Case Studies from Leading Banks in Europe about Corporate Social Responsibility

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Abstract:
Each of three bank mentioned have different method to approach CSR. This situation may cause by the different historical, economic and social backgrounds in different EU countries lead to companies having different understandings of CSR perceptions and implementation. Although banks may use different names for similar areas, all of three banking corporations above have conducted CSR practices into five areas. They are: environment, climate, sustainability, people/community, and corporate governance. Regarding people/community, its coverage is quite broad—investors/shareholders, employee, education, volunteering, donation, customers, suppliers, and government. For most of the items, all banks mentioned them in their reports either integrated in annual report or in the form of separated report (non-financial report).

Keywords: Corporate Social Responsibility, European

1. Introduction
European banks have generally conducted their business in a more socially and environmentally responsible way. Difference banks may use different names for similar areas of CSR activities. Three banking corporations below have conducted CSR practices mainly into five areas: environment, climate, sustainability, people/community, and corporate governance. Regarding people/community, its coverage is quite broad—investors/shareholders, employees, education, volunteering, donation, customers, suppliers. For most of the items, all banks integrate CSR policy into their business strategy and include CSR activities review annually in various form such as CSR report, sustainability report, non-financial statement, or integrated into the annual report. The study examines data collected from recent reports, the website of BNP Paribas SA, Intesa Sanpaolo, and Banco Bilbao Vizcaya Argentaria (BBVA) and highlights their CSR practices.

2. CSR in Case studies from leading banks in EUROPE
2.1. CSR in BNP Paribas SA
BNP Paribas SA is a France-based international banking institution. It organize businesses into two main fields of activity: Retail Banking & Services and Corporate Institutional Banking (CIB).

- Retail Banking & Services includes Retail Banking networks and specialized financial services in France and abroad. It is divided into Domestic Markets and International Financial Services. Established in more than 60 countries and employing over 150,000 people, Retail Banking & Services accounted for 73% of the 2019 revenue generated by BNP Paribas’ operating divisions. (BNP Paribas report 2019). Domestic Markets employs nearly 66,000 people, including nearly 51,000 working in the 4 domestic networks (France, Italy, Belgium, Luxembourg). It serves more than 18 million customers including nearly over 900,000 professionals, small businesses and corporates in the 4 domestic networks. BNP Paribas is the leading private bank in France and Belgium, no. 1 in Cash Management and in Trade Finance for large corporates and no. 2 for professional equipment financing in Europe.

- Corporate & Institutional Banking: with close to 35,000 people in 55 countries, BNP Paribas CIB is a global provider of financial solution to corporate and institutional clients. Acting as a bridge between corporate and institutional clients, it aims at connecting the financing needs from corporate clients with institutional clients seeking investment opportunities. In 2019, 27% of BNP Paribas’ revenues from operating divisions were generated by BNP Paribas CIB.
BNP Paribas has positioned itself as a leading bank in the Eurozone and a prominent international banking institution.

Since 2002, along with annual report, BNP Paribas started to publish CSR report on their website. From 2015 up to now, CSR activities have been integrated in the annual report. It has achieved high position in extra-financial rankings and CSR prizes such as the “World’s Best Bank for Corporate Social Responsibility” for 2019, by Euromoney, a leading publication in the international finance field; “European leader in managing climate risks” according to the NGO ShareAction (promoting responsible investment); Received A score in the Carbon Disclosure Project rating (January 2019). The Group carries out its operations in full respect for numerous commitments, working groups and platforms includes universal principles (the United National Global Compact, the UN Women’s Empowerment Principles), financial industry’s CSR commitments (the Equator Principles, the UNEP FI’s Principle for positive impact finance, the Principle for Responsible Investment) and many commitments specific to the environment (the Montréal Carbon Pledge, the French Business Climate Pledge, Paris Climate Agreement…). In line with the United Nations’ Sustainable Development Goals (SDGs), CSR strategy based on 4 pillars and 12 commitments that reflect its CSR targets. This strategy aims to build a more sustainable world while ensuring the Group’s stability and performance.

Summary of CSR commitments as below table:

Table 1. BNP Paribas CSR Strategy
By analyzing integrated report of BNP Paribas in the period 2016-2018, highlight achievements for CSR activities as follows:

