

CORPORATE RESPONSIBILITY REPORTING: A CONTENT ANALYSIS OF NON-FINANCIAL REPORTS ISSUED BY THE TOP TEN COMPANIES LISTED ON THE BUCHAREST STOCK EXCHANGE MARKET

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Abstract

Over the last decades, an increasing number of researchers and practitioners have expressed their interest for sustainable development and sustainability. Since it was introduced in 1987, the concept of sustainable development was addressed by the United Nations through various ways, which are of reference not only to countries, but also to companies. Yet, there is still a lack of a clear understanding regarding how organisations should address sustainability, despite all the efforts to encourage businesses to improve their triple bottom line. Nowadays, corporate responsibility reporting has become common practice among world's largest companies, as individuals begin to consider environmental, social and governance (ESG) factors in particular into their investment decisions. Nevertheless, adapting to a business environment where responsible investment becomes the norm poses a number of challenges to organisations. Although non-financial disclosure is gradually gaining momentum and receiving more and more attention in Europe, on the Eastern side of the continent there is still a considerable emphasis placed on financial reports. With a pro-foreign investment stance, Romania stands out at regional level, being among the top emerging markets. Also, trading on the Bucharest Stock Exchange Market (BVB) has become attractive to investors due to a number of reasons which include high dividends, a growing market potential and an increasing transparency of the issuers. Therefore, the aim of the present paper is to provide a content analysis of non-financial reports issued by the top ten companies listed on Bucharest Stock Exchange Market regarding the way they embed sustainability considerations into their business discourse.

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1. Introduction

Sustainability has become one of the biggest challenges of present times. Problems like climate change, poverty or excessive resource use have developed into areas of interest for an increasing number of individuals, governments and organizations. Consequently, businesses have started to feel the pressure of reporting their performance in relation to all stakeholders. Also, firms became more aware of the need to be more responsible by integrating principles aligned with sustainable development in their policies and activities.

In business, sustainable development is understood as integrating strategies and activities that enable meeting the current needs of the firm and its stakeholders, without prejudicing the natural and human capital that the firm needs in the future (IISD et al., 1992). According to this logic, stakeholders expect better products and services delivered, which entail a minimum negative impact on society and environment. Such demands get applied not only to every facet of the business, but also to business partners.

Undoubtedly, businesses of the future will need to demonstrate that they address sustainability challenges. Even though the means through which organisations can contribute to sustainability were unclear over the last years, international efforts have been working on creating tools that stimulate and enable businesses, but not only, to take action for a more sustainable future. Such efforts include examples like (1) the Sustainable Development Goals (SDGs), launched by the United Nations (UN), that aim to make a better world through a set of 17 global goals, or (2) the Environmental, Social and Governance (ESG) criteria, that helps particularly investors to obtain a depiction of companies' future financial performance through three central factors that look into quantifying a company's impact on sustainable development.

2. Key Aspects of Corporate Responsibility Reporting

Ever since the 2000s, United Nations (UN) has encouraged businesses all over the world to adopt sustainable business practices and policies, and report the results following their implementation through the United Nations Global Compact. Years later, in 2016, UN has established a Business Forum which tackled the SDGs (SDG Business Forum) in order to grasp a better understanding of the links between social values and businesses' efforts to enhance the quality of life in their respective communities and not only. More, UN has even built the Sustainable Business Goals Compact, a guideline tool for companies that is meant to provide support in implementing the SDGs (United Nations, 2015). The aim of the guideline is to assist businesses in aligning their strategies to sustainable development and help them measure and manage their results. Also, it addresses five steps as it follows: understanding the SDGs, defining and setting priorities, establishing goals and objectives, integrating the SDGs, and reporting the results.

Since global sustainability is being built on sustainable development at micro level, organisations are increasingly expected to contribute to the SDGs, no matter their dimensions. Technological progress along with innovation are indeed necessary to capitalize on sustainable development, yet they are not sufficient to change the course of organisations into sustainable development (Anadon et al., 2016). Consequently, the need to find and develop new solutions in business (competitive and integrative) arises.

