

The agri-food sector: corporate social responsibility and European commitments



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EXECUTIVE SUMMARY

The following paper investigates the issue of Corporate Social Responsibility (CSR) in the agri-food sector, in view of its centrality in guaranteeing the subsistence of the population and the normal functioning of society. However, it is increasingly subject to criticism because of the problems linked to food production which, as will be seen, result in an undeniable social and environmental unsustainability of food production. The analysis, carrying out qualitative research methods, after having defined the criticalities of the sector, investigates its links with Corporate Social Responsibility strategies. Therefore, in consideration of the strong pressure from economic, social and environmental agents, the analysis observes and investigates the main motivations, opportunities and limitations that define the dynamics of CSR diffusion in agri-food companies. The research also considers the role played by the consumer-citizen as a particularly incisive factor for the sustainable transition of the sector, thanks to its economic but also political influence. This last point leads us finally to consider the commitment of the European institutions, especially in light of the ongoing debate on the Common Agricultural Policy (CAP) for the period 2021-2027. The result is that, despite some shortcomings, this policy can be a key instrument to increase opportunities and reduce the limitations to CSR adoption in the agri-food sector, especially in the economic sphere and the environmental dimension.

INTRODUCTION

In recent years, it has come to light that something in the food supply chain is not working properly. While a vast growth of the population is expected in the next decades, the present system still struggles to guarantee stability, equilibrium and food security. Furthermore, those generally involved in the food production are paradoxically malnourished and starve, in addition to being more vulnerable to socio-economic inequalities and climate changes.

These issues are at the centre of the public debate and their resolution has acquired such an importance as to determine numerous Sustainable Development Goals (SDGs). In the meantime, European institutions are looking for suitable solutions to the challenges that the agri-food sector is facing, in terms of sustainability and fighting climate change. Some examples are the European Green Deal, which contains the biodiversity and the Farm-to-Fork strategies, and the recent reform of the Common Agricultural Policy (CAP). The aim is to make the entire value chain more resilient and responsive to the economic, social and environmental necessities.

The European Union covers a fundamental role along the food chain: indeed, it is the biggest importer and exporter of agri-food products in the world. For this reason, it cannot avoid its role of responsibility which will lead to a radical rethinking of the current food supply system. This encounters the most topical concerns of citizens, which as we will see in this study, play an essential role in the transformation process of the sector, as they lead companies and organizations to become more responsible. In this context, the Corporate Social Responsibility (CSR) is a concrete tool for integrating all the relevant dimensions of sustainability in choices and behaviours of firms. Therefore, understanding the motivations and the dynamics which influence the adoption of responsible practices may result as a fundamental step for future programming and comprehension of politics.

In light of the above, in the next pages of this study the following questions will be addressed:

- How is the concept of Corporate Social Responsibility considered in the agri-food sector?
- Which are the key factors that push companies to adopt such practices and which are the dynamics of diffusion?
- How is the promotion of CSR included in recent European Institutions' schedule?

The study, after a general overview of the main sustainability issues in the agri-food sector (section 1 and 2), analyses the first question in section 3. Subsequently, section 4 tries to spot the main decisive factors for the diffusion of CSR taking opportunities, limitations and incentives into account. Lastly, the two conclusive sections (section 5 and 6) investigate the most recent commitments of European institutions and their links with the CSR.

1. SECTOR OVERVIEW

Among the sectors that are indispensable to keep society functioning, there is certainly the agri-food sector. By this term we mean "all the activities of agricultural production, industrial processing, distribution and consumption of food products"¹. We became particularly aware of this importance due to the recent COVID-19 pandemic, during which food supply was a cause for concern. Fortunately, this risk occurred for a very short time and in an extremely localised way. Therefore, we discovered that fruit, vegetables, meat, and other primary goods do not magically appear on supermarket shelves, but are the result of a complex network of relationships. Moreover, this awareness has led those working in the sector to reconsider the way it works, especially with regard to the supply chain, which is considered excessively globalised, but also to the integration between the agents working in the agri-food industry.

In fact, the sector has always been an important driving force for the Italian economy and even in 2019 it was confirmed as one of the best-performing economic sectors. This is confirmed by the data of Filiera Italia which, through the voice of its Managing Director, highlights how the sector also outperformed manufacturing in 2019, a record year for agro-food exports (+6.9%)². Despite these results, however, the sector is now facing the effects of the global COVID-19 pandemic, which are changing abruptly and preventing it from forecasting the evolution of demand for food products in the world, at least in the short and medium term. According to the Largo Consumo study: "For the first time in the last twenty years, the Italian balance between import and export of food products has been less than half a billion euros"³.