In regard to the economy responsibility, it includes three commitments: investments and financing with a positive impact, ethic of the highest standard and systematic integration and management of environmental, social and governance risks. The bank considers the appropriate management of ESG risks is of prime importance as it contributes to managing the financial risk of the Group’s financing and investments. Therefore, its ESG risk management system is part of an overall approach and is based on: the development of financing and investment policies framing the Group’s activities in sectors with significant ESG issues; The respect of Equator Principles for large industrial and infrastructure projects; The implementation of a specific ESG risks assessment framework for its products and services...etc. At 31 December 2018, the Group’s support for social enterprises (including Microfinance Institutions) amounted to €1.6 billion, up 59% compared to 2017. Over 2,000 customers and partners have benefited from it in 17 countries. BNP Paribas has structured and launched 4 Social Impact Bonds, for a total of €9 million, enabling social enterprise or NGOs in France and the USA to raise funds to develop their projects. After making a commitment in 2016 to cease funding coal mining projects, coal-fired power plants, and companies related to these sectors without a diversification strategy, BNP Paribas stopped supporting companies and infrastructure projects whose principal activity is dedicated to the exploration, production and exportation of shale oil, shale gas, tar sands, oil and gas in the Arctic zone. BNP Paribas helped develop the “Principles for Responsible Banking” alongside 26 banks from 19 countries in 2018. They recognize the central role of banks in achieving the SDGs and the climate targets set in the Paris Agreement and commit the banks to aligning their practices with these major targets. With 168 billion euros at the end of 2018, total financing contributing to the energy transition and SDGs has increased by 8.4%. The Group also apply the Equator Principles on project financing by working with its customers to identify and manage the environmental and social risks and impacts linked with major industrial and infrastructure projects. The CIB Corporate Social Responsibility (CIB CSR) team reviews and monitors the application of the EPs. The CIB CSR team is independent from the business lines and acts as a second pair of eyes to systematically review the proposed categorization. BNP Paribas has authorized an external provider to develop an e-learning module covering key aspects of EPs implementation. The table below provides number of transactions that have financial close which the EPs were applicable.

<table>
<thead>
<tr>
<th>Year</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of transactions concerned in the year</td>
<td>30</td>
<td>13</td>
<td>21</td>
<td>26</td>
<td>17</td>
<td>23</td>
<td>8</td>
<td>17</td>
</tr>
<tr>
<td>Number of grade A transactions in the year</td>
<td>5</td>
<td>2</td>
<td>3</td>
<td>6</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Number of grade B transactions in the year</td>
<td>20</td>
<td>10</td>
<td>13</td>
<td>18</td>
<td>15</td>
<td>21</td>
<td>7</td>
<td>14</td>
</tr>
<tr>
<td>Number of grade C transactions in the year</td>
<td>5</td>
<td>1</td>
<td>5</td>
<td>2</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

Table 2: Summary of number of transactions from 2011-2018

Source: BNP Paribas registration document and annual financial report 2018
According to these principles, the negative impacts of projects on communities, ecosystems or the climate must be avoided or minimized, mitigated and/or offset. Since 2017, under the initiative of BNB Paribas and nine other member banks, the Equator Principles Association has completed a targeted review of Principle 3 by focusing on key areas such as social impacts and human rights including Free Prior and informed Consent, climate change, scope of application, designated countries and applicable standards. The updated version EP4 was approved and published in November 2019.

In the area of people responsibility, the Group has focus on promoting employees’ fundamental rights and equal opportunities and consolidating the 2020 HR Strategy. In 2018, the Group has joined a Global agreement with UNI Global Union, the International Trade Union Federation of the service sector. This agreement addresses seven topics that contribute to improving quality of life and working condition for employees, thereby helping to promote a more equal society and inclusive growth. The 2020 HR transformation strategy, launched in 2017, focuses on the employees, their long-term development and engagement. The new HR interface “About Me” which is accessible to approximately 70% of Group employees, allows employees to self-assess their skills, build their own personal development plan with their manager and proactively receive personalized job and career development suggestions. The Group has long been a partner of the Women’s Forum and was elected to the strategic Committee in May 2018. In the United Kingdom, CIB and BNP Paribas Personal Finance signed the “Women in Finance Charter” committing to increase the number of women in senior management positions. BCI (BNP Paribas’ subsidiary in Morocco) agreed a partnership with “Women In Africa” (WIA) offering the first international platform dedicated to the economic development and support of leading and high-potential African women. Moreover, in 47 countries (57% of the workforce), entities improved or developed awareness-raising campaigns on health and nutrition. Free flu vaccination program are offered in several countries (Germany, Japan, Russia). In South Africa, RCS (BNP Paribas’ branch in South Africa) has an AIDS awareness-raising policy. In 25 countries, entities developed actions to support employees suffering from addictions (South Africa, Germany, Belgium, Brazil, Canada, Spain, United States, France, Ireland, Luxembourg, United Kingdom, Turkey, Taiwan, etc.). In 42 countries (75% of the workforce), entities have taken steps to improve the work environment, prevent occupational risks or promote assessment of musculoskeletal or ergonomic risks. In France, all employees benefit from medico-social follow-up, either via an internal service (18 doctors, 37 nurses and some 40 social workers) or via external inter-company services.

