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The influence of the CSR Committee in firms' financial and non-financial performance: evidence from France, Germany, and the UK

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Abstract

The CSR committee is a corporate governance mechanism used by companies to promote and develop corporate social responsibility. It must promote a CSR oriented strategy, include it in the company's policies and monitor the compliance with those said policies.

This study is an analysis of how a CSR committee can influence firms' performance. The sample consists of 415 companies from the top 3 countries with the biggest economies in the European Union. In the first approach, it will be analysed solely the influence of the CSR committee on performance. Secondly, it will be analysed the influence of a CSR committee in an environmentally sensitive industry, and finally, the influence of the implementation of the Directive 2014/95/EU in firms with a CSR committee.

The results show that the existence of a CSR committee is generally positively associated with performance by the company. No generalized relationship was found between the fact that a company has a CSR committee and belongs to an environmentally sensitive industry, and its performance. Regarding the implementation of the Directive 2014/95/EU, in the sample considered, its effect was also not relevant for the companies' performance.

Keywords: CSR committee; ESG scores; environmentally sensitive industries; Directive 2014/95/EU; performance

Resumo

O comité de Responsabilidade Social Corporativa (RSC) é um mecanismo de governo corporativo usado pelas empresas para promover e desenvolver a responsabilidade social corporativa. Tem como dever promover uma estratégia orientada para a RSC, inseri-la nas políticas da empresa e monitorizar o cumprimento dessas políticas.

Este estudo é uma análise de como um comité de RSC é capaz de influenciar o desempenho das empresas. A amostra é composta por 415 empresas pertencentes aos países com as 3 maiores economias da União Europeia. Numa primeira abordagem será analisada apenas a influência da existência do comité de RSC no desempenho da empresa. Em segundo lugar, será analisada a influência do comité de RSC numa indústria considerada ambientalmente sensível, e por último, a influência da implementação da Diretiva 2014/95/UE em empresas com um comité de RSC.

Os resultados mostram que a existência de um comité de RSC geralmente está positivamente relacionada com o desempenho por parte da empresa. Não foi encontrada uma relação generalizada entre o facto de uma empresa ter um comité de RSC, pertencer a uma indústria ambientalmente sensível, e o seu desempenho. Quando à implementação da Diretiva 2014/95/EU, na amostra considerada, o seu efeito também não foi relevante para o desempenho das empresas.

Palavras-chave: comité RSC; pontuação ESG; indústrias ambientalmente sensíveis; Diretiva 2014/95/UE; desempenho

Índex

Index Table

Index Figures

Acronyms

CR – Corporate Responsibility

CSP – Corporate Sustainability Performance

CSR – Corporate Social Responsibility

EU – European Union

EUD – European Union Directive

GDP – Gross Domestic Product

GRI – Global Reporting Initiative

GRI-IFC – Global Reporting Initiative – International Finance Corporation

NFI – Non-Financial Information

SIC – Standard Industrial Classification

SMEs - Small and Medium-sized Enterprises

SRD – Social Responsibility Disclosure

Introduction

Nowadays it is not enough for firms to disclose financial information. Companies are being forced by society standards and in some cases by regulators to disclose non-financial information. Firms can choose to disclose information related to sustainability in many ways and extents.

According to Ceres (2015:14), until now companies have integrated board sustainability in three ways: integration of sustainability in an already created committee; a view that all board of directors is responsible for sustainability matters; and the creation of a committee dedicated only to sustainability. All the possibilities presented above have advantages and disadvantages, but we are verifying a growth in the appearance of CSR committees. The number of CSR committees in firms has increased in the past years (Spitzeck, 2009; Gennari and Salvioni, 2019), and it is relevant to understand if this is an effective mechanism for the company and how it influences its performance.

The existence of this type of committee in firms shows a proactive attitude regarding environmental issues. A board with an environmental committee has a higher tendency to be ecological transparent, but only if the board presents certain characteristics. "The results are consistent with stakeholder theory, suggesting that a diversified and independent board and the existence of a board-level environmental committee may balance a firm's financial and non-financial goals with limited resources and moderate the possible conflicting expectations of stakeholders who have disparate interests." (Liao et al., 2015).

Ceres (2015:13), analysed some companies' CSR board committees' responsibilities, which included reviewing management's risk assessment, policies, and procedures related to sustainability; reviewing and advising sustainability targets; examining and approving companies' environmental performance; and reviewing sustainability disclosures. Companies' boards should play an active role in enforcing sustainability.

This study aims to investigate the relationship between the existence of a CSR committee and performance, financial and non-financial, contributing to a better understanding of the influence of this mechanism in governance. Prior studies have focused on this issue, but they have reached contradictory conclusions.

The main findings of this study show that the presence of a CSR committee in firms is generally positively associated with financial and non-financial performance. Even though these results are not always consistent in the different samples used, it was found that the results varied considering the country analysed. It was also found that most of the time, having a CSR

committee and belonging to an environmentally sensitive industry did not influence firms' performance. Contrary to what was expected, the enforcement of Directive 2014/95/EU was not positively and significantly related to performance in companies with a CSR committee. Note that results for each sample should be analysed carefully since as it was previously referred, results may vary according to the country under analysis.

This work starts in chapter one, with a review of the existing literature on the subject, where important concepts are addressed, and where it is found the basis for this work. The next chapter focuses on the development of the hypothesis to test, considering the previous findings and conclusions. The third chapter presents the models and variables used in the research. Chapter four presents an analysis and discussion of the results obtained. Finally, chapter five exhibits the conclusions reached.

Chapter 1. Relevant Literature Review

1.1. Stakeholder theory and corporate social responsibility

According to Freeman et al. (2010), stakeholder theory is a view of how firms create social and financial value and the importance of ethics and morality within the process. Some have addressed CSR from a corporate governance perspective, analysing the ways to govern a firm. This addresses one of the problems with stakeholder theory, the problem of value creation and trade.

Using the perspective of stakeholder theory, CSR can be viewed from two different lines: there is the residual view and the integrated view of CSR. The residual view of CSR is the initial view and it addresses CSR as a residual activity, it is seen as a firm obligation to give back to society some of the value created. In this view CSR is not related to important activities for creating value for the company, the primary goal is profit maximization. On the other hand, integrated CSR contemplates the integration of social, ethical, and environmental concerns in the management strategy. This views CSR as a part of management, and it includes key ideas of the stakeholder approach. In the past few years, companies have been adopting this view of CSR in their management.

1.2. Corporate social responsibility

Kolb (2018:746) claims that CSR "refers to the general belief that modern businesses have a responsibility to society that extends beyond that to the stockholders or investors in the firm. Businesses typically think of their responsibility to the owners. But the CSR concept extends this responsibility to other societal stakeholders as well, which typically includes consumers, employees, the community at large, government, and the natural environment.".

Corporate social responsibility reporting goes beyond the usual disclosure of financial information. Associated with corporate social responsibility is also the concept of corporate social performance, it "focuses on actual results achieved rather than the general notion of business's accountability or responsibility to society" (Kolb, 2018:746).

CSR is related to the triple bottom line approach which defends that companies should focus equally on the economic, social, and environmental components of the business. Economic, social, and environmental performances are positively related to organizational attractiveness ratings. If firms want to achieve high performance it is important to have a correspondence between the organization's environmental performance and potential applicants' pro-environmental attitude (Bohlmann et al., 2018).

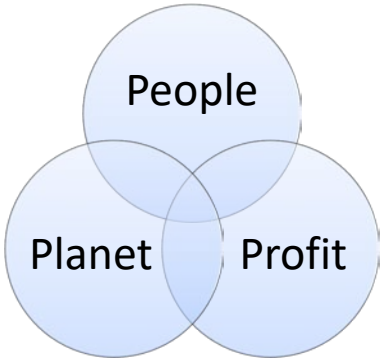

Figure 1.1 - Triple Bottom Line

Figure 1.1 represents a well-known picture of the triple line, interacting economic, social, and environmental performances with Profit, People, and Planet, respectively. While investigating the relationship between internal corporate governance and triple bottom line performance in US-based firms, Hussain et al. (2018), despite what they were expecting, found no significant relationship between corporate governance characteristics and the economic bottom of sustainability performance. However, and according to their expectations, the environmental and social sustainability performance is enhanced by most of the corporate governance characteristics. De Villiers and Van Staden (2010) also found evidence in their research to support the conclusions that board governance characteristics have an impact on strong environmental performance.

KPMG reviewed corporate responsibility and sustainability reporting from 4900 companies in 49 countries and regions, choosing the top 100 companies by revenue in each country. According to the KPMG Survey of Corporate Responsibility Reporting (2017), the leading region for Corporate Responsibility (CR) reporting globally is the Americas with 83% CR reporting rate, followed by the Asia Pacific with 78%, Europe with 77%, and Middle East & Africa with 52%. When compared with the 2015 information, a higher percentage of companies are reporting CR information in their annual financial reports. Across all industries, 60% of companies are reporting on CSR. The sectors of Oil & Gas and Mining, as in previous years, have high CR reporting rates. Sectors as the ones mentioned, with social and environmental impact, usually have higher CR reporting rates (KPMG, 2017).

In the KPMG Survey (2017), CR reporting rates are available for the leading regions for the years 2011, 2013, 2015, and 2017. Comparing with the 2011 reporting rates, all regions recorded an increase in the CR reporting, except for the region of the Middle East & Africa. The region of Asia Pacific recorded the biggest increase, going from a rate of 49% in 2011 to 78% in 2017, as previously mentioned.

Cahan et al. (2016) parted CSR into expected and unexpected disclosures to see how they would influence firm value in different countries. It was found a positive relation between unexpected CSR disclosure and firm value (increases in unexpected CSR disclosure are related to increases in firm value), but no relation between expected CSR disclosure and firm value. More globally, De Villiers and Marques (2016) found that firms that disclosure higher levels of CSR are associated with higher share prices.

Regarding CSR disclosure, De Villiers and Van Staden (2011) found that firms with a bad environmental reputation report more environmental information in their annual reports to reduce information asymmetry. If a firm is going through an environmental crisis it will report more environmental information on its website than non-crisis firms, to reduce political costs.

However, in somewhat contradictory evidence, Branco and Rodrigues (2008) while analysing Portuguese listed companies, found that the differences between disclosures among companies are not explained by environmental visibility. Contrary to their expectations, companies in environmentally sensitive sectors do not disclose more Social Responsibility Disclosure (SRD) than companies from other sectors. This means that other types of companies, more precisely ones that don't have huge impacts on the environment, are releasing more CSR information. The authors considered that companies engage in stakeholder management because they believe that being seen as socially responsible will bring them a competitive advantage or due to external pressure.

In order to have credible and valid communication, all communicative participants must be on the same page. Companies should avoid jargon and overly positive reporting; they should be clear, concise, and objective to have a credible CSR report (Lock and Seele, 2016).

Companies with higher visibility have more concerns in improving corporate image through SRD on the internet and annual reports. Sectors with higher visibility within consumers are more committed to activities regarding community involvement and disclosure (Branco and Rodrigues, 2008).

According to the Global Reporting Initiative (GRI) Organization, several organizations engaged in the process of corporate responsibility refer that there are a lot of benefits that come with sustainability reporting, they can be internal or external. Internal benefits include a better understanding of risks and opportunities; influencing the organization's strategy and helping to improve efficiency; comparing performance internally and among other organizations; and many others. External benefits include reducing negative environmental, social, and governance impacts; improving reputation; showing external stakeholders the organization's

value; and divulging how the organization copes with expectations surrounding sustainable development.

Some authors have been researching the benefits of CSR practices (eg. Hodinková and Sadovský, 2016; Arevalo and Aravind, 2017). Dhaliwal et al. (2011) found that the initiation of voluntary CSR disclosure brings the firm a reduction in the cost of equity capital. A firm is more likely to initiate CSR disclosure if it has a higher prior-year cost of equity capital. If a firm has better CSR performance than its industry peers, after initiating CSR reports it will have a reduction in the cost of equity capital.

However, only a few of the previous studies include a variable to capture the existence of a CSR committee (e.g. Baraibar-Diez and Odriozola, 2019; Pucheta-Martínez and Gallego-Álvarez, 2019; Hussain et al., 2018). Thus, due to the importance of this mechanism in influencing companies' performance and especially after the enforcement of Directive 2014/95/EU, it becomes relevant to analyse their relationship.

1.3. CSR Committee

De Villiers and Van Staden (2010) found evidence that most shareholders from Australia, the UK, and the USA want more specific and audited environmental information for investment decision-making purposes. Disclosing this information to all the concerned parts, shareholders and stakeholders, helps in building and keeping trust in companies, in their boards and shows commitment to transparency in the actions taken.

Also, Gennari and Salvioni (2019) refer that companies can have a committee on their board dedicated only to corporate social responsibility matters and their impact on society. It can appear under different names, being the most common: sustainability committee, ethics committee, environment committee, CSR committee, social committee, and responsibility committee.

In European countries, it is not mandatory for firms to have a CSR committee on their boards. However, Gennari and Salvioni (2019) found that there is a growing importance of the CSR committee in European companies and that the mandatory non-financial disclosure impacts the establishment of CSR committees. One example of this mandatory non-financial disclosure is Directive 2014/95/EU previously mentioned.

The presence of CSR committees in companies has grown in the past years. Spitzeck (2009), while analysing UK firms, reported that the use of corporate responsibility committees increased from 16% in 2002 to 61% in 2007. The same idea is reinforced by Gennari and Salvioni (2019), who found that CSR committees increased from 2.46% to 6.70% in European

companies from 2000 to 2016. Sustainability committees have multiple focuses but usually concentrate their efforts on two stakeholder groups at a time (Burke et al., 2019).

The existence of a CSR board committee has a positive influence on CSR reporting (Pucheta-Martínez and Gallego-Álvarez, 2018), in quantity and quality (Adnan et al. 2018). Adnan et al. (2018) in their research analyzed quantity (the extent of reports which was measured in sentences), and quality (the comprehensiveness) of CSR disclosure. They found that a social responsibility board committee enlarges CSR reporting, this variable was "positively and significantly associated with quality and quantity of CSR reporting in all of the tests".