Even though over the last decades researchers and practitioners have expressed interest in sustainable development, there is still no clear understanding of how organisations may implement it successfully. Nevertheless, recent efforts provide assistance to businesses in following a sustainable trajectory. These efforts consist in a variety of solutions which aim to encourage economic and social development and reduce the negative effects upon the environment. Still, the proposals vary and differ relative to organisations' goals and management, which ultimately leads to shortcomings when it comes to developing a set of instructions on sustainable development implementation in business. Therefore, a universal, one-tier strategy on sustainable development does not suit all organisations.

Nowadays, there are a number of active organisations that work on helping businesses with regard to sustainable development. World Business Council for Sustainable Development (WBCSD) is one of them, operating at

international level and gathering over 200 top companies from all over the world and from multiple sectors. WBCSD looks to collaborate with businesses on sustainable development issues, and it also looks to create impactful solutions in business on the matter. Efforts also come from Global Reporting Initiative (GRI), which is another international organisation focusing on understanding and communicating the impact the enterprises have on sustainable development through the GRI standards. The standards provide the means through which companies can understand their triple bottom line and measure it through universal standards (GRI 101, GRI 102, GRI 103) or specific standards (GRI 200, GRI 300, GRI 400). GRI standards are considered public goods, free of charge, and are being used in more than 90 countries by thousands of entities (Global Reporting Initiative, 2019). Standards in the field were also tackled by the International Organisation for Standardization (ISO), the largest international standards developer. Hence, ISO provides guidance regarding social responsibility conduct (but not only) through ISO 26000 standard and encourages organisations to share their practices (ISO, 2019). More, working together with WBCSD and the United Nations Global Compact, GRI has issued a guideline instrument called SDG Compass, which provides support in implementing the SDGs. SDG Compass aims at helping organisations align their strategies to sustainable development and understand and measure their contribution towards it.

Corporate responsibility reporting has become common practice for world's largest companies, and their actions towards sustainability seems to have been a good predictor for business practices in general. According to KPMG (2017), approximately three quarters of companies included in a study (n = 4900) disclose their corporate responsibility reports. Other results indicated that in 2017 every sector in the industry reached a reporting rate that exceeded 60%.

The reporting rate of the top 250 companies in Fortune 500 in 2016 remained stable beginning with 2011, when it peaked, reaching an all-time high of 95% (KPMG, 2017). Looking at the largest 100 companies from 49 countries in KPMG's study, it can be observed that the reporting rate evolution holds an upward trend, similarly to the one of the top 250 companies in Fortune 500, recording 75% in 2017.

In Europe, in spite of an increasing reporting trend, there are notable differences between Western and Eastern Europe. Many Eastern European companies are still focused on obtaining satisfactory financial results to triple

bottom line's detriment (KPMG, 2017). In Romania, a growth of six percentage points was recorded in reporting from 2015 to 2017, which can be explained by transparency levels of the multinational companies operating in the country. Nevertheless, Romania is among the countries that has recorded a corporate responsibility reporting rate above the global average of 68% in 2015 and 75% in 2017 (KPMG, 2017).

Still, the existing differences among Europe's regions on corporate responsibility reporting weigh on the fact that the non-financial European Directive is yet awaiting its effects. The non-financial European Directive, also known as one of the most significant law initiatives on corporate responsibility reporting, requires that large EU companies report their activity on social and environmental issues. Its effects are expected to be visible beginning with 2020, after Member States include it in their national regulation systems and companies will have already experienced the new reporting means. Clearly, the directive will contribute to raising more awareness on corporate responsibility reporting. However, the benefits of reporting will begin to emerge only when the goals and practices of corporate responsibility reporting will be fully integrated into businesses.

