

## Green Economy: the Contribution of Corporate Social Responsibility

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“The future we want”, the main document summarizing the action areas advocated by the Rio+20 conference (Rio de Janeiro, Brazil, June 20-22<sup>nd</sup>), advocates “green economy” as a main instrument to eradicate poverty, while maintaining the healthy functioning of the environment. “Green economy” is a reply to global capitalism and the excesses of its elite practitioners, as they became manifest during the recent economic crisis. It roots in the observation of the parallels between the world’s ecological crisis and the financial crisis. Both are products of a failed economic and social system. The green economy model holds the potential to bring together the needs for economic security and environmental protection, and to integrate an array of reforms in policy initiatives, regulatory actions, business standards and personal lifestyle behaviors. A classical contribution of the private business sector to sustainable development is corporate social responsibility (CSR). The concept dovetails in the doctrine that a company is not only responsible for a positive economic performance, but also has to take care about the environmental, social and ethical aspects of its activities. Companies have to transparently report on these activities in their sustainability or CSR report. One of the main external advantages for CSR conscientious companies is that they are included by banks in ethical and sustainability portfolios. These funds, although originating in the US Methodist and Quakers traditions, are among the fast growing sections of the products offered by European banks. The CSR system is criticized by developing countries and NGOs for its improper use of green economy products (“green washing”). This paper shows that a “green economy” will be a necessary part of a more sustainable society in the future. CSR is a useful instrument contributing to this evolution. Optioning for CSR should be based on ethical considerations and the conviction that “going green” is important for the future of industry and services, rather than on the expectation of short term monetary profitability. More research on assessment methods and more coherence in the practical implementation of CSR are mandatory.

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### 1. Introduction

The concept of sustainable development (SD) [WCED (1987)] entails a symbiosis between environmental, social, and economic aspects. While in general, the environmental component

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of SD is clear, the social and economic pillars are less specified.

The Rio+20 conference, which was held in Rio de Janeiro (Brazil, June 2012), followed up the UNCED (Rio de Janeiro, Brazil 1992) and WSSD (Johannesburg, South Africa, 2002) conferences. As these previous conferences, also the Rio+20 meeting aimed at specifying the SD concept. At this occasion in particular the aspects related to green economy were detailed.

Part of green economy is economical stewardship. Companies not only have an economic (profit) and societal (employment, product quality) responsibility, but also have to deal with their impact on the environment. This notion is closely associated with the idea that managers should be the instigators and guardians of a social change towards sustainable development. This is the notion of managerial duty towards the environment. Both elements of stewardship and managerial duty merge in the idea of corporate social responsibility (CSR).

This concept is also subject to criticisms and limitations. NGOs raise the question to which extent CSR is associated with window dressing and the improper use of green products (“green washing”).

This paper addresses the issues of green economy and the significance of CSR in this context. It specifies the content of green economy and situates this sustainable development pillar. It analyses the basic elements of CSR and deals with the more pragmatic question how CSR in the international banking sector contributes to sustainable development.

## **2. Green Economy**

### *2.1 Definition*

There is no generally accepted definition of green economy. Rather there are a number of ways describing what is captured by the concept.

Green economy is associated with an increase in economic prosperity, new and more decent jobs, reduction of poverty, and healthy and active communities. Green economy necessitates a proactive, environmentally informed economic transition [Dodds et al. (2011)]. Green economy is equally a reply to the excesses of capitalism and its elite practitioners in their too far going pursuit of self-interest and pure economic efficiency. It provides an answer to market failures, which yields more environmental and social benefits. In this way it is an essential part of sustainable development.

UNEP (2011) described green economy in 16 principles (Table 1) which closely relate the concept with the Rio Declaration (1992), which outlined the principles of sustainable development. Inter- and intra-generational equity, the precautionary approach, the polluter/user pays, common but differentiated responsibilities, and internalization of (environmental and social) externalities, are rules of the thumb appearing in both documents.

Although it is useful to describe a concept in terms of principles, this is a weak approach. More impacting is probably the search for a definition. Elements of such a definition should include:

(-) Transition to a green economy should be pursued in an equitable way. The green transition should be fair.

(-) Green economy should create decent green jobs, among others in sectors which contribute to environmental quality and welfare.