Some authors also found a positive relationship between CSR performance and having a CSR committee. Companies with a CSR committee have better corporate sustainability performance in the Corporate Responsibility Index (Spitzeck, 2009). These committees can successfully improve Corporate Social Performance strengths, but they can't reduce CSP concerns. Even though the existence of a committee implies that the company knows that a negative CSP has an impact and is a risk on the business. When compared to firms with no sustainability committee or with non-focused, firms with a focused sustainability committee are associated with more CSP strengths (Burke et al., 2019)

Baraibar-Diez and Odriozola (2019) also analysed the influence of having a CSR committee on CSR performance, specifically on ESG performance in the UK, France, Germany, and Spain. They found that companies with a CSR committee have different ESG scores when compared with firms without one. Having a CSR committee is related to better performance when considering the four scores (environmental, social, governance, and economic) and the four countries independently (except for economic scores in Spain).

Several authors concluded that board characteristics influence the presence of such committees. García-Sanchez et al. (2019), in this line of research, found that independent directors promote the creation of specialised committees to make decisions related to CSR strategies. They argue that since directors don't have a lot of knowledge in this field and are averse to reputation risks, they choose to delegate this responsibility. In this specific situation, the CSR committee is a mediator between independent directors and the adoption of the Global Reporting Initiative – International Finance Corporation (GRI-IFC) strategy. The GRI-IFC strategy is the use of Global Reporting Initiative guidelines and the International Finance Corporation performance standards. Also, Eberhardt-Toth (2017) investigated the characteristics of a board CSR committee to propose an effective model composition. She found that companies with a board CSR committee that has more independent directors, whose chief

executive is not part of this committee, with a higher average age of the directors, with a female chair and with a smaller size, are more likely to have higher corporate social performance. Usually, the work of the CR committees is not conducted by the CEO (Spitzeck, 2009).

The creation of this kind of committee is a way for the company to showcase its commitment to the stakeholders' worries, and assuming responsibility for their actions.

Prior research on CSR committees has focused on its relation to disclosure and performance. Table 1.1 shows a summary of the findings previously mentioned.

Table 1.1 - Prior research on the influence of CSR committees on performance and disclosure

Authors	Journal	Relation between dependent and independent variables	Name given to the Committee about CSR topics
Baraibar-Diez and Odriozola (2019)	Sustainability	Better non-financial performance	CSR committee
Pucheta-Martínez and Gallego-Álvarez (2019)	Corporate Social Responsibility and Environmental Management	Positively associated with CSR disclosure	CSR committee
Burke et al. (2019)	Journal of Business Ethics	Positive and significant for CSP strengths	Sustainability committee
Hussain et al. (2018)	Journal of Business Ethics	Positive for environmental and social performance No significance for economic performance	Sustainability committee
Adnan et al. (2018)	Journal of Cleaner Production	Positively associated with CSR reporting	CSR committee
Rodrigue et al. (2013)	Journal of Business Ethics	No significant association with environmental regulatory performance in the next year	Environmental board committee
Spitzeck (2009)	Corporate Governance International Journal of Business in Society	Positive relation with CSR performance	CR committee

1.4. CSR performance and environmentally sensitive industries

Environmentally sensitive industries are industries that are more likely to cause harm to society and the environment, such as Oil and Gas Extraction, Mining, Chemical Manufacturing, Air Transportation, and others.

While analysing firms in environmentally sensitive industries, Rodrigue et al. (2013), found evidence supporting the view that environmental governance is mostly symbolic. They argue that environmental governance mechanisms are not significantly related to environmental regulatory performance, even though they can somewhat influence pollution prevention. The

board perceives environmental issues as risks, and the companies should protect themselves from them. The mechanisms that corporations use are a way of showing environmental concern, but it doesn't imply environmental improvements. Environmental governance mechanisms, they say, can be seen as just a strategy so that the company can protect itself from the risks associated with environmental issues.

However, a slightly different view emerges from the research of Arena et al. (2015), on the environmentally sensitive industries of oil and gas industries. When companies use an optimistic tone in environmental disclosures it is not simply because of managerial opportunistic reasons (to manipulate stakeholders), they use it to signal positive environmental performance in the future. Organizations using optimistic language are more likely in the future to be good environmental performers; this is also influenced by the characteristics of the board of directors. Arena et al. (2015) also point that stakeholder orientation from the board is an important characteristic to signal that too.

After advocating that governance mechanisms such as CSR committees, the presence of 'community influentials' on the board, and board diversity, signal superior environmental performance to stakeholders, Arena et al. (2015), suggest that firms should take them into account.

Firms in environmentally sensitive industries disclose more environmental information, this finding provides support to the view that some companies appear to use this type of disclosures as a legitimacy tool (Cho and Patten, 2007). Using ESG (Environmental, Social and Governance) scores, Garcia et al., (2017) found that companies that are part of sensitive industries or seen as likely to be harmful to society predominantly have the best environmental performance. However, some authors conclude differently. For instance, Miralles-Quirós et al. (2018), researching on BRIC's countries, showed that the market does not significantly value the three ESG pillars. It values the environmental practises by companies that don't belong to environmentally sensitive industries. While in companies belonging to sensitive industries, the market positively and significantly values the social and corporate governance practises since environmental concerns are already reflected in share prices. These contradictions make it interesting to analyse whether these conclusions sustain in different countries.

Firms in sensitive industries, when compared to firms in non-sensitive industries, have a higher sustainability reporting level, and therefore higher disclosure scores. These reporting levels may influence share prices. For instance, Mohammadi et al. (2018) found that the sustainability disclosure index has a significant positive effect on the share price of sensitive firms, and De Villiers and Marques (2016) found a similar result, suggesting that in sensitive

industries a low level of disclosure is related to lower shares prices when compared to those who do not disclose about CSR issues.

Patten (2002) decided to study if the environmental performance, in this case, measured by the level of toxics released into the environment in 1988, would influence the environmental disclosure when the information about toxics was available to the public. He found that there is a significant relationship between environmental performance and environmental disclosure. Higher levels of toxic releases lead to higher environmental disclosure, which means that companies with worse environmental performance tend to have greater environmental disclosure. Firms in non-environmental sensitive industries have higher levels of disclosure for higher levels of toxics released to the environment when compared with firms from environmentally sensitive industries.

To show commitment to CSR, the whole organisation should be involved. This is especially relevant to companies in sensitive industries, as it a way to show that they are trustworthy and are trying to improve reputation (Arena et al., 2015).

1.5. EU Directive

The Directive 2014/95/EU is a law in the European Union that obligates large companies to disclosure non-financial and diversity information. The directive has been applied since 5 of December 2014, but companies had to start disclosing the information in 2018 regarding the previous financial year. It was created to amend the accounting directive 2013/34/EU.

Directive 2013/34/EU offered information about annual and consolidated financial statements and related reports for businesses. According to the European Commission, this directive aimed to "ensure the clarity and comparability of financial statements, other than international financial reporting standards (IFRS); limit administrative burdens and provide for simple and robust accounting rules, especially for small and medium-sized enterprises (SMEs); increase transparency of the payments made by the mining and logging industries to governments".

The Directive 2014/95/EU aims to make large companies "disclose relevant non-financial information to provide investors and other stakeholders with a more complete picture of their development, performance and position and of the impact of their activity".

Since 2018, with the implementation of Directive 2014/95/EU, some companies need to include in their annual reports non-financial statements, namely companies with more than 500 employees. According to the European Commission website, this directive covers around 6,000

large companies in the European Union, which include: listed companies, banks, insurance companies, and companies that are considered public-interest companies.

As described in the Directive 2014/95/EU, "the European Parliament acknowledged the importance of businesses divulging information on sustainability such as social and environmental factors, with a view to identifying sustainability risks and increasing investor and consumer trust. Indeed, disclosure of non-financial information is vital for managing change towards a sustainable global economy by combining long-term profitability with social justice and environmental protection. In this context, disclosure of non-financial information helps the measuring, monitoring and managing of undertakings' performance and their impact on society".

Under this regulation, companies that are covered must disclose reports on how they implement policies related to environmental protection, social responsibility and treatment of employees, respect for human rights, anti-corruption and bribery, and diversity on company boards. This law contains rules for non-financial and diversity information.

This information should be disclosed in their annual report, even though some countries offered companies the option of disclosing this information in a separate report. Companies can choose to adopt guidelines from different sources: i) from their country, ii) from the European Union such as Eco-Management and Audit Scheme (EMAS), or iii) from International organizations, like the United Nations Global Compact, the International Organisation for Standardisation's ISO 26000, the Global Reporting Initiative Framework or the Accountability Framework [1].

European Union policies can act as a proxy for sustainable development and an increased compromise to achieving sustainability. Muserra et al. (2020) analysed the influence of the European Union Directive on Non-Financial Information (NFI) in Italian companies. They conducted interviews with companies and identified various reasons for NFI disclosures. The reasons can be organized in an evolutionary process with 3 stages: a) compliance with the market (a must have), b) reputation (a better to have) and c) new business opportunities (a new opportunity). In the companies interviewed only one showed signs of being in stage a), "one interviewee sees non-financial reporting as a means of meeting the needs". For most companies, the driver for non-financial disclosure and CSR is reputation (b). Companies in this stage view CSR policies as a way for legitimacy and to be seen as attractive by all the stakeholders, it is

[1] The accountability framework is "a set of common definitions, norms, and guidelines for delivering on companies' ethical supply chain commitments"; version 1.0 of the framework was released in June 2019 – website: https://accountability-framework.org/the-initiative/

used as an accountability tool. In the last stage, c), new business opportunities, only a few companies view CSR as a source of innovation. Here ESG issues are the key driver, they are integrated into the business and into performance valuation.

Not only companies that fall into the spectrum of this Directive disclose non-financial information, (Tiron-Tudor et al., 2019). More and more companies are disclosing their corporate social responsibility and sustainability practises voluntarily to improve their image and show commitment to society and the environment and not only to profit.

The Directive 2014/95/EU brings a new approach to CSR. While analysing the implementation of the directive and its transposition into French law, Malecki (2018:88) identified two major changes "it is now a statement and no longer a non-financial report covering a list of items" and "it is now a question of non-financial "performance" which gives a new, positive dynamic…". It is also identified " a change in the vocabulary that aims to change the approach to non-financial reporting: it is no longer a constraint imposed by a rebarbative list but on the contrary a means to give stakeholders the opportunity to assess, or even to criticise (…) how non-financial aspects are taken into account".

Throughout the literature, we can find a few ex-ante analyses of the non-financial reporting and their determinants (Carini et al., 2018; Dumitru et al., 2017). However, there aren't a lot of ex-post studies, like Sierra-Garcia et al. (2018) analysis of the impact of Directive 2014/95/EU on Spanish IBEX-35 listed companies and Matuszak and Rózanska (2017) research on the influence of the Directive in CSR disclosure requirements among Polish listed companies.

Raucci and Tarquinio (2020) found that there was a reduction in the quantity of sustainability performance indicators used by companies after the adoption of the directive. Companies since then started to focus more on indicators considered to be relevant in the context of the directive.

Tiron-Tudor et al. (2019), investigated the disclosure levels of non-financial information before and after the implementation of the European Directive 2014/95/EU in January 2017 among Romanian listed companies. They concluded that the Directive has a positive impact on the level of transparency of the companies. They also found that companies' disclosure in Romania was on average higher than in Italian or Polish ones. This was more evident in companies belonging to environmentally sensitive industries, especially in the sectors of Oil & Gas and Utilities and Financial. In companies where the regulation is mandatory the level of compliance increased from an average to a high level of compliance. This directive is mandatory for companies with 500 employees or more, but in this research, the authors also considered companies with less than 500 employees. They found that these companies also

respond positively to this new regulation, starting to disclose more information related to the directive requirements. This is due to the mimetic isomorphism process of institutionalisation. The main factors that influence non-financial disclosure are companies' size, performance, and industry sector. Despite what might have been expected the industry's environmental sensitivity was the least important factor, even though companies in these industries are the ones that divulged more information.

Even though large companies already tend to disclosure more non-financial information, there still is an information gap to fill among these entities. Directive 2014/95/EU can make a greater contribution to this issue, even more than expected (Venturelli et al., 2017).

Chapter 2. Research Objectives and Hypotheses

Prior literature provides mixed answers about the effect of the presence of a CSR committee in the firm's performance, financial and non-financial. Baraibar-Diez and Odriozola (2019) found evidence that the variable CSR committee was positively and significantly related to all ESG scores in all the countries of their sample, and with economic scores from three of the four countries analysed in their research.

Hussain et al. (2018) found that the presence of a CSR committee is positively related to social and environmental performance, however despite what they were expecting CSR committee was not significantly related to economic sustainability performance. This mechanism also plays a role in improving corporate social performance strengths even though it cannot reduce concerns (Burke et al., 2019). This research will provide further evidence on how this governance mechanism can influence and offer opportunities to enhance performance.

On the other hand, prior literature covers matters related to environmentally sensitive industries but did not found a consensual answer about the fact that belonging to an environmentally sensitive industry affects a firm's CSR performance. Rodrigue et al. (2013), found evidence supporting the view that environmental governance is mostly symbolic, as their results showed that environmental governance mechanisms such as the CSR committee are not significantly related to environmental regulatory performance.

Finally, there are several papers analysing the influence of the Directive 2014/95/EU in disclosure (e.g. Matuszak and Rozanska, 2017; Tiron-Tudor et al., 2019). However, we are not aware of any prior research that documents whether the EUD influences the CSR performance of companies, which is an important contribution to the literature. In this case, specifically relating the influence that this Directive has caused in the three most powerful economies of the European Union. This research represents one of the first analyses of this directive and CSR performance.

As such, the main objective of this study is to analyse the influence of a CSR committee on financial and non-financial performance. Several hypotheses are formulated.

Baraibar-Diez and Odriozola (2019) found evidence that the variable CSR committee was positively and significantly related to all ESG scores in all the countries of their sample. Hussain et al. (2018), also found supporting evidence that the presence of a CSR committee is positively related to social and environmental performance. Mallin and Michelon (2011), studied the effects of board attributes on the corporate social performance of firms, their results showed that there is a positive relationship between the existence of a CSR committee and community

and human rights performance. García-Sanchez et al. (2019) found evidence that a CSR committee acts as a mediator between independent directors' responsibility with sustainability and strategies to enhance social and environmental performance.

Allouche and Laroche (2005) analysed the relationship between corporate social performance and corporate financial performance (CFP) through diverse factors and the results showed that CSP has a positive impact on CFP. Jo and Harjoto (2012) treated CSR as the missing link between corporate governance and corporate financial performance and found evidence that CFP is positively enhanced by CSR's engagement in community, environment, diversity, and employee. Baraibar-Diez and Odriozola (2019) found evidence that the variable CSR committee was positively and significantly related to economic scores from three of the four countries analysed in their research.

