**Corporate sustainability reporting of major commercial banks in line with GRI: Bangladesh evidence**

**Md. Habib-Uz-Zaman Khan**[1]

Senior Lecturer

Department of Business Administration, Faculty of Business and Economics,

East West University, Dhaka, Bangladesh

And also based on PhD Candidate, Department of Accounting and Finance, Faculty of Business and Economics, Macquarie University, Sydney, Australia.

e mail : sumkadu@yahoo.com

**Dr. Mohammad Azizul Islam**

Lecturer, Department of Accounting, Economics and Finance

Deakin University, Burwood, Victoria, Australia.

**Khadem Ahmed**

CA Student, Hoda Vasi Chowdhury & Co.

Karwan Bazar , Dhaka 1215, Bangladesh.

**May,19, 2010**

**Accepted for presentation in the 6th Asia Pacific Interdisciplinary Research on Accounting (APIRA) Conference , to be held in the University of Sydney on 12-13 July, 2010 , Sydney, Australia.**

**Please do not quote without permission.**

[1]Corresponding author.

**Corporate sustainability reporting of major commercial banks in line with GRI: Bangladesh evidence**

Abstract

This paper examines the tendencies of sustainability reporting by major commercial banks in Bangladesh in comparison with global sustainability reporting indicators outlined in the GRI framework together with banks' predilection toward reporting sixteen GRI financial service sector (FSS) specific performance indicators. Based on the GRI G3 guidelines, we investigated banks' reporting in five broad areas of sustainability such as environment, labour practices and decent works, product responsibility, human rights and society. The 2008/2009 annual reports of twelve major commercial banks listed on Dhaka stock exchange were analysed and coded using content-based technique. The results show that information on society is addressed most extensively with regards to extent of reporting. This is followed by the disclosures prepared on decent works and labour practices and environmental issues. Furthermore, while the disclosures of product responsibility information and the information for human rights are rather absent in banks' reporting; on the subject of FSS specific disclosures, only seven items out of sixteen are disclosed by all sample banks. The findings of the study indicate that Bangladeshi commercial banks' social disclosures could develop in this style to become more holistic and over time (in association with country's central bank involvement ) to resemble a type of structured reporting to the point where they are properly labelled per se. The study contributes to the social disclosure literature in particular developing countries banking sector context seeing as it disseminates evidence of the standing on social disclosures practices at the level of GRI with developing countries' banks data.

**Keywords:**

Corporate Sustainability Reporting, Global Reporting Initiative, Commercial banks, Bangladesh. Content analysis.

**Corporate sustainability reporting of major banks in line with GRI: Bangladesh evidence**

## 1. Introduction

There have been a number of studies examining corporate social reporting in a developing country such as Bangladesh (see Khan *et al.,* 2009; Khan, 2010; Belal, 2000; Imam, 2000; Belal & Owen, 2007; Islam and Deegan, 2008). Prior studies (see Khan *et al.*, 2009; Khan, 2010) focused exclusively on banking sector's social disclosure practices have evidently directed toward revealing the social disclosures status of banks with capturing a range of stakeholders' perceptions, the impacts of corporate governance elements on banks social reporting. However, the existing literature in this regard is equivocal given that the banks' tendency for incorporating sustainability indicators in social disclosures and the extent of related reporting are rather unexplored. Specifically, the banks' propensity towards sustainability reporting vis-à-vis indicators outlined within the Global Reporting Initiative (GRI) framework have not yet been studied. Accordingly, the aim of this extant research is to understand social disclosure practices of major commercial banks operating in a developing country such as Bangladesh using GRI G3 and GRI Financial Sector Specific (FSS) indicators. Specifically, we addressed to answer the following research questions:

Research question 1: What are the areas of sustainability indicators in comparison with GRI G3 reported by major Bangladeshi banks?

Research question 2: What sustainability indicators do Bangladeshi banks report in comparison with the GRI FSS indicators?

The major banks operating in Bangladesh are considered appropriate to study in current research for numerous drives. At the outset, while there are growing researches focusing on the social and environmental reporting practices by banking companies within the context of developed countries, there is a general lack of research focuses on the disclosure behaviour of a banking company within the context of a developing country. Second, it has been stressed in the banking sector disclosure literature (see for example, Achua, 2008, p.3) that a bank is necessitated to construct their "reputational capital" and gain community trust.

Accordingly, the banks have fair degree of sustainability implication particularly in a developing country such as Bangladesh. Lastly, recent research endeavours (see Khan *et al.* 2009; Khan, 2010) in Bangladeshi listed private banks context demonstrated increased social responsibility programs of corporate private banks together with evidencing international awards winning programs. The emerging question is thus whether the major Bangladeshi banks actually embrace some key social and environmental indictors as suggested within the global reporting framework such GRI guidelines.

A variety of models or frameworks such as the GRI, the ISO 14001 (Internationally Standards Organization), and the 2000 WRI (World Resources Institute) for reporting on corporate social responsibility are nowadays in place to report a corporation's social responsibility performance (Reynolds and Yuthas, 2007). Nevertheless, the GRI framework is considered the most wide-ranging framework (Willis, 2003) and widely used as an underlying framework for the coding structure of the content analysis of annual reports in both developed and developing countries context. Similarly, GRI guidelines for financial institutions are major initiatives that tend to focus on promoting the key responsibility of financial sector in advancing sustainable development. As a matter of fact, the GRI builds upon the foundations of triple bottom line (see Elkington, 1997) to provide a framework for reporting and social accounting and provides a comprehensive sustainability reporting framework based on a global, multi-stakeholder process. Fowler (2002) argued that the GRI was established with the goal of enhancing the quality, rigour and utility of sustainability reporting. In consequence, there has been a massive amount of active support and engagement of representatives from business, non-government organisations, accounting bodies, investor organisations and trade unions under this initiative and different constituencies have worked to build a consensus around a set of reporting guidelines with the objective of obtaining worldwide acceptance. Researchers (see Kolk, 2005, 2004; Waddock, 2004) stressed that GRI encompasses three innovative aspect of organization such as a multi stakeholder's process to develop reporting guidelines, institutionalizing the process of consecutive production of the guidelines and, above all, creating an organization to serve as the steward of the guidelines and of the process. The GRI guidelines set out some specific principles and indicators that a bank can use to measure and report its economic, environmental, and social performance (see *www.globalreporting.org*, 2008). Overall, the GRI intends to develop a voluntary reporting framework that tries to promote sustainability reporting practices to a level equivalent to that of financial reporting in rigour, comparability, above all its universal recognition. This study specifically examines social reporting practices of the major banking companies in Bangladesh comparing with key sustainability indicators outlined in the GRI framework.

Following the introduction, the rest of the paper is organized as follows. Section 2 presents an overview of bank social responsibility and related stakeholders concern. Section 3 provides a brief description of corporate reporting in line with GRI. Section 4 presents the research design adopted for carrying out this study. Section 5 provides an analysis of the finding. Section 6, the final section, discusses conclusion and the research implications.

## 2. Social responsibility and stakeholders' concern within banking sector

Banks across the globe have received the considerable amount of pressure from its diverse stakeholders including shareholders, investors, media, NGOs and customers (Bhattacharya *et al*., 2004; Ogrizek, 2001; Frenz , 2005; Jeucken, 2001; 2004; Coupland, 2005) to carry out business in a responsible and ethical manner. As a result, increased consciousnesses with regards to sustainability issues for financial institutions have been observed across the globe during the last decade. Researchers (Hopkin and Cowe, 2003; Ian, 2005) contend that socially irresponsible operation can have a negative impact on share prices and brand reputation of a bank and more customers now a days increasingly inquire on the bank's social responsibility position. In effect, socially responsible investors (see Carbon Disclosure Project on its own website: *www.cdpproject.net*) collectively have voiced concern on corporations to take into account contemporary global issues such as corporate responsibility on climate change in recent years. Similarly, the other powerful stakeholders that have significantly shaped the issues and brought these to public sentiment are the state regulatory bodies, media's, NGOs in addressing social responsibility issues in banking sector (Jeucken, 2001; Bouma *et al*, 2001; Baron, 2000; Bhattacharya, 2004; Decker, 2004 Wilmshurst & Frost, 2000; Patten, 2002) and these stakeholders' strong engagement have the likely impact to be a main driver to revolutionize in CSR and CSR reporting practice. In a study of UK Banking sector, Almona (2005) showed that the government is particularly powerful as its regulatory policies and advocacy programmes directly affect the operations of banks. While Decker (2004) noted that banks have exhibited conscious effort to comply with these regulations; environmental related information was mainly directed at governmental regulators to try to reduce regulatory action by cultivating a good environmental citizen image, Miles (1987) narrated that as a provider of necessary goods and services, the banking industry’s business policies and practices are to be tied to the public interest. Miles further added that since banks provide goods and services essential to the general public, business decisions in relation to such issues as the availability, affordability and safety have moved into the public arena. Likewise, it has become an established practice that multilateral institutions such as the World Bank and UN also frequently exert pressures on banks to undertake social and environmental risk analyses in their lending operations and contribute to sustainable development.