Regarding community responsibility, to support to microfinance, BNP Paribas has been committed to microfinance for 30 years and uses several levers to promote its deployment: direct financing of Microfinance Institutions (MFIs), investment in specialized funds, development of impact funds, performing technical assistance mission, etc. In 2018, the Group’s overall support towards microfinance reached 296 million, enabling 31 MFIs in 17 countries to be financed directly and more than 100 MFIs indirectly in most countries around the world via 12 dedicated funds in which the different entities of the Group invest. Besides, the bank takes particular care in disadvantaged customers caused by disability or their financial situations, to ensures their access to banking services. The BNP Paribas Cardif launched a new service “Acceo” which enables customers who are deaf or partially deaf to access relationship centres autonomously and receive information they need to monitor their savings plans, borrower’s insurance or individual retirement cover. BNP Paribas is developing a structured corporate philanthropy policy that is both global and local. The BNP Paribas Foundation coordinates this commitment around three areas of application: solidarity, the arts and the environment. In 2018, the BNP Paribas philanthropy budget of 41.6 million euros was broken down as: 69.6% for solidarity, including support for refugees; 20.8% for the arts; 9.6% for the environment.

In the area of environment responsibility, since 2011, the Group has put climate change as the priority focus of its efforts, given its position in the financing of the global economy, particularly in the energy sector. The “BNP Paribas Commitments for the Environment” which were updated in 2017 reaffirmed this proactive approach while making a formal commitment to extend them to biodiversity, water, air, natural resources and the circular economy. At the end of 2018, the amount of funding for renewable energy was €15.4 billion (compared with
€12.3 billion in 2017), the Bank structured and placed €6.3 billion in green bonds. The target of €15 billion set for 2020, equal to double the 2015 amount, has already been surpassed. The Climate Initiative program, since its launch in 2010 by the BNP Paribas Foundation, has provided financial support totalling €12 million to 324 researchers, professors and engineers and raised the awareness of around 300,000 people on climate change. In particular, the Bank’s teams participated in the SeaMade project, which is expected to become the largest offshore wind farm in Belgium with a production capacity of 487 MW (BNP Paribas report 2018). Besides, the Bank has supported companies in achieving carbon neutrality as well as innovative start-ups in the energy transition. In November 2018, BNP Paribas Securities Services launched ClimateSeed, a voluntary carbon offsetting platform for companies. At launch, 19 project developers selling carbon credits - representing 8 million tonnes of carbon dioxide equivalents - were already on the platform. At the end of 2015, the Group committed to investing 100 million euros by 2020 in innovative energy transition start-ups. At the end of 2018, the Group had invested more than 35 million euros in seven start-ups and three energy transition funds. Out of the four direct investments in start-ups made in 2018, one is in the French company METRON, which has developed artificial intelligence software designed to optimize and reduce the energy consumption of industrial processes. Another investment was made in RIDECELL, an American company, which will help deploy fleets of shared vehicles that will ultimately become autonomous and electric. As part of its policy to combat climate change, in 2017 BNP Paribas became a carbon neutral bank at all levels of its operations through three complementary actions: the reduction of its CO2 emissions, use of low-carbon electricity, offsetting residual emissions.

2.2. CSR in Banco Bilbao Vizcaya Argentaria (BBVA)

BBVA is a multinational financial company involved in retail banking, wholesale banking, asset management and private banking. It was established in 1857 in the city of Bilbao, northern Spain, with the name of Banco de Bilbao as an issuance and discount bank. During the economic development, Banco de Bilbao expanded, acquiring other banks and becoming a financial group. In 1988, Banco de Bilbao and Banco de Vizcaya agreed to a merger to create BBV. The merger of BBV and Argentaria in 1999 created BBVA brand. The Group has a strong leadership position in the Spanish market, is the largest financial institution in Mexico, it has leading franchises in South America and the Sunbelt Region of the United States. It is also the leading shareholder in Turkey’s Garanti BBVA. It was ranked the 42nd largest bank in the world by total assets at the end 2018 by the ranking from S&P Global Market Intelligence. As end of December 2018, BBVA’s assets amounted to 699 billion euros, making it the second Spanish financial institution by volume of assets. In that same date, it had 78.1 million customers in 30 countries with 7,744 branches and more than 126 thousand employees. Overview of BBVA as the map below
BBVA banking model refers to as responsible banking, based on seeking out a return adjusted to principles, strict legal compliance, best practices and the creation of long-term value for all stakeholders. It is reflected in the Bank’s Corporate Social Responsibility or Responsible Banking Policy. The Policy’s mission is to manage the responsibility for the Bank’s impact on people and society, which is key to the delivery of BBVA’s Purpose. The targets of BBVA’s responsible banking model include: (1) Balanced relations with its customers, based on transparency, clarity and responsibility; (2) Sustainable finance to combat climate change, respect human rights and achieve the UN Sustainable Development Goals (SDGs); (3) Responsible practices with employees, suppliers and other stakeholders; (4) Community investment to promote social change and create opportunities for all. CSR activities are reviewed as non-financial information which is integrated in BBVA annual report. The report follows various internationally recognized standards such as the Conceptual Framework of the IIRC (International Integrated Reporting Framework), the GRI Standards (comprehensive option) and the AccountAbility Principles for Sustainable Development (AA1000 Standard). The main drivers to CSR activities in the group are as follows: table:

Table 3. CSR main drivers in BBVA

<table>
<thead>
<tr>
<th>Pillars</th>
<th>Main areas of action</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer relationship</td>
<td>- Customer experience</td>
</tr>
<tr>
<td></td>
<td>- Customer care</td>
</tr>
<tr>
<td>People management</td>
<td>- Model of people management</td>
</tr>
<tr>
<td></td>
<td>- Forms of working</td>
</tr>
<tr>
<td></td>
<td>- Capacities</td>
</tr>
<tr>
<td></td>
<td>- Corporate culture</td>
</tr>
<tr>
<td>Responsible practices</td>
<td>- Compliance system</td>
</tr>
<tr>
<td></td>
<td>- Conduct with customers</td>
</tr>
<tr>
<td></td>
<td>- Commitment to human rights</td>
</tr>
<tr>
<td></td>
<td>- Fiscal transparency</td>
</tr>
<tr>
<td></td>
<td>- Responsible procurement</td>
</tr>
</tbody>
</table>

Fig. 1. BBVA overviews at Dec 2019

Source: BBVA website
Sustainable finance
- To finance: in green finance, sustainable infrastructure
- To manage: minimize negative potentially direct and indirect impacts
- To engage: involvement in global initiatives

Community investment
- Financial education
- Social entrepreneurship
- Knowledge, education and culture
- Other initiatives supporting social entities, volunteering…

Source: Collected from BBVA annual report (2016-2018)

By analyzing BBVA annual report in 2016-2018, highlight achievements for CSR activities as follows:

Regarding to customer relationship, this issue is divided in two main areas include customer experience and customer care. One of the Group's Strategic Priorities is a new standard in customer experience, to ensure that the customer experience is distinguished by its simplicity, transparency, and swiftness, to further the customers empowerment and to offer them personalized advice. In 2018, the bank focus on several value streams: Open Market, DIY – Do it yourself, Physical & Human touchpoints, Advice and Smart Interactions, for both retail and company projects. In this sense, the solutions were more aligned with the needs of the customers, which had a direct effect on the customer experience. BBVA continued to build global products and capabilities. One example of this is GloMo (GLobal Mobile), a mobile banking platform developed globally by BBVA that is already available in Mexico and Uruguay. This new BBVA application is the first one that has been built on a global development platform, which provides efficiency and optimizes resources, allowing for the reuse of components. This type of development allows for service modularity and unify the customer experience in all countries with a unique design, with a navigation logic adapted to the needs of the client in each country. The Transparent, Clear and Responsible Communication project promotes transparent, clear and responsible relations between BBVA and its customers. The objectives are to help customers make informed decisions, improve customer relations with the Bank, look out for their interests and make BBVA the most transparent and clearest bank in all the markets where it operates. It also means BBVA can attract new customers and encourage existing customers to recommend it. Regard to personal data protection, the project for the implementation of the General Data Protection Regulation was finalized in the Group companies and branches in 2018. It is a continuous and living process, which means that each new product or service must comply with privacy requirements from its design, requiring a firm commitment to ensure respect for the fundamental right to the personal data protection. In addition, the protection of personal data is being strengthened in other areas with regard to suppliers and employees, where new protocols have been adopted in accordance with aforementioned regulation.

For people management, BBVA consider most important asset is its team, the people who make up the Group. For this reason, one of the six Strategic Priorities is having a first-class workforce. In this context, BBVA accompanies its transformation strategy with different initiatives in questions involving employees, such as development of a more transversal, transparent and effective model of people management, in a way that each employee can occupy the most appropriate role for their profile in order to bring the greatest value to the organization, with the greatest commitment; and in turn, learn and grow professionally. Regarding to working environment, BBVA considers the promotion of health and safety as one of the basic principles and fundamental objectives, which is addressed through the continuous improvement of working conditions. In this sense, the work risk prevention model in BBVA Spain is legally regulated and is based on the right of workers to consult and participate in these areas, which they exercise and develop through the assistance of the employee representatives in the existing equality committees, where the consultations are discussed and matters of health and safety at work are dealt with, monitoring any and all activity related to prevention. In Mexico, whose workforce is 100% represented in health and safety committees, various campaigns were carried out to
promote awareness and prevention in the area of health and safety at work, specifically the national campaign for the prevention of breast and prostate cancer, as well as the national campaign for the prevention and control of seasonal flu. In 2018, practical ideas have been promoted to favor work-life balance, such as setting a deadline for leaving work that serves as a reference for the whole team, and thus avoiding presenteeism and to respect the digital disconnection time with the initiative of not sending emails between 8 pm and 8 am or at weekends. An example for training BBVA’s training priority in 2018 was to develop a continuous learning culture, necessary to drive the Group’s transformation strategy. The people management model positions the employee as the true protagonist of their own development, and for this, the necessary knowledge for the performance of their functions is made available to all employees, with quick access to the training catalog. During 2018, existing training resources were incorporated into the market from platforms, suppliers and speakers of recognized prestige, which made it possible to offer a global catalog of training which included more than 9,000 training actions. Total investment in education of the Group in 2018 was 49.5 million euros, a reduce in comparison with the amount in 2017. However, the hours of training per employee and the percentage of employees who received training has been increased.

