




# REPORTING SUSTAINABLE DEVELOPMENT IN POLISH COMMERCIAL BANKS

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## ABSTRACT

The article aims to present sustainable development reporting based on data obtained from Polish commercial banks, considering different approaches and scopes of presenting non-financial data, even though specific guidelines have been issued. The research procedure included a literature review of Polish and foreign literature and research using the case study method. The article presents examples of environmental, social and governance (ESG) activities reported by selected commercial banks in Poland in a case study. ESG activities are reported separately and presented as part of annual reports. Many of the banks' activities presented in the survey can serve as a model for others, as not all banks have a clearly written ESG strategy. A positive effect of reporting ESG activities is the clarification of indicators, such as reducing greenhouse gas emissions, eliminating exposure to the extractive sector or increasing "green" financing. This article can contribute to showing role models for banks in three areas, i.e., environmental, social and corporate governance. As a result, the authors tried to propose solutions where sector organisations could compare themselves in non-financial areas.

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## KEY WORDS

non-financial reporting, ESG, ESG reporting in banks

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## INTRODUCTION

Environmental, social and governance (ESG) reporting in Polish commercial banks is a persistent phenomenon. It is increasingly more frequent for bank management to show activities in the field of

ESG or CSR, demonstrating their commitment to this area. A new trend has emerged where bankers are expected to provide additional information on ESG data. ESG refers to how corporations and investors integrate environmental, social and governance issues into their business, meaning that it explicitly covers organisational governance matters (Gilan, Koch

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& Starks, 2021). Reporting this data is an essential element of investor decisions. Legal regulations and guidelines appear in this area, and the pressure from investors and society contributes to the growing importance of sustainable development. The literature provides an increasing number of studies on various aspects of ESG reporting. For example, Ellili (2020), Sharma et al. (2020) and Suttipun (2021) examined the scope of reporting information on environmental, social and governance data and confirmed that although it is still at a low level, the size of information has increased in subsequent years. In addition, corporate governance information is the most significant part of ESG reporting, followed by social and environmental information. In addition, several recent studies (Manita et al., 2018; Arayssi et al., 2020; Shakil, 2021; De Masi et al., 2021; Yip, 2019) have verified the impact of various corporate governance mechanisms on ESG reporting. This only confirms that ESG reporting is increasingly recognised in the banking sector. All the more so, to identify business risks and increase investor and consumer confidence, disclosure of non-financial information is critical to managing the shift towards a sustainable global economy by combining social justice and environmental protection. In this context, disclosure of non-financial information helps measure, monitor and manage business performance and, therefore, sustainability accounting (Vukić, Vuković & Calace, 2017).

Unfortunately, those responsible for ESG reporting rely on various methods, approaches and tools still being developed by national and international institutions that affect the statutory requirements and the content of voluntary reports (Kocmanova, Nemecek & Docekalova, 2012). Thus, reports published by various organisations are often criticised because they do not fully illustrate managing financial and non-financial elements to create company value (Hoang, 2018). In addition, given the diversity in ESG reporting, the comparability of ESG strategic results is problematic (Lokuwaduge & Heenetigala, 2016), and research by Singhania and Saini (2022) shows significant differences in the degree of implementation of ESG frameworks in different countries. Unfortunately, there is still a lack of consistency regarding features, attributes and standards defining individual ESG components (Billio, Costola, Hristova, Latino & Pellizon, 2021).

Bank management increasingly includes environmental, social and governance issues in their policies. This trend is strengthened by increasing pressure

from the environment, investor expectations and growing social awareness. Significantly, bank managers see additional business opportunities and increased demand for sustainable products and services in ESG-compliant activities. This is the reason for the increase in the importance of ESG in the activities of banks and the support of their clients and society in these activities.

Therefore, a research question arises whether the information contained in ESG reporting can be compared in individual organisations of a given sector. When analysing the literature on the subject, an analysis of the unfunded reporting results must be made in the field of ESG in individual industries, particularly the banking industry. The identified research gap mainly arises because, contrary to disseminating financial information, the banking sector enjoys excellent freedom and discretion in reporting non-financial information on sustainability through ESG indicators, even though there are some guidelines.

