

# Ouverture de 'Integrated CSR Management'

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## *Abstract*

*Globalisation has drastically changed the competitive dynamics worldwide. Companies have continuously expanded their size, also through merger agreements. However, companies should maintain a positive interaction with all their stakeholders, which is favoured by the integration of financial, social and environmental concerns in business strategies and operations. Transparency on corporate social responsibility (CSR) plays a key role in a company's long-term success.*

**Keywords:** Integrated CSR; Global Markets; Agrochemical Companies; Sustainability; Corporate Governance; Transparency; Non-Financial Disclosure

## **1. Overture**

Since the 1980s, globalisation has drastically changed the competitive dynamics on which the world economy is based. The unification of markets has allowed firms to simultaneously operate in very distant territories, thus generating competition beyond national territorial borders, and leading to over-supply in many markets.

□ *“Globalisation draws new competition boundaries modifying traditional competitive time and space relationships; they specifically highlight time as a competitive factor (time-based competition) on one hand, and the end of closed dominions coinciding with particular physical or administrative contexts (a country, region, or geographical area, etc.) on the other.” (Brondoni, 2005).*

□ *“Globalisation therefore sweeps away the static, limited concept of competition space, while it encourages specific geographical contexts to develop peculiar partial competitive advantages (regarding manufacturing, marketing, R&D, etc.) to be coordinated in a vaster system of corporate operations and profitability (market-space management).” (Brondoni, 2005).*

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This over-supply has forced firms to duly analyse the markets and more generally the environment in which they compete, developing information and communication technologies, and adopting new digital tools able to redefine the concept of space and time, thus becoming competitive factors on which to base their business strategies on a global level.

## **2. From Product Globalisation to the ‘Oversize Economy’**

Globalisation has widened the territorial boundaries of competition, at the same time drastically reducing the reaction times of firms with respect to the changes taking place in the market. To be able to respond promptly, firms have had to adapt their organisational structure to a dynamic context, and in so doing have abandoned the centralised organisation typical of the 70s, adopting a decentralised organisational network structure to compete and grow in unstable and frantic markets with new flexible business models.

In global over-supplied markets, the firm’s performance is conditioned by its ability to manage the design of processes and products as a strategic tool to gain a durable and sustainable competitive advantage, since imitation and innovation processes have become a primary condition to face global competition in the markets (Brondoni, 2012; Borja De Mozota & Young Kim, 2009). In this competitive landscape, the design of processes and products can be closely linked to smart innovation, seen as an ‘outward looking’ strategy focused on open innovation policies (Bellini et al, 2013; Asheim et al, 2011).

In the 80s, at the beginning of market globalisation, firms operated in the global context and produced their products in a networking, outsourcing, and time-based competition approach (product globalisation) (Brondoni, 2014). In the 90s and 2000s, the new globalisation phase changed the competitive landscape as a result of some specific phenomena such as global firm networks (firm globalisation) (Brondoni, 2014). Finally, in the early 2000s, a third globalisation phase (finance globalisation) (Brondoni, 2014) complicated the managerial model. In fact, in the face of increasing competition, modest market growth rates, and over-supply conditions, always more antagonistic in respect of global financial market systems, firms directed their R&D expenditure towards open innovation strategies (Brondoni, 2013).

Over-supply has forced companies to adopt market-driven management policies or a strong orientation toward competitive spaces, which has resulted in the need to manage and continuously monitor the competitive macro-environment.

□ *“Market-driven management is a corporate strategy that presupposes direct, continuous benchmarking with competitors, in a context of customer value management, adopted by companies that compete in open markets. It revises the traditional marketing management approach introduced in the 1950s by Alfred P. Sloan of GM to overcome the supremacy of the ‘product orientation’ approach imposed in the 1930s by Henry Ford with his legendary ‘black Model T’. Marketing management*

*presupposes understanding demand (and above all its segments), in order to offer a product that can fill a given space in the market.” (Brondoni, 2009).*

Since 2010, globalisation has imposed a new view of the competitive environment in which competitors are not always direct rivals. On the contrary, as a result of alliances and agreements, certain firms can become competitors in the sense that together they contribute to the common objective of generating greater profits, with mega-organisations that have the potential to change the long-term competitive structure of sectors (oversize economy).