Considering the findings of previous studies and following that a CSR committee affects positively performance, the next hypotheses are expected:

Hypothesis 1 (H1): *CSR committee is positively associated with performance.*

Hypothesis 1a (H1a): *CSR committee is positively associated with non-financial performance.*

Hypothesis 1b (H1b): *CSR committee is positively associated with financial performance.*

As aforementioned, this study also aims to see how the presence of a CSR Committee influences firms in industries considered to be environmentally sensitive in comparison to firms in industries not considered to be environmentally sensitive.

Rodrigue et al. (2013) argue that environmental governance mechanisms are not significantly related to environmental regulatory performance in environmentally sensitive industries. Similar conclusions were obtained by Hussain et al. (2018), which found no relationship between belonging to an environmentally sensitive industry and environmental and social performance. On the other hand, Garcia et al. (2017) found that companies belonging to this type of industry have superior environmental performance and that the average overall ESG performance, considering the three dimensions: environmental, social, and governance, is higher in companies from sensitive industries when compared to companies in other industries.

Considering the previous studies mentioned, and despite some contradictory conclusions, in this study, it is expected that the presence of a CSR committee in firms belonging to

environmentally sensitive industries to be positively related to non-financial performance in the firm.

When compared to firms in non-environmentally sensitive industries, firms in sensitive ones with sustainability reporting have higher market valuations. The sustainability disclosure index has a significant and positive relationship with share prices (Mohammadi et al., 2018). Ghosh (2013), while studying Indian companies found that those with the characteristics of being large and group affiliated, having less leverage, higher R&D and advertisement expenses, and belonging to environmentally sensitive industries are likely to have superior performance in sustainability. This superior sustainability will then lead to better financial performance.

A different vision emerges from Hussain et al. (2018), belonging to an environmentally sensitive industry is not significantly related to economic sustainability performance. Therefore, the following hypothesis is framed:

Hypothesis 2 (H2): *CSR committee is positively associated with performance in firms that belong to environmentally sensitive industries.*

Hypothesis 2a (H2a): *CSR committee is positively associated with non-financial performance in firms that belong to environmentally sensitive industries.*

Hypothesis 2a (H2b): *CSR committee is positively associated with financial performance in firms that belong to environmentally sensitive industries.*

Directive 2014/95/EU enhances transparent CSR reporting and sustainable development (Muserra et al., 2020). Tiron-Tudor et al. (2019) also found a positive relationship between the EUD and transparency in Romanian listed companies.

Finally, and considering the additional disclosures that Directive 2014/95/EU forces companies to make, and the studies mentioned above, it is expected that the directive influences positively performance. Thus, the following hypothesis is framed:

Hypothesis 3 (H3): *Directive 2014/95/EU is positively associated with performance in firms that have a CSR committee.*

Hypothesis 3a (H3a): *Directive 2014/95/EU is positively associated with non-financial performance in firms that have a CSR committee.*

Hypothesis 3b (H3b): *Directive 2014/95/EU is positively associated with financial performance in firms that have a CSR committee.*

Chapter 3. Methodology and Research Methods

For this study, it will be used a quantitative methodology. In this methodology are used large samples to represent a certain universe, to establish relationships between variables and statistical generalizations. “Quantitative research comprises research studies in which observations are measured and expressed in numerical form, such as in physical dimensions or on ratings scales. The results of quantitative research studies are typically analyzed through the use of inferential statistics. Quantitative research paradigms also offer the researcher varying amounts of control over the research situation.” (Wienclaw, 2019)

3.1. Data and Sample

Following the method of Lock and Seele (2016), the analysis will focus on the 3 biggest countries in the European Union considering the gross domestic product (GDP) in 2019, in order to represent the most powerful economies. Within those countries, the emphasis will be on large companies.

The GDP data was consulted in PORDATA, a Portuguese statistic database. The countries selected in descending order of GDP are Germany, the United Kingdom, and France. In these countries when it comes to CR reporting (KPMG, 2017), and taking into account the top 100 companies in each country by revenue, the UK and France have a CR reporting rate higher than 90%, while Germany has a CR reporting rate higher than the global average (72%). This shows that these countries are already committed to CSR reporting, practises, and attribute them importance. Moreover, in these 3 countries, the majority of G250 companies recognised in their reporting financial the risks of climate change (France – 90%, Germany – 61%, UK – 60%). Aligning this with the fact that they have the highest GDP in the EU, they came up as interesting countries to analyse, and to test our hypotheses. Furthermore, these countries are often used in researches in the field of accounting published in relevant outlets (Hussain et al., 2018; De Villiers and Marques, 2016; Ferrero-Ferrero et al., 2016; Lock and Seele, 2016; Gennari and Salvioni, 2019; Pucheta-Martinez and Gallego-Álvarez, 2019; Baraibar-Diez and Odriozola, 2019).

The implementation of the Directive 2014/95/EU can also have an impact on the creation of a CSR committee, since big companies are required to disclosure more non-financial information, this governance mechanism can become a great ally.

The information for the non-financial performance and the financial performance will be collected from the database Thomson Reuters Datastream. Information regarding other

variables in this study will also be collected from this database. After collecting all the necessary data, the information will be treated using the SPSS tool.

The following criteria were considered to select the information for the sample to be used in the research:

1. Only considered companies for which ESG scores information was available.
2. Select companies with more than 500 employees. This decision is because Directive 2014/95/EU affects companies in this spectrum, large companies.
3. Select only companies that had available information for each of the 4 years considered.

Taking all the previous criteria into account it is obtained the final sample used in this study, which is described in table 3.1.

Table 3.1 - Final Sample Composition

Year	France	Germany	UK	Total
2015	85	81	249	415
2016	85	81	249	415
2017	85	81	249	415
2018	85	81	249	415
Total number of observations	340	324	996	1660

Some of the necessary information was not available for all the companies in the considered period. The final sample, as it can be seen in table 3.1, was composed of 415 firms (1660 observations), from France 85 companies resulting in 340 observations in total, from Germany 81 companies resulting in 324 observations in total, and from the UK 249 companies resulting in 996 observations in total.

3.2. Model and variables

To analyse whether having a CSR committee has an impact on non-financial and financial performance, the following main equation is created for testing hypothesis H1:

$$Performance_{it} = \beta_1 CSR\_COM + \beta_2 IND\_SEN + \beta_3 SIZE + \beta_4 B\_SIZE + \beta_5 B\_IND + \beta_6 SUS\_REP + \beta_7 STA\_ENG + \varepsilon_{it} \quad \text{(Eq. 1)}$$

In order to test hypothesis H2 the following equation was created:

$$Performance_{it} = \beta_1 CSR\_COM + \beta_2 IND\_SEN + \beta_3 CSR\_COM*IND\_SEN + \beta_4 SIZE + \beta_5 B\_SIZE + \beta_6 B\_IND + \beta_7 SUS\_REP + \beta_8 STA\_ENG + \varepsilon_{it} \quad \text{(Eq. 2)}$$

Hypothesis H3 will be tested through the equation:

$$Performance_{it} = \beta_1 CSR\_COM + \beta_2 DIR + \beta_3 CSR\_COM*DIR + \beta_4 IND\_SEN + \beta_5 SIZE + \beta_6 B\_SIZE + \beta_7 B\_IND + \beta_8 SUS\_REP + \beta_9 STA\_ENG + \varepsilon_{it} \quad \text{(Eq. 3)}$$

3.2.1. Dependent Variables

Performance, the dependent variable, is divided into two components: non-financial and financial performance. So, Eq. (1), (2), and (3) are divided into four equations to be aligned with respectively with hypotheses H1, H2, and H3.

The non-financial performance will be captured by three variables, using the ESG measure. The ESG scores were provided by Thomson Reuters Datastream; the variables used are environmental score (ENV_S), social score (SOC_S), and governance score (GOV_S). This indicator has been vastly used in previous studies in the literature (eg. Baraibar-Diez and Odriozola, 2019; Fatemi et al., 2018; Brooks and Oikonomou, 2018).

According to the Thomson Reuters database the Environmental Pillar Score "is the weighted average relative rating of a company based in the reported environmental information and the resulting three environmental category scores". Governance Pillar Score "is the weighted average relative rating of a company based on the reported governance information and the resulting three governance category scores". Social Pillar Score "is the weighted average relative rating of a company based on the reported social information and the resulting four social category scores".

Fatemi et al. (2018) studied the effect of ESG activities and disclosure on firm value. They found that ESG related disclosure plays a moderator role between a firm's ESG performance and its value. ESG's strengths increase firm value and ESG concerns decrease it. Alone, ESG disclosure decreases firm value, but when considering disclosure and ESG strengths and weakness, in the presence of ESG strengths, high ESG disclosure weakens the positive valuation effect of the strengths. The disclosure also weakens the negative valuation effects of ESG concerns. Environmental strengths increase the firm's valuation and weaknesses decrease it. When it comes to social and governance factors, weaknesses tend to decrease valuation, but strengths don't increase it. Investors differentiate between the different dimensions of ESG

scores. Governance concerns lead to much steeper valuation discounts than social concerns or environmental concerns. Moderating effects of governance disclosure are stronger than social or environmental.

ESG disclosures are generally associated with better ESG performance as well as firm performance. The negative financial effects of CS irresponsibility are stronger than the positive financial effects of CSR (Brooks and Oikonomou, 2018). Companies with higher ESG scores have better financial performance (Dalal and Thaker, 2019). Companies with a systematic risk similar to the portfolio of market assets have the best aggregate ESG performance (Garcia et al., 2017).

Analysing EU-15 countries Ferrero-Ferrero et al. (2016) found that firms that have interdimensional consistency have a greater effect of ESG on economic performance, except for higher levels of ESG performance. This means that a firm is not penalized for concentrating efforts on extra financial categories which allow them to have a good result in ESG rating as a whole.

Analysing data from three databases, Halbritter and Dorfleitner (2015), found that ESG portfolios, considering overall scores and particular pillars, don't have significant return differences for companies with high and low ESG rating levels. They could not identify a systematic pattern for individual ESG dimensions in the three databases. Their results show a decrease in the influence of ESG variables on the returns.

Financial performance will be captured by the variable ECO_S. The measure for the economic score will be ROA, return on assets. It is used to measure profitability and return on assets can be obtained by dividing the Earnings Before Interest and Taxes by the total of assets. This variable has been used in the research of Appuhami and Tashador (2017), Hussain et al. (2018), and De Villiers and Marques (2016).

If any of these values were missing, it was used the average of the remaining measures for that company in the other years.

In order to test the relationship between the main variable and all the dependent variables, the following equations were formulated.

$$ENV\_S_{it} = \beta_1 CSR\_COM + \beta_2 IND\_SEN + \beta_3 SIZE + \beta_4 B\_SIZE + \beta_5 B\_IND + \beta_6 SUS\_REP + \beta_7 STA\_ENG + \varepsilon_{it} \quad \text{(Eq. 1.1)}$$

$$SOC\_S_{it} = \beta_1 CSR\_COM + \beta_2 IND\_SEN + \beta_3 SIZE + \beta_4 B\_SIZE + \beta_5 B\_IND + \beta_6 SUS\_REP + \beta_7 STA\_ENG + \varepsilon_{it} \quad \text{(Eq. 1.2)}$$

$$GOV\_S_{it} = \beta_1 CSR\_COM + \beta_2 IND\_SEN + \beta_3 SIZE + \beta_4 B\_SIZE + \beta_5 B\_IND + \beta_6 SUS\_REP + \beta_7 STA\_ENG + \varepsilon_{it} \quad \text{(Eq. 1.3)}$$

$$ECO\_S_{it} = \beta_1 CSR\_COM + \beta_2 IND\_SEN + \beta_3 SIZE + \beta_4 B\_SIZE + \beta_5 B\_IND + \beta_6 SUS\_REP + \beta_7 STA\_ENG + \varepsilon_{it} \quad \text{(Eq. 1.4)}$$

To test hypothesis 1, it will be used equations (1.1), (1.2), (1.3), and (1.4).

$$ENV\_S_t = \beta_1 CSR\_COM + \beta_2 IND\_SEN + \beta_3 CSR\_COM*IND\_SEN + \beta_4 SIZE + \beta_5 B\_SIZE + \beta_6 B\_IND + \beta_7 SUS\_REP + \beta_8 STA\_ENG + \varepsilon_{it} \quad \text{(Eq. 2.1)}$$

$$SOC\_S_t = \beta_1 CSR\_COM + \beta_2 IND\_SEN + \beta_3 CSR\_COM*IND\_SEN + \beta_4 SIZE + \beta_5 B\_SIZE + \beta_6 B\_IND + \beta_7 SUS\_REP + \beta_8 STA\_ENG + \varepsilon_{it} \quad \text{(Eq. 2.2)}$$

$$GOV\_S_t = \beta_1 CSR\_COM + \beta_2 IND\_SEN + \beta_3 CSR\_COM*IND\_SEN + \beta_4 SIZE + \beta_5 B\_SIZE + \beta_6 B\_IND + \beta_7 SUS\_REP + \beta_8 STA\_ENG + \varepsilon_{it} \quad \text{(Eq. 2.3)}$$

$$ECO\_S_t = \beta_1 CSR\_COM + \beta_2 IND\_SEN + \beta_3 CSR\_COM*IND\_SEN + \beta_4 SIZE + \beta_5 B\_SIZE + \beta_6 B\_IND + \beta_7 SUS\_REP + \beta_8 STA\_ENG + \varepsilon_{it} \quad \text{(Eq. 2.4)}$$

To test hypothesis 2, it will be used equations (2.1), (2.2), (2.3), and (2.4).

$$ENV\_S = \beta_1 CSR\_COM + \beta_2 DIR + \beta_3 CSR\_COM*DIR + \beta_4 IND\_SEN + \beta_5 SIZE + \beta_6 B\_SIZE + \beta_7 B\_IND + \beta_8 SUS\_REP + \beta_9 STA\_ENG + \varepsilon_{it} \quad \text{(Eq. 3.1)}$$

$$SOC\_S = \beta_1 CSR\_COM + \beta_2 DIR + \beta_3 CSR\_COM*DIR + \beta_4 IND\_SEN + \beta_5 SIZE + \beta_6 B\_SIZE + \beta_7 B\_IND + \beta_8 SUS\_REP + \beta_9 STA\_ENG + \varepsilon_{it} \quad \text{(Eq. 3.2)}$$

$$GOV\_S = \beta_1 CSR\_COM + \beta_2 DIR + \beta_3 CSR\_COM*DIR + \beta_4 IND\_SEN + \beta_5 SIZE + \beta_6 B\_SIZE + \beta_7 B\_IND + \beta_8 SUS\_REP + \beta_9 STA\_ENG + \varepsilon_{it} \quad \text{(Eq. 3.3)}$$

$$ECO\_S = \beta_1 CSR\_COM + \beta_2 DIR + \beta_3 CSR\_COM*DIR + \beta_4 IND\_SEN + \beta_5 SIZE + \beta_6 B\_SIZE + \beta_7 B\_IND + \beta_8 SUS\_REP + \beta_9 STA\_ENG + \varepsilon_{it} \quad \text{(Eq. 3.4)}$$

To test hypothesis 3, it will be used equations (3.1), (3.2), (3.3), and (3.4).