ESG reporting is an essential and integral element of the annual reports in which these activities are presented. In addition, increasingly more specific announcements of further activities can be considered an ESG strategy for the coming years.

The article aims to present the information in the reports of selected banks in three areas (environmental, social and related to corporate governance) and to indicate similar and fundamental differences that various banks disclose. As a result, the authors tried to propose solutions under which organisations in a given sector could compare themselves in non-financial areas.

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## 1. LITERATURE REVIEW

### 1.1. DEVELOPMENT OF NON-FINANCIAL REPORTING

Non-financial reporting has been known in Polish banking for many years. Even before the reporting guidelines, the management of many banks in Poland reported social activities. These reports were mainly in the CSR field, sometimes with topics extended to activities in the field of corporate governance, which were assessed and distinguished by independent experts. The forms of this reporting varied; they were often described as social activities on the bank's website and only sometimes became an integral part of annual reports.

Initial ESG definitions can be found in 2004 when the United Nations first introduced the term. In addition, the Who Cares Wins report listed ESG elements by requiring research to address environmental, social and governance issues better and to further the necessary know-how investments, models and tools creatively and thoughtfully. The report noted that emerging markets should be given special attention due to the importance of sustainable development. Environmental, social and governance criteria should be considered and adapted to the specific situation in these markets. In the longer term, investment markets have a clear interest in contributing to better management of environmental and social impacts. Better integration of environmental, social and governance (ESG) factors into investments will ultimately contribute to more stable and predictable markets, which is in the interest of all market participants (Who Cares Wins, 2004).

The requirements for non-financial reporting have already been defined in the EU Directive (Directive 2014/95/EU), which also applies to banks and insurers; the areas listed in the directive concern environmental, social, employment, human rights and anti-corruption issues. In addition, this directive was supplemented by Guidelines on reporting non-financial information (Communication 2017/C 215/01) and Guidelines on reporting non-financial information: Supplement on reporting climate-related information (Communication 2019/C 209/01).

Other reporting guidelines are the Regulation on disclosure of information related to sustainable development in the financial services sector (Regulation 2019/2088) and the Regulation on the establishment of a framework to facilitate sustainable investments, amending Regulation (EU) 2019/2088 (Regulation 2020/852). Further reporting guidelines are included in the resolution on the Best Practices of WSE Listed Companies 2021 (Resolution No. 13/1834/2021). However, there is still a problem with the diversity in ESG reporting and the need for comparability of strategic results in ESG areas.

The essential elements of the sustainability reporting system include (Directive, 2022, p. 2464):

- a) Environmental factors:
- climate change — mitigation and adaptation,
  - water and marine resources,
  - resource use and circular economy,
  - pollution,
  - biodiversity and ecosystems;

- b) Social factors:
- equal treatment and equal opportunities for all (equal pay, development opportunities, integration of excluded people, prevention of violence),
  - working and employment conditions (working time, freedom of association, employees' right to information and consultation, occupational health and safety),
  - respect for human rights (fundamental freedoms, democratic principles and norms laid down in the International Charter of Human Rights and other fundamental UN conventions);
- c) Management factors:
- the role, composition and expertise of the entity's administrative, management and supervisory bodies regarding sustainability issues,
  - internal control and risk management systems used by the entity,
  - business ethics and corporate culture (anti-bribery and corruption, animal welfare),
  - activities and obligations of the entity related to exerting a political influence (including lobbying),
  - management and quality of relationships with customers, suppliers and communities affected by the entity's activities (including payment practices).

## 1.2. ESG REPORTING REQUIREMENTS AND GUIDELINES

Not all ESG issues are equally relevant to all organisations. Determining what information should be included in the report can be difficult, especially for managers of organisations who have yet to report information on elements of sustainability. A two-step ESG metric selection process in reporting proposals can help standardise an organisation's reporting practices and increase the supply and quality of data disclosed. Accordingly, indicators are divided into primary and sectoral. A more minor but carefully selected set of indicators is intended to help organisations' managers focus on reporting on key ESG areas in line with current and upcoming regulations and risks and opportunities relevant to their activity sector (ESG Reporting Guidelines, 2021).