Table 4. Total investment in education

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total investment in training (millions of euros)</td>
<td>49.5</td>
<td>52.2</td>
</tr>
<tr>
<td>Investment in training per employee (euros) (1)</td>
<td>394</td>
<td>396</td>
</tr>
<tr>
<td>Hours of training per employee (2)</td>
<td>47.3</td>
<td>38.9</td>
</tr>
<tr>
<td>Employees who received training (%)</td>
<td>88</td>
<td>84</td>
</tr>
<tr>
<td>Satisfaction with the training (rating out of 10)</td>
<td>9.3</td>
<td>8.6</td>
</tr>
<tr>
<td>Amounts received from FORCEM for training in Spain (millions of euros)</td>
<td>3.3</td>
<td>3.1</td>
</tr>
</tbody>
</table>

(1) Ratio calculated considering the Group’s workforce at the end of each year.
(2) Ratio calculated considering the workforce of BBVA with access to the training.

Source: BBVA annual report (2017-2018)

Related to responsible practices, the Group’s commit to conduct all its activities and businesses in strict compliance with current legislation at all times and in accordance with strict codes of ethical conduct. To deal with Anti-money laundering and financing of terrorism, the Group continued with its strategy to apply new technologies to its AML processes (machine learning, artificial intelligence, etc.), in order to reinforce both the detection capabilities of suspicious activities of the different entities that make up the Group, as well as the efficiency of the said processes. The strategy related to fiscal transparency forms part of BBVA’s corporate governance system and establishes the policies, principles and values that guide the way the Group behaves with respect to taxes. This strategy has a global scope and affects everyone who is part of the Bank. Compliance with the strategy is very important, given the scale and impact that the tax contributions of large multinationals such as BBVA have on the jurisdictions where they operate. In the 2018 financial year, once again BBVA voluntarily submitted the Annual Fiscal Transparency Report for Companies Adhering to the Code of Good Tax Practices and its corporate income tax declaration for the previous year, which included its performance and proposals to strengthen the good practices on fiscal transparency.

For sustainable finance, BBVA’s commitment to sustainable development is reflected in its global-reach environmental Commitment. In 2018, BBVA announced its strategy on climate change and sustainable development to help the Bank meet the United Nations Sustainable Development Goals and achieve the
objectives of the Paris Agreement on climate change. The strategy is based on a threefold commitments: (1) BBVA is pledging to mobilize €100 billion in green finance, sustainable infrastructure and agribusiness, entrepreneurship and financial inclusion;

(2) To manage the environmental and social risk associated with the Bank's activity, to minimize potentially negative direct and indirect impacts; (3) To engage all stakeholders to increase the financial sector's collective contribution to sustainable development. Sustainable finance products are instruments that channel funds to finance customer transactions in sectors such as renewable energy, energy efficiency, waste management and water treatment, as well as access to social goods and services, including housing, education, health and employment. BBVA defines three types of sustainable financing which include: (1) Green financing for the transition to a low-carbon economy: certified green loans, Corporate green financing, green project finance related to the aforementioned categories, green bonds and green solutions for retail customers; (2) Green infrastructure and agribusiness such as social corporate financing (for customers who more than 80% of their activities in social sectors: health, education, community support...), social infrastructures project finance, social bonds, sustainable agribusiness; (3) Financial inclusion and entrepreneurship such as loans to low-income communities, vulnerable micro-entrepreneurs and female entrepreneurs, new digital models and impact investment. In 2018, more than €11 billion has been mobilized in sustainable finance with the biggest proportion in green finance with more than €8 billion, accounted for 69%. The second largest amount was for financial inclusion and entrepreneurship with more than €8 billion, accounted for 18% total amount. Details as distributed as follows figure:

In the area of community investment, BBVA strives to bring opportunities for people and to generate a positive impact in their lives. In 2018, BBVA allocated €104.5 million to social initiatives that have benefited more than 8 million people. In 2018, BBVA continued to push forward the strategic priorities of the Community Investment Plan for the 2016-2018 period, which include: (1) Financial education, aimed at promoting the acquisition of financial skills and competencies to enable people to make informed financial decisions. Our commitment to financial education is long-term, with more than €80 million invested and more than 13.4 million people benefited in different programs since 2008.
In 2018, investment in the development of the Global Financial Education Plan was €7.5 million; (2) Social entrepreneurship, designed to support the most vulnerable entrepreneurs and those whose companies have a positive social impact. In 2018, BBVA allocated close to €9 million which has benefited 2.2 million people (BBVA annual report 2018). Education for society shares priority with other initiatives of the Group, such as the activities of the BBVA Foundation and the research work carried out by the BBVA Research Department. In 2018, 75.5 million was invested that benefitted 3.8 million people. Education for society is an extremely important aspect of BBVA's social investment as it continues to support access to education, educational quality and the development of 21st century key competences as sources of opportunity. It shares space with other initiatives of the Group, such as the activities of the BBVA Foundation. In 2018, a total of 279.909 people have directly benefitted from the following educational programs: scholarships to facilitate access to education for children, young, and/or adults: “Moving Children Forward” scholarship program in Colombia, Mexico, Paraguay, Peru, Uruguay, Venezuela, Scholarships for Latin American students to study the Interuniversity Master in Protection of Natural Spaces.