3.2.2. Independent Variables

The independent variable in this study is the existence of a CSR Committee (CSR_COM). This is presented as a dummy variable, which equals 1 if the company has a CSR Committee or equals 0 if it does not have one.

The presence of the CSR Committee in the sample for this study can be presented as follows in figure 3.1 and table 3.2. It is notable an increase in the presence of the CSR committee, which is in agreement with previous research (Spitzeck, 2009; Gennari and Salvioni, 2019).

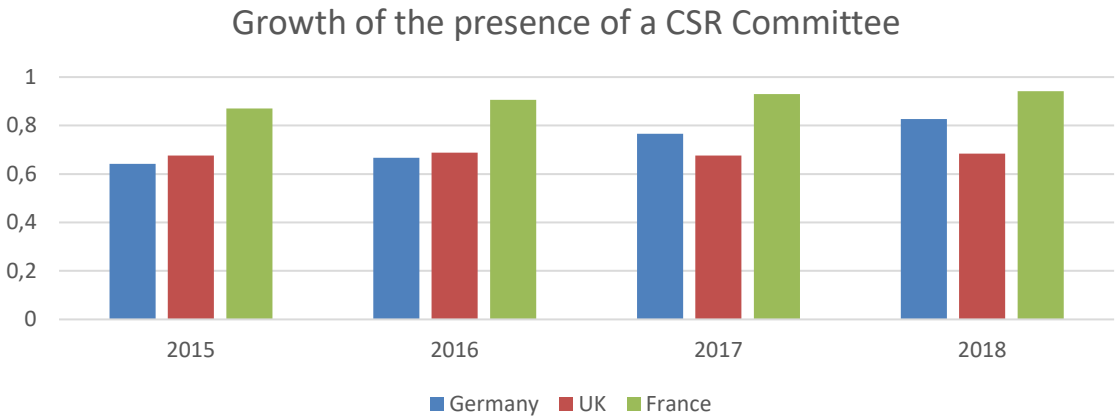

Figure 3.1 - Percentage of companies with a CSR Committee

Table 3.2 - Percentage of companies with a CSR committee

	Germany	UK	France
2015	64.20%	67.59%	87.06%
2016	66.67%	68.78%	90.59%
2017	76.54%	67.59%	92.94%
2018	82.72%	68.38%	94.12%

To test hypothesis 2, it will be created an interaction between the variable CSR_COM and the industry sensitivity (IND_SEN).

Industry Sensitivity (IND_SEN) is the variable used to evaluate if a company belongs to an environmentally sensitive industry. In this study, it will be used the SIC code. It stands for Standard Industrial Classification code and it describes the primary business activity of a firm. Following Burke et al. (2019) criteria, environmentally sensitive industries are industries with a primary SIC Code (2 digit SIC Code) of 01, 10, 12, 13, 20, 22, 24, 25, 26, 28, 29, 33, 37, 40, 49, 99. A more detailed denomination of the industries is present in table 3.3.

Table 3.3 - SIC Code Classification

Code	Division	Industry Title
01	A – Agriculture, Forestry, and Fishing	Agricultural Production - Crops
10	B – Mining	Mining
12	B – Mining	Coal Mining
13	B – Mining	Oil and Gas Extraction
20	D – Manufacturing	Food and Kindred Products
22	D – Manufacturing	Textile Mill Products
24	D – Manufacturing	Lumber and Wood Products, Except Furniture
25	D – Manufacturing	Furniture and Fixtures
26	D – Manufacturing	Paper and Allied Products

(Cont.)

(Cont.)

28	D – Manufacturing	Chemicals and Allied Products
29	D – Manufacturing	Petroleum Refining and Related Industries
33	D – Manufacturing	Primary Metal Industries
37	D – Manufacturing	Transportation Equipment
40	E – Transportation, Communications, Electric, Gas, and Sanitary Services	Railroad Transportation
49	E – Transportation, Communications, Electric, Gas, and Sanitary Services	Electric, Gas and Sanitary Services
99	J – Public Administration	Non-classifiable Establishments

In order to test hypothesis 3, it will be created an interaction between the CSR_COM variable and the variable that represents the implementation of the directive 2014/95/EU.

Directive 2014/95/EU (DIR) is a dummy variable used to express if the Directive was implemented or not. It assumes the value 0, if the Directive was not implemented and 1 if it was.

3.2.3. Control Variables

The control variables used are the ones used already in previous studies, as can be seen in table 3.4.

Size (SIZE): this variable has been widely used throughout the literature (eg. Naughton et al., 2019). It can be presented by different data, for example, revenue levels (Cho and Patten, 2007; Michelon et al., 2019), the value of the company's assets (Appuhami and Tashador, 2017; Hussain et al., 2018), or the number of employees (Baraibar-Diez and Odriozola, 2019). In this study, it will be used this last measure.

Board Independence (B_IND): this variable is often used in the literature (Michelon et al, 2019; Appuhami and Tashador, 2017). In the Hussain et al. (2018) study, they found that a higher proportion of independent directors had a positive influence on environmental and social performance. This is a dummy variable which assumes the value 1 if the company has a policy regarding the independence of its board, and 0 if it does not. According to the database, it is considered if "the company strives to maintain a well-balanced board through an adequate number of independent board members" and "independent board members maintain integrity and independence in decision making".

Board Size (B_SIZE): this variable is measured by the total number of board members at the end of the fiscal year. Hussain et al. (2018), in their analysis, were unable to find a

relationship between board size and the environmental, social, and economic dimensions of sustainability performance.

CSR Sustainability Reporting (SUS_REP): this is a dummy variable which answers the question "Does the company publish a separate CSR/H&S/Sustainability report or publish a section in its annual report on CSR/H&S/Sustainability?", if yes=1, if no=0.

CSR Engagement (STA_ENG): this variable is also represented by a dummy variable; it answers the question "Does the company explain how it engages with its stakeholders?", it assumes the value 1 if the answer is yes, and 0 if the answer is no.

Table 3.4 - Variables used in this study

Variable	Name	Measurement	Prior Studies using the variable
	Dependent variables		
ENV_S	Environmental pillar score	Score from Thomson Reuters	Garcia et al (2019); Baraibar-Diez and Odriozola (2019)
SOC_S	Social pillar score	Score from Thomson Reuters	Garcia et al (2019); Baraibar-Diez and Odriozola (2019)
GOV_S	Governance pillar score	Score from Thomson Reuters	Garcia et al (2019); Baraibar-Diez and Odriozola (2019)
ECO_S	Economic score (ROA – Return on assets)	EBIT / Total assets	Appuhami and Tashador (2017); Hussain et al. (2018); De Villiers and Marques (2016)
	Independent variables		
CSR_COM	CSR Committee	Dummy variable (yes =1 / no = 0) in response to the question "Does the company have a CSR Committee?"	See Table 1
IND_SEN	Industry Sensitivity	SIC Code Dummy variable (yes =1 / no = 0) in response to the question "Does the company belong to an environmentally sensitive industry?"	Cho and Patten (2007)

DIR	Directive 95/2014/EU	Dummy variable (yes =1 / no = 0) in response to the question "Was the Directive implemented that year?"	-
IND_SEN*CSR_COM	Interaction between the two variables	-	-
DIR*CSR_COM	Interaction between the two variables	-	-
		Control variables	
SIZE	Size	Number of employees (ln(number of employees))	Naughton et al. (2019); Cho and Patten (2007); Michelon et al. (2019)
B_SIZE	Board size	Total number of board members	Hussain et al. (2018)
B_IND	Board independence	Percentage of independent board members	Michelon et al. (2019); Appuhami and Tashador (2017)
SUS_REP	CSR Sustainability Reporting	Dummy variable (yes=1/ no=0) in response to the question "Does the company publish a separate CSR/H&S/Sustainability report or publish a section in its annual report on CSR/H&S/Sustainability?"	-
STA_ENG	Stakeholder Engagement	Dummy variable (yes=1/ no=0) in response to the question "Does the company explain how it engages with its stakeholders?"	-

Chapter 4. Results

4.1. Descriptive Statistics and Correlation Results

Table 4.1 - Summary of Descriptive Statistics

Variable	N	Min	Max	Mean	Std. Dev
Panel A: France					
CSR_COM	340	0	1	0.91	0.283
ENV_S	340	24.530	99.460	80.821	14.405
SOC_S	340	25.350	98.130	73.821	15.826
GOV_S	340	6.050	93.880	53.894	21.455
ECO_S	340	-19.591	35.365	6.212	6.214
IND_SEN	340	0	1	0.280	0.451
DIR	340	0	1	0.500	0.501
IND_SEN*CSR_COM	340	0	1	0.260	0.439
DIR*CSR_COM	340	0	1	0.470	0.500
SIZE	340	6.265	13.040	10.236	1.606
B_SIZE	340	5	24	13.120	3.430
B_IND	340	0	1	0.610	0.487
SUS_REP	340	0	1	0.990	0.108
STA_ENG	340	0	1	0.73	0.445
Variable	N	Min	Max	Mean	Std. Dev
Panel B: Germany					
CSR_COM	324	0	1	0.73	0.447
ENV_S	324	22.370	97.500	69.196	18.705
SOC_S	324	6.320	99.060	71.262	19.308
GOV_S	324	10.920	95.280	53.966	21.068
ECO_S	324	-12.586	27.411	7.148	5.854
IND_SEN	324	0	1	0.320	0.468
DIR	324	0	1	0.500	0.501
IND_SEN*CSR_COM	324	0	1	0.290	0.455
DIR*CSR_COM	324	0	1	0.400	0.490
SIZE	324	6.365	13.407	9.998	1.522
B_SIZE	324	3	22	13.980	5.097
B_IND	324	0	1	0.680	0.466
SUS_REP	324	0	1	0.890	0.311
STA_ENG	324	0	1	0.740	0.437

Variable	N	Min	Max	Mean	Std. Dev
Panel C: UK					
CSR_COM	996	0	1	0.690	0.462
ENV_S	996	7.100	97.980	62.104	18.296
SOC_S	996	6.350	96.760	60.174	16.896
GOV_S	996	4.290	97.250	56.410	20.551
ECO_S	996	-57.757	76.667	9.982	12.724
IND_SEN	996	0	1	0.240	0.430
DIR	996	0	1	0.500	0.500
IND_SEN*CSR_COM	996	0	1	0.200	0.397
DIR*CSR_COM	996	0	1	0.350	0.476
SIZE	996	6.254	13.323	8.988	1.464
B_SIZE	996	3	20	8.960	2.266
B_IND	996	0	1	0.270	0.442
SUS_REP	996	0	1	0.930	0.249
STA_ENG	996	0	1	0.440	0.497
Variable	N	Min	Max	Mean	Std. Dev
Panel D: Pooled Sample					
CSR_COM	1660	0	1	0.740	0.437
ENV_S	1660	7.100	99.460	67.322	19.123
SOC_S	1660	6.320	99.060	65.133	18.215
GOV_S	1660	4.290	97.250	55.417	20.833
ECO_S	1660	-55.757	76.667	8.657	10.695
IND_SEN	1660	0	1	0.270	0.443
DIR	1660	0	1	0.500	0.500
IND_SEN*CSR_COM	1660	0	1	0.230	0.419
DIR*CSR_COM	1660	0	1	0.380	0.486
SIZE	1660	6.254	13.407	9.441	1.605
B_SIZE	1660	3	24	10.79	3.957
B_IND	1660	0	1	0.420	0.493
SUS_REP	1660	0	1	0.940	0.234
STA_ENG	1660	0	1	0.560	0.497

Note: Variables previously mentioned in table 3.4.

Table 4.1 reports the descriptive statistics of the variables used in this study for equations (1), (2), and (3) for each country (Panel A, B, and C) and the pooled sample (Panel D). The maximum value for the ENV_S and the SOC_S is obtained in France, while the maximum

value for the governance score is obtained in the UK. Analyzing the highest average score was the environmental score in France, followed by the social score also in France. The highest average governance score was in the UK. The lowest average score in all three countries was the governance score. The highest average for the economic score, ROA, was in Germany.

In table 4.2, there is a representation of the variation of the average values of the ESG Scores for the sample used in this study. The environmental pillar has the highest average of all the pillars; governance presents the lowest values in the sample. The ESG scores of each pillar and in each country have consistently increased throughout the four years in the analysis. The exception is found in the environmental pillar for Germany and the UK for the year 2018, which registered a slight decrease of the average score. French companies present the highest average score for the environmental and social pillar, whereas the UK tends to have the highest average score for the governance pillar.