(-) Areas which help moving to green economy include government actions (taxes, funds, and subsidies), city initiatives (e.g. carbon neutral cities), sustainable production and consumption, transparent financial markets, new economic indices, national wealth accounting, and corporate social responsibility (CSR) and accounting.

CSR and in particular CSR for the banking sector, as part of the green economy, is the subject of this paper.

Table 1. *Principles for a green economy* [UNEP (2011)]

1. Equitable distribution of wealth: Between nations, among rich and poor, and achieve social and economic justice. Realize a fair share of the world resources, including biodiversity.
2. Economic equity and fairness: Reduce the gap between the developed and developing countries by financial transfers and capacity building. Support environmental sustainability worldwide.
3. Intergenerational equity of environmental resources and ecosystems: Meeting the needs of the future generations.
4. Precautionary approach: Scientific uncertainty on impacts shall not lead to avoidance of measures to prevent environmental degradation.
5. The right to development: Empower individuals and societies to achieve positive social and environmental outcomes.
6. Internalization of externalities: Market prices must reflect real social and environmental costs and benefits, so that the polluter bears the cost of the pollution.
7. International cooperation: The application of environmental standards within a country should take into account the possible impacts on other states.
8. Environmental measures related to trade: fair trade should support sustainable resource use.
9. International liability: Actions by countries can cause impacts beyond national jurisdictions, requiring international law to be solved.
10. Information, participation, and accountability: Citizens should have access to environmental information and the opportunity to participate in decision making processes. Accountability is necessary in this respect.
11. Sustainable consumption and production: This is based on equitable resource use.
12. Strategic, coordinated and integrated planning: These are core instruments in delivering sustainable development, green economy and poverty alleviation.
13. Just transition: Developing countries must have access to appropriate financial and technical assistance, citizens and communities must have access to new skills and jobs to make the transition to a low-carbon, green economy.
14. Redefine well-being: GDP is an inadequate tool for measuring social well-being and environmental integrity. Well-being, quality of life, and environmental health should be the guiding objectives for economic development.
15. Gender equity: Women have a vital role in changes for environment and sustainable development. Their actions should be rewarded and their skills enhanced.
16. Safeguard biodiversity and prevent pollution: Develop a system of governance that protects the resilience of ecosystems to prevent irreversible damage.

### *2.2 The Rio+20 context*

In the aftermath of pioneering scientific work (Daly and Cobb (1989); Pearce et al. (1989)] and the calls of international organizations and events (G20 Seoul Summit Declaration, 2010), green economy appeared on the agenda of the Rio+20 conference following a discussion with key experts during a two day meeting in January 2011. The focus on green economy dovetailed in the observation that:

(-) Much of what has been promised at UNCED (Rio de Janeiro, Brazil, 1992) and at the

WSSD (Johannesburg, South Africa, 2002) had not been delivered.

(-) Green economy might lead to more jobs and alleviate poverty, but scientific research support on the issue is meager.

(-) Elaboration of the subject might bring more coherence” and balance between the three pillars of sustainable development.

During this preparatory phase for the conference also concerns were raised on:

(-) Green economy as a new form of protectionism.

(-) The connotation of “green washing”, which refers to the improper use of green economy products.

(-) The limited success of economic instruments as taxes and subsidies, to improve environmental quality.

Green economy in a context of sustainable development should:

(-) Promote the transition to a low-carbon, resource efficient economy.

(-) Avoid risks as water scarcity, the effects of climate changes, depletion of fishery stocks and virgin forests.

(-) Contribute to economic growth and poverty alleviation.

According to these considerations “The future we want” [UN (2012)] – the main document which came out of the Rio+20 Conference on Sustainable Development considered green economy as an important tool to implement sustainable development and alleviate poverty alleviation. The document put emphasis on the fact that green economy should promote the three core dimensions of sustainable development: environmental, social and economic. More specifically green economy should not only promote sustained economic growth, but also enhance social inclusion, contribute to human well-fare, and create opportunities for employment and decent work for all, while mainstreaming the healthy functioning of the earth’s ecosystems.

