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Do Board Characteristics contribute to Corporate Social Responsibility?

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Abstract

This paper examines the association between board characteristics and corporate social responsibility. Using a sample of sample of 102 firms belonging to the World Business Council for Sustainable Development in Portugal, we construct an index of CSR based on the content analysis of the companies' sustainability reports and run several regressions of board characteristics and firm-specific controls. Our results demonstrate that firms with greater board size, gender diversity board and board experience are associated with higher levels of corporate social responsibility. Overall, our empirical findings suggest that a stronger board composition may promote more corporate social responsibility and ethical reputation in Portuguese firms.

Keywords: Corporate Social Responsibility; Disclosure; Ethical reputation; Board Characteristics; Portugal.

1. Introduction

In recent years, the business world has been encouraged to work actively towards corporate social responsibility (CSR) because, in addition to providing a business opportunity in today's world, it frequently reflects the expectations of firms' customers, human resources, society and stakeholders (Mark-Herbert and Von Schantz, 2007). Corporate social responsibility focuses on long-term shareholder value by incorporating best practices in the following areas: ethics, governance, transparency, business relationships, financial return, product value, employment practice and environmental protection.

The importance of financial information for stakeholders is well established in the literature (Hope and Thomas, 2008; Lambert, 2001). However, the role played by the disclosure of information on corporate social responsibility in the increase in transparency which results from the availability of additional information on firm board characteristics (Margolis *et al.*, 2008) is an understudied topic. The primary goal of a business is to maximize shareholder value. From a business perspective, corporate social responsibility initiatives can be viewed as methods of achieving significant competitive advantages. Assessing the link between corporate social responsibility and governance of firms is essential, as it can enhance the ethical reputation of firms.

This paper focuses on the association between board characteristics and corporate social responsibility. The board of directors is the most important internal governance mechanism within a firm. The board is responsible, among other things, for monitoring and controlling the major long-term strategic decisions of the firm and ensuring that the firm acts in the best interests of its shareholders (Adams and McNicholas, 2007).

This study is motivated by the importance of corporate social responsibility reporting and the lack of research on the disclosure of non-financial information and board characteristics; the main objective is to examine the relationship between corporate social responsibility disclosure and firms' performance.

We use the data of the 102 companies published in the list of the Business Council for Sustainable Development in 2016 and 2017, together with additional information from the Amadeus database and from each company's website to obtain specific corporate governance and firm characteristics.

Consistent with our research hypothesis, the results indicate that firms with board attributes that reflect more stringent board monitoring have better corporate social responsibility and consequently, ethical reputation. Specifically, we find strong evidence that corporate social responsibility disclosure is positively associated with board size, gender diversity and experience. Overall, our results provide considerable evidence to suggest that a stronger board composition may promote more corporate social responsibility and improve ethical reputation in the Portuguese firms. Our study also complements a small body of literature on corporate social responsibility and board characteristics and firm reputation.

The remainder of the paper is organized as follows: the second section reviews the related literature on corporate social responsibility, applied theories and board characteristics. The third section describes the data, introduces the variables used in the analysis and presents the research model. The fourth section reports the empirical findings on the association between board characteristics and corporate social

responsibility. Finally, the fifth section summarizes the results and provide concluding remarks.

2. Related Literature

2.1. Corporate Social Responsibility and Theoretical perspectives

Corporate social responsibility is a broad concept, defined as the responsibility of enterprises for the effect they have on society. To discharge their social responsibilities, enterprises must take corporate social responsibility initiatives, incorporating social, environmental, ethical, human rights, and consumer concerns into their strategic plans (European Commission, 2011). There is no common definition of corporate social responsibility. The European Commission (2011, p. 4) defines corporate social responsibility as “a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis”. Davis (1973, p. 312) defines corporate social responsibility as “the firm’s considerations of, and response to, issues beyond the narrow economic, technical, and legal requirements of the firm to accomplish social benefits along with the traditional economic gains which the firm seeks”.

The concept of sustainability has been operationalized through environmental, social, and financial performance dimensions, summarized through the triple bottom line (Elkington, 1994). Furthermore, research has systematically confirmed the interrelationship between social, environmental, and financial performance.

