

INTEGRATED REPORTING – A ROMANIAN PERSPECTIVE

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Abstract: Traditional reports have proven to have a lot of limitations, which is why, starting in 2010, Integrated Reporting became more valued and promoted in order to provide a more comprehensive picture of the company's value and performance. The latest innovations in the field of reporting are focused on various key indicators pertaining to sustainability and other non-financial information. The aim of our research is to analyze the current framework of the matter and discover how Romanian companies chose to disseminate non-financial information and to what degree. The case study sample in our research is based on the companies that are part of the BET 20 Index. Our approach to the development of the study starts with the international context and moves towards the particularities of the Romanian circumstances. Our findings suggest that there is a lot of work to be done in this area, and improvements should bring greater performance to integrated reporting dissemination. At the same time, our research strongly suggests that due to the variety of voluntary standards, there is a lack of clarity perceived by the users, and this may be an impediment to the efficiency of the integrated reporting pursuits. A strong recommendation is made for the use of a unitary framework, which will aid in the application and also in the understanding of the reports, fostering comparability and coherence in the macroeconomic analysis. Future research perspectives will be focused on studying integrated reporting practices and their effects on the company's value.

Keywords: Integrated Reporting, Sustainability reporting, Non-financial information, ESG, BET

JEL classification: M14, M38, M41

1. Introduction

Companies that prioritize transparency and provide clear, concise information about their environmental, social, and governance practices are more likely to attract investors who value sustainability. Moreover, the reports must highlight the importance of using standardized frameworks such as the Global Reporting Initiative or Sustainability Accounting Standards Board to ensure consistency and comparability across companies. Ultimately, the integration of non-financial information into corporate reporting can help companies build trust with stakeholders and contribute to overall market stability. As such, it is crucial for companies to continue prioritizing integrated reporting as a means of maintaining long-term success.

This study examines the potential for the firms listed on the Bucharest Stock Exchange that compose the BET index to publish non-financial information through a report distinct from the annual report, as well as their ability to provide comprehensive and easily understandable information to interested parties.

By incorporating non-financial information into their corporate reporting, companies can demonstrate their commitment to transparency and accountability. This can help build trust with stakeholders, including investors, customers, and employees. Additionally, integrated reporting can contribute to overall market stability by providing a more complete picture of a company's performance and risks. In Romania, where non-financial reporting is still an emerging concept, companies have an opportunity to lead the way in this area and set themselves apart as leaders in sustainability and responsible business practices. As more companies begin to prioritize integrated reporting, it will

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become increasingly important for all businesses to adopt this approach in order to remain competitive and maintain long-term success. The fact that non-financial reporting is an emerging concept in Romania, especially among companies reporting non-financial information—some of which are on their first or second such reporting—gives the study a lot of significance.

The concept of sustainability and responsible business practices has gained significant attention in recent years. In this paper, we provide a brief review of the literature on integrated reporting and its benefits. We then describe our research methodology, including the data used and the obtained results. Our discussions focus on the implications of these results for businesses seeking to implement integrated reporting. Finally, we present our conclusions in this important area of study. Overall, our findings highlight the importance of sustainability and responsible business practices for achieving long-term success in today's competitive marketplace.

2. Literature review

This trend towards sustainability reporting has been further reinforced by the growing awareness among consumers and investors about the impact of businesses on the environment. As a result, companies are under increasing pressure to adopt sustainable practices and to be transparent about their environmental performance. This has led to the development of various sustainability reporting frameworks, such as the GRI and the SASB, which provide guidelines for companies to report on their ESG performance. However, there are still challenges associated with sustainability reporting, such as the lack of standardization and comparability across different companies and industries. To address these challenges, there is a need for greater collaboration between businesses, policymakers, and other stakeholders to develop more robust and consistent sustainability reporting standards. Ultimately, this will help to promote greater accountability and transparency in corporate sustainability practices, which is essential for achieving a more sustainable future for all.

According to Oreshkova (2023), "developing high-quality international standards for climate-related disclosures, which are to be universally applied globally, should be regarded as the highest priority and a substantial part constituting a comprehensible regulatory basis for corporate reporting on matters of sustainability" (Oreshkova, 2023). There are already a very large number of studies in the specialized literature after 2010 with subjects from the field of environmental accounting and references to the fact that companies are motivated to publish as much positive information as possible to highlight, to the knowledge of interested parties, their involvement in sustainability and its reporting, and to gain a competitive advantage (Mahoney et al., 2013; Prado-Lorenzo & Garcia-Sanchez, 2010).

