

# The Relationship Between Corporate Social Responsibility Reporting and Corporate Governance: Evidence from Turkish Banking Sector

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Corporate social responsibility (CSR) reporting and corporate governance concepts have been two important concepts for researchers and corporate managers in recent years. The purpose of this study is to analyze the potential effect of corporate governance levels of Turkish deposit banks' on CSR reporting. First, the concentration areas of CSR reporting of Turkish deposit banks were identified between the years 2012-2014 from their annual and sustainability reports. Second, the concentration areas were divided into subgroups and each bank was rated according to their disclosure level. Finally, a model was designed in order to determine the relationship between CSR reporting and corporate governance. In the model, CSR reporting rating scores are used as a dependent variable, and financial data and corporate governance indicators of banks are used as independent variables. Model results indicate that corporate governance level and bank's size have a significant effect on the level of CSR reporting in Turkish banking sector.

*Keywords:* corporate social responsibility, corporate governance, banking

## Introduction

Corporate social responsibility (CSR) reporting and corporate governance concepts have been two important issues for academicians and corporate managers in recent years. CSR reporting on a regular basis not only improves the value of the company but also shows the contribution of the company to the society that it operates. Likewise increasing level of corporate governance has positive effects on employee loyalty, corporate reputation, and investor interest.

Recent financial turmoil showed once again that banks are the most important institutions in global economy. With their intermediary function, banks have an important impact on society. Today, sustainable and responsible investing has been attracting more attention in global banking industry. According to the Forum for Sustainable and Responsible Investment's 2014 report (US SIF, 2014), every 1 of 6 dollars of investment is sustainable, responsible investment in the US. Especially in crises time, banks' reputation has been damaged drastically. From banks' view, CSR reporting is a useful tool to restore reputation and for the global economy, improving corporate governance level is important to prevent crises.

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Turkish financial system is more bank-oriented compared to most western countries, which is the reason why banking sector has vital importance and dominates the financial sector. Since more than 90% of the financial sector assets have been managed by banks, governance structure of these institutions and their contribution to the society where they operate is important. The main governmental bodies that regulate the corporate governance in Turkey are the Capital Markets Board (CMB) and the Banking Regulation and Supervision Agency (BRSA) of Turkey. These two bodies encourage the improvement of corporate governance structures of listed firms and banks with the regulations which are in line with international standards. CSR reporting has been gaining importance since the last decade in Turkey. With the constitution of Borsa İstanbul (BIST) Sustainability Index in 2014, today, all BIST-50 listed firms and BIST-100 listed firms which are volunteers are listed in this index.

Earlier studies about determinants of CSR reporting concentrate on several issues like disclosed information type, relation between company performance, firm size, country origin, industry type, social history, stakeholder pressure and CSR (Fifka, 2013). Even though most of the studies about CSR reporting and corporate governance have been done in context of developed countries, recently, there has been a remarkable interest in developing countries about the subject.

Even though there are some studies like Ertuna and Tükel (2009), İliç (2010), Kavut (2010), Arsoy, Arabacı, and Çiftçioglu (2012), and Başar (2014) about CSR in Turkey, to the knowledge of the authors, there is no specific study about CSR reporting and corporate governance relation in banking. This study is different from previous works on CSR reporting in Turkey. First, this study rates Turkish banks' CSR reporting level and second, it evaluates the relation between CSR reporting and corporate governance level including financial and non-financial data.

This paper is structured as follows: the next section explains the research purpose and hypotheses, the third section gives information about data and methodology, the fourth section discusses the research findings, and the last section concludes.

### **Research Purpose and Hypotheses**

This paper has three main objectives. First, the CSR reporting level and CSR reporting areas of Turkish banks are identified between the years of 2012-2014 from their annual and sustainability reports. Second, CSR reporting areas are separated into subgroups and banks in sample were rated according to their disclosure level. Finally, to evaluate the relation between corporate governance and CSR, a model was designed with financial and corporate governance variables.

