considered from both positive and negative perspective, as there are benefits and costs resulting from the mentioned implementation. Therefore, two points of view exist also in this case, one in favour of the concept and the second against the concept, which propel the hot debates in both academic and business world.

One of the main arguments against corporate social responsibility has to do with the purpose of the firm, which is maximization of shareholders' value and creation of profits, not responsibility towards society. Party against CSR believes that it is not responsibility of private companies to take care of society, but it is business of national governments and charities. One of the great opponents of corporate social responsibility was Milton Friedman who expressed himself very famously by saying that "the business of business is business" (Mullerat, 2010). Friedman (1970) even asks companies not to implement CSR as he sees that implementation of the concept results in limitation of the freedom of the company, which leads to decrease of economic freedom and amount of shareholders' yield. There exist an argumentations saying that even though it is true that the main objective of business is to make profit, businesses would not be able to achieve this objective without society. Accordingly, society may be the crucial aspect that needs to be taken care of and then followed by pursuing the objective of profit making. Contradictorily to what was said, another argument against CSR claims that organization just want to be labelled as good, responsible, and solicitous in order to gain profit from "being good". Combos and Holladay (2012) state that CSR demands new investments, which may be hard to attract in case of shareholders who invest for the short period of time. Implementation of CSR is linked to increase of costs, complexity and time consumption. CSR sceptics also raise doubts about whether implementation of CSR is not the act of putting unwelcome responsibilities on business instead of governments.

Positive characteristics of CSR are mostly based on moral, ethical standards and values, which are generally valid with respect to human rights and social justice. As already mentioned, most ideas against CSR are based on the fact of profit making objective. However, profit could not be made without society. Thus, CSR approach contributes to profitability, even though the results are less tangible and more long-term oriented. Benefits contributing to profitability are, for example, creation of competitive advantage, strengthening the market position, accessibility to investments and capital, greater reputation, brand reputation, increasing loyalty and facing new opportunities and innovations. Kuldová (2012) explains profitability of CSR by connecting moral and rational arguments whose output is creation of, so called, added value, which delivers maximization of company's vitality. Not only

added value, but also competitive advantage is brought by CSR implementation as studied by Husted and Allen (2011). Risk mitigation is another positive effect coming from the proper and structured implementation of corporate social responsibility. Risk is defined by ISO 31000 as anything which has an impact upon the success of the organization and it is describes as an effect of uncertainty (ISO, 2015). Reduction of risk and probability of its occurrence are strong arguments for the implementation, since organizations nowadays are trying to assess its risk in order to eliminate and avoid the possible harm.

In general, it might be concluded that corporations perceive implementation as more advantageous, or they know how to reduce possible negative effects and costs, and thus, increasing number of companies are applying the principles of CSR concept. Due to the fact, that the concept brings positive effects and is beneficiary to the participants, European Commission uses corporate social responsibility as a tool how to achieve its strategies regarding growth and sustainability (Kašparová, Kunz, 2013).

3.5 Corporate Social Responsibility in the Banking Industry

Banking sector is a vital industry dealing with, for example, creation of more wealth, holding financial assets and investing these assets. Success of banking sector has a huge influence on economic welfare of stakeholders and society. Moreover, it is the sector with great number of stakeholders of different variety, for example, owners, borrowers, managers, employees, partners, depositors, regulators etc. Lentner, Szegedi and Tatay (2015) inform the reader that banking sector reacted pretty late to the challenges of concept of corporate social responsibility. Understandably, financial crisis of 2008 played an important role in shaping more responsible and ethical business. The event pointed at deficiencies in trust, accountability and transparency, and so, at the necessity to implement corporate social responsibility, as it takes into consideration all found imperfections. Researches are interested in the topic of corporate social responsibility in banking sector. Simpson and Kohers (2002) conducted one of the research that supports implementation of corporate social responsibility in banking industry, since the results of the research indicate that there is a strong positive relationship between corporate social responsibility and financial performance of the banks.

3.6 Corporate Social Responsibility in the European Union

Growing interest in corporate social responsibility is not shown only by organizations but also by politicians and political parties. The reasons behind are related to environmental threats, health risks, social issues and other problems connected to long – term sustainability of global governance (Zadrazilová and collective, 2011).

Because of the mentioned concerns, the questions of adequate regulations were added to the agendas of politicians on global, regional and local levels.

Development of corporate social responsibility in the European Union has its roots in the 90's of the last century, when the first impulse to pay attention to social issues in connection to business occurred (Kašparová, Kunz, 2013). In March 2000, the European Council accepted the Lisbon Strategy whose aim was to make the Union "the most competitive and dynamic knowledge – based economy in the world, capable of sustainable economic growth, with more and better jobs and greater social cohesion." (European Commission, 2010). Main objective of the strategy clearly puts emphasis on sustainability and social issues on which the Europe Union wanted to focus.

A year later, European Commission published Green paper with the subtitle „Promoting a European framework for corporate social responsibility”, whose aim is to start discussions about different topics related to the development of corporate social responsibility in Europe (Kašparová, Kunz, 2013). Green paper pays attention to defining what corporate social responsibility is and talks about the concept in a comprehensive way. Importantly, European Commission keeps implementation of corporate social responsibility on voluntary basis. The paper divides activities of corporate social responsibility into internal and external dimensions (European Commission, 2001). Internal dimension consists of:

- Human resource management
- Health and safety at work
- Adaptation to changes
- Management of environmental impacts and natural resources

The external part incorporates:

- Local Communities
- Business partners, suppliers and consumers
- Human rights
- Global Environmental Concerns

As the next steps, the paper suggests deepening of partnerships with other actors active in the area and necessity to create universal system of reporting (Zadrazilová and collective, 2011).

The Lisbon Strategy was replaced with new strategy Europe 2020, which emphasizes corporate social responsibility and sustainability in stricter way compared to the Lisbon Strategy. Experiences from financial crisis played an important role in shaping Europe 2020, since these experiences showed that self-regulation was not sufficient and clearer rules were needed (Kašparová, Kunz, 2013). Europe 2020 is the growth strategy with the special emphasis on sustainable growth. Among the main target of Europe 2020 are employment, research and development, climate/energy, education, social inclusion and poverty reduction. The strategy still sees implementation of CSR as an activity coming from organizations themselves, however, it puts emphasis on the fact that necessary precondition for fulfilment of the concept is to respect the law and collective agreements. The role of the European Union as well as its member states is to create and coordinate en-

vironment in which organizations will be motivated to accept and implement CSR. Voluntary character of the concept was discussed intensively. While European Commission rejected regulations and put emphasis on keeping implementation of CSR on voluntary basis, the European Parliament, NGOs and trade unions demanded mandatory regulations and reporting (Mullerat, 2013). Novelty in the area of corporate social responsibility was brought in December 2014, when the Directive on disclosure of non-financial and diversity information (2014/95/EU) entered into force, and it should have been implemented in national legislations by 6 December 2016 (European Commission, 2016). Directive applies to public – interest entities of a large size, listed companies, banks and insurance companies. Another condition is minimum number of employees, which is set to 500. These companies must disclose information related to their policies, core risks and issues related to environment, society, employees, human rights, anticorruption, bribery and diversity. However, directive does not order specific guidelines, for example UN Global Compact, OECD Guidelines, ISO 26000, GRI, to be used when reporting on this information, and so flexibility according to which companies want to disclose required information stays unchanged.

3.7 Corporate Social Responsibility in the Czech Republic and Belgium

Czech Republic as one of the country of Central Europe have gone through significant development as a consequence of its historical evolution. This is the case also in connection with corporate social responsibility. Mullerat (2013) makes the relation between the level of CSR in the countries of Central Europe and their economic activities. Despite the fact that CSR is a relatively new concept, it is spreading pretty fast. Becoming the member of European Union and inflow of foreign investors were two main drivers that drove organizations in the Czech Republic into implementation of CSR. In 1995, the Czech Republic entered Organization for Economic Co-operation and Development (OECD), which plays an important role in the area of corporate social responsibility. Corporate social responsibility in the Czech Republic is not substantially regulated by the state, however, Ministry of Industry and Trade takes patronage over the concept and it creates national action plan of corporate social responsibility in the Czech Republic (Národní Informační Portál o CSR, 2015).

Even though the level of CSR implementation is developing fast there are still certain differences between Czech Republic and other countries. For example, Válková and Formánková (2014) state that while the world trend is that the concept of corporate social responsibility is connected to competitive advantage, the situation in the Czech Republic cannot confirm this statement.

Kašparová and Kunz (2013) write that awareness of corporate social responsibility concept in the Czech Republic is influenced mainly by the size of organiza-

tion, resulting in lack of information about the concept in case of small or medium enterprises. Authors also mention that the main motivation for implementation of CSR is improvement of reputation. On the other hand, organizations in the Czech Republic perceive cost increase, insufficiency of time, insufficiency of human resources and lack of knowledge as the main limits when implementing CSR.

In Belgium, corporate social responsibility basis was formed by the institutional dialogue between two participated parties, namely employees and employers in the unions (Idowu, Schmidpeter, Fifka, 2015). Nowadays, they aim to create structured policy regarding CSR, which would be carried out on federal level. In order to achieve this aim, a working group was created within the Interdepartmental Commission for Sustainable Development and partnership with representatives of regional governments (Belgian Federal Government, 2017) and it is supported by already created action plan. Besides CSR national action plan, there exists separate Belgian action plan on Business and Human Rights (European Union, 2014). Moreover, Habisch, Jonker, Wegner and Schmidpeter (2005) add that Belgian government is committed to implement the OECD Guidelines, and therefore, the Belgian government also encourages Belgian organizations to be in line with accepted principles regarding corporate social responsibility, such as OECD Guidelines and the United Nations Guiding Principles on Business and human rights.

Antwerp Management School (2016) describes Belgium as “pretty progressive on CSR”. Additionally, Belgian corporate social responsibility is claimed to be focusing mostly on social economics and non – profit businesses.

3.8 CSR Reporting

Corporate social responsibility reporting has its roots in the history when reports on environmental issues solely were published. Similarly to the CSR definition, CSR reporting does not have only one definition either. The synonymous to CSR reporting is sustainability reporting as these two concepts are very closely related and they influence each other (Das, 2014). Organizations have been using financial reporting for years, however, there occurred the need to disclose also non-financial aspects of performance of organizations, since only financial reporting could not always satisfy the demands of stakeholders.

Once an organization is implementing CSR strategy and is carrying out related activities it is important to monitor them and evaluate them. Since interest in corporate social responsibility is increasing, volume of CSR reports is increasing, too. Statistics provided by the database corporateregister.com show that in 1992 there were zero companies reporting CSR, while in 2015 it was more than 66000 worldwide. Moreover, scandals which occurred in the business world in the last decade caused that stakeholders demand higher transparency, more frequent and clearer communication. Measuring the performance and development helps in decision making process and it enables continuous improvement. Verification of progress and further reporting play significant role in implementation process. As in all implementation stages of CSR, also in case of reporting stakeholder should be

included. Reporting in the field of corporate social responsibility is defined as communication process related to social and environmental impacts caused by carrying out business activities for specific stakeholders and organization as a whole (Gray, 1987). Study related to the terminology used for mentioned type of reporting was conducted in 2013 by KPMG. The results of their study show that 43% of companies name it as sustainability report, 25% as corporate social responsibility report and 14% as corporate responsibility (KPMG, 2013).

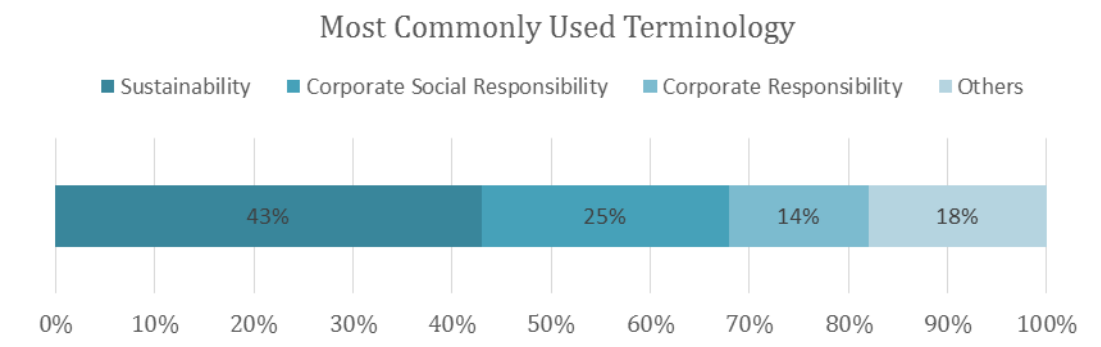


Figure. 4 Most Commonly Used Terminology

Source: own elaboration based on KPMG, 2013

Since corporate social responsibility should strengthen the areas on which it is focusing, or, on the other hand, eliminate the negative impacts, it is important to verify whether it is applied in practice. It is important to verify whether organization takes necessary steps and what progress it has made. Management of organization can control the current state, performance and targets fulfilment through reporting. Reporting provides the basis for decision making and adjustment of its processes. Additionally, based on the data provided in the report, managers are able to influence external perception of organization. Once the report is ready, it is important to communicate it to stakeholders. The most commonly used communication channels are websites of organizations. Common practice is that CSR report is part of an annual report of organization. Other methods of communication are magazines or newspapers, intranet, bulletins, whiteboards, screensavers, presentations related to the topic and others.

According to Kašparová (2011), CSR reporting might be also connected to public relations and/or marketing communication. Hence, it is convenient to be aware of target group for which the report is created. Advantage of CSR report is that its content is fully in hands of reporting organization, and thus, it may aim the most crucial topics directly to selected stakeholders.

Kašparová (2012) states based on the studies by Čaník, Čaníková (2006), KPMG (2008) and Hřebíček, Kokrment (2006) that the trend in the Czech Republic shows that reporting regarding CSR is not perceived as priority by Czech organiza-

tions compared to other European countries, especially those located in Western and Northern Europe. However, in case that organization is reporting on this concept the quality of reports is comparable to the foreign quality, consisting of very similar or even identical characteristics. Study conducted by KPMG (2008) shows that Czech companies which are reporting the most are companies from the area of industry, electronics and finance. Being aware of increasing popularity and importance of the concept, it can be assumed that CSR reporting will be highly discussed topic in the near future and implemented by more and more organizations also in the Czech Republic.

3.8.1 Features Influencing CSR Reporting

Concept of corporate social responsibility might be implemented by all types of organizations and businesses. Thus, it is apparent that certain characteristics and features will have an effect on final form of the report. Kašparová in her publication (2012) dedicates the whole chapter to the factors influencing CSR reporting. She names nine main factors which have an impact on the final CSR report. Among these are:

1. Size of an organization and its visibility: size of an organization plays an important role in CSR reporting, since it might be supposed that bigger organizations will have higher impact on society, environment and they influence higher amount of stakeholders. Therefore, organizations of bigger size are observed and monitored more closely and so the need to report CSR is higher as well. The same applies to the visibility of organization.
2. Ownership and management style: it is known that division of functions of management and ownership are advantageous in many ways, however, there may also occur principal agent problem as well as of opportunistic behaviour. Organizations with lower concentration of ownership report on CSR more than those with high ownership concentration.
3. Need for capital: when company is in need for capital it wants to attract investors. Reporting is one of the tools how to do this, perceived as an added value in form of given information, sign of transparency and branding. Thus, companies with higher need for capital voluntarily report more.
4. Industry: as mentioned at the beginning of this subchapter, concept of corporate social responsibility may be implemented by various kinds of organizations active in different industries. Fact that each industry experiences different conditions, it is characterized by different features and has different stakeholders has an influence on CSR reporting. Kašparová (2012) states that companies being active in more sensitive industries, meaning having higher threat of legitimacy problem, report more. Also, production companies or heavy industry companies influ-

ence environment the most, hence, reporting in case of these companies is more common.

5. Standards: once company decided to report CSR it may choose the most suitable standard according to which it will report. Each standard is specific and it differs in their length, complexity, quality, content and others. Thus, final form of report will differ depending on the selection of standard by the company. Next subchapter discusses variety of standards in more detail.
6. Competition: two possible outcomes can be observed in case of reporting and competition. By publishing CSR report externally, organization provides new source of information to its competition. On the other hand, reporting may differentiate organization from its competitors and create competitive advantage, which can be also explained by potential profit.
7. Society and Stakeholders' Pressure: society and stakeholders are the most powerful factors influencing CSR reporting. Pressure coming from society and stakeholders is the result of their expectations. Once society and/or stakeholders have certain expectations about CSR and also about its reporting, organization must fulfil these expectations in order to reach satisfaction. Intensity of these expectations explains also importance of consequent reporting.
8. Fear from losing legitimacy: EIRIS in its research from 2007 proved that CSR reporting is also influenced by the fear of an organization from losing its legitimacy. Research shows that organization may be active in carrying out CSR activities, however, they rather avoid reporting them because of worries from possible increase of pressure from non – governmental organizations, negative legislative impacts, damaged reputation etc.
9. Experience in reporting: the longer organization reports CSR, the more extensive and of higher quality its reporting is.