The action areas towards a green economy which are listed in “The future we want” include:

(-) Phasing out unsustainable patterns of production and consumption. In earlier documents [UN (1992); UN (2002)] the United Nations already indicated that the over-all consumption in the industrialized countries should be limited to levels corresponding with the carrying capacity of the environment, while in particular in the least developed countries consumption should increase “on par” with poverty alleviation. Addressing sustainable production and consumption should include environmental sustainability and the promotion of nature conservation and biodiversity. Ecosystems should be used to an extent their regeneration capacity is not hampered and natural resources are not over-used. The concept equally includes for the UN the promotion of sustained and equitable growth.

Promotion of sustainable consumption and production patterns should get quit of its negative connotation of reduction and less opportunities. On the contrary, it should contribute progressing towards social and economic development within the carrying capacity of ecosystems through win-win solutions.

(-) Job creation which requires equipping workers with the necessary skills trough education and capacity building.

(-) Health promotion which should guarantee at least a working and general environmental quality which does not damage human health.

(-) Stakeholders, their partnerships, platforms, and networks, should be involved in developing green economy policies. The United Nations call for responsibility of in particular

both governments and the private sector.

(-) Illustrating the main points to achieve a green economy, the following list of priority action areas was launched:

- Consumer information.
- Sustainable lifestyles and information.
- Sustainable public procurement.
- Sustainable buildings and constructions.
- Sustainable tourism, including ecotourism.

Effective actions in these areas necessitate:

(-) Interventions in the financial markets: in particular the 2008 financial crisis showed how deleterious for society too much focus on self-interest of banks and financial organizations might be.

(-) New economic indexes: in a context of sustainable development the (growth of) the gross national product (GDP) reveals only part of the wealth of a society. Well-fare, natural resources and their depletion rate, should matter in a context of a green national product.

(-) Taxation and subsidies are the most frequently used instruments by governments to correct market failures and control redistribution of money in a way which is more acceptable for society. These instruments should be handled towards more sustainability, an improved carrying capacity and a more fair distribution of wealth.

(-) Corporate social responsibility (CSR) and accountability is often seen as the most important contribution of industry to a more sustainable society. This is the subject of the next section of this paper.

### **3. Corporate social responsibility (CSR)**

#### *3.1 CSR in a context of sustainable development*

Calls of people to invest in “good causes” are of all times. More recently these calls gained momentum because the civil society (including environmental and development NGOs) became more vocal. This increased vocal position of the civil society is not only related to a call for more democracy, but also to the regressing, if not failing role of the governments, the growing interest of companies to promote values, the high cost and limited benefit of e.g. bank operations (a combination of high transaction costs, poor information, and high delivery costs). An important segment of this civil society in a CSR context is the fair and equitable trade/responsible investment movement.

It is difficult providing a complete list of factors which contributed to this evolution. The following elements are however important concerns:

(-) Economy should not only be driven by the “invisible hand of the market”. Responsible economy should be about “common goods” or “commons”, as core environmental resources (clean air, drinking water, good quality soil) which are considered abundant and therefore hardly valued in free market economies.

(-) The call for more transparency, which is based on more and better information about markets, companies, organizations, and networks.

(-) The increasing recognition that companies not only have an economic responsibility, but also social and environmental targets to pursuit. Environmental and social factors should no longer be externalized, but form an intrinsic part of the company management.

(-) Experience in countries with a delayed water treatment policy in the past, and the current refusal to deal with climate changes and atmospheric pollution, illustrate that a curing

environmental policy is more expensive than a preventive and proactive one [Bénabou and Tirole (2010)].

### *3.2 CSR definition*

Responding to this discussion, business leaders consider now corporate social responsibility. The fast increasing literature on CSR contains numerous definitions of the construct. Often is the European Commission (2010) which defines corporate social responsibility as “a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis”. More recently the Commission moved out the explicit reference to environment and proposed a more generic definition which reads as “the responsibility for enterprises for their impacts on society” [EC (2011)].

These and other CSR definitions have in common that firms should (voluntary) go beyond their legal and contractual obligations. To meet the CSR criteria enterprises should have in place a process to integrate social, environmental, ethical, human rights and consumer concerns into their business operations and develop a core strategy in close collaboration with their stakeholders. This process should aim at:

- maximizing the shared value for their owners/shareholders and for the other stakeholders and society at large;
- identifying, preventing and mitigating their possible adverse impacts.

