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IMPACT OF COHESION FUND SUPPORT ON CORPORATE SOCIAL RESPONSIBILITY AND ANNUAL REPORTS OF CZECH PRIVATE ENTERPRISES

Abstract:
The EU, EU law and policies, such as the Europe 2020, attempt to decrease differences and divergences in CSR and harmonize, if not unify, related practices and reporting. Further, the EU provides financial support for various categories of CSR through funds such as the Cohesion Fund. The Czech Republic and Czech law follow this trend and require almost all enterprises to file their annual reports with CSR information with the Commercial Register. The aim of this contribution is to perform a pioneering micro case study entailing top enterprises from two CSR sensitive industries, power distribution and gasoline distribution, while focusing on the research question which targets their awareness as well as the effectiveness and efficiency of the current mechanism. These enterprises are subject to the CSR reporting duty and are aware about it, but surprisingly receiving financial support via the Cohesion Fund does not increase their awareness and commitment to CSR reporting. Consequently, the performed holistic Meta-analysis suggests that the current mechanism of CSR reporting and financial support is not set effectively and that its operation is not fully efficient. A deeper and broader study, along with dialogue and bottom-up communications needs to be developed to clarify this burning issue and to bring about improvements.

Keywords: *Cohesion Fund, CSR, EU, Reporting, Sustainability.*

1. INTRODUCTION

Our post-modern and highly competitive era brings forth many challenges for the global society, its organization (Piekarczyk, 2016) and digitalization (Vivant, 2016). This is the setting for the European integration under the auspices of the EU, which mixes the supranational and inter-government approaches and has at its heart the doctrine of the famous four freedoms of movement in the single internal market (MacGregor Pelikánová & MacGregor, 2018a). Regardless of the blurred distinction between historical truth and reality (Chirita, 2014), the current ten year long strategy, Europe 2020, has three clear priorities – smart, sustainable and inclusive growth (EC, 2010) and desires to develop the technological (Balcerzak, 2016a) and other potentials of a European economy (Balcerzak, 2016b), especially in the digital setting (MacGregor Pelikánová, 2012), while being sustainable and complying with core values, such as the rule of law and social concerns. In sum, Europe 2020 is a product of the European Commission, which was conceived to create economic dominance of the EU on the global market (Stec & Grzebyk, 2017) and which has been impacted by both formal and informal institutions (Pasimeni & Pasimeni, 2016).

The EU should be united in differences and should follow with EU member states the same priorities, policies and goals in order to overcome political, military and economic crises (MacGregor Pelikánová & MacGregor, 2018b). It needs to promote competitiveness while reducing divergences (MacGregor Pelikánová, 2019c; MacGregor Pelikánová & MacGregor, 2019) and fostering cohesion in spite of the many events that threaten the EU at its core. Undoubtedly, substantial progress has been made in terms of building an internal market and an economic and monetary union, albeit not without problems, as the 2008 crisis has shown. It seems, actually, as if the EU mostly was thinking in economic terms, hoping that economic solutions will fix all current problems at once (Staníčková, 2017; Melecký, 2018). Although globalization, sustainability, innovations and digitalization (Świadek et al, 2019) are acknowledged by the EU and all EU member states (MacGregor Pelikánová, 2019b), still these states and their businesses share different social, political and economic traditions (Lajkepova, 2016; MacGregorPelikánová, 2017). In addition, even within the same field of industry inside the same EU member state, there are significant differences in the commitment of enterprises to sustainability, i.e. these directly competing enterprises have dramatically different commitments to corporate social responsibility ("CSR") and its key categories (Čech et al, 2018 & 2019).

The modern concept of sustainability emerged in the 1960's in the USA and was incorporated in the well-known report Our Common Future – A global Agenda for Change, aka Brundtland Report 1987, which was published as the UN Annex to document A/42/427 in 1987. Almost 30 years after, on 1 January 2016, the 17 Sustainable Development Goals (SDGs) of the UN 2030 Agenda for Sustainable Development came into force (UN, 2019). SDGs not only identify where the world has to be in 2030, but outline also new markets and opportunities for companies all over the world. Governments and intraregional or supra-regional institutions have responsibility to lead the way by setting national or regional plans and businesses to contribute significantly to SDGs success. Tools such as the UN Global Compact should serve as a good starting point for their CSR activities (UN, 2015). Over time, sustainability has been perceived as a systematic and visionary tool governed predominantly by soft law and self-regulation of businesses, with corporate responsibility seen as rather a normative and moral tool regulated by law (MacGregor Pelikánová & MacGregor, 2018c). Ultimately, sustainability and corporate responsibility merged into the CSR (Bansal & Song, 2017) and attracted the above indicated interest of the EU and EU law.