Agency theory is a principal theory used to explain corporate social responsibility. It was first applied to corporate social responsibility disclosure by Belkaoui and Karpik

(1989). These agency problems arise when asymmetric information coexists with divergent objectives between managers and shareholders. Managers with little ownership may have incentives to manage accounting figures so as to increase earnings-based compensation, relax contractual constraints, or avoid debt covenants (Healy, 1985; Holthausen *et al*., 1995), thus originating high agency costs for owners.

Social performance expenditures reduce net income. Therefore, firms that prefer to conduct social performance and disclose it are more likely to have lower contracting and monitoring costs, and to have high political costs. Belkaoui and Karpik (1989) suggest that the decision to disclose social performance is positively correlated with social performance, economic performance and political visibility, and is negatively correlated with contracting and monitoring costs.

A stakeholder can be defined as any group or individual who can affect or is affected by the achievement of the organization’s objectives. The general idea of the stakeholder concept is that it redefines the organization in terms of what the organization should be and how it should be conceptualized. Friedman and Miles (2001) state that the organization itself should be thought of as a group of stakeholders and the purpose of the organization should be to manage their interests, needs and viewpoints.

The managers of a firm are thought to undertake stakeholder management. Unlike agency theory, in which the managers are working for and serving the stakeholders, stakeholder theorists suggest that managers in organizations have a network of relationships to serve – this includes the suppliers, employees and business partners. On the one hand, managers should manage the corporation for the benefit of its stakeholders in order to ensure their rights and participation in decision-making and, on

the other hand, management must act as the stakeholders' agent to ensure the survival of the firm so as to safeguard the long-term stakes of each group.

More recently, corporate social responsibility has involved more parties. Therefore, the corporate social responsibility model now encompasses both internal and external stakeholders. Internal stakeholders usually comprise employees and suppliers, while external stakeholders can include communities and the public.

According to Suchman (1995), the theory of legitimacy brought added value to socially responsible companies. The RS actions practiced by these companies are disclosed with transparency and are seen as desirable for their stakeholders. Khan *et al*. (2012) argued that legitimacy theory implies that the top management of an organization is responsible for practices, and has a duty to disclose to stakeholders; however, it considers that a legitimate organization is one that has the capacity to engage and control the processes of legitimation, in order to demonstrate its congruence with the values of society. In addition, legitimacy can be seen as an operational resource (Tilling and Tilt, 2010), whose value must be maintained to ensure continued support from society. The theory of legitimacy is based on the notion of social contract and on the assumption that managers adopt disclosure strategies that show how the organization is trying to fulfil the expectations of the society in which it is embedded (Deegan *et al.*, 2002).

The above theories brought a positive impact on the increment and accomplishment of SR activities. In line with the concept of social responsibility, companies come together with their objectives to maintain their business in a stable, ethically social environment in order to create more value internally and externally. These theories can be the basis

for the construction of a business strategy that associates social responsibility with the creation of company value.

2.2. Board characteristics

Prior literature underlines the view that corporate social responsibility may also create value for the firm (Alafi and Hasoneh, 2012; Galbreath and Shum, 2012; Lin *et al.*, 2009; Margolis *et al.*, 2008; Orlitzky *et al.*, 2003; Shen and Chang, 2008; Van Beurden and Gössling, 2008). Consequently, the board of directors should pay attention to promoting corporate social responsibility and monitoring ethical conduct of firms.

The results of Alafi and Hasoneh (2012), Galbreath and Shum (2012), Margolis *et al.*, (2008) and Orlitzky *et al.* (2003) provide evidence that better corporate social responsibility practices may have positive effects on firm profitability and market valuation. The more a company's economic performance improves, the more it will undertake and disclose social responsibility activities (Roberts, 1992). Profitable companies tend to be more interested in explaining CSR activities and managing the costs of disclosures (Gamerschlag *et al.*, 2011).

