The Corporate Governance Reporting in the European Union

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This is a pre-publication version of a paper that was accepted for presentation at the British Academy of Management 32nd Annual Conference on the 5th September, 2018.

How to Cite: Camilleri, M.A. (2018). The Corporate Governance Reporting in the European Union. In Cooper, C. Driving Productivity in Uncertain and Challenging Times. (University of the West of England, 5th September). British Academy of Management, UK.

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Abstract

The latest European Union's (EU) guiding policies are encouraging big businesses and state-owned organisations to disclose their environmental, social and governance (ESG) performance. Many European member states have transposed the EU's directive 2014/95/EU on non-financial reporting. This directive has presented a significant step forward toward the as its "comply or explain" approach has encouraged organisations to disclose a true and fair view on their organisations' financial and ESG capitals. Hence, this paper makes specific reference to some of the corporations' best practices as it identifies areas for improvement in corporate governance issues. It explains how three major European banks are following the recommendations of their national regulatory institution, as they have reviewed the roles and responsibilities of the corporate boards and management. In many cases, they have anticipated the regulatory, legal, contractual, social and market-driven obligations. This contribution contends that there are significant implications for financial services corporations who intend following the right path toward responsible corporate governance and ethical behaviours.

Keywords: Corporate Governance, Environmental, Social and Governance Reporting (ESG), Corporate Governance Principles, European Union, Financial Services Regulation, Corporate Governance Code.

Introduction

Over the last few decades, the corporate irresponsibility and scandals has triggered the resurgence of corporate governance. The corporate scandals have given considerable mileage to corporate citizenship practices and social responsibility. At the same time, corporations focus their energies on their core economic functions of producing goods and services, whilst maximising returns for their primary legitimate interest groups, namely shareholders (Harford, Mansi & Maxwell, 2012; Shleifer & Vishny, 1997; Donaldson & Preston, 1995; Friedman, 1970). However, these large businesses are also morally-obliged to uphold their stakeholders' interests, as their corporate social responsibility (CSR) actions affect millions, perhaps billions of people across the world, whether through the products they supply, the people they employ, the communities they locate in or the natural environments they impact. During the last decades these big entities were constantly reminded that they had obligations towards; shareholders, employees, investors, creditors, suppliers, local communities, customers, and policy makers. Moreover, their senior managers and executives were instructed on their fiduciary duties and responsibilities pertaining to the composition of the board of directors as they had to respect their shareholders' rights. In this light, the corporate governance principles and codes have been developed to guide large organisations (with more than 500 employees) to balance the distribution of rights and responsibilities of all stakeholders.

The corporate governance determines the systems, principles, and processes by which large firms or state-owned entities are governed. Notwithstanding, responsible corporate governance demand corporate officers and board members to give life to an organisation's guiding values, to create an environment that supports ethically, sound behaviours, and to instil a sense of shared accountability among employees (Paine, 1994). Therefore, the driving force of corporate governance ought to be characterised by integrity, honesty and organisational ethics. Ethical values shape the search for opportunities, the design of organisational systems, and the decision-making process. These responsible principles help to define what a company is and what it stands for. They provide a common frame of reference and serve as a unifying force across different functions, lines of business, and employee groups (Paine, 1994). Stakeholders expect accountability and transparency from large organisations. Hence, organisations are expected to clarify and publicise the roles and responsibilities of the corporations' boards and to explain the duties and responsibilities of their management appointees. Corporate entities are encouraged to implement procedures to independently verify and safeguard the integrity of the company's financial reporting. Such disclosures of material matters concerning the organisation should be timely and balanced in order to ensure that all investors have access to clear and factual information.

This contribution explains how corporate governance can create market confidence and business integrity as it is essential for companies that need access to equity capital for long term investment. Access to equity capital is particularly important for future-oriented entities, particularly those from the financial services industry. Therefore, this paper presents a critical review of some of the international corporate governance principles as it reports about the voluntary guidelines on non-financial reporting in the EU context. This is followed by a content analysis of the corporate governance practices of three major European banks. More specifically, this research evaluates formal and informal structures, as well as the processes and disclosures procedures that exist in oversight roles and responsibilities within the financial services sector. The underlying objective of this analysis is to scrutinise the banks' corporate governance micro/macro dimensions as they are expected to respond to regulatory pressures and stakeholder demands. The discussion provides a useful illustration of how corporate governance practices can be implemented, and it provides an indication of how practices differ from institution to institution (and by country). Therefore, this paper sheds light on corporate governance practices of three major European banks, namely; ING Bank, Deutsche Bank and UniCredit. This research evaluates their corporate governance structures as it addresses the rights of directors, managers, shareholders and employees among other interested parties.