The selection of indicators is also challenging in banks. Although the guide indicates a two-stage selec-

tion, practice shows that banks often list indicators that are considered as likely to be significant or even rarely significant. There are many reasons for this, but always showing ratios irrelevant to banking activity means that the report has more items and is more extensive, which does not translate into its quality.

The first step in choosing indicators should be to familiarise with the list of core indicators that every management of every organisation should consider, regardless of the sector of their activity. They refer to the areas listed in the NFRD, i.e., the environment, social and employee issues, human rights and anti-corruption (Directive 2014/95/EU).

The Non-Financial Reporting Directive (NFRD) imposes additional disclosure requirements on listed companies with over 500 employees. This directive aims to improve the quality of data available to banks and investors to direct funds towards sustainable investments (Bruno & Lagasio, 2021).

Taking care of their image and reputation, as well as the best-understood interest of the company and its shareholders, managers of listed companies should strive to apply corporate governance principles contained in the Best Practices while maintaining the proportionality and adequacy principles about individual needs, measured primarily by the size and type of enterprise and the scale of operations (Best Practices of Companies Listed on the Warsaw Stock Exchange, 2021).

Employee relations are an essential element in non-financial reporting. The relationship dimension concerns how the organisation treats its employees. It usually measures an organisation's commitment and effectiveness in generating employee trust and loyalty by applying the most responsible practices. This is usually related to the quality of employment, occupational health and safety, training, development, diversity and equal opportunities (Esteban-Sanchez, de la Cuesta-Gonzalez & Paredes-Gazquez, 2017).

Increasingly, key ESG issues are discussed in annual activity reports. Typically, this type of information is limited to a few key topics and indicators to suit the style and format of the financial statements. Additional information is often disclosed through a website or sustainability report.

The most common method of reporting in organisations worldwide is a separate sustainability report. It allows for collecting all information on environmental, social and corporate governance issues in one document. The integrated report combines elements of the financial report and sustainable development issues in one document, showing how

the organisation's strategy and value-building model affect the undertaken ESG activities and their results. For this reason, this format is more often chosen by the management of more progressive organisations with a well-developed ESG management system.

Integrated reporting is promoted by the International Integrated Reporting Council (IIRC). To facilitate comparability of reports published by organisations, disclosures of ESG information are encouraged by widely accepted reporting standards and frameworks, particularly GRI, IIRC, and SASB. The GRI and IIRC guidelines are most often used in the banking sector in Poland.

Materiality is one of the most important aspects to consider when preparing a sustainability report. Reporting excessive or irrelevant information may make it easier for recipients to understand the report's content or prevent vital information from being missed. The materiality perspective set out in the NFRD considers financial, environmental and social materiality. According to this approach, the organisation's management should disclose the actual and potential ESG risks and opportunities that may significantly impact its operations and financial results and how the organisation's activities may affect broadly understood sustainability issues.

Company disclosures on managing climate change risks and opportunities have so far been voluntary. One of the leading standards in this area is the formula proposed by the Task Force on Climate-Related Financial Disclosures (TCFD). This body was established in 2015 by the Financial Stability Board (FSB) to develop consistent and comparable disclosures on climate-related financial risks and increase the amount of available and reliable information for businesses, banks and investors. TCFD published its recommendations in 2017 and updated them in 2021. The TCFD recommends climate risk disclosures across four areas, defining eleven particular requirements for what should be reported (Climate Risks and Opportunities Disclosures, 2022).

Bank management chooses various reporting methods, e.g., activity and ESG report, sustainable development report or integrated report. Banks have been implementing and publishing information on various social and environmental activities for many years. Recently, these activities have taken the form of ESG reports. In the publication, selected elements of ESG activity reporting have been limited to several largest commercial banks in Poland.