Our study also complements the previous literature on the effect of board characteristics on firm reputation (Musteen *et al.*, 2010; Brammer *et al.*, 2009). Musteen *et al.* (2010) document that board size, independence, experience and CEO duality are positively related to firm reputation. The results of Brammer *et al.* (2009) indicate that the effect of board gender diversity on reputational assessments varies across industries. Additionally, female board representation is positively associated with reputation in consumer services, while being negatively associated with reputation in producer services. The findings of Brammer *et al.* (2009) demonstrated that firms with larger

boards are associated with better assessments of reputation. Overall, the findings of Musteen *et al*. (2010) and Brammer *et al*. (2009) demonstrate a strong link between board characteristics and firm reputation.

Our study is closely related to the previous literature on the effect of board characteristics on corporate social responsibility. This stream of literature investigates how board characteristics and other governance attributes affect corporate social responsibility (Webb, 2004; Harjoto and Jo, 2011; Jo and Harjoto, 2012; Garcia-Sanchez *et al*., 2015). In brief, Garcia-Sanchez et al. (2015) examine the effect of board characteristics on the existence and extent of internal ethics codes. Their findings suggest that the existence of ethics codes are influenced by board size, independence, and gender diversity. The results of Webb (2004) provide evidence that socially responsible firms tend to have more independent and gender diverse boards and are less likely to have CEO duality than firms that are not classified as socially responsible firms.

Garjoto and Jo (2011) and Jo and Garjoto (2012) focus on the relationship between governance structure, corporate social responsibility and firm performance. Their findings suggest that firms with a more independent board and stronger governance mechanisms are more likely to be engaged in social responsibility activities. In addition, Bear *et al*. (2010) examine the effects of board diversity on social responsibility and firm reputation, concluding that gender diversity on the board of directors is positively associated with corporate social responsibility and ethical reputation.

The prior literature summarized above suggests that board attributes are reflected in corporate social responsibility and reputation. In this paper, we aim to contribute to the

existing literature by empirically examining whether board characteristics affect the corporate social responsibility of firms. Given the board's oversight responsibility, we expect to find a positive relationship between corporate social responsibility and board characteristics that reflect more stringent monitoring.

3. Data and variables

3.1. Sample and data

The empirical study investigates the disclosure of corporate social responsibility and board characteristics. We use the data of the companies enrolled in the Business Council for Sustainable Development (BCSD), together with additional information from the Amadeus database and from each company's website to obtain specific corporate governance and firm characteristics. The final sample comprised 102 firms in 2016 and 2017.

3.2. Corporate social responsibility index

Empirical studies have demonstrated that there is no universal and cohesive method to measure sustainability and they have drawn attention to the problem of multiple and contrasting goals (Gallardo-Vázquez and Sanchez-Hernandez, 2014; Montiel, 2008; Saeidi *et al*., 2015), the influence of internal and external factors (Christ and Burritt, 2013), and specifically industrial contexts (Azapagic, 2004; Nordheim and Barrasso, 2007).

Some studies developed models to measure corporate social responsibility in specific contexts. Veleva and Ellenbecker (2001) presented a tool to foster business sustainability based on indicators of sustainable production for the industry sector. In

the same line, Azapagic (2004) developed sustainability indicators as a tool for assessing performance and improvements in the metallic, construction and industrial minerals sectors.

A set of CSR indices was developed by the researchers to score CSR disclosure in the sample. We build a CSR index based on the content analysis of corporate social sustainability reports, assigning scores to the companies' disclosure of CSR activities. Previous empirical studies have demonstrated that there is no universal and cohesive method to measure the disclosure of corporate social responsibility and they draw attention to the problem of multiple and contrasting goals (Gallardo-Vázquez and Sanchez-Hernandez, 2014; Montiel, 2008), the influence of internal and external factors (Christ and Burritt, 2013), and specifically industrial contexts (Azapagic, 2004).

We applied the Global Reporting Initiative (2006) methodology to construct a CSR index on a sample of 102 firms belonging to the World Business Council for Sustainable Development in Portugal.

The GRI indicators (economic, social and environmental) are associated with the importance given by each entity through a classification between 0 and 4 that will reflect the degree of importance given by the company to the factors under analysis, as shown in Table 1.