3.8.2 Reporting Methods and Standards

Corporate social responsibility is a phenomenon of global level as many of organizations, businesses and organizations are multinational, and thus, their activities often influence many countries. Because of its close interconnection with sustainability, norms, standards and rules were created in order to regulate, map and control activities of businesses (Zadrazilová and collective, 2011). Information provided in CSR reports are mostly related to positive actualities and they are of qualitative and/or declarative character. They are rarely quantitative, and if so, they usually appear in financial parts of reporting. KPMG (2008) comes with the statement that content of CSR report as well as its development depends on combination of two factors, which are value of reporting created for stakeholders and value creat-

ed for organization itself. KPMG provides the model consisting of three stages of development of content of CSR reporting. The first and the most basic stage consists of general reporting and is focused on goodwill management. The next stage is characterized by more detailed reporting and the main focus is paid to risk management. The last stage is characterized by the most detailed information and is focused on creation of value. In this stage concrete risks in the area of sustainability are identified in accordance with business strategy, directives and standards, it includes trend analysis and data related to performance. Last stage presents most-likely future vision of reporting that should be reached in long – term horizon.

Reporting in CSR is connected with the existence of variety of standards related to the concept. Generally speaking, the standards are used by organizations in order to indicate suitable type of behaviour, which is desired and subsequently followed. Besides this general description, direct reasons exist why organizations decide to implement the standards. Among these reasons are receiving new information, differentiation from competition, improvement of reputation, elimination and mitigation of risks, satisfaction of stakeholders' need for standards and prove of responsibility (Kašparová and Kunz, 2013). Implementer, however, must pay attention to the correctness of implementation of standards in order to achieve desired results.

The most used and known standards are:

- UN Global Compact,
- OECD for multinational enterprises,
- Global Sullivan Principles,
- AA1000,
- GRI,
- ISO 26000,
- SA8000,
- ISO 14000,
- EMAS.

Leipziger (2003) divides standards into two groups and those are performance oriented standards and process oriented standards. Performance oriented standards determine what are minimal standards of socially responsible behaviour, while process oriented standards define procedures and processes that should be followed by organizations. It should be mentioned, that two groups do not exclude each other, and some standards, for example, SA8000 can be classified in both groups.

- Performance oriented standards: AA1000, ISO 14000, GRI, EMAS
- Process oriented standards: UN Global Compact, Global Sullivan Principles, OECD.

3.8.2.1 UN Global Compact

UN Global Compact is a voluntary global initiative which was created as an activity of United Nations in 2000. The mission of UN Global Compact says that its goal is to “mobilize a global movement of sustainable companies and stakeholders to create the world we want” (UN Global Compact, 2017). The initiative is based on ten principles, which can be divided into four main groups including human rights, labour, environment and anti – corruption. UN Global Compact is based on voluntary decision and so organizations do not have to take actions in all ten principles. In March 2017, there were 12280 participating entities stated on UN Global Compact webpage.

3.8.2.2 ISO 26000

ISO 26000 is the international standard in the area of corporate social responsibility. Certification is not part of the standard since it has mostly the character of guidance explaining how to integrate corporate social responsibility to strategies, missions, processes, operations and systems of businesses and organizations (Zadrazilová and collective, 2011). ISO 26000 was created by experts and multinational organizations from all over the world, consisting of different stakeholders. The standard was launched in 2010 following years of creation and processing remarks and changes and, again, it has a voluntary character. ISO 26000 deals with wider scope of issues compared to OECD Guidelines and similar to UN Global Compact, however, Zadrazilová (2011) characterizes ISO 26000 as the most clear and least vague in comparison with other two. It is the standard suitable for all types of organizations, regardless of their size and specialization. It is based on seven principles of social responsibility among which are accountability, transparency, ethical behaviour, respect for stakeholder interests, respect for the rule of law, respect for international norms of behaviour and respect for human rights. Moreover, ISO 26000 acts as information resource, which is a great benefit for organizations since it provides them with clear and unified information regarding the concept. The standard includes definitions of corporate social responsibility, explains its terminology and characteristics, principles and trends related to it together with possible ways of implementation, integration and promotion of the concept within the organization and outside. It pays attention to stakeholders and subsequent communication with them.

3.8.2.3 OECD Guidelines for Multinational Enterprises

Resulting from the name of initiative, it follows that this initiative pays attention to multinational enterprises. The content of the initiative was formulated by governments and it reflects their suggestions how corporations active on their territory should behave in order to ensure responsible behaviour (Zadrazilová and collective, 2011). The weakness of OECD guideline is that it has only character of rec-

ommendation and it refers only to companies and organizations active within OECD.

3.8.2.4 Global Reporting Initiative

Global Reporting Initiative (GRI) is an independent organization and, at the same time, another reporting framework suitable for reporting corporate social responsibility activities conducted by different kinds of organizations. The idea to develop guidelines for global reporting with the cross – industrial focus arose in 1997 in Boston. Development of the idea took five years, when in 2002 GRI organization was set up in Amsterdam (Brown, Martin, Lessidrenska, 2007). Nowadays, there is the fourth version of GRI guidelines called G4 available and it was emerged in 2013. Chersan (2016) emphasizes that the GRI Standards do not pay attention to the compliance with norm. The main idea behind this type of reporting is to declare the level of GRI framework application. Zdražilová and collective (2011) describe GRI as recognized sustainability reporting framework suitable for organizations of different size, focus and location. Das (2014) describes Global Reporting Initiative as the most exhaustive framework out of all existing initiatives. Reporting includes three areas coming from three pillars of corporate social responsibility, namely, social, economic and environmental area. Due to this connection, it is sometimes called triple bottom line reporting. Variety of documents are part of the initiative in order to ensure formal part of reporting and its unification. These documents consist of indicators that should be evaluated together with their definitions and instructions how specific indicators may be fulfilled. Extent of reporting as well as selection of indicators is based on voluntary decision. GRI encourages its participants not to report only positive actualities but also negative impacts of their actions. Reporting based on GRI is balanced due to this feature. Moreover, reports may be verified by independent external entity, which eliminates the issue of objectivity. GRI standards are very complex, covering very wide area of topics.

GRI reports bring both internal and external benefits to reporting organizations. Among the internal benefits are understanding of risks and opportunities in reporting organization, explaining the connection between financial and non-financial performance, having impact on strategy, policies and future plans of organization, reduction of costs and improvement of efficiency, benchmarking, avoiding social, environmental and governance failures. External benefits consist of risk and negative impacts mitigation, improvement of reputation and building the loyalty, making external stakeholder to understand organization's value and demonstrating interconnections between the organization and sustainable development (GRI).

Two possible options "Core" and "Comprehensive" are available when preparing sustainability report. When the company chooses the core option it has to report essential aspects of sustainability, while comprehensive option develops core option. Comprehensive choice includes strategy, analysis, governance, ethics and integrity.

Throughout the time the GRI standards have been developed and changes were made to its original reporting guidelines where the content has been restructured. Nowadays, GRI standards have the modular structure. They consist of the key concepts and disclosures from G4 Guidelines and G4 implementation manual. There are three universal standards used by every organization that makes sustainability report. These three are GRI 101, GRI 102 and GRI 103. Besides these there are three series of specific standards whose focus is on economic impacts, GRI 200, environmental impacts, GRI 300, and social impacts, GRI 400.

In case that organization decided to use GRI standards, the starting point is the foundation GRI 101. It consists of 10 reporting principles and it is divided into two parts. The first one is focused on report content and the second one focuses on report quality. The foundation provides necessary information for creation of report which will be in accordance to GRI reporting. Part of GRI 101 is also identification of material topics. Organization should pick the topic according to the impact on organization's stakeholders. Based on identification of the topics, the organization then chooses between the specific standards GRI 200, GRI 300 and GRI 400. Application of GRI 102 and 103 is needed, since GRI 102 provides the contextual information about the organization and its reporting practices. It includes General Standard Disclosures from G4. These disclosures may be quantitative or qualitative. GRI 103, with the subtitle Management Approach, focuses on how material topics are managed in the organization. GRI 103 helps to explain why selected topics are material and what is happening. GRI 103 provides the platform for specific standards GRI 200, 300 and 400. In case that reporting organization is carrying out certain activities that are not covered by the GRI Standards, it is required that this organization reports its management approach and it should report other suitable disclosures. For clearer orientation in the report, the GRI standards consists of requirements, recommendations and guidance.

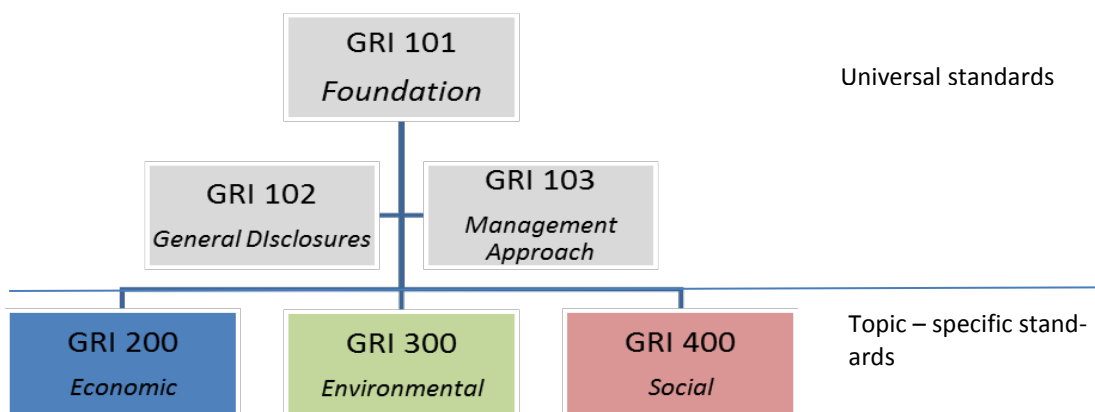


Figure. 5 Division of GRI standards

Source: Own elaboration based on GRI

4 Results

4.1 KBC Belgium

KBC Belgium was established in 1998 by merger of two Belgian banks and one Belgian insurance company. It is a bank – insurance company active in Belgium with its head office in Brussels. Its main focus is retail, private banking, assets management, SMEs, mid – cap clients and into certain extent corporate clients. KBC Belgium is part of KBC Group, which has its location in more countries of Europe.



Figure. 6 KBC Logo

Source: www.kbc.com

The company has 716 bank branches, 427 insurance agencies and electronic channels in Belgium. Its portfolio of clients consists of 3,5 million of customers and it employs around 16 000 employees. Company made net result in amount of 1 432 000 000 euros in 2016. Its market share represents 21% in banking, 13% in life – insurance, 9% in non – life insurance and 33% in investment funds.

It was rewarded by number of rewards in 2016, among which, for instance, are:

- Best bank in Belgium (Euromoney)
- Best permanent information (Belgian Financial Analysts Association)
- Best Private Bank in Belgium (Private Wealth Magazine)
- Best Trade Finance Provides in Belgium
- Best reputation of Belgium’s big banks in Flanders (Reputation institute)
- Best Innovation in Retail Banking in Belgium and others.

4.2 Analysis of the current CSR situation

This chapter is focused on analysing the current situation in KBC Belgium regarding corporate social responsibility and its reporting. Company’s website, official documents, which serve for external communication with stakeholders and official documents published were sources of analysed data. Visitors of the webpage may find words such as corporate sustainability and role in society very easily, since they are mentioned few times directly at the homepage of the company. This gives

the feeling that KBC Belgium cares about the concept and it wants to point out right away that it is socially responsible company. Moreover, the company has a document called KBC Group Corporate Sustainability Framework, where all information related to CSR and sustainability is gathered together. Company has its own department and employees who take care of corporate social responsibility and sustainability.

Section of corporate sustainability in KBC Belgium is divided into different subsections dealing with:

- Company's approach to corporate sustainability
- CSR Governance
- Responsible and ethical behaviour in the company
- Limitation of adverse impact
- Rules and policies
- Ways how to make a difference in society
- Engagement of stakeholders
- Company's partners
- Reporting

4.2.1 Approach towards CSR

KBC Belgium wants to set clear picture about its approach towards corporate social responsibility and corporate sustainability, and therefore, it explains what corporate social responsibility and sustainability mean for the company and how important these two concepts are. KBC describes the interconnection between its corporate strategy and sustainability saying that sustainability is not considered as separate strategy but it is integrated into overall corporate strategy. By integrating sustainability into corporate strategy, company emphasizes that corporate social responsibility and sustainability are not unfamiliar for the company and that the opposite is true. When overall corporate strategy was created, KBC thought of sustainability as of an important part, and thus was embedded there. Due to numerous activities which company has, it has a great impact on society. Company realizes the role it plays in society and, accordingly, it looks for the right balance between its own objectives and sustainability objective. KBC translates sustainability into practice as ability to respond to expectations of all involved stakeholders, not only in the present days but also in the future. This sustainability perception was transformed into three cornerstones, which are limitation of adverse impact on society, increase of positive impact on society and responsible behaviour of all staff.



Figure. 7 The cornerstones of corporate sustainability strategy

Source: own elaboration based on www.kbc.com

4.2.2 CSR Governance

As mentioned in the previous subchapter, the company has sustainability embedded in the corporate strategy. In order to make its ambitions real, not just written on the paper, KBC created Sustainability Governance model. This model emphasizes the importance of sustainability and CSR implementation and ensures that employees on different organizational levels will get in touch with the concepts, including the highest organizational levels. The issue of sustainability is regularly discussed during the boards meetings. Besides internal boards, the company set up external boards. These boards are made of experts on the topic, who can bring unbiased opinions, ideas and advice. These boards are External Sustainability Board, SRI Advisory Board and Sustainability Advisory Board.

Board of Directors: another responsibility of Group Executive Committee is to report twice a year to Board of Directors.	
Group Executive Committee: represents the highest level of accountability for sustainability.	
The Corporate Sustainability Department: run by Corporate Sustainability General Manager. It is responsible for development of sustainability strategy.	The Internal Sustainability Board: is responsible for execution and implementation of sustainability strategy and awareness – rising.
Local Sustainability Departments and CSR Committees: make sure that sustainability strategy is implemented in different business areas.	
Business Units: Sustainability and CSR are part of core activities.	

Figure. 8 Corporate Sustainability Governance in KBC

Source: own elaboration based on www.kbc.com

4.2.3 Responsible and ethical behaviour

Responsible and ethical behaviour within the company as well as towards company's stakeholders is considered to be one of the most important values company has. One part of evaluation process of employees measures their behaviour with respect to responsibility and ethics. In this way company motivates employees to behave according to its values and also sets the mind-set of its people. Ethical behaviour of employees is integrated in the rules and regulations of company, which ensure that this behaviour is delivered. These rules and regulations are part of official documents, which are The Code of Conduct for KBC Employees, KBC Group Policy on Human Rights, Policy for Protection of Whistle-blowers, responsible paying of taxes has its roots in tax strategy. Moreover, KBC respects the Belgian chapter of Transparency International regarding integrity, fraud prevention and anti – corruption.

4.2.4 Limitation of adverse impact

Another goal of KBC is to eliminate its negative impacts as much as possible. Regarding this goal, company classified four main areas, where this adverse impact limitation is carried out. The four are: environmental footprint, KBC sustainability policies, socially responsible investments and equator principles.

For environmental footprint part, KBC prepared its own Environmental Policy, which is in line with the UN Global Compact and with overall corporate strategy. This document names the focus point and concrete activities which are performed by the company in order to eliminate its negative impacts on environment, and, on the other hand, to strengthen the positive impacts. Moreover, the company showed its commitment by signing “Message from Belgian stakeholders in support of the COP21”. KBC Belgium have certified ISO 14001 environmental management system and it was the first financial institution in Belgium that was awarded an EMAS certificate (Eco – Management and Audit Scheme). KBC gathers the data related to its environmental impacts and analyses it, so the development and the status of reaching the targets is clear. This data are related to carbon footprint, energy consumption, mobility and paper and waste consumption. The impact is monitored and the goal of the company is to eliminate it as much as possible. The biggest achievement was 65% reduction of heating oil in favour of natural gas. The second biggest achievement was paper consumption reduction which dropped down by 40%.

For KBC, as for a corporation active in banking and insurance field, investments are important part of its activities. KBC was one of the first on the market who started to pay attention to socially responsible investment, whose abbreviation is SRI. Socially responsible investment refers to financial practice when investment decisions take into consideration also social, environmental and ethical criteria (Cowton, Sandberg, 2012). Investment products, which are offered by KBC,

are not only in line with economic risk or return demands, but they also meet requirements linked to social and environmental issues. The matter of SRI is screen and controlled by independent board named SRI Advisory Board. This monitoring ensures completeness and accuracy of issue. There are two benefits resulting from SRI, and these are profitability and sustainability. Besides SRI, KBC adopted equator principles, which is a risk management framework. This framework is used by financial institutions, often considered as a benchmark, for determining, assessing and managing social and environmental risks in various projects.

Company decided to create and set rules and policies related to corporate social responsibility and sustainability, so clear guidelines are available for all stakeholders. There are 21 documents provided on company website, which is a high number. Among these documents are, for example, Anti – money laundering policy, Code of Conduct, Group Ethics and Fraud Policy, Tax Strategy, Environmental Policy, Policy on Human Rights, Policy on Blacklisted Companies, Investor Relations Policy and others.

KBC Belgium selected four main areas to which the company wants to pay attention, so the positive impact on society may be delivered in the most efficient way. These are financial literacy, environmental responsibility, entrepreneurship and longevity. KBC, as company active in the financial sphere, passes its knowledge about finance to its customers and other learners. Spreading the information about financial literacy is in the form of seminars, digital learning, internships and giving financial advice. Moreover, it offers support also in case of entrepreneurship. In this area, KBC has already started different projects and it continues to encourage new ideas and projects to become real and carried out in reality. Structure of population is developing, and thus, the clients of the bank are changing, too. KBC is aware of aging population and thinks of them, too. The activities related to longevity are designed to create more comfortable environment for elderly by offering them special services and business models designed specifically for them.