Earlier banks are often attracted by stakeholders’ criticism for their socially irresponsible lending practices. For example, Jeucken (2004) illustrated that ABN AMRO –a Netherlands based bank, attracted massive public criticism for its engagement in destructive mining practices in West Papua New Guinea. Others (e.g. Hoare, 2004) documented that international NGOs such as the World Wildlife Federation (WWF) and Friends of the Earth directly criticised the finance institutions of BP and Barclays for the 800-mile Baku-Tbilisi-Ceyhan oil pipeline project which was ultimately responsible for cutting across nationally protected wetland area and causing displacements of local population in Azerbaijan, Georgia and Turkey. As a result, there have been increasing pressures on banks to develop, deliver and demonstrate appropriate social and ethical practice. In consequence, the initiatives promoted by governments and multilateral agencies emphasised more compounded role of the financial sector in contributing the achievement of sustainable development goals in conducting their operations. Given that the financial institutions are commanded towards moving sustainable development in the course of their influence as the providers of finance to businesses in other sectors of the economy, they can act as a major nexus in the aim of implementing the principles of sustainability in nations and communities as a whole. Therefore while performing and disseminating their role in sustainability issues, banks can use GRI guidelines that set out the principles and indicators to measure and report their economic, environmental and social performance. As discussed previously, the guidelines were developed through a process in which representatives from diverse stakeholders groups look for consent on a uniform framework for reporting on issues of common concern such as greenhouse gas emissions, (see *www.globalreporting.org*, 2008 for a review) labor standards and human rights.

**3. Corporate sustainability reporting practices in line with GRI sustainability indicators: a review**

While the accountability of the companies in attaining sustainable development have been gaining considerable public attention, prior research (Gray *et al., 1996,* 2001; Deegan and Rankin, 1996; Gray, 1995a; KPMG, 2005) have documented a substantial rise in the level of corporate reporting in this issues. A growing number of companies are now steered to publish different kinds of sustainability reports (KPMG, 2005) throughout the globe. In this regard, the information and figures published in GRI (see *www.globalreporting.org* for a review) demonstrated that there are growing rise in number of companies to report publicly their performance against a range of key sustainability indicators over the last years. Information published by GRI disclosed that more than one thousand organizations worldwide issued sustainability reporting based on its G3 Guidelines in 2008. That is, organizations operating both within developed and developing countries now concentrate on GRI sustainability indicators within their reporting media including annual reports and stand-alone sustainability reporting. Within the developed and developing countries sphere for sustainability reporting, highest toll are rated in Spain (One hundred twenty eight reports) than any other country, superseding the United States (One hundred reports) into next place. Within continent, Europe has been rated on top (forty nine percent) of the reporters known to GRI, followed by Asia on fifteen percent (Dominants countries in such case are Japan, Republic of Korea China, and India). While the sustainability reporting adoption rate in North America (Fourteen percent) and Latin-American (twelve percent) (remarkably Brazil) are not lagging behind that of Asia, however, the practices are rather insufficient both in Oceania and Africa, being six percent from Oceania and four percent from Africa (see *www.globalreporting.org/GRIReports/GRIReportsList/* for a detailed review). Furthermore , in case of rankings of the Global one hundred most sustainable companies for 2005, there were total eleven companies from the financial sector which superseded other sectors compared (to) from the metals and mining sector (five firms), the petrochemicals industry( three firms) and the food and beverages (eight firms) (www.global100.org,2005). Conversely, it is not known so far whether banking companies operating in Bangladesh embrace GRI guidelines within their social reporting practices. Since no such systematic study has yet been undertaken to understand whether the social reporting practices by major corporations in Bangladesh can be compared with the key sustainability indicators outlined in the GRI framework, this study is an attempt to understand what major banks in Bangladesh disclose as compared with GRI indicators. With an aim of answering this question, in addition to redressing the extant research dearth, we would be able to understand whether Bangladeshi banks do or do not attend to sustainability issues which are in line with the expectations of the global community.

## 4. Research Design

### *4.1: Date Collection*

The study is based on the information from secondary data sources. The data collected for the purpose of the study involves the examination of annual reports for the year 2008-2009 of private commercial banks listed on the Dhaka Stock Exchange (DSE). The linkage between the firm's size and the amount of CSR information is evidenced in earlier CSR literature (see Gray *et al*. 2001; Zeghal and Ahmed: 1990; Hackston and Milne, 1996). The banking companies considered in the research include top twelve private commercial banks[1]. For the purpose of this study, a major banking company has been recognized on the basis of one that has a turnover of at least BD Tk.20 million and the numbers of employees

[1] The sample of top commercial banks are Dutch Bangla Bank Ltd, South East bank Ltd, Dhaka Bank Ltd , Islami Bank Bangladesh Ltd., Bank Asia Ltd , BRAC Bank Ltd , Exim Bank Ltd, Mercantile Bank Ltd, The Premier Bank Ltd, Eastern Bank Ltd, Prime bank Ltd and IFIC bank Ltd . Although a total sample of twelve banks seems too stumpy, they do symbolize the whole population assisting the ease with which to draw conclusions about the data.

are 250. Moreover, sample banks represent around sixty five percent of the total assets base and deposit of entire the banking sectors in Bangladesh. As a result, the sample population considered for the study has a noteworthy illustration of firms representing the banking sectors listed on the DSE. Major banks were also studied since the focuses on the major banks signal a more prospects on sustainability related disclosures. Although banks may practice other communication channels for demonstrating sustainability reporting such as internet, newspaper and media, consistent with diverse prior studies (see, for example, Adams *et al*., 1998; Gray *et al*., 1995a, 1995b; Guthrie and Parker, 1990; Roberts, 1992; Singh and Ahuja, 1983), this study gave attention to published annual reports only. Additionally, it is documented that annual report is the most widespread and accepted document (Belal, 2000, Khan *et al.*, 2009; Khan, 2010) for corporate communication in Bangladesh.

### *4.2: Content analysis*

Content analysis is the key instrument used in this study to investigate the published annual reports. In social reporting literature, several units of analysis have been used such as words, sentences or presence or absence of disclosure (see Gray *et al.*, 1995a,1997; Guthrie *et al*, 2004; Guthrie and Parker, 1990; Holsti, 1969 ; Cowen *et al.*,1987; Hackston and Milne, 1996; Tilt and Symes,1999 ;Unerman, 2000; Milne and Adler, 1999). This study considered absence or presence of disclosure to document social disclosure (see Cowen *et al.*, 1987). However, the consideration of this method of measurement used for the study is to be familiar with a signal or the inclination in sustainability reporting in a systematic manner rather than getting records accurate on any issues. Therefore emphasize in this study was placed to explore the quantity of sustainability indicators of sample banks rather than its actual quality in Bangladesh context.