2.3. Intesa Sanpaolo

The Intesa Sanpaolo Group is one of the top banking groups in Europe, with a market capitalization of 38.5 billion euro and is committed to support the economy in the countries in which it operates, specifically in Italy where it is also committed to becoming a reference model in terms of sustainability and social and cultural responsibility. Intesa Sanpaolo is the leader in Italy in all business areas (retail, corporate, and wealth management). The Group offers its services to 11.8 million customers through a network of approximately 3,800 branches well distributed throughout the country with market shares about 12% in most Italian regions. Intesa Sanpaolo has a strategic international presence, with approximately 1,000 branches and 7.2 million customers, comprising subsidiaries operating in commercial banking in 12 countries in Central Eastern Europe, Middle Eastern and North African areas and an international network of specialists in support of corporate customers across 25 countries, in particular in the Middle East and North Africa and in those areas where Italian companies are most active, such as the United States, Brazil, Russia, India and China.

Intesa Sanpaolo’s strategy is towards solid and sustainable value creation for all stakeholders with whom the Bank has relations. It is aiming at a sharp increase in profitability and efficiency while preserving a low risk status, deriving from solid revenue creation, continuous cost management, dynamic credit and risk management, with efficient use of capital and liquidity. The Group is committed to complying with sustainable development principles and has been involved in a lot of international initiatives such as Equator Principles, UN Global Compact, UNEP Finance Initiative, PRI-Principles for Responsible Investment, TCFD-Task Force on Climate-related Financial Disclosures. The analysis and certification of CSR governance by an independent third party in accordance with standard ISO 26000. CSR activities are reviewed at annual basis in the form of sustainability report. However, from 2018 Consolidated Non-financial Statement was drafted in accordance with Article 4 of Italian Legislative Decree 254/2016 and Directive 2014/95/EU of the European Parliament and of the Council. The 2018 Consolidated Non-financial Statement was drafted in accordance with above mentioned regulations in such a way as to clearly communicate the activities of the Group, its progress, its results and the impact of its activities, also in consideration of the GRI Standard principles of materiality, stakeholder inclusiveness, sustainability context and completeness. Further details on the information provided in the Consolidated Non-financial Statement are published in the Sustainability section of the website. The materiality analysis conducted in compliance with the GRI Standards, made it possible to assess the topics based on their relevance in terms of their potential impact on both the Bank’s activities, the community and stakeholders. The GRI Standards principles were also applied to define the quality of information (balance/neutrality, comparability, accuracy, timeliness, clarity and reliability) and the reporting boundary. For the period before 2018, the CSR activities are displayed as sustainability report. By analyzing Intesa Sanpaolo sustainability in 2016, and Consolidated Non-financial Statement in 2017, 2018, the main drivers to CSR
activities in the group are categorized into six groups such as customers, shareholders, community, employees, suppliers and environment. Main areas of action for each as follow table:

Table 5. Main drivers to CSR activities in Intesa Sanpaolo

<table>
<thead>
<tr>
<th>Stakeholder</th>
<th>Main areas of action</th>
</tr>
</thead>
</table>
| Customers     | - Access to credit and financial inclusion  
                  - Relationship with customer  
                  - Support for the economy  
                  - Financial education |
| Shareholders  | - Maximum transparency for protection of shareholder right                           |
| Community     | - Donations and initiatives  
                  - Support for the community                                                     |
| Employees     | - Professional Development  
                  - Welfare  
                  - Diversity  
                  - Labour/management relations                                                   |
| Suppliers     | - Supplier Portal  
                  - Sustainability in purchasing strategies                                         |
| Environment   | - Climate change commitment  
                  - Environmental commitment  
                  - Green Economy: green products and services                                       |

Source: Collected from the bank’s consolidated non-financial report 2018.