Table 1. Scale of scoring used in the evaluation of companies

Scale	Classification
0	The company does not refer to the indicator although it may be important for its activity.
1	The company refers to the indicator as "not applicable" to its activity.

2	The company refers to the indicator but does not comply with it; does not consider it relevant to its activity or the value is null.
3	The company refers to the indicator but its implementation is not fully verified; it has the intention to verify or is in compliance.
4	The company refers to and complies with the indicator; there is a concise report and compliance with the company's activity.

Source: Authors

CSR is measured from 0 to 4 for each firm. Annex 1 presents the essential classification of each indicator according to the GRI guidelines. The index is composed of three dimensions: economic, environmental and social.

3.3. Board characteristics

The test variables of interest in our empirical analysis are the following board characteristics: Board size (BOARD_SIZE), Board independence (BOARD_INDEP), board gender diversity (BOARD_GENDER), and board experience (BOARD_EXPER). These variables encompass the functioning and monitoring of the effectiveness of the board of directors.

Previous studies indicate that larger board may be more effective in monitoring the complex of firms (Boone *et al*., 2007; Pathan, 2009; Adams and McNicholas, 2007).

Furthermore, the findings of Adams and McNicholas (2007) suggest that the drawing up and presenting a sustainability report increases the analysis of environmental and social issues and, consequently, firms give greater value to environmental performance and strive to improve their business actions. Hence, we predict a positive relationship between corporate social responsibility and board size. Board size (BOARD_SIZE) is the number of directors on the board of the firm at the end of the year.

A large body of literature indicates that independent directors are more effective monitors of the firm (Harvey and Shrieves 2001; Webb, 2004; Yeh *et al.*, 2011), and therefore we expect to find a positive relationship between board independence and corporate social responsibility. Board independence (BOARD_INDEP) is measured as the percentage of independent board members.

Recent studies have argued that female presentation on the boards of directors may have a positive effect on board effectiveness and oversight (Adams and McNicholas, 2007; Srinidhi *et al.*, 2011; Garcia-Sanchez *et al.*, 2015). Hence, we predict that female board representation is positively associated with corporate social responsibility. Board gender diversity (BOARD_GENDER) is the percentage of female board members.

Given that more experienced boards may have better firm-specific knowledge and expertise, and may consequently exert more stringent monitoring (Bacon *et al.*, 1997; Baselga-Pascual *et al.*, 2018), we expect to find a positive association between board experience and corporate social responsibility. We measure board experience (BOARD_EXPER) as the average number of years each board member has been on the board.

3.4. Control variables

We include several firm-specific control variables in our multivariate analysis. Previous studies have documented that performance (ROA), firm size (SIZE), sales growth (GROWTH), ownership (OWNER) and age of firm (AGE) may affect corporate social responsibility (see Galbreath and Shum, 2012; Orlitzky *et al.*, 2011).

Profitability can be seen as signal of management quality and has been linked to corporate social responsibility (Bear *et al.*, 2010; Musteen *et al.*, 2010). We measure

financial performance with return on assets (ROA), which is calculated as the ratio of net income to total assets.

We consider firm size (SIZE) because large firms have strong management and are concerned about reputation and visibility. Environmental performance indicators are used for waste management, natural resources, air emission and cost reduction in gas and water use. The study of Perrini *et al.* (2007) has demonstrated that large firms invest in sustainability management and external reporting to increase visibility and to inform stakeholders. SIZE is the natural logarithm of a firm's total assets at the end of the year.

Firms with high growth opportunities have greater investment opportunities, but financing future investment implies a higher cost of capital. Therefore, growth firms may reduce their sustainability to avoid raising the cost of capital or to maintain access to capital. While extant empirical studies found a positive relationship between growth and sustainability (Maigan *et al*., 2005; Maron, 2006), others found a negative or neutral relationship (Teoh *et al*., 1999). GROWTH is the change in a firm's total sales at the end of the year between 2015 and 2016.