Consistent with our research questions, we commenced on the GRI G3 along with FSS guidelines applicable for financial institution to determine the areas, the extent of disclosures on the different areas in the annual reports. Several motives behind using the GRI guidelines are important to note. To begin with, as discussed in the literature part that the GRI intended to develop a voluntary reporting framework that tries to promote sustainability reporting practices to a level equivalent to that of financial reporting in rigour, comparability, above all its universal acceptance. Next, the GRI guidelines surround comprehensive procedures both for the qualitative and the quantitative information. Finally, the GRI provides a structured framework on the base content of sustainability reporting. The base content in such case is set in five general categories of environmental and social performance including (a) environment (b) labour practices and decent works (c) human rights (d) product responsibility and (e) society. Noted that the information for economic performance of firms' as an element of sustainability is also stated in GRI guidelines which have been debarred in this study since we were interested to know banks propensity to disseminate voluntary information on social and environmental performance. However, within each general category, the GRI also provides a list of specific aspects. For example, for environmental disclosures, the specific aspects such as materials, energy, water, biodiversity, emissions, effluents and waste, products and services compliance and transport (GRI, 2008) are provided. For the purpose of content analysis and coding used for this research, a list of sustainability indicators derived from GRI G3 and GRI FSS are presented in Appendix 2. The detailed procedure we employed to develop the code is described below.

For coding purpose, in the beginning, a complete structure of the sustainability indicators derived from GRI guidelines were considered (for details, see appendix 1) with a number of complimentary phases .*Phase 1* involved the areas of sustainability: environment, labour practices and decent works, human rights, product responsibility and society. *Phase 2* involved identification of the specific aspects. For example, labour practices and decent works are separated in specific aspects such as employment, labour/management relations, occupational health and safety, training and education, diversity and equal opportunity. Finally, *Phase 3* contained a list of sixteen (16) GRI FSS indicators. According to the Financial Services Sector Supplement (FSSS) of GRI (2008, p.2), GRI FSS indicators are "developed in several stages and more than fifty banks and others financial institutions across the globe were involved in working groups over the course of the various stages of this sector specific guidelines development process in addition to an active collaboration with UNEPFI" in where financial institutions were encouraged to report these FSS indicators over and above GRI G3 (general) indicators. We considered above indicators in our study to see the level of reporting in this specific issues by our sample banks.

In relation to environmental indicators within GRI guidelines, we have not considered various indicators such as EN1, EN6, EN11, EN14, EN16, EN17, EN18, EN19, EN20, EN23, EN25, EN28 and EN29 in the study. These indicators were ignored in our coding procedure since we sought some specific disclosure rather than firms overall environmental disclosure as a whole. Taken together, this effort is not seemed impractical in the sense of our sample firms' nature of operation and the paucity of banks' endeavour with respect to environmental issues (see Khan, 2010) evidenced in earlier research. In relation to labour practice and decent works indicators, it is necessary to declare that LA2, LA4, LA5, LA6, LA9 and LA13 are not the consequence of a management strategy of social related responsibility and thus are believed to be beyond the scope of social reporting indicators within the context of banks in Bangladesh. As a result, we did not include these performance indicators in our list. Out of the total nine indicators outlined in GRI framework in human rights category, indicators such as HR5, HR6, HR7 and HR9 have also been excluded from our study on the ground that these indicators are rather incompatible with the practice of banks in Bangladesh. Within nine product responsibility indicators, PR1, PR 2 and PR 9 have been omitted due to the types of service the commercial banks offers. Similarly, one indicator (SO8) was disregarded in social category. Furthermore, necessary amendments were made within each of general and specific disclosure categories. For example, in the labour practices and decent work category, we added "employee satisfaction" (coded as LA15) as one subarea. We argued that it was difficult to link it to one of the existing subareas of level 2. In addition, for product responsibility, we added the subarea named "customer satisfaction" (coded as PR10). In the same way, for "society" indicator, we added the banks social information relating to "efforts leading to women empowerment", "support to health and educational institutions" and "donation for research on Bengali cultures and literature". These three areas of CSR reporting together with all related information on social and community contributions were categorized as "good causes (coded as SO9)". The final coding items used for this study along with including new items are outlined in appendix table 2. In order to ensure reliability in coding, the researchers were involved in the coding process initially and after a time interval.

## 5. Results analysis and discussion

### *5.1: Areas of disclosures*

As mentioned earlier, identifying the areas of sustainability reporting adopted by major Bangladeshi banks were one of our key research aims. To answer this research question, a content analysis in view of the categorical variable (yes/no disclosure) was carried out. In such case, our concentration was in the areas of environment, labour practices & decent work, product responsibility, human rights and society corresponding to the guidelines of the GRI. We counted the number of companies that disclose on each of the five areas or categories. As shown in Table 1(a), 100 percent of the sample banks disclosed on social issues .While surveyed banks reported on labour practices and environmental topics (91.67 percent and 85.33 percent respectively), there was an apparent scantiness of disclosures on product responsibility (28.57 percent) and human rights issues. The human rights issue was evidenced as the least popular area of sustainability in the annual reports; no bank addressed this issue.

**Table 1(a): Frequency table for disclosure on the general areas or issues**

| **General areas of disclosure** | Percentage of disclosing companies **(n=12)** |
|---|---|
| 1.Environmental | **83.33 %** |
| 2.Labor Practices and decent works | **91.67 %** |
| 3. Product Responsibility | **28.57 %** |
| 4.Human Rights | **0 %** |
| 5. Society | **100 %** |

Among all specific categories of disclosure as shown in table 1(b), most banks intended to disclose more on the society related information. That is to say, information on the contribution for natural disaster and “good causes”(every bank donated for the flood and tornado affected people, distributed worm clothes among the cold-affected people, gave donation to Prime minister relief fund for flood victims people and financial assistance for victims of natural disasters for rehabilitation and rescue purpose). It has also been evidenced that major bank extend their social activities towards different sector such as education, health and others. Their efforts in such case are aimed at lessening poverty from the nation, providing access to health care facilities for poor people, enlightening women and underprivileged people with education and above all, enabling financial solvency for deprived and neglected women. The findings also documented that surveyed banks accomplished substantial contribution to the educational institutions through awarding generous scholarships to the meritorious students both in secondary and tertiary levels, donated money for establishing research centres in public universities, made cash payment to Bangla academy intended for research on Bengali culture and literature, financial contribution to freedom fighters foundation for martyr , gift of laptops and desktop computers to different departments of public universities , offered interest free loan for students to meet education expenses and involved in donating academic books to the colleges and universities libraries.

Likewise, as has been demonstrated in table 1(b), subsequent to specific social areas, banks commitment towards decent works and labour practices and environmental items are found more than product responsibility and human rights issues. Although banks addressed above areas, overall, many important areas were not attracted by our sample banks. Specifically, while banks addressed a number of specific issues, almost half (12/24) of the specific issues were not addressed by our sample banks. In such case, we would stress that owing to the dearth of sustainability disclosure in overall issues in line with global practices, it is implausible that the welcoming initiative of sample banks (see Table 1 (a) and subsequent discussions) for CSR issues will underpin their accountability towards the broader community as a whole and communicated to stakeholders.

**Table 1(b): Frequency table for disclosure on specific areas or issues**

| **Specific areas of sustainability disclosure** | Percentage of disclosing companies (n=12) |
|---|---|
| **1. Environmental** | |
| Materials (EN2) (1/10) | **10** |
| Energy (EN3-EN7) | **0** |

| | |
|---|---|
| Water (EN8- EN10) | **0** |
| Biodiversity (EN15) (1/10) | **10** |
| Emissions, Effluents and waste (EN 21, EN22 & EN24 )(1/10) | **10** |
| Products and services recycling (EN26 and EN27) | **0** |
| General investment in environment (EN30) (10/10 ) | **100** |
| **2. Labor Practice and Decent work** | |
| Employment and benefits (LA1 & LA3 ) 11/11 | **100** |
| Employees health and safety (OHS) (LA 7 and LA 8) 2/11 | **18.18** |
| Employees training and education (LA10- LA12) 11/11 | **100** |
| Diversity and equal opportunities ( LA 14 ) 8/11 | **72.72** |
| Employee satisfaction (LA15) | **0** |
| **3. Product Responsibility** | |
| Products and service labelling (PR3- PR5) | **0** |
| Marketing communication(PR6 & PR7) | **0** |
| Customer privacy (PR8) | **0** |
| Customer satisfaction (PR 10) (2/2) | **100** |
| **4. Human Rights** | |
| Investment and procurement practices (HR 1 to HR 3) | **0** |
| Non- discrimination (HR 4) | **0** |
| Security Practices (HR8) | **0** |
| **5. Society** | |
| Community (SO1) (12/12) | **100** |
| Corruption (S0 2- S04 ) (1/12) | **8.33** |
| Public policy (S05 and SO 6) | **0** |
| Anti- competitive behaviour (S07 ) | **0** |
| Good causes (SO9) (contribution to education sector, health ,destitute and women empowerment and others ) (12/12) | **100** |

### *5.2: Banks reporting on GRI guidelines specific to financial service sectors (FSS)*

In order to know the further insights in relation to banks sustainability reporting over and above addressing our next research question, we aimed at exploring the level of sustainability disclosures' that are specific to the financial and banking sector. Specifically, this research question investigates the extent to which banks disclose on sixteen (16) sustainability items that have distinctively been designed for banking and other financial service sectors in reference to GRI guidelines. Using a detailed coding structure, rooted in the GRI, we looked into the frequencies of these specific reporting for both qualitative information as well as quantitative information using the categorical variable (yes/no disclosure).