Since 2019, the Warsaw Stock Exchange has introduced the WIG-ESG, which includes organisa-

tions recognised as socially responsible. The banks in the index include PKO Bank Polski, Bank Pekao S.A., ING Bank Śląski, mBank, Bank Millennium and Bank Handlowy (Warsaw Stock Exchange).

## 2. RESEARCH METHODS

The following research on ESG efforts reported by selected commercial banks in Poland is aimed at presenting the current status of existing sustainability efforts. Accordingly, a case study method was applied to selected commercial banks and a specific period. From the point of view of the research process, it is qualitative.

A case study is an empirical research in which a certain phenomenon is studied in a real-life context (Lima et al., 2023). The case study method is derived from grounded theory that aims to construct new theory concepts capable of explaining emerging phenomena. In the field of qualitative research, grounded theory is gaining prominence as an approach to developing theory from data (Monteiro et al., 2023). According to Rashid et al. (2019), a case study helps explore a phenomenon in a given subject area using various data sources. Case studies can be divided according to their content and ultimate purpose (exploratory, explanatory, descriptive, or by a certain number of cases) (Voss et al., 2002). A common trend in all types of case studies is to try and explain why a certain decision or several decisions were taken, how these decisions were implemented, and what is the effect of implementing these decisions (Lima et al., 2023).

In this study, the following steps were taken: the study topic was defined, and literature was reviewed on the development of non-financial reporting and the requirements and guidelines for environmental, social policy and corporate governance reporting. Then, key commercial banks were selected, data was collected, analysis was performed, and a summary was formulated in tabular form, which was divided according to environmental, social and corporate governance activities (Fig. 1).

This work mainly aimed to analyse sustainable development in selected Polish commercial banks.

The development of these studies should enrich the knowledge of environmental, social and corporate governance activities taken in Polish commercial banks.

## 3. RESEARCH RESULTS: EXAMPLES OF ESG ACTIVITIES REPORTED BY SELECTED COMMERCIAL BANKS IN POLAND

### 3.1. ESG ACTIVITIES REPORTED BY ING BANK ŚLĄSKI

ING Bank Śląski publishes reports on the capital group's activities, which contain all ESG elements. The beginning of the report emphasises the guiding principles and values and the aim to respond to modern world challenges. That is why it created an ESG strategy, which is part of its business strategy. As basic activities in the field of the environment, the bank indicates counteracting climate change and supporting customers in environmental transformation. Entrepreneurship and opportunities point to equal social opportunities and care for employee health. The bank presents activities by regulations and the best market practices in ethics and compliance with regulations. The annual summary has been divided into three elements: environment, community and corporate governance (Management Board Report on the activities of the ING Bank Śląski Capital Group in 2021, 2022). ING Bank Śląski also published the ESG Strategy for 2022–2024, which included its priorities divided into activities supporting clients and society and detailing the elements of the environment, entrepreneurship, equal opportunities, ethics and compliance with regulations (ING Bank Śląski, ESG Strategy for 2022–2024).

The summary of 2021 indicates several essential facts that confirm the implementation of the planned activities that are part of the ESG. In terms of the environment, it means a 28.4 % decrease in CO<sub>2</sub> emissions and the production of 87 MWh of electricity by its photovoltaic panels. In the new Ecological Declaration, the bank stated that after 2025 it would not finance customers whose activities are directly



Fig. 1. Research process flow chart

dependent on steam coal to a degree higher than 5 %. Out of concern for the environment, the Bank also does not finance, among others, activities related to the cultivation and production of tobacco and with a negative impact on protected areas, forestry and animal welfare. By the end of 2023, the Bank has committed to allocate PLN 4.5 billion in the corporate area to finance renewable energy sources and pro-ecological projects, PLN 500 million to support local government units in pro-environmental investments (project: “Green commune/local government”), PLN 300 million for further support and promotion of electromobility. The bank engages in social activities through two of its foundations (the ING Children’s Foundation and the Polish Art Foundation) and partnerships and support from other organisations. The total amount of donations made for these activities in 2021 is PLN 2.7 million, and 1045 hours were dedicated to employee volunteering. Regarding corporate governance, the Bank emphasises that its organisational culture is based on clearly defined ethical principles and pays great attention to diversity and gender equality. The share of women on the Management Board is 50 %, and the ratio of the total remuneration of women to men is 99 % (Report of the Management Board on the activities of the ING Bank Śląski Capital Group, 2021).