Most of the CSR studies assert legitimacy theory and stakeholder theory as the main motive for CSR reporting. Besides these theories, agency theory is also another important view to explain CSR. Content analysis is a widely-used technique to codify and group qualitative information into quantitative information. The main approach about content analysis is to codify the text according to chosen criteria (Weber, 1990). However, the main drawback is that this approach focuses more on quantity rather than quality (Guthrie & Abeysekera, 2006). Guthrie and Mathews (1985) and Guthrie, Petty, Yongvanich, and Ricceri (2004) asserted that a content analysis should meet three criteria to be effective. First, the categories-unit of analysis should be defined clearly. Second, data capture must be systematic. Finally, analysis must be reliable and valid.

As stated above, codifying and grouping the information from banks' annual and sustainability reports was done in line with previous studies (Khan, 2010; Gray, Kouhy, & Lavers, 1995a; 1995b; Gray, 2002; Guthrie & Parker, 1989; Guthrie & Abeysekera, 2006) and the local industry features. The annual report of the companies is a foremost source of data to analyze voluntary reporting for social and environmental studies (Gibson & Guthrie, 1994).

In line with the literature, the concentration areas of CSR reporting of Turkish deposit banks were identified between the years 2012-2014 from their annual and sustainability reports. CSR reporting is identified as customers, employees, society, ecosystem and other issues (see Annex A). CSR reporting areas were divided into four subgroups according to literature about the subject (see Annex A). Each subgroup has three different variables (see Annex B) and each bank is rated according to their disclosure level.

As a result, to identify the CSR reporting areas of Turkish banks, five main areas were determined including four subgroups. For each subgroup, three different variables are identified to rate each bank. Only the other issues group has two variables. As a result, 50 different variables were selected, if bank discloses the variable it gets the value of "1" and "0" if otherwise. As a result, each bank has a rating for the specific year. These ratings are used as a dependent variable for the model. To avoid errors in rating process, all three authors were involved in coding process.

Previous studies like Dahya, Lonie, and Power (1996), Carter, Simkins, and Simpson (2003), Branco and Rodrigues (2008), and Khan (2010) showed the positive relation between CSR reporting and corporate governance. According to Fama and Jensen (1983), increasing number of non-executive members on the board is a useful tool to solve the conflicts between managers and owners. In the context of this idea, non-executive members encourage higher level of CSR reporting to protect owners and shareholders' rights. In the light of these studies, the first hypothesis is as follows:

H<sub>1</sub>: There is a positive relation between higher proportion of non-executive directors on the board and the level of CSR reporting.

Branco and Rodrigues (2008), Carter et al. (2003), and Ibrahim and Angelidis (1994) asserted that higher board diversity is related with higher CSR reporting. In the light of these studies, the second hypothesis is:

H<sub>2</sub>: There is a positive relation between higher proportion of women directors on the board and the level of CSR reporting.

Bank ownership structure is another issue about CSR reporting level. Even though studies like Ayuso and Argandoña (2009), Fields and Keys (2003), and Oh, Chang, and Martynov (2011) showed the positive contribution of foreign director existence on board to CSR reporting. Based on the literature, the third hypothesis is as follows:

H<sub>3</sub>: There is a positive relation between higher proportion of foreign directors on the board and the level of CSR reporting.

Some banks announce their level of compliance to corporate governance principles with Corporate Governance Principles Compliance Reports on a regular basis. Generally, banks which have better corporate governance structures issue these reports. According to discussions above, the fourth hypothesis is as follows:

H<sub>4</sub>: There is a positive relation between publishing Corporate Governance Principles Compliance Report issuance and the level of CSR reporting.

There are numerous studies which explained the relation between CSR level and financial performance/indicators (including firm size). The main idea of these studies is that large firms give more importance to society where they operate (Trotman & Bradley, 1981; Andrew, Gul, Guthrie, & Teoh, 1989; Cowen, Ferreri, & Parker, 1987; Patten, 1991; Roberts, 1992; Muller & Kolk, 2010; Suzuki, Tanimoto, & Kokko, 2010; Hernaus & Stojanovic, 2015). Moreover, highly profitable and leveraged firms feel free to contribution to CSR and increase their reputation. On the other hand, many studies found positive (Ruf, Muralidhar, Brown, Janney, & Paul, 2001; Vitezic, 2011; Waddock & Graves, 1997) or negative (Jaggi & Freedman, 1992; Jones, Van der Laan, Frost, & Loftus, 2008; Makni, Francoeur, & Bellavance, 2009) relation between profitability and CSR level. Based on the discussion above, the fifth, sixth, and seventh hypotheses are given below:

H<sub>5</sub>: There is a positive relation between bank size and the level of CSR reporting.