Our results mentioned in the following table 2 indicate that there are dearth of disclosures with regards to financial sector specific guidelines by sample banks for most of the cases with the exception of FS2, FS4, FS6, FS7, FS10, FS13 and FS14. In other words, more than half of the GRI FSS specific disclosures are found entirely lacking in sustainability reporting practised by surveyed banks. In terms of the FSS related reporting, it is evident that a remarkable part of the sustainability reporting is dedicated to describe the portfolio for business size in terms of micro/SME/large. All sample banks (100 percent) reported their initiatives in SME and / or micro credits and the establishment of SME centers to different areas of country. Four (33.33 percent) banks reported that they have entered into low-populated or economically disadvantaged areas to offer financial products or service (establishment of ATM booths in remote areas which is not economically viable from banks point of view) and taken initiatives to improve access to financial services for disadvantaged people. Likewise, four banks reported that they offer collateral free loan to poor and widow women to run business and one bank reported fully interest free loan offer to students for their study time period. Moreover, one bank (8.3 percent) reported that their SME centers offer facilities to transfer of fund quickly from home and abroad to rural people through ATMs at a free of cost. The same bank also reported that they donated to different NGO's , social and charitable organizations, whose are working for the development of the poor women educations, health, vocational training centre for female orphan and for different projects implementation for disables women with specific reference to the physical, mental ,visual disability and hearing impairment. Furthermore, another bank (8.33 percent) illustrated that a foreign commercial bank donated an amount of Tk. two million to a local eye hospital for the construction of children wards as a result of their persuasion over and above their own contribution with the same amount. Conversely, only one (1) bank reported that bank is alert of its responsibilities to the future generations thus promotes awareness of environment and conversations of environment. They added that they practise the procedures for early detection of social and environment risk which is a fundamental part of credit appraisal systems of the bank. However, subsequent to our in-depth analyses of banks annual reports, it has been revealed that although sample banks' overall sustainability reporting are not in line with the standard equivalent to GRI practices or lack of structured reporting, sample banks have reported social information on an average more than four pages (two banks reported CSR information more than ten pages and one bank reported fourteen pages of social information in annual report to disclose their stunning participation in CSR activities) and all surveyed banks have established separate foundation for social activities with a view to promote a dialogue with the community. However, the quality of this information can be jeopardized in an absence of independent attestation in this regard. That is, banks' disclosures of CSR information would be dubious to the stakeholders in making decision unless there are provisions of external assurance services even if it is factual that verification process of CSR information is rather unstructured owing to limited guidance and standards in the literature. Nonetheless, it is not unlikely that commercial banks of Bangladesh may be unacquainted that their increased social involvement and/ or commitment could be labeled as a form of established sustainability reporting format. In such circumstances, we allege that sustainability/social disclosures' of banks in Bangladesh could develop in this manner to become more holistic and in time to resemble a form of structured reporting such as GRI to the point where they are properly labeled as such.

**Table 2: Sustainability disclosure specific for financial service sector (FSS) among sample banks**

| GRI-FSS Indicators | Percentage of disclosing banks (n=12) |
|---|---|
| **FS1.** Policies with specific environmental and social components applied to business lines. | 0 |
| **FS2.** Procedures for assessing and screening environmental and social risks in business lines | 8.33 |
| **FS3.**Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions. | 0 |
| **FS4.**Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines. | 8.33 |
| **FS5.**Interactions with clients/investees/business partners regarding environmental and social risks and opportunities. | 0 |
| **FS6.**Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME/large) and by sector. | 100 |
| **FS7.** Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose. | 16.67 |
| **FS8.** Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose | 0 |
| **FS9.** Frequency of environmental audits and its coverage to assess implementation of environmental and social policies and risk assessment procedures. | 0 |
| **FS10.** Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues. | 8.33 |
| **FS11.** Percentage of assets subject to positive and negative environmental or social screening. | 0 |
| **FS12.** Voting policies applied to environmental or social issues for shares over which the reporting organization holds the right to vote shares or advises on voting. | 0 |
| **FS13.** Access points in low-populated or economically disadvantaged areas by type. | 33.33 |
| **FS14.** Initiatives to improve access to financial services for disadvantaged people | 33.33 |
| **FS 15.** Policies for the fair design and sale of financial products and service | 0 |
| **FS 16.** Initiatives to enhance financial literacy by type of beneficiary. | 0 |

Sources: Sustainability Reporting guidelines and financial service sectors (FSS) supplements (2008).

Earlier studies ( see Walden and Schwartz 1997; Deegan and Rankin, 1999; Niskanen and Nieminen, 2001; Deegan *et al.,* 2002; Islam and Deegan, 2010 for a review) in CSR literature found that social reporting is subject to both positive and negative information and the later type of information that unfavourably affects corporations have infrequently been reported voluntarily by firms. In line with the statement claimed in the literature, we also find that no disclosures on voluntary negative information have been attempted by surveyed banks. As a matter of fact, banks could have a propensity and steer to report information positive to them and report no negative information such as assets which are exposed to negative environmental or social screening, amount paid to government officials in cash or in kinds. Moreover, they could be also interested not to report the amount of fines that they paid for non -compliance of specific social and environment related issues. Similarly, the absence of "frequency of environmental audits information" is not unexpected since banks do not report with a global standard level at the moment; they are less cognizant in this audit issue. However, the information on "initiatives to enhance financial literacy by type of beneficiary" is rather surprising. The non-existence of this item by surveyed banks can be argued from both banks and clients perspective. From banks' perspective, it may be the case that the surveyed banks are not mindful about the importance of this money management education programe and thus do not inaugurate any formal program to convey this education to customers. At the same time, they would argue that customers would know better management of their money in consultation with banks' front line employees while participating in face to face communication for financial products and services. From customer perspective, it might be the reasoned that they are likely to rely on word of mouth (WOM) communication (e.g. from family members, friends, colleagues and relatives) for financial products and service and their related benefits. This standing in the context of Bangladesh is rather factual. Fatima and Khan (2008) in their study on a large sample of 150 students for choosing private universities evidenced an increased reliance of WOM communication in choosing universities than other promotional mediums. However, in terms of reporting of social information, Khan‘s (2010) study on CSR disclosure of Bangladeshi banks argues that no matter what social responsibility projects, the level and varieties of reporting is addressed for substantiating organizational caring to society by banks, in harmony with other developing countries practices the bottom line is still financial reporting in banking sectors of Bangladesh. In the similar vein, it is alleged at this point that surveyed banks do not have any exertion to report either on policies with specific environmental and social component for business lines or their interactions with clients, investees and business partners regarding environmental and social risks and opportunities. Overall, the dearth of disclosures with respect to GRI FSS specific issues (9 out of 16 indicators under examination were not addressed by the sample companies) signify that that banks' large range of accountability relationships and their subsequent disclosures of social and environmental information to the stakeholders ( see corporate accountability notion within Cooper and Owen, 2007; Cooper *et al.* 2003; Lehman , 2001, 1999 , 1995; Gray *et al*., 1996, 1997) have not truly been reflected in the current shape of social reporting.