Brammer and Pavelin (2006) indicate that when a company's ownership is dispersed, its stockholders have less ability to directly exercise their authority over managers and therefore only monitor them. Hence, the control of power of ownership concentration in medium firms could reduce interest in business conduct that addresses sustainability. We consider the control variable OWNERSHIP, which is the percentage of shares held by the group of owners.

Firms with a longer life expectation have countless reasons to foster socially responsible actions. They have high ethical standards, positive commercial values, their actual name

may be the bearer of both reputation and a sense of responsibility and therefore help maintain their business sustainability. Empirical studies found that CSR disclosure is positively associated with firm age (Roberts, 1992). AGE is the number of years since the founding of firm or the oldest of its predecessor firms.

The regression model is detailed below:

$$CSR_{i,t} = \quad + \quad 1\text{-}4\ (Board\ Characteristics)_{i,t} + \quad 5\text{-}9\ (Firm\text{-}specific\ controls)_{i,t} + \quad 10\text{-}15\ (Industry\ dummies)_{i,t} + \quad 16\text{-}17\ (Year\ dummies)_{i,t} + \ _{,i,t}$$

Where the dependent variable is the CSR index. The board characteristics included in the model are board size (BOARD_SIZE), board independence (BOARD_INDEP), board gender diversity (BOARD_GENDER), and board experience (BOARD_EXPER). The firm-specific controls included in the model which may affect corporate social responsibility are performance (ROA), firm size (SIZE), sales growth (GROWTH), ownership (OWNER), age of firm (AGE). The regression also include dummy variables to control for differences between industries and dummy variables to control year effects.

4. Results

This section details the research results and discussion. Table 2 provides descriptive statistics of the variables.

Table 2. Descriptive statistic

Variable	Mean	Standard Deviation	5%	Median	95%
CSR	3.93	0.19	3.67	3.80	4.49
BOARD_SIZE	1.93	0.58	1.00	2.00	3.00
BOARD_INDEP	59.96	23.44	0.05	67.53	98
BOARD_GENDER	13.50	8.50	0.00	14.24	40.00
BOARD_EXPER	9.10	4.15	0.80	8.68	18.10
ROA	1.00	51.79	-116.75	2.00	108.05
SIZE	10.81	2.78	5.96	11.19	14.68
GROWTH	-8.37	26.71	-84.35	0.00	30.70
OWNERSHIP	94.57	16.69	42.45	100	100
AGE	42.83	30.82	7.40	39.5	117.35

The mean value of the corporate social responsibility index is 3.93. Regarding the board characteristics, on average, the board size is relatively small and typically consist of 2 directors. Furthermore, it can be noted that around 60% of boards consist of independent directors. The average tenure of board members in our sample is about 9

years. The descriptive statistics also demonstrate that only about 13% of board seats are held by women.

Regarding the control variables, the descriptive statistics in Table 2 indicate that firms included in our study are very heterogeneous in terms of performance, sales growth and age of firm. The firms have high concentration of owners and relatively low size of total assets. The high level of ownership concentration in Portugal in comparison to other countries is reflected in the average value of about 95%. The average firm size is 10.81. The overall experience of the firms is 43 years.

Table 3 reports estimates of the ordinary least squares (OLS) regressions with corporate social responsibility index as the dependent variable. Three OLS estimations are presented: column C1 includes board characteristics and control variables of the regression of the research model; column C2 includes board characteristics, control variables and industry dummies; column C3 includes board characteristics, control variables, industry dummies and year dummies. The F-statistics are statistically significant at the 1% level for all three regression specifications.

Table 4. Board characteristics and corporate social responsibility

Variable	C1 (t-stat)	C2 (t-stat)	C3 (t-stat)
BOARD_SIZE	13.141*** (3.552)	12.076*** (3.517)	13.167*** (3.618)
BOARD_INDEP	-0.040 (-0.45)	-0.32 (-0.42)	-0.41 (-0.41)
BOARD_GENDER	1.046*** (3.376)	1.042*** (3.387)	1.048*** (3.376)
BOARD_EXPER	0.066** (2.870)	0.002** (2.230)	0.002*** (2.568)
ROA	0.000 (-0.137)	0.000 (0.049)	0.000 (0.038)