### **3.2. ESG ACTIVITIES REPORTED BY SANTANDER BANK POLSKA**

Santander Bank Polska reports on ESG activities by publishing a separate report. Its integral part is the climate report, developed using the TCFD recommendations. In 2022, the bank verified the ESG materiality matrix by making a preliminary materiality assessment. The process was carried out according to the pilot methodology developed by the Santander Group.

The Bank points to a remuneration policy that meets legal requirements regarding corporate governance. It emphasises that the bank’s remuneration practices consider diversity and enable the acquisition and retention of the best-qualified employees through a comprehensive benefits package. From 2021, one of the criteria for determining the number of bonuses awarded to Members of the Management Board and the Chairman of the Supervisory Board is the assessment of the achievement of the goals of the Responsible Banking strategy, including tasks that are environmentally friendly and counteract climate change. From 2021, one of the bank’s operational

strategy goals is to achieve 10 % of the “CO” grade. In the report, the bank publishes specific results regarding the adopted goals, namely, the position in the Top 10 employers (Top Employer Certificate), women in managerial positions (34.7 %), pay equalisation measured by EPG (2.4 %), the number of people financially strengthened (130 992 since 1 January 2019), green financing (EUR 214 million), electricity from renewable sources (82 %), elimination of single-use plastics (100 %), scholarships, internships and apprenticeships (6 422 people), number of beneficiaries of activities (305 000) (ESG 2021 Report, Santander Bank Polska).

In its strategy, Santander Bank Polska emphasises supporting the implementation of the global Net Zero strategy’s goals through a two-pronged approach: making efforts to reduce greenhouse gas emissions from internal emissions (e.g., electricity consumption, business trips or fleet operation) and by the TCFD recommendations focusing on issues resulting from the bank financing.

The bank’s management has committed to cease financing energy companies with more than 10 % of coal-fired energy production by 2030 and to reduce its exposure to thermal coal producers. From 2050, the bank plans to achieve climate neutrality.

The direction of the business strategy for 2021–2023 is to care for the employee. The bank notices, among other things, the value that results from diversity and shows activities supporting diversity in the bank. With the adopted policies in this regard, the bank has set specific goals to be achieved by 2025, i.e., the share of women on the management board is to be at least 30 % (in 2021, it was 11 %). Women’s share in the Supervisory Board forms is 40–60 % (in 2021, it was 40 %). The bank demonstrates that it conducts activities supporting employees with disabilities. The goal is also to close the wage gap by 2025.

For 12 years, the bank has been running a barrier-free service programme to provide access to services and products to customers with individual needs (people with disabilities and seniors). The bank shows that its products are adapted to the ESG rules. The bank also offered financial solutions in which the margin amount is based on the customer’s social and environmental criteria fulfilment.

In the report, the bank presents the impact of its operations on the environment, specifying, for example, the decrease in total electricity consumption (by 8.8 %) and the percentage share of purchased RES electricity (81 %). It shows the trend of eliminating fleet cars with diesel engines and the increase in

hybrid/electric cars. Showing such trends forces the continuation and publication of results in future reports (Strategy of Santander Bank Polska, 2022).

### 3.3. ESG ACTIVITIES REPORTED BY PKO BANK POLSKI

PKO Bank Polski adopted a strategy for 2023/2025 in which it defined ESG tasks. In the field of the environment, it wants to become a leader in financing transformation in Poland. The bank has reduced its CO<sub>2</sub> emissions by over 60 % (2019–2021), the consumption of A4 paper by 65 % in the last five years, and its involvement in high-emission industries, which amounts to 0.5 %. It plans to continue its ecological initiatives and become the first choice bank for companies that invest in their transformation. The report refers to GRI (Global Reporting Initiative) indicators.