Yet, the pandemic is not the only challenge that the agri-food industry is fighting these years. Focusing on the agricultural sector alone, this presents a reduction in the incidence in the Italian economic system: the weight of agricultural added value on the total economy has increased from 3% in 2000 to 2.2% in 2010⁴. Moreover, the data showed a large decrease in the number of farms: -32% compared to the farms surveyed in 2000, a result never recorded in previous ten-year surveys⁵. Lastly, the number of employees **The unsustainability of agriculture and breeding** decreased in absolute terms from over 1 million workers to 867 thousand in 2010.

In addition to the centrality of the agri-food sector in view of its economic-productive function, it is of primary importance to consider another parallel function: safeguarding health, which in turn is closely linked to the sector's impact on the environment. We will later analyse the relations between the agri-food sector and the concept of Corporate Social Responsibility, especially in terms of consequences. This relationship is considered to be increasingly vital in order to maintain the competitiveness of the sector which, with greater force, is being pushed towards sustainable development models. In fact, there is much evidence that the adoption of sustainability practices

¹ [Treccani, sistema agroalimentare](https://www.treccani.it/enciclopedia/sistema-agroalimentare/#:~:text=agroalimentare%2C%20sistema%20L'insieme%20delle,e%20consumo%20di%20prodotti%20alimentari.&text=Si%20distinguono%20di%20norma%20tre,Il%20sistema%20a); <https://www.treccani.it/enciclopedia/sistema-agroalimentare/#:~:text=agroalimentare%2C%20sistema%20L'insieme%20delle,e%20consumo%20di%20prodotti%20alimentari.&text=Si%20distinguono%20di%20norma%20tre,Il%20sistema%20a>.

² https://www.ansa.it/canale_terraegusto/notizie/business/2019/12/30/filiera-italia-agroalimentare-si-conferma-traino-paese_e8710c5b-ac09-44a5-a9d6-8b118130123f.html

³ Largo Consumo, 2020. Mercato Italia agroalimentare - Rapporto sullo stato delle imprese 2020;

⁴ Istat, 2011. 6° *Censimento generale dell'agricoltura*;

⁵ Fanfani R., 2008. Il processo di ammodernamento delle aziende agricole italiane (1990-2005), in *Agriregionieuropa*, n.12

by companies has led to better business results than those companies indifferent to the issue⁶. However, the dynamics are still uncertain and further analysis will be necessary for a full understanding of the phenomenon.

⁶ Briamonte L. e Hinna L., 2012, INEA. La responsabilità sociale per le imprese del settore agricolo e agroalimentare;

2. THE UNSUSTAINABILITY OF THE SECTOR

The current state of natural resources is partly due to agricultural activity, because of growth models that are not very attentive to the consequences for the environment and society. For this reason, in recent years, the sector has been put under investigation in order to study its negative effects and possible alternatives.

Recently, the Investigative Unit of Greenpeace Italy has carried out a survey presented in L'Espresso, which deals with the negative impacts that agricultural and breeding activities have on the environment⁷. The most surprising data is related to the consumption of natural resources: in Italy intensive livestock farming and agriculture are consuming one and a half times the natural resources of Italian agricultural land (Figure). This result underlines the unsustainability of agricultural and breeding activities which, if carried out through traditional practices, lead to an overconsumption of resources that should be guaranteed to future generations.



Fonte: "La sostenibilità della zootecnia italiana: un'analisi a scala regionale attraverso l'impronta ecologica" di Silvio Franco, ottobre 2020, Rivista di Agraria.

Moreover, the high production of greenhouse gases (GHG) must be considered: in Europe agriculture is responsible for 10.3%⁸ (in Italy 6-7%) and about 70% of it comes from the animal sector. In addition, emissions linked to food consumption account for about one fifth of total GHG emissions by households⁹. Last but not least, the amount of food lost along the supply chain is significant and represents an inefficiency in economic, social and environmental terms. In Italy, about 2.2 tons of food are lost every year with a consequent economic loss of about 15 billion euros, almost 1% of national GDP¹⁰.