Although analysts encourage the flexibility given in the Directive to governments in adopting corporate reporting, they believe that the business environment should head towards an international model which ensures consistency among reports (KPMG, 2017). From all 250 companies included in KPMG's study, 89% use a guideline, respectively a model for reporting. The GRI's model is the one that is found in most companies (75% of respondents said that they apply GRI). More, the SDGs proposed by UN have strongly resonated with businesses, taking into account that this happened in less than two years since their launch (KPMG, 2017). Consequently, four out of ten reports included in the study refer to SDGs, which suggests the importance the SDGs will gain also in the years that will follow.

Meanwhile, corporate responsibility reporting should focus on issues that represent a priority for the business and its stakeholders, and ensure that the challenges are approached from top management. This involves identifying risks, the strategies required to minimise them, as well as identifying the means to maximise opportunities.

Beginning with 2004, after the UN general secretary Kofi Annan launched an invitation to businesses to implement universal principles, investors began to head their attention towards performance measurements

such as Environmental, Social and Governance (ESG). From that point on, the rise of ESG emerged. Today, ESG has become important as criteria for investors, being more and more integrated in organisations' practices. In 2017, ESG investments reached \$23 trillion, representing a growth of 25% from the level recorded in 2015 and counting for a quarter of global investments (Bloomberg, 2017).

The growth was also sustained by leaders' interest for socially responsible investments. Now, an increasing number of investors link ESG data, company's values and company's performance (KPMG, 2019). Additionally, studies indicate that undergoing ESG policies does not translate only into effectiveness, but also into better financial results. Therefore, companies that actively commit to sustainable practices obtain better results than those who do not integrate ESG aspects into their operations. According to a study led by Morgan Stanley (2019), from a total of 1000 investors included in the survey, 75% expressed interest in sustainability investments, while 71% considered that firms which focus on social and environmental goals obtain better results.

The growing impact that ESG has on the business environment takes place as the legislative environment improves, which places increasing demands on aspects concerning ESG and reporting transparency. However, industry leaders comprehend that these demands act only as a departure point regarding the trend and that in order to deliver satisfactory results in the long run, they need to maintain a proactive attitude to go further than complying to a ESG model (KPMG, 2019).

3. Non-financial reporting on Bucharest Stock Exchange through an ESG lens

In order to gain a better understanding of the investment options they have, investors often consider ESG (Environmental, Social, Governance) data into their decision-making process. The reason for this rationale revolves around the material risks and growth opportunities. Today, although ESG metrics are approached voluntarily by companies in their compulsory financial report (or separate from it), businesses have commenced to increasingly use it.

Defining materiality is still ongoing and notable institutions, such as Global Reporting Initiative (GRI) or Sustainability Accounting Standards Board (SASB) are working to clarify the way in which ESG can be incorporated into reporting. Therefore, so far, there is no universally accepted

list in particular, to include ESG examples, especially since its factors are often intertwined. Nonetheless, a general classification involves the following: (1) Environmental factors, tackling the preservation of the natural world through variables such as carbon emissions, water/air pollution, deforestation, energy efficiency or waste, (2) Social factor, involving consideration for people through diversity, community relations, human rights, labor standards, customer satisfaction or employee engagement and (3) Governance, referring to standards for running an enterprise, such as bribery and corruption, political contribution, board composition or whistleblower schemes (Hayat and Orsagh, 2015).

Consequently, we have based our analysis on identifying the way the top ten companies listed on Bucharest Stock Exchange (BVB) refer to ESG metrics, by scanning their non-financial reports for 2019. The criteria for choosing the top ten companies consisted in market valuation, and the considered period was one year, from October 2019 to October 2020. The resulted top (Table 1) included the following companies: (1) Banca Transilvania S.A., (2) Fondul Proprietatea, (3) S.N.G.N. Romgaz S.A., (4) OMV Petrom S.A., (5) BRD – Groupe Societe Generale S.A., (6) Societatea Energetica Electrica S.A., (7) S.N. Nuclearelectrica S.A., (8) Erste Group Bank AG, (9) S.N.T.G.N. Transgaz S.A., (10) C.N.T.E.E. Transelectrica.