4.2.5 Engagement of stakeholders

Engagement of stakeholders and their opinions and ideas are very much important for KBC, as the company nurtures the dialogues with its employees, customers, suppliers, shareholders, society, government and regulators on regular basis and in a structured way. Both quantitative and qualitative approaches are used. KBC Belgium created its stakeholder survey, which has a quantitative character and is filled in by general public. Its content is related to the reputation of the company and sustainability aspects. In order to improve quality and integrate new ideas, it is important to understand stakeholders concerns and suggestions. Associations, NGOs and task groups are listened to and with their help the company tries to find solutions for problems mentioned during the talks. Another event where stakeholder are encouraged to express their opinions and suggestions are stakeholders debates on which CEO of the company takes active participation, too. As already mentioned, employees are essential part of functioning of KBC Belgium, and hence, crucial stakeholders. Wellbeing of employees is one of the top priorities of KBC,

and thus, they annually fill in “Employee Engagement” survey where all aspects of working of KBC are considered. Outcome of the survey are then transformed into practice and so results of the survey are incorporated in HR policies.

4.2.6 Partnerships

KBC Belgium cooperates with variety of external partners. The aim of these partnerships is to bring continuous improvement in sustainability status. Company’s partners are situated in different parts of Belgium. These partners are sustainability networks, societal actors contributing to societal debates, creative labs, organizations supporting projects focused on Belgian cities and microfinance and micro-insurance projects whose goal is to improve the quality of life of poorer population. Sustainability and corporate social responsibility reporting is another important aspect of the concepts, and therefore, KBC reports to sustainability rating agencies and index companies, such as Carbon Disclosure Project Climate Change Program, Dow Jones Sustainability Index, Ethibel Sustainability Index Excellence Europe, FTSE4Good Index, STOXX ESG Leaders Index and Euronext Vigeo index: Benelux 20. International principles such as UN Global Compact Principles, UN Global Compact Human Rights Statement, UNPRI, Equator Principles and COP 21 are taken into consideration, too.

4.2.7 Reporting

KBC Belgium has been reporting to society since 2007. All these report are available for external readers on the company website. In 2007, the first report called Sustainability Report was published and the company continued to publish Sustainability Report till 2014. In 2014, a change occurred when company decided not to publish a separate Sustainability Report anymore. Sustainability and corporate social responsibility topics became part of Annual Reports and instead of Sustainability Report the report called Report to Society was created. The change is illustrated on the figure below.



Figure. 9 Reporting overview KBC Belgium

Source: own elaboration based on www.kbc.com

Company publishes its reports on the yearly basis, and so, for example, Sustainability Report 2013 is related to the period from the beginning of January till the end of December. However, for the practical reasons, in some areas of study the data

were gathered in the period between the January 1st and 30th of September and then extrapolated for the remaining months of the year. Content of the report is based on the methodology of setting up materiality matrix, as is also given in the GRI methodology. The materiality matrix is drawn up with respect to all stakeholders and their interest. Non – financial data is gathered via reporting tool consisting of eight questionnaires filled in by sustainability specialists. Questionnaires are related to the topics of credits, investments, clients, community involvement, human resources, where both quantitative and qualitative data are studied, environment and the supply chain. Report created by KBC Belgium is in accordance with the newest Global Reporting Initiative, G4 Guidelines and option “in accordance – Core option” is used.

4.3 ČSOB Czech Republic

ČSOB is an abbreviation for Československá obchodní banka. It is Czech bank established in 1964. During that times the aim of ČSOB was to provide services in the area of foreign trade financing and currency operations on the Czechoslovak market in those years. The year 1999 was significant for the bank as it was privatized by KBC Group.



Figure. 10 ČSOB Logo

Source: www.csob.cz

ČSOB focuses on retail, individuals, SME, corporate and institutional clients in retail banking in the Czech Republic. Examples of products offered to the clients are financing housing needs, insurance products, pension funds, collective investment products, asset management, leasing and factoring. ČSOB has 287 branches in the Czech Republic and 4 million clients. Its net of branches is distributed across the whole country. It applies to both branches and ATM machines since ČSOB cares about their easy accessibility. The picture below depicts locations of ČSOB branches in the Czech Republic. The branches are marked as blue dots.

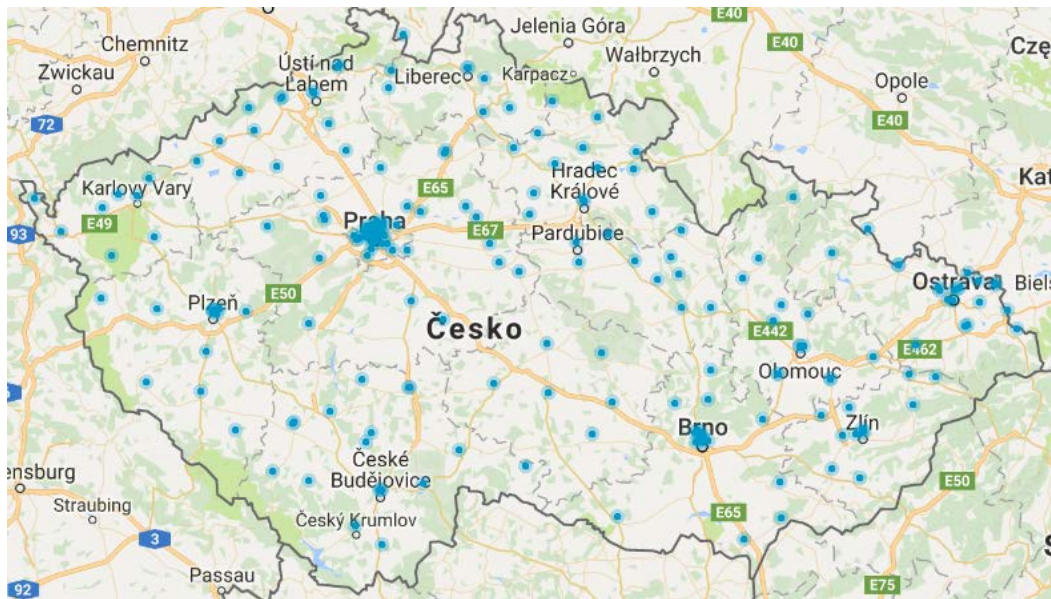


Figure. 11 ČSOB branches in the Czech Republic

Source: www.csob.cz

Company's net result was in amount of 596 000 000 euros in 2016. Its market share represents 20% in banking, 7% in life – insurance, 7% in non – life insurance and 23% in investment funds.

ČSOB was rewarded by number of rewards among which, for instance, are:

- Best Bank in the Czech Republic (Global Finance Magazine)
- Best Private Bank in the Czech Republic (The Banker/Private Wealth Magazine and Euromoney)
- Second place at the TOP Responsible Large Company awards (Business for Society)
- Best Trade Finance Provider in the Czech Republic (Global Finance)
- ČSOB as one of the best employers in the Czech Republic and others.

4.3.1 Analysis of the current CSR situation

Similarly to KBC Belgium, ČSOB Czech Republic has a special part of its webpage dedicated to corporate social responsibility. Company describes this concept as one of the most important streams of company's philosophy, which is integrated in everyday life of employees and functioning of the company. The main focus is paid to local communities, individuals and the general public. ČSOB perceives itself as friendly and responsible company as shown in its corporate social responsibility logo shown in the figure 12.



Figure. 12 CSR logo in ČSOB Czech Republic

Source: www.csob.cz

ČSOB Czech Republic pays special attention to four areas of corporate social responsibility. Responsible business, education and training, diversity and regions are these four main focus points. Responsible business is represented by ethics, responsible approach regarding products and services provided and carrying our volunteering activities by the whole company as well as individual employees. Financial literacy is important part of training and development area as the company functions in the banking industry. Besides financial literacy, individual trainings and non-profit organizations development are provided. Company employs individuals with physical handicaps and it also in this way contributes to creation of equal opportunities. ČSOB has its operations across the whole republic, and thus, responsible approach towards the regions where it is active is very important. Not only it approaches environment and community in a responsible way, it also takes care of cultural and natural heritage.

4.3.2 Diversity

Diversity in ČSOB is perceived from three points of views. The first one is the viewpoint of employment, the second one is represented by equal opportunities and the last one by work and personal life.

4.3.2.1 Employment

In the banking sectors, employees are the key factors of the business. Putting together this fact and wellbeing of society, diversity is an important part well-functioning organization. Regarding diversity in employment, employees of ČSOB create diverse teams and working environment. Company claims to hire individuals of different age and working experience. Hiring of employees with physical handicaps is also put in practice as already mentioned. Regarding handicapped people, ČSOB created its own internal campaign in 2013, whose main aim was to support employment of people with handicaps, increase the proportion of their

representation in the company and spread the information about the issue. Education of all colleagues is also considered as important, so emotional intelligence and sensitivity is on place. ČSOB was sponsor of group of experts related to this issue due to company's proactive approach and good job in the area of employing people with physical handicap. Mentioned group of experts created guidelines for HR employees and managers consisting of legislation related to employment of disabled people, practical examples regarding interviews, treatments and their integration into the company's culture.

4.3.2.2 Equal Opportunities

Besides employment of disabled people, ČSOB creates equal opportunities for its employees, including age management. Special program was created for parents on parental leave, both moms and dads, so they can stay active in their career during their maternity or parental leave. Via this program, parents receive necessary information in form of newsletters, specialized workshops and meetings, they are in touch with their colleagues and the company itself. Return back to work after the parental leave is then much easier for them thanks to this special parental program.

Additionally, ČSOB provides flexibility to its employees. The company has different types of employments so the needs of its employees are heard. Employees may choose type of employment contract, number of hours worked, there is also possibility to work from home or to use own device, since the company support the program BYOD – Bring your own device. All these features contribute to flexible working conditions. In order to avoid burnout and maintain satisfaction of employees, ČSOB takes care of employees' work – life balance, too. Moreover, there are different trainings offered whose aim is to develop knowledge, awareness, responsibilities and skills in the areas of health and safety, including first aid, information systems, responsible communication, efficient way of working and cooperation when working from home. Employees may develop their personal lives in different aspects through other trainings focused on educational activities, workshops related to prevention and health, time and stress management.

4.3.2.3 Sustainability and Environment

ČSOB makes direct connection between the region where it operates and its sustainability. Actions and activities performed in the region are based on the voluntary character and they go beyond the legislation. Company supports development of local communities and culture. Form of help in monetary terms is provided, too, and thus, ČSOB earmarked a special grant program for these purposes. With the aim to achieve demanded sustainability, company perceived its activities, engagement and paid attention to the regions as crucial aspects when achieving this goal. Elimination of negative aspects and strengthening the positive ones is part of sus-

tainability strategy of ČSOB. With regards to environment, ČSOB approaches it in responsible manner, of which prove is Leadership in Energy and Environment Design certification. Company participates in different campaigns and projects among which are Biking to Work, CSR Ambassadors projects, lectures and consultations at universities. Furthermore, ČSOB has its own energy policy where commitments regarding reduction of energy use, use of renewable energy, carbon dioxide production, waste disposal and others are stated. Company reports the numbers related to mentioned commitments so development is monitored. Methodology for calculation of both direct and indirect CO₂ emissions was developed as a result of cooperation with ČSOB and non-profit Team Initiative for Local Sustainable Development.

4.3.2.4 Responsible Business and Ethics

Barrier free access, responsible products, volunteering, philanthropy and social enterprise are focus areas of ČSOB related to responsible business and ethics. Availability of services and products is considered important and because of it there are 80% of ATM modified in a way that they are visually impaired and equipped with voice navigation. The same proportion of ČSOB branches is barrier – free and equipped with necessary facilities and assistance. Hearing – impaired people are able to communicate with company's staff via eScribe service, and thanks to this technology understand the products and services offered. Beacons are available for people who are visually impaired. As already mentioned, ČSOB provides equal opportunities for everybody, and therefore, its headquarters in Prague are adapted for disabled people. Philosophy regarding corporate social responsibility is reflected also in responsibility of products offered to its clients and offer of socially responsible investments, SRI. Company created platform for volunteering activities, through which all employees can take part and volunteer in a non – profit organization, such as schools, zoos, gardens, nature etc. Another goal on the way of the company to achieve responsible business and ethics is to increase the level of financial literacy in the Czech Republic. ČSOB educates people of different ages in different life situations so they are able to make the right decisions about their money and know how to treat, spend and invest them in a smart way. There are two projects currently run by ČSOB connected to the financial literacy and these are ČSOB Education Endowment Programme and Support for free consultancy. The aim of the second project is to teach interested participants about any issue related to the finance for free and also advise them on their personal financial problems. Besides financial literacy, ČSOB supports also general knowledge of society and it does so mainly through its education fund, which was established already in 1995. It mainly supports gifted children, children from socially weak families, disables young people and others. Individual people from different parts of the Czech Republic are also supported through the programmes, partnerships and projects. ČSOB spreads the stories of supported people on its website.

4.3.2.5 Partnerships

Since the scope of ČSOB's activities, projects and programs is really wide, the company cooperates with other organizations, foundations, companies, associations, portals, forums and platforms, so corporate social activities are of high quality and performed with the biggest impact on society. Often it is the case that initiatives of ČSOB regarding corporate social responsibility go beyond the borders of the company. For ČSOB, the most significant partnerships in the area of corporate social responsibility and sustainability are:

- Committee of Good Will – Olga Havlová
- Sense and Sensibility Fund
- Czech Paraplegic Association
- Cystic Fibrosis Club
- Association of Citizen's Advisory Centres
- Debt Advisory Centre
- Charter 77 foundation
- Business for Society
- Domov Sue Ryder
- Czech Donors Forum
- Help Line Association
- Mathilda Endowment Fund
- Neratov Association
- Orbi Pontes
- Wheelchair Sports Club
- Czech Ration Endowment Fund
- P3 ČSOB Stabilization of Social Enterprises programme
- Ergotep, Disables Persons Cooperative

4.3.2.6 Reporting

ČSOB started to publish its first CSR report in 2006. This report was called Corporate Social Responsibility Report. In the interval of years between 2007 and 2011, new reports were made under the name ČSOB Group Sustainability Report. The name of the report published by the company changed for the third time to ČSOB Group Social Responsibility Report. Company was reporting under this name until 2015, when the name changed to ČSOB Report to Society. Regarding methodology, ČSOB was reporting using the London Benchmarking Group methodology (LBG). LBG focuses mainly on the determination of the cost of donor activities together with its impacts and effectiveness. Change occurred in 2013 and the company started to report according to GRI methodology, which is much more extensive and covers more areas. Moreover, its main focus is not only on philanthropy, but it primarily aims its indicators towards sustainable development.



Figure. 13 Reporting overview ČSOB Czech Republic

Source: own elaboration based on www.csob.cz

4.4 Comparison of the studied companies

Comparison of the current situation in two selected companies active in the banking sector, KBC Belgium and ČSOB Czech Republic is performed using GRI methodology. More specifically, it compares corporate social responsibility reports published by the companies throughout the time according to indicators defined by GRI methodology. The first time when both companies published CSR reports available for external usage was in 2007. Thus, the thesis starts comparison of the reports by analysing the first reports published in 2007 and finishes with the reports related to the year 2015. At the time of writing the thesis, the reports for 2016 have not been prepared, yet. Since GRI methodology is extensive, conducted comparison is divided in the same way as standard disclosures are divided in GRI. This division is done based on the content of the specific standard disclosure. In general, there are two standard disclosures, the first one consists of general standard disclosures and the second ones include specific standard disclosures. When analysing the reports, decisions were made based on the precise descriptions provided in G4 Sustainability Reporting Guidelines (GRI, 2013). All together 64 GRI indicators were analysed. Indicators that were not used by neither of two analysed companies were eliminated from the analysis, since they would not have any impact on the final outcomes of the analysis anyway.

It is important to mention that throughout the time when companies were publishing corporate social responsibility report, their approaches, reports and processes have been changing. For example, as mentioned in case of KBC, the company stopped publishing separate Sustainability Report and it started to include information related to GRI indicators either on company's webpage, or in the Annual Report or in the Report to Society. Thus, the comparison based on the GRI became much more difficult, since possible sources of the information tripled. Despite the complication, diploma thesis takes into consideration all sources of information and marks them with the relevant abbreviations - AR stands for Annual Report and WP represents Webpage. Fields filled by blue colour indicate that individual indicator is part of corporate social responsibility report.

4.4.1 General Standard Disclosures

Strategy and analysis part makes the first part of general standard disclosures as it aims to provide the reader with clear picture of the position and approach of the company towards corporate social responsibility and sustainability. As information from secondary data study showed, corporate social responsibility is significant concept for both companies and it is even integrated in their corporate strategies. This integration is even stronger in case of KBC Belgium.

Both companies provided necessary information each year, except the exemption from 2012, when ČSOB did not provide the statement from the most senior decision – maker. More specifically, ČSOB did not provide the foreword of its CEO as was the case in previous years and then years after that. Regarding strategic priorities, KBC provided more detailed and also long – term oriented goals, while ČSOB kept it more short – term oriented.

Strategy and Analysis

Profile Disclosure				2007	2008	2009	2010	2011	2012	2013	2014	2015	
Strategy and Analysis	G4 - 1	Provide a statement from the most senior decision-maker of the organization about the relevance of sustainability to the organization.	KBC Belgium										
			ČSOB						x				
		Strategic priorities related to sustainability (short, medium and long term)	KBC Belgium										
			ČSOB										
		Crucial points, successes and failures during the reporting period	KBC Belgium										
			ČSOB										
		Targets and goals for the next years	KBC Belgium										
			ČSOB										

Tab. 2 GRI comparison – strategy and analysis

Source: own elaboration based on GRI methodology

Organizational profile of the company is another area covered by GRI methodology. Organizational profile, similarly to the previous part, ensures that the reader becomes familiar with the organization and with its characteristics. In general, KBC Belgium provides more information related to its organization than ČSOB in its corporate social responsibility reports. Differences can be mainly found in parts related to supply chain and precautionary approaches.