The initiatives taken by various regulatory agencies such as Bangladesh Bank (BB)- the central bank of Bangladesh, National Board of Revenue (NBR) in Bangladesh and international aid-agencies such as International Finance Corporation (IFC) are expected to develop accountability and related disclosure practices within the banking industry in Bangladesh. Khan (2010) narrated that "BB encourages commercial banks to perform dynamic CSR activities that might tended banking sectors to become more structured on the ideas of CSR issues"(p.85). Likewise, the Government of Bangladesh (GOB) has approved a proposal of tax exemption facility for firms at the rate of 10 percent on a part of the corporate income to be spent for corporate social responsibility activities (*The Daily Star,* 2008) to encourage CSR activities. Very recently, in order to create broader accountability within the banking sector, the (IFC), a member of the World Bank Group, has formed a partnership with the BB and local financial institutions to introduce systemic change in the way banks do business to increase investments in sustainable energy finance (see The Financial Express, 3/11/2009 for a review). Consequently, central bank in Bangladesh has recently come up with the specific regulations with the bank's lending policies and as a proposal to protect environment and combat climate change; it has decided to limit credit facilities for those industries involved in pollution. In this regard, the Governor of Bangladesh bank commented at a seminar on climate change management reported in a daily newspaper (The New Age, 2009 p.8)

"No more credit facilities for the industries which will pollute environment".

The governor went on saying:

"A co-ordinated policy should be put in place considering the affects of climate change and the country's economic development. The bankers are to make their best efforts to improve financial system to the challenges of climate change" (The New Age, 2009 p.8).

The recent global warming issues convey threats and opportunities to the Bangladeshi banking sector in a diverse way. Because Bangladesh is particularly vulnerable to climate change (as is identified in recent international climate change summit in Copenhagen during 2009), it is argued that the main opportunities of Bangladeshi commercial banks are related to new products and performance niches such as financing in clean energy projects or activities with reference to the carbon trading. Likewise, climate change issues can egg on banks not only to assess their internal processes to reduce the business impact on the environment but also to defend themselves from likely natural disasters on account of the rise in global temperature. The recent initiative of county's central bank and its global partners such as IFC will in turn create environmental information demand from banking companies about their sustainability performances. Consequently, this would reinforce commercial banks to put a new deliberation on their social and environment disclosures given they are steered with the positive encouragement and/or monitoring of management efficiency from central banks in conjunction with financial incentives offered by government revenue authority. In relation to accountability and reporting practices, it is thus expected that the present initiative of regulators alongside their global partners will influence commercial banks to address other nine GRI FSS indicators. That is to say, top management of Bangladeshi banks would be tended to underpin their exertion of implementing more structured social accountability by engaging stakeholders in their core sustainability activities resulting in adopting full fledged GRI guidelines in line with developed countries practices.

## 6. Conclusion, limitations and future research

This study investigated social disclosure practices by major banks in Bangladesh using GRI G3 and GRI FSS indicators. Based on 2008/2009 annual reports, we found that social reporting by major banks based on GRI indicators in Bangladesh is relatively scanty. Among all categories of sustainability items, most banks preferred to disclose more on the "society" category. Specifically, every bank donated for the flood and tornado affected people, distributed worm cloths among the cold-affected people and gave donation to Prime minister relief fund for flood victims' people. Furthermore, social and community involvement of sample banks are also extended to a wide varieties of "good causes" such as giving scholarships to meritorious students in both secondary and tertiary level, donating money for establishing research canters in universities, donation of cash to Bangla Academy for research on Bengali culture and literature, offering interest free loan for students to meet education expenses or gifting books to the colleges and universities libraries. Subsequent to social reporting, top banks commitment towards decent works and labour practices and environmental items are found more than product responsibility and human rights. However, the issues on the subject of human rights and product responsibility are rather unaddressed in banks' sustainability aspect. Similarly, while it has been evidenced that banks addressed a small number of GRI G3 indicators, banks propensity to follow FSS specific GRI guidelines are very low. Only seven (7) items out of all sixteen (16) FSS specific GRI are disclosed by surveyed banks .That is to say, more than half of the financial sector specific disclosures were not reported in annual reports of surveyed banks.

With regard to the findings recognized above, this study makes a number of possible implications to the social disclosure literature, in particular in developing countries context. First, the study reported that although banks CSR reporting are not at the level of GRI standard, sample banks reported social information on an average more than four pages (in limited cases, it exceeded more than ten pages) and all banks established CSR foundations intended for CSR activities .As a result, it is likely that banks may be unconcerned that their social participation and/ or obligations could be labelled as a shape of well-known sustainability reporting layout. One of the implications, in such case is that given central bank's ongoing monitoring and initiatives are in place, Bangladeshi banks' social disclosures could develop in this style to become more holistic and over time to resemble a type of structured reporting to the point where they are properly labelled per se. Second, the study has encapsulated insights about the reporting and accountability behaviour of major banks operating in a developing country. Moreover, this study has compared the reporting behaviour of banking companies in a developing country with global sustainability indictors as outlined within GRI. Lastly, since this study has developed a set of hierarchical codes founded on the GRI guidelines that captures information for each of the five areas over and above financial service sector (FSS) specific reporting and given that the coding has in particular been designed for banking sector, this coding might be useful to central banks for policy implication and guidelines for commercial banks to report in a similar technique.

The general understanding about social disclosure within the context of a developing country is that corporations operating in a developing country disclose social and environmental information only on a limited scale (see Islam, 2009). Consistent with the findings from other developing countries, prior research that focuses on Bangladesh shows that generally Bangladeshi companies disclose a limited amount of social and environmental information (Belal, 2000). Our findings with regard to GRI FSS specific issues confirmed findings of the prior research. However, the existence of corporate social and environmental disclosure practices (if any) within the context of a developing nation are directly driven by the international expectations (see for example, Islam and Deegan, 2008). Based on the finding of our study, we would thus argue that without regulatory requirement in relation to sustainability issues by central banks and its global partners such as World Bank, it is improbable that the banking companies in Bangladesh will release and demonstrate full fledged sustainability related accountabilities. However, the ongoing initiatives of country's central bank and IFC would provide some insights which are expected to impact on the future disclosure behaviour of the banking companies operating in Bangladesh.

This paper is a part of our investigation that seeks to understand motivation for social reporting practices of banking companies operating in a developing country such as Bangladesh. As found from this paper, majority of the sample banks have not incorporated disclosures in line with GRI FSS specific guidelines. Based on the findings of this paper we are presently working on another part that seeks to provide possible explanation for the prevailing nature of disclosures. In social and environmental disclosures, two possible theoretical explanations can be offered to understand motivation for particular form of social and environmental disclosures. These two explanations are guided by two theoretical perspectives; these being positivist and normative perspectives. Positive perspective seeks to explore 'why' organisations report social and environmental information via corporate media such as annual reports. What this perspective has particularly explained is that an organisation reports social and environmental information to manage its stakeholders (see for example Deegan & Blomquist, 2006; Arnold & Hammond, 1994; Arnold, 1990; Ullman, 1985) to secure or maintain legitimacy or to meet community expectations (see for example a series of voluminous studies as documented in Deegan, 2002)[2.] Another perspective, this being normative perspective is that 'disclosure decisions should not be responsive to perceived legitimacy threats but should be based on the beliefs about what managers are considered to be accountable for, and what people need to know about' (Deegan, 2002, p. 298). In other words, this perspective views the decision to disclose social and environmental information as an ethical decision. Gray, Dey, Owen, Evans and Zadek (1997) championed normative perspective on social and environmental accounting through the 1980s and 1990s (Parker, 2005). The normative perspective has sought to examine how social and environmental disclosure can be seen as reflecting and discharging the responsibilities and subsequent accountabilities of organisations, and in so doing this type of perspective has been motivated by democratic concerns about the rights to information and the means by which organisational behaviour might be controlled by society (Cooper and Owen, 2007, Cooper et al., 2003; Lehman, 1999; and Medawar, 1976)[3.] As a further study, based on these two perspectives, we are presently collecting primary data (interview data) to understand the deep into the motivation for the presence/absence of social and environmental disclosures of banking companies operating in Bangladesh. We would be able to provide some insights in the near future.