Table 1: Top ten companies on BVB in terms of market valuation during October 2019-October 2020

Company	Market Valuation (Lei)	Industry
Banca Transilvania S.A.	2.899.164.080,23	Banking
Fondul Proprietatea	1.423.325.765,62	Investment Management
S.N.G.N. Romgaz S.A.	1.005.202.015,30	Energy
OMV Petrom S.A.	935.439.064,85	Oil & Gas
BRD – Groupe Societe Generale S.A.	930.893.396,18	Banking
Societatea Energetica Electrica S.A.	545.468.079,57	Energy

S.N. Nuclearelectrica S.A.	406.161.807,62	Energy
Erste Group Bank AG	360.850.726,17	Banking
S.N.T.G.N. Transgaz S.A.	285.762.774,00	Energy
C.N.T.E.E. Transelectrica	215.937.802,70	Energy

Source: BVB (2020)

Beginning with Banca Transilvania (BT), it was revealed that the bank has even issued a report for 2019 named “Environmental, Social and Governance Non-financial Report” and the content took into consideration the GRI guidelines (Banca Transilvania, 2019). The environmental factors considered were reforestation actions, noting that the company was given as example in financing environmental projects at Global Climate Forum. However, the report has not indicated precisely what other variables were measured and monitored in this regard. The social factor revealed that the bank reports on aspects such as their investments in community projects (25 million Lei), turnover rate (15,6%), employee diversity (85% women in top management positions), trainings and development programs for employees, internship programs for students and employee career plan. Regarding the governance factor, it was observed that BT chooses its suppliers and partners based on how they comply with the bank’s principles, does not tolerate bribe, corruption, influence peddling and money laundry, and ensures the monitorization of transactions.

Fondul Proprietatea is one of the companies analysed that does not report on its non-financial activity. However, some information was extracted regarding the governance factor from the company’s Administrator’s Annual Report (2019). The findings indicate that Fondul Proprietatea fully complies with BVB’s Governance Code. Also, it has a transparent process on decision taking, clear rules, and it has policies on preventing conflicts of interests, insider trading, money laundry and financing terrorism. Last but not least, the company has a separate department for managing its relationship with investors (Fondul Proprietatea, 2019).

For Romgaz, the Sustainability Report issued for 2019 is their third one. The company has implemented the Environmental Management System ISO 14001:2015, as well as the Energy Management System ISO 50001:2011. Their total consumption of gas from renewable sources has increased as compared to the previous year, while the total consumption from conventional sources has decreased (Romgaz, 2019). As noted in the report, they care for biodiversity management (not clearly enough how exactly though). Still, regarding other relevant variables for the environmental factor, Romgaz monitors its activity and reports information about water management (lower water consumption levels in 2019 vs 2018), greenhouse gas emissions (lower direct emissions, but higher indirect emissions compared to 2018), and waste elimination (higher waste volumes in 2019 vs 2018), for which it also has a policy on prevention (Reuse/Prepare for Reuse/Recycle). As a drawback, Romgaz has no approach towards risk management on climate change, according to the report. Regarding the social factor, Romgaz has implemented the Occupational health & safety Management System ISO 45001:2018 and in 2019 its objectives on health and security were 100% achieved (they implied mainly legal requirements, though). More, occupational accidents and illness, medical leave and absenteeism rates dropped in 2019 compared to the previous year. The company has progressed in decreasing the gap between men and women wage levels, which now are slightly disproportionate to men's favour; also, they offer a higher level of the minimum wage as compared to sector's values. 75% of people employed in top management positions come from the local community, but from a total of 5738 employees, 85% are male; Romgaz has dealt in 2019 with a 50% turnover rate. The company provides trainings and development programs for its employees, and it does not tolerate discrimination based on age, gender, disability, ethnics, race, sexual orientation, political or religious views, nor labour union affiliation. Towards the local community, Romgaz has shown its support through financing projects in health, education, sports, culture or environmental areas (with a budget of over 19 million Lei). In matters of governance, Romgaz reports on respecting and applying its Ethics Code from 2018, and promotes values and principles regarding conflicts of interests, trading, law conformity on competition, respectively corruption and fraud prevention. It also requires suppliers to have minimum environmental criteria. In structuring its non-financial report, Romgaz referred to GRI and SASB standards.