For customer responsibility, there are specific areas of activity governing the quality of customer relations such which focus on: service quality, digitalization, customer protection and promoting financial inclusion. Intesa Sanpaolo is transforming the Group into a digital company. The main goals of the 2018-2021 Business Plan require progressive digitalization with gradually building innovation brand, implementing IT systems with an in-depth review of the IT platform, cyber security and expanding the multichannel nature of customer services (providing services through more than one channel including branch, ATMs, call center, internet banking and mobile banking). In 2018, it has 8.3 million multichannel customers (this figure in 2017 was 7.3 million), presenting 70% of the total customer base of around 12 million customers. The IT Security Plan has been approved as part of 2018-2021 Business Plan. By that, the Group cyber security strategy is carried out via the Information Security Management System by following an integrated approach which analyses soft aspects (including cultural, process and training issues at all level of the Organization) and hard aspects (including technology solutions and predictive techniques such as cyber intelligence, behavioral analysis, etc.). Besides, the Bank has supported for vulnerable customers involves a number of projects and initiatives that will make access to credit easier for vulnerable individuals or those who would otherwise have no access to banking. Lastly, there are a few other ongoing agreements for the credit inclusion of disadvantaged persons or small businesses. Regarding to microfinance, Intesa Sanpaolo has established various partnerships with mainly philanthropic or religious entities to provide credit to individuals or small companies in difficulty. Altogether, in 2018 the Group disbursed over 72 million euros in microfinance or anti-usury projects, in Italy and abroad. Since 2010, the Group has been involved in the “Prestito della Speranza” loan project promoted by the Episcopal Conference of
Italy and the Italian Banking Association to assist families in temporary difficulty by supporting the start-up of small businesses. The loan seeks to foster the social and professional inclusion of people, leveraging on their personal responsibility and initiative to help create employment opportunities. The loans are guaranteed by a 25 million-euro Episcopal Conference of Italy fund managed by Banca Prossima, and the Group pledges to provide an overall sum of up to four times the amount of the guarantee fund. In 2018, the Intesa Sanpaolo Group issued new loans for high social impact activities amounting to just under 4.5 billion euros (7.4% of the total new loans granted by the Group in 2018), helping to create business and employment opportunities and also to assist people in difficulty. There are various initiatives: microfinance, anti-usury loans, products for the most vulnerable social groups to support their financial inclusion, loans to support people affected by disasters and products and services for associations and entities in the Third Sector (comprising nonprofits, charities, social enterprises, social movements and other community-based organization). In 2018, loans with social impact from BBVA was mainly products for vulnerable social groups with 88.29%.

Figure 2. Intesa Sanpaolo’s loans with social impact in 2018
Source: Intesa Sanpaolo consolidated non-financial report 2018

Relations with shareholders represent an important factor in the life of a company. The corporate governance model of Intesa Sanpaolo intends to guarantee, with the maximum transparency, a correct balance between the functions of management and control; it has therefore set up, for the protection of shareholders’ rights, measures in line with international best practice such as: no need to deposit shares to join the Shareholders’ Meetings, one share one vote system and Code of Ethics. By that, Intesa Sanpaolo guarantees transparency for its shareholders and the financial community with the aim of providing clear, complete and updated information on the state of the art of strategies and the results obtained, through all the channels and documents available (Annual and Interim Reports, Annual Report on Corporate Governance, press releases and presentations on the market).

For community responsibility, the Code of Ethics pay attention to the requirements and needs of the community. Its commitment consists of various activities such as the promotion of solidarity initiatives with projects set up through partnerships, donations, the sponsorship of important cultural and social initiatives. Total contributions to the community by type are broken down as below table:

Table 6. Intesa Sanpaolo contribution to the community in 2016-2018

<table>
<thead>
<tr>
<th>Total contributions to the community by type (thousands of euro)</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash contribution to the community</td>
<td>61,685</td>
<td>49,637</td>
<td>46,412</td>
</tr>
<tr>
<td>Goods and services donated to the community</td>
<td>17</td>
<td>-</td>
<td>27</td>
</tr>
<tr>
<td>Contribution in terms of time</td>
<td>214</td>
<td>218</td>
<td>146</td>
</tr>
</tbody>
</table>
Operating costs

<table>
<thead>
<tr>
<th></th>
<th>4,811</th>
<th>3,569</th>
<th>3,682</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>66,727</td>
<td>53,424</td>
<td>50,267</td>
</tr>
</tbody>
</table>

Source: Intesa Sanpaolo Consolidated Non-financial Statement 2018

The main action area in which monetary contributions made in 2018 were support for art and culture, amounting to 30.9 million euro (28.3 million euro in 2017), social solidarity for 9.1 million euro (5.5 million euro in 2017), economic development for 5.4 million euro (4.7 million euro in 2017) and education and research for 9 million euro, versus 4.7 million euro in 2017 (Intesa Sanpaolo consolidated non-financial report 2018). Within the 2018-2021 Business Plan, the Bank has included the “Intesa Sanpaolo for the needy” program, with the goal of supporting the most vulnerable people, providing them with 10,000 meals a day, 6,000 beds a month, and 3,000 medicines and items of clothing a month. In 2017, Intesa Sanpaolo launched an innovative inclusive education programs aimed at primary school children to promote their inclusion and development of positive behavior, responding to the need to address critical issues emerging in the area of childhood anxiety. The trial phase of the programs involved 97 schools, over 2,000 children, 120 teachers and headteachers and around 55 parents in the regions of Piedmont, Lombardy, Veneto, Lazio, Campania and Puglia. Z LAB is the 3-year ongoing work-based learning course that third-year secondary school pupils attend until they are in the fifth year. Pupils spend every hour in the Bank with weekly modules (10 or 15 consecutive working days). As host company, Intesa Sanpaolo provides the students with a reference environment with interactive dynamic features, experiential workshops, project work and digital culture, so that they can discover and think about the world of work.