### *3.3 Critical parameters*

Critical parameters in CSR entail corporate policies on:

(-) Environmental aspects which cover mainly the areas of environmental policy and management, environmental performance, and “green” products. Companies should establish a vision on their environmental responsibilities and formalize this in a policy. They should implement it using an efficient environmental management which is preferentially certified according to international standards. Among these latter ISO14001 is the most common, while in the European Union also EMAS is used. Environmental performance relates to decreasing emissions in air (e.g. greenhouse gasses, SO<sub>2</sub>, NO<sub>x</sub>, volatile organic substances), water (BOD, COD), and soil (heavy metals, waste). It involves environmental risk management and responsibility towards biodiversity and mobility. “Green” products refer to the involvement of companies to move production patterns to more sustainability: hybrid and other new technology cars for the automobile industry, bio-food and products of sustainable fishery for the retailing sector, and certified hard wood and non-hazardous materials in the building sector, are examples.

(-) Human resources entail decent labor relations, responsible reorganizations, employee welfare, and safety. Employee welfare is about e.g. stress management, on site health clinics, health and pension support. Workplace safety is about limiting the health risks at the workplace and supposes specific management schemes according to international standards (ILO-OSH, OHSAS18001).

(-) Human rights concern the implementation of the rights defined by the International Labor Organization (ILO), among which freedom of organization (worker unions) and non-discrimination (gender, population, and ethnicity) are crucial.

(-) Community involvement roots in the philanthropic aspects of CSR. The issue at stake is to deal in a responsible way with the societal impacts of the production and the products. It is about the mining company which invests in a local hospital and a school for the neighboring

community where their workers with their family live, and about the energy company which helps its clients with saving energy (tariff structure, audit).

(-) Business behavior should be targeted at fair operating practices, product safety, information to consumers, and relationships with the suppliers. Fair operation has many applications: Lipton of which the teas are certified by the “Rainforest Alliance”, Starbucks which is selling fair trade coffee and tea, and clothing which is made from organic cotton. The Dutch “Max Havelaar” organization started pioneering work in this area already in the 1970ies. More in general, three relevant groups of labels exist: fair trade labels, social labels, and environmental labels. The relationships with the suppliers aim at looking for supplying companies which handle comparable CSR standards as the company itself. This is one of the main structural elements to promote the proliferation of the system.

(-) Corporate governance addresses transparency, company audits, reporting according to international standards, remuneration schemes, and shareholder relationships. Transparency, in particular on the issues listed above is central in CSR. Transparency can be promoted by specific information entailed in high quality environmental, sustainability, CSR-reports, or reports to society. The information which is provided should be correct and controllable. It should contribute to the reliability of the company. Remuneration schemes recently attracted attention because of the high wages and bonuses in the financial sector, which hardly corresponded with the societal counterpart of the functions. Rational and motivated compensation is therefore at stake in the CSR discussion.

(-) Stakeholders’ management relates to activities which focus on stakeholder groups which are different from the investors. In view of the wider social responsibility of companies the stakeholders concept widened. Originally stakeholders were seen in close association with the company e.g. as individuals which depend on the company for the realization of their personal gains and on whom the company depends. Socio-economics more recently put emphasis on society which entrusted to business large amounts of its resources to accomplish the company’s mission. Conversely, business is expected to manage these resources as a wise trustee for society. This means that the “moral community” of stakeholders today is much wider than before. They are both directly and indirectly involved; they are located both inside and outside the company; they are not limited to the shareholders but involve the civil society and society as a whole. This multi-stakeholder recognition has major management consequences, in particular when incompatibility between the agendas of the stakeholder groups emerges, or in the case of transnational companies [Hussain (1999)]. In practice however, the group of external stakeholders is more limited. Apart from the investors, community organizations, suppliers, customers, and future generations are as a rule the most important groups.

(-) Apart from the above, also a set of negative criteria apply to CSR companies. They should not be involved in the production or trade of weapons and health threatening products as cigarettes and alcohol. They should not deal in pornographic materials, gambling or non-medical drugs. They should be concerned about animal welfare for the animals strictly needed in tests, and they should be most careful in dealing with genetically modified organisms. They should not invest in obviously non-sustainable technologies. On these issues it is not always easy to put forwards clear borders. The social acceptability of e.g. nuclear electricity generation changes over time. CSR companies should therefore gradually bring down their involvement in nuclear energy and invest more in sustainable energy generation, distribution and use.