Corporate Governance Regulatory Principles and Codes

Corporate governance principles were articulated in the "Cadbury Report" (Jones & Pollitt, 2004) and have also been formalised in the "Principles of Corporate Governance" by the Organisation for Economic Cooperation and Development (Camilleri, 2017; Lazonick & O'Sullivan, 2000). Both reports have presented general principles that were intended to help large organisations in corporate governance decisions. Subsequently, the federal government in the United States enacted most of these principles that were subsequently reported in the Sarbanes-Oxley Act in 2002 (Abbott, Parker, Peters & Rama, 2007). As a result, different governments and jurisdictions have put forward their very own governance recommendations for stock exchanges, corporations, institutional investors, or associations (institutes) of directors and managers, sometimes with the support of intergovernmental organisations. With regards to social and employee related matters, large organisations could implement the International Labour Organisation (ILO) conventions that promote fair working conditions for employees (Fuentes-García, Núñez-Tabales & Veroz-Herradón, 2008). In addition, (EU, 2014) has put forward its directive on non-financial disclosures that has included other topics as; social dialogue with stakeholders, information and consultation rights, trade union rights, health and safety, as well as gender equality in corporate boards, among other issues. The compliance with these governance recommendations were not mandated by law. Table 1 presents a selection of corporate governance principles:

Table 1: A Non-Exhaustive List of Corporate Governance Principles
The Cadbury Report (1992)
International Corporate Governance network (1995)
OECD's Principles of Corporate Governance 1999 (revised in 2004)
Sarbanes-Oxley Act (2002)
World Business Council for Sustainable Development (2004)
The International Finance Corporation and the UN Global Compact (2009)
Equator principles (2010)
EU's Directive on Disclosure of Transparency 2013/50/EU (2013)
EU's Directive on Non-Financial Disclosures 2014/95/EU (2014)

(Compiled by the author)

Most of these principles have provided reasonable recommendations for responsible governance structures and processes. In the main, these guidelines outlined the duties, responsibilities and rights of different stakeholders. The corporate decisions are normally taken in the highest echelons of the organisation. The board of directors will usually have the authority and power to exert their influence over shareholders, employees and customers, among others. This board consists of executive and non-executive directors. The organisations' ownership structure, and the composition of the top management team will also influence the corporate social performance (Lau, Liu & Liang, 2014). Notwithstanding, the non-executive directors may have a positive impact on CSR reporting (Sharif & Rashid, 2014). However, these assumptions have become partly untenable with the diminution of public steering power and the widening of regulation gaps (Lau et al., 2014). In many cases, stakeholders of business firms may not be adequately protected by national legislation. Schneider and Scherer (2015) argued that the inclusion of stakeholders in organisational decision processes on a regular basis can be regarded as an attempt from the business firms to address the shortcomings of a shareholder-centred approach to corporate governance. This casual consultation with stakeholders may be characterised by unequal power relations (Banerjee, 2008).

Previous research may have often treated the board as a homogeneous unit. However, at times there could be power differentials within boards (Hambrick, Werder & Zajac, 2008). Boards may be compared to other social entities, as they possess status and power gradations. These power differentials within the echelons of top management teams could help to explain the firms' outcomes. Ultimately, the board of directors will affect processes and outcomes. A more macro perspective on informal structures opens up new questions regarding the roles of key institutional actors, including shareholders, in influencing the public corporation (Hambrick et al., 2008).

Although researchers have long been aware of different shareholder types, there has been little consideration on the implications of shareholder heterogeneity for the design and implementation of corporate governance practices. Managers and shareholders, as well as other stakeholders, may exhibit wide variations of preferences within their presumed categories. For instance, there are long-term and short-term-oriented shareholders; majority and minority shareholders; as well as active and passive shareholders (Hambrick et al., 2008). In addition, the rise of private equity funds may have created a whole new shareholder category. The idea of heterogeneity within stakeholder categories, including the diversity of equity shareholders, is poised to become a popular topic in future governance research (Miller & del Carmen Triana, 2009). Today, the corporations are increasingly witnessing more shareholder activism than in the past. The financial markets and their regulators are also influenced by the media, creditors and institutional investors, among others. These various entities may inevitably have an effect on the behaviours of executives and on the boards of public companies.