Furthermore, globalisation has led to breaking down geographic boundaries, thus becoming very difficult today to clearly define the boundaries and business activity areas. In fact, a given firm may be a rival or a competitor of other companies in different markets.

### **3. From Open Innovation to Global Closed Innovation**

In mega-organisations, success is determined by the capacity to manage accumulated knowledge (inside-out knowledge resources) and the sum of knowledge that can be acquired externally through network relations (outside-in knowledge resources) (Brondoni, 2011).

Open innovation stands out for the presence of distributed know-how (in network relations, and therefore within dedicated structures, but also from outside, with competitors, consultants, suppliers, customers, etc.). Intellectual property is no longer concentrated primarily on defending the positions acquired, as seen in markets that are closed to global competition. With open innovation, the capacity to exploit the competition acquires prime importance, while the capacity to accumulate know-how becomes less important (Brondoni, 2011).

On the other hand, global companies adopt closed innovation policies when they operate in sectors that are protected from competition (Utterback & Kim, 1985; Mansfield et al., 1981; Abernathy & Utterback, 1978). With global closed innovation policies, a certain number of mega-organisations concentrate their expertise in governing market power through innovation processes in global structures.

### **4. Closed Innovation, World Agrochemical Corporations, and CSR Transparency/Opacity**

The agricultural sector is undergoing rapid changes, and the continuous introduction of technological innovations is profoundly changing the habits of growers worldwide. The use of genetically modified organisms (GMOs), new-generation herbicides, and digital tools to monitor and forecast crop trends are altering the equilibrium of a key sector at the economic and social level.

□ *“The agriculture industry is at the heart of one of the greatest challenges of our time: how to feed an additional 3 billion people in the world by 2050 in an environmentally sustainable way. It has been both companies’ belief that this challenge requires a new approach that more systematically integrates expertise across Seeds, Traits and Crop Protection including Biologicals with a deep commitment to innovation and sustainable agriculture practices.”* (Liam Condon, Head of Crop Science Division, Bayer AG)<sup>1</sup>

In 1981, for example, around seven thousand seed companies were registered. After more than thirty years, most of these companies have been acquired by others or have ceased operations. Between 1995 and 1998, around 68 seed companies were purchased or entered into collaborative agreements with large multinational companies that until then had been operating in the chemical and pharmaceutical sectors.

More generally, up until 2015, the global agrochemical market was controlled by six multinational corporations (Table 1).

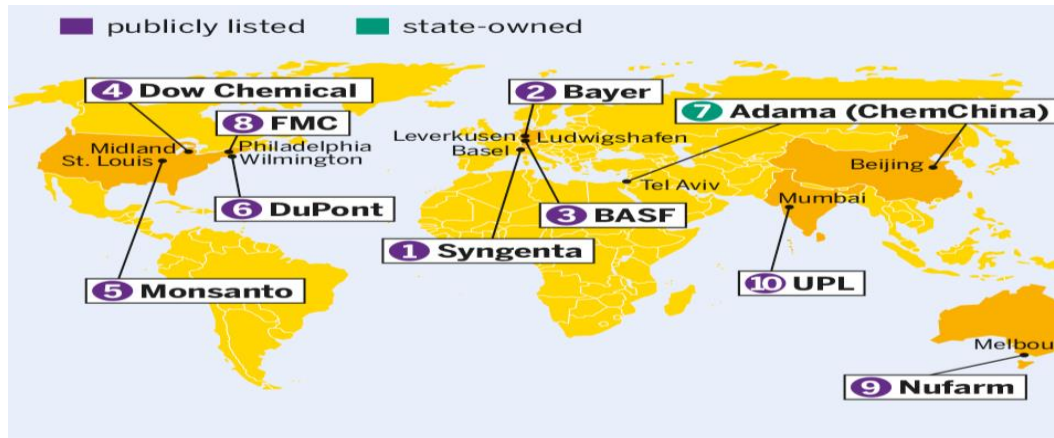
**Table 1:** *Worldwide Agrochemical Corporations (Market Shares, % - 2013)*