The EU attempts to go for sustainability, see the Europe 2020 drive for smart, sustainable and inclusive growth, and to decrease differences and divergences in CSR and harmonize, if not unify, related practices. The EU interest for sustainability is further reinforced by the willingness to meet the SDGs and with regards to CSR mostly the goal 12 to ensure sustainable consumption and production patterns. There are two mechanisms regarding how to induce European enterprises to go for CSR and inform the public about it so as to enhance the general awareness and inspire others in seeing CSR as a competitive advantage and not a burden. The first mechanism is the legal framework established by the EU law and EU member state's laws implying the legal duty to engage in CSR and publications about CSR in annual reports of enterprises. The second mechanism is the financial system represented by the expenditures of the EU budget via European funds linked especially to the first two categories of EU expenditures. The first mechanism orders enterprises to engage in at least a minimum of CSR and report about it, the second mechanism pays enterprises that are willing to do more. This leads to a burning question about the awareness, effectiveness and efficiency of the current setting in the light of a pioneering micro case study. The research question is incorporated in the hypothesis that Czech enterprises, from CSR sensitive industries, which receive substantial financial support from the EU Cohesion fund ("CF") are more aware and committed regarding the sustainability and report more about their CSR than their direct competitors not receiving such financial support.

In order to properly address these research questions about the impact of the CF support on CSR and to ultimately confirm or reject the hypothesis that such financial support is reflected in reporting more robust CSR, a foundation needs to be reviewed, i.e. there has to be presented the relevant legislative setting along with a literature review (2.). Thereafter, the information about the data and methods (3.) needs to be mentioned and continued by the case study entailing two groups of Czech enterprises and their reports from 2017 (4.). The yielded results and related discussion (5.) propose the answer to the research question, rejects the hypothesis and offer thoughts and recommendations regarding the increase of the awareness, effectiveness and efficiency of the employment of the CF to support the sustainability and boost the CSR of enterprises (6.)

2. LEGISLATIVE AND LITERATURE REVIEW

The majority of jurisdictions in the EU member states share the continental law tradition inclined to formalism, while a minority of them share the common law tradition inclined towards pragmatism (MacGregor Pelikánová & MacGregor, 2018a). Consequently, the EU and EU law reflect these features and differences (Rogalska, 2018) and project them into the EU constitutional setting represented by the primary EU law, namely the Treaty on EU ("TEU"), Treaty on the functioning of EU ("TFEU") and Charter of fundamental rights of the EU ("Charter") and projected in the strategy Europe 2020 (MacGregor Pelikánová, 2019a). These mechanisms and settings should boost innovations (Świadek et al, 2019), transparency, competitiveness as well as cohesion and solidarity, which are far from being a spontaneous, market-based process (Pohulak-Żołędowska, 2016). It needs to be clarified what awareness needs to be enhanced (Polcyn, 2018). The TEU aims towards a highly competitive social market economy while promoting scientific and technological advances (Art.3), while TFEU focuses in more detail on the internal market, including provisions covering the right of establishment (Art.49 et foll.) and consumer protection (Art.169) (MacGregor Pelikánová & MacGregor, 2018a). In addition, TFEU covers economic, social and territorial cohesion (Art.174 et foll.). Specifically, the EU shall aim at reducing disparities between the levels of development of the various regions and the backwardness of the least favored regions (Art.174) and support the achievement of objectives through Structural Funds (European Agricultural Guidance and Guarantee Fund, Guidance Section; European Social Fund; European Regional Development Fund), etc., while the European Regional Development Fund is intended to help to redress the main regional imbalances (Art.176). The European Parliament and the Council assist in setting the CF to provide a financial contribution to projects in the fields of the environment and trans-European networks in the area of transport infrastructure (Art.177). Hence, the CF clearly finances sustainability endeavors, supports the CSR of enterprises, especially the category of environment and R&D, and rewards business' ethics (Sroka & Szanto, 2018) and their interaction with CSR (Jindřichovská et al, 2019).

Regarding secondary EU law, which must be in compliance with the primary EU law and which further develops the primary EU law, two Directives and one Regulation are to be indicated in this context – (i) Regulation (EU) No 1300/2013 of the European Parliament and of the Council of 17 December 2013 on the Cohesion Fund ("Regulation 1300/2013"), (ii) Directive 2013/34/EU of 26th June, 2013 on the annual financial statements, consolidated financial statements and related reports ("Directive 2013/34"), and (iii) Directive (EU) 2017/1132 of the European Parliament and of the Council of 14 June 2017 relating to certain aspects of company law ("Directive 2017/1132).