Jizi, Salama, Dixon and Stratling (2014) suggested that the larger boards of directors are in a position to help to promote both shareholders' and other stakeholders' interests. They found that powerful CEOs may promote their banks' CSR activities for reputational concerns. The firms who voluntarily disclose more CSR information had better corporate governance ratings (Chan, Watson & Woodliff, 2014). Jo and Harjoto (2011) have found that CSR disclosures are correlated with governance characteristics, including board independence and institutional ownership. They posited that CSR engagement positively influences operating performance and firm value. Moreover, Lau et al. (2014) have examined the effects of the corporate governance mechanisms on CSR performance in a changing institutional context. They maintained that Chinese firms had to adopt global CSR practices for legitimacy purposes and to remain competitive. Mason and Simmons (2014) suggested a holistic approach to corporate governance and social responsibility that integrate companies, shareholders and wider stakeholder concerns. They argued that this is attainable if companies delineate key stages of the governance process and align their profit-centres and social responsibility concerns to produce a business-based rationale for minimising risk and mainstreaming CSR. Manasakis, Mitrokostas and Petrakis (2013) suggested that businesses should recruit socially-responsible CEOs and delegate them to instil their CSR ethos on the organisations' stakeholders. They contended that these individuals could act as a commitment device for the firms' owners and toward consumers. Adaptive governance ought to incorporate strategic and monitoring activities that determine the way companies enact their responsibilities toward shareholders and other stakeholders (Young & Thyil, 2014). Relevant contextual factors including; the economic environment, national governance system, regulation and soft law, shareholders, national culture, behavioural norms and industry impacts could affect corporate governance (Camilleri, 2017).

Interestingly, the latest European Union (EU) Directive 2014/95/EU on non-financial disclosures has encouraged large undertakings to use relevant non-financial, key performance indicators on environmental, social and governance matters (Camilleri, 2015).

European Corporate Governance Guidelines

On the 29th September 2014, the European Council has introduced amendments to its previous Accounting Directive (2013/34/EU). The EU Commission has been mandated by the European Parliament to develop non-binding guidelines on the details of what non-financial information ought to be disclosed by large "public interest entities" operating within EU countries. This directive featured social and environmental issues, including; human rights, anti-corruption and bribery matters as expressed in the UN Guiding Principles on Business and Human Rights (the "Ruggie Principles") as it comprised some aspects from OECD's Guidelines for Multinational Enterprises (ECCJ, 2014). This recent, directive has marked a step forward on large organisations' responsibility to uphold human (and labour) rights. At the moment there are approximately 6,000 large "undertakings" and groups across Europe (EU, 2014). Public interest entities include all undertakings that are listed on an EU stock exchange, as well as some credit institutions, insurance undertakings and other entities, as designated by the EU's member states. Their disclosures should include a brief description of the entities' business models, including their due diligence processes on the impact of their operations. Corporations as well as state-owned organisations should also clarify whether they are preventing human rights abuses and /or fighting corruption and bribery. This EU directive has emphasised the materiality and transparency on ESG issues in non-financial reporting. It also brought up the subject of diversity at the corporate board levels. It has outlined specific reference criteria in order to foster a wider diversity in the composition of boards (e.g. by age, gender, educational and professional background). The EU Commission has even suggested that this transparency requirement complements its draft directive about women on boards. Of course, this EU (2014) directive allowed for a certain degree of flexibility in the disclosures' requirements. As a matter of fact, for the time being, the non-financial disclosures directive is not mandating European undertakings to cover all aspects of ESG performance. However, businesses need to provide a clear and reasoned explanation for not complying with the EU's (2014) directive. Therefore, non-financial disclosures do not necessarily require comprehensive reporting on non financial matters, but it encourages the disclosure of information on policies, outcomes and risks (Camilleri, 2018; ECCJ, 2014). Moreover, this directive gives undertakings the option to rely on international, European or national frameworks (eg. the UN Global Compact, ISO 26000) in the light of the undertaking's characteristics and business environment. As a result, many European corporations, including multi-national banks are already following the EU's (2014) voluntary corporate governance principles.