The bank adopted indicators in the area of ESG and included them in the non-financial objectives of the Capital Group for the coming years. It committed to eliminating exposure to the coal mining sector by 2030 and increasing the volume of green financing by at least 5 % annually. Involvement in green funding of the bank's assets will be maintained at least three times higher than financing high-emission sectors. In 2021, the bank increased green financing by 83 %, thanks to which the value of involvement in funding green was 3.5 times higher than in high-carbon financing. In 2021, the bank comprehensively estimated energy and fuel consumption and calculated the carbon footprint. In 2021, the bank conducted an energy audit and defined tasks, the implementation of which should reduce energy consumption. These tasks focus mainly on optimising the use and modernisation of automation controlling heat sources and technical installations in real estate (ESG in the PKO Bank Polski Group, 2021).

One of the bank's strategic goals is to simplify and streamline processes by reducing paper documentation (SMARTOP project). The Capital Group has adopted and implemented a policy for Financing the High-Carbon Energy Sector in line with the European climate policy and the pursuit of zero emissions in 2050. The policy aims to change the loan portfolio structure by gradually reducing the exposure to customers and transactions based on coal as an energy carrier while increasing the exposure to supporting zero-emission or low-emission energy sources. The bank assesses the impact of environmental, social and management-related factors on the

creditworthiness of corporate clients and the segment of organisations and enterprises. Identifying ESG risks makes it possible to identify projects that do not meet increasingly stringent environmental and social requirements. The assessment of ESG risks has become an element of assessing the borrower's business model for new and existing customers. It has an impact on the terms of the credit decision. The strategy states that, together with other entities of the group, the bank supports economic development by financing investments in new technologies, modernisation of technological lines and energy-saving projects (Strategy of PKO Bank Polski for 2023–2025, 2022).

In the published financial results of the bank for 2021, the bank also details the ESG goals regarding reducing greenhouse gas emissions, eliminating exposure to the mining sector, and increasing "green" financing. Thus, it shows an additional reinforcement of this message. The goals presented here also apply to the share of women in critical managerial positions (the target is above 35%, where the value for 2021 is 38 %), employee turnover rate (value below 14 %, where the performance for 2021 is 13.1 %) and voluntary leave (the target is below 7 %, and the value for 2021 is 8.1 %) (Presentation of results for 2021, PKO Bank Polski).

### 3.4. ESG ACTIVITIES REPORTED BY BANK PEKAO

In 2021, Bank Pekao adopted the ESG strategy, which defined the directions of change for 2021–2024. In the field of ESG, it wants to be a responsible bank, providing long-term value to all stakeholders and future generations, more involved in Poland's energy and ecological transformation and environmental protection by the principles of the European Green Deal. This strategy is based on three standard ESG pillars and is integral to the bank's business strategy. It assumes that in 2021–2024, it will organise financing for new sustainable projects for at least PLN 30 billion. The share of green financing assumes an increase to over 4 % of the portfolio by financing, i.e., wind farms, photovoltaic installations, low-emission transport and ecological construction. The report indicates that it will strengthen activities to support the sustainable development of society and the economy. The bank, among other things, plans to increase the involvement of employees in activities for the benefit of society and the environment (increase in employee volunteering from 4.4 thousand to 5.5 thousand