H<sub>6</sub>: There is a positive relation between leverage level and the level of CSR reporting.

H<sub>7</sub>: There is a significant relation between profitability and the level of CSR reporting.

Based on the hypotheses, a model was designed in order to determine the relationship between CSR reporting and corporate governance as follows:

$$CSRLVL = \beta_0 + \beta_1 INDBM + \beta_2 WBM + \beta_3 FBM + \beta_4 SIZE + \beta_5 ROE + \beta_6 LEVL + \beta_7 CGPCP + e_i$$

In the model, CSR reporting rating scores were used as a dependent variable, financial data and corporate governance components of banks were used as independent variables. The variables used in the model and their calculation are given in Table 1.

Table 1

*Variables, Calculation Method, and Expected Relations*

Variable	Variable type	Explanation	Calculation
<i>CSRLVL</i>	Dependent	Corporate social responsibility level-index calculated according to CSR information disclosed by banks in annual reports	Disclosed information/total specified information
<i>INDBM</i>	Independent	Percentage of independent board members	Independent board members/total board members*100
<i>WBM</i>	Independent	Percentage of women board members	Women board members/total board members*100
<i>FBM</i>	Independent	Percentage of foreign board members	Foreign board members/total board members*100
<i>SIZE</i>	Independent	Asset size of each bank	Bank asset/total assets*100
<i>ROE</i>	Independent	Return on equity	Net profit/total equity*100
<i>LEVL</i>	Independent	Leverage level	Total debt/total equity*100
<i>CGPCP</i>	Independent	Corporate Governance Principles Compliance Report	1 if the bank discloses Corporate Governance Principles Compliance Report, and 0 if otherwise

### Methodology and Data

The data used for the research include 23 deposit banks which constitute more than 90% of total assets of Turkish banking sector. Annual and sustainability reports were collected from banks' websites and used for analyzing the CSR reporting level. Financial data were gathered from the Turkish Bankers Association's and Banking Regulation and Supervision Agency's databases which are open to public.

Panel data comprise of cross-sectional units observed at different points in time. The combination of cross-sectional and time series data allows for richer econometric model specifications and more accurate conclusions (Gujarati & Porter, 1999). The fundamental advantage of a panel data set over a cross section is that it allows flexibility in modelling differences in behavior across individuals.

The basic framework is a regression model of the form:

$$y_{it} = \beta_{1it} + \beta_{2it}X_{2it} + \dots\beta_{kit}X_{kit} + e_{it} \quad i = 1, 2, \dots, N; t = 1, 2, \dots, T$$

$$E(e_{it}) = 0 \quad \text{ve} \quad \text{Var}(e_{it}) = \sigma_e^2$$

Panel data can be balanced when all individuals are observed in all time periods or unbalanced when individuals are not observed in all time periods. The data used in the paper are balanced panel.

Random effect model and fixed effect model are two common approaches to analyze panel data. Random effect model utilizes both within and between group variations but requires that the error term is not correlated with other independent variables. In contrast, the validity of fixed effect model does not rely on such a requirement. The drawback is that it only utilizes within group variation. Hausman test is used to see if the error term is not correlated with other independent variables.

The specification test devised by Hausman (1978) is used to test for orthogonality of the random effects and the regressors. The test is based on the idea that under the hypothesis of no correlation, both OLS (Ordinary Least Squares) in the LSDV (Least Squares Dummy Variable) model and GLS (Generalized Least Squares) are consistent, but OLS is inefficient (Baltagi, 1995), whereas under the alternative, OLS is consistent, while GLS is not. Therefore, under the null hypothesis, the two estimates should not differ systematically, and a test can be based on the difference.

The original form of the Hausman statistic can be computed as follows. Let  $\delta_{RE}$  denote the vector of random effects estimates without the coefficients on time - constant variables or aggregate time variables, and let  $\delta_{FE}$  denote the corresponding fixed effects estimates; let these each be  $M \times 1$  vectors. Then, it is distributed asymptotically as  $\chi^2_M$ . If the test statistic is greater than the critical value, the hypothesis can be rejected that the coefficients between the two models are the same. In this case, the fixed effects model is much more preferable than the random effect:

$$H = (\delta_{FE} - \delta_{RE})' [A\hat{var}(\delta_{FE}) - A\hat{var}(\delta_{RE})]^{-1} (\delta_{FE} - \delta_{RE})$$

## Research Findings

The purpose of this section is to present and discuss the main results of the study. Table 2 presents the CSR reporting areas of Turkish deposit banks. The scope of disclosed items is wide and the most disclosed groups between years 2012 and 2014 are employees, followed by products. On the other hand, when the increase level is examined, disclosures about ecosystem increased by 55.9% in three years. Results showed that in that period, Turkish banks have begun to give more importance to environmental issues in CSR reporting.