OMV Petrom has, from our point of view, the most comprehensive non-financial report. For 2019, it published a Sustainability Report which followed the SDGs and the GRI standards. It also formulated a sustainability strategy for 2019-2025 with measurable targets in the following areas: (1) Health, safety, security and environment (HSSE), (2) Efficient management of CO₂ emissions, (3) Innovation, (4) Employees and (5) Business principles and social responsibility (OMV Petrom, 2019). For the environmental factor, the company reports on its CO₂ emissions (which decreased by 22% from 2010), energy use (lower consumption levels than in 2018), environmental protection spending (higher than in 2018), water management (lower consumption volumes than in 2018), number and volume of substance leaks (lower than in 2018), waste management (higher quantity generated than in 2018). OMV Petrom has implemented the Environmental Management System ISO 14001:2015 and the Energy Management System ISO 50001:2011. According to the report, its considerable spending for environment went towards energy efficiency in Romania (€4 million), implementing innovating technologies (€65 million), and for firm's operations infrastructure (€50 million). On biodiversity, OMV Petrom manages its activities in order to generate a minimum impact on flora and fauna in protected areas, and it even developed an app that helps identifying the protected species from its operational areas. For the social factor, OMV Petrom has elaborated the People Strategy 2021+ that includes five principles (Team spirit, Accountability, Eagerness, Pioneering, and Performance). It promotes diversity and inclusion (68,23% Gen X employees; 20,47% Baby Boomers; 10,68% Y Gen; 0,62% Gen Z; 26,3% women in managerial positions). Roughly 11.000 employees benefited from over 272.403 hours of training on professional development, ethics or human rights in 2019. Also, over 25.443 health screenings have been performed on them, while work-related incidents rate dropped from 2018. The company has directed towards community financial support that reached 170.000 beneficiaries (€13 million); it's also supporting the vocational educational system in Romania through educational programs, scholarships, internships and not only. More, from a total of 906 complaints (mainly of environmental nature), OMV Petrom solved 809 on them in 2019. As for the governance factor, the company addresses most requirements from the BVB Governance Code. Also, it abides by its own Business Ethics Code through zero tolerance towards corruption, rules for conflicts of interests or law conformity on competition. In order to enable unethical conduct reporting, it

has set an anonymous reporting mechanism. Also, its suppliers must address sustainability principles (eg. reduce associated risks along the value chain regarding forced work, human trafficking or corruption), while strategic suppliers are being evaluated based on ESG metrics. Lastly, for identifying the major sustainability themes that needed to be addressed in reporting, OMV Petrom has worked with internal and external stakeholders.