Tab. 1. Selected ESG activities of the surveyed banks

	ING BANK ŚLĄSKI	SANTANDER BANK POLSKA	PKO BANK POLSKI	BANK PEKAO
<b>ENVIRONMENT (E)</b>				
E-P1 Greenhouse gas emissions	decrease in emissions by 28.4 %	by 2050, the group is to be zero-emission	reduction of emissions by 61.8 % y/y	in 2021, it started calculating greenhouse gas emissions
E-P2 Energy consumption	measures to reduce energy consumption; reduction of electricity consumption by 50 % by 2030	modernisation of lighting, a decrease in electricity consumption by 8.8 % y/y, a fourfold reduction in diesel fuel consumption	conducting an energy audit and identifying tasks, the implementation of which should reduce energy consumption	policy on optimising energy consumption shows a decrease in consumption
E-P3 Climate-related risks and opportunities	lending to ecological projects, no coal financing after 2025	assessment of the impact of financed projects on the environment	study of the impact of credit transactions on ESG issues and their categorisation	achieving its own climate neutrality by 2030
E-S3 Water consumption	reporting the reduction in consumption	showing consumption; reducing consumption through technological solutions	for the purposes of the report, an attempt was made to estimate the group's water consumption	reducing consumption (sanitary faucets with aerators)
E-S5 Impact on biodiversity	construction of a flower meadow in Katowice	negligible impact on biodiversity	-	-
E-S6 Waste management	waste segregation, no mixed waste bins	-	shows waste generated by the bank other than municipal waste	transfers paper documentation for specialist disposal,  IT carriers, furniture, household appliances/electronics
<b>SOCIETY (S)</b>				
S-P1 Diversity in supervisory bodies	no group consists of more than 70 % of employees of the same sex, nationality, age	supporting diversity; participation of women on the management board, min. 30 % until 2025 and 40 % on the supervisory board	diversity by gender, age and experience	reported by type of employment, type of employment contract and region, and gender
S-P2 Equal pay index	maintaining the wage difference ratio of no more than 1 %	Equal Pay Gap of 2.4 %, the goal is to eliminate the pay gap by 2025	female to male pay ratio (until 2019 — 65)	the wage gap between women and men (37.9 %)
S-P3 Employment rotation	monitors the process of employee rotation and examines their satisfaction	gives the employment turnover rate (21 %)	provides new employees and rotation in the bank and the bank's capital group by age and gender	total number and hiring rates of new hires and staff turnover by age group, gender and region
S-S1 Occupational health and safety	health and safety training	health and safety training, reports accidents at work	OHS training, in 2021, 69 accidents were reported	health and safety training
S-P5 Human rights policy	customer evaluation also concerns respect for human rights	supports the human rights policy and applies it to suppliers, customers and communities	the bank's policy regarding respect for human rights is included in the bank's policies and regulations	building employee awareness and continuous improvement of human rights protection procedures
<b>CORPORATE GOVERNANCE (G)</b>				
G-P1 The structure of management bodies	presents the structure, competences and remuneration of the management board and the supervisory board	presentation of the management board by age structure	organisational structure, presentation of the remuneration of the management board and the supervisory board	organisational and management structure
G-P2 Ethical codex	banking code of ethics	banking code of ethics	preparation of the Supplier Code of Ethics	code of ethics
G-P3 Anti-corruption policy	anti-corruption activities	anti-corruption programme	counteracts all corrupt practices	specialised coordinating positions/teams responsible for anti-corruption activities
G-P4 Violation reporting mechanism	possibility of anonymous reporting	the "Respect and Dignity" policy describes the mode and forms of reporting	employees are free to report	whistleblowing policy
G-S1 Data protection policy	regulations regarding the protection of personal data	Information Security Management System	security standards in the bank's capital group	principles of personal data protection

Source: elaborated by the author based on available annual/ESG reports of the surveyed banks.



hours). The strategy also emphasises the goals of increasing employee satisfaction and commitment thanks to development programmes, succession plans and an attractive remuneration system related to the results. It also cares for equality and further reduction of the gender pay gap by 5 % and maintains a balanced level of women and men in managerial positions, i.e., 58 % of women in executive positions at the end of 2020 (ESG Strategy of Bank Pekao S.A. for 2021–2024, 2021).