### *3.4 Benefits and limitations of CSR*

In summary, a CSR organization is transparent, accountable, and socially responsible. It is characterized by a comprehensive management which establishes effective incentives on the above listed critical parameters. It should do so because a strategic approach to CSR is increasingly important for the competitiveness of enterprises. If well managed, it brings benefits for the internal risk management, cost savings, access to capital, customer relationships, human resources management, and innovation capacity [EC (2011)]. In short, CSR should improve the competitiveness of the company, while behaving in a more responsible way to society.

Apart from these considerations the question arises if and to which extent CSR companies make more profit. The strategic options are not financially neutral and involve both monetary and non-monetary benefits:

(-) CSR can lead to revenue increases from higher sales and market share. This is related to an improved and clearer brand image and the developing CSR market.

(-) CSR acts on more efficient energy and material consumption. It aims at reducing waste and transport, while replacing this latter by distance communication.

(-) Environmental and social risks are more intensely monitored. This should reduce the number of calamities and infractions. It should result in a more cost efficient way in responding to legal, competitive, and other contingencies.

(-) CSR companies attract, motivate and retrain employees more intensively and better. This should not only result in an increased quality of performance, but also reduce the need for costly performance evaluation and measurement systems.

(-) As policy promotes CSR, the companies benefit in many places of subsidies, tax relief or credits. They also benefit from green procurement.

(-) CSR companies attract attention of the media for their engagement in sustainable development.

On the other hand organizing and maintaining CSR also entails costs. CSR management involves all levels of the organization. At every level this management not only necessitates changes in the company culture, but also investments in personnel and operational costs which may exceed the savings. CSR equally needs coordination, an efficient communication system, and company-wide training and certification [Sprinkle and Names (2010)].

On the over-all financial performance of CSR companies, the literature does not report equivocal results. There is no guarantee that new energy firms which produce solar energy facilities or windmills will make more profit than companies producing nuclear or coal based electricity. Companies engaging in sustainable agriculture are not more profitable than the monoculture giants producing pineapples or bananas. Even worse, until now weapon and cigarette producers often perform financially better than CSR companies which focus on healthy and environmentally sound products. Moreover it has been shown that the (“ex ante”) evaluation of the economic impact and the probability of the CSR risks is often methodologically difficult [Weber (2008)].

Therefore the main motivation for enterprises to engage in CSR is not immediate monetary profit. It is rather the conviction that investing is more than just checking figures; also non-financial characteristics of firm policies and performance matter. More in particular values as efficiency, transparency, and credibility will contribute to the long term outcome of the organization.



#### **4. CSR for banks**

##### *4.1 Background and motivation*

There are a number of reasons for the financial sector, including banks and insurance companies to invest in CSR:

(-) The 2008 banking crisis showed that when a bank pursues too unilaterally maximizing profit, it impairs its basic social function of financial intermediate. As a result, society's confidence in the financial sector took a serious blow. Banks are determined to win back this necessary confidence by recognizing their impact on society, by promoting sustainable growth, by being part of the real economy, and by being transparent.

(-) An increasing volume of money is going on in the sustainability and ethical sector of banking products. In the United States, every one of eight dollars invested is subject to social or ethical screening [Social Investment Forum (2006)].

(-) In contrast to other companies, banks offer CSR investment portfolios. These funds invest in sustainable companies (or in aspects of it as environmental, new energy, water related, or agricultural firms). Consequently banks as organizations themselves have an example role on CSR.

(-) Investors in these sustainability and ethical funds not only include individuals who do not want to invest in military, nuclear or genetically modified organisms, but also e.g. pension funds which are interested in sustainability and (religious) organizations which have ethical motivations. For them the optimal mix between investments, risk and return is not the only target. In spite of the average return of these funds, the ethical investments grow fastest in many European financial markets. Next to these traditional groups which are interested in CSR investment portfolios, more and more mainstream investors recognize the importance of non-financial information about environmental, social, and governance topics on stock performance

(-) Banks are increasingly involved in financing economic activity which aims at sustainable development. An increasing number of them screens loans and lenders for their contribution to sustainable development prior to deciding on their lending conditions.