Despite this study has explored some practical implications, it has a limited scope. These limitations, however, could stir for upcoming research. Firstly, this analysis of the annual reports study is based on the population sample of Bangladeshi major commercial banks. Thus, the results of the study must be interpreted only with major banks and should not be generalized to other smaller banks, foreign and non-banking business sectors. Secondly, the study considers only one period but the findings of the study might change over time. Therefore, a longitudinal study in diverse time surroundings may enable more gleams on the issue to recognize the movements of sustainability reporting across time on annual reports. Similarly, we are not convinced about the quality of sustainability reporting reported by

---

2 Legitimacy theory, managerial branch of stakeholder theory and institutional theory are considered as positivistic perspective of social and environmental accounting research.

3 Ethical branch of stakeholder theory and accountability theory are considered as normative perspective of research.

surveyed banks. Since at the moment, there are no regulatory requirements in the context of Bangladesh and its banking sector for assurance service with regards to non- financial information, the information we explored in the study is not certified by independent assurance providers which might tended to pose jeopardy in the quality of sustainability information. Therefore, we our finding was based on the quantity of disclosure rather than quality. Consistent with the comment made by one of our anonymous reviewer, we argue that there is always a debate concerning quantity versus quality of disclosure. Our finding needs to be considered in this light. Lastly, managerial thought about sustainability issues and/or reporting are not addressed in this study, further research is thus warranted to recognize perceptions of managers and stakeholder groups in relation to the possible adoption and reporting of the sustainability issues.

Despite the above limitations, this study is the primary to investigate sustainability reporting practices in Bangladeshi banking sector in comparison with a global sustainability reporting framework such as GRI.While the findings of this study should be measured as the preliminary insight in this stand, it would start out a number of researchers considerately to broaden their research effort to a further evaluation of this area.

## References


Arnold, P., (1990), 'The State and Political Theory in Corporate Social Disclosure Research: A Response to Guthrie and Parker', *Advances in Public Interest Accounting*, Vol. 3, No. 2, pp. 177-81.

Arnold, P. & Hammond, T., (1994), 'The Role of Accounting in Ideological Conflict – Lessons from the South African Disinvestment Movement', *Accounting, Organizations and Society*, Vol. 19, No. 2, pp. 111-26.

Achua. K. J. (2008), "Corporate social responsibility in Nigerian banking system", *Society and Business Review*, Vol. 3 No. 1, pp. 57-71

Adams, C. A., Hill, W.Y. and Roberts, C.B. (1998), "Corporate Social Reporting Practices in Western Europe: Legitimating Corporate Behaviour?" *British Accounting Review*, Vol.30 No. 1 pp.1-21

Almona., C. .P. (2005), "A Review of the business case for Corporate Social Responsibility in the UK financial service sector", unpublished dissertation, pp.1-94

Bhattacharya, C. B. and Sen, S. (2004), "Doing Better at Doing Good: When, Why, and How Consumers Respond to Corporate Social Initiatives", *California Management Review*, Vol. 47 No.1, pp. 9-25.

Baron D .P. (2000), "*Business and Its Environment"*, Prentice Hall, New Jersey.

Belal, A. R., and Owen, D. (2007), "The Views of Corporate Managers on the Current State of, and Future Prospects for, Social Reporting in Bangladesh: An Engagement Based Study". *Accounting, Auditing & Accountability Journal*, Vol. 20 No.3, pp. 472-494.

Belal, A. (2000) "Environmental Reporting in Developing Countries: Empirical Evidence from Bangladesh", *Eco-Management and Auditing*, Vol. l7 No3, pp. 114-121.

Cooper, S. and Owen, D. (2007), 'Corporate Social Reporting and Stakeholder Accountability: The Missing Link', *Accounting, Organizations and Society*, Vol. 32, No.7-8, pp. 649-67.

Coupland, C. (2005) ,"Corporate Social and Environmental Responsibility in web-based reports: Currency in the banking sector?" Article in Press for publication in *Critical Perspectives on Accounting*. 17 pages.

Cowen, S.S., Ferreri, L.B. and Parker, L.D. (1987), "The impact of corporate characteristics on social responsibility disclosure: A typology and frequency-based analysis", Accounting, *Organizations and Society*, Vol 12 No. 2, pp.111–122.

Cooper, C., Neu, D. & Lehman, G., 2003, 'Globalisation and its Discontents: A Concern about Growth and Globalization', *Accounting Forum*, Vol. 27, No. 4, pp. 359-64.

Deegan, C. & Blomquist, C., (2006), 'Stakeholder Influence on Corporate Reporting: An Exploration of the Interaction between WWF-Australia and the Australian Minerals Industry', *Accounting, Organizations and Society,* Vol. 31, pp. 343–72.

Deegan, C.,( 2002), 'The Legitimizing effect of Social and Environmental Disclosures: A Theoretical Foundation', *Accounting, Auditing & Accountability Journal*, Vol. 15, No. 3, pp. 282–311.

Deegan, C., and Rankin, M., (1996), "Do Australian companies report environmental news objectively? An analysis of environmental disclosures by firms prosecuted successfully by the Environmental Protection Authority", *Accounting, Auditing and Accountability Journal*, Vol. 9 No 2, pp.52–69.

Deegan, C., Rankin, M., and Tobin, J. (2002), "An examination of the corporate social and environmental disclosures of BHP from 1983-1997: a test of legitimacy theory. *Accounting, Auditing & Accountability Journal*, Vol. 15 No.3, pp. 312-343

Deegan, C. and Rankin, M. (1999), "The environmental reporting expectations gap: Australian evidence", *The British Accounting Review*, Vol. 31, No. 3, pp. 313-346.

Decker, O. S. (2004), "Corporate social responsibility and structural change in financial services", *Managerial Auditing Journal*, Vol. 19 No.6, pp. 712-728

Elkington J., (1997), "*Cannibals with Forks: the Triple Bottom Line of 21st Century Business"*,

(Capstone, Oxford).

Fatima, J. K. and Khan, M.HUZ. (2008), "Word of Mouth influence in Choosing Private Universities in Bangladesh ", *Journal of Business and technology (Dhaka )*, Vol.3 No.5, pp.74-73.

Frenz (2005). "Multinationality Matters in Innovation: The Case of the UK Financial Services". *Industry and Innovation* , Vol.12, No. 1, pp. 65.

Fowler, G. (2002), "Sustainability reporting - a global framework", *Company Director*, November, Sydney.

Guthrie, J., Petty, R., Yongvanich, K. and Ricceri, F. (2004), "Using Content Analysis as a Research Method to Inquire Into Intellectual Capital Reporting", *Journal of Intellectual Capital*, Vol. 5 No 2, pp.282 –293.

Gray, R. H. (1989), "Accounting and Democracy: A Review Essay" *Accounting, Auditing and Accountability Journal*, Vol. 2, No. 3, pp. 52-56.

Gray, R., M. Javad, D.M. Power and C. D. Sinclair (2001), "Social and Environmental Disclosure and Corporate Characteristics: A Research Note and Extension", *Journal of Business Finance and Accounting*, Vol. 28 No.3&4, pp. 327-356.

Gray, R., Kouhy, R., Lavers, S., (1995a). "Corporate social and environmental reporting: A review of the literature and a longitudinal study of UK disclosure" *Accounting, Auditing and Accountability Journal* 8 (2), 47–77.

Gray, R. Kouhy, R. and Lavers, S. (1995b), "Methodological Themes: Constructing a Research Database of Social and Environmental Reporting by UK Companies", *Accounting, Auditing and Accountability Journal*, Vol. 8, No 2, pp. 78-101.

Gray, R., Owen, D., and Adams, C. (1996), *Accounting and Accountability: Changes and Challenges in Corporate Social and Environmental Reporting***"**. Hemel Hempstead: Prentice Hall.

Gray, R., Dey, C., Owen, D., Evans, R., and Zadek, S. (1997), "Struggling with the praxis of social accounting: stakeholders, accountability, audits and procedures", *Accounting, Auditing and Accountability Journal*, Vol.10 No.3, pp. 325-364.