Figure 1 provides the CSR reporting ratings of Turkish deposit banks between the years 2012-2014. As seen in the figure, average and asset weighted average ratings of the banking sector increased in the period. Moreover, higher asset weighted ratings indicate the size effect to the CSR reporting which shows that bank size has a positive relation with CSR reporting.

Table 2

*CSR Reporting Areas*

		2012	2013	2014	Change 2012-2014 (%)
Customers	Products	18	23	30	66.7
	Customer satisfaction	28	28	35	25.0
	Customer education	27	29	32	18.5
	Other issues related to customers	25	28	27	8.0
	Total	98	108	124	26.5
Employees	Employee benefits	54	57	62	14.8
	Employee structure	34	41	41	20.6
	Employees' training	46	49	50	8.7
	Other issues related to employees	24	37	38	58.3
	Total	158	184	191	20.9
Society	Women	15	22	19	26.7
	Contribution to SMEs	35	41	37	5.7
	Contribution to health/education/culture	18	16	20	11.1
	Other issues related to society	26	35	35	34.6
	Total	94	114	111	11.8
Ecosystem	Energy	22	28	31	40.9
	Corporate pollution	18	29	33	83.3
	Climate change	13	19	18	38.5
	Other issues related to ecosystem	15	23	24	60.0
	Total	68	99	106	55.9
Other		4	4	4	0.0

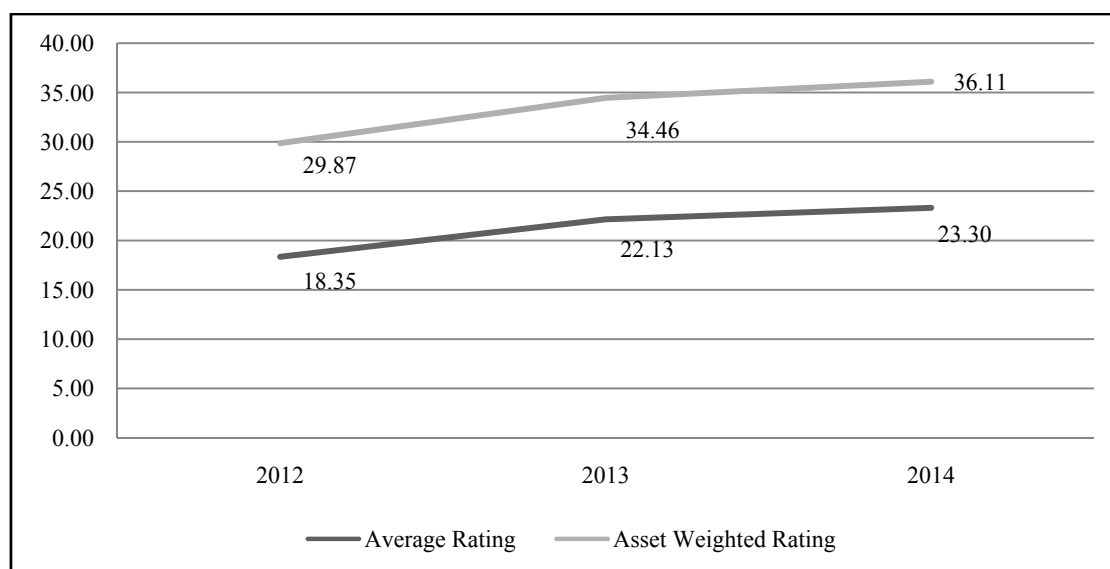
*Figure 1.* CSR reporting ratings of Turkish banking sector in years of 2012-2014.

Figure 2 shows the CSR reporting ratings of individual banks between years 2012 and 2014. In that period, while 18 banks' ratings have increased, five of them have decreased and two remained the same.