Moving on, although BRD has issued its non-financial activity through a Declaration included in the annex of its 2019 Annual Report, its content has been the most satisfactory from all the companies in the banking industry analysed, due especially to the way it reported its progress through a variety of indicators. BRD has committed to align its financial portfolio to climate change issues and accordingly to the International Energy Agency (IEA). In 2019 it launched two environmental initiatives: (1) BRD's fund for forests, by financing forest protection in Romania, and (2) an educational and ecological program for schools in urban areas that aims to transform their outdoor spaces in green spaces (BRD, 2019). More, in 2017 it committed to raise €100 billion for energy transition between 2016-2020, for which it has accomplished 69% of the target so far. The company's results for 2019 show that the company managed (compared to 2018) to drop its CO₂ emissions, reduce the quantity of used paper, reduce the amount of used gas, but maintained the amount of waste generated, while the levels of electricity used, unrecycled waste amount produced, water used and business trips distances made went up. Among BRD's policies are the ones that seek to exclude oil exploring and extraction projects from desert and Arctic zones. It also applies Equator principles, according to which it evaluates environmental and social risks for projects that exceed over €10 million in financing. Concerning the social factor, BRD recorded a 17,4% turnover rate in 2019, having 68% women in managerial positions. Its employees benefited from development programs (eg. on personal development, on company's code of conduct) and corporate volunteering (2300 volunteers involved in 50 projects), while the company maintains a permanent communication with the Labour Union. BRD also cooperates with the Romanian public educational system, integrating financial courses in their syllabus. Besides this, the company invests in society on areas such as education, technology, culture, sports, solidarity, environment and communities (over 10 million Lei that reached more than 50.000 beneficiaries). On the governance factor, BRD applies the BVB Code of Corporate Governance principles besides having its own Governance Code. In

there, it refers to managing conflicts of interests, and operating ethically and according to the law. The company seeks to fight corruption through ABC Governance (Anti-Bribery and Corruption) for which it trained over 400 individuals, and it established dedicated structures against fraud, for which it trained over 600 persons. Last but not least, BRD looks to maintain a close relationship with shareholders though a constant, honest and rapid communication.

The next company from the top is Electrica, which in 2019 has issued its fourth Sustainability Report. The disclosed report follows GRI and European Union (EU) standards and incorporates objectives and strategies for the period 2019-2023 (Electrica, 2019). From our point of view, the report is straightforward and has several strengths such as referring to state-of-the-art concepts. For the Environmental factor, Electrica has implemented the environmental management system ISO standard and has continued implementing the Lean methodology. It has aligned its operations to the European Green Deal through investments, in order to contribute to the carbon neutral continent objective (eg. investments for distribution and operational efficiency in modern infrastructure). The company has diversified its services portfolio in order to contribute to reducing CO₂ emissions (based on renewable energy through the inteGRIDy project). Other investments refer to biodiversity (eg. roughly 3 million Lei for reforestation and isolating harmful infrastructure for birds). By monitoring its waste activity, Electrica reported that regarding dangerous waste, 48% of it was recycled, 42% was temporarily stored for future recycling (or elimination), 8% was safely stored and less than 2% was incinerated. For the social factor, Electrica has implemented ISO 45001:2018. It currently follows a human resources strategy that seeks to ensure qualified personnel. According to the report, there has been a 4% growth recorded in the number of employees from 2018, and currently 98% of the 8300 employees are labour union members. Since the sector is generally dominated by men, 28% of Electrica's employees are women, but 35% of managerial positions are, however, held by them. In 2019, the company has provided benefits to its employees of over 600 million Lei as well as approximately 300.000 hours of trainings (on hard skills, soft skills, wellbeing or work safety and security). Its "Zero Accidents" objective has seen a reduction of over 30% in the number of work accidents from 2018. More, in order to fight discrimination at workplace, the company has implemented an anonymous reporting system. Towards community progress, Electrica has

shown financial support (almost doubling its budget to €540.000 as compared to 2018) on various areas, reaching 25.000 direct beneficiaries. On the governance factor, the company fully complies with BVB Code of Corporate Governance. For structuring its non-financial report, Electrica has worked together with a number of its stakeholders. Among its objectives is obtaining the ISO 37001 anti-corruption management system and on the matter it has updated its policies regarding conflicts of interests, money laundry and corruption.