The historical evolution of reporting on financial and non-financial information had, over time, the following structure (Rivera-Arrubla et al., 2016):

- before the 1970s, information with a strictly financial content was reported;
- in the decade between the 1970s and 1980s, isolated information was reported on the financial dimension of social and environmental sustainability;
- between the years 1990 and 2000, isolated information was reported regarding the financial dimension of sustainability and two other dimensions of it are developing, respectively the ecological and social;
- in the decade after 2000, several initiatives appeared that sought to combine sustainability information, which was often emphasized, with financial information in the annual financial statements;
- the current tendency to present through the financial statements a holistic version of the organization that prepares them, integrating in a balanced way the three dimensions of sustainability: financial, ecological and social.

Numerous institutions develop a large part of the non-financial reporting standards without making their use mandatory. Next, we will mention the most well-known non-financial reporting standards found worldwide and, at the end of the description, we will focus on those that are mandatory for companies in the European Union and, as a member state, for companies in Romania.

One of the most widely recognized non-financial reporting standards is the Global Reporting Initiative (GRI), which provides guidelines for companies to report on their sustainability performance. The GRI Sustainability Reporting Guidelines were developed by the Global Reporting Initiative, a non-governmental organization established in Boston, USA, in 1997. Using the GRI Sustainability Reporting Guidelines, a company can voluntarily disclose, according to this general framework, its own performance regarding the sustainability of the activity carried out from an environmental, economic and social point of view (Al Amin et al., 2022). According to some recent research, there are opinions that claim that reporting based on the general GRI framework provides a clearer integrated reporting of information related to sustainability and that performers of sustainability reporting adopt the GRI Sustainability Reporting Guidelines (Karaman et al., 2021).

The Association of International Certified Professional Accountants, which founded the Enhanced Business Reporting Consortium, has established a general framework through which a company that has voluntarily adhered to it can disclose, among other things, non-financial information regarding the performance of the activities undertaken, viewed from the perspective of non-financial aspects of performance (AICPA, 2023). This framework provides a standardized way for companies to report on their non-financial performance, which can be useful for stakeholders such as investors, customers, and employees who are interested in the company's social and environmental impact. By voluntarily adhering to this framework, companies can demonstrate their commitment to transparency and accountability in these areas.

The International Integrated Reporting Council (IIRC), a global coalition established in 2010, the International Accounting Standards Board (IASB), and the International Sustainability Standards Board are jointly responsible for the International Integrated Reporting (IR) Framework, which is said to represent the norm of corporate reporting that seeks financial stability and the sustainable development of its reporters (ISSB). The International Integrated Reporting (IR) Framework is expected to eliminate the need for reporting organizations to produce numerous, static, and disjointed reports.

A notable exception to the requirement is represented by the mandatory standards for companies listed on the capital markets of the United States of America developed by the Sustainability Accounting Standards Board (SASB) (Rivera-Arrubla et al., 2016). These standards are designed to ensure that companies provide investors with accurate and reliable information about their sustainability performance. The SASB standards cover a wide range of issues, including environmental, social, and governance (ESG) factors. Companies are required to disclose information on topics such as carbon emissions, water usage, labor practices, and board diversity. By providing this information, companies can help investors make more informed decisions about where to invest their money. The SASB standards have been widely adopted by companies in the United States and are seen as a valuable tool for promoting transparency and accountability in corporate sustainability reporting. While not all countries have mandatory sustainability reporting requirements like the SASB standards, many are moving in that direction as investors increasingly demand more information about ESG risks and opportunities.

Another relatively recent exception regarding the obligation of non-financial reporting is represented by large companies (with an average number of employees of more than 250 and total assets of more than 20 million euros or annual turnover of more than 40 million euros) and all listed companies (except micro-enterprises) in the European Union, which must disseminate information about the impact of their activities on people and the environment. On January 5, 2023, the Corporate Sustainability Reporting Directive (CSRD) entered into force, which modernizes and clarifies the rules regarding the social and environmental information that companies must report, which were previously presented according to the Non-Financial Reporting Directive (NFRD). Applying the NFRD, the companies concerned began to report information that considered the following issues encountered: environmental issues, social and employee issues, human rights, measures against corruption and bribery, issues related to diversity in management. About 50,000 companies will have to disseminate information on the impact of their activities on sustainable development by applying CSRD. According to the CRSD, companies