Regulation 1300/2013 was enacted based on Art. 177 TFEU and states explicitly that the CF is established for the purpose of strengthening the economic, social and territorial cohesion of the EU in the interests of promoting sustainable development (Art.1). The CF primarily supports investments in the environment, including areas related to sustainable development and energy which present environmental benefits, TEN-T (Art.2) and transport infrastructure (Art.3). The Cohesion Fund is aimed at EU member states whose Gross National Income (GNI) per inhabitant is less than 90 % of the EU average, e.g. the Czech Republic, and should help to reduce economic and social disparities and to promote sustainable development. For the 2014-2020 period, the CF allocates a total of EUR 63 400 million to activities regarding especially environmental protection and trans-European transport networks (EC, 2019c).

Directive 2013/34 addresses financial statements and other reports. It states explicitly that large undertakings which are public-interest entities exceeding on their balance sheet dates the criterion of the average number of 500 employees during the financial year, shall include in the management report a non-financial statement containing information to the extent necessary for an understanding of the undertaking's development, performance, position and impact of its activity, relating to, at a minimum, environmental, social and employee matters, respect for human rights, anti-corruption and bribery matters (Art.19a).

Directive 2017/1132 requires compulsory disclosures, by companies, of a set of documents, including the instrument of constitution and statutes, and the statutes if they are contained in a separate instrument and accounting documents (Art.14). This disclosure is to be done in the national register, i.e. each EU member state has to have a central, commercial or company register where, for each company, is open a file with such documents (Art.16). Each register has the electronic version and the data is migrated to the central EU platform, i.e. eJustice.eu.

Czech Act No 563/1991 Coll., on accounting sets a legal duty for certain enterprises to have their final accounts verified by an auditor (Art.20). The group of enterprises, to which this legal duty extends, includes enterprises reaching at least one of the following three thresholds: (i) assets of CZK 40 million, (ii) turnover of CZK 80 million, and (iii) 50 employees (Art.20). In addition, the subjects of this "auditing" legal duty have another duty – to prepare as well an annual report with financial and non financial information, including the information about R&D, environmental protection activities and employment relationships (Art.21).

Czech Act No 304/2013 Coll., on public registers regulates the Czech Commercial Register and its records (Art.42 et foll.) and specifically states that the Collection of documents kept by the Czech Commercial Register includes annual reports (Art.66).

Hence, in sum, the multiannual financial framework represents the long-term budget of the EU and sets in advance the key parameters for each annual EU budget (MacGregor Pelikánová & Cvik, 2015), which is primarily an investment budget designed to finance EU policies focusing on agriculture, regional development, R&D, culture, border protection, etc. (Pohulak-Żoledowska, 2016). The EU budget for 2017 reached EUR 158 0000 million and the expenditures belonged to six categories: 1a Competitiveness for growth and jobs (14%) and 1b Economic, social and territorial cohesion (34%), 2. Sustainable growth: natural resources (37%), 3. Security and citizenship (3%), 4. Global Europe (6%), 5. Administration (6%), 6. Other special instruments (less than 1%) (EC, 2019a). These expenditures are realized often via funds. As a matter, there are two types of EU funds – funds dealing with finances not included in the EU budget, such as the European Development Fund and the indicated funds dealing with finances included in the EU budget, such as European structural and investment funds ("ESIFs"). Pursuant to partnership agreements, ESIFs are jointly managed on a decentralized basis by the EU and EU member states and support jobs and a sustainable and healthy EU economy and environment.

In total, over 50% of the EU budget is channeled through the following five ESIFs: European regional development fund ("ERDF"), European social fund ("ESF"), Cohesion fund ("CF"), the European Agricultural Fund for Rural Development ("EAFRD") and European maritime and fisheries fund ("EMFF"). The main focus areas of ESIFS are R&D, digital technologies, low-carbon economy, sustainable management of natural resources and small businesses (EC, 2019b).

Table 1 ESIFs – EU funds dealing with over 50% of the EU budget

Fund	Focus area
ERDF	promotes balanced development in the different regions of the EU.
ESF	supports employment-related projects throughout Europe and invests in Europe's human capital – its workers, its young people and all those seeking a job.
CF	funds transport and environmental projects in countries where the gross national income (GNI) per inhabitant is less than 90% of the EU average, e.g. the Czech Republic.
EAFRD	focuses on resolving the particular challenges facing the EU's rural areas.
EMFF	helps fishermen to adopt sustainable fishing practices and coastal communities to diversify their economies, improving the quality of life along European coasts.

Source: Own processing by authors based on EC, 2019b.

To put it differently, the largest EU expenditures are for the 1st category, i.e. 1a and 1b, supporting competitiveness, jobs and reduction of economic gaps (48%) and the 2nd category, with 37%, supporting agricultural production via the European Agricultural Guarantee Fund ("EAGF"), rural development by one of the mentioned ESIFs, i.e. EAFRD, and by other funds addressing maritime and other issues. The cohesion policy is financed by 5 ESIFs created by special legal acts, e.g. CF by the above mentioned Regulation (EU) No 1300/2013, and operated based on common provisions included in the Regulation (EU) No 1303/2013. For the 2014-2020 programming period, the EU has allocated EUR 63 400 million to CF of which EUR 6 259 million is for the Czech Republic, i.e. potentially Czech enterprises (EC, 2019c).