Table 4.2 - Evolution of average ESG Scores

Pillars	Year	France	Germany	UK
Environmental	2015	77.918	65.505	60.740
	2016	80.410	68.448	62.279
	2017	81.946	71.511	62.839
	2018	83.011	71.320	62.557
Social	2015	72.107	69.199	58.316
	2016	73.570	70.155	59.461
	2017	73.843	72.754	61.151
	2018	75.764	72.940	61.769
Governance	2015	50.147	50.776	54.544
	2016	51.817	51.254	55.501
	2017	53.189	53.871	56.784
	2018	60.422	59.961	58.810

Table 4.3 - Correlation matrix

	Panel A: France													
	CSR_COM	IND_SEN	IND_SEN* CSR_COM	DIR	DIR* CSR_COM	ENV_S	SOC_S	GOV_S	ECO_S	SIZE	B_SIZE	B_IND	SUS_REP	STA_ENG
CSR_COM	1	0.011	0.184**	0.083	0.292**	0.211**	0.147**	0.170**	-0.197**	0.178**	0.207**	0.116*	0.351**	0.161**
IND_SEN	0.011	1	0.942**	0.000	0.001	-0.048	-0.172**	-0.096	-0.041	-0.093	0.093	-0.081	0.068	-0.103
IND_SEN*CSR_COM	0.184**	0.942**	1	0.013	0.052	-0.046	-0.149**	-0.069	-0.096	-0.061	0.114*	-0.029	0.064	-0.078
DIR	0.083	0.000	0.013	1	0.937**	0.126*	0.059	0.132*	0.032	0.034	0.003	0.079	0.000	0.132*
DIR*CSR_COM	0.292**	0.001	0.052	0.937**	1	0.159**	0.083	0.160**	0.000	0.084	0.047	0.100	0.102	0.146**
ENV_S	0.261**	-0.037	-0.037	0.115*	0.156**	1	0.580**	0.147**	-0.249**	0.212**	0.195**	0.023	0.178**	0.226**
SOC_S	0.119*	-0.178**	-0.167**	0.062	0.078	0.634**	1	0.262**	-0.097	0.406**	0.160**	0.150**	0.108*	0.318**
GOV_S	0.167**	-0.125*	-0.094	0.136*	0.162**	0.124*	0.241**	1	-0.115*	0.272**	-0.029	0.249**	0.136*	0.365**
ECO_S	-0.149**	-0.144**	-0.187**	0.011	-0.014	-0.140**	-0.085	-0.089	1	-0.105	-0.234**	0.177**	-0.070	-0.130*
SIZE	0.168**	-0.086	-0.059	0.028	0.075	0.234**	0.437**	0.260**	-0.136*	1	0.443**	0.007	0.005	0.090
B_SIZE	0.217**	0.097	0.115*	-0.007	0.042	0.257**	0.188**	-0.054	-0.200*	0.395**	1	-0.167**	0.184**	0.133*
B_IND	0.116*	-0.081	-0.029	0.079	0.100	-0.033	0.122*	0.258**	0.176**	-0-015	-0.202**	1	-0.030	0.089
SUS_REP	0.351**	0.068	0.064	0.000	0.102	0.319**	0.084	0.134*	-0.030	-0.007	0.243**	-0.030	1	0.179**
STA_ENG	0.161**	-0.103	-0.078	0.132*	0.146**	0.196**	0.283**	0.377**	-0.099	0.111*	0.123*	0.089	0.179**	1
	Panel B: Germany													
	CSR_COM	IND_SEN	IND_SEN* CSR_COM	DIR	DIR* CSR_COM	ENV_S	SOC_S	GOV_S	ECO_S	SIZE	B_SIZE	B_IND	SUS_REP	STA_ENG
CSR_COM	1	0.275**	0.393**	0.159**	0.501**	0.462**	0.549**	0.374**	-0.094	0.448**	0.412**	0.204**	0.476**	0.589**
IND_SEN	0.275**	1	0.930**	0.000	0.089	-0.061	0.163**	-0.107	-0.045	0.166**	0.255**	-0.028	0.154**	0.176**
IND_SEN*CSR_COM	0.393**	0.930**	1	0.014	0.147**	0.001	0.231**	-0.048	-0.028	0.219**	0.221**	0.042	0.157**	0.188**
DIR	0.159**	0.000	0.014	1	0.813**	0.089	0.052	0.138*	0.040	0.007	-0.016	0.007	0.189**	0.177**
DIR*CSR_COM	0.501**	0.089	0.147**	0.813**	1	0.187**	0.231**	0.257**	0.032	0.163**	0.112*	0.108	0.263**	0.275**
ENV_S	0.480**	-0.028	0.035	0.119*	0.206**	1	0.640**	0.421**	-0.201**	0.561**	0.478**	0.158**	0.428**	0.497**
SOC_S	0.565**	0.167**	0.221**	0.083	0.259**	0.651**	1	0.539**	-0.021	0.553**	0.367**	0.278**	0.399**	0.509**
GOV_S	0.375**	-0.106	-0.044	0.140*	0.261**	0.414**	0.541**	1	0.151**	0.298**	0.023	0.311**	0.325**	0.301**
ECO_S	-0.071	-0.038	-0.049	0.054	0.048	-0.230**	-0.097	0.109*	1	-0.125*	-0.244**	0.079	0.002	-0.040
SIZE	0.445**	0.168**	0.215**	0.007	0.165**	0.546**	0.534**	0.299**	-0.112*	1	0.702**	0.247**	0.359**	0.340**
B_SIZE	0.426**	0.265**	0.229**	-0.005	0.125*	0.482**	0.367**	0.053	-0.189**	0.695**	1	0.029	0.293**	0.394**
B_IND	0.204**	-0.028	0.042	0.007	0.108	0.132*	0.279**	0.324**	0.026	0.254**	0.038	1	0.168**	0.192**
SUS_REP	0.476**	0.154**	0.157**	0.189**	0.263**	0.474**	0.483**	0.333**	-0.007	0.382**	0.308**	0.168**	1	0.502**
STA_ENG	0.589**	0.176**	0.188**	0.177**	0.275**	0.528**	0.540**	0.300**	-0.044	0.331**	0.409**	0.192**	0.502**	1
	Panel C: UK													
	CSR_COM	IND_SEN	IND_SEN* CSR_COM	DIR	DIR* CSR_COM	ENV_S	SOC_S	GOV_S	ECO_S	SIZE	B_SIZE	B_IND	SUS_REP	STA_ENG
CSR_COM	1	0.133**	0.329**	-0.002	0.485**	0.405**	0.406**	0.337**	-0.113**	0.283**	0.194**	0.036	0.285**	0.377**
IND_SEN	0.133**	1	0.866**	0.000	0.067*	0.044	0.085**	0.167**	-0.044	0.047	0.084**	0.023	0.105**	0.201**
IND_SEN*CSR_COM	0.329**	0.866**	1	0.003	0.163**	0.139**	0.159**	0.199**	-0.040	0.081*	0.094**	-0.033	0.111**	0.246**
DIR	-0.002	0.000	0.003	1	0.726**	0.030	0.073*	0.063*	-0.119**	0.029	0.011	0.036	0.097**	0.097**
DIR*CSR_COM	0.485**	0.067*	0.163**	0.726**	1	0.208**	0.230**	0.192**	-0.118**	0.152**	0.086**	0.037	0.168**	0.267**
ENV_S	0.399**	0.044	0.134**	0.032	0.204**	1	0.616**	0.382**	-0.141**	0.398**	0.362**	0.079*	0.262**	0.450**
SOC_S	0.418**	0.107**	0.177**	0.076*	0.238**	0.625**	1	0.414**	-0.082**	0.417**	0.350**	0.141**	0.288**	0.424**
GOV_S	0.361**	0.175**	0.207**	0.068*	0.203**	0.392**	0.434**	1	-0.047	0.366**	0.264**	0.113**	0.202**	0.382**
ECO_S	-0.117**	-0.066*	-0.076*	-0.141**	-0.124**	-0.073*	-0.050	-0.044	1	-0.131**	-0.193**	-0.019	-0.062	-0.092**
SIZE	0.296**	0.036	0.077*	0.025	0.155**	0.408**	0.432**	0.376**	-0.154**	1	0.413**	0.037	0.209**	0.303**
B_SIZE	0.192**	0.064*	0.083**	-0.003	0.068*	0.392**	0.365**	0.257**	-0.140**	0.419**	1	0.095**	0.078*	0.251**
B_IND	0.036	0.023	-0.033	0.036	0.037	0.083**	0.148**	0.119**	-0.016	0.047	0.114**	1	0.032	0.096**
SUS_REP	0.285**	0.105**	0.111**	0.097**	0.168**	0.280**	0.324**	0.231**	-0.096**	0.202**	0.072*	0.032	1	0.163**
STA_ENG	0.377**	0.201**	0.246**	0.097**	0.267**	0.448**	0.421**	0.384**	-0.095**	0.323**	0.250**	0.096**	0.163**	1

	Panel D: Pooled Sample													
	CSR_COM	IND_SEN	IND_SEN* CSR_COM	DIR	DIR*CSR_COM	ENV_S	SOC_S	GOV_S	ECO_S	SIZE	B_SIZE	B_IND	SUS_REP	STA_ENG
CSR_COM	1	0.146**	0.318**	0.041	0.461**	0.432**	0.418**	0.304**	-0.145**	0.331**	0.289**	0.123**	0.346**	0.402**
IND_SEN	0.146**	1	0.897**	0.000	0.062*	0.017	0.074**	0.053*	-0.048*	0.062*	0.142**	0.015	0.107**	0.148**
IND_SEN*CSR_COM	0.318**	0.897**	1	0.007	0.141**	0.088**	0.139**	0.084**	-0.058*	0.107**	0.164**	0.022	0.111**	0.187**
DIR	0.041	0.000	0.007	1	0.784**	0.053**	0.069**	0.092**	-0.058*	0.021	0.003	0.037	0.106**	0.113**
DIR*CSR_COM	0.461**	0.062*	0.141**	0.784**	1	0.216**	0.225**	0.192**	-0.081**	0.161**	0.122**	0.093**	0.183**	0.258**
ENV_S	0.436**	0.028	0.100**	0.059*	0.217**	1	0.661**	0.293**	-0.227**	0.483**	0.496**	0.193**	0.303**	0.468**
SOC_S	0.432**	0.081**	0.141**	0.070**	0.229**	0.668**	1	0.367**	-0.132**	0.528**	0.452**	0.287**	0.284**	0.483**
GOV_S	0.315**	0.048	0.080**	0.096**	0.199**	0.301**	0.374**	1	-0.015	0.295**	0.107**	0.147**	0.218**	0.330**
ECO_S	-0.133**	-0.076**	-0.093**	-0.093**	-0.098**	-0.143**	-0.105**	-0.022	1	-0.173**	-0.256**	-0.028	-0.051*	-0.132**
SIZE	0.334**	0.054*	0.101**	0.021	0.162**	0.473**	0.518**	0.293**	-0.181**	1	0.570**	0.192**	0.212**	0.353**
B_SIZE	0.277**	0.146**	0.164**	-0.004	0.110**	0.458**	0.428**	0.057*	-0.188**	0.559**	1	0.241**	0.159**	0.373**
B_IND	0.123**	0.015	0.022	0.037	0.093**	0.180**	0.274**	0.155**	-0.043	0.194**	0.227**	1	0.055*	0.210**
SUS_REP	0.346**	0.107**	0.111**	0.106**	0.183**	0.331**	0.328**	0.235**	-0.079**	0.214**	0.143**	0.055*	1	0.227**
STA_ENG	0.402**	0.148**	0.187**	0.113**	0.258**	0.469**	0.474**	0.333**	-0.127**	0.351**	0.363**	0.210**	0.227**	1
STA_ENG	0.402**	0.148**	0.187**	0.113**	0.258**	0.469**	0.474**	0.333**	-0.127**	0.351**	0.363**	0.210**	0.227**	1

** Correlation is significant at the level 0.01 level (2-tailed)

*Correlation is significant at the 0.05 level (2-tailed)

Note: The variables displayed are the ones previously mentioned in table 3.4.

Table 4.3 presents the Pearson and the Spearman correlation matrix for the variables used in the models. Looking diagonally, the bottom part presents the Pearson correlation and the top part presents the Spearman correlation. In general, the correlations are low, which reveals that multicollinearity problems are minimal.

Analyzing the Pearson correlation for the pooled sample, the variable CSR Committee is positively and significantly correlated to all ESG Scores, Environmental (0.436), Social (0.432), and Governance (0.315). The correlation between the variable CSR Committee and the Economic Score is negative and significant (-0.133).

Regarding the relationship of the CSR committee and the control variables, for the pooled sample, CSR_COM is statistically and positively correlated with SIZE (0.133), B_SIZE (0.277), B_IND (0.123), SUS_REP (0.346), and STA_ENG (0.402). The variable CSR_COM also has a significantly and positively correlation with IND_SEN (0.146), IND_SEN*CSR_COM (0.318) and DIR*CSR_COM (0.461).

Looking closely at each country the results aren't always consistent with the above findings. In France and in the UK, the variable CSR committee is also positively and significantly correlated to all ESG Scores and negatively and significantly correlated with the economic score. In Germany, the variable CSR Committee is positively and significantly correlated to all ESG Scores and negatively correlated to the economic score. We can conclude that the presence of a CSR Committee is always positively and significantly correlated to all ESG Scores and presents a negative correlation with the Economic score.

For France, the variable CSR_COM is significantly and positively correlated with IND_SEN*CSR_COM (0.184), DIR*CSR_COM (0.292), ENV_S (0.261), SOC_S (0.119), GOV_S (0.167), SIZE (0.217), B_IND (0.116), SUS_REP (0.351) and STA_ENG (0.161); and significantly and negatively correlated with ECO_S (-0.149).

Regarding Germany, the variable CSR_COM is significantly and positively correlated with IND_SEN (0.275), IND_SEN*CSR_COM (0.393), DIR (0.159), DIR*CSR_COM (0.501), ENV_S (0.480), SOC_S (0.565), GOV_S (0.375), SIZE (0.445), B_SIZE (0.426), B_IND (0.204), SUS_REP (0.476) and STA_ENG (0.589). This means that CSR_COM has a statistically and positive correlation with all variables except ECO_S (-0.071).

In the UK, the variable CSR_COM is significantly and positively correlated with all variables, except DIR (-0.002) and B_IND (0.036).

The variables SIZE and B_SIZE are significantly and positively related to the environmental and social score in the pooled sample and in all the countries.