must apply the double-materiality concept, which involves approaching sustainability from two points of view, namely the one from which the company is affected by aspects related to sustainability and the one from which the activities carried out by it affect the environment. Applying CSRD will provide comprehensive information about "the business model and strategy, goals and progress in their achievement, the role and responsibilities of management, a company's sustainability policy, negative impacts related to the value chain, a description of the main risks, sustainability, reporting in accordance with the Sustainable Finance Disclosure Regulation and EU Taxonomy" (Makarenko & Makarenko, 2023). To increase the confidence in the information provided, it must be certified.

There is an effort to reduce the medium and long-term costs that the involved companies must pay by harmonizing the necessary information. For the first time, companies will need to submit CSRD applications for fiscal year 2024, whose reports will be released in 2025. The impacted companies must adhere to the European Sustainability Reporting Standards (ESRS), which the European Commission will adopt by the summer of 2023, and which are based on the standards' draft that the European Financial Reporting Advisory Group (EFRAG) published in November 2022. According to Primec and Belak (2022), here there are specific, mandatory requirements for reporting and certifying non-financial information, such as:

- the role of administrative, management and supervisory bodies, including aspects related to sustainability and their composition;
- business ethics and corporate culture, including anti-corruption and anti-bribery measures;
- the company's political commitments, including its lobbying activities;
- the management and quality of relations with business partners, including practices related to payments;
- the company's internal control and risk management systems, including the company's reporting process (Primec & Belak, 2022).

Companies that must use CSRD would likely find it easier to apply ISSB standards because a large proportion of those companies already use IFRS as the basis for preparing their financial statements. This is one of the arguments why the struggle for supremacy between the EU and the IASB in the field of sustainability reporting will continue, but the costs of this struggle should not be borne by the companies that have to prepare their sustainability reports (Atanasov, 2023). It's crucial to take into account alternative strategies to make sure that businesses don't suffer unduly from the ongoing competition between the EU and the IASB in the area of sustainability reporting. One potential solution could be to encourage greater adoption of ISSB standards, which would be more easily applied by companies already using IFRS as the basis for their financial statements. This would help to streamline the reporting process and reduce costs for businesses, while also ensuring that sustainability reporting remains a key priority. Ultimately, it will be important for regulators and industry stakeholders to work together to find a sustainable solution that meets the needs of all parties involved. By doing so, we can help promote greater transparency and accountability in corporate reporting while also supporting sustainable business practices and protecting the interests of investors and other stakeholders.

Until the application of the Corporate Sustainability Reporting Directive, companies will have to continue to apply the NFRD, which targets approximately 11,700 companies in the European Union and has been in force since 2014 (European Commission, 2022). According to the NFRD, the aforementioned companies were free to decide, among other things, where in their reports and in what format they would report on non-financial information (Vander Bauwhede & Van Cauwenberge, 2022).

The Non-Financial Reporting Directive (NFRD) is transposed into Romanian legislation by Order of the Minister of Public Finance no. 1938/2016 through which it is specified that the administrators' report will include "a non-financial statement that contains, to the extent necessary for understanding the development, performance and position of the entity and the impact of its activity, information on at least the aspects environmental, social and personal, respecting human rights, fighting corruption and bribery" (Mihai & Aleca, 2023).

Currently, we think that the existence of various reporting standards for sustainability information, published by various institutions, confuses professionals trying to apply them, especially in countries where, through normative acts, some standards are imposed by the applicable legislation there. Discussions about the positive and negative aspects of these standards are undoubtedly helpful in the academic setting for their improvement, as this will "integrate different sustainability issues to ensure comprehensive contributions to sustainable development" (Schaltegger et al., 2022).

3. Data, methodology and results

In 2016, by Order of the Minister of Public Finance no. 1938/2016, the accounting regulations regarding individual annual financial statements and consolidated annual financial statements, approved by Order of the Minister of Public Finance no. 1802/2014, partially transposed the provisions of Directive 2014/95/EU regarding the presentation of non-financial information and regarding diversity by certain companies and large groups. Similar requirements were introduced by the National Bank of Romania and the Romanian Financial Supervisory Authority for credit institutions and providers of private pension funds. Starting from 2019, the scope of applicability of non-financial information presentation obligations has been extended to all large economic operators, so that all entities that exceed the criterion of having an average number of 500 employees in during the financial year will have the obligation to present non-financial information.