Manifestly, the CF is a pro-sustainable and pro-CSR fund and its beneficiaries are enterprises proclaiming their CSR and successfully obtaining support for it. If these beneficiary enterprises become a subject of the legal duty to include CSR information in their annual reports and publish it, then their CSR section of the annual reports should be robust and more developed than in the annual reports of their competitors. Or not? Well, this is worthy of exploring, and the best way to do so is to perform a case study entailing two industries with strong CSR and CF potential and using enterprises passing the threshold for the publication of CSR information in their annual reports, some of them being CF beneficiaries while others not.

3. DATA AND RESEARCH METHOD

This contribution addresses the impact of the CF on CSR and its reporting while using a micro case study of two groups of Czech enterprises. The research question targets the awareness, effectiveness and efficiency of the current setting of the EU financial support and EU and Czech laws on CSR and its reporting. It is embodied in a proposed hypothesis implied by the presented legislative and literature overview that Czech enterprises having the duty to include CSR information in their annual reports will do it more vigorously, extensively and deeply if they are a beneficiary of CF support. This hypothesis is boosted by the assumption that enterprises aware about the CSR and determined to go for it, will know and use the support provided by the EU and gladly report about it in the expected depth and extent, while their competitors, being less aware and less committed to CSR and not benefiting by such a support, will do it in a much-reduced manner. The hypothesis could be simplified in the statement that support by CF leads to a better quality and quantity of CSR reporting by enterprises.

The confirmation or rejection of such a hypothesis demands a holistic, open minded Meta-Analysis built upon the policy and legislation research and, due to their predominantly EU origins, their teleological interpretation and upon the exploration of annual reports of a sufficiently representative sample of enterprises. The Meta-Analysis was selected because it is an appropriate tool for the aggregation of information of a heterogeneous nature and from heterogeneous sources (Silverman, 2013).

The sample selection was carefully done while keeping in mind that, due to the set criteria (potential to be CF beneficiary + duty to include CSR information in annual reports) reduces the pool below the threshold of conventional statistical methods. This quantitative limitation is offset by the exclusive focus on two sensitive industries, homogeneity and representativeness of the sample, and their capacity to be presented in parallel. Power and gasoline distribution industries have a very high sensitivity risk score because they are dependent on highly volatile prices and even volatile supplies quantity and quality and at the same time they are absolutely critical for the economy and the entire society, see the oil crises in 1973 and 1979. Therefore, five top power distribution enterprises and five top gasoline distribution enterprises in the Czech Republic were selected, and consequently the sample included larger Czech companies and not typical SMEs. These two industries have a strong CSR potential, basically all these enterprises have to report about their CSR in their annual reports and can be a beneficiary of support provided by the CSR, but only some of them asked for it and received it. Therefore, the, below described, Delphi method to explore the content analysis of CSR data in annual reports for 2017 will concern the following two groups of Czech Enterprises. The first group of enterprises is from the power distribution industry and includes top Czech power distribution enterprises, including the largest one, ČEZ a.s., which is partially owned by the Czech Republic, see Table 2.

Table 2. Power distribution enterprises – ID, CF support, employees, turnover, balance sheet totals for 2016-2017

Enterprise (Company)	ID Number	CF support in EUR	Balance Sheet Total in CZK mil	Turnover in CZK mil	Employees
ČEZ, a.s.	45274649	887 400	532 770	77 257	29 837
Pražská energetika, a.s.	60193913	0	29 900	18 700	1 449
E.ON Česká Republika, s.r.o.	25733591	716 258	17 917	7 970	1 086
innogy Energie s.r.o.	49903209	0	25 034	32 252	237
BOHEMIA ENERGY entity s.r.o.	27386732	0	11 525	10 218	462

Source: Author´s own processing based on EC, 2019c and justice.cz

The second group of enterprises is from the gas distribution industry and includes top Czech gas distribution enterprises, including ČEPRO a.s., which is completely owned by the Czech Republic, see Table 3. Both tables, Table 2 and Table 3, reveal that all enterprises have to have their annual reports verified by an auditor and they need to include in their annual reports both financial and non financial statements, because their assets are over CZK 40 million, their turnover is over CZK 80 million, and their number of employees exceeds (with the exception of OMV) 50 employees (Art.20 and Art.21 of the Act No. 563/1991 Coll.).