4.2. Regression Results and Discussion

Table 4.4 - Regression results to test H1

	Panel A: France											
	Eq. 1.1 Dependent variable: environmental score			Eq.1.2 Dependent variable: social score			Eq.1.3 Dependent variable: governance score			Eq. 1.4 Dependent variable: economic score		
Variables:	Coef	t-test	Sig	Coef	t-test	Sig	Coef	t-test	Sig	Coef	t-test	Sig
Intercept	22.157	2.709	0.007	17.617	2.070	0.039	-12.842	-1.123	0.262	10.065	2.717	0.007
CSR_COM	5.886	2.126	0.034	-1.143	-0.397	0.692	3.509	0.907	0.365	-3.176	-2.533	0.012
IND_SEN	-1.328	-0.824	0.411	-4.221	-2.517	0.012	-1.879	-0.834	0.405	-1.932	-2.646	0.009
SIZE	1.466	2.961	0.003	3.923	7.616	0.000	4.018	5.804	0.000	-0.273	-1.219	0.224
B_SIZE	0.395	1.624	0.105	0.133	0.527	0.598	-1.318	-3.873	0.000	-0.179	-1.623	0.106
B_IND	-0.888	-0.584	0.560	3.573	2.256	0.025	8.225	3.864	0.000	2.192	3.180	0.002
SUS_REP	31.967	4.375	0.000	9.112	1.199	0.232	24.205	2.369	0.018	4.448	1.344	0.180
STA_ENG	3.349	2.018	0.044	7.307	4.232	0.000	15.419	6.644	0.000	-1.384	-1.841	0.067
F-test		11.253			18.006			19.143			5.795	
Rsquared		0.192			0.275			0.288			0.109	
Nº Obs		340			340			340			340	
	Panel B: Germany											
	Eq. 1.1 Dependent variable: environmental score			Eq.1.2 Dependent variable: social score			Eq.1.3 Dependent variable: governance score			Eq. 1.4 Dependent variable: economic score		
Variables:	Coef	t-test	Sig	Coef	t-test	Sig	Coef	t-test	Sig	Coef	t-test	Sig
Intercept	8.191	1.515	0.131	6.321	1.134	0.258	6.993	0.980	0.328	8.902	3.778	0.000
CSR_COM	5.371	2.382	0.018	9.600	4.132	0.000	12.476	4.193	0.000	-0.464	-0.472	0.637
IND_SEN	-8.801	-5.241	0.000	0.657	0.380	0.704	-8.199	-3.700	0.000	0.178	0.244	0.808
SIZE	3.850	5.197	0.000	4.763	6.239	0.000	4.179	4.275	0.000	0.072	0.224	0.823
B_SIZE	0.394	1.796	0.073	-0.544	-2.405	0.017	-1.295	-4.474	0.000	-0.251	-2.621	0.009
B_IND	-2.567	-1.502	0.134	2.969	1.685	0.093	7.082	3.139	0.002	0.295	0.396	0.693
SUS_REP	10.181	3.493	0.001	8.104	2.698	0.007	9.231	2.400	0.017	0.928	0.731	0.466
STA_ENG	11.570	5.086	0.000	11.429	4.875	0.000	5.132	1.710	0.088	0.373	0.376	0.707
F-test		46.045			45.387			21.282			1.885	
Rsquared		0.505			0.501			0.320			0.040	
Nº Obs		324			324			324			324	
	Panel C: UK											
	Eq. 1.1 Dependent variable: environmental score			Eq.1.2 Dependent variable: social score			Eq.1.3 Dependent variable: governance score			Eq. 1.4 Dependent variable: economic score		
Variables:	Coef	t-test	Sig	Coef	t-test	Sig	Coef	t-test	Sig	Coef	t-test	Sig
Intercept	10.701	3.260	0.001	8.127	2.698	0.007	6.814	1.716	0.086	24.977	8.811	0.000
CSR_COM	7.082	6.292	0.000	7.151	6.923	0.000	7.636	5.609	0.000	-1.384	-1.424	0.155
IND_SEN	-2.925	-2.669	0.008	0.054	0.054	0.957	4.291	3.237	0.001	-1.300	-1.374	0.170
SIZE	1.857	5.079	0.000	2.263	6.743	0.000	2.927	6.619	0.000	-0.769	-2.434	0.015
B_SIZE	1.783	7.865	0.000	1.276	6.134	0.000	0.608	2.217	0.027	-0.475	-2.425	0.015
B_IND	0.636	0.605	0.545	3.312	3.438	0.001	3.331	2.623	0.009	0.107	0.118	0.906
SUS_REP	10.781	5.530	0.000	12.211	6.827	0.000	7.560	3.207	0.001	-2.655	-1.577	0.115
STA_ENG	9.807	9.315	0.000	6.907	7.150	0.000	8.096	6.358	0.000	-0.238	-0.261	0.794
F-test		85.501			88.427			54.348			5.882	
Rsquared		0.377			0.385			0.278			0.040	
Nº Obs		996			996			996			996	
	Panel D: Pooled Sample											
	Eq. 1.1 Dependent variable: environmental score			Eq.1.2 Dependent variable: social score			Eq.1.3 Dependent variable: governance score			Eq. 1.4 Dependent variable: economic score		
Variables:	Coef	t-test	Sig	Coef	t-test	Sig	Coef	t-test	Sig	Coef	t-test	Sig
Intercept	14.372	5.945	0.000	9.222	4.073	0.000	16.835	5.518	0.000	19.596	11.321	0.000
CSR_COM	7.961	8.328	0.000	6.738	7.525	0.000	7.620	6.315	0.000	-1.266	-1.849	0.065
IND_SEN	-3.865	-4.667	0.000	-0.911	-1.174	0.241	0.063	0.061	0.952	-1.032	-1.740	0.082
SIZE	2.175	7.750	0.000	3.119	11.864	0.000	3.385	9.555	0.000	-0.608	-3.025	0.003
B_SIZE	1.007	8.879	0.000	0.485	4.561	0.000	-1.313	-9.176	0.000	-0.289	-3.556	0.000
B_IND	0.751	0.995	0.320	4.555	6.447	0.000	3.729	3.916	0.000	0.271	0.503	0.615
SUS_REP	12.178	7.685	0.000	10.771	7.257	0.000	8.837	4.418	0.000	-0.691	-0.609	0.543
STA_ENG	8.847	10.538	0.000	8.017	10.196	0.000	9.462	8.931	0.000	-0.595	-0.990	0.322
F-test		171.518			185.469			68.537			12.665	
Rsquared		0.421			0.440			0.225			0.051	
Nº Obs		1660			1660			1660			1660	

Note: The variables displayed are the ones previously mentioned in table 3.4.

Table 4.4 presents the regression results of Equations (1.1), (1.2), (1.3), (1.4) for each country (Panel A, B, and C) and for the pooled sample (Panel D).

For France, the variable CSR_COM is statistically significant at a significance level of 5% and presents a positive value when the dependent variable is ENV_S (β =5.886; p-value = 0.034; CSR_COM is statistically significant at a level of 5% and with a negative value when the dependent variable is ECO_S (β = -3.176; p-value = 0.012) and it is not statistically significant with the dependent variables SOC_S (β = -1.143; p-value = 0.692) and GOV_S (β = 3.509; p-value = 0.365). So, H1a is not rejected and H1b is rejected since even though it is possible to identify significance between the variables, the relationship is the opposite of the expected. These conclusions are somewhat contradictory with those achieved by Baraibar-Diez and Odriozola (2019), they found that a CSR committee positively and significantly affects social, environmental, governance, and economic performance in France.

In Germany, the variable CSR_COM is statistically significant at a significance level of 1% and presents a positive value when the dependent variables are SOC_S (β = 9.600; p-value = 0.000) and GOV_S (β = 12.476; p-value = 0.000); statistically significant at a significance level of 5% and presents a positive value when the dependent variable is ENV_S (β = 5.371; p-value = 0.018); and it is not statistically significant when the dependent variable is ECO_S (β = -0.464; p-value = 0.637). So, H1a is not rejected and H1b is rejected. These results are in accordance with Baraibar-Diez and Odriozola (2019) results for companies in Germany, except for the economic score, for which in their sample they found a positive and statistically significance.

For the UK, the variable CSR_COM is statistically significant at a significance level of 1% and presents a positive value when the dependent variables are ENV_S (β = 7.082; p-value = 0.000), SOC_S (β = 7.151; p-value = 0.000) and GOV_S (β = 7.636; p-value = 0.000); and it is not statistically significant when the dependent variable is ECO_S (β = -1.384; p-value = 0.155). So, H1a is not rejected and H1b is rejected. These results are also mostly in agreement with Baraibar-Diez and Odriozola (2019), again except for the economic score, for which in their sample they found a positive and statistically significance in their UK sample.

Regarding non-financial performance, for the pooled sample, it was found that CSR committees significantly and positively affect the environmental score, social score, and governance score. The variable CSR_COM is statistically significant at a significance level of 1%, for the environmental score (β = 7.961; p-value = 0.000), for the social score (β = 6.738; p-value = 0.000), and for the governance score (β = 7.620; p-value = 0.000). The coefficient of the variable CSR_COM presents a positive value, concluding that the presence of a CSR

committee contributes positively to non-financial performance, so H1a is not rejected. These results are aligned with the previous findings in the literature. CSR committees are usually positively associated with better non-financial performance (Spitzeck, 2009; Baraibar-Diez and Odriozola, 2019). Hussain et al. (2018) findings are also in agreement, they found that the presence of a CSR committee is positively related to social and environmental performance.

For the economic score, the variable CSR_COM is statistically significant at a significance level of 10% (β = -1.266; p-value = 0.065), the coefficient of the variable presents a negative value, which leads to the conclusion that the presence of a CSR committee contributes negatively to the economic performance of a company, despite what was expected, so H1b is rejected. Research on this topic has reached mixed conclusions. While the present results diverge from the previous conclusions from Baraibar-Diez and Odriozola (2019), who found that a CSR committee is related to better economic performance in three of the four countries analyzed in their study, they are consistent with the results of Hussain et al. (2018), who found evidence that CSR committee was not significantly related with economic sustainability performance.

Most of the results regarding the relationship between the CSR committee and environmental, social, and governance were found to be positively significant and in accordance with the previous literature findings. This shows a commitment from the companies in the sample in relation to all the ESG pillars, which is aligned with Burke et al. (2019) findings that a CSR committee has multiple foci and is diversified. These results also support the view of Gennari and Salvioni (2019), who suggested that companies committed to sustainability should define its commitment through a special structure on the board responsible for the disclosure of non-financial information. The non-significant relationship between the CSR committee and the dependent variables social and governance score, and performance in France may be because the French companies in the sample already had high scores in these areas. Therefore, the application of this mechanism did not impact significantly performance in these areas.

Differences in non-financial performance results may arise from the nature of the economic indicators used. In this study, it is used the indicator return on assets, which is defined as an indicator of how profitable a company is relative to its total assets. ROA shows how efficiently a company is at using assets to create earnings. Baraibar-Diez and Odriozola (2019), in turn, used an indicator that measured the capacity of a company through the efficient use of all its resources, to generate sustainable growth and high return on investment. Different economic indicators fulfill different purposes in terms of economic data, which can lead to different results.

Regarding the control variables, in France for the dependent variable environmental score, the variables SIZE, SUS_REP, and STA_ENG are statistically significant. For the dependent variable social score, the variables SIZE, B_IND and STA_ENG are statistically significant. For the dependent variable governance score, the variables SIZE, B_SIZE, B_IND, SUS_REP, and STA_ENG are statistically significant. For the dependent variable economic score, the variables B_IND and STA_ENG are statistically significant.

In Germany, for the dependent variable environmental score, SIZE, B_SIZE, SUS_REP, and STA_ENG are statistically significant. For the dependent variable social score, SIZE, B_SIZE, B_IND, SUS_REP, and STA_ENG are statistically significant. Regarding the dependent variable governance score, SIZE, B_SIZE, B_IND, SUS_REP, and STA_ENG are statistically significant. For the dependent variable economic score, the variable B_SIZE is statistically significant.

In the UK, for the dependent variable environmental score, SIZE, B_SIZE, SUS_REP, and STA_ENG are statistically significant. For the dependent variable social score, SIZE, B_SIZE, B_IND, SUS_REP, and STA_ENG are statistically significant. For the dependent variable governance score, SIZE, B_SIZE, B_IND, SUS_REP, and STA_ENG are statistically significant. For the dependent variable economic score, SIZE and B_SIZE are statistically significant.

In the pooled sample, for the dependent variable environmental score, variables SIZE, B_SIZE, SUS_REP, and STA_ENG are statistically significant. For the dependent variables social and governance score, SIZE, B_SIZE, B_IND, SUS_REP, and STA_ENG are statistically significant. For the dependent variable economic score, variables SIZE and B_SIZE are statistically significant.

The results in the pooled sample are not the same as the results in each country. So, it is important that the effects of each country are controlled separately. The characteristics of the samples for each country are different and analyzing everything combined may lead to bias results.