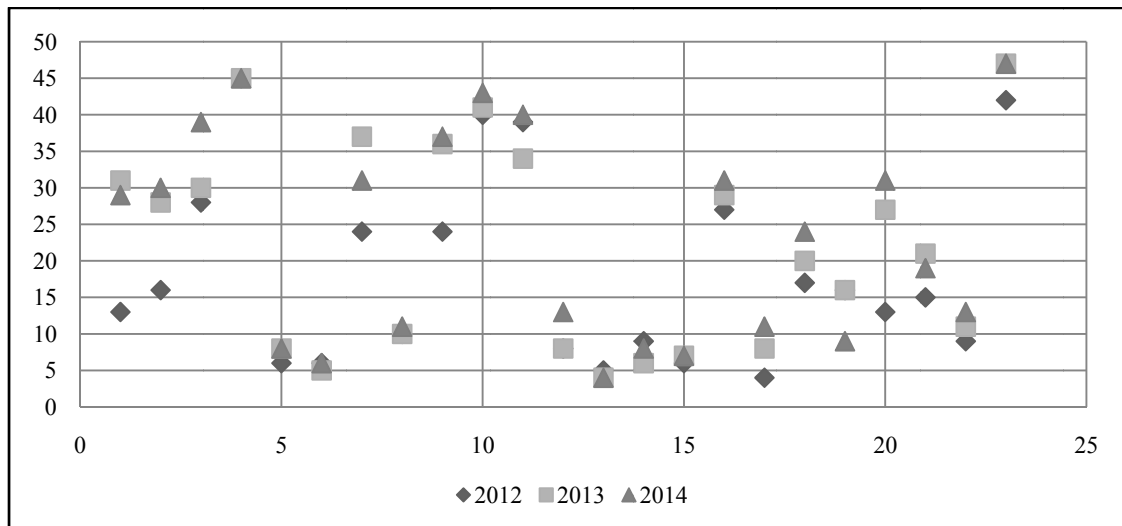


Figure 2. CSR reporting ratings of individual banks in years of 2012-2014.

Figure 3 provides CSR reporting ratings of bank groups between the years 2012 and 2014. In 2012, privately-owned deposit banks have the highest average ratings followed by state-owned deposit banks and foreign banks founded in Turkey. In 2013, state-owned deposit banks have been the leader of the bank groups. This finding shows that the ownership structure is also another vital element of CSR reporting in Turkey.

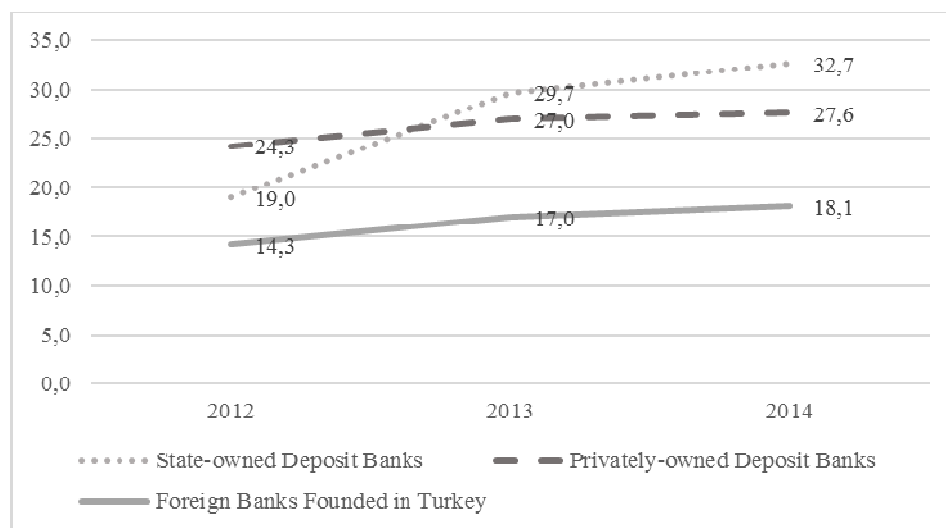


Figure 3. CSR reporting ratings of bank groups.