Table 3. Gasoline distribution enterprises – ID, CF support, employees, turnover, balance sheet totals for 2016-2017

Enterprise (Company)	ID Number	CF support in EUR	Balance Sheet Total in CZK mil	Turnover in CZK mil	Employees
UNIPETROL RPA s.r.o.	27597075	0	70 056	114 280	2 733
ČEPRO, a.s.	60193531	0	20 000	46 000	757
MOL Česká Republika, s.r.o.	49450301	464 192	9 000	40 000	220
OMV Česká Republika, s.r.o.	48038687	0	4 000	18 000	39
Shell Czech Republic a.s.	15890554	0	6 000	17 000	92

Source: Author´s own processing based on EC, 2019c and justice.cz

The information extracted from the annual reports of these two sets of enterprises for 2017 is to be complemented by information from other sources, such as the Internet domains of these enterprises, and refreshed by citations and ad hoc glossing. The critical and comparative exploration of such combined information, especially category, extent and depth of CSR information, should follow the classification set internationally by ISO 26000, regionally by the Directive 2013/34 and nationally by the Czech Act 1991 – environment, employees – human resources (HR), community-social-sport-others, plus the often omitted research and development ("R&D"). The content analysis with Delphi method of such an information conglomerate tackles both quantitative and qualitative aspects. The quantitative aspects are addressed based on the calculation of the total number of all the pages and the total of the pages dealing with CSR categories, while the qualitative aspect was addressed based on the granting of (+) according to the universal set of guidelines and questionnaires about the depth, concreteness and relevancy (MacGregor Pelikánová, 2019a) and by an explicit search of the information about CF support. This holistically manual approach, employing content analysis, qualitative text analysis (Kuckartz, 2014) and a simplified Delphi method (Okoli & Pawlowski, 2014; Rowe & Wright, 2011), involved three external experts benefiting by both a law and economic background and experience with corporate reporting and CSR (RKM, LM, ZF). After they then calculated the total pages about CSR and the pages for each CSR category, they ranked the information provided about CSR pursuant to the mentioned guidelines. The guidelines required ranking as no more than general information (+) all universal and proclamation-type statements lacking a relationship to real and controllable actions or omissions; to ranking as more developed and concrete information (++) all statements leading to a single real and controllable action or omission or participating on general CSR trends; and as robust information (+++) all statements about real and controllable actions culminating in an exemplary CSR behavior linked to the particular business and that was made public and regarding the existence of which is beyond any doubt (MacGregor Pelikánová, 2019a). The collected quantitative and qualitative results from the first round were read by the author and sent back to the experts for readjustments in order to achieve a mutual consent about both the number of pages and granted a mark (+).

The entire process was refreshed by Socratic questioning (Areeda, 1996) referring to the authors own findings as well as findings proposed by academic sources ranked and classified in the Web of Science (WoS) and Scopus databases. Ultimately, the interplay of economic, legal and technical aspects shapes the focus, targeting both qualitative and quantitative data and entailing deductive and inductive aspects of legal thinking.

4. CZECH CASE STUDY - ANNUAL REPORTS WITH CSR INFORMATION

At the very heart of this contribution is the Czech micro case study addressing two sensitive and CSR sensitive industries – power distribution and gasoline distribution. Namely five top enterprises active in each of these industries, with some of them a beneficiary of CF and others not. All of these 10 enterprises have to file their annual reports, verified by an accountant, with the Czech Commercial Register. As a matter of fact, they all did for the year 2017. Therefore, it is possible to explore these annual reports and test the set hypothesis while further considering the underlying research questions.

4.1 Top five Czech power distribution enterprises and their 2017 annual reports

The above indicated top five Czech power distribution enterprises did satisfy their legal duty and their audited annual reports for 2017 are freely available via justice.cz, i.e. they are in the e-collection of corporate documents kept by the Czech Commercial register. Two of these five enterprises were beneficiaries of significant support from the CF in 2017, i.e. ČEZ and E.ON got EUR 887 400, resp. EUR 716 258, to support their sustainability endeavor in the field of environment and transport from the EU in 2017. The Meta-Analysis and content analysis performed while using the Delphi method brought forth data incorporated in Tables four and five.

Table 4. Power distribution enterprises – 2017 annual reports, CSR - quantity per pages, quality per +

Enterprise	CSR pages/ all pages)	CF (pages/quality)	R&D (pages/quality)	Environment (pages/quality)	HR (pages/quality)	Others (pages/quality)
ČEZ, a.s.	13/356	1 page (141)/++	3/+++	3/+++	3/+++	3/+++
Pražská energetika, a.s.	5/170	0	0	2/++	2/++	1/++
E.ON ČR s.r.o.	4/45	0	0	1/++	2/++	1/+
innogy Energie s.r.o.	6/70	0	0	2/+++	2/+++	2/++
BOHEMIA ENERGY	2/28	0	0	1/+	1/+	0

Source: Author´s own processing based on justice.cz.