Nuclearelectrica has reported its non-financial activity in the annex of its 2019 Annual Report. Among the drawbacks of the way it disclosed the information is the focus on how they met the legal requirements, besides on the fact that is not well structured and information gets repeated. Regarding the environmental factor, Nuclearelectrica has implemented ISO 14001:2015 and monitors a series of indicators, such as radioactive waste (78,5% of legally authorised emissions volume), radioactivity levels at workplace or land surface radioactivity contamination (Nuclearelectrica, 2019). Nevertheless, it does not provide other clear information on other indicators. For the social factor, it is noted that the company has implemented ISO 45001 and that it has in place radioprotection programs for employees, through which it aims to record controlled radioactivity levels. The company has a low turnover rate of 3,8% and provides training courses for its employees, especially on nuclear security, risk management and quality control. Also, for its employees, Nuclearelectrica has elaborates a number of principles on equality, health security and freedom of speech. The company has become a UNICEF partner in 2019 and has supported humanitarian projects as well as educational, health, environmental or cultural ones. Despite formulating a CSR strategy, the company has not set clear, either SMART objectives for it. Still, for the governance factor, Nuclearelectrica has implemented the anti-corruption management system ISO 37001:2016 as well as the BVB Governance Code. Due to its integrated management system, the company has managed to reduce hazard warnings to zero.

Surprisingly, Erste Group Bank has not reported on its non-financial activities in Romania. Since 2010, it has not issued any other CSR report; however, the latest one published followed GRI guidelines. Still, we gathered some information from its 2019 Corporate Governance Framework and Ethics Code (Erste Group, 2019). For the environmental factor, there was no information disclosed in the reviewed documents. Regarding the social factor,

we noted a “Zero tolerance” policy towards discrimination and harassment, while diversity is encouraged. Corporate volunteering is encouraged in the company as well as employee social projects proposals. Towards community, the company shows its support by establishing educational and cultural partnerships. At governance level, it expresses “Zero tolerance” towards corruption and works against conflicts of interests.

The next company listed in the top is Transgaz, which has disclosed its non-financial information in a chapter in the Administrators Report (Transgaz, 2019). Nevertheless, it has shown interest for sustainability by establishing perspectives and objectives towards it. For the environmental factor, we discovered that Transgaz has implemented ISO 14001:2015 as well as a supply chain program to procure materials that protect the environment. The company constantly verifies its conformity to law, especially to industry-specific laws by monitoring relevant indicators. It also reports on measurements done on polluting sources, and it manages its waste (both dangerous and non-dangerous). For 2019, Transgaz managed to obtain higher levels of energy efficiency compared to the previous year, while reducing its technological consumption. For the social factor, Transgaz operates according to ISO 45001 and reports that in 2019 more people were employed as compared to the ones that left the company. Also, 95% of its employees are labour union members. For its personnel, the company provided 139 training courses which benefited 1619 participants in 2019, on which the report offers a detailed perspective. Also, Transgaz got involved in financing community projects in fields such as health, education, social and sports (allocating over 4 million Lei). On the governance side, the company operates according to BVB Corporate Governance Code and to its own Integrity Plan 2016-2020. Therefore, it condemns corruption, manages conflicts of interests, discloses its contracts and considers the fight against fraud a priority. Also, it monitors the published news on company’s activity and screens it to verify whether they are neutral, positive or negative.

Last but not least, Transelectrica company has issued a Sustainability Report for 2019, for which it followed the GRI standards (Transelectrica, 2019). More, it even got a recognition prize from Romania CSR Index for its activity in 2019. For the environmental factor, the company operates according to ISO 14001:2015. It works on identifying environmental aspects and risks associated with its activity, but it does not report on them. However, we found that they managed their waste 84% more efficiently compared to 2018. Currently, they are working on ongoing projects to prevent and limit their impact on the environment