Methodology

This empirical investigation presents case studies of three multinational firms within the financial services industry. This research involved an inquiry of data that is context-dependent (Yin, 2009 Eisenhardt, 1989). Therefore, it considered observational conditions before setting a framework for analysis. The researcher drew a representative purposive sample of financial services organisations in different EU settings. In fact, this study described, explained and shed light on the dynamics of the corporate governance reporting of three major European banks, namely; ING Bank (2014), Deutsche Bank (2015) and UniCredit's (2015).

The researcher has conducted an open analysis of these banks' hypertexts as he identified the dominant messages and subject matters within their disclosures. He has used a dictionary-based approach to categorise the textual data from a frequency list of words. The coding process often involved the interpretation of semantic text, including technical terms and industry jargon. Such a fieldwork approach involved the analysis of organisational processes and practices of social accounting.

The researcher annotated the "underlying themes" and interpreted them through a standardised content analysis grid that has facilitated the coding process. This grid was consistently used across all cases during the data gathering process. This stratagem has helped the researcher to identify the general themes of the corporate governance reports of the three banks and helped him to make comparisons and generalisations of their disclosures. He extracted relevant and material information on the European banks' internal factors (organisational structures, internal micro-processes, their corporate characteristics that reflected their general contextual factors. It explained how European corporations in the financial services industry were disclosing their governance procedures and processes following the EU directive 2014/95/EU on non-financial disclosures. In general terms, the analysis of the European banks' governance disclosures involved a meaningful, comprehensive view of the position and performance on issues relating to the diversity in boards and the shareholders' rights, as reported on the duties and responsibilities of internal and external auditors. Specifically, the three case studies scrutinised the organisations' management and supervisory structures in corporate boardrooms; in order to analyse the firms' accountability and transparency toward their stakeholders.

The Banks' Compliance with their National Corporate Governance Codes

ING Groep N.V. (that is being referred to as ING) is a global financial institution with its base in Amsterdam, Netherlands. Every year, ING reports about its corporate governance policies and practices to the Monitoring Committee (also known as the 'Frijns Committee'), according to the “Dutch Corporate Governance Code”. The Dutch Code consists of the principles and related best-practice provisions that are intended for all companies whose registered offices are in the Netherlands and whose shares or depositary receipts for shares have been admitted to a listing on a stock exchange, or more specifically to trading in a regulated market or a comparable system. The Dutch Code is intended for all large undertakings (with a balance sheet value > € 500 million) and whose shares or depositary receipts for shares have been admitted to trading on a multilateral trading facility or a comparable system (MCCG, 2017).

The Dutch Code contains principles and best practice provisions that regulate relations between the management board, the supervisory board and the shareholders (i.e. the general meeting of shareholders). Compliance with the Dutch Code’s principles is in accordance with the ‘apply or explain’ principle. In other words, the principles and best practice provisions of the Code must be applied unconditionally, or an explanation ought to be given for any departure from them. The latest Code is divided into five chapters: Long term Value Creation; Effective Management and Supervision; Remuneration; The General Meeting; and, One-Tier Governance Structures (MCCG, 2017). ING Group complies with the Code’s provisions on an annual basis. In its General Meeting, ING expressly indicates to what extent it has applied the best-practices in this code. If it did not do so, the company is bound to explain why and to what extent it has not applied these provisions. In contrast to the Sarbanes-Oxley Act of 2002, the Dutch Corporate Governance Code contains a ‘comply-or-explain’ principle. This is consistent with the latest EU (2014) directive. Therefore, any deviations to the code are permissible as long as they are reasonably explained. When these deviations are approved by ING’s general meeting, the company is deemed to be in full compliance with the Code.

Deutsche Bank AG is a global financial services corporation that has its headquarters in Frankfurt, Germany. Therefore, Deutsche Bank is subject to the essential statutory regulations of the German Corporate Governance Code. The German Code describes the legal regulations for management and the supervision of German listed companies, as per Aktiengesetz (German Stock Corporation Act). Other elements of the German Code are derived from international and national-acknowledged standards for good and responsible corporate governance. These are presented as principles in the form of recommendations and suggestions that are not mandatory. However, any deviations from the recommendations ought to be explained and disclosed with the annual declaration of conformity (as per the EU’s Comply or Explain principle). Besides giving reasonable recommendations and suggestions that reflect the best practice of corporate governance, this Code aims at enhancing the German corporate governance system's transparency and comprehensibility, in order to strengthen the confidence of international and national investors, clients, employees and the general public in the management and supervision of German listed companies (DCGK, 2017). Deutsche Bank complies with the German Corporate Governance Code as per section 161 of the German Stock Corporation Act.