##### *4.2 Results on CSR performance of banks*

In this context of moving towards sustainability, the question arises if and to which extent banks deal with CSR as a reply to social responsibility concerns. To classify banks according to their CSR performance, researchers use a comprehensive assessment scheme. It entails a two steps methodology:

(1) A set of criteria which are measurable and which represent aspects of sustainability, is established. Criteria for CSR banks in general entail both generic (human resources, environment, business behavior, corporate governance, community involvement, human rights), and specific parameters (long term economic policy). Each of these criteria is subdivided in measurable indicators. Environment e.g. might consist in environmental strategy, policy and management, development of "green" products and services, and internal environmental performance on energy use, emissions, green procurement, waste and transport. Moreover specific attention can be paid to (legal) compliance and controversies.

(2) Step 2 determines the (relative) weight of each measurable indicator. This reveals the relative social or ethical importance of the parameter (e.g. rational remuneration of the board of administrators and the top management can be considered more, less, or as important as the composition of the board). Moreover the determination of these weights allows each rating body to introduce its own accents and policy. Consequently there is no uniform method

defining and no consensus list on these weighting factors.

Scholten (2009) published the ranking of 32 international stock exchange listed banks, based on their environmental and social conduct. His indicators covered four CSR domains ((1) codes of ethics and sustainability, (2) environmental management, (3) responsible financial products, and (4) social conduct) and were based on non-proprietary information (in contrast to the commercial data banks as EIRIS or KLD). In total 29 indicators were used in the study.

Noticeable conclusions were:

(-) Almost all banks in the sample had an explicit environmental policy defined by transparent quantitative objectives. The author concluded that by the second half of the first decennium of the new millennium, environmental policy and management were widely spread among banks.

(-) Most of the banks perform environmental risk analysis related to their lending policies.

(-) The banks offer increasingly green or societally responsible financial products. E.g. two thirds of the banks in the sample offer opportunities for socially responsible investment.

(-) An increasing number of banks support local communities and NGOs.

(-) all banks have a code of ethical conduct.

(-) The Dutch “ABN Amro” and “Rabobank” came out as the best performers, together with Barclays and HSBC. The Scandinavian banks in the sample totalized the lowest scores.

(-) CSR performance is positively correlated with the size of the bank.

These results have only a relative importance e.g. because they reflect the CSR status in a limited sample at a particular period of time. A more recent comprehensive analysis of 134 international banks takes into account 5 CSR domains for which in total 18 criteria were defined. These 18 criteria were subdivided in indicators which were quantified using EIRIS data. Most of the relative weight was allocated to (long term) economic policy and corporate governance. For the financial sector, reporting about themes such as risk management, good governance, transparency, and ethical sales techniques is considered essential. Environmental impact is a relatively less material theme in this assessment. For sectors such as industry, the other way around applies (Febelin, 2012). This analysis showed that Australian, Canadian, and Scandinavian banks came out as CSR forefronts, while Japanese banks were the poorest performers. The South Korean Shinan Financial Group obtained the lowest rank and showed an absolute substandard performance. Barclays performed well in this analysis as in the Scholtes’ one; HSBC holdings on the contrary was ranked in the 23<sup>th</sup> position in this study. “ABN Amro” and “Rabobank” were not assessed in this sample. The ranking also showed that rather well performing banks on the economic and governance aspects of CSR, such as Europe’s oldest “Banca Monte dei Paschi de Siena” (rank 14) and “The Royal Bank of Scotland Group” were not immune for the 2008 banking crisis [Duchi (2013)].

The comparison between both studies shows that the results need to be interpreted with care. On the one hand there is hardly any doubt that mainly during the past 10 years most major banks embarked for a policy and results on one or more CSR domains. On the other hand the lack of a consensus method in ranking of banks, and the major differences in choosing domains, criteria, and indicators to measure CSR, in combination with the varying values of the weighting factors, make it almost impossible to point to the best performers in the sector. The problem can only be solved by more research on the CSR activities and their impact on the sector and society. Moreover ranking exercises such as the ones described above might have far going practical implications (e.g. in assembling CSR funds), but assessing the

real contribution of banks to a sustainable society equally necessitates investigating questions on the drives of the banks' CSR performance.