Global Reporting Initiative. (2002). Companies using the GRI Sustainability Reporting Guidelines. Available at *www.g1oba1reporting.org/GRIGuidelines/Reporters.htm*.

Global Reporting Initiative. (2008 ), Sustainability Reporting Guidelines & Financial Services Sector Supplement, 3.0/FSSS Final Version, pp. 1-54.

Guthrie, J. and Parker, L.(1990),"Corporate Social Disclosure Practice: A Comparative International Analysis, *Advances in Public Interest Accounting*, Vol. 3, pp. 159-175.

Guthrie J. and Parker L. D. (1993), The Australian Public Sector in the 1990s: New Accountability Regimes in Motion, *Journal of International Accounting, Auditing and Taxation*, Vol. 2, No. 1, pp.57-79.

Holsti, O. R. (1969), "*Content Analysis for the Social Science and Humanities"*, Addison- Weslay, London.

Hackston, D. and Milne, M. J. (1996), "Some Determinants of Social and Environmental Disclosures in New Zealand Companies", *Accounting, Auditing and Accountability Journal*, Vol. 9, No 1, pp. 77-108.

Hoare, S. (2004), “It is not easy being green”, *Financial World*, June 2004, pp.38-42

Hopkins, M. and Cowe, R .(2003), “Corporate Social Responsibility- Is there a business Case”, ACCA UK, London.

Islam, M.A. (2009), “Social and Environmental Reporting Practices of Organisations Operating in, or Sourcing Products from, a Developing Country: Evidence from Bangladesh”, Unpublished PhD thesis, RMIT University, Melbourne

Islam, M. A., and Deegan, C. (2008), “Motivations for an organization within a developing country to report social responsibility information: Evidence from Bangladesh”. *Accounting, Auditing and Accountability Journal*, Vol. 21 No.6, pp.850 - 874.

Islam, M. and Deegan, C. (2010) ‘Media Pressures and Corporate Disclosure of Social Responsibility Performance: A Case Study of Two Global Clothing and Sports Retail Companies’, *Accounting and Business Research*, forthcoming.

Ian. M., (2005), “A UK Retail Banking Manifesto: addressing the challenges that lie ahead for the industry and its stakeholders”, British Bankers’ Association *http://www.bba.org.uk/content/1/c4/45/25/manifesto_flyer.pdf*, accessed 6 July

Imam, S. (2000), “Corporate Social Performance Reporting in Bangladesh”, *Managerial Auditing Journal*, Vol. 15 No 3, pp. 133-141.

Jeucken, M. (2001), “*Sustainable Finance and Banking –The Financial Sector and the Future of the Planet”*, Earthscan Publishing, London

Jeucken, M. (2004), “*Sustainability in Finance: Banking on the Planet”*, Eburon Academic Publishers, the Netherlands

KPMG (2005), “KPMG International Survey of Corporate Responsibility Reporting” , University of Amsterdam and KPMG Global Sustainability Services, Amsterdam,pp.1-55.

Kolk, A. (2004), “A decade of sustainability reporting: Development and significance”, *International Journal of environmental and sustainable Development*, Vol.3 No.1 pp.51-64.

Kolk, A. (2005), “Environmental reporting by multinational from the triad: Convergence of divergence?”, *Management International Review*, Vol 45 No. 1 ,pp.145-166.

Khan, M.H.U.Z., Halabi. A. and Samy, M. (2009), “CSR Reporting Practice: A study of Selected Banking Companies in Bangladesh”, *Social Responsibility Journal*, Vol.5 No.3, pp.344-357.

Khan, M.H.U.Z. (2010), “The Effect of Corporate Governance elements on Corporate Social Responsibility (CSR) Reporting: Empirical Evidence from Private Commercial Banks of Bangladesh*”*, *International Journal of Law and Management*, Vol.52 No 2, pp.82-109.

Lehman, G. (1999). “Disclosing new worlds: a role for social and environmental accounting and auditing”, *Accounting, Organisations and Society,* Vol. 24 No.3, pp.217- 241.

Lehman, G. (2001), “Reclaiming the public sphere: problems and prospects for Corporate Social and Environmental Accounting”, *Critical Perspectives on Accounting*, Vol. 12, pp.713-733.

Medawar, C., (1976), ‘The Social Audit: A Political View’, *Accounting, Organizations and Society*, Vol. 1, No. 4, pp. 389-94.

Miles, R. H., (1987), “Managing the Corporate Social Environment”. Prentice-Hall, New Jersey.

Milne, M. J. and Adler, R. W. (1999), “Exploring the Reliability of Social and Environmental Disclosures Content Analysis”, *Accounting, Auditing & Accountability Journal*, Vol. 12, No 2, pp. 237-256.

Neu, D., Warsame, H. and Pedwell, K. (1998), “Managing public impressions: environmental disclosures in annual reports” , *Accounting, Organizations and Society*, Vol. 23, pp. 265-283.

Niskanen, J. and Nieminen, T. (2001), 'The objectivity of corporate environmental reporting: A study of Finnish listed firms’ environmental disclosures', *Business Strategy and the Environment*, No. 10, pp. 29-37.

Ogrizek, M. (2001), “The effect of Corporate Social Responsibility on the Branding of Financial Services” *Journal of Financial Services Marketing*, Vol 6 No. 3 ,pp. 215.

Parker, L.(2005), ‘Social and Environmental Accountability Research: A View from the Commentary Box’, *Accounting, Auditing & Accountability Journal*, Vol. 18, No. 6, pp. 842-60.

Patten, D. (2002), “Media Exposure, Public Policy Pressure, and Environmental Disclosure: An Examination of the Impact of Tri Data Availability”, *Accounting Forum*, Vol. 26, No 2, pp. 152-171.

Roberts, R.W.( 1992), “Determinants of corporate social responsibility disclosure: an application of a stakeholder theory”, *Accounting, Organizations and Society*, Vol 17 No.6, pp.595-612.

Reynolds, M. and Yuthas K. (2007), ‘Moral Discourse and Corporate Social Responsibility Reporting’, *Journal of Business Ethics*, 20 March, (online first)

Singh, D.R. and Ahuja, J.M. (1983), ‘‘Corporate social reporting in India’’, *The International Journal of Accounting*, Vol. 18 No. 2, pp. 151-69.

*The Daily Star*. (2008), “10pc tax waiver on CSR spending”, 25 December, p.6. available at: http://www.thedailystarbd.info / [accessed 29 December, 2008].

*The New Age (2009)*, “No credit facilities for polluting industries”, 27 December**,** p.8, available at http://www.newagebd.com/2009/dec/27/busi.html), [accessed 03 March, 2010].

*The Financial Express (2009)*, “IFC, Bangladesh Bank back sustainable Energy Financing”, November,4, p.7 available at www. http://www.thefinancialexpress-bd.com/2009/11/03/ [accessed 03/03/2010].

Tilt, C A and Symes, C F. (1999), “Environmental Disclosure by Australian Mining Companies: Environmental Conscience or Commercial Reality?” *Accounting Forum*, Vol. 23, No 2, pp. 137-154.

Unerman, J. (2000), “Methodological Issues: Reflections on Quantification in Corporate Social Reporting Content Analysis”, *Accounting, Auditing & Accountability Journal*, Vol. 13, No 5, pp. 667-680.

Ullmann, A.A. (1985), “Data in search of theory: a critical examination of the relationship among social performance, social disclosure, and economic performance of U.S. firms”, *The Academy of Management Review*, Vol 10 No.3, pp.540-557.

Wilmshurst, T.D. and Frost, G.R. (2000), “Corporate environmental reporting. A test of legitimacy theory”, *Accounting, Auditing & Accountability Journal*, Vol. 13 No. 1, pp. 10-26.

Willis, C. A. ( 2003), ‘The Role of the Global Reporting Initiative’s Sustainability Reporting Guidelines in the Social Screening of Investments’, *Journal of Business Ethics*, Vol.43 No 3, pp.233-237.