UniCredit S.p.A is an Italian commercial bank. Its joint stock company adopts the so-called traditional management and control system. UniCredit's overall corporate governance framework has been defined in its current provisions that reflect the recommendations of the Corporate Governance Code for listed companies (Borsa Italiana, 2016). The Italian companies that have listed shares are bound to follow the Italian "Code". They are expected to disclose their corporate governance report and proprietary shareholdings with accurate, concise, exhaustive and easily understandable information. Their disclosures ought to reflect the requirements of the EU's (2014) comply or explain directive and with its recommendations and criteria. The corporate governance disclosures should; (a) explain in what manner the company has departed from the recommendation; (b) describe the reasons for the departure, whilst avoiding vague and formalistic expressions; (c) describe how the decision to depart from the recommendation was taken within the company; (d) where the departure is limited in time, explain when the respective company envisages complying with a particular recommendation; (e) if it is the case, describe the measure taken as an alternative to the relevant non-complied recommendations and explain how such alternative measure achieves the underlying objective of the recommendation or clarify how it contributes to their good corporate governance (Unicredit, 2016).

The European banks are following the code of conducts that are reported in the national codes of governance. At the same time, these financial institutions are voluntarily conforming to the EU's comply or explain directive 2014/95/EU as they minimise the regulatory intervention. The national codes are based on the multi-stakeholders' shared beliefs and institutional dialogue. The corporations that do not comply with the codes are expected to explain how their non-financial reporting relates to different corporate governance matters, including; ownership issues, the role of intermediaries, shareholder rights and engagement, stock markets and should shed light on the incentives that all these arrangements create. Institutional arrangements will determine whether shareholders will play the stewardship role that is expected of them in a comply-or-explain scenario. The regulatory institutions are expected to challenge the companies' explanations, particularly, when they are not adhering to the Code. The regulators can engage with boards if their explanation is deemed unconvincing to them. For example, the corporate governance reports of these European banks suggest that the roles of the chairman and chief executive should not be exercised by the same individual; the board should appoint a senior independent director; at least half the board, excluding the chairman should comprise independent non-executive directors; there should be nomination, audit and remuneration committees and separate sections of the annual report to describe the work of the nomination and audit committees; and the directors should have access to independent professional advice and the services of the company secretary, among other issues.

Therefore, the comply or explain is an approach that positively recognises that an alternative to a provision is justified if it achieves good governance. At the same time, companies are prepared to be as accountable and transparent as possible. Departures from a code provision are not presumed to be breaches because accompanying explanations should provide insight into how companies think about improving their corporate governance. Reportedly, the three European banks did not specify the details on certain matters, including; the remuneration benchmarking exercise, data collection regarding high earners, assessment of the suitability of members of the management body and key function holders, as well as on their internal governance matters.

In this light, the European Banking Authorities (EBA) will shortly collect data on remuneration benchmarking, as it will gather relevant information on the number of natural persons earning EUR 1 million or more per financial year (EBA, 2014a, 2014b). This data collection aims at ensuring a high level of transparency regarding the remuneration practices within the EU. These guidelines will be used to benchmark trends and practices. In addition, there are other guiding principles that have clearly delineated the processes, criteria and minimum requirements for assessing the suitability of members of the management body and key function holders (EBA, 2015). These recommendations have followed EBA's (2011) guidelines on internal governance of institutions and the banking systems, as a whole. This document was primarily aimed at enhancing and consolidating supervisory expectations, and to ultimately improve the sound implementation of internal governance arrangements. Therefore, European corporations and large undertakings have to explain their organisational structures with well defined, transparent disclosures about their board members' lines of responsibility (MCCG, 2017; DCGK, 2017; Borsa Italiana, 2016). They should describe their internal control mechanisms in terms of oversight of the supervisory function, risk management and internal control frameworks, remuneration policies, coupled with the riskiness of the products and services they offer. The corporations' disclosures have to identify, manage, monitor and report the potential risks that they might be exposed to. Notwithstanding, they also have to specify the structure of their remuneration policies. The national codes have provided effective corporate governance processes for the European corporations who operate within their jurisdictions. The Codes' requirements are consonant with the EU's directive on non-financial reporting.