Table 4.5 - Regression results to test H2

	Panel A: France											
	Eq. 2.1 Dependent variable: environmental score			Eq.2.2 Dependent variable: social score			Eq.2.3 Dependent variable: governance score			Eq. 2.4 Dependent variable: economic score		
Variables:	Coef	t-test	Sig	Coef	t-test	Sig	Coef	t-test	Sig	Coef	t-test	Sig
Intercept	22.346	2.746	0.006	17.725	2.084	0.038	-12.831	-1.120	0.263	10.147	2.752	0.006
CSR_COM	9.583	2.935	0.004	0.973	0.285	0.776	3.711	0.807	0.420	-1.559	-1.054	0.293
IND_SEN	9.898	1.780	0.076	2.205	0.379	0.705	-1.267	-.162	0.872	2.979	1.182	0.238
IND_SEN* CSR_COM	-12.215	-2.108	0.036	-6.992	-1.154	0.249	-0.666	-.082	0.935	-5.343	-2.035	0.043
SIZE	1.421	2.883	0.004	3.897	7.563	0.000	4.016	5.787	0.000	-0.293	-1.311	0.191
B_SIZE	0.408	1.686	0.093	0.141	0.557	0.578	-1.317	-3.864	0.000	-0.173	-1.577	0.116
B_IND	-0.623	-0.410	0.682	3.725	2.345	0.020	8.239	3.852	0.000	2.308	3.352	0.001
SUS_REP	28.490	3.822	0.000	7.122	0.914	0.361	24.015	2.288	0.023	2.926	0.866	0.387
STA_ENG	3.331	2.017	0.044	7.297	4.228	0.000	15.418	6.633	0.000	-1.392	-1.860	0.064
F-test		10.504			15.938			16.701			5.636	
Rsquared		0.202			0.278			0.288			0.120	
Nº Obs		340			340			340			340	
	Panel B: Germany											
	Eq. 2.1 Dependent variable: environmental score			Eq.2.2 Dependent variable: social score			Eq.2.3 Dependent variable: governance score			Eq. 2.4 Dependent variable: economic score		
Variables:	Coef	t-test	Sig	Coef	t-test	Sig	Coef	t-test	Sig	Coef	t-test	Sig
Intercept	9.651	1.771	0.078	6.135	1.087	0.278	5.478	0.760	0.448	8.575	3.597	0.000
CSR_COM	3.416	1.368	0.172	9.849	3.809	0.000	14.503	4.393	0.000	-0.026	-0.024	0.981
IND_SEN	-16.953	-3.502	0.001	1.696	0.338	0.735	0.255	0.040	0.968	2.003	0.946	0.345
IND_SEN* CSR_COM	9.227	1.795	0.074	-1.177	-0.221	0.825	-9.569	-1.408	0.160	-2.065	-0.918	0.359
SIZE	3.608	4.809	0.000	4.793	6.168	0.000	4.430	4.465	0.000	0.126	0.385	0.701
B_SIZE	0.496	2.196	0.029	-0.557	-2.380	0.018	-1.401	-4.691	0.000	-0.273	-2.767	0.006
B_IND	-2.804	-1.641	0.102	2.999	1.695	0.091	7.327	3.243	0.001	0.348	0.465	0.642
SUS_REP	10.958	3.731	0.000	8.005	2.631	0.009	8.425	2.169	0.031	0.754	0.587	0.558
STA_ENG	12.041	5.276	0.000	11.368	4.809	0.000	4.644	1.539	0.125	0.267	0.268	0.789
F-test		40.975			39.600			18.927			1.754	
Rsquared		0.510			0.501			0.325			0.043	
Nº Obs		324			324			324			324	
	Panel C: UK											
	Eq. 2.1 Dependent variable: environmental score			Eq.2.2 Dependent variable: social score			Eq.2.3 Dependent variable: governance score			Eq. 2.4 Dependent variable: economic score		
Variables:	Coef	t-test	Sig	Coef	t-test	Sig	Coef	t-test	Sig	Coef	t-test	Sig
Intercept	10.848	3.309	0.001	8.216	2.728	0.006	6.777	1.706	0.088	24.980	8.805	0.000
CSR_COM	5.977	4.825	0.000	6.479	5.693	0.000	7.912	5.269	0.000	-1.407	-1.313	0.190
IND_SEN	-7.196	-3.139	0.002	-2.542	-1.207	0.228	5.356	1.928	0.054	-1.390	-0.700	0.484
IND_SEN* CSR_COM	5.510	2.120	0.034	3.349	1.403	0.161	-1.374	-0.436	0.663	0.115	0.051	0.959
SIZE	1.876	5.138	0.000	2.274	6.778	0.000	2.923	6.603	0.000	-0.768	-2.431	0.015
B_SIZE	1.786	7.890	0.000	1.278	6.144	0.000	0.607	2.214	0.027	-0.475	-2.424	0.016
B_IND	0.927	0.876	0.381	3.489	3.592	0.000	3.259	2.543	0.011	0.113	0.123	0.902
SUS_REP	11.133	5.700	0.000	12.425	6.924	0.000	7.473	3.157	0.002	-2.648	-1.567	0.118
STA_ENG	9.780	9.306	0.000	6.890	7.136	0.000	8.102	6.361	0.000	-0.238	-0.262	0.794
F-test		75.640			77.696			47.540			5.142	
Rsquared		0.380			0.386			0.278			0.040	
Nº Obs		996			996			996			996	
	Panel D: Pooled sample											
	Eq. 2.1 Dependent variable: environmental score			Eq.2.2 Dependent variable: social score			Eq.2.3 Dependent variable: governance score			Eq. 2.4 Dependent variable: economic score		
Variables:	Coef	t-test	Sig	Coef	t-test	Sig	Coef	t-test	Sig	Coef	t-test	Sig
Intercept	14.519	6.000	0.000	9.297	4.100	0.000	16.615	5.441	0.000	19.549	11.279	0.000
CSR_COM	7.399	7.004	0.000	6.452	6.518	0.000	8.461	6.348	0.000	-1.086	-1.436	0.151
IND_SEN	-6.102	-3.096	0.002	-2.050	-1.100	0.267	3.411	1.372	0.170	-0.318	-0.225	0.822
IND_SEN* CSR_COM	2.701	1.250	0.211	1.377	0.680	0.496	-4.044	-1.483	0.138	-0.862	-0.557	0.578
SIZE	2.171	7.736	0.000	3.117	11.853	0.000	3.391	9.576	0.000	-0.607	-3.018	0.003
B_SIZE	1.010	8.909	0.000	0.486	4.576	0.000	-1.319	-9.213	0.000	-0.290	-3.568	0.000
B_IND	0.776	1.028	0.304	4.568	6.461	0.000	3.691	3.877	0.000	0.264	0.488	0.626
SUS_REP	12.424	7.782	0.000	10.897	7.284	0.000	8.468	4.203	0.000	-0.770	-0.673	0.501
STA_ENG	8.878	10.572	0.000	8.033	10.210	0.000	9.416	8.886	0.000	-0.605	-1.006	0.315
F-test		150.325			162.291			60.288			11.116	
Rsquared		0.421			0.440			0.226			0.051	
Nº Obs		1660			1660			1660			1660	

Note: The variables displayed are the ones previously mentioned in table 3.4.

Table 4.5 presents the regression results of equations (2.1), (2.2), (2.3), and (2.4).

For France, the variable IND_SEN*CSR_COM is statistically significant at a significance level of 5% with the dependent variable ENV_S (β = -12.215; p-value = 0.036), and with ECO_S (β = -5.343; p-value = 0.043). The coefficient of the variable in both cases present a negative value, allowing to conclude that having a CSR committee and performing in an environmentally sensitive industry is negatively related to the environmental and economic level of performance. It was not possible to conclude on the cause-effect relationship with the dependent variables SOC_S (β = -6.992; p-value = 0.249) and GOV_S (β = -0.666; p-value = 0,935), since they were not statistically significant. So, H2a and H2b are rejected.

In Germany, the variable IND_SEN*CSR_COM is statistically significant at a level of 10% with the dependent variable ENV_S (β = 9.227; p-value = 0.074). Since the coefficient is positive, we can conclude that having a CSR committee and performing in an environmentally sensitive industry is positively associated to environmental performance. The variable IND_SEN*CSR_COM is not statistically significant for the dependent variables SOC_S (β = -1.177; p-value = 0.825), GOV_S (β = -9.569; p-value = 0.160) and ECO_S (β = -2.065; p-value = 0.359). So, H1a is not rejected and H1b is rejected.

For the UK, the variable IND_SEN*CSR_COM is statistically significant at a level of 5% with the dependent variable ENV_S (β = 5.510; p-value = 0.034). This means that having a CSR committee and performing in an environmentally sensitive industry is positively related to environmental performance. The variable IND_SEN*CSR_COM is not statistically significant for the dependent variables SOC_S (β = 3.349; p-value = 0.161), GOV_S (β = -1.374; p-value = 0.663) and ECO_S (β = 0.115; p-value = 0.959). So, it is not possible to conclude on a relationship between them. Therefore, H1a is not rejected and H1b is rejected.

For the pooled sample, the variable IND_SEN*CSR_COM is not statistically significant for any of the dependent variables, ENV_S (β = 2.701; p-value = 0.211), SOC_S (β = 1.377; p-value = 0.496), GOV_S (β = -4.044; p-value = 0.138) and ECO_S (β = -0.862; p-value = 0.578). This means that it is not found a relationship between a company that has a CSR committee and belongs to an environmentally sensitive industry, and its performance, so H2a and H2b are rejected. However, as previously mentioned, the results differ if we look at each country individually.

The relationship between ENV_S and IND_SEN*CSR_COM in Germany and in the UK is consistent with the expected results, but not in France. In the two first countries the results

reveal that having a CSR committee and performing in an environmentally sensitive industry is positively associated with environmental performance. Garcia et al. (2017) reached similar conclusions, they found that companies that are part of environmentally sensitive industries tend to have the best environmental performance. This supports the view that a CSR committee in environmentally sensitive industries influences positively environmental performance, and goes against Rodrigue et al. (2013), who concluded that in environmentally sensitive industries, corporate governance mechanisms, such as the CSR committee are not significantly related to environmental performance.

Looking back to previous studies, these findings are also aligned with Ghosh (2013), who stated that companies in environmentally sensitive industries are likely to have better performance in sustainability.

The results of this study only point to a positive and significant relationship between ENV_S and IND_SEN*CSR_COM in the two countries previously mentioned, and to a negative and significant relationship between ECO_S and IND_SEN*CSR_COM in France. No other relationship between the remaining variables was identified. It was found that firms with a CSR committee and that belong to an environmentally sensitive industry generally do not affect significantly the environmental, social, governance, and economic score. Results are in accordance with Hussain et al. (2017), belonging to an environmentally sensitive industry is not significantly related to social and economic sustainability performance.

The results show that the presence of a CSR committee in a firm performing in an environmentally sensitive industry is not significantly related to performance. Miralles-Quirós et al. (2018) found that the market regarding ESG performance in environmentally sensitive industries positively values the social and governance practises, which it was not possible to identify.

Regarding the control variables, in France for the dependent variable environmental score, SIZE, B_SIZE, SUS_REP, and STA_ENG are statistically significant. For the dependent variable social score, the variables SIZE, B_IND, and STA_ENG are statistically significant. For the dependent variable governance score, the variables SIZE, B_SIZE, B_IND, SUS_REP, and STA_ENG are statistically significant. For the dependent variable economic score, the variables B_IND and STA_ENG are statistically significant.

In Germany, for the dependent variable environmental score, SIZE, B_SIZE, SUS_REP, and STA_ENG are statistically significant. For the dependent variable social score, SIZE, B_SIZE, B_IND, SUS_REP, and STA_ENG are statistically significant. Regarding the

dependent variable governance score, SIZE, B_SIZE, B_IND, and SUS_REP are statistically significant. For the dependent variable economic score, B_SIZE is statistically significance.

In the UK, for the dependent variable environmental score, SIZE, B_SIZE, SUS_REP, and STA_ENG are statistically significant. For the dependent variables social and governance score, SIZE, B_SIZE, B_IND, SUS_REP, and STA_ENG are statistically significant. For the dependent variable economic score, SIZE and B_SIZE are statistically significant.

In the pooled sample, for the dependent variable environmental score, the variables SIZE, B_SIZE, SUS_REP, and STA_ENG are statistically significant. For the dependent variables social and governance score, SIZE, B_SIZE, B_IND, SUS_REP, and STA_ENG are statistically significant. For the economic score, SIZE and B_SIZE are statistically significant.

Table 4.6 - Regression results to test H3

	Panel A: France											
	Eq. 3.1 Dependent variable: environmental score			Eq.3.2 Dependent variable: social score			Eq.3.3 Dependent variable: governance score			Eq. 3.4 Dependent variable: economic score		
Variables:	Coef	t-test	Sig	Coef	t-test	Sig	Coef	t-test	Sig	Coef	t-test	Sig
Intercept	18.086	2.100	0.036	15.046	1.670	0.096	-15.053	-1.245	0.214	10.370	2.641	0.009
CSR_COM	7.525	2.260	0.024	0.374	0.107	0.914	3.796	0.812	0.417	-3.514	-2.315	0.021
IND_SEN	-1.409	-0.877	0.381	-4.245	-2.526	0.012	-1.958	-0.868	0.386	-1.938	-2.647	0.009
DIR	7.793	1.560	0.120	4.649	0.889	0.375	4.573	0.652	0.515	-0.465	-0.204	0.839
DIR* CSR_COM	-5.569	-1.070	0.285	-4.453	-0.818	0.414	-1.850	-0.253	0.800	0.835	0.352	0.725
SIZE	1.490	3.015	0.003	3.950	7.635	0.000	4.018	5.790	0.000	-0.280	-1.243	0.215
B_SIZE	0.397	1.636	0.103	0.129	0.509	0.611	-1.310	-3.848	0.000	-0.177	-1.597	0.111
B_IND	-1.009	-0.665	0.507	3.564	2.243	0.026	8.074	3.788	0.000	2.171	3.136	0.002
SUS_REP	33.444	4.558	0.000	9.982	1.300	0.195	25.086	2.435	0.015	4.365	1.305	0.193
STA_ENG	2.862	1.715	0.087	7.145	4.092	0.000	14.974	6.392	0.000	-1.412	-1.856	0.064
F-test		9.334			14.044			15.127			4.522	
Rsquared		0.203			0.277			0.292			0.110	
Nº Obs		340			340			340			340	
	Panel B: Germany											
	Eq. 3.1 Dependent variable: environmental score			Eq.3.2 Dependent variable: social score			Eq.3.3 Dependent variable: governance score			Eq. 3.4 Dependent variable: economic score		
Variables:	Coef	t-test	Sig	Coef	t-test	Sig	Coef	t-test	Sig	Coef	t-test	Sig
Intercept	6.488	1.180	0.239	7.234	1.272	0.204	6.744	0.927	0.354	9.119	3.802	0.000
CSR_COM	8.430	2.923	0.004	8.808	2.952	0.003	10.547	2.764	0.006	-1.586	-1.260	0.209
IND_SEN	-8.825	-5.261	0.000	0.625	0.360	0.719	-8.079	-3.641	0.000	0.219	0.300	0.765
DIR	5.342	1.747	0.082	-2.491	-0.787	0.432	-0.264	-0.065	0.948	-1.004	-0.753	0.452
DIR* CSR_COM	-6.165	-1.751	0.081	1.817	0.499	0.618	3.268	0.702	0.483	2.071	1.348	0.179
SIZE	3.887	5.254	0.000	4.737	6.189	0.000	4.200	4.291	0.000	0.072	0.224	0.823
B_SIZE	0.392	1.785	0.075	-0.552	-2.430	0.016	-1.270	-4.373	0.000	-0.242	-2.531	0.012
B_IND	-2.299	-1.342	0.181	2.845	1.605	0.109	7.066	3.118	0.002	0.244	0.326	0.745
SUS_REP	9.504	3.227	0.001	8.515	2.794	0.006	8.999	2.309	0.022	0.974	0.758	0.449
STA_ENG	10.706	4.612	0.000	11.801	4.914	0.000	5.258	1.712	0.088	0.560	0.553	0.580
F-test		1.748			36.321			35.246			16.722	
Rsquared		0.510			0.503			0.324			0.048	
Nº Obs		324			324			324			324	