	G4-16	Memberships of associations and national or international advocacy organizations, where organization holds a position, participates, provides funding or views this membership as strategic.	KBC Belgium											
			ČSOB									AR	AR	

Tab. 3 GRI comparison – organizational profile

Source: own elaboration based on GRI methodology

Identification of stakeholders and their engagement are crucial aspects of successful implementation of corporate social responsibility concept. Therefore, this area is covered by GRI methodology, too. By looking at the comparison, it can be seen that the position of KBC Belgium regarding stakeholder engagement is stronger than the one of ČSOB. KBC Belgium pays strong attention to its stakeholders, it has its way how to identify its stakeholders, company approaches them in a structured way and discusses their concerns on regular basis, mostly by satisfaction surveys.

Stakeholder Engagement

Profile Disclosure				2007	2008	2009	2010	2011	2012	2013	2014	2015	
Stakeholder Engagement	G4-24	List of stakeholder groups engaged by the organization.	KBC Belgium	x						AR		AR	
			ČSOB	x	x	x	x						AR
	G4-25	Basis for identification and selection of stakeholders with whom to engage.	KBC Belgium	x									
			ČSOB	x	x	x	x	x	x				AR
	G4-26	Organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	KBC Belgium	x									
			ČSOB	x	x				x				x
	G4-27	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	KBC Belgium										
			ČSOB	x	x				x				x

	Report the stakeholder groups that raised each of the key topics and concerns.										
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Tab. 4 GRI comparison – stakeholder engagement

Source: own elaboration based on GRI methodology

Information related to the report are included in the part called Report Profile. The indicators of this part are useful for the reader, since they provide clear picture about the frequency and the way how the report is processed. Indicators talking about „In accordance“ option was not and could not be reported by organizations, since it was only brought up by the newest version of the guidelines, G4 guidelines, and so it was not available before. Here, it is very important to mention the fact of seeking external assurance as it provides trustworthiness and validity.

Report Profile

Profile Disclosure				2007	2008	2009	2010	2011	2012	2013	2014	2015	
Report Profile	G4-28	Reporting period for information provided.	KBC Belgium									WP	
			ČSOB									AR	
	G4-29	Date of most recent previous report.	KBC Belgium										WP
			ČSOB										AR
	G4-30	Reporting cycle.	KBC Belgium									WP	WP
			ČSOB										AR
	G4-31	Provide the contact point for questions regarding the report or its contents.	KBC Belgium										WP
			ČSOB										
	G4-32	‘In accordance’ option the organization has chosen.	KBC Belgium	x	x	x	x	x	x	x	WP	WP	WP
			ČSOB	x	x	x	x	x	x	x			x
	G4-33	Organization’s policy and current practice with regard to seeking external assurance for the report.	KBC Belgium								WP	WP	WP
			ČSOB									AR	AR

Tab. 5 GRI comparison – report profile

Source: own elaboration based on GRI methodology

The last two parts belonging to G4 General standard disclosures are Governance and Ethics and Integrity. Both of them are considered to be important for corporate social responsibility reporting in the banking industry as they are fully covered by both studies companies.

Governance, Ethics and Integrity

Profile Disclosure				2007	2008	2009	2010	2011	2012	2013	2014	2015
Governance	G4-34	Governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.	KBC Belgium									
			ČSOB								AR	AR
Ethics and Integrity	G4-56	Organization's values, principles, standards and norms of behaviour such as codes of conduct and codes of ethics.	KBC Belgium									
			ČSOB									

Tab. 6 GRI comparison – governance, ethics and integrity

Source: own elaboration based on GRI methodology

The analysis of comparison of the reports continues with G4 Specific Standard disclosures, which are related to material aspects. Each part starts with explanation why the aspect is considered as material from the viewpoint of the company. By analysing CSR reports of the companies it was found out that all three pillars are integrated in CSR strategies of analysed organizations and they are considered as material. The first part analysed here is classified under economic performance.

Economic Performance

Profile Disclosure				2007	2008	2009	2010	2011	2012	2013	2014	2015	
Material Aspect: Economic Performance	G4-DMA	Why the Aspect is material. Report the impacts that make this Aspect material.	KBC Belgium								WP	WP	
			ČSOB								AR	AR	
	G4-EC1	Direct economic value generated and distributed (EVG&D) on an accruals basis including the basic components for the organization's global operations as listed. If data is presented on a cash basis, report the justification for this decision and report the basic components	KBC Belgium						x	AR			
			ČSOB									AR	AR
	G4-EC2	Risks and opportunities posed by climate change that have the potential to generate substantive changes in operations, revenue or expenditure.	KBC Belgium										AR
			ČSOB	x	x	x	x	x	x			AR	AR

	G4-EC4	Total monetary value of financial assistance received by the organization from governments during the reporting period.	KBC Belgium	x	x							
			ČSOB	x	x	x	x	x	x	x	x	x

Tab. 7 GRI comparison – economic performance

Source: own elaboration based on GRI methodology

Energy, emission, effluents and waste belonged to reported indicators within material aspects in environmental pillar. The biggest emphasis is put on energy, then emission, effluents and waste. Reports of KBC Belgium focused more on the specific indicators of GRI methodology and fulfilled more conditions of reporting than ČSOB Czech Republic. However, both companies dedicated part of their reports to environmental pillar each year. ČSOB pointed out their volunteer days, whose orientation was not only social but often environmental. The company also cooperates with different partners who are specialists in environmental area. Moreover, the building of headquarters of ČSOB built in 2006 is considered as one of the largest administrative buildings in Central Europe that was built according to strict environmental standards.

Energy, Emission, Effluents and Waste

Profile Disclosure				2007	2008	2009	2010	2011	2012	2013	2014	2015	
Material Aspect: Energy	G4-DMA	Why the Aspect is material. Report the impacts that make this Aspect material.	KBC Belgium								WP	WP	
			ČSOB										
	G4-EN3	Total fuel consumption from non-renewable and renewable fuel sources in joules or multiples, including fuel types used.	KBC Belgium									AR	
			ČSOB									AR	
Material Aspect: Emissions	G4-DMA	Why the Aspect is material. Report the impacts that make this Aspect material.	KBC Belgium								WP	WP	
			ČSOB								x	AR	
	G4-EN15	Gross direct (Scope 1) GHG emissions in metric tons of CO2 equivalent, independent of any GHG trades, such as purchases, sales, or transfers of offsets or allowances.	KBC Belgium								AR	AR	
			ČSOB	x	x	x	x	x	x		x	AR	
	G4-EN16	Gross energy indirect (Scope 2) GHG emissions in metric tons of CO2 equivalent, independent of any GHG trades, such as purchases, sales, or transfers of offsets or allowances.	KBC Belgium									WP	AR
			ČSOB	x	x	x	x	x	x		x	AR	

	G4-EN19	Amount of GHG emissions reductions achieved as a direct result of initiatives to reduce emissions, in metric tons of CO2 equivalent.	KBC Belgium			x		x			WP	AR
			ČSOB	x	x	x	x	x	x		x	AR
Material Aspect: Effluents and Waste	G4-DMA	Why the Aspect is material. Report the impacts that make this Aspect material.	KBC Belgium								WP	WP
			ČSOB									AR
	G4-EN23	Total weight of hazardous and non-hazardous waste, by the following disposal methods.	KBC Belgium	x	x	x	x	x			WP	AR
			ČSOB	x	x	x	x				x	AR

Tab. 8 GRI comparison – energy, emission, effluents and waste

Source: own elaboration based on GRI methodology

KBC Belgium and ČSOB Czech Republic value their employees highly. It is them who create value and make business possible. Since both companies are providing services, human resources are considered crucial. Therefore, employees working for analysed companies receive wide spectrum of benefits and offer of trainings and development programs. Both women and men are present in the management of both companies and not only them, but all employees of the companies are equally remunerated. Since additional information regarding employee care was gathered by cooperation with HR department through structured interviews, it can be concluded that both companies have very similar and positive approach towards its employees. However, when looking at the analysis of the reports, it is visible that KBC Belgium has stronger position with respect to reporting. Despite the fact that ČSOB HR department confirmed that they have all information necessary for fulfilment of indicators, their reports do not consists of all information required by GRI indicators.

Employment, Occupational Health and Safety, Training and Education, Diversity and Equal Opportunities, Equal Remuneration for Women and Men

Profile Disclosure				2007	2008	2009	2010	2011	2012	2013	2014	2015	
Material Aspect: Employment	G4-DMA	Why the Aspect is material. Report the impacts that make this Aspect material.	KBC Belgium								WP	WP	
			ČSOB									AR	AR
	G4-LA1	Total number and rate of new employee hires and turnover during the reporting period, by age group, gender and region.	KBC Belgium									AR	AR
			ČSOB	x	x	x	x	x	x	x		AR	AR

Material Aspect: Occupational Health and Safety	G4-DMA	Why the Aspect is material. Report the impacts that make this Aspect material.	KBC Belgium								WP	WP		
			ČSOB	x	x	x						x	x	
	G4-LA5	Level at which each formal joint management-worker health and safety committee typically operates within the organization.	KBC Belgium	x	x	x	x	x	x			WP	WP	
			ČSOB	x	x	x	x	x	x	x	x	x	x	
Material Aspect: Training and Education	G4-DMA	Why the Aspect is material. Report the impacts that make this Aspect material.	KBC Belgium									WP	WP	
			ČSOB							x	x	x	x	
	G4-LA10	Type and scope of programs implemented and assistance provided to upgrade employee skills.	KBC Belgium											
			ČSOB							x	x	x	x	
Material Aspect: Diversity and Equal Opportunity	G4-DMA	Why the Aspect is material. Report the impacts that make this Aspect material.	KBC Belgium									WP	WP	
			ČSOB											
	G4-LA12	Percentage of individuals within the organization's governance bodies in diversity categories including gender, age groups (under 30 years, 30-50, over 50 years old), minority groups, other relevant indicators.	KBC Belgium											
			ČSOB	x	x	x	x	x	x	x	x	x	x	
Material Aspect: Equal Remuneration for Women and Men	G4-DMA	Why the Aspect is material. Report the impacts that make this Aspect material.	KBC Belgium	x								WP	WP	
			ČSOB	x	x	x	x	x	x	x			AR	AR
	G4-LA13	Ratio of the basic salary and remuneration of women to men for each employee category.	KBC Belgium	x									AR	AR
			ČSOB	x	x	x	x	x	x	x			AR	AR

Tab. 9 GRI comparison - Employment, Occupational Health and Safety, Training and Education, Diversity and Equal Opportunities, Equal Remuneration for Women and Men

Source: own elaboration based on GRI methodology

Investments and anti – corruption policies are significant in every industry, and even more in banking industry. Analysis of the development of reporting related to these indicators shows that these indicators have become more important throughout the time. Currently, both companies report on the aspects fully.

	impact assessments, and development programs.																			
--	---	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Tab. 11 GRI comparison – local communities

Source: own elaboration based on GRI methodology

The last part of the comparison of corporate social responsibility reporting of two selected banking companies is made up from aspect of product responsibility. Regarding this aspect, it can be seen that KBC Belgium has much stronger position in reporting of this aspect than ČSOB Czech Republic. Interesting finding is that ČSOB started to report on product responsibility in 2009 and then stopped in 2013.

Product Responsibility

Profile Disclosure				2007	2008	2009	2010	2011	2012	2013	2014	2015	
Material Aspect: Product and Service Labelling	G4-DMA	Why the Aspect is material. Report the impacts that make this Aspect material.	KBC Belgium									WP	
			ČSOB	x	x						x	x	
	G4-PR5	Results or key conclusions of customer satisfaction surveys (based on statistically relevant sample sizes) conducted in the reporting period relating to information about the organization as a whole, major product or service category, significant locations of operation.	KBC Belgium										
			ČSOB	x	x	x	x		x	x	x	x	

Tab. 12 GRI comparison – product responsibility

Source: own elaboration based on GRI methodology

4.5 Reporting Model

Reporting model suitable for companies active in the banking sector was designed based on the outputs from the analysis of corporate social responsibility reports of two banking companies from two different European countries, Belgium and Czech Republic. This model should serve companies active in the banking industry that want to report corporate social responsibility but do not want to go over the whole GRI methodology, since this methodology is very complex. Proposed reporting model depicts the most significant and the most commonly used indicators of CSR reporting in the studied sector. More specifically, suggested model considers the results from the most recent five years – 2011, 2012, 2013, 2014 and 2015 (note: report for 2016 was not available yet at the time of writing the thesis). The earlier years were not taken into account, since reporting tools and the concept itself have gone through substantial development throughout the years. For example, as already mentioned, ČSOB changed its corporate social responsibility report in 2011.

Thesis suggests three levels of reporting according to their complexity in order to satisfy wider scope of reporting requirements. These three levels were created based on the frequency of usage of indicators by the studied banks during the mentioned last five years.

The first model called “Must have” is the least demanding and it contains the most important indicators, as analysed banking companies reported indicators included in “Must have” model 90% of the time. This model is suitable for companies, active in the banking sector, looking for basic CSR report.

The second model, “Good to have”, was designed for companies, active in the banking sector, with intermediate requirements of reporting. Therefore, occurrence level was set at 80%, meaning that analysed banking companies reported indicators included in “Good to have” model 80% of the time. Clearly, “Good to have” model is an extension to “Must have” model, and thus, “Must have” indicators are included.

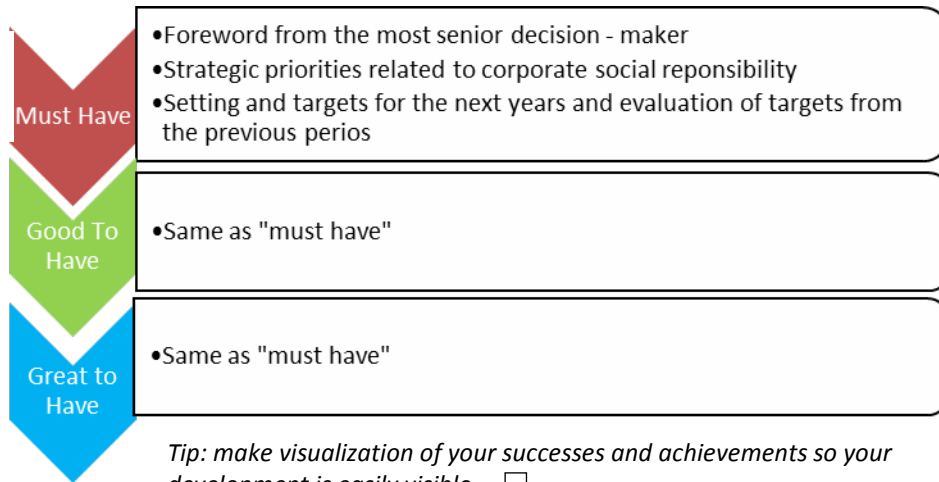
The third model called “Great to have” is the most demanding and it contains the widest scope of information and indicators out of all three models. Occurrence level was defined at 70%. Since the logic stays the same as in two previous models, analysed banking companies reported indicators included in “Great to have” model 70% of the time. This model is designed as an extension to “Good to have” model. Hence, it contains all indicators that create “Good to have” model, plus, indicators of 70% occurrence level are enriching the model. In certain steps author adds some tips to make reporting even more efficient. The logic of the models is also illustrated in the table 13. Indicators making up reporting models may be stated and discussed either in corporate social responsibility report, or annual report or they may be part of company’s webpage, as this practice could be found in cases of KBC and ČSOB and it is approved by GRI methodology, too.