BUSINESS ACTIVITY	AGROCHEMICAL PRODUCTS	GMO SEEDS	AGRICULTURAL MACHINERY	FERTILIZERS
<b>LEADER</b>	Syngenta 20	Monsanto 27	Deere 25	Agrium 8
<b>SECOND MOVER</b>	Bayer 18	DuPont 22	CNH 15	Yara 7
<b>THIRD CORPORATION</b>	BASF 13	Syngenta 9	AGCO 9	Mosaic 6
<b>OTHER COMPANIES</b>	49	42	51	79

Source: Etc Group: <http://www.etcgroup.org/es/content/global-agribusiness-mergers-not-done-deal-0>

These six large corporations controlled around 63 percent of the world's seed market and about 75 percent of the pesticide market, for a market value of about \$ 93 billion a year. The same companies also garnered a significant share of the huge world market for chemical fertilizers, worth approximately \$ 175 billion a year. In addition, the six corporations also held 56 percent of the agricultural machinery industry for revenues of another \$ 116 billion a year. These large multinationals with a position of absolute prominence in the delicate world food market were the American Dow Chemical, DuPont, and Monsanto, the German BASF and Bayer, and Swiss Syngenta.

**Figure 1: Top Ten Headquarters Agrochemical Worldwide Companies (2015)**



Source: AgrifoodAtlas 2017: [https://www.boell.de/en/2017/10/31/monsanto-and-co-from-seven-to-four-growing-by-shrinking?dimension1=ds\\_agrifoodatlas](https://www.boell.de/en/2017/10/31/monsanto-and-co-from-seven-to-four-growing-by-shrinking?dimension1=ds_agrifoodatlas)

As Figure 1 shows, in 2015, the headquarters of the top 10 global agrochemical companies were already operating in strategic positions for the control and development of activities on all continents.

Indeed, since the mid-2010, the competitive dynamics of corporations in the global agrochemical market have changed rapidly and profoundly.

In particular, the largest companies have drastically increased the concentration of global supply, leading to the abandonment of corporate policies based on over-supply to instead emphasise new competitive policies focused on the global supply concentration economy (big corporations based on global networks, lean and multicultural organisations, basic techno products, global supply, high profits) to affirm a new oversize economy competitive dynamic.

In 2011, the Chinese corporation ChemChina (Chinese National Chemical Corporation) entered the world pesticide market through its subsidiary CNAC (Chinese National Agrochemical Corporation), acquiring the Israeli company Makhtershim Agan Industries (seventh largest pesticide manufacturer in the world). In 2016, ChemChina significantly expanded its competitive horizons, acquiring the Swiss company Syngenta for \$ 43 billion.

Naturally, the merger between ChemChina and Syngenta generated a series of reactions from rival companies and direct competitors.

In fact, in December 2015, the US corporations DuPont and The Dow Chemical Company announced their merger agreement (merger of equals) with the new holding company DowDuPont™, operational since 31 August 2017 and listed on the New York Stock Exchange. With this merger, DowDupont considerably increased its position in the agrochemical market and, above all, significantly improved its competitive position in the global seed business.

The merger between DuPont and Dow Chemical also benefited from the similar business structure of the two organisations. Both were decentralised multinational companies (networks), where research and innovation were fundamental values, also supported by the complementarity of the sectors in which the two companies operated (which led to a genuine explosion of global economies of scale in favour of the new big corporation).

The merger between Dow and DuPont was intended to combine the activities of the two US companies in the agricultural sector so as to form a large corporation able to compete in a very concentrated market that has undergone significant changes in recent years due to the presence of a very small number of companies with high market power.

Finally, after the merger between Dow Chemical and DuPont, on 14 September 2016, the multinational Bayer also announced a merger agreement for the acquisition of Monsanto for a total value of \$ 66 billion. The agreement incorporated Monsanto within the Bayer group.