and achieve energy efficiency. Yet, some of their indicators have only legal limits as benchmark (eg. noise pollution, electromagnetic field). For the social factor, Transelectrica notes that it has in place a policy that promotes equality and women in management roles, and fights against discrimination (the income differences among men and women are diminishing; there are 35,8% more women in top management than in 2018; there were no discrimination incidents in 2019). On the year of reporting, more people left the company than those who joined it. Also, most employees are labour union members. Transelectrica provided professional trainings for over 1000 employees in various fields as well as safety and security trainings. For 2019, there were no reported work-related accidents or occupational illnesses. The company encourages employees to engage in corporate volunteering, as it also addresses itself community projects (for which it has established a number of objectives, that are not SMART ones, though). Concerning the governance factor, Transelectrica collaborates with stakeholders in addressing non-financial issues. The company complies with BVB Code of Corporate Governance. Also, in 2019 it developed an integrity plan in which it referred to anti-corruption strategies as well as behavioural guidelines in accordance to its ethics and conduct code.

After examining the non-financial reports of the analysed companies, we compiled a list of ESG aspects that were most commonly found, (Table 2).

Table 2: Common ESG aspects found in BVB’s top ten companies non-financial reporting

Environmental	% *	Social	% *	Governance	% *
ISO 14001	60%	CSR financing	70%	Anti-Corruption policy	70%
Waste	60%	Employee Diversity	60%	BVB Code of Corporate Governance	60%
Emissions	60%	Development Programs	50%	Communication with stakeholders	30%
Energy	40%	ISO 45001	40%	Partners that support their principles	20%
Water	20%	Corporate Volunteering	30%	-	-

*% of companies addressing it

Source: Processed by authors based on companies’ reports

Most ESG aspects addressed by the analysed companies included the Environmental Management System ISO 14001, and waste and emissions (which were only considered in the analysis if the reporting provided measurement information for the indicators) for the environmental factor. On the social factor, CSR financing and employee diversity were mostly mentioned, while for the governance factor it was found that anti-corruption was mostly addressed, followed by abiding the BVB Code of Governance Code.

As seen at the top ten companies listed on BVB, 40% of them follow the GRI guidelines in reporting. Also, 10% refer to the SDGs and 10% take into account the SASB standards. While the SDGs have only began to emerge in non-financial reporting, we anticipate that they will gain considerable ground in the future. Following our examination, we conclude that OMV Petron had the most comprehensive non-financial report, taking commitments towards sustainability and setting clear objectives. More, the company follows the SDGs and the GRI standards, projecting a variety of variables and monitoring them in dynamics. From the banking sector, BRD appeared to have the most clear-cut report, especially due to the fact that it reported the progress achieved on set targets, despite conveying its non-financial declaration in the annexes section. As for Banca Transilvania, although its sustainability report covered all three ESG aspects and followed the GRI guidelines, it was mostly descriptive, without providing a clear picture of the way it monitors relevant indicators. In the energy sector, Electrica and Romgaz issued reports that covered a variety of materiality aspects, monitoring performance and referring to renowned guidelines such as GRI (both companies), EU standards (Electrica) and SASB (Romgaz). In what concerns Erste Group Bank and Fondul Proprietatea, investors are, most probably, keen to have the opportunity to ponder upon their non-financial activity.

4. Conclusions

Although non-financial disclosure is still voluntary, it can be considered a common practice among large companies. Therefore, we think that even though companies have made progress in reporting their non-financial activities, there is still a long way to go. Taking, for instance, the fact that companies on BVB are adopting GRI guidelines and are referring to the SDGs, indicates that they turn an eye towards sustainability. However, this

practice is not yet to be found deeply embedded into the majority of the companies in the top ten list analysed.

There is no doubt that stakeholders are demanding more transparency, and nowadays one of the challenges that companies face is what and how precisely to measure in order to contribute to sustainability. Yet, on this matter, literature also needs to progress in order to provide companies the proper instruments, which can further contribute to the elaboration of a proper legal framework on how non-financial reporting (in general) and ESG aspects (in particular) should be operationalised.

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