Regarding to employee responsibility, the 2018-2021 Business Plan continuously identifies the employees as key to the further development of the Bank’s business. It reflect into specific targets such as full protection of workers’ rights (in terms of the development of labor relations and employment protection), personnel development activities (with focus on training and merit), enhancement of a modern and integrated company welfare system. Intesa Sanpaolo has chosen a corporate welfare model that operates within an integrated system and includes: the supplementary pension, supplementary health care, the cultural, recreation and sports Association for Intesa Sanpaolo Group employees (ALI) and activities focused on the needs of people and work-life balance. In 2018, the training activities provided over 9 million hours of training with a reduction of classroom activities due to the continuation of the digitization of training. The three-year Digital and Data HR Transformation plan was launched in 2018, with the aim of digitizing human resources services and making them easier and more transparent, harnessing the Group’s data. Inclusion and non-discrimination are drawn attention to improving company performance, rewarding talent in women, and promoting work-life balance for all Intesa Sanpaolo employees. In regard to the enhancement of female talent, in Intesa Sanpaolo, women represent 53% of total company employees and in particular: 38.9% of management (middle management and executive management).

For responsibility to supply chain, Intesa Sanpaolo is aware that the quality of supplier relations and procurement policies can create the necessary conditions for fostering economic development that is conscious of environmental protection and respecting human rights. In accordance with the principles of listening, transparency, equal opportunities and fairness espoused by the Code of Ethics and the social and environmental responsibility criteria promoted by the Group, in December 2018 the new Process Guidelines for procurement management were published, standardizing the purchasing process and describing the roles and responsibilities of all company departments involved. The supplier selection process takes place during registration on Supplier Gate by means of an assessment that not only takes account of the organizational-technical and economic/financial characteristics of each supplier, but also includes analyses of their business ethics, respect for human rights, workers’ rights and the environment. If the outcome of this assessment is positive, suppliers
are registered in the Group Suppliers’ Register and can be invited to procurement events. 3,161 suppliers had completed the Supplier Gate registration procedure as of the end of 2018.

Related to environment and climate change responsibility, Intesa Sanpaolo pursue a clear and effective strategy to contrast climate change and set precise targets. Intesa Sanpaolo supports the transition to a low-emission economy through direct emission mitigation actions and support for green initiatives and projects. Intesa Sanpaolo's commitment to the environment is reflected in self-regulatory environmental and energy instruments through the offer of green products and services aimed at customers also in order to contribute to the fight against climate change. In 2018, the Group disbursed 1,922 million euros to the green economy, equal to 3.2% of all Group loans. The offer involves all customer segments: retail customers (3.5%), businesses and Third sector (20.1%), leasing (0.2%), corporate and public finance (25.4%) and project finance (50.8%). In 2018 Intesa Sanpaolo Group continued to disburse short, medium and long-term loans in support of projects for renewable energy and energy efficiency works for professionals and businesses. Businesses can continue to use the “businesses energy loan” which is designed to support investment plans focused on the development of efficient energy production plants and diversifying energy sources and/or streamlining consumption, as well as the “renewable energy loan” which created for the construction of new plants for the production of renewable energies other than photovoltaic energy, such as biomass and small-scale wind energy. The implementation of social and environmental risk assessment process according to the EPs is integrated into the Group’s credit policies to identify all loans from the application stage. The process requires higher or medium-risk projects to be assessed by an independent advisor. In 2018, a total of 20 loans subject to the screening according to the EPs reached financial close (total of 346 since 2007).

3. Conclusion

Each of three bank mentioned have different method to approach CSR. This situation may cause by the different historical, economic and social backgrounds in different EU countries lead to companies having different understandings of CSR perceptions and implementation. Although banks may use different names for similar areas, all of three banking corporations above have conducted CSR practices into five areas. They are: environment, climate, sustainability, people/community, and corporate governance. Regarding people/community, its coverage is quite broad – investors/shareholders, employee, education, volunteering, donation, customers, suppliers, and government. For most of the items, all banks mentioned them in their reports either integrated in annual report or in the form of separated report (non-financial report). These report usually follow some international standards such as the Global Reporting Initiative (GRI) guidelines, Directive 2014/95/EU of the European Parliament and of the Council. They also commit to follow many regulations in financial sector such as: the Equator Principles, The UNEP FI Principle for Responsible Banking, UN Principle for Responsible Investment. The EC promotes the respect for internationally recognized principles and requires EU enterprises to respect these guidelines in their renewed EU strategy 2011-2014 for CSR.

The development of CSR activities in European banking industry seems come from the strong initiatives of the EC. By that, the CSR policy and framework at EU level are supported to be more progressive. One of the challenges for the CSR is in disclosing information and reporting of the environmental and social impact. It is because of the various instruments for member states. However, there is no consensus on the common format and content for them to follow. Each bank have applied different guidelines. The consistency and comparability of reporting between member nations is lacking. Therefore, a harmonized CSR policy within a European framework might have a positive impact.

REFERENCES


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