Name of the model	Level of Occurrence of Indicators	Difficulty Level	Additional Content
“Must have” model	indicators that occurred in the reports at least 90% of the time	Basic	
“Good to have” model	indicators that occurred in the reports at least 80% of the time	Intermediate	+ “Must have” indicators
“Great to have” model	indicators that occurred in the reports at least 70% of the time	Advanced	+ “Good to have” indicators (consisting also of “Must have” indicators)

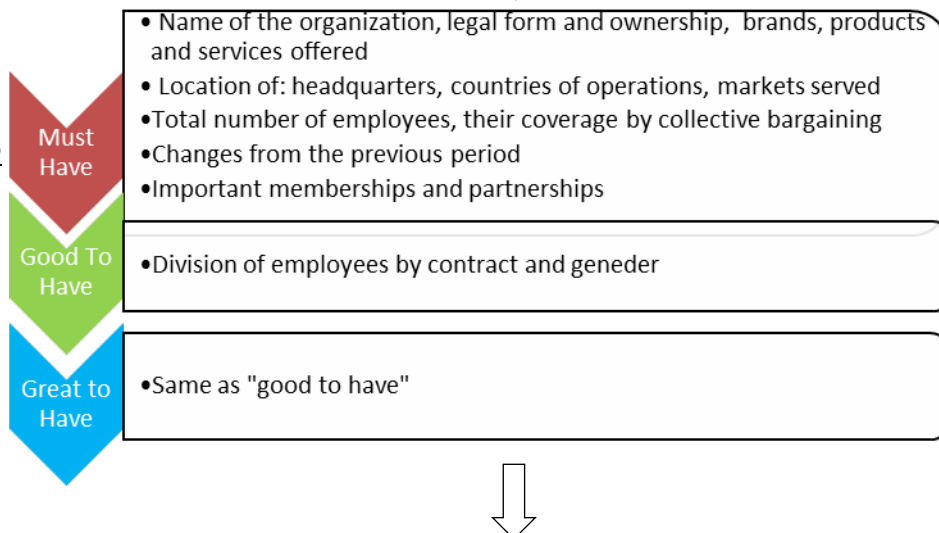
Tab. 13 Reporting model Framework

Source: own elaboration

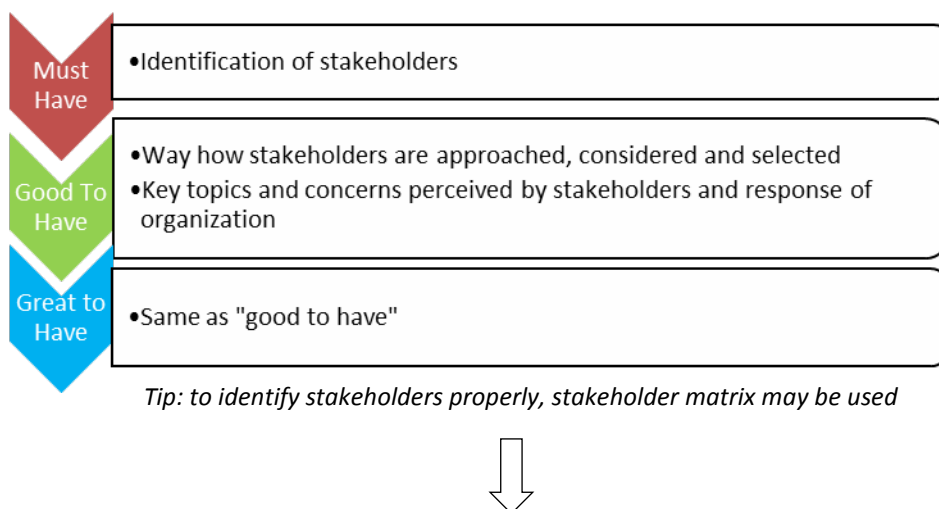
Step 1.
Strategy



Step 2.
Organization



Step 3.
Stakeholders



Must Have

- Information regarding reporting period, date of the previous report, reporting cycle, contact information

Good To Have

- Same as "must have"

Great to Have

- Same as "must have"

Tip: provide location of older CSR reports

Step 4.
CSR Report



Must Have

- Governance structure consisting of the highest governance body
- Committees responsible for decision - making
- Values, principles, standards, norms, documents, behaviour and approach towards issue of ethics

Good To Have

- Same as "must have"

Great to Have

- Same as "must have"

Step 5.
Governance and Ethics



Must Have

- Identification of reasons why economic performance is material
- Direct economic value generated and distributed stated on accruals basis also consisting of organization's global operations

Good To Have

- Possible changes in operations, revenues or expenditures coming from risks and opportunities caused by climate change

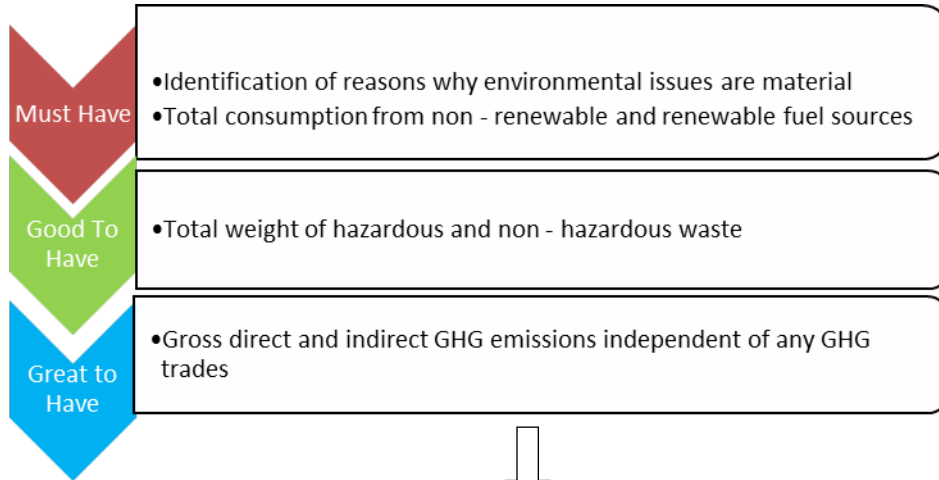
Great to Have

- Same as "good to have"

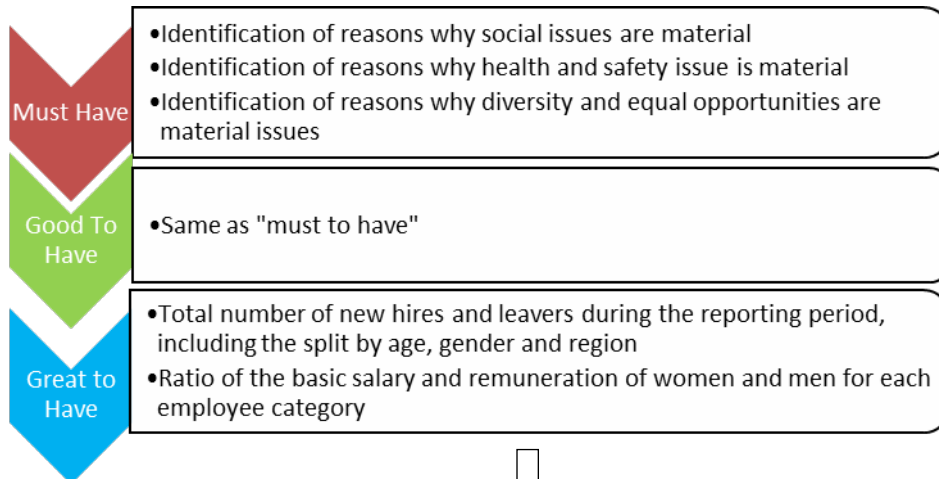
Step 6.
Economic indicators



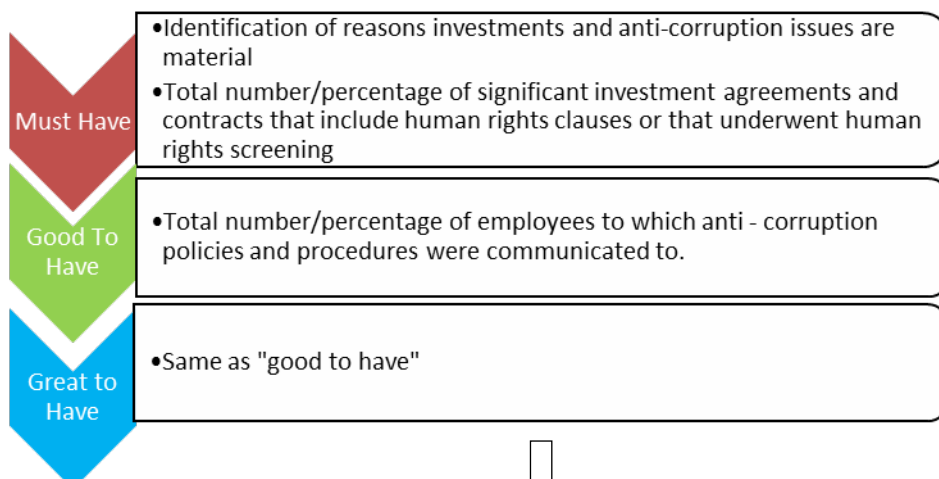
Step 7.
Environmental
Indicators



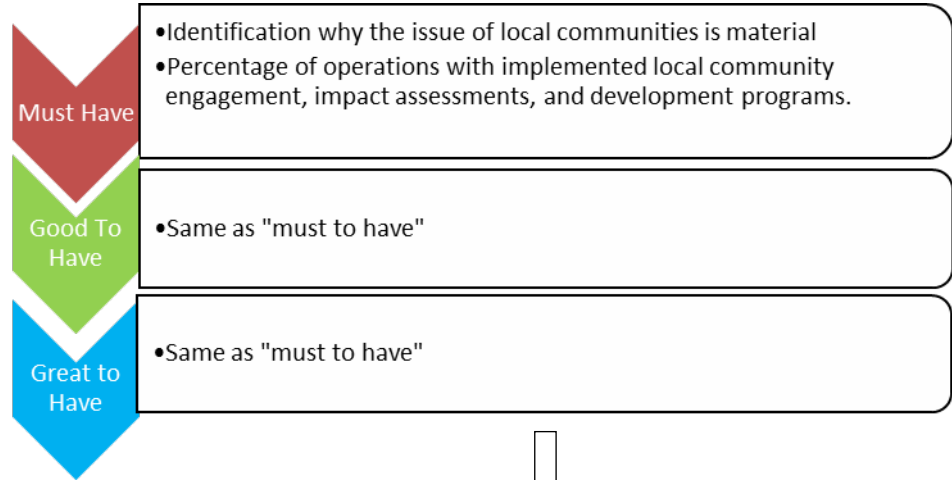
Step 8.
Social
Indicators



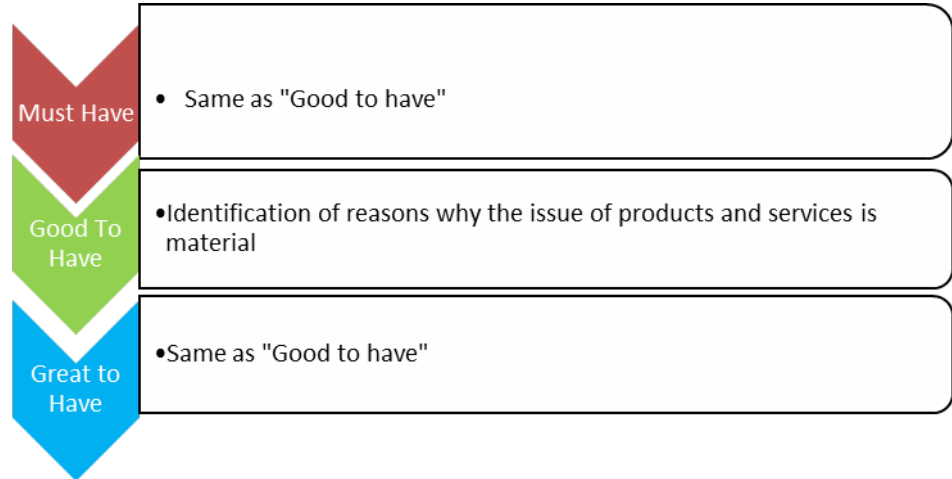
Step 9.
Investments
and anti-
corruption



Step 10.
Local
Community



Step 11.
Products and
Services



5 Recommendations

Diploma thesis brings both general and specific recommendations for companies active in the banking industry related to the area of corporate social responsibility. Recommendations are derived from the findings gained in the result part of the thesis.

As mentioned, there are two types of recommendations, general and specific ones. Hence, this chapter is structured accordingly. First part of the chapter explains general recommendations applicable for the whole industry, while recommendations presented in the second part of the chapter are designed for a concrete company active in the banking industry in the Czech Republic. The second part is carried out in form of a case study.

5.1 General Recommendations

Result part of the diploma thesis started with the analysis of the current situation regarding corporate social responsibility in two European companies active in the banking industry. Specifically, KBC Belgium and ČSOB Czech Republic were subjects of the study.

Before the general recommendation are brought up, it is necessary to mention that analysis showed that both companies have been developing their CSR strategy for over ten years now, and the concept is important aspect of the functioning of their businesses. Therefore, implementation of CSR in the banking companies is recognized as highly recommended with respect to the outcomes of the study, which also point at high quality of CSR implementation in both studied cases and progress in CSR reporting. Hence, general recommendations are not focused on this initial step of how to implement CSR strategy but how to make the implementation efficient and comparable with other companies within the industry.

Incorporated CSR strategy within the general strategy of organization

For companies active in the banking industry it is recommended to incorporate their CSR strategy or bound it directly to the strategy of the whole company. Analysis of the situations in selected banking companies showed that one company incorporates CSR strategy into company's strategy fully and in the second case just slight differences could be found. In the first case, where CSR strategy was fully incorporated within the general strategy of the company, the goals and direction of the company were absolutely clear. Therefore, the thesis recommends companies working in the banking industry to incorporate their corporate social responsibility strategy into their general strategy and link it to the purpose, direction, values and targets of the business. Moreover, once CSR strategy becomes part of strategy of the organization, higher importance is put on the concept, and thus it is assumed that better results will be delivered.

CSR Departments

As analysis showed, both studied companies have their own CSR departments, responsible for issues related to corporate social responsibility. In order to deliver required quality in the area of CSR, it is recommended to have an entity responsible for this matter. Mentioned entity may be an individual, team, committee or department, depending on the size of implementing organization.

Communication of CSR Activities

Communication is an inevitable part of successful implementation of corporate social responsibility. Engagement and commitment are important aspects of the concept and without adequate awareness its successful implementation is losing on confidence. Sharing information and knowledge with both internal and external stakeholders was found as very crucial in both studied companies. Organizations active in the banking industry have strong impact on both internal and external environment due to their scope of activities, and thus, they must communicate their activities efficiently by addressing the message properly with use of suitable communication channels. Furthermore, it is recommended to create annual CSR report and publish it on organization's website, so it is available also externally. This report is considered powerful tool presenting overall CSR strategy, CSR activities, and evaluation of everything done within CSR in combination with future vision.

Reporting Model

In general, diploma thesis recommends using international reporting standards when creating CSR reports. More concretely, GRI methodology showed to be suitable for banking sector since both studied companies are, nowadays, using this methodology, even though they started with different methods in the past. GRI methodology is of high quality, recognized world – wide, however, very complex. Selection of concrete reporting methodology depends on preferences of a reporting company, since besides GRI there are other standards such as ISO 26000, ČSN and others.

Because of the complexity issues, the thesis designed reporting model suitable for creation of annual CSR report by organizations active in the banking industry. The thesis recommends organizations that do not want to go over the whole GRI methodology, but still want to deliver CSR report that would include the most important information, to use this model. Designed model can be found in the Chapter 4.4 Reporting Model.

Partnerships

Another recommendation is related to cooperation with different partners and creation of partnerships. CSR can be delivered in higher quality and with larger impact through partnerships. It is advantageous for implementing organization to

get external consultations, feedback, know – how and advice. Moreover, becoming member of already existing organizations specialized on CSR also brings various benefits on both side, and hence, results in a win – win situation.

Engagement of Stakeholders

Since stakeholders are crucial actors in implementation of corporate social responsibility, it is very important to involve them in all phases of implementation. Involvement in the process increases stakeholders' engagement. Implementing organization can use the method PDCA – plan, do, check, act. When using this method, stakeholders are involved already in the early stage of the process, and thus, planning. Interests of stakeholders are analysed in this phase and based on the findings realization step takes place. Stakeholders should be involved in the whole decision making process. It is then followed by the control phase where feedback is collected. It all finishes with the last part where improvements are proposed.

5.2 Case Study: Company ABC

Company ABC is the company active in the banking industry. It performs activities related to banking and insurance. It cooperates with partners within this industry on both local and international bases and it specializes in different domains of banking and insurance. As it is often the case of many banks, also company ABC has its foreign mother company.

The case study is based on the specific branch of the company, which is located in Brno, Czech Republic. Company ABC describes itself as friendly, democratic and dynamic company with professional attitude towards everything what it does. Empowerment is also one of the practice integrated in management of the company. Company ABC focuses on high level performance, personal initiative and responsibility. Dynamics of the company is proven by its growth that could be observed during the last years of company's existence, as it is depicted on the Figure 12. Headcount development proved the dynamics, since Company ABC grew by 148 employees per year. Factor of considerable dynamics and attitude of the company towards responsibility are preconditions for implementation of corporate social responsibility, and therefore this company was evaluated as a suitable one for the case study. Because of the dynamics, expressed by increasing number of employees, the impacts of company's actions will have stronger effect on its stakeholders, and so the need for corporate social responsibility is higher. Therefore, company must carry out its activities and approach its stakeholders in a responsible way, in order to avoid, or at least eliminate, creation of negative effects. Additionally, company should approach its stakeholders and environment in a manner that it is not only eliminating and avoiding negative effects, but it also creates positive ones.

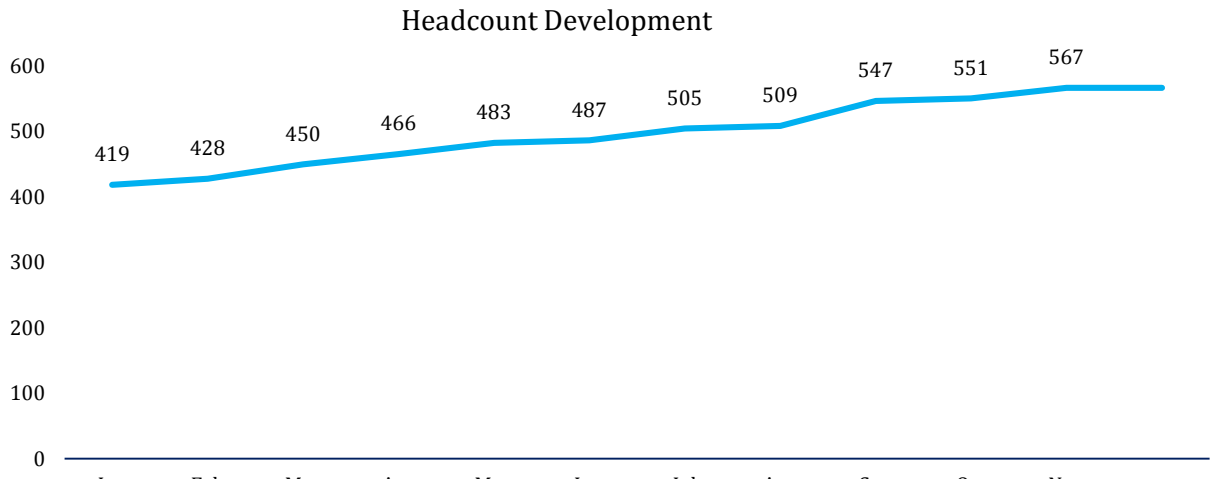


Figure. 14 Headcount Development Company ABC

Source: own elaboration based on the data provided by the Company ABC

Company ABC employs its employees both on full – time and part – time contracts, and so, it provides employment opportunities to people in different phases of lives or live situations. The biggest proportion of part – timers consists of university students. The rest then comprises mothers on maternity or parental leave and people with more employments.