SIZE	0.112** (2.117)	0.0005** (2.015)	0.117** (2.045)
GROWTH	-0.005*** (-2.709)	-0.006*** (-2.572)	-0.006*** (-2.635)
OWNERSHIP	-0.000*** (-3.752)	-0.000*** (-3.378)	-0.000*** (-3.375)
AGE	0.000 (0.137)	0.000 (0.141)	0.000 (0.136)
Industry dummies	No	Yes	Yes
Year dummies	No	No	Yes
Adj. R^2	0.149	0.103	0.167
F-Stat (p-value)	0.002	0.002	0.003

*, ** and *** indicate significance at the 1%, 5% and 10% levels, respectively.

As can be seen from Table 3, the coefficient estimates for board size (BOARD_SIZE) and board gender diversity (BOARD_GENDER) are positive and statistically highly significant in all three models (at the 1% level), and board experience (BOARD_EXPER) is positive and statistically significant (at the 5% level). Consistent with our research hypothesis, the regressions indicate that Portuguese firms with a larger and more gender diverse board are associated with better corporate social responsibility. The documented positive effect of board size and gender diversity are broadly consistent with the findings of Brimmer *et al.* (2009), Musteen *et al.* (2010), and Bear *et al.* (2010), who report that board size and gender diversity are positively related to the corporate social responsibility of firms. The positive coefficient estimates of board experience (BOARD_EXPER) suggest that firms with more board experience are associated with higher corporate social responsibility. This provides strong evidence that more experienced boards have better firm-specific knowledge and expertise, and may consequently exert more stringent monitoring, and consistent with the findings of Bacon *et al.* (1997) and Baselga-Pascual *et al.* (2018).

Regarding the control variables, the estimates in Table 3 indicate that corporate social responsibility is strongly negatively associated with sales growth (GROWTH) and ownership (OWNER), suggesting that firms with higher growth and higher level of ownership concentration have poorer corporate social responsibility. This demonstrates that the control of power in medium-sized firms could lead to less interest in business conduct addressing sustainability (Passetti *et al.*, 2014). Our results demonstrate that growth firms must support more costs, and this reduces their commitment to corporate social responsibility.

In line with our expectation, corporate social responsibility is positively and significantly related to firm size. This is consistent with previous literature and confirms that large firms invest in sustainability accounting and external reporting to increase visibility and to inform stakeholders (Perrini *et al.*, 2007). This demonstrates that larger-sized firms with corporate social responsibility disclosure are associated with a higher level of performance. Our results support the view that CSR is a useful business strategy in the large Portuguese firms.

5. Conclusions

In this paper, we examine the association between board characteristics and the corporate social responsibility of Portuguese firms. The motivation for this analysis stems from the public and policy debate regarding the role of corporate social responsibility for business practices and consequently sustainability of public and private firms. Given the amplified expectations towards more ethical practices and more

responsibility in business, it is of interest to examine empirically whether corporate social responsibility is affected by the board of directors.

The board of directors is the most important internal governance mechanism within a firm and is responsible for establishing and monitoring the financial and non-financial behaviours of firms. Given the board's responsibility for overseeing ethics and responsibility documented in the prior literature, we expect to find a positive relationship between ethical reputation and board characteristics that reflect more stringent board monitoring.

The empirical analysis presented in this paper is based on a sample of 102 firms belonging to the World Business Council for Sustainable Development in Portugal. We measure corporate social responsibility with the disclosure index composed of three dimensions: economic, environmental and social. Consistent with our research hypothesis, the results demonstrate that firms with board characteristics that reflect more effective monitoring and oversight have better corporate social responsibility. Specifically, we document that corporate social responsibility is positively associated with board size, gender diversity and board experience.

Overall, the empirical findings reported in this paper contribute to the literature by demonstrating that more stringent monitoring and oversight by the board of directors may improve the corporate social responsibility and ethical reputation of firms.