These uncertainties also raise more fundamental questions on the real added value of CSR to sustainable development. One might argue that the benefits to a sustainable society are currently still marginal and of hardly any macro-economic significance. It is currently unclear whether the CSR activities of today are window dressing, covering an attempt of business and industry to continue a "business as usual" scenario. These considerations are likely unfair, definitely in the banking sector, but can only be counteracted by more transparency, more targeted information, and more research.

### 5. Conclusion

This paper reviewed basic principles of a green economy as discussed by the world community at the UN Rio+20 conference. Over-all picture green economy is shown to be driven by less carbon based energy, less pollution, less spoiling consumption of materials and less waste. The concept is equally associated with more and better jobs, more welfare, and less poverty. An analysis of the principles of green economy showed that they explicit and detail the concept of sustainable development. The economic dimension of this idea is now as well established as the environmental one.

CSR is often referred to as the most important contribution of the industry and services sectors to sustainable development. While the elements which cover CSR are clear and will almost certainly contribute to a more ethical, fair, and transparent economy, their implementation proves to be most vulnerable to interpretation. This results in a wide variability of answers to the question: "which companies are sustainable as based on the implementation of the CSR paradigm?" The example of international banks which is analyzed illustrates the fork of this variation.

Over-all the review provided in this paper shows that green economy is increasingly considered a necessary and even unavoidable element of a sustainable society. CSR is a complex and in theory useful instrument to pursue this goal of moving towards a more sustainable society with less poverty. However the available assessments not only point to the need for more research on the subject, but equally illustrate that the implementation is still pioneering work in need of sharpening towards better defined, measurable targets.

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**Зелёная экономика: вклад корпоративной социальной ответственности**

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«Будущее, которое мы хотим», основной документ, суммирующий результаты достигнутые во время проведения конференции «Рио+20» (Рио-де-Жанейро, Бразилия, 20–22 июня 2012 г.), предлагающий «зелёную экономику» в качестве основного инструмента для искоренения нищеты, сохраняя при этом здоровое существование окружающей среды. «Зелёная экономика» является ответом на глобальный капитализм и излишества практикующих его элит, в особенности как они проявились во время недавнего экономического кризиса. Это следует из параллелей проводимых между мировыми экологическим и финансовым кризисами. Оба являются результатом неудач в экономической и социальной сферах. Зеленая модель экономики обладает потенциалом для объединения потребностей в экономической безопасности и защите окружающей среды, а также для интеграции множества реформ в политических инициативах, регулятивной сфере, бизнес-стандартах и персональном жизненном поведении. Классическим вкладом частного бизнеса в устойчивое развитие является корпоративная социальная ответственность (КСО). Концепция основывается на учении, что компания отвечает не только за положительные экономические результаты, но и должна заботиться об экологических, социальных и этических аспектах её деятельности. Компании должны прозрачно отчитываться об этой деятельности и своей устойчивости или предоставлять КСО-отчёты. Одним из основных внешних преимуществ для КСО-добросовестных компаний является то, что они включены банками в этические и устойчивые портфолио. Подобные активы, хотя по происхождению и являются традициями американских методистов и квакеров, являются одними из наиболее быстро растущих секторов услуг, предлагаемых европейскими банками. Система КСО подвергается критике со стороны развивающихся стран и неправительственных организаций за её неправильное использование экологически чистых товаров («зелёная стирка»). Эта статья показывает, что «зелёная экономика» будет необходимой частью более устойчивого общества в будущем. КСО является полезным инструментом, способствующим этой эволюции. Использование КСО должно быть основано на этических соображениях и убеждении, что «становиться зелёным» важно для будущего промышленности и сферы услуг, больше чем на ожидании краткосрочной денежной прибыльности. Обязательными являются дополнительные исследования методов оценки и согласованности с практической реализацией КСО.

*Ключевые слова:* банки, зелёная экономика, корпоративная социальная ответственность, устойчивое развитие.