However, the problems are not only environmental. In Italy the agricultural income per worker is on average 59% of the average salary in the whole economy between 2005 and 2018. Another social problem concerns the approach to agriculture of young people. In fact, our country has a low share of young farmers in the total number of farm managers, set at 4% in 2016, but this ratio drops to 0.05 when the proportion is between young managers and the elderly¹¹. These, as we will see later in the study, are just some of the critical social issues in the Italian, European and global agri-food sector.

⁷ Franco S., 2020. La sostenibilità della zootecnia italiana: un'analisi a scala regionale attraverso l'impronta ecologica, in Agraria, n. 330;

⁸ EEA, 2019. Annual European Union greenhouse gas inventory 1990-2017 and Inventory report 2019. These figures do not include CO₂ emissions from land use and land use change;

⁹ Ivanova D., et al, 2017. Mapping the carbon footprint of EU regions (<https://iopscience.iop.org/article/10.1088/1748-9326/aa6da9/meta>);

¹⁰ Fondazione Barilla, 2019. L'Italia e il cibo;

¹¹ European Commission, 2019. Analytical factsheet for Italy: Nine objectives for a future Common Agricultural Policy;

3. CORPORATE SOCIAL RESPONSIBILITY IN THE AGRI-FOOD ECONOMY

In the previous sections, the relevance of the agri-food sector has been defined, we have highlighted, only marginally, some of the negative consequences that agricultural activity produces, and shown that the most important challenge is to achieve a transition to more sustainable practices. Therefore, the research now focuses on the declination of Corporate Social Responsibility (CSR) in the agri-food economy, while its diffusion dynamics will be investigated in more detail later (see section 4 of this study).

Corporate Social Responsibility is a widespread concept today. The increasing attention to the actions of the companies, considered the main responsible for the current environmental and social conditions, with varying degrees, contributes to this issue. This diffusion is due to a change in the values and preferences of consumers, mostly Western ones, who, once satisfied their primary needs, thanks to the remarkable development of their countries, can now focus on other needs such as health, well-being and environmental conditions. Obviously, the agri-food sector is one of the most sensitive to this issue.

However, a universal definition of CSR is still missing and there are dozens of different possible ones. According to some¹², companies are sustainable when they achieve objectives involving profit, people and the planet, the three P considered in the widespread "Triple bottom line" theory. Therefore, CSR leads to the search for a virtuous balance between economic development, environmental protection and social promotion. According to Beltratti (2005)¹³, the literature uses "Corporate Social Responsibility" and "sustainable agriculture" interchangeably. This means that socially responsible farmers try both to maximise their profits and to improve the welfare of other stakeholders (citizens). Among the most relevant factors that farmers should account more are mentioned:

- High standards of agricultural production
- Sustainable and environmentally friendly agricultural production
- Welfare of farm animals
- Food safety
- Job creation¹⁴

Moreover, the economic but also social and environmental value, created through the application of sustainable, voluntary practices and thanks to the company's awareness of its impact on society, can also be seen in the agri-food sector. For this economy, society is the main character since it is considered as a group of citizens, it is not only a consumer but also a holder of interests, in other words, a stakeholder¹⁵. Therefore, according to E. Freeman's theory, the company has a responsibility towards it, as it represents a group of people, the citizens in this case, who can influence or be influenced by the objectives of the company itself¹⁶.

¹² Marotta, G.; Nazzaro, C., 2012. Responsabilità Sociale e Creazione di Valore Nell'impresa Agroalimentare: Nuove Frontiere di Ricerca;

¹³ Beltratti A., 2005. The Complementarity between Corporate Governance and Corporate Social Responsibility;

¹⁴ Mazur-Wierzbick E., 2015. The Application of Corporate Social Responsibility in European Agriculture;

¹⁵ Mazur-Wierzbick E., 2015. The Application of Corporate Social Responsibility in European Agriculture.

¹⁶ Freeman E., 2983. Stockholders and stakeholders: A new perspective on corporate governance;

In any case, in this analysis we take up the definition of Corporate Social Responsibility formulated by the European Commission, according to which CSR constitutes: "The voluntary integration of social and ecological concerns of companies in their business operations and in their relations with stakeholders" ¹⁷.