□ *“We are pleased to announce the combination of our two great organizations. This represents a major step forward for our Crop Science business and reinforces Bayer’s leadership position as a global innovation driven Life Science company with leadership positions in its core segments, delivering substantial value to shareholders, our customers, employees and society at large.”* (Werner Bauman, CEO Bayer AG)

□ *“Bayer is a global enterprise with core competencies in the Life Science fields of health care and agriculture. Its products and services are designed to benefit people and improve their quality of life. At the same time, the Group aims to create value through innovation, growth and high earning power.”* (Werner Bauman, CEO Bayer AG)

□ *“Bayer has extensive experience in successfully integrating acquisitions from a business, geographic and cultural perspective, and remains committed to its strong culture of innovation, sustainability and social responsibility.”* (Werner Bauman, CEO Bayer AG)<sup>2</sup>

For Bayer, this merger enabled expanding its business in a different but highly complementary sector compared to its main business sector, increasing the range of products offered for crop protection.

The mergers between ChemChina-Syngenta, Dow-DuPont, and Bayer-Monsanto highlight that business development policies assume a simple key focus: continue to grow to remain competitive.

The importance of company size is particularly evident, for example, in the seed sector, where of fundamental importance are patents, and the companies that hold them assume critical market power. In agro-chemistry, the control of patents or licences is essential to the development of business strategies, especially in the field of genomics and transgenic seeds. Following the mergers, the three global agrochemical companies have accumulated approximately 40 percent of the patents on the market.

The agrochemical sector is kept under close surveillance in the world by about 30 competition authorities, but it is nevertheless now a concrete reality that a very

sensitive sector such as the global agrochemical faces quasi-monopolistic corporate policies (often based on tacit or non-formalised agreements).

Clearly, ‘oversize economy’ models, based on global closed innovation policies, can easily go against the statements of top managers with respect to the will to protect and improve the economic and social environmental conditions, and particularly the support that mega-corporations want to offer to develop a sustainable global economy.

## 5. Responsible Governance and Sustainable Development

Transparency is a necessary condition for sound and healthy corporate governance and positive relationship management (Salvioni & Bosetti, 2006; Bosetti, 2015). As a pillar of effective stakeholder dialogue, transparency is crucial in all communication processes established by a company (Salvioni, 2002).

For a long time, boardroom decision-making focused almost exclusively on economic expectations of major shareholders, thus recognising profitability as the main purpose of corporate governance. In that context, a company’s financial disclosures were indeed specifically important.

Over the last thirty years, this approach to corporate governance has been progressively changing, also thanks to companies’ voluntary efforts to meet the increasing requests and recommendations of supranational organisations, such as the United Nations (Annan, 2002), the European Union and the Organisation for Economic Co-operation and Development. In that period, many initiatives were undertaken to prevent (and sometimes to respond to) cases of corporate irresponsibility and scandals with heavy consequences for stakeholders (Goel, 2010). Companies were encouraged to consider the variety of issues associated with their activities, including social well-being and environmental impacts. The process began in the more economically developed countries and then involved the emerging economies, determining the worldwide adoption of corporate social responsibility (CSR) principles and practices (Brondoni & Mosca, 2017; Mosca & Civera, 2017).

□ *The year 2000 was a milestone in this evolution. The UN launched the ‘Global Compact’ to promote a more sustainable and inclusive global economy, based on the genuine commitment of UN agencies, governments, companies and civil society. In the same year, the OECD revised its ‘Guidelines for Multinational Enterprises’ to ensure their continued relevance and effectiveness in the rapidly changing context, which demanded stronger protection of human and labour rights, fight against corruption and preservation of the environment.*

*In this century, the EU has also repeatedly persuaded companies to invest in CSR strategies on a voluntary basis. The EU has significantly contributed to extending the debate on CSR among governments, practitioners and scholars by issuing papers, hosting events and promoting partnerships. In particular,*