	Panel C: UK											
	Eq. 3.1 Dependent variable: environmental score			Eq.3.2 Dependent variable: social score			Eq.3.3 Dependent variable: governance score			Eq. 3.4 Dependent variable: economic score		
Variables:	Coef	t-test	Sig	Coef	t-test	Sig	Coef	t-test	Sig	Coef	t-test	Sig
Intercept	10.673	3.198	0.001	7.378	2.412	0.016	5.580	1.384	0.167	27.081	9.506	0.000
CSR_COM	7.433	4.883	0.000	7.971	5.713	0.000	9.311	5.065	0.000	-3.423	-2.635	0.009
IND_SEN	-2.933	-2.674	0.008	0.091	0.090	0.928	4.342	3.277	0.001	-1.411	-1.507	0.132
DIR	0.112	0.067	0.947	2.108	1.375	0.169	3.504	1.736	0.083	-5.900	-4.134	0.000
DIR* CSR_COM	-0.745	-0.372	0.710	-1.453	-0.792	0.429	-3.092	-1.278	0.201	3.509	2.053	0.040
SIZE	1.858	5.077	0.000	2.265	6.751	0.000	2.932	6.632	0.000	-0.775	-2.479	0.013
B_SIZE	1.776	7.815	0.000	1.274	6.115	0.000	0.598	2.178	0.030	-0.475	-2.448	0.015
B_IND	0.645	0.613	0.540	3.270	3.392	0.001	3.272	2.577	0.010	0.236	0.263	0.792
SUS_REP	10.797	5.485	0.000	11.859	6.572	0.000	7.009	2.948	0.003	-1.639	-0.975	0.330
STA_ENG	9.870	9.311	0.000	6.811	7.009	0.000	8.005	6.253	0.000	0.088	0.098	0.922
F-test		66.425			69.052			42.662			7.261	
Rsquared		0.377			0.387			0.280			0.062	
Nº Obs		996			996			996			996	
	Panel D: Pooled Sample											
	Eq. 3.1 Dependent variable: environmental score			Eq.3.2 Dependent variable: social score			Eq.3.3 Dependent variable: governance score			Eq. 3.4 Dependent variable: economic score		
Variables:	Coef	t-test	Sig	Coef	t-test	Sig	Coef	t-test	Sig	Coef	t-test	Sig
Intercept	13.897	5.607	0.000	8.783	3.783	0.000	15.670	5.016	0.000	21.201	12.019	0.000
CSR_COM	8.653	6.878	0.000	7.189	6.101	0.000	8.528	5.377	0.000	-2.922	-3.263	0.001
IND_SEN	-3.856	-4.653	0.000	-0.897	-1.156	0.248	0.105	0.101	0.920	-1.079	-1.830	0.067
DIR	1.249	0.871	0.384	1.178	0.877	0.381	3.160	1.748	0.081	-4.304	-4.215	0.000
DIR* CSR_COM	-1.389	-0.840	0.401	-0.885	-0.571	0.568	-1.737	-0.833	0.405	3.250	2.760	0.006
SIZE	2.182	7.769	0.000	3.124	11.876	0.000	3.397	9.595	0.000	-0.627	-3.139	0.002
B_SIZE	1.006	8.855	0.000	0.486	4.571	0.000	-1.304	-9.109	0.000	-0.295	-3.652	0.000
B_IND	0.763	1.011	0.312	4.554	6.439	0.000	3.707	3.895	0.000	0.274	0.510	0.610
SUS_REP	11.984	7.481	0.000	10.572	7.046	0.000	8.276	4.098	0.000	0.037	0.033	0.974
STA_ENG	8.823	10.450	0.000	7.956	10.060	0.000	9.240	8.681	0.000	-0.373	-0.621	0.535
F-test		133.393			144.259			53.936			12.272	
Rsquared		0.421			0.440			0.227			0.063	
Nº Obs		1660			1660			1660			1660	

Note: The variables displayed are the ones previously mentioned in table 3.4.

Table 4.6 presents the regression results of equations (3.1), (3.2), (3.3), e (3.4).

For France, the variable DIR*CSR_COM is not statistically significant with any of the dependent variables, ENV_S (β = -5.569; p-value = 0.285), SOC_S (β = -4.453; p-value = 0.414), GOV_S (β = -1.850; p-value = 0.800) and ECO_S (β = 0.835; p-value = 0.725). Therefore, H3a and H3b are rejected.

In Germany, the variable DIR*CSR_COM is statistically significant at a level of 10% with the dependent variable ENV_S (β = -6.165; p-value = 0.081). Since the coefficient is negative, we can conclude that when the directive is enforced and there is a CSR committee, this negatively impacts environmental performance. The variable DIR*CSR_COM is not statistically significant for the dependent variables SOC_S (β = 1.817; p-value = 0.618), GOV_S (β = 3.268; p-value = 0.483) and ECO_S (β = 2.071; p-value = 0.179).

For the UK, the variable DIR *CSR_COM is statistically significant at a level of 5% with the dependent variable ECO_S (β = 3.509; p-value = 0.040). This means that when the directive is enforced, and the company has a CSR committee there is a positive and significant relationship to economic performance. The variable DIR*CSR_COM is not statistically

significant for the dependent variables ENV_S (β = -0.745; p-value = 0.710), SOC_S (β = -1.453: p-value = 0.429) and GOV_S (β = -3.092; p-value = 0.201. So, H3a is rejected and H3b is not rejected.

For the pooled sample, the variable DIR*CSR_COM is statistically significant at a significance level of 1% for the dependent variable ECO_S (β = 3.250; p-value=0.006), so H3b is not rejected. The variable DIR*CSR_COM is not statistically significant for the dependent variables, ENV_S (β = -1.389; p-value = 0.401), SOC_S (β = -0.885; p-value = 0.568) and GOV_S (β = -1.737; p-value = 0.405), so H3a is rejected. This means that it is not found a relationship between the implementation of the Directive in a company that has a CSR committee and its non-financial performance. This conclusion is contrary to the original expectations. However, the results differ if we look at each country individually.

Most of the studies focusing on this issue analysed the level of disclosure of non-financial information covered by the directive, and how this directive would fill in the gap of the need for more disclosure of non-financial information.

Sierra-Garcia et al. (2018), while studying companies from Spanish IBEX-35, found that the sector in which the company is included influences the level of regulatory compliance. They also found that there was a decrease in the percentage of companies who presented a separate report after the transposition of the Directive in 2017. A large percentage of the companies included non-financial information in the consolidated management reports.

Considering the level of disclosure that was expected from the Directive, the hypotheses stated that in companies with a CSR committee, the Directive would impact positively performance. The results show that this was not what happened, in most of the cases there was not a significative influence of the variable DIR*CSR_COM in the dependent variables regarding performance. The exceptions were the ENV_S for Germany and the ECO_S for the UK and for the pooled sample. Since previous studies did not focus on this, it not possible to conclude if these conclusions are aligned with previous literature.

Regarding the control variables, in France for the dependent variable environmental score, SIZE, SUS_REP, and STA_ENG are statistically significant. For the dependent variable social score, the variables SIZE, B_IND, and STA_ENG are statistically significant. For the dependent variable governance score, the variables SIZE, B_SIZE, B_IND, SUS_REP, and STA_ENG are statistically significant. For the dependent variable economic score, the variable B_IND and STA_ENG are statistically significant.

In Germany, for the dependent variables environmental and social score, SIZE, B_SIZE, SUS_REP, and STA_ENG are statistically significant. Regarding the dependent variable

governance score, SIZE, B_SIZE, B_IND, SUS_REP, and STA_ENG are statistically significant. For the dependent variable economic score, B_SIZE is statistically significant.

In the UK, for the dependent variable environmental score, SIZE, B_SIZE, SUS_REP, and STA_ENG are statistically significant. For the dependent variables social and governance score, SIZE, B_SIZE, B_IND, SUS_REP, and STA_ENG are statistically significant. For the dependent variable economic score, SIZE and B_SIZE are statistically significant.

In the pooled sample, for the dependent variable environmental score, the variables SIZE, B_SIZE, SUS_REP, and STA_ENG are statistically significant. For the dependent variables social and governance score, SIZE, B_SIZE, B_IND, SUS_REP, and STA_ENG are statistically significant. For the economic score, SIZE and B_SIZE are statistically significant.

The results of all regressions do not reveal severity of multicollinearity. For all the regressions were included the Durbin-Watson statistics, the values were assumed as normal since they were around 2.

Table 4.7 presents a summary of the results for the hypotheses tested in this study. NFIN_P stands for Non-financial performance and FIN_P stands for Financial performance. NFIN_P as previously mentioned stands for the environmental, social, and governance pillars.

Table 4.7 - Summary of hypotheses testing

Sample	Hypotheses	Studied relationship	Results
France	Hypothesis 1		
	H1a	CSR_COM→NFIN_P	Not Rejected
	H1b	CSR_COM→FIN_P	Rejected
	Hypothesis 2		
	H2a	IND_SEN*CSR_COM→NFIN_P	Rejected
	H2b	IND_SEN*CSR_COM→FIN_P	Rejected
	Hypothesis 3		
	H3a	DIR*CSR_COM→NFIN_P	Rejected
	H3b	DIR*CSR_COM→FIN_P	Rejected
Germany	Hypothesis 1		
	H1a	CSR_COM→FIN_P	Not Rejected
	H1b	CSR_COM→NFIN_P	Rejected
	Hypothesis 2		
	H2a	IND_SEN*CSR_COM→FIN_P	Not Rejected
	H2b	IND_SEN*CSR_COM→NFIN_P	Rejected
	Hypothesis 3		
	H3a	DIR*CSR_COM→FIN_P	Rejected
	H3b	DIR*CSR_COM→NFIN_P	Rejected
UK	Hypothesis 1		
	H1a	CSR_COM→FIN_P	Not Rejected
	H1b	CSR_COM→NFIN_P	Rejected
	Hypothesis 2		
	H2a	IND_SEN*CSR_COM →FIN_P	Not Rejected
	H2b	IND_SEN*CSR_COM→NFIN_P	Rejected
	Hypothesis 3		
	H3a	DIR*CSR_COM→FIN_P	Rejected
	H3b	DIR*CSR_COM→NFIN_P	Not Rejected

Pooled	Hypothesis 1		
	H1a	CSR_COM→NFIN_P	Not Rejected
	H1b	CSR_COM→FIN_P	Rejected
	Hypothesis 2		
	H2a	IND_SEN*CSR_COM→NFIN_P	Rejected
	H2b	IND_SEN*CSR_COM→FIN_P	Rejected
	Hypothesis 3		
	H3a	DIR*CSR_COM→NFIN_P	Rejected
	H3b	DIR*CSR_COM→FIN_P	Not Rejected

Results are aligned with the integrated CSR view of the stakeholder theory, which refers to the integration of social, ethical, and management concerns in the strategy of companies (Freeman et al. 2010). The CSR mechanism addresses these concerns in companies. In the sample, as in previous studies, it was possible to identify a tendency of growth in its appearance through the last few years (Spitzeck, 2009; Gennari and Salvioni, 2019). This is evidence that companies are investing in this view. The presence of these committees in the board of companies demonstrates that they are actively incorporating those topics in the creation of a strategy, showing transparency and consequently value.

Results show that in large companies, a CSR committee is positively and significantly related to non-financial performance. This is in agreement with the stakeholder theory and the creation of social value for firms. In firms with a CSR committee, it acts like a mechanism that creates social value. It demonstrates a commitment to the development and optimization of relationships with all the stakeholders and a predisposition to better fulfill their needs. It can be seen as a way to invest in better stakeholder management (Hussain et al., 2018). Stakeholder theory is also focused on how firms create financial value, however, in this study, it was not possible to find a positive and significant relationship between the CSR committee and financial performance.

In environmentally sensitive industries and in relation to the implementation of Directive 2014/95/EU, results show that the influence of this mechanism generally does not present a significant impact. So, it is possible to conclude that not under all circumstances, the CSR committee improves performance and promotes the creation of value, non-financial and financial.

Conclusion

This study aimed to comprehend to what extend the existence of a CSR committee would affect companies' performance. Even though in most countries there isn't a regulation that obliges to the presence of a CSR committee in the board of companies, it can be identified a continuous growth in their appearance over the last few years.

The analysis was divided into three parts in order to test the three associated hypotheses and focused on companies from France, Germany, and the UK. The results for the first regression showed that the presence of a CSR committee was positively related to environmental performance in France, in Germany, and in the UK, as well as for the pooled sample. Further, a positive relationship between CSR committee and social, and governance performance, is found in Germany, in the UK, and for the pooled sample. A negative relationship between a CSR committee and economic performance was identified in France and in the pooled sample.

The second analysis revealed that for companies in environmentally sensitive industries the presence of a CSR committee was negatively related to environmental performance in France, however, it was positively related to environmental performance in Germany and the UK. It was not found a relationship with social and governance performance for any of the countries or the pooled sample. It was found a positive relationship with economic performance in France.

The third analysis showed that the implementation of the Directive in companies with a CSR committee didn't significantly influence the performance of companies. It led to a negative association with environmental performance in Germany. There was no relation between the enforcement of the Directive in companies with a CSR committee and social and governance performance. It was also found a positive association with the economic performance of companies in the UK and in the pooled sample.

These results allow us to have a better understanding of the influence of the CSR committee throughout various areas and contribute to the debate on this subject. Firstly, the data add further evidence to previous literature (eg. Gennari and Salvioni, 2019), on the growth of the appearance of the CSR committee in European countries. This alone shows that companies are going beyond financial concerns, focusing on non-financial information, and are seeking to create shared value with their stakeholders.

The CSR committee was generally positively associated with performance reinforcing the results of previous studies (Spitzeck, 2009; Hussain et al., 2018; Baraibar-Diez and Odriozola, 2019). The results imply that this is an effective mechanism in improving performance. The

CSR committee must be seen as a valuable asset to the company since it has already proved its value in improving performance.

When it comes to the results in environmentally sensitive industries, the CSR committee did not prove to be an ally in improving performance. This may arise from the fact that companies in this type of industry are already under significant scrutiny, and they use the disclosure of non-financial information as a way to minimize the damage to society. Therefore, the CSR committee does not have a significant influence.

This study extends the existing literature with a new approach to the interaction between a CSR committee, Directive 2014/95/EU, and performance. In most cases, it was not found a relationship between having a CSR committee, the enforcement of the Directive, and performance. This can be justified by the fact that the companies in the sample since they are large companies, most of them already used to disclose the information that the Directive made mandatory to disclose.

This research presents some limitations, in the future, it would be interesting to look deeper into the composition of the CSR committee and how those factors influenced the performance. Regarding Directive 2014/95/EU, since it was recently implemented, the next years will prove to be crucial in enlightening its importance, especially the disclosure of non-financial information and its influence in companies' performance, with and without a CSR committee.

This study was designed to analyse large companies, it would be beneficial for the literature if future studies analysed the hypotheses formulated in companies considered smaller, in order to see if the results would remain the same or if it would emerge discrepancies. Analysis in other countries would also be beneficial and bring additional knowledge to the subject.

In conclusion, this study offers new information contributing to the existing literature on the CSR committee and it is one of the initial studies that lean on the relationship between Directive 2014/95/EU and performance.

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