The concept of CSR is broad and is closely linked to some well-defined concepts, namely:

- sustainability, as companies must also consider the environmental and social impacts of their business;
- voluntariness, which concerns the company's voluntary choice to operate in a responsible manner, without however falling into self-referentiality;
- awareness of the economic and social consequences of the company's activities. ¹⁸

Therefore, Corporate Social Responsibility is a link between the company and society. It is not simply based on the creation of economic value, but has gone further, incorporating the creation of social and environmental value. Below, the study proceeds to investigate the dynamics inherent in the diffusion of CSR in the sector under analysis, through the analysis of opportunities, motivations and obstacles.

¹⁷ Commissione Europea, 2011, Libro Verde;

¹⁸ Franco S., 2020. La sostenibilità della zootecnia italiana: un'analisi a scala regionale attraverso l'impronta ecologica, in *Agraria*, n. 330;

4. MAIN ELEMENTS OF CSR DIFFUSION IN THE AGRI-FOOD ECONOMY

If we look at the most recent strategies for national and international developments, the increased necessity to make the actors operating in the sector responsible emerges, not only as far as the economic results are concerned, but also and foremost for their socio-environmental impacts. So, it is fundamental to understand how to make companies more participative and aware of their role as promoters of a development in line with the most recent sustainability's principles. In this sense, as we already had the chance to note in this study, the Corporate Social Responsibility, CSR, represents an efficient tool which incorporates, in a strategic way, the increasing attention towards the impacts of the economic activities, decisions and behaviours.

For the agri-food sector, the modern strategies of CSR are an effective instrument to improve competitiveness by addressing new consumers' requests, which are more demanding and conscious about the production, processing and general quality of products. However, although there is clear evidence about the correlation between CSR and financial benefits, there is still the necessity to understand in detail which dynamics are able to promote, or limit, such approaches. For this reason, in this section of the study, the aim is to shed some lights on those factors which drive the diffusion of social responsibility frameworks in the agri-food economy. Also, by considering the most recent developments concerning the public and private regulatory framework, as well as the specific agenda set by the new Common Agricultural Policy (CAP), the objective is to spur a critical discussion about the CSR in such a sector.

4.1 OPPORTUNITIES, MOTIVATIONS AND OBSTACLES FOR THE DIFFUSION OF CSR

In recent years the companies of the agri-food sector, addressed by the concerns of the public opinion and other institutions, have increased the implementation of strategies of social responsibility to keep or realign their reputation. In particular, the attention has been focused on animal welfare, usage of OGM, environmental impacts and the consumer's health. As shown below, these elements are distinguished on the basis of their economic, social and environmental nature, consistent with the three dimensions of sustainability. For each dimension incentives, limitations and present support to the application will be considered. For the subsequent analysis, it was necessary to refer to the evidence presented in a recent literature review published on the Journal of Agriculture and Environmental Ethics¹⁹

4.1.1 Economic costs and benefits

Among the main motivations which push a company to adopt the CSR practices are those related with economic performances. This is true for every industrial sector and agri-food is no exception. In this sense, a correct adoption of social responsibility may have multiple effects in influencing directly or indirectly, and also positively or negatively, the economic results of a firm. Among these, the most recognised are reputation, technological innovation, credit access, improved competitiveness, economic resilience, market access, product differentiation and efficient use of resources.

¹⁹ Luhmann H.; Theuvsen L., 2016. Corporate Social Responsibility in Agribusiness: Literature Review and Future Research Directions

In parallel, some financial limitations exist which reduce the efficacy of responsibility actions, first among all, short-period costs and the necessary technical and managerial knowledge. Furthermore, the general lack of scientific evidence, as well as the lack of homogenous tools able to transform commitments into actual economic benefits, influence critically the applicability of the CSR. In recent times, the efforts to identify or build usable tools to convert into valuable resources the commitments of farmers have increased; especially, when these are involved in actions relevant for socio-environmental utility. In this context the most recent developments about non-financial reporting based on ESG (Environmental, Social and Governance) deserve some attention. These have been developed with the primary goal of driving “green investments” towards deserving companies, so as to incentivise the adoption of CSR from companies. An in-depth study about these topics may be found on our website [here](#). Furthermore, as stated by the report by the Earth Security Group²⁰, the private sector is gaining an ever-central role in the development of the agricultural sector, while the relevance of important international organisations such as the OECD is reducing, highlighting the importance that private investments have in spurring more careful production actions.