Table 3 provides descriptive statistics for the deposit banks between the years 2012 and 2014. In this study, the structure of board of directors is analyzed in three categories which are independent members, women members, and foreign members. The mean value of foreign representation is 50% with a highest percentage of foreign representation on the bank board is over 88%. Statistically, the most significant component of board of directors is foreigners. The average level of women representation on the board of directors is about 8% and the ratio of independent members is approximately 28%. Asset size, profit, and leverage are included in the study as bank fundamental variables. Overall, return on equity has the highest mean value of 9.51%. Asset size (4%) and leverage (8%) have relatively small proportions of the variables.

Table 3

*Descriptive Statistics*

	<i>CSRLVL</i>	<i>INDBM</i>	<i>WBM</i>	<i>FBM</i>	<i>SIZE</i>	<i>ROE</i>	<i>LEVL</i>	<i>CGPCP</i>
Min.	4.00	18.18	0.000	0.00	0.070	-10.290	1.519	0.0000
1st Qu.	8.00	22.22	0.000	0.00	0.430	5.930	6.255	0.0000
Median	17.00	28.57	7.140	50.00	2.020	11.350	7.676	0.0000
Mean	21.26	28.32	7.939	38.15	4.348	9.506	8.043	0.4928
3rd Qu.	31.00	33.33	11.110	55.56	8.780	13.340	9.192	1.0000
Max.	47.00	55.56	28.570	88.89	14.210	21.060	18.171	1.0000

The expected signs for the dependent variables are presented in Table 4.

Table 4

*Expected Signs of Dependent Variables in the Panel Data Models*

Dependent variables	Expected sign
<i>INDBM</i>	+
<i>WBM</i>	+
<i>FBM</i>	+
<i>SIZE</i>	+/-
<i>ROE</i>	+
<i>LEVL</i>	+
<i>CGPCP</i>	+

Table 5 presents the results of the panel data estimations (both the fixed effect and the random effect models) of the determinants of the CSR level for the Turkish banking sector.

The estimators are provided for both fixed and random effect models together with the associated Hausman statistics, which are used to diagnose which model is more appropriate for the dataset. The statistics of the Hausman test indicate that the interpretations on the variables should be based on the random-effect models, which are the preferred specification. From Table 6, the random-effect model needs to be used as it has consistent estimates ( $p$ -value  $0.217 > 0.05$ ).

Table 5

*Determinants of CSR Level of the Deposit Banks*

Fixed effects model				
	Estimate	Std. error	<i>t</i> -value	Pr(>  <i>t</i>  )
<i>INDBM</i>	0.083292	0.101919	0.8172	0.4190270
<i>WBM</i>	0.181229	0.218300	0.8302	0.4117609
<i>FBM</i>	-0.009464	0.091579	-0.1033	0.9182496
<i>SIZE</i>	8.183904	2.625207	3.1174	0.0035212**
<i>ROE</i>	-0.053520	0.171607	-0.3119	0.7568854
<i>LEVL</i>	-0.750641	0.385952	-1.9449	0.0594163
<i>CGPCP</i>	7.694345	3.396034	2.2657	0.0294131*
Factor (Year) 2013	4.110895	1.418647	2.8978	0.0062815**
Factor (Year) 2014	5.212221	1.336820	3.8990	0.0003921***
Total sum of squares	931.33			
Residual sum of squares	458.89			
<i>R</i> -squared	0.50728			
Adj. <i>R</i> -squared	0.27202			
<i>F</i> -statistic	4.23258 on 9 and 37 DF, $p$ -value: 0.00079731			



(Table 5 continued)

Random effects model				
	Estimate	Std. error	t-value	Pr(> t )
(Intercept)	3.782068	4.530968	0.8347	0.4072454
<i>INDBM</i>	0.060950	0.088211	0.6910	0.4923025
<i>WBM</i>	0.169634	0.119110	1.4242	0.1596597
<i>FBM</i>	0.069253	0.043190	1.6034	0.1141785
<i>SIZE</i>	2.125024	0.291689	7.2852	8.893e-10***
<i>ROE</i>	-0.180982	0.145607	-1.2430	0.2188018
<i>LEVL</i>	-0.296199	0.294893	-1.0044	0.3192733
<i>CGPCP</i>	8.723043	2.220289	3.9288	0.0002265***
Factor (Year) 2013	2.821053	1.288243	2.1898	0.0325016*
Factor (Year) 2014	4.168301	1.242287	3.3553	0.0013906**
Total sum of squares	2,590.7			
Residual sum of squares	780.54			
R-squared	0.69872			
Adj. R-squared	0.59745			
F-statistic	15.2032 on 9 and 59 DF, p-value: 1.9782e-12			

Note. \*, \*\*, and \*\*\*: Statistical significance at 10%, 5%, and 1%, respectively.