Figure. 15 Employees divided into full – timers and part – timers

Source: own elaboration based on the data provided by the Company ABC

People working in Company ABC are of 12 different nationalities. Company ABC is open to diversity and, at the same time, it provides equal opportunities and conditions to everybody. Its values, ethical and moral codes are described in the Code of Conduct of the company.



Figure. 16 Nationalities in Company ABC

Source: own elaboration based on the data provided by the Company ABC

5.2.1 Analysis of the Current Situation

Despite the fact that company ABC does not implement CSR concept purposely and in organized manner, it still carries out many activities, which are classified within the concept of corporate social responsibility and sustainability. It is necessary to gather and name these activities and subsequently integrate them within the concept. Gathering the activities provides the basis for their further development and building the concept. Moreover, it is very important that stakeholders will start to understand that these actions performed by the company are not just randomly picked actions but they are thought through and classified under the concept of corporate social responsibility. Company ABC has a great variety of actions with CSR classification, and thus, the company should definitely take advantage of already existing situation on which it can build further.

In order to map the current situation regarding corporate social responsibility in the company, check – list created by CSR Europe (Business Leader Forum, 2008) was filled in with help of HR department. Mentioned check list is set in a way that there are two possible answers for the questions and these are “yes” and “no”. To make the mapping more precise, the author of the thesis added another option which is “partially”. The results are following:

Customers	YES	NO	Partially
Have you measured customer satisfaction?	X		
Do you have loyalty program?		X	
Have you reached some quality standards (e.g. ISO 9000)?		X	
Have you implemented activities in educating customers?		X	
Business partners, customers/clients	YES	NO	Partially
Do you use social or environmental criteria when choosing the partners?			X
Have you created some of your partners' CSR report?	X		
Do you share information about your CSR activities to your partners?			X
Do you cooperate with your partners on CSR activities?			X
Employees	YES	NO	Partially
Do you spread the knowledge about ethical and moral issues among the employees of your company?		X	
Do you communicate your CSR activities through website, magazine, etc.?		X	
Do you encourage your employees to share their ideas? (boxes for opinion, surveys)		X	
Do your employees get trainings?	X		
Do you have career plans?	X		
Do you know the ratio between internal and external recruitment?	X		
Do you have a system for managing health and safety?	X		
Do you provide health services?			X
Do you teach your employees about health and safety issues?	X		
Do you offer reward packages, wage incentives or profit shares?			X
Do you offer various types of employees benefits (related to sports, extra holiday...)	X		
Do you have pension system?	X		
Do you support work-life balance (flexible working hours, child care...)?	X		
Community	YES	NO	Partially
Do you support local communities in their events or projects?			X
Do you engage your employees when making the decisions about providing help?	X		
Do you support voluntary work of your employees?	X		
Do you measure impacts of your activities on society?		X	
Do you cooperate with universities or other types of school?	X		
Environment	YES	NO	Partially
Do you have environmental management system?		X	
Do you have a program for control/overview of water and energy consumption?		X	
Do you recycle?	X		
Do you have waste management policy?			X
Do you have the policy for the reduction of propellant?			X
Do you communicate your environmental policy to employees?			X
Do you use recyclable or reusable materials?			X

Tab. 14 CSR Recommended activities checklist

Source: own elaboration based on Business Leaders Forum (2008)

Specific activities that could be classified as corporate social responsibility activities were gathered as primary data through in – depth interviews with HR generalist and communication expert of the company. Based on acquired information, the activities were divided into three pillars.

Social Pillar

- Company ABC actively and regularly cooperates with local universities. It gives the lectures and organizes excursions for students in the company's premises.
- Employees of the Company ABC are treated and rewarded equally. As already described when introducing the company, there are both genders present in the company and in very similar proportion. The same applies for the structure of management. Jobs are created for full – time workers as well as part – time workers, who are mostly students, mothers on maternity leave or parents on parental leave. Currently, employees of 12 different nationalities are working for Company ABC.
- Interesting program, of which the company is part of, is integration of people with autism. In these days there are two autistic people working for the company. Their health conditions were considered when suitable job content was created for them. Also, they are approached individually and have special contracts with the company.
- Average age of employees in the company is 28 and over a half of them are women. Hence, Company ABC understands that many of its employees will happen to be in the situation when they will be building families. Therefore, maternity projects were launched last year. They consist of cooperation with kindergarten in the close distance from Company ABC, financial contributions for kids in this kindergarten, treatment of parents on parental leave in a way that facilitates their comeback to work and others.
- Offer of trainings and development programs are of a wide scope in Company ABC. They include soft skills, hard skills and language courses, including English, Dutch and Czech for foreigners.
- There are many activities incorporated in the area of health and safety. Employees receive health and safety trainings, which is mandatory for every employee. Additionally, employees of the Company ABC are given MULTI-SPORT card. Goal of this benefit is to support employees in being active and practicing sports on regular basis. Besides that, company organizes health days on annual basis, during which all employees get a chance to have their bodies analysed, they may ask for advice and be taught about the best practices regarding staying fit and healthy both in the office and outside of it. Lectures about right postures and sitting are given as well, since sitting by the desk is the posture in which the employees spend most of their working days. Related to this issue, employees working in ABC receive overballs, which prompt correct body position and muscle activation. During the win-

ter season fruits are distributed among employees as a prevention of illness.

- Work – life balance is ensured by flexible working hours, part - time contracts, possibility to work from home, 5 days of extra holiday above legal enactment, and three sick days. Each team has a budget for celebration of success and team buildings, Christmas parties, summer parties, sport games and happy - hours are organized regularly.

Economic Pillar

- Paying taxes is one way how companies contribute to society. It is part of economic pillar as economic prosperity and stability are supported by received money from businesses. Company ABC is also responsible in this way as it pays taxes properly.
- As could be seen in the figure 14, showing the headcount development, company is a great contributor in the area of job creation. Creation of jobs, lowering the unemployment and generating the business in the area are also ways how company takes part in economic pillar.

Environmental Pillar

- Just at the end of 2016, ABC decided to get rid of paper payslips that had been used until then. This step contributed to the reduction of paper. Now, electrical form of payslips is available to employees.
- Each kitchen has trash cans suitable for recycling. Employees are appealed to recycle. This information is provided on posters situated above the trash cans, just to remind that recycling is part of company's approach towards environment.
- Employees of ABC are using taxis when going on business trips. In order to eliminate the negative effects on environment, employees are sharing the taxi rides and they arrange their trips in a way that the most people can use one taxi. Also, reduction of business travels is at place. Therefore, all meetings that do not necessarily require physical presence are set as Skype meetings.

5.2.2 CSR Strategy

The thesis builds the CSR strategy for the Company ABC according to the following model, which was elaborated based on Business Leaders Forum (2008). The model has five steps and two ongoing activities that should be secured during the whole time. The model is following:

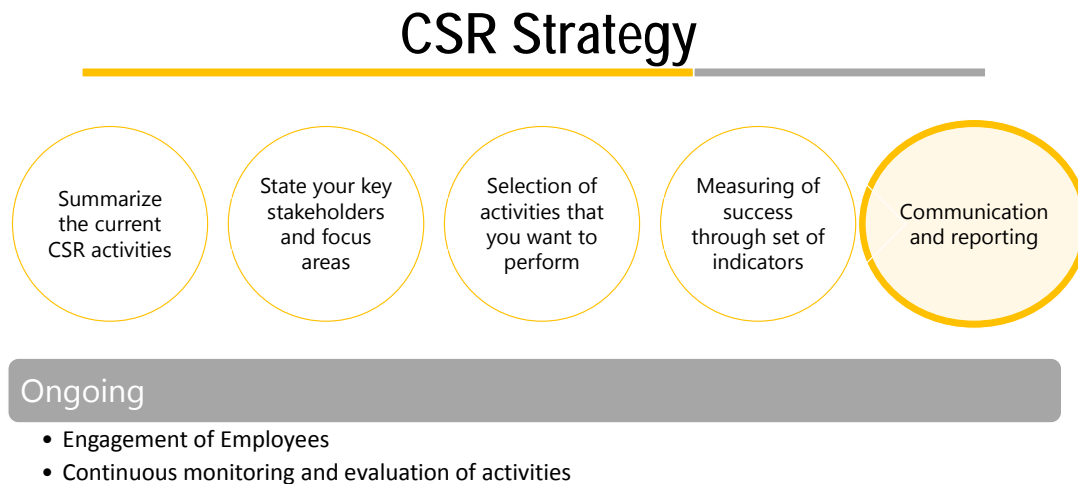


Figure. 17 CSR Strategy model

Source: own elaboration based on Business Leaders Forum (2008)

According to the model, Company ABC should start with summarization of activities, which are carried out and can be classified as corporate social responsibility activities. This part of the strategy was already processed in the previous chapter, where current situation regarding corporate social responsibility was analysed. However, as part of the CSR strategy, Company ABC would have to gather this information itself, and thus, also this step will be included again in the suggested strategy.

In general, bringing something new is often connected to bringing something unknown. Hence, it is recommended to make related stakeholders familiar with the concept yet before the setting CSR strategy. This strategy takes this fact into account, and therefore, it starts with building the awareness about corporate social responsibility concept through CSR workshop. The aim of the workshop is not only to increase the awareness about the concept but also to summarize the current CSR activities and identify crucial stakeholders and focus areas, which is directly interconnected with the first step of the model.

The second step, selection of activities that Company ABC will perform, is strongly related to targets setting. Company ABC must firstly decide what direction it wants to head towards, meaning, it must set the targets it wants to fulfil. Once the targets are set, thinking of activities supporting fulfilment of these targets is at the right place. Afterwards, it is necessary to take action and to actually start performing selected activities.

This is then followed by measurement of success through set of indicators and it is done on regular basis in order to see the progress and development of the

studied situation. Communication of the progress and success is then the last step and it is accompanied by proper reporting.

Since company describes itself as friendly and democratic and it puts emphasis on empowerment of its employees, the author of the thesis assumed that chosen approach when setting CSR strategy would be bottom – up. This was also confirmed by the management of the Company ABC, since they want to engage as many people as possible. It is worth mentioning, however, that selected targets and set strategy must be aligned with general corporate strategy and in line with the values of the company. It is acceptable to have a bit separate CSR strategy at the beginning while CSR strategy is being shaped, however, this stage should not take long and afterwards, it is highly recommended to incorporate CSR strategy into general corporate strategy.

5.2.2.1 CSR Workshop

Once the Company ABC has its “to go” status from the management team, it is necessary to create the awareness about the concept. Firstly, the awareness should be spread among the leadership of the company (around 60 people), since Company ABC has already over 500 employees. By this approach, interest in corporate social responsibility in leadership will be found out. It is important to catch the interest of the leadership, as it is assumed that company will implement CSR on voluntary basis and by bottom – up approach, and the role of the leadership group is then lead and motivate people to take further steps based on their own decisions. In this way, stakeholders’ engagement can be achieved, too.

Because of the mentioned reasons, Company ABC should take advantage of its leadership meeting, where all managers and leaders are present. One session of meeting should be dedicated to topic of CSR in form of a workshop, where first initial steps would be taken. The aim of the workshop is to build the awareness among the leaders by explaining what CSR is, provision the examples of CSR practices and making them realize what activities Company ABC already carries out within the CSR concept. Following steps suggest the structure of CSR workshop together with drafts of possible presentation slides:

- Introduction of theoretical background of the concept including definition, basic characteristics of the concept and triple bottom line as it is important to realize what areas provide the basis for CSR activities.



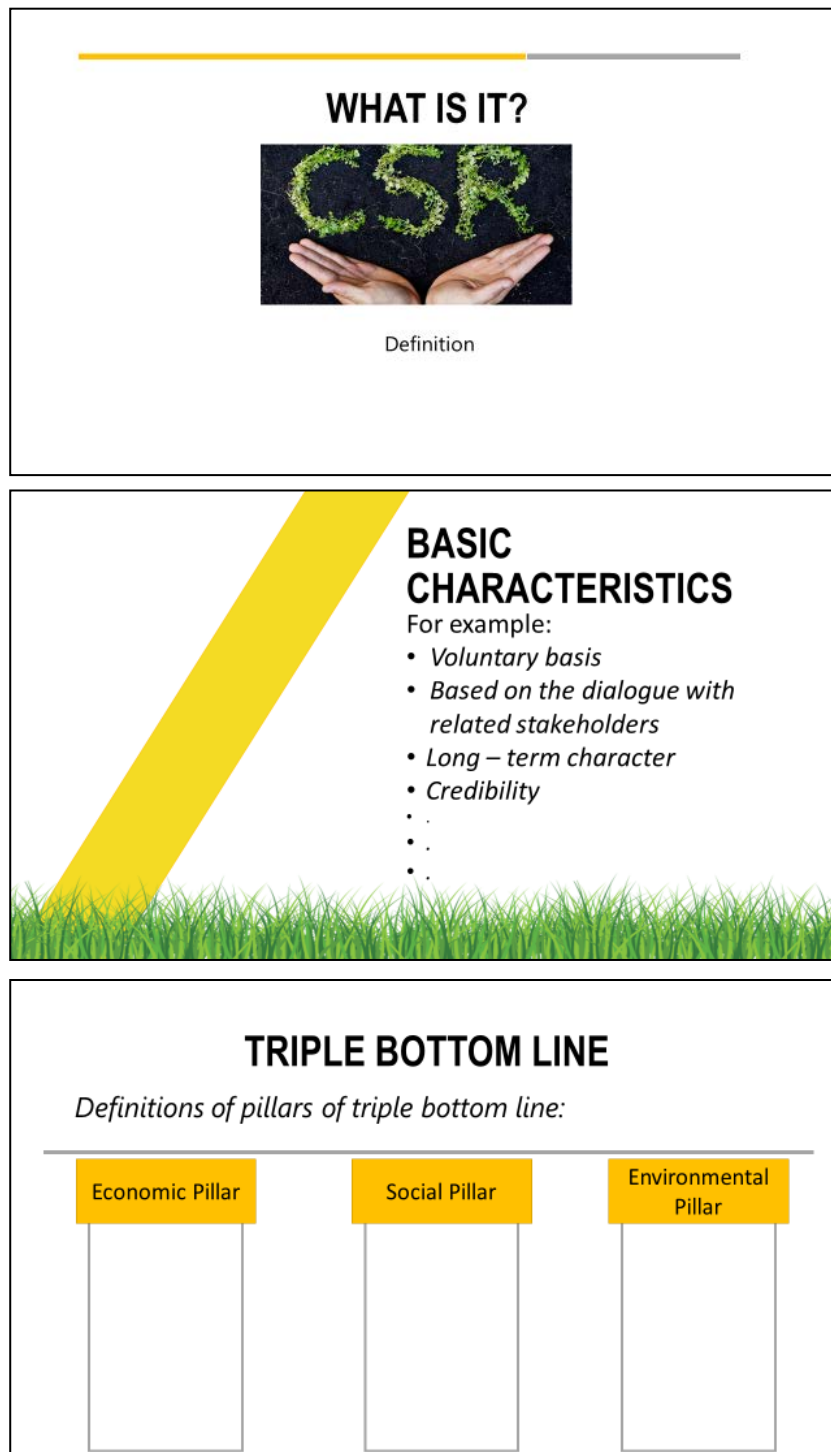


Figure. 18 CSR workshop presentation – theoretical part

Source: own elaboration

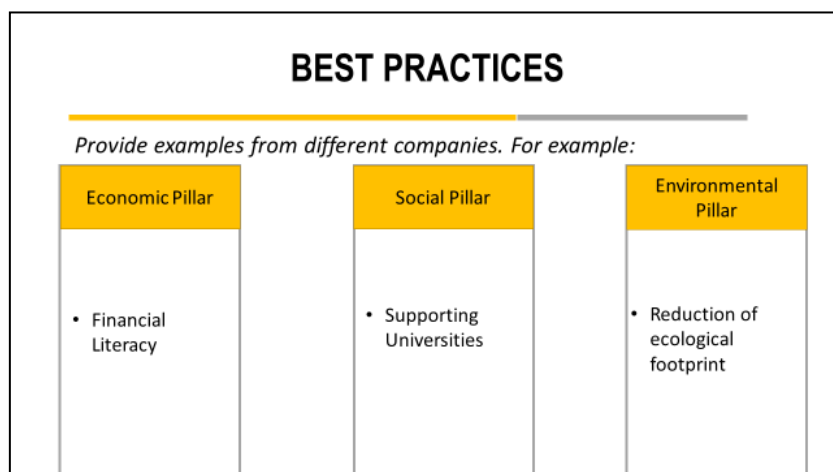
- Explanation of the benefits coming from CSR implementation. When introducing the concept to management and leadership, it is also important to name some of the benefits and rationalize the outcomes of implementation, so the audience understands the need of CSR implementation.