**Зелена економіка: внесок корпоративної соціальної відповідальності**

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«Майбутнє, якого ми бажаємо» – основний документ, що підсумовує результати досягнуті під час проведення конференції «Ріо+20» (Ріо-де-Жанейро, Бразилія, 20–22 червня 2012 р.), що пропонує «зелену економіку» в якості основного інструменту для викорінення злиднів, зберігаючи при цьому здорове існування навколишнього середовища. «Зелена економіка» застосовує економічні принципи сталого розвитку задекларовані у «Ріо-декларатії» (1992 р.). «Зелена економіка» є відповіддю на глобальний капіталізм і надмірності практикуючих його еліт, особливо як вони проявилися під час нещодавнього економічної кризи. Це впливає з паралелей проведених між світовими екологічною та фінансовою кризами. Обидві є результатом невдач в економічній і соціальній сферах. Зелена модель економіки має потенціал для об'єднання потреб в

економічній безпеці і захисту навколишнього середовища, а також для інтеграції безлічі реформ у політичних ініціативах, регулятивній сфері, бізнес-стандартах та особистісній життєвій поведінці. Прикладами таких реформ можуть бути: реструктуризація фінансових ринків, нові (які узгоджуються з принципами сталого розвитку) економічні показники, адаптовані податкові та субсидіарний режими, а також прозорі, підзвітні та соціально відповідальні організації.

Класичним внеском приватного бізнесу у сталий розвиток є корпоративна соціальна відповідальність (КСВ). Концепція ґрунтується на вченні, що компанія відповідає не тільки за позитивні економічні результати, але й повинна піклуватися про екологічні, соціальні та етичні аспекти її діяльності. Це реалізується на практиці за допомогою: виконавчої та сертифікованої екологічної політики та менеджменту, поваги прав людини, стимулювання умов праці, прозорого корпоративного управління і залучення громадськості, і це всього лише основні аспекти КСВ-підприємства. Крім того компанії не повинні брати участь у заходах, які входять у суперечність зі сталим розвитком (наприклад, використання радіоактивних речовин, генетично модифікованих організмів, жорстоке поводження з тваринами, розробка військової зброї, діяльність, яка спричиняє екологічні і соціальні конфлікти). Компанії повинні прозоро звітувати про таку діяльність і свою сталість або надавати КСВ-звіти.

Однією з основних зовнішніх переваг для КСВ-сумлінних компаній є те, що вони включені банками в етичні і сталі портфоліо. Подібні активи, хоча за походженням і є традиціями американських методистів і квакерів, є одними з найбільш швидко зростаючих секторів послуг, пропонованих європейськими банками. Банки стали більш відкритими у зв'язку з наслідками економічної кризи. Банкам, які пережили кризу, необхідна розробка свого етичного профілю, оскільки криза була спровокована ними та їх колегами, які інвестували у віртуальну економіку. Система КСВ піддається критиці з боку країн, що розвиваються і неурядових організацій за її неправильне використання екологічно чистих товарів («зелена прання»). В даний час кращі складові даної теорії встановлюють критерії енергетичної та сільськогосподарської політики, які визначають тенденції в галузі сталого розвитку на найближчі роки. Очевидно, що банки, які пропонують КСВ-принципи повинні відповідати цим напрямкам в умовах сталого розвитку із збереженням фінансової прибутковості для своїх клієнтів. У ряді випадків було відзначено, що використання КСВ-принципів показує результати, які цілком можна порівняти із фінансовою еволюцією інших активів, що не націлені на забезпечення сталості в їх фінансовому портфелі. Основними перевагами принципів КСВ залишаються їх внесок у сталий розвиток, їх етичний аспект, а також задовільні фінансові показники.

Ця стаття показує, що «зелена економіка» буде необхідною частиною більш сталого суспільства в майбутньому. КСВ є корисним інструментом, що сприяє цій еволюції. Використання КСВ має бути засноване на етичних міркуваннях і переконанні, що «ставати зеленим» важливо для майбутнього промисловості та сфери послуг, більше ніж на очікуванні короткострокової грошової прибутковості. Обов'язковими є додаткові дослідження методів оцінки та узгодженості з практичною реалізацією КСВ.

*Ключові слова:* банки, зелена економіка, корпоративна соціальна відповідальність, сталий розвиток.