Table 6

*Hausman Test*

Hausman test
Data: <i>CSRLVL</i> ~ <i>INDBM</i> + <i>WBM</i> + <i>FBM</i> + <i>ASSIZE</i> + <i>ROE</i> + <i>LEVL</i> + <i>CGI</i> + <i>CGPCP</i> + ...
chisq = 12.648, df = 9, p-value = 0.1792
Alternative hypothesis: one model is inconsistent
Hausman test (choose random effects)

According to the results of random effects model, the variables of the structure of board of directors exhibit an expected positive sign with respect to CSR level. However, none of the variables are statistically significant. Although the empirical literature considers higher ratios of independent, female, and foreign members to be an indicator of higher CSR level, finding strong evidence has failed in favor of this proposition across the deposit banks in Turkey. The variable of bank fundamentals is significant in one out of three specifications. The significant and positive sign on the variable “asset size” implies the fact that bank size is an important factor that affects CSR reporting level. The coefficient of *LEVL* has a negative sign which is inconsistent with the expected sign and it is not significant in the model. Additionally, CSR level seems to be positively related with the disclosure of Corporate Governance Principles Compliance Report and is also significant. Sixty percent of dependent variables describe the changes in CSR level (Adjusted R-squared = 60%).

A correlation matrix is presented in Table 7. CSR level is significantly positively correlated to asset size which is interpreted as reflecting the fact that high level of CSR increases the level of asset. The level of CSR is positively associated with correlation coefficient of 0.71 ( $p < 0$ ) proportion of the disclosure of Corporate Governance Principles Compliance Report and there is a positive correlation between CSR level and ROE.

Table 7

*Correlation Matrix Between Variables*

Variable	<i>CSRLVL</i>	<i>INDBM</i>	<i>WBM</i>	<i>FBM</i>	<i>SIZE</i>	<i>ROE</i>	<i>LEVL</i>	<i>CGPCP</i>
<i>CSRLVL</i>	1							
<i>INDBM</i>	0.21	1						
<i>WBM</i>	0.22	-0.23	1					
<i>FBM</i>	-0.22	0.04	-0.01	1				
<i>SIZE</i>	0.8***	0.05	0.01	-0.48***	1			
<i>ROE</i>	0.3*	0.07	0.04	-0.5***	0.49***	1		
<i>LEVL</i>	0.08	0.12	0.06	-0.02	0	-0.15	1	
<i>CGPCP</i>	0.71***	0.32*	0.22	-0.19	0.48***	0.43**	0.22	1

Note. \*, \*\*, and \*\*\*: Statistical significance at 10%, 5%, and 1%, respectively.

### Conclusion

This study examines the CSR reporting of Turkish deposit banks from their annual and sustainability reports between 2012 and 2014 with content analysis. Moreover, it also put forth the relation between CSR reporting and corporate governance.

The results show that the scope of CSR reporting is extensive in Turkish banking sector. Moreover, the most disclosed items by Turkish deposit banks are about employees; however, in recent years, disclosed items about environment are increasing noticeably. Additionally, between the years 2012 and 2014, Turkish deposit banks increased the information disclosed about CSR among all categories and total increase is 26.5%. According to the CSR reporting ratings, asset weighted ratings of sector are higher than average ratings in time which points out size of bank is important in CSR reporting. State-owned deposit banks have increased their rating in three years and they have the highest CSR reporting level in 2014. This figure shows that the ownership structure is also another important element of CSR engagement. When the individual banks' ratings are examined, 78% of the banks increased their ratings between the years 2012-2014.

In order to achieve second purpose of the research, a regression is used to determine the relation between CSR reporting and corporate governance and financial fundamentals of banks. As corporate governance variables, board structure (independent, women and foreign member proportions) and issuance of corporate governance compliance report are used. Leverage level, ROE, and asset size variables are used as financial variables. The regression result showed expected signs of variables which are consistent with literature other than leverage level. However, only size and issuance of corporate governance compliance report are statistically significant. As a result, the size of a bank and issuance of corporate governance compliance report matters in Turkey about higher CSR reporting.