Figure. 19 CSR workshop presentation – benefits of CSR

Source: own elaboration

- Examples of activities carried out in mother company or different company in the banking sector as example of best practices.



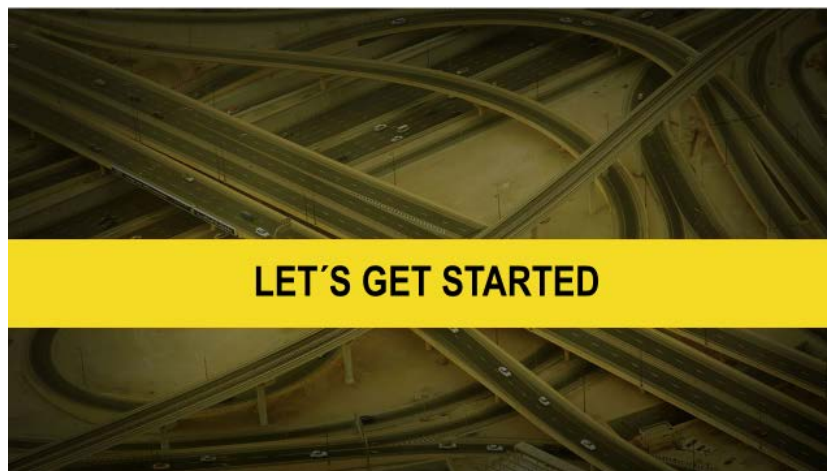


Figure. 20 CSR workshop – examples from practice

Source: own elaboration

- Analysis of the current CSR status in the company is the next step. Nevertheless, the company has not officially started its CSR strategy, yet, it does not mean that it does not carry out any activities that would be part of the concept. Oppositely, it is often the case that companies are performing activities that can be classified as CSR, but they do not put the official umbrella above the activities in order to make it organized, official and public. Thus, it might be the case that after analysing of already carried out CSR activities, the participants of the workshop will find out that Company ABC is already pretty responsible company. If that is not the case, participants can come to the conclusion that Company ABC is not responsible. Further brainstorming about the next actions how to change the situation is necessary. In both possible outcomes it is also needed to think about possible suggestions and ideas how to either improve the situation or build the whole concept. Another part of the analysis should be identification of the most crucial stakeholders Company ABC has.

This part of the workshop should bring two outcomes:

- List of activities that Company ABC already carries out within the concept of corporate social responsibility
- List of suggestions and ideas that participants would like Company ABC to focus on – stakeholders and focus areas

5.2.2.2 Stakeholder Analysis

Another step on the way of creating CSR strategy is identification of key stakeholders and key focus areas. Stakeholder analysis has its reasoning, which is gathering the knowledge about the relevant players (Brugha, Varvasovszky, 2000). The analysis is then related to behavioural aspects, intentions and interests of these stake-

holders, which should be considered as they should play important role during the decision – making process. Therefore, also for the purposes of setting the CSR strategy it is necessary to identify the stakeholders and their roles, so they are considered in a required way when developing the strategy. Proper identification of stakeholders then leads to facilitation and feasibility of future implementation of strategy. Among other benefits of stakeholder analysis are contribution to the quality of the project, gaining support, ensuring understanding among the stakeholders, higher engagement and anticipation. Because of these reasons, it was also necessary to identify stakeholders and their positions towards corporate social responsibility for the Company ABC. The table below names identified stakeholders together with their impact, influence and comments. Impact explains how much the project may impact specific stakeholders and influence explains how much influence specific stakeholders may have on the project.

Stakeholder	Impact	Influence	Comments
Management	Medium	High	CSR strategy will not influence the functioning of management itself, however, success of the strategy impacts their success, too. Thus the impact is perceived on medium level. For the influence part, it is very necessary to gain the initial and also continuous support of the project. Meeting the expectations of management is important in order to keep the project alive, and therefore, they can influence the strategy very significantly.
Employees	High	High	Implementation of CSR concept can impact highly activities carried out, way in which they are performed and also culture and strategy of the organization, and thus its employees. Since in the Company ABC bottom up approach was chosen, employees are the ones who can influence the process heavily.
CSR Community	High	High	CSR community includes employees taking care of CSR concept. Hence, the community is strongly influenced by CSR project and also influences its functioning a lot.
Finance Department	Low	Med - High	Finance department, HR department and Risk department, they all play a very similar
HR Department	Low	Med - High	

Risk Department	Low	Med - High	role in CSR strategy implementation. They are giving an advice and recommendation to management. Thus, they are not significantly influenced by CSR implementation itself, however, their opinions are considered when setting the form of the strategy.
Customer	Low	Low	Impact of customers on CSR strategy and also their influence is weighted low, since for now the project is set up internally. It is possible that for the future reference the weight, especially of impact, might go up as performing activities in a more responsible way may influence their quality.
Suppliers	Low - Med	Low	Implementation of CSR strategy might have a low to medium impact of suppliers. If the process of supplier selection will be enriched by CSR criteria, the selection process will be stricter and some of the current suppliers might not meet the criteria. Their influence is seen as low since the strategy is set internally for now.
Local Communities	Med - High	Low	CSR activities should be chosen in a way that at least some of them will impact local communities and society. Since communities and society play a significant role in the concept of CSR, this impact is seen as medium to high for now, moving higher in the future. Their influence is seen as low since the strategy is currently set internally. Similarly, local communities should be engaged more in the future.
Government	Low	High	CSR strategy in Company ABC might have only a very low impact on government. However, decisions of government may strongly influence CSR strategy through the law, regulations, decisions, recommendation and others.

Tab. 15 Stakeholder Analysis

Source: own elaboration based on cooperation with Company ABC

The table regarding stakeholder analysis was then translated to the grip that was designed by Imperial College of London (2007). Its goal is to classify power and interest, or influence and interest, or influence and impact of identified stakeholders. While table is helpful when identifying stakeholders, their position and explanation of their position, the grid depicted in the figure below shows their exact position for better comparison and picture.

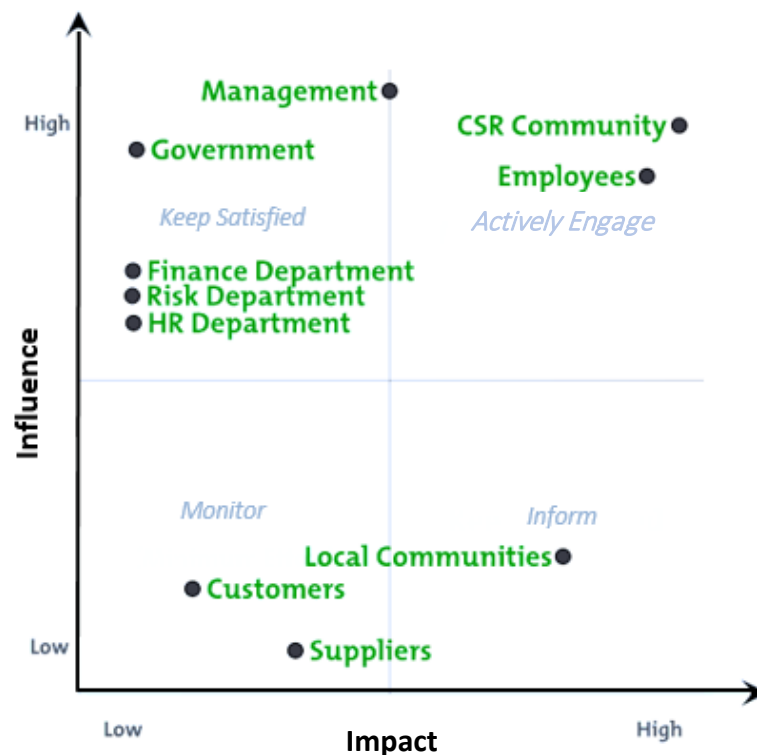


Figure. 21 Stakeholder Matrix

Source: own elaboration based on Imperial College of London (2007)

5.2.2.3 CSR Working Group

To truly implement the CSR strategy in the Company ABC, it is necessary to create group of employees responsible for creation, implementation, management, monitoring and reporting of the concept. CSR working group must consist of specifically defined employees, so the knowledge and quality are on place. However, the main idea when creating CSR working group is that it must be based on voluntary commitment of its member to the concept of corporate social responsibility. Both aspects must go hand in hand.

It is important to mention that the role of the CSR working group is to manage initial steps before the CSR concept is introduced, organize the events in order to attract employees, administrate the CSR SharePoint, lead constructive discussions, take patronage of the concept, make supported ideas brought by employees real, monitor that everything goes as planned and in wanted quality. The members of the group report to management and keep track of what is happening. However, each employee interested in taking part in CSR activities themselves must have a chance to become involved.

In order to cover plans stated in the proposed strategy, the CSR working group should consist of 10 following members:

- 1 Sponsor: manager of Company ABC responsible for keeping CSR track
- 2 Team Leaders: necessary in order to ensure that leadership of the whole company is aware and informed about the actions carried out. They also motivate their employees to participate.
- 1 CSR expert: member whose knowledge of CSR is on an expert level so quality and correctness are delivered
- 6 other employees: anybody interested in being part of the group no matter of his/her position in Company ABC

Membership in the CSR working group is a supplementary activity of participating employees, and thus, the time demandingness of the membership must be considered accordingly. It is necessary for the members to meet regularly so continuous improvement will be ensured. As a result, the working group should meet once a week for an hour and a half and for a workshop lasting 4 hours once in 3 months.

5.2.2.4 CSR week and targets setting

The next step in creation of the CSR strategy is spreading the information and knowledge about corporate social responsibility among all employees of Company ABC and setting the targets together with related activities through their engagement, since ABC decided on a bottom-up approach. The target of the CSR community is to increase awareness about the concept among the employees of ABC and encourage them to propose and select activities, which they would like to carry out as corporate targets. In order to build the awareness among the employees, the thesis suggests organizing the week dedicated to corporate social responsibility, the CSR week as it is called. The CSR week will be a kick-off campaign done in a fun and interesting way so as much attention as possible will be caught. The goal of the CSR week will be to explain what corporate social responsibility is, what ABC is already doing within CSR, the week should introduce the concept as an opportunity through which employees may become engaged. All parts of the CSR week will end with the invitation of all employees to share their ideas on SharePoint, where they can contribute with their ideas and discuss them. Topics which will be the most discussed and supported will be chosen as corporate social responsibility targets. Moreover, the CSR week will set the base for the future CSR track. Since it will be the staff setting the corporate social responsibility not the management, higher engagement is ex-

pected. The thesis continues with logical framework matrix related to the actual CSR week.

Project Description	Indicators	Verification	Assumptions
Overall Objective	Indicators	Verification	Assumptions
Contribution of CSR week to creation of CSR strategy.	Successful implementation of CSR strategy.	CSR track is evaluated on quarterly basis on management level	
Project Purpose	Indicators	Verification	
1) Awareness building of corporate social responsibility among employees 2) Setting corporate CSR targets	1) Evidence that CSR week increased awareness 2) Selected 3 CSR targets.	1) Participants of CSR talks are questioned via survey whether their awareness of CSR increased 2) SharePoint discussions	
Results	Indicators	Verification	
1) Higher awareness 2) Employees start to share their ideas regarding CSR targets	1) At least 10% of employees (57 people) will attend CSR talks 2) Active discussion related to CSR targets shared by employees.	1) Working group provides the number of people participating on CSR talks 2) Discussions on SharePoint will show the activity and number of ideas shared	
Activities	Means		
Creation of working group			CSR must be supported by management and there are employees who would voluntarily want to be part of working group.
CSR week preparation			
CSR week realization			

Tab. 16 The Logical Framework Matrix

Source: own elaboration

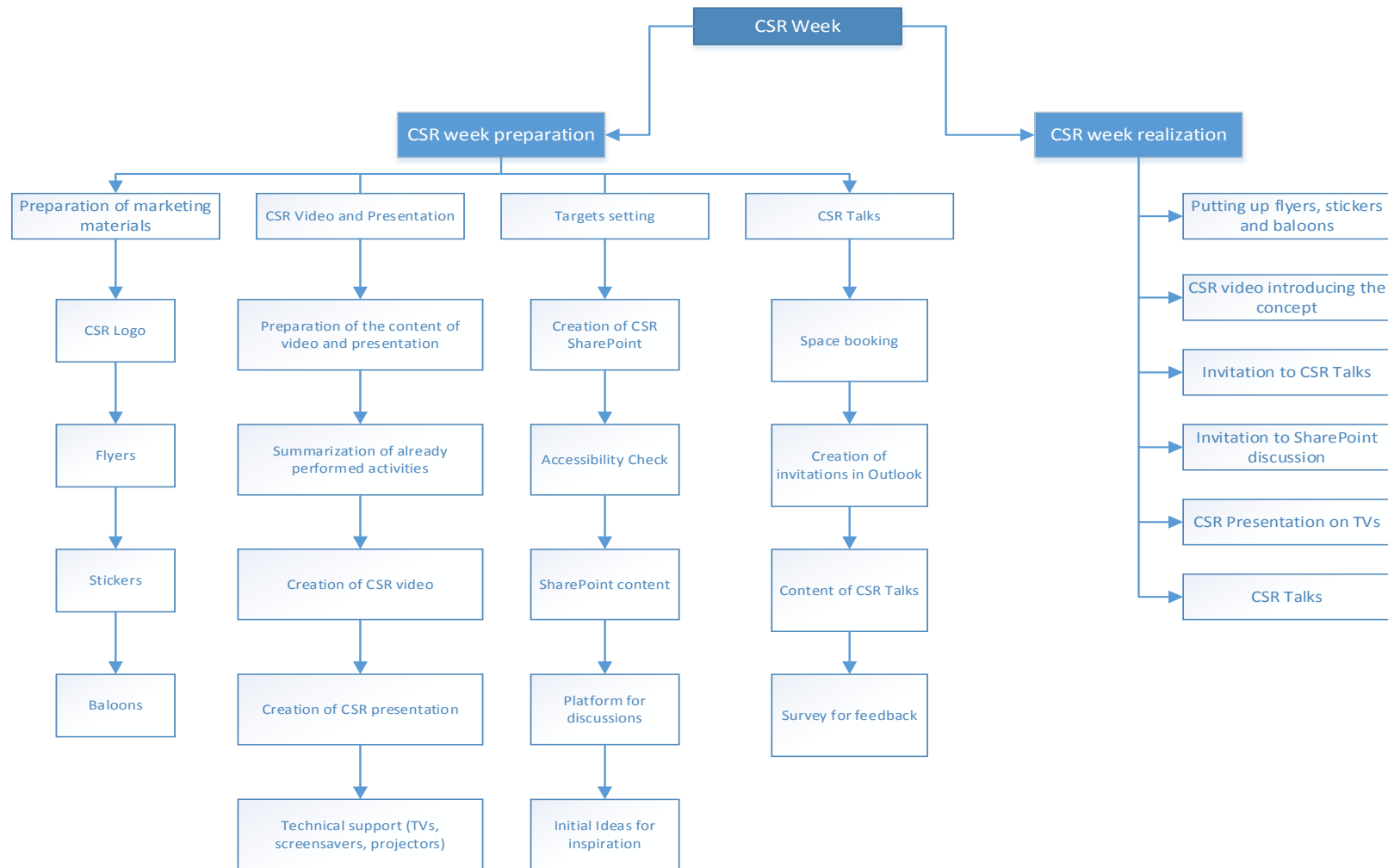


Figure. 22 CSR week work breakdown structure

Source: own elaboration

Another method used when planning CSR week is Gantt chart designed for CSR team working in the Company ABC and it serves as a project schedule tool. The aim of this tool is to assist the team and ensure delivery of promised results with respect to set deadlines and manage everything on time and with required quality. Individual set of activities and actions, which comprise of activities defined in the work breakdown structure, are divided into eight weeks. Blue colour indicates the preparatory phase of the CSR week and green colour indicates the CSR week itself.

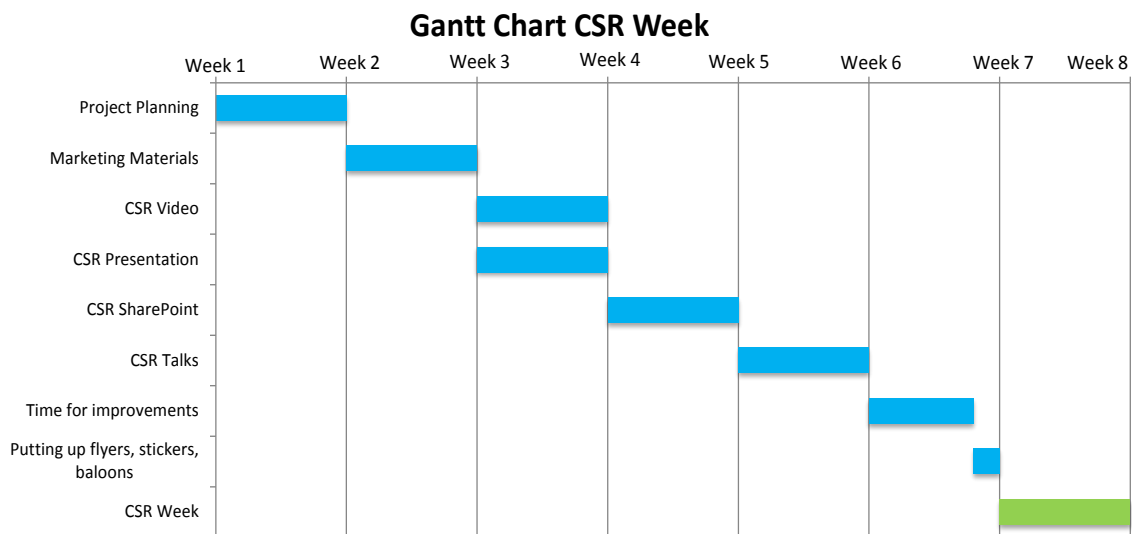


Figure. 23 Gantt Chart CSR Week

Source: own elaboration

5.2.2.5 Success Measurement

Another part of CSR strategy is measuring of success and development of implementation of the strategy. Evaluation of performed activities is important for identification of successful activities, which brought wanted results, and of those, which were not successful. Information about the success of individual activities facilitates decision making related to the selection of activities which the company wants to keep in the same quality, in which activities the quality must be changed and which activities the company wants to stop doing since they did not bring expected outcomes. This evaluation must be done regularly and continuously. The thesis creates CSR roadmap, a high – level overview, where strategy’s goals and deliverables are presented. The roadmap is set for the period of one year. Illustrated road map starts on 1.1.2018 to provide an overview of suggested planning, but of course, the company can adjust the dates according to their needs.