Discussion and Conclusions

The EU's (2014) directive and the national Codes have recommended specific criteria that are intended to strengthen the oversight and due diligence of many European corporations, including financial services organisations. Debatably, most of the recent provisions could be perceived as 'over-prescriptive' by certain European entities; as large undertakings are expected to incorporate externalities to enhance activism toward responsible corporate governance (Camilleri, 2017; Acharya and Volpin, 2010). The past EU directives and recommendations on corporate governance disclosure requirements; shareholder rights and non-financial accounting for the listed companies were implemented across all European states.

Many states, including Germany, Italy and the Netherlands have recently transposed the latest EU (2014) directive. The underlying rationale behind such a European directive was that corporate governance policies have an important role to play in achieving the broader economic objectives with respect to investor confidence, capital formation and allocation. Responsible corporate governance affects the cost for corporations to access finance for their growth prospects. Notwithstanding, the responsible principles could safeguard the stakeholders' rights (particularly shareholders' rights). Ideally, all stakeholders ought to be treated in fair, transparent and equitable terms. The EU's corporate governance principles are providing a comprehensive framework that reassures shareholders that their rights are protected. This is of significant importance in today's globalised capital markets. International flows of capital enable companies to access financing from a much larger pool of investors. If companies and countries are to reap the full benefits of the global capital market, and if they are to attract long-term "patient" capital, corporate governance arrangements must be trustworthy, well understood across borders and adhere to internationally accepted principles. Even if corporations do not rely on foreign sources of capital, a credible corporate governance framework, supported by effective supervision and enforcement mechanisms; will help foster confidence in domestic investors, reduce the cost of capital, strengthen the good functioning of financial markets, and ultimately induce more stable sources of financing.

There is no single model of good corporate governance. However, the guiding principles including the EU's Directive on Disclosure of Transparency 2013/50/EU and the EU's Directive on Non-Financial Disclosures 2014/95/EU (2014) underpin responsible corporate governance in Europe (Camilleri, 2015). The EU (2014) directive has brought up the subject of diversity at the corporate board levels in order to foster a wider diversity in the composition of boards (e.g. age, gender, educational and professional background). The EU Commission has even suggested that its transparency requirement complements a previous directive on gender balance, about the presence of women on boards.

However, responsible corporate governance principles are non-binding and are not intended as prescriptions for national legislation. These principles seek to identify objectives as they suggest various means for achieving them. The European corporate governance principles aim to provide a robust, yet flexible reference to policy makers and market participants to develop their own frameworks for corporate governance. To remain competitive in a changing world, corporations must innovate and adapt their corporate governance practices. This way, they can meet new demands and grasp new opportunities. The European governments have an important responsibility for shaping an effective regulatory framework that provides sufficient guidelines and flexibility that allow markets to respond to new stakeholders' expectations. The EU directives and the national Codes are widely used as a benchmark by individual European states. Their principles are evolutionary in nature and are reviewed in the light of significant circumstantial changes that may arise in corporate governance.

In conclusion, this contribution suggests that effective corporate governance frameworks are critical to the proper functioning of the banking sector and the respective macro economy as a whole. It reported how the three major European banks and their supervisors are operating to achieve robust and transparent risk management as they promote public confidence through their corporate governance disclosures. This way they uphold the safety and soundness of the European financial services industry.

Limitations and Future Research Avenues

Although, all member states have already transposed the EU's corporate governance directives; to date, there are no specific, obligatory requirements in relation to the type of non-financial indicators and metrics that should be used as a yardstick for non-financial disclosures. Moreover, there is a need for further empirical evidence that should analyse how the European principles may (or may not) affect other large undertakings, including state-owned organisations or non-governmental organisations. There are many factors that could influence the companies' active engagement in responsible corporate governance behaviours and their adequate disclosures in annual reports. The composition of the decision-making bodies and the way how they define their activities could be considered as challenging in terms of both accountability and transparency toward stakeholders. Notwithstanding, the national corporate governance Codes could introduce further reforms in many areas: The Codes could remove certain restrictions on the ownership and voting rights that are currently, weakening the market diligence and the banks' capacities to raise capital from outside sources. For this reason, many jurisdictions are increasingly protecting their minority shareholders.

In sum, this exploratory research has clearly indicated that there are external forces, including institutional factors that can influence and shape responsible corporate governance and their disclosures. Future research could also explain how internal pressures such as shareholder activism could restrain or alter the organisations' actions.

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