Finally, governmental and non-governmental, national or international instruments exist to directly fund sustainable projects. As an example, the project “AgroSocial: seminiamo valore” by Confindustria²¹, the financing systems of the greening and the new eco-schemes in the Common Agricultural Policy (CAP) or the several national/regional subsidies to rural development. However, we need to highlight the fact that the complexity of evaluating the economic direct effects represents a big obstacle to the promotion of CSR, not only for the agri-food sector, but for the entire economy. Moreover, the poor informative significance that directed the evaluations in the sector until nowadays, as in the case of production/hectare ratio, results even more unsuitable when socio-environmental considerations are in place²².

4.1.2 Social domain

Together with the environmental impacts which will be examined in detail later, social pressures appear even more important for the agri-food sector. In the last decade calls from non-governmental organisations, public organisations and consumers led companies to avail more of CSR to solve at best the disputes concerning, as an example, the inappropriate treatments of workers and animals. Furthermore, agricultural activity is usually associated with social inclusion problems, young occupational rating, equity in distribution, human rights, hunger, malnutrition and poverty.

Such problems are further exacerbated by the recent pandemic of COVID-19 along the entire food supply chain. In this sense, today more than ever, companies need to be participative in a change towards sustainable operations which, as also stated by the FAO’s general director QU Dongyu²³

²⁰ Earth Security Group 2018. A framework for sustainability innovation in agri-business.

²¹ <https://www.confagricoltura.it/ita/attivita/agro-social-seminiamo-valore>

²² The Economics of Ecosystems and Biodiversity (TEEB), 2018. Measuring what matters in Agriculture and food systems: a synthesis of the results and recommendations of TEEB for Agriculture and Food’s Scientifics and Economic Foundations Report.

²³ <http://www.fao.org/news/story/en/item/1322089/icode/>

during the recent presentation of the Food Coalition programme, guarantee a resilient supply chain, able to support the more disadvantaged workers and consumers.

Looking at the principal motivations which incentivise companies to adopt CSR strategies in the social domain, these generally occur through the public opinion. In fact, public opinion is able to heavily influence the relationship with customers, as well as impacting indirectly on economic performance allowing companies to be more reactive, better positioned and more stable.

However, while from an ethical and social perspective the motivations may result evident, the ways through which companies may actually commit themselves and benefit from CSR are less obvious. For sure, amongst the most relevant are the lack of homogeneous and well-defined metrics, as well as the issues of communication and comprehension of the multiple stakeholders involved in the supply chain. Nevertheless, in order to overcome such difficulties, several supports and/or regulations have been developed. At present time, the social commitment is stimulated by legal requirements, the most rigorous, but also and foremost by market forces, such is the case of hedge funds, voluntary sustainability standards (VSS), multi-stakeholder initiatives and guidelines. Recently, an interesting initiative which promotes social responsibility practices among the big corporations is promoted by the WBCSD, which has developed the “Guide to Human Rights” aiming at stimulating attention and managerial commitment about such topics.

It is clear that the social domain combines with several aspects of the environmental dimension. Such a phenomena is remarked by a growing understanding and interest towards the production’s impacts. The productive process requires, more than ever, a realignment with the natural capital boundaries of our planet. It is not a case that the Italian National Action Plan for Companies and Human Rights (Piano Nazionale su Imprese e Diritti Umani²⁴), with the objective of controlling the relationship between companies and human rights, includes the promotion of environmental protection.

4.1.3 Environmental challenges

As anticipated, nowadays the environmental impacts of production are at the centre of the political, institutional and social debate. From this point of view, the agri-food sector has a critical role if we consider the releases of pollutants as in the case of greenhouse gases. We recalled the fact that the agricultural sector alone is responsible for more than 10% of the European greenhouse gases (GHG). Furthermore, through pesticides and fertilizers important negative externalities for soil, water, atmosphere and biodiversity are generated. It is clear then, the necessity to rethink new models of development for the agri-food economy, which might push companies to consider, alongside the social and economic dimension, also the environmental issues. In this sense, again, the implicit strategies of CSR provide an essential tool.

As in the case of social issues, what incites companies to be environmentally sustainable mainly comes from the consumers’ requests. Furthermore, also economic opportunities are relevant motivational elements when the environment is on the spot. Consider, for example, energetic efficiency, waste reduction or soil yield.