*the Green Paper on CSR, published in 2001, emphasised the need for integration of social and environmental concerns into corporate decisions (Commission of the European Communities, 2001). A few years later, the adoption of the 'Europe 2020 Strategy' stressed the importance of a smart, sustainable and inclusive growth and underlined the necessity of a renewed EU strategy for CSR (European Commission, 2010); this was subsequently proposed in 2011 with the intention of stimulating the European enterprises to take responsibility for their impacts on society (European Commission, 2011).*

*Since 2002, the European Commission has also chaired and facilitated the work of the European Multistakeholder Forum on Corporate Social Responsibility, in which businesses, trade unions, non-governmental organisations and other groups are represented. Moreover, the European Commission has interacted with the European Alliance for CSR, an informal and open group of business organisations it launched in March 2006 to demonstrate the value of voluntary engagement in CSR matters.*

Any socially responsible company strives to meet all relevant stakeholders' expectations (Sachs & Rühli, 2011; Freeman & Dmytriiev, 2017), and this requires acknowledging the close links among economic, social and environmental performance for the creation of shared value (Porter & Kramer, 2006; Salvioni & Gennari, 2017) and lasting prosperity. Responsible governance is reflected in the board of directors commitment to making the company a key player in the development of local, national and global communities in which it operates: for example, companies not only provide products and services, but also create job opportunities for citizens (Porter & Kramer, 2011).

A successful business approach calls for the ability to reconcile durable economic growth with better quality of life, social inclusion, equality and respect for the environment in the interests of present and future generations (Salvioni, 2003; United Nations, 2013; Salvioni, 2016; Brondoni & Franzoni, 2016), also minimising risks (Salvioni & Astori, 2013; Gandini et al., 2014).

In other words, robust corporate governance is based on the awareness that long-term value creation for shareholders cannot exist if the company fails to fulfil its duties towards all other stakeholders (Salvioni et al., 2016). On the contrary, stakeholder satisfaction increases trust and loyalty to the firm and generates positive effects on the relationships with employees, customers, suppliers and financiers (Campbell, 1997). In turn, such good relationships constitute a competitive advantage for the company (Hillman & Keim, 2001; Choi & Wang, 2009; Pezet & Casalegno, 2017).

All of this implies cooperating with stakeholders (Harrison & Wicks, 2013), devoting time and resources to understand societal needs (Pfizer et al., 2013), and implementing mechanisms to ensure the joint optimisation of financial, social and environmental results (Bonacchi & Rinaldi, 2007; Edmans, 2011; Mirvis, 2012).



□ *The essential link among responsible governance, stakeholders' trust and shared value creation is clearly described in the words of Paul Polman, CEO of Unilever:*

*“Modern life is built on trust. No society can thrive without it – and in purely business terms, trust is our most valuable asset, the basis of our prosperity. [...] Unilever has always been a business founded on purpose – and in our Unilever Sustainable Living Plan (USLP), we set out our commitment to ensuring that business success should be long term, sustainable and not come at the expense of people or the planet. [...] Nurturing trust brings about direct opportunities for any business. Trust builds better relationships with consumers and suppliers, greater business resilience and more engaged employees. [...] So, how can businesses build on the trust people have in them to achieve both these commercial and developmental opportunities? The key is to stick to the values on which the business is founded and which binds the organisation together in common purpose. Openness and transparency – including sharing relevant data – will also play a huge part. We need to be open about not having all the answers. And we need to work harder to listen to, and act on, other people's perspectives. [...]” (Unilever, 2018).*

A company's socially responsible approach can be formalised or not: it can be made explicit in the corporate mission, policies and targets, or it can only be embodied in the ethical culture that the board shares with managers and employees at any organisational level to inspire all decisions and behaviours (Epstein & Rejc Buhovac, 2014). Today, most companies engaged in CSR adhere to the *Sustainable Development Goals* (SDGs), also known as the *2030 Agenda*. The SDGs are a set of 17 global goals introduced by the United Nations Development Programme in 2015, which became a benchmark for virtuous companies.