We acknowledge several limitations that should be considered when interpreting our empirical findings. First, the number of firms used in the analysis is small and limited only to 102 belonging to the World Business Council for Sustainable Development in Portugal over two years. The small number of firms limits the statistical power of our

tests and the generalization of results. Second, it is important recognize that our empirical analysis relies on the calculation of the corporate sustainability index that can be addicted to analysing and interpreting reports. Given the various limitations, the empirical analysis presented in this paper should be viewed as somewhat exploratory in nature. However, these limitations provide a number of avenues for future research.

The findings of this study are important to the ongoing debate about the benefits of disclosure of information in corporate sustainability reporting. Much of this debate has focused on the financial consequences of investment in corporate social responsibility activities. In contrast, the current study cantered on the incentives for the board of directors to reach high levels of corporate social responsibility by examining the factors associated with leading corporate social responsibility firms. Additionally, our findings are relevant to standard setters and regulators who underscore the importance of corporate social responsibility reporting.

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Annex 1. GRI indicators of corporate social responsibility

Corporate Social Responsibility indicators
ECONOMIC
Economic value
Identification of financial implications and other risks and opportunities for the organization's activities due to climate change
Coverage of the defined benefit pension plan obligations that the organization offers
Reference to significant financial assistance received from government
Procedures for local hiring and proportion of senior management recruited from the local community
Development and impact of investments in infrastructure and services offered, mainly for public benefit, through commercial commitment
Identification and description of significant indirect economic impacts, including extent of impacts
ENVIRONMENTAL
Identification of the type of materials used by weight or volume
Indication of the percentage of materials used from recycling
Indication of direct energy consumption by primary sources
Indication of indirect energy consumption by primary sources
Identification of energy saved due to conservation and efficiency improvements
Reference to initiatives to provide products and services based on energy efficiency and renewable energy, and reductions in consumption as a result of these initiatives
Description of the main impacts on biodiversity in terrestrial, water or marine environments
Presentation of habitats protected or restored by the company
Presentation of strategies, measures in force and future plans for managing impacts on biodiversity
Indication of total weight of waste, by type and method of disposal
Identification of no significant spillage
Presentation of initiatives to mitigate the environmental impacts of products and services and the extension of the reduction of these impacts
Total expenditures and investments in environmental protection, by type
SOCIAL
SOCIAL: LABOUR PRACTICES
Indication of total workers by type of employment, employment contract and region
Presentation of the total number and turnover rate of employees, by age group, gender and region
Description of corporate governance group and description of employees by category, gender, age, minorities
Indication of the proportion of basic salary between men and women by functional category
SOCIAL: HUMAN RIGHTS
Indication of the percentage of significant investment contracts that include clauses referring to human rights policies
Indication of the percentage of suppliers submitted to human rights assessments and measures taken
Description of the freedom of association policy and its degree of application
Exposure of policies excluding child labour
Description of policies to prevent forced labour and slavery
Indication of the percentage of security personnel trained in human rights policies
Indication of the total number of cases of violation of indigenous peoples' rights and policies taken
SOCIAL: SOCIETY
Presentation of the nature and effectiveness of programmes that evaluate operations in the community
Indication of percentage and total number of business units submitted to risk assessments related to corruption

Indication of the percentage of employees trained in anti-corruption policies and procedures
Identification of non-existence of corruption cases and prevention measures
Identification of the position regarding public policies and participation in the elaboration of public policies and lobbies
Identification of non-financial and in-kind contributions to political parties and similar institutions
Indication of non-existence of lawsuits for unfair competition, trust and monopoly practices and their results
Indication of non-existence of significant fines and total number of non-monetary sanctions resulting from non-compliance with laws and regulations
SOCIAL: PRODUCT LIABILITY
Representation of the life cycle phases of products / services in which health and safety impacts are evaluated
Representation of the life cycle phases of products / services in which health and safety impacts are evaluated
Presentation of the type of product / service information required on the labels and percentage of products / services that require such labelling
Indication of non-existence of cases of non-compliance with label regulations
Identification of practices related to consumer satisfaction, including results of research or studies
Presentation of programmes for adherence to laws, standards and voluntary codes related to communication and marketing
Indication of non-existence of non-compliance with advertising and marketing regulations