As expected, the largest of these five, and as well a CF beneficiary, ČEZ, provided rather robust CSR information regarding all categories and mentioned even EU financial support (TEN-T). However, surprisingly, another CF beneficiary, E.ON, provided only a shallow amount of CSR information, skipped any references to EU financial support in its 2017 company annual report and included just minimal data in this respect in its 2017 consolidated holding annual report. This unexpected behavior is further magnified by the extent of the consolidated holding annual report on sustainability and the depth of data about German enterprises and action (E.ON, 2019). This lack of CSR proclamation by E.ON can be contrasted with the 2017 annual report of Innogy Energy. Naturally, this study of annual reports is not conclusive and has to be complemented by citations offered by annual reports, as well as the internet Websites of these five enterprises.

Table 5. Powers distribution enterprises – citations with commenrts

Enterprise	AR - citation	Website address	Website Citation	Comments
ČEZ, a.s.	*Electromobility with 91 stations …..TEN-T .. innovations …..I2US*	Cez.cz	*"Electromobiles for orphanages …. Sustainability principles are part of our business conduct…"*	Strong commitments regarding all CSR aspects, while focusing on electromobiles
Pražská energetika, a.s.	*Benefit packages for employees … education*	Pre.cz	*"Comfort energy for you … participation in SMART CITY project*	Focusing much more on people than on the environment or technologies
E.ON ČR s.r.o.	*Reducing CO2 emission … benefits for employees ..No R&D..*	Eon.cz	*Saving consumers money while saving (protectin) nature …. Solar solutions…"*	Heavily referring to the mother German company
Innogy Energie s.r.o.	*5 ecology agreements with the Czech state*	Innogy.cz	*"Rekola (re-bicycles) … Movie fund …"*	Big focus not only on employees, but perhaps even more on environment

BOHEMIA ENERGY	*... No R&D ...*	Bohemiaenergy.cz	*"Ethical Codex ... Project Black horses helping handicaped people"*	Only mininam CSR information in the annual report, much more on www

Source: Author´s own processing based on justice.cz and Websites of enterprises

ČEZ is strongly proclaiming its CSR commitment, both in its annual report as well as on its Internet Website. E.ON does it weakly both in its annual report as well on its Internet Website. Interestingly, Bohemia Energy does it weakly in its annual report, but goes strongly for sustainability within its CSR information on its Internet Website. References to CF and EU financial support or programs are nominal or completely missing.

4.2 Top five Czech gasoline distribution enterprises and their 2017 annual reports

The above indicated top five Czech gasoline distribution enterprises did satisfy their legal duty and their audited annual reports for 2017 are freely available via justice.cz, i.e. they are in the e-collection of corporate documents kept by the Czech Commercial register. One of these five enterprises was the beneficiary of significant support from the CF in 2017, i.e. MOL got EUR 464 192, to support its sustainability endeavors in the field of the environment and transport from the EU in 2017. The Meta-Analysis and content analysis performed while using the Delphi method brought information incorporated in Table six and in Table seven.

Table 6. Gas distribution enterprises – 2017 annual reports, CSR - quantity per pages, quality per +

Enterprise	**CSR pages/ all pages**	**CF (pages/quality)**	**R&D (pages/quality)**	**Environment (pages/quality)**	**HR (pages/quality)**	**Others (pages/quality)**
UNIPETROL	7/84	0	4/+++	1/++	1/++	1/+
ČEPRO, a.s.	12/116	0	3/++	3/++	5/+++	1/+
MOL ČR s.r.o.	2/38	0	1/+	1/++	1/++	0
OMV ČR s.r.o.	1/37	0	0	0	1/+	0
Shell CZ a.s.	2/41	0	1/++	1/++	1/++	1/+

Source: Author´s own processing based on justice.cz.

Interestingly, UNIPETROL and ČEPRO appear much more committed to CSR and especially to R&D and the environment than the other three enterprises, including MOL, i.e. a beneficiary of the EU support via CF in the amount of EUR 464 192. This shortcoming can arguably be offset by other platforms for CSR declarations, such as its own Internet Websites.