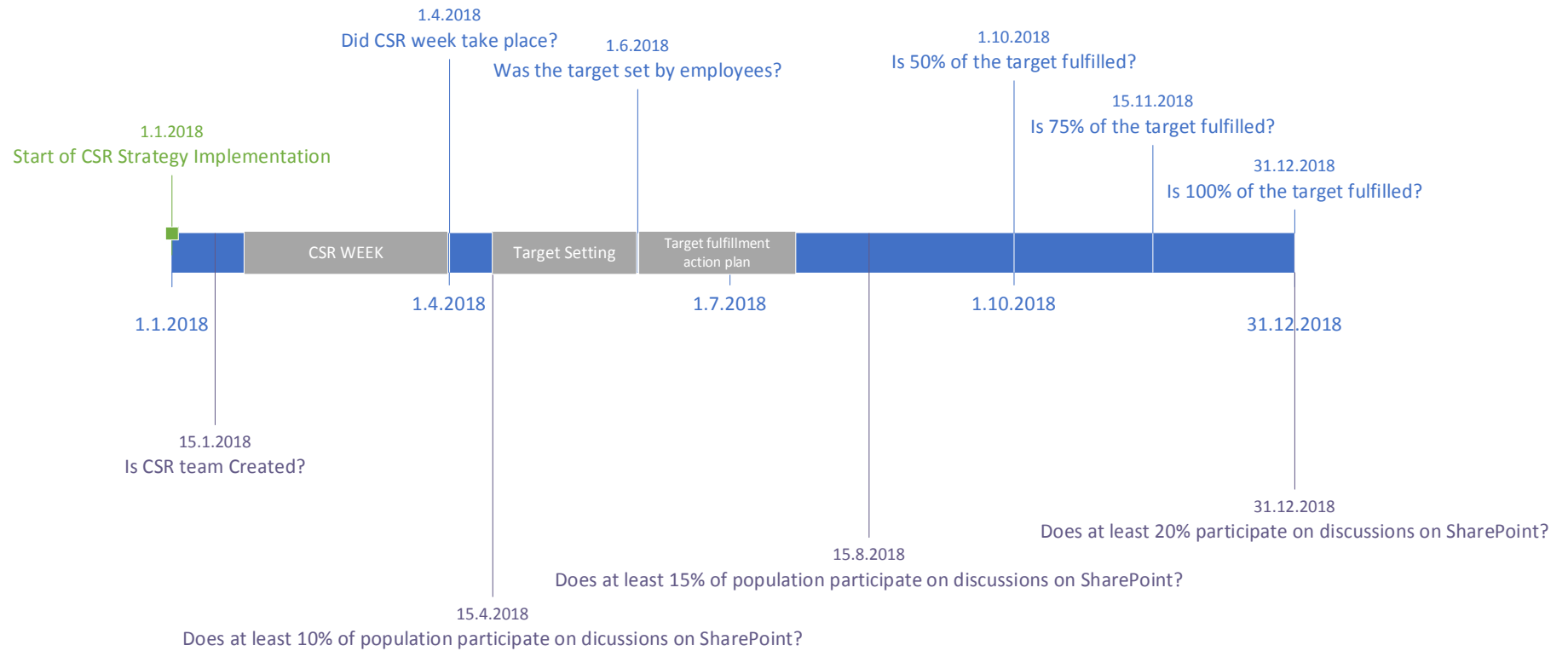


Figure. 24 Roadmap

Source: own elaboration

5.2.2.6 Communication and reporting

Engagement of stakeholders is crucial when implementing CSR. Successful implementation is almost impossible without their engagement and commitment. To catch the interest and attention of target audience, it is necessary to plan communication ahead. Furthermore, communication plan assists in delivering core message effectively. Even a great plan does not have to be successful without proper communication. Since concept of corporate social responsibility demands high engagement, quality of communication must on high level, too. Outcome of proposed communication plan should be high awareness among related stakeholders. Internal reporting is also part of created communication plan because it communicates progress of CSR track to the management.

Communication Plan					
What	Audience	Content	Delivery Method	Timing	Frequency
CSR week introduction	All employees	Provide the information that CSR week is organized, including basic info about the concept.	E – mail	1 st day of CSR week	One – time event
CSR week updates	All employees	Each day new fact/info about CSR is displayed.	Screensaver	CSR week	Each day of CSR week
CSR Share-Point	All employees	Invite employees to join CSR Share-Point, where discussions and target setting takes place.	Screensaver Flyers Stickers Balloons CSR Video E – mail	CSR week	Each day of CSR week
CSR Video	All employees	Webinar where CSR video is played to all employees at one time.	Skype Conference Call	3 rd day of CSR week	One – time event
CSR Talks invitation	All employees	Invite employees to attend CSR Talks where CSR future in the Company ABC will be discussed. Duration: 30 min	Outlook invitation SharePoint	2 days before CSR Talks	One – time event

CSR Target	All employees	Information about selected target/targets.	E - mail SharePoint	Day after the target was set	One - time event
CSR Track	Management	Provide management update on progress.	CSR track report	End of each Quarter	Quarterly
CSR Column	All employees	Column in the magazine dedicated to topical CSR issues.	Magazine	5 th day of each month	Monthly
Webpages	All stakeholders	Update CSR section of company's website.	Website	5 th day of each month	Monthly
CSR Report	All stakeholders	Inform all stakeholders about the first annual, external CSR report.	CSR Report E - mail SharePoint Website	End of January next year	Yearly

Tab. 17 Communication Plan

Source: own elaboration

5.2.2.7 Economic Perspective

This chapter provides closer overview of economic character of CSR strategy implementation. Most of activities are carried out internally using internal resources. The cost and financial demandingness of the project are presented in the table below. Since different activities are carried out each month strategy will be evaluated firstly on the yearly basis, from which, average monthly costs will be derived. Prices include VAT. Costs related to workforce take into consideration gross salaries.

Item	Amount	Specification
CSR working group labour costs	199903 czk	Yearly Labour Costs of CSR working group members
Stickers	6500 czk	30 pieces of stickers
CSR Logo	2000 czk	Created by colleague specialized on design = 1manday
Flayers	125 czk	100 pieces of flayers = cost consists of printing and 100 pcs of paper
Balloons	600 czk	50 pieces with CSR logo
CSR video	80 000 czk	Video is created by external company, since it needs to be in professional quality

Realization of CSR week	2271 czk	Labor costs spend on realization of CSR week
CSR Talks	5653 czk	Participation of 10% of Company ABC population on CSR talks.
Total Costs		297 052 czk
Average Monthly Costs		24 755 czk

Tab. 18 Cost summary

Source: own elaboration

Explanation of more detailed steps how some individual items were calculated is following:

- CSR working group wages:** to calculate labour costs, it is necessary to work with defined seniority mix of CSR working group stated in the chapter “CSR Working Group”, since employees on different positions cost the company different amounts. Because of the confidentiality reason, the thesis cannot state individual wages on different position, and thus, the cost summary displays only the final results. However, for the reasons of clarity, the thesis provides steps of calculation. These were following:
 Let’s assume that one month has 168 working hours (21 working days x 8 hours). CSR working group meets once a week for 1,5 hour = 6 hours per month → 72 hours per year. Moreover, CSR working group meets for 4 hours each quarter for their workshop → 16 hours per year.
Yearly time demandingness of each employee = 88 working hours per year.

Now, it is necessary to consider individual wages and convert them into hourly format and multiply by 88 hours spend on CSR project and sum them together.

- 1 Sponsor: (monthly salary of sponsor/total working hours per month)*88
 - 2 Team Leaders: [(monthly salary of team leader/total working hours per month)*88]*2
 - 1 Expert: (monthly salary of expert/total working hours per month)*88
 - 6 other employees: [(average monthly salary of employees/total working hours per month)*88]*6
- RESULT: Yearly Labour Costs of CSR working group members = 199903 czk

- Realization of CSR week:** it is necessary to put flyers, stickers, balloons on place, set the screensavers and TVs night before CSR week starts. Therefore, extra man – days are needed. It is assumed that all ten members in the same

line – up are participating. For 10 people 1 hour of work is calculated in the same way as in the previous case.

RESULT: 2271 czk

- **CSR Talks:** CSR talks will take 30 minutes and will be organized for all employees interested in the topic. Since employees who will participate are still paid but do not create any value linked to their job at that moment, their wage can be considered as a cost linked to CSR. Estimated participation on CSR talks is 10% of Company ABC population, which represents 57 people. Since employees of any position can attend, the calculation takes into consideration average salary in the company multiplied by 10% of population and converted to the cost of 30 minutes.

RESULT: 5653 czk

6 Discussion

Concept of corporate social responsibility is a relatively new concept, however, with fast development. Nowadays, it is implemented in organizations of various specializations, sizes and locations. Corporate social responsibility is globally recognized with interesting future ahead, as it tries to answer questions of ethics, responsibility and justice in business (Khatun, Islam, 2015).

There are many discussions held about pros and cons of corporate social responsibility. Probably the strongest and well – known argumentation against implementation of corporate social responsibility comes from Friedman, who stated that business has no other obligations towards society except profit – making (Mullerat, 2010). Nowadays, however, we can witness the opposite trend, which is that more and more companies are paying attention and are implementing the concept, which was also described in the thesis. This empirical evidence points at the necessity to study and explore the concept. In order to acquire deeper knowledge about the practices carried out within corporate social responsibility it is good to study corporate social responsibility across different industries. Author of the diploma thesis selected banking industry because of its visibility on the market, wide spectrum of stakeholders and high impact on society. The study of Simpson and Kohers (2002) talks about positive interdependence between corporate social responsibility and financial performance in banking industry.

Diploma thesis performed analysis of the current situation regarding corporate social responsibility in two banking companies. The analysis showed that in both cases companies pay a lot of attention to the concept of corporate social responsibility, they have developed corporate social responsibility strategy, specific entities are responsible for carrying out the concept and CSR strategy is part of corporate strategy in general. Analysis also showed that both companies are aware of their strong impact on society in which they operate and so they put a lot of emphasis on well-being of local society. In addition to that, their CSR strategy is somehow connected to all three pillar of the bottom line concept as is also suggested by literature dealing with sustainability and corporate social responsibility concepts. Analysis identified common features of CSR implementation, which are considered best practice and should be adopted by all organizations that aim to deliver quality CSR strategy. These are incorporation of CSR strategy into the general strategy of organization, establishment of CSR department, effective and well planned communication of CSR activities, creation of partnerships and engagement of stakeholders.

In the current world businesses operate in an information – driven economy as Wong (2015) claims. In this type of economy all participating stakeholders are looking for transparency and they monitor steps and actions of businesses. As a result of this trend businesses appear to be under increasing pressure. To satisfy

stakeholders' requirements they must deliver and demonstrate answers to their questions. These questions are often anchored in corporate social responsibility. CSR reporting serves as a crucial tool that enables to have all answers at one place available for all stakeholder.

The thesis is also interested in corporate social responsibility reporting because of the above – mentioned reasons. Similarly to the cases of reporting in different concepts, the concept of corporate social responsibility also felt the need of formulation and development of unified reporting standards. In the present days, there are more kinds of standards available on the market such as ISO 26000, AA1000, EMAS and others, however, diploma thesis focuses on Global Reporting Initiative (GRI) standard. Since both analysed companies are nowadays reporting according to GRI, this methodology is assumed to be suitable for banking industry. This assumption is supported by Hys and Hawrysz (2012), who describe Global Reporting Initiative as a tool having advantages in its strict, but at the same time, universal methodology and processes of how reports are created. These characteristics of GRI standard serve as an explanation to the increase of GRI use, which Hys and Hawrysz are claiming. Diploma thesis works with GRI methodology as it analyses all together 18 CSR reports published by two studies companies. The study showed that reports have gotten more comprehensive over time, they also include more indicators than they did at the beginning, and so there are of higher quality. This trend adverts to growing importance of corporate social responsibility reporting. Despite all mentioned advantages of GRI standard, there is also disadvantage, which has its roots in excessive complexity and burdensome of the standard (Tuxworth, 2013). Therefore, diploma thesis created reporting model suitable for the companies active in the banking sector that do not want to go over extensive GRI methodology. Reporting model is put together based on the outcomes of the analysis as it consists of the most commonly used indicators used by analysed companies. In this way, it is ensured that reporting model consists of the most important indicators reported within corporate social responsibility in the banking industry. Reporting model is divided into eleven steps, each focused on different topic. Proposal of the model has taken into consideration variety of organizations active in the banking industry, and therefore, it offers three levels of difficulty.

Another key to successful implementation of corporate social responsibility is proper and efficient CSR strategy setting. It is often the case that organizations are carrying out various corporate social responsibility activities but without dressing them up under the CSR concept, and thus, missing on many opportunities. This was also proven by diploma thesis in the part dealing with the specific case study, whose aim was to create CSR strategy for concrete company. After gathering all CSR activities already carried out, the company ended up with quite long lists of activities. However, without promoting these activities under the concept of CSR, stakeholders were not aware of corporate social responsibility presence in the company. Rangan, Chase and Karim (2015) also write about increasing pressure of dressing up CSR activities directly under the concept of CSR. In their article, however, they explain that before putting activities under the umbrella of CSR concept

it is important to approach CSR systematically and create reasonable, interdisciplinary and coordinated CSR strategy.

Diploma thesis aimed to create the proposal of CSR strategy, which could be set in the specific company studied in the case study. Many researches and authors dealing with the concept of corporate social responsibility put emphasis on the importance of stakeholders' engagement and their commitment when implementing CSR. Glavas (2009) sees relationship between CSR and employee engagement into the extent that he claims that CSR seems to be appealing to employee and it holds true also in case of those employees who say that CSR is not interesting for them. When taking into consideration how important it is to engage all stakeholders and make them as committed as possible, the author of the thesis choses bottom - up approach when setting the corporate CSR target. It is supposed that employee engagement will be higher once if they also directly participated in creation of the strategy itself. Moreover, bottom - up approach fits the way how the company works, and in case of corporate social responsibility, the management of the company supported selection of mentioned approach after the discussion with the author of the thesis.

7 Conclusion

Diploma thesis „Corporate Social Responsibility in Banking Industry” stated two main objectives at its beginning. The first stated objective was to ascertain the current trends related to corporate social responsibility in the banking industry by analysing the current situation regarding corporate social responsibility in two banking companies from two European countries, one from Belgium and second from Czech Republic. General recommendations and proposal of reporting model derived from outcomes of performed analysis were part of the first objective. The second objective defined in the thesis had a form of case study with the main focus on creation of corporate social responsibility strategy for specific company active in the banking industry. Both objectives were met and fulfilled using various types of methods described in the methodology framework designed by the author. Added value of diploma thesis can be found mainly in three specific areas.

Firstly, diploma thesis proved that corporate social responsibility in the banking industry has its quality in general, but also with respect to corporate social responsibility reporting. Diploma thesis has come to this conclusion by studying various types of secondary data, which were subsequently complemented by primary data and by analysis of 18 comprehensive CSR reports according to GRI methodology. The analysis started with the report published in 2007 and it finished with 2015 report, so development throughout the years could be studied. The study showed that reports have gotten more comprehensive over time and they also include more indicators than they did at the beginning. This trend adverts to growing importance of corporate social responsibility reporting. Findings of the analysis lead to the conclusion that banking industry is an industry with high impact on society, where transparency and clarity are expected from all related stakeholders, and thus, organization active in this industry are highly recommended to have developed their CSR strategies together with CSR reporting and they should behave accordingly.

Secondly, diploma thesis provides general recommendations not focused on the initial step of how to implement CSR strategy, but these recommendations go beyond, suggesting how to make implementation efficient and comparable with other companies within the industry. Incorporation of CSR strategy into the general strategy of organization, establishment of CSR department, communication of CSR activities, creation of partnerships and engagement of stakeholders are among the general recommendations. Furthermore, the thesis came up with reporting model suitable for organizations working in the banking industry that do not want to go over the whole GRI methodology, but still want to deliver CSR report that would include the most important information. Designed reporting model includes 11 steps, each dealing with different topic. Reporting model offers three levels of difficulty, which results in its higher suitability and flexibility.

Lastly, CSR strategy for specific Czech banking company was created using different corporate social responsibility and project management methods. Proposed CSR strategy was economically interpreted, in order to define how costly its

implementation would be. The final strategy was presented to the management of the company, it was approved, and thus, it is going to be implemented in near future.

8 Resources

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