According to point 492 para. (1) from OMFP no. 1802/2014, the non-financial statement includes:

- a) a brief description of the entity's business model.
- b) a description of the policies adopted by the entity in relation to these aspects, including the due diligence procedures applied.
- c) the results of the respective policies.
- d) the main risks related to these aspects arising from the entity's operations, including when is relevant and proportionate, its business relationships, its products or services that could have a negative impact on those areas, and how the company manages those risks.
- e) non-financial key performance indicators (KPI) relevant to the entity's specific activity.

In accordance to the aforementioned article, four significant sustainability-related aspects are noted in the non-financial statement's content. The use of renewable and non-renewable energy, greenhouse gas emissions, water use, and air pollution are all examples of environmental matters. They also include the current and anticipated effects of the entity's operations on the environment and, where appropriate, on health and safety. Social and personnel aspects include steps taken to ensure gender equality, working conditions, social dialogue, respect for union rights, health and safety at work, and dialogue with local communities; information on measures taken to prevent violations of human rights; and/or measures taken to combat corruption and bribery. Climate-related aspects regarding the effects of the entity's activity on climate change and how customers use the goods and services it produces. The effects that an entity's operations and the consumption of the goods and services it produces have on its commitments to sustainable development, as well as the fights against discrimination, food waste, and the promotion of diversity, are all related to sustainable development.

Sustainable development is a crucial aspect of any entity's operations, as it encompasses a wide range of issues that affect the environment, society, and economy. One of the key areas that entities need to focus on is their impact on climate change, including both direct and indirect effects. This includes assessing how their activities contribute to greenhouse gas emissions and taking measures to reduce them. Additionally, entities should consider how their customers use the goods and services they produce and whether they are promoting sustainable practices. Another important aspect of sustainable development is combating corruption and bribery. Entities should have policies in place to prevent these practices from occurring within their organization or supply chain. They should also ensure that they are upholding human rights in all aspects of their operations, including labor practices and supply chain management. Entities also have a responsibility to promote diversity and fight against discrimination.

This includes ensuring that their workforce is diverse and inclusive, as well as taking steps to address any discriminatory practices within their organization or supply chain.

Companies traded on the Bucharest Stock Exchange are analyzed according to how they disclose non-financial information in their publicly available reports. For this, a case study was carried out on the 20 companies listed on the Bucharest Stock Exchange (BSE), components of the BET index (Table 1).

Table 1: The components of the BET index

No.	Symbol BSE	Company	Field of activity
1.	ALR	ALRO S.A.	Aluminium production
2.	AQ	AQUILA PART PROD COM	Non-specialised wholesale trade
3.	TLV	BANCA TRANSILVANIA S.A.	Other monetary intermediation
4.	BRD	BRD - GROUPE SOCIETE GENERALE S.A.	Other monetary intermediation
5.	BVB	BURSA DE VALORI BUCURESTI SA	Administration of financial markets
6.	TEL	C.N.T.E.E. TRANSELECTRICA	Transmission of electricity
7.	COTE	CONPET SA	Transport via pipeline
8.	DIGI	DIGI COMMUNICATIONS N.V.	Telecommunication services
9.	FP	FONDUL PROPRIETATEA	Trusts, funds and similar financial entities
10.	M	MEDLIFE S.A.	Specialist medical practice activities
11.	SNP	OMV PETROM S.A.	Extraction of crude petroleum
12.	ONE	ONE UNITED PROPERTIES	Activities of holding companies
13.	WINE	PURCARI WINERIES PUBLIC COMPANY LIMITED	Production and trading in wine and brandy.
14.	SNN	S.N. NUCLEARELECTRICA S.A.	Production of electricity
15.	SNG	S.N.G.N. ROMGAZ S.A.	Extraction of natural gas
16.	TGN	S.N.T.G.N. TRANSGAZ S.A.	Transport via pipeline
17.	EL	SOCIETATEA ENERGETICA ELECTRICA S.A.	Business and other management consultancy activities
18.	SFG	SPHERA FRANCHISE GROUP	Activities of head offices
19.	TRP	TERAPLAST SA	Manufacture of plastic plates, sheets, tubes and profiles
20.	TTS	