²⁴ Piano di Azione Nazionale Impresa e Diritti Umani.

https://cidu.esteri.it/resource/2016/12/49118_f_PANBHRITAFINALE15122016.pdf

Obviously, also in this case numerous limitations exist. First among all the required investments, the lack of homogeneous metrics and the difficulty to actually internalize environmental costs and benefits. On these themes, the new national and international directives, such as the multiple initiative for a correct non-financial reporting, offer practical tools for the application and communication of CSR strategies. Amongst the most interesting and topical we report: the [Agrobiodiversity Index](#) developed by CGIAR (Consultative Group for International Agricultural Research), the [TEEB Framework](#) and the [Smarter Metrics Guide](#) recently proposed by WBCSD. Finally, the more classic examinations of the life cycle analysis (LCA), the “Global Reporting Initiative” (GRI) and the international report <IR>. All these instruments aim at simplifying and making CSR commitments more effective and serviceable in relation to the environment and beyond.

<i>Elements Dimension</i>	<i>Opportunities/motivations</i>	<i>Limitation</i>	<i>Supports to the application</i>
Economic	Credit access Competitivity Product differentiation Reputation Efficient use of resources	Managerial and technological knowledge Short-period costs Metrics Strategy	Green Investments Financial aids from government/nationals/international
Social	Human rights Social inclusion Public opinion Poverty Reputation	Stakeholders' comprehension Communication and reporting Internalizing costs and benefits Metrics	Hedge funds Legal requirements SSVs Guide to Human Rights and others Reporting initiatives (GRI, IR)
Environmental	Adaptability and resilience Biodiversity protection Reputation GHG reduction Waste	Short-period costs Communication and reporting Internalizing costs and benefits Metrics	Green investments Initiative di reporting (Agrobiodiversity Index, TEEB framework, Smarter metrics guide, LCA, GRI, IR) Requisiti legali SVSs

Tab. 1: Main contributing elements to the diffusion of the CSR in the economic, social and environmental dimensions, own elaboration

5. THE EUROPEAN INSTITUTIONS' COMMITMENT AND THE NEW CAP

Understanding the motivations that lead companies to engage in CSR practices is of fundamental importance for policy planning and for understanding them. As we have already observed on several occasions, the agri-food industry today is closely observed and is subject to increasing public scrutiny. The consumer-citizen represents the one who is at the centre of "attention" by agricultural producers due to his peculiar sensitivity towards the quality of products and processing methods. Recently, the greater attention shown by consumers has led producers who are less attentive, and previously considered worthy, to lose their reputation. The consumer-citizen has the power to influence the demand for agri-food goods which, although less elastic than other sectors, remains sensitive to the most recent concerns regarding the consequences of production activity. It must also be considered that the consumer-citizen also has the power to exert pressure made even more incisive by the possibility of voting, according to some. Therefore, his role is not merely economic-passive, but also social-active. Therefore, thanks to this additional function, the consumer-citizen has the ability to contribute to the creation of a series of environmental, social and/or economic policies that encourage the producer to take into greater consideration the different sensibilities of the consumer-citizen, in order to favour a greater diffusion of Corporate Social Responsibility in the agricultural sector. This consideration leads us to focus on the European political context with regard to the recent strategies adopted by the institutions and the proposals made by our representatives.

At the European level, the institutions' commitment to sustainability has been actualised in the European Commission's publication of the Green Deal, the strategy to achieve climate neutrality of the continent by 2050. Furthermore, this document outlines the path to sustainable and inclusive growth that will improve people's health and quality of life, taking into account the nature and the negative consequences that industrial activity has on them.

A central strategy of the Green Deal, and of great interest for this research, is the Farm to Fork Strategy, which aims to address the challenges of integrating sustainability into the agricultural sector. The objectives that the strategy presented by the European Commission aims to achieve can be summarised as follows:

- Ensuring sustainable food products at a low cost;
- Addressing climate change;
- Protecting the environment;
- Preserving biodiversity;
- Enhancing organic farming;²⁵

It also takes into account the "close relationship between the health of people, society and the planet"²⁶, a relationship that cannot be ignored when dealing with critical issues in the agri-food sector.