□ *The SDGs can be considered the latest step in the long path the UN started in the late 1980s for the promotion of sustainable development. This whole process aims at influencing the priorities of both public and private organisations as well as citizens, so that they cooperate to end poverty, protect the planet and ensure peace and prosperity all over the world. In this regard, the SDGs stand in close continuity with many previous UN initiatives, such as the Brundtland Report (1987), Agenda 21 (1992), the Kyoto Protocol (1997), the Millennium Development Goals (2000), on which the SDGs were built, and COP21 (2015).*

## **6. The Need for Transparency on Integrated CSR**

The increasing diffusion of a responsible governance approach has stressed the need for broader corporate disclosures, to meet different stakeholders' information

and evaluation needs (Elkington, 1998; Henriques, 2007). As traditional financial reporting has become no longer sufficient to guarantee full transparency on the equitable balance of stakeholders' interests in corporate strategies (Adams & Simnett, 2011; Serafeim, 2015; Manes-Rossi et al., 2018), the debate on CSR and sustainable development has urged companies to become more accountable.

□ *A good example of this can be found in the Novartis approach: "Our vision is to be a trusted leader in changing the practice of medicine. A big part of gaining this trust is being transparent – being open and clearly disclosing what we do, how we work, where we are successful. This applies across all aspects of our business around the world." (Novartis, 2018).*

Since the 1970s, some European and American companies have made occasional and marginal attempts to expand corporate communication; however, innovative types of external reporting have found wide dissemination just in this century (Eccles et al., 2015). Initially, financial information was accompanied by stand-alone non-financial documents, such as social reports and environmental reports; then, financial and non-financial information started to be incorporated into the same documents, typically called sustainability reports and integrated reports (Salvioni & Bosetti, 2014b; Rupley et al., 2017). Nowadays, these reports are largely used in any sector and provide in-depth information on a company's mission, identity, strategies and performance.

In general, non-financial reporting is based on the following main principles (Brockett & Rezaee, 2012; Girella, 2018; Dumay et al., 2015; Global Reporting Initiative, 2016):

- Transparency on procedures to collect and classify data and prepare information;
- Stakeholder inclusiveness and responsiveness;
- Information materiality (i.e. significance of information for internal and external assessment and decision-making);
- Information accuracy, completeness, reliability and timeliness;
- Adoption of verifiable reporting procedures and data;
- Information impartiality and neutrality to different stakeholder categories;
- Independence of third-party auditors and assurance providers.

Typically, non-financial reports contain information on corporate identity and culture (Brondoni, 2002), including ownership structure, corporate governance, ethical values, business model, strategies and policies, mechanisms of stakeholder engagement and dialogue. A complete and transparent depiction of corporate identity should help understand how a company translates its sustainability orientation into practices in the short and long term to meet all the stakeholders' expectations. Moreover, non-financial disclosures should provide details on the resources used by the company to carry out processes, as well as a description of such activities and the results connected thereto. The final purpose of non-financial information is to clarify how and to what extent a company's actions impacted stakeholders' financial, social and environmental spheres, also emphasising the company's commitment to possible future improvements.

For about two decades, well-known organisations, such as the Global Reporting Initiative (GRI), AccountAbility 1000 (AA1000) and more recently the International Integrated Reporting Council (IIRC), have played a primary role in the spread of non-financial reporting all over the world (Salvioni & Bosetti, 2014a; Chaidali & Jones, 2017). Their high quality reporting guidelines have significantly supported the enhancement of non-financial information in all types of undertakings, from listed companies, which are constantly under investors' attention, to smaller and not so complex ones. Indeed, preparing non-financial information in accordance to widely accepted guidelines strengthens a company's accountability, which is a prerequisite for a company to obtain stakeholders' trust and accessing all the resources it needs to perform its activities.

According to the voluntary nature of CSR, the choice of disseminating non-financial disclosures has long been left to the board (Lim et al., 2007, Luo et al., 2012; Fuente, 2017). However, this situation started to evolve in the European Union, as a consequence of the adoption of Directive 2014/95/EU (Cantino & Cortese, 2017; Dumitru et al., 2017; Malecki, 2018), which has been rightly described as an 'agent of change' (CSR Europe & GRI, 2017).