Table 7. Gas distribution enterprises – citations with comments

Enterprise	**AR - citation**	**Website address**	**Website Citation**	**Comments**
UNIPETROL	… continuation in the National sustainability program of research centers … working in projects CATRO and CATAMARAN … connecting public and private research centers …	Unipetrol.cz	*"The strategic priority of the Unipetrol holding is the CSR …. We cooperate with municapilities ... support various projects …."*	UNIPETROL has a separate Website section "Responsible enterprise"
ČEPRO, a.s.	*"the mapping of the situation regarding the possible substitution of fossil fuels with alternative fuels and energy sources…control audit ISO 9001 and 14001 … Code of Ethics ….Platform for company development as a free platform for the discussion with employees ..."*	Ceproas.cz	*"Certificate EU – ISCC in compliance with the Directive 2009/28/EC about the support of the use of energy from renewal resources ..... Certificate EU – ISCC -Reg.-1906... System of quality guarantee pursuant to ISO 9001 .... Environment protection and environment management pursuant to ISO 14001 ... protection of health of workers ..- certificate ISO 18001 .... Stability award ... AAA finance scoring ...."*	Čepro presents itself as a very modern and open-minded business with real and practically oriented focuses. Čepro relies on certificates and ISO norms.
MOL ČR s.r.o.	*„Transparency … fair treatment of employees …Green oasis funding to improve local environment (parks, green*	Molcesko.cz	*„ ..MOL Cup Soccer support …" „Green Oasis project for more green and water elements ... distributing grants ...*	MOL has not only a separate section of its annual report dealing with CSR, but even a special

	surfaces) ..MOL Cup Soccer support …"		*planting six hundred bushes and three hundred trees …"*	Website section. It focuses on local social (soccer) and environmental (green oasis) issues
OMV ČR s.r.o.	*"… fair salary and no discrimination … no research and development …environment law followed "*	Omv.cz	*"… providing quality ... creating over 2 000 jobs …"*	OMV states merely that to their knowledge they follow the law, it does not demonstrate any further sustainability aspirations. OMV does not engage in CSR statements on its Website.
Shell CZ a.s.	*"Masterpass digital wallet … Upstream and downstream … Drop of Hope (Kapka naděje) charity … technology …following international standards ISO 9001, ISO 14001 and OHSAS 18001 …"*	Shell.cz	*"For the company Shell, the sustainable development means providing energy to the growing population while respecting humans, their safety and environement. The sustainable development concerns all spheres of activities of Shell …"*	*Shell has a special CSR Webpage and addresses R&D, social and other concerns in an impressive manner. It follows standards.*

Source: Author´s own processing based on justice.cz and Websites of enterprises

Similarly to the first group, the first two enterprises, UNIPETROL and ČEPRO, appear, based on their annual reports and Website information, more committed to sustainability and engaged in CSR than the remaining three enterprises, including the CF beneficiary - MOL. Further, these two first enterprises perceive R&D as a true CSR category and attempt to go for sustainability through innovations. OMV appears to be the worst. This surprising result, as in the case of E.ON, is magnified by the in-depth information on sustainability and CSR provided by OMV Group, a signatory to the UN Global Compact (OMV 2019). But unlike E.ON ČR, OMVČR is not a CF recipient.

5. RESULTS AND DISCUSSION

There is a clear legislative (Hahn, 2018, MacGregor Pelikánová & MacGregor, 2017), social (Bode & Sing, 2017, Chassé & Courrent, 2018), technological (Balcerzak, 2016a) and even practical (Arminen et al., 2018) drive towards the recognition of CSR in the EU and EU member states, including the Czech Republic (MacGregor Pelikánová & MacGregor, 2018c). The outcome of this trend is the EU support via ESIFs with the assumption that financial support for CSR activities of enterprises will contribute to sustainability as such, as well as to the enhancement of awareness by transparent public information about these activities. On this wave, in May 2018, the European Commission published its proposals for the regulation of the EU cohesion policy after 2020, expecting the CF to continue the support of the project "Investment for growth and job," i.e. during the 2021-2027 programming period, the CF should support two specific objectives: a greener, low-carbon and circular economy (Policy Objective (PO) and a more connected Europe (PO3) (EC, 2019c). The CF should dispose with EUR 41 300 million for the same 15 EU member states as during 2014-2020.

Therefore, the EU wants to finish its Europe 2020 decade as a genuinely pro-smart, sustainable and inclusive era (Turečková & Nevima, 2018). However, the final accounts do not look too rosy, or better to say black. Definitely not all five headline targets of Europe 2020 will be met in 2020 (EC, 2010) and especially the lack of meeting of the "3% of the EU's GDP invested in R&D" and of "20/20/20 climate/energy targets" presents a true issue for the sustainability and CSR (MacGregor Pelikánová, 2019b). The Finland´s presidency of the Council of the EU led to a new strategic top document labelled Sustainable Europe – Sustainable Future – EU2019.FI (Council of the EU, 2019), which underscores that the EU faces "*an increasingly complex and unpredictable global environment"* and identifies the sustainability as the key to address it. Indeed, the Sustainable Europe – Sustainable Future – EU2019.FI states specifically: "*The common denominator for all EU action should be sustainability, which includes implementation both within and beyond the EU of the 2030 Agenda for Sustainable Development. The EU should raise its profile as a global leader in climate action by adopting a long-term climate strategy aimed at making the EU carbon neutral by 2050."* (Council of the EU, 2019). Indeed, the 17 SDGs of