The European Union has major challenges ahead of it, one of them is the fight against climate change. In this comparison, which sees a "Business-as-usual" path opposed to the plans contained in the European Green Deal, one of the EU's "oldest" policies is included: the Common Agricultural Policy (CAP). This represents the largest subsidy programme in the European Union, with a budget

²⁵ <https://www.nomisma.it/settore-agroalimentare-italiano/>

²⁶ Commissione Europea, 2020. Farm to Fork Strategy;

of 344 billion, more than a third of the EU budget, and is essential to improve environmental and climate performance inside and outside the Union. The CAP since 1962 has had the primary aim of supporting agricultural entrepreneurs and improving agricultural productivity. In addition to providing a stable supply of affordable food for European citizens, it is currently at the centre of an important reform process for the period 2021-2027. This reform will have to integrate the objectives of the European Green Deal together with the new and more ambitious European objectives set out in 2020 on climate change and the "Biodiversity strategy", as well as being instrumental in the implementation of the "from farm to fork" strategy²⁷.

The reform process started on 1 June 2018 with the proposal for a regulation for the new CAP by the previous Juncker Commission. On 21 October, the Agriculture and Fisheries Council agreed its negotiating position on the reform package. Finally, on 23 October 2020, the Parliament met in plenary and voted the proposals for the CAP strategic plans with 425 votes in favour, 212 against and 51 abstentions²⁸. The architecture and main features of the reform, which is intended to be implemented from 2023 onwards, have been defined. These will be supported during the negotiations that started on 10 November, with the Council, in the presence of the Commission (Trilogue).

Compared to the Common Agricultural Policy for the period 2014 - 2020, the reform foresees the maintenance of the two pillars:

1. Direct support to farmers and financing of market measures. In particular it will contribute to increased environmental and climate ambition. These measures will be financed entirely from the EU budget.
2. Rural development. It will provide specific climate and environmental public goods, improve the competitiveness of the agricultural and forestry sectors and promote diversification of economic activity and quality of life and work in rural areas, including areas with specific constraints. These measures will be co-financed by Member States.

The European Parliament, through its vote on 23 October, sent a strong signal to the Council and the Commission on the Common Agricultural Policy that would rather see it implemented. The approved package introduces important innovations such as the unification of the pillars in a "Strategic Plan of the CAP" to increase the flexibility granted to Member States. Furthermore, MEPs are pushing for the creation of quality farm advisory services in all EU countries. They are designed to help farmers and other beneficiaries of CAP support to become more aware of the relationship between the management of their farms and land, on the one hand, and to acquire new knowledge, including on climate and environment, on the other. In addition, the Parliament has strengthened mandatory climate and environmental practices, the so-called conditionality, which every farmer has to apply in order to obtain direct support. In addition, MEPs want to devote at least 35% of the rural development budget to all types of environmental and climate measures. At least 30% of the direct payments budget should be devoted to ecosystems, for the fight against climate change, sustainable management of natural resources and protection of

²⁷ <https://asvis.it/rubrica-europa-e-agenda-2030/1339-7931/la-nuova-pac-secondo-il-parlamento-europeo>

²⁸ <https://www.europarl.europa.eu/legislative-train/theme-new-boost-for-jobs-growth-and-investment/file-mff-cap-strategic-plans-regulation>

biodiversity. In addition, the possibility for Member States to impose stricter sanctions in case of non-compliance with EU environmental, animal welfare or food quality requirements has been agreed. The amount of the sanction would be at least 10% of the total amount of payments²⁹. Therefore, resources linked to environmental issues are undoubtedly high, of course, after observing the impacts generated by agriculture and the objectives set by EU strategies, these resources may be insufficient. However, this lack seems to have been mitigated by the proposal of a controlling and punishing state against those who do not observe the rules imposed. This task, however, will require States to become aware of the importance of the role they play in this context and their ability to identify bodies to carry it out effectively. The main criticisms made of the European Parliament's CAP proposal will be considered in the [conclusions](#). Finally, in the next section, the CAP is briefly considered in light of its relationship with the characteristics and dynamics of CSR previously analysed.