Even though this study has some practical implications, it has some limitations. First, this study uses content analysis which is very prone to human error and variables that represent the CSR reporting level might be subjective. Second, in order to determine the CSR reporting levels of banks, only annual and sustainability reports are used in this study. Further studies can use more sources like social and mass media to get more insight about the CSR levels of banks. Third, in Turkey, CSR history in banking is not too long compared to western countries, so it is not easy to lengthen the time frame to provide new insights. This issue limits the dataset of the study. However, in couple years, studies with different variables and extensive data will bring better perception to CSR reporting in Turkish banking sector.

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**Annex A**

Table A1

*CSR Reporting Areas with Subgroups*

CSR reporting area	Subgroup
Customers	Products
	Customer satisfaction
	Customer education
	Other issues related to customers
Employees	Employee benefits
	Employee structure
	Employees' training
	Other issues related to employees
Society	Women
	Contribution to SMEs
	Contribution to health/education/culture
	Other issues related to society
Ecosystem	Energy
	Corporate pollution
	Climate change
	Other issues related to ecosystem
Other	

**Annex B**

Table B1

*CSR Reporting Areas Subgroups with Variables*

Subgroup	Variable
Products	Innovative products
	Electronic products
	Awards related to products
Customer satisfaction	Improvement of customer complaint systems
	Social media/different channel customer satisfaction mechanisms
	Product improvements according to customer views
Customer education	Seminars for customer education
	Products for customer education
	Special products for customer needs
Other issues related to customers	Products for kids
	Products for youth
	Improvement of product/service quality
Employee benefits	Employee health plan
	Employee compensation plan and performance-based bonuses
	Career development of employees
Employee structure	Number of employees
	Employees categories by title
	Employees categories by gender
Employees' training	Number of employees trained
	Employees' training cost
	Employees' training areas

(Table B1 continued)

Subgroup	Variable
Other issues related to employees	Surveys about employee satisfaction
	Improvements on employee communication channels
	Events organized for employees
Women	Supporting women entrepreneurs
	Support for women in need
	Education for women
Contribution to SMEs	Support for agriculture and rural sustainability
	Training for SMEs
	Provide financial sources from international organizations for SMEs
Contribution to health/education/culture	Donations to schools
	Donations to hospitals
	Donations to museums/historical sites
Other issues related to society	Handicapped
	Sponsorships/donations to different sports organizations and other events
	Donations to art events/organizations
Energy	Support for alternative energy projects
	Support for renewable energy projects
	Provide financial sources from international organizations for energy projects
Corporate pollution	Improvements on reducing environmental impact of the bank
	Carbon level and water saving policy of the bank
	Improvements in energy saving of the bank
Climate change	Planting trees
	Donations to environmental organizations
	Support for recycling projects
Other issues related to ecosystem	Selective financing policy for projects which are harmful to environment
	Selective financing policy for projects which are harmful to historic sites
	Paperless practices
Other	Existence of CSR committee
	Signing and improvements in UN Global Compact

## Annex C

Table C1

*List of Banks in the Sample*

Banks in the sample	
State-owned deposit banks	Türkiye Cumhuriyeti Ziraat Bankası A.Ş.
	Türkiye Halk Bankası A.Ş.
	Türkiye Vakıflar Bankası T.A.O.
Privately-owned deposit banks	Akbank T.A.Ş.
	Anadolubank A.Ş.
	Fibabanka A.Ş.
	Şekerbank T.A.Ş.
	Turkish Bank A.Ş.
	Türk Ekonomi Bankası A.Ş.
	Türkiyeİş Bankası A.Ş.
	Yapı Kredi Bankası A.Ş.

(Table C1 continued)

Banks in the sample	
Foreign banks founded in Turkey	Alternatifbank A.Ş.
	Arap Türk Bankası A.Ş.
	Burgan Bank A.Ş.
	Citibank A.Ş.
	Denizbank A.Ş.
	Deutsche Bank A.Ş.
	Finansbank A.Ş.
	HSBC Bank A.Ş.
	ING Bank A.Ş.
	Odea Bank A.Ş.
	Turkland Bank A.Ş.
	Türkiye Garanti Bankası A.Ş.