Agenda 2030 in combination with Europe 2020 and the new EU strategy for the decade 2020-2030 make indispensable the EU commitment to the sustainability, e.g. via CF instruments supporting CSR of European enterprises. Boldly, the EU is ready to keep sending through CF money to Czech enterprises engaged in CSR projects in the field of environment protection and R&D categories and transport infrastructure. At the same time, the EU in cooperation with EU member states has set a legal framework requiring larger enterprises to include in their annual reports both financial and non financial statements and to file and possibly even publish these annual reports. The CSR information is a typical example of such non financial information. Consequently, it can be expected, that enterprises will publish their annual reports with an information about their CSR and perhaps even will use pro-CSR declaration along with real data about their CSR achievement as marketing tools. Further, it might appear to be logical, that the enterprises most engaged in the CSR will get CF support and will gladly and even more deeply report about their CSR.

Well, the performed micro case study moves these expectations rather into the category of speculations. Although the used sample was small, it has a sufficiently indicative potential. Basically two set of five Czech biggest enterprises in the CSR sensitive industries, power distribution and gasoline distribution, generated data leading to six asseverations. Firstly, all enterprises satisfy (at least formalistically) the law requirements and file annual reports with required financial and non financial statements. Secondly, annual reports and even Website posting in both groups reveals the same pattern that the CSR information is decreasing, i.e. the largest and second largest enterprises declare more about its CSR than the third and fourth enterprises and these declare more than the fifth one. Thirdly, a very popular CSR category for Czech enterprises, in contrast to enterprises abroad, is „human resources – employment", as has been already proposed in previous study (MacGregor Pelikánová, 2019a). Fourthly, a turning point and a divider serve the CSR category „R&D", which is often completely overlooked as demonstrated by prior studies (MacGregor Pelikánová, 2019a et 2019b) and the micro case study group including power distribution enterprises. The micro case study group including gasoline distribution enterprises brings very promising message that there are Czech enterprises seriously considering R&D as a tool for both competitive advantage and the sustainability, i.e. matching it with their CSR. Fifthly, two out of the top Czech five enterprises regarding power distribution and one out of the top Czech five enterprises regarding gasoline distribution managed to obtain CF support. Sixthly, none of these three beneficiaries engaged in a deeper presentation of its projects supported by the CF, regardless whether via annual reports or Website.

Regarding the research question, the performed micro case study along with the legislative and literature review suggests that the current setting of the reporting and CF support is known to large Czech enterprises, i.e. they are aware about it and respect it. However, the effectiveness and especially efficiency of this setting does not seem to be perfect. Indeed, the hypothesis carrying further the research question brings a surprising answer. The hypothesis proposed that Czech enterprises, from CSR sensitive industries, which receive substantial financial support from the EU Cohesion fund ("CF"), are more aware and committed regarding the sustainability and report more about their CSR than their direct competitors not receiving such financial support. The micro case study rejected it and brought serious questions about any correlation between the CSR commitment, its reporting and granted financial support for it. This is an extremely serious proposition deserving future studies entailing much bigger sample of enterprises and going more intrinsically into motivations and true intents of enterprises. If these future studies reject as well the stated hypothesis and consequently confirms the objections proposed by this contribution about the effectiveness and efficiency of the current setting, then it is strictly necessary to promptly adjust the current setting. Even before we have results of these future studies, a genuine communication and bottom-up approach should be embraced and EU as well as EU member states should engaged in the communication with enterprises and holistically ask them how EU and EU member states could help them to behave in a more sustainable manner and to report more openly and clearly about their CSR so to spread the awareness and the interest for the sustainability.

6. CONCLUSIONS

The EU and EU member states their laws and policies create a framework to motivate, if not order, enterprises to behave in a sustainable manner and report about their CSR. The Czech micro case study reveals that, at least top Czech power distribution and gasoline distribution, enterprises are aware about this setting and satisfy their law duty. So their awareness about the setting is beyond question and both their filed annual reports and their Website convey clear message about their CSR. However, the effectiveness and efficiency of the current setting is problematic. The set hypothesis that among these enterprise, those receiving substantial financial support from the CF are more aware and committed regarding the sustainability and report more about their CSR than their direct competitors not receiving such financial support is rejected. This lack of correlation between CF support and CSR reporting poses serious question how well is the current mechanism set (effectiveness issue) and operated (efficiency issue). EU money should not be wasted and CF support should help both enterprises to go more for CSR and inform others so they do the same. The EU and EU member states are correct in promoting CSR, but they should make sure that the CF funding has a positive impact on it. So far, the impact is rather ambiguous and therefore more studies as well as direct dialogue with enterprises need to be performed in order to improve the current mechanism and its operation.

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