Walden, WD and Schwartz, B.N. (1997), “Environmental disclosures and public policy pressure”, *Journal of Accounting and Public Policy,* No. 16, pp. 125-154.

Zeghal D. and Ahmed S.A. (1990), “Comparison of Social Responsibility Information Disclosure Media Used by Canadian firms”, *Accounting, Auditing and Accountability Journal*, Vol. 3 No1, 38-53.

## Appendix 1: Sustainability indictors derived from GRI G3 for coding and content analysis

| **1. Environment : Performance Indicators** | |
|---|---|
| **Materials** | |
| EN1** | Materials used by volume or weight |
| EN2 | Materials used that are recycled input materials by weights, volume or % of total materials |
| **Energy** | |
| EN3 | Direct energy consumption by primary energy source. |
| EN4 | Indirect energy consumption by primary source. |
| EN5 | Energy saved due to conservation and efficiency improvements. |
| EN6** | Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives. |
| EN7 | Initiatives to reduce indirect energy consumption and reductions achieved |
| **Water** | |
| EN8 | Water withdrawal by sources |
| EN9 | Water sources significantly affected by withdrawal of water |
| E10 | Volume of water recycled and reused. |
| **Biodiversity** | |
| EN11** | Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas. |
| EN15 | Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas. |
| **Emissions, Effluents, and Waste** | |
| EN16 | Total direct and indirect greenhouse gas emissions by weight. |
| EN17** | Other relevant indirect greenhouse gas emissions by weight. |
| EN18** | Initiatives to reduce greenhouse gas emissions and reductions achieved. |

| | |
|---|---|
| EN19 ** | Emissions of ozone-depleting substances by weight. |
| EN20** | NOx, Sox, and other significant air emissions by type and weight. |
| EN21 | Total water discharge by quality and destinations |
| EN22 | Total weight of waste by type and disposal method |
| EN23 ** | Total number and volume of significant spill (leak). |
| EN24 | Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally. |
| EN25** | Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff. |
| **Products and Services** | |
| EN26 | Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation. |
| EN27 | Percentage of products sold and their packaging materials that are reclaimed by category. |
| **Compliance** | |
| EN28** | Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations. |
| **Transport** | |
| EN29** | Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce. |
| **Overall** | |
| EN30 | Total environmental protection expenditures and investment by type |

**2. Labor Practices & Decent Work: Performance Indicators**

| | |
|---|---|
| **Employment** | |
| LA 1 | Total workforce by employment type, employment contract, or region |
| LA2** | Total number and rate of employee turnover by age group, gender, or region. |
| LA3 | Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations |
| **Labor/ Management Relation** | |
| LA4 ** | Percentage of employees covered by collective bargaining agreements |
| LA5** | Minimum notice period(s) about significant operational changes, including whether it is specified in collective agreements. |
| **Occupational Health and Safety** | |
| LA6** | Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor or advice on occupational health and safety programs. |
| LA7 | Rate of injury, occupational diseases, lost days or absenteeism. |
| LA8 | Number of employees or relatives involved in education, training, prevention, or risk control programme in place to assist workforce members, their families, or community members regarding serious diseases. |
| LA9 ** | Health and safety topics covered in formal agreements with trade unions |
| **Employees training and education** | |
| LA10 | Average hours of training per year per employee |
| LA11 | Training programs for skills management or lifelong learning that support the continued employability of employees and assist them in managing career endings. |
| LA12 | Percentage of employees receiving regular performance or career development reviews. |

| **Diversity and Equal opportunity** | |
|---|---|
| LA13** | Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, or other indicators of diversity |
| LA14 | Ratio of basic salary of men to women. |
| LA15 | Employee satisfaction |

| **3. Product Responsibility: Performance Indicators** | |
|---|---|
| **Customer health and safety** | |
| **PR1**** | Life cycle stages in which health and safety impacts of products or services are assessed for improvement, and percentage of significant products or services categories subject to such procedures |
| PR2** | Total number of incidents of non-compliance with regulations or voluntary codes concerning health and safety impacts of products or services during their life cycle. |
| **Product labelling** | |
| PR3 | Type of product or service information required by procedures or percentage of significant products or services subject to such information requirements. |
| PR4 | Total number of incidents of non-compliance with regulations or voluntary codes concerning product or service information or labelling, |
| PR5 | Practice relating to surveys measuring customer satisfaction. |
| **Marketing communication** | |
| PR6 | Programs for adherence to laws, standards, or voluntary codes related to marketing communications, including advertising, promotion, or sponsorship. |
| PR7 | Total number of incidents of non-compliance with regulations or voluntary codes concerning marketing communications including advertising, promotion, and sponsorship by type of outcomes. |
| **Customer policy** | |
| PR8 | Total number of substantiated complaints regarding breaches of customer privacy or loss of customer data. |
| **Compliances** | |
| PR9** | Monetary value of significant fines for non-compliance with laws or regulations concerning the provision and use of products and services. |
| PR10 | Customer satisfaction |

**4. Human Rights: Performance Indicators**

| **Investment and procurement practices** | |
|---|---|
| HR1 | Percentage or total numbers of significant investment agreements that include human rights clauses or that have undergone human rights screening. |
| HR2 | Percentage of significant suppliers or contractors that have undergone screening on human rights and actions taken. |
| HR3 | Total hours of employee training on policies or procedures about aspects of human rights that are relevant to operations or percentage of employees trained. |
| **Non- discrimination** | |
| HR4 | Total number of incidents of discrimination or actions taken**.** |
| HR5** | Operations identified in which the right to exercise freedom of association or collective bargaining may be at significant risk, actions taken to support these rights |
| **Child Labour** | |
| HR6** | Operations identified as having significant risk for incidents of child labour Measures taken to contribute to the elimination of child labour. |

| | |
|---|---|
| **Forced and compulsory labour** | |
| HR7** | Operations identified as having significant risk for incidents of forced or compulsory labour, measures to contribute to the elimination of forced or compulsory labour. |
| **Security practices** | |
| HR8 | Percentage of security personnel trained in the organization's policies or Procedures concerning aspects of human rights that are relevant to operations. |
| **Indigenous rights** | |
| HR9** | Total number of incidents of violations involving rights of indigenous people and actions taken. |

**5. Society: Performance Indicators**

| | |
|---|---|
| **Community** | |
| SO1 | Nature, scope, or effectiveness of any programs or practices that assess and manage the impacts of operations on communities, including entering, operating or exiting. |
| **Corruptions** | |
| SO2 | Percentage or total number of business units analysed for risks related to corruption. |
| SO3 | Percentage of employees trained in organization's anti-corruption policies or procedures. |
| SO4 | Actions taken in response to incidents of corruption. |
| **Public policy** | |
| SO5 | Public policy positions or participation in public policy development and Lobbying. |
| SO6 | Total value of financial or in-kind contributions to political parties, politicians, or related institutions |
| **Anti- competitive behaviour** | |
| SO7 | Total number of legal actions for anti-competitive behaviours, anti-trust, or monopoly practices and their outcomes. |
| **Compliances** | |
| SO8** | Monetary value of significant fines or total number of non-monetary sanctions for non-compliance with laws or regulations |
| **Good causes** | |
| SO9 | Financial contribution to a variety of good causes |

** **These items are finally excluded in our coding phase.**

## Appendix 2: Summary of sustainability indictors derived from GRI G3 and GRI FSS

| **Phase 1:** (Categorization of environmental and social indicators in sustainability agendas as per GRI) | **Phase 2: GRI G3** (Use of GRI indicators with some modifications and adding new indicators) | **Phase 3 :** (Adoption of GRI FSS indicators) |
|---|---|---|
| **1.Environmental** | E2-E5,E7-E10, E15, E21,E22,E24, E26-E27 and E30 | |

| | | |
|---|---|---|
| **2.Labor Practices and decent works** | L1, L3, L7-L8 and LA 10-L12, LA 14 and (LA15) | From FS1 to FS 16 |
| **3.Product Responsibility** | PR3 to PR8 and (PR10) | |
| **4.Human Rights** | HR1 to HR 4 and HR8 | |
| **5. Society** | SO1 to S O7 and (SO9) | |

( ...) Our new coding item indicators other than GRI indicators.