6. THE ROLE OF CAP FOR PROMOTING CORPORATE SOCIAL RESPONSIBILITY

²⁹ https://www.nonsoloambiente.it/la-politica-agricola-comune-post-2020-quali-sar%C3%A0-il-futuro-del-mercato-agricolo-europeo?utm_content=144654164&utm_medium=social&utm_source=linkedin&hss_channel=lcp-3237051

Looking at reasons and objectives of the new legislative proposal of the CAP, it is easy to understand how all dimensions of sustainability (economic, social, environmental) are considered. The nine objectives of the reform can be put in relationship with what was previously stated about the motivations, limitations and incentives of CSR. Starting from the economic dimension, the new European framework aims to support the income of farmers through direct funds conditioned to the production actions put in place. In this way, the purpose is to improve competitiveness, other than reducing the effects of costs generally recognised in more scrupulous agricultural techniques. Looking at the social domain, instead, major efforts are amenable to supporting rural communities and youth employment, trying to favour those motivations for CSR related with poverty and social inclusion. However, a clear position about some of the elements previously discussed is lacking, such as the case of human rights, metrics of evaluation for social impacts, specific guidelines for both reporting and internalisation of costs and benefits. Lastly, as far as the environmental dimension is concerned, the efforts are mostly suitable to promote specific responsible behaviours. In this regard, we find the new “green architecture” discussed previously, with its eco-schemes and new conditionality systems, other than the legal commitment towards more ambitious environmental targets. All this, as we saw, has the primary scope to realign with the wider Green Deal³⁰ programme and its Biodiversity and Farm-to-Fork strategies. In such a way, the new CAP presents some interesting peculiarities which well fit with the principal motivations for CSR about environmental concerns, as well as providing the instruments to bridge, at least partially, the limitations about environmental CSR; first among all the internalisation of positive externalities.

In conclusion, we report what was expressed by the European Commission in a recent communication to the European Parliament, to the Economic and Social Committee and to the Regional Committee³¹. In this document, it emerges that it is in the plans of the Commission to develop new EU codes of conduct for commercial practices and responsible marketing actions. At the same time, it is planned to introduce an obligation, for the food industry, to integrate sustainability into companies’ operations. So, it looks like the chosen path is correct, but we will wait for future developments to evaluate its effective achievement.

7. CONCLUSIONS AND RECOMMENDATIONS

³⁰ COMMISSION STAFF WORKING DOCUMENT. Analysis of links between CAP Reform and Green Deal

³¹ Commissione Europea, 2020. Comunicazione della Commissione al Parlamento Europeo, al Consiglio, al comitato economico e sociale europeo e al comitato delle regioni. Una strategia “dal produttore al consumatore” per un sistema alimentare equo, sano e rispettoso dell’ambiente.

The study we have just concluded leads us to reconsider the role that Corporate Social Responsibility can play in an effective transformation of the agri-food system. However, the applicability of CSR appears to be influenced by several factors such as: specificity of the value chain, sector or sub-sector of application, level of internationalisation of the country the company belongs to. Depending on these variables, the perception and sensitivity of stakeholders change, determining different effects and requiring specific considerations. Therefore, a single approach to CSR to address sustainability issues is inconceivable. However, we believe that greater reflection and dissemination of the issue can undoubtedly help the dissemination and development of sustainability practices. As seen in this research, CSR is a tool for solving problems that arise in the agri-food sector, as well as an opportunity for farmers to become more resilient and sustainable, without necessarily implying a reduction in profits.

Indeed, the agricultural world mainly consists of micro, small and medium enterprises for which the adoption of such practices can be particularly burdensome. This might be due to a lack of knowledge or to the difficulty in translating certain theories into practical activities. These difficulties must be overcome by public policies, not only through economic incentives, but also through direct and pragmatic advice to small entrepreneurs. The CAP seeks to respond to these problems. However, despite the environmental, social and economic commitments and the resources made available, it still raises a number of criticisms. The main concerns are the choice to guarantee 60% of the expenditure in favour of non-environmental projects, to link eco-systems to "economic objectives"³², the failure to include the obligation to allocate 10% of agricultural areas in Europe for the recovery and preservation of biodiversity. Moreover, it has been strongly criticised in relation to eco-schemes because of the absence of a list clearly defining such instruments and, specifically, for which sustainable practices farmers can obtain new resources.

Finally, the agri-food sector is crucial for the livelihoods of billions of people, but it needs to be revisited to allow a fair livelihood for farmers themselves, who are increasingly in need of resources and support. At the same time, this productive activity has significant negative consequences on the environment and society that must not and cannot be ignored. In this respect, the CAP will have an extremely crucial task: to ensure the best possible functioning of the agricultural market by reducing its environmental and social impact, in line with the objectives contained in the wider EU strategies. In this, the promotion of CSR can be a valuable, practical and reliable tool.

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