With this new Directive, some traditionally soft law rules were transformed into hard law (Liu, 2017). Indeed, Directive 2014/95/EU introduced mandatory requirements for selected undertakings to publish non-financial information, also paving the way for spreading this practice among other types of undertakings and to different regions around the world. As from the 2018 reporting cycle, Directive 2014/95/EU requires that large public-interest entities and parent companies of a large group<sup>3</sup> publish an individual or consolidated non-financial statement (Szabó & Sørensen, 2016) as part of the annual reporting package to their shareholders and other stakeholders. This clearly demonstrates that policymakers deem the integration of financial, social and environmental information fundamental to any assessment and decision, including those made by capital markets participants.

Despite some flexibility granted to Member States in the transposition of Directive 2014/95/EU into their national laws, the EU provisions outline the minimum required content of the non-financial statement to ensure its completeness and usefulness. A company's non-financial statement should provide information on its business model and main social and environmental policies, risks and outcomes, in order to support better understanding and monitoring of corporate strategies and external impacts. According to Directive 2014/95/EU, the non-financial statement should therefore contain details on (or, alternatively, explain the reasons why it does not deal with) the following:

- Environmental matters, such as energy sources, water use, greenhouse gas emissions and air pollution;
- Social matters, such as respect for human rights and dialogue with local communities, and employee-related matters, including work conditions, gender equality, occupational health and safety, information and consultation of employees and respect of trade union rights;
- Anti-corruption and bribery;
- Board diversity, with reference to aspects such as age, gender, educational and professional background of members.

Companies can either include the non-financial statement in their management report or prepare it as a separate document to be divulged together with the management report or within six months after the tax year end. This rule stresses the importance of integrating financial and socio-environmental issues for a well-grounded evaluation of a company's current situation and future perspectives.

Moreover, companies can rely on broadly accepted frameworks of sustainable behaviour and social and environmental reporting to external parties<sup>4</sup> when they collect and select data, build key performance indicators and prepare their non-financial statements. Directive 2014/95/EU also requires independent assurance of such reports (Simnett et al., 2009; Aureli et al., 2017; Kaya, 2017) to enhance information credibility and to prevent the risk that companies might be self-referential.

In conclusion, although the addressees of the provisions summarised above are only a small part of European companies, a larger impact is expected from the adoption of Directive 2014/95/EU. In the long term, countries could decide to oblige unlisted and smaller companies to comply with the laws on non-financial information that are already mandatory for large public-interest entities. In any case, emulation between companies operating in a same market or sector will probably stimulate the publication of non-financial statements even in the absence of a legal constraint. Indeed, integrated reporting on financial, social and environmental matters can be a strong competitive factor in today's context, where transparency is highly appreciated by relevant stakeholders, capital markets and society at large.

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#### Notes

<sup>1</sup> <http://www.news.bayer.com/baynews/baynews.nsf/ID/2016-0203-e>

<sup>2</sup> <https://www.bayer.ca/en/media/press-releases/newsdetail/?dt=TVRJPQ==&st=1>

<sup>3</sup> Public-interest entities mainly include listed undertakings, credit institutions and insurance undertakings. As concerns the size, large firms and groups are those with an average number of employees exceeding 500 and either a balance sheet total exceeding euro 20,000,000 or a net turnover exceeding euro 40,000,000.

<sup>4</sup> The European Commission's communication on 'Guidelines on Non-Financial Reporting' of 2017 contains an extensive, although non-comprehensive, list of frameworks and guidelines whose adoption influences corporate practices, facilitates a company's reporting process, reduces administrative costs and improves comparability between undertakings. The Commission mentions both behaviour standards and reporting frameworks. The former include guidelines from the United Nations, the Organisation for Economic Co-operation and Development and the International Labour Organization; the latter comprise the well-known GRI Standards, the IIRC Framework, the CDSB (Climate Disclosure Standards Board) Framework, the CDP (formerly the Carbon Disclosure Project) Guidance and the EMAS (Eco-Management and Audit Scheme).