In September 2020, the bank's management decided to create an ESG unit to become a centre of competence in environmental, social and corporate governance issues and deals with, i.e., setting directions, coordinating activities, monitoring and monitoring and non-financial reporting. In December 2020, the ESG Council was also established, whose task is to recommend to the bank's management board the necessary actions in this area. The bank published the completed ESG activities in 2020 and 2021. In March 2021, it organised the issue of fixed-coupon ten-year ESG bonds worth PLN 1 billion For PKN Orlen. The bank was a co-organiser, dealer and co-bookkeeper for the first issue of sustainable development bonds on the Polish market (sustainability-linked bonds) carried out by Tauron Polska Energia. In March 2021, the bank increased its involvement in RES by signing a loan agreement with PAK PCE Fotowoltaika Sp. z o. o. (in consortium with PKO BP and mBank) to finance the most prominent photovoltaic farm in Poland with a capacity of 70 MWp (Key ESG initiatives at Bank Pekao S.A. in 2020 and 2021).

The report on the activities of the Bank Pekao Capital Group for 2021 also presents elements of the ESG strategy. The report shows specific indicators of the ESG strategy broken down into targets adopted for 2024 and the implementation at the end of 2020 and 2021. In the report, the bank also details the consumption of energy, paper, waste management, and car fleet, which shows that the change processes are planned and systematically implemented. The strategy assumes that the amount allocated for social and environmental purposes will increase yearly, and a specific goal for 2024 has also been set here. Taking care of the highest standards of corporate governance, the key goals are to increase employee satisfaction and commitment. Another element is the care for equal rights, further reduction of the pay gap, and maintaining a balanced number of women and men in managerial positions (Report on the activities of the Bank Pekao S.A. Capital Group for 2021).

The presented ESG activities in individual banks indicate a broad approach to reporting in this area. Certain activities are reported even though they are insignificant to the operations of banks. Such action means that banks, observing a wide range of reports from others, want their report to be very detailed. Determining the information that should be included in the report takes work. A carefully selected set of indicators would be a better solution. This approach is suggested in the ESG Reporting Guidelines (ESG Reporting Guidelines, 2021).

The banks' choice of indicators is varied, which is not entirely a disadvantage of reporting, but undoubtedly the detail of reports does not translate into quality at all. In many cases, banks report, for example, water consumption, electricity consumption, waste management or even the impact on biodiversity, which is not crucial when looking at their activity profile. However, this has a temporary meaning as this allows showing that when verifying given ESG elements to assess clients or suppliers, these specific standards also apply to the assessing business.

It can be assumed that in several years, ESG elements unrelated to the actual operations of banks will be included in the reports, as it will no longer be possible to present spectacular effects of reducing their consumption. This will also happen due to greater awareness and experience in reporting and reading ESG reports.

Many bank managers show the planned values of individual indicators in ESG strategies. It is worth noting that we are most often dealing with a tendency to show specific ratios in the surveyed banks. If long-term goals are defined, they are usually precise and measurable. This proves a severe approach to planning individual ESG elements and a willingness to monitor and account for these declarations.

## CONCLUSIONS

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In recent years, Polish commercial banks have been putting efforts into developing appropriate reporting of ESG activities. This article presents reporting forms, legal frameworks and examples of environmental, social and corporate governance activities reported by selected commercial banks. ESG activities are reported separately and presented as part of annual reports. In their strategies, banks present planned ESG activities for the coming years. The fact that these activities are planned by indicating specific indicators and accounted for in a given year is

a very positive effect of the growing ESG awareness. Of course, it is possible to find some commercial banks with a vague ESG strategy and ESG activities without precise measures. However, these banks are intentionally not presented in this study. Many of the banks' activities presented in the study may serve as a model for others. ESG reports in Polish banks are often very extensive, which is not always a positive element. Such an unnecessary increase in the volume of reports often makes them illegible and focuses on unimportant aspects of a given bank's operation. A positive effect of reporting ESG activities is the specification of indicators, e.g., reducing greenhouse gas emissions, eliminating exposure to the mining sector and increasing "green" financing. An additional strengthening of ESG activities is the inclusion of the assessment of ESG risks in the assessment of the borrower's business model and the impact of this assessment on the conditions of the credit decision. This shows a particular trend in the market of deliberate influence of banks on their current and potential customers. In this way, the financial system can act as a catalyst for the transition to a more sustainable economy by all market participants. This will undoubtedly contribute to a broader and more specific reporting of ESG activities by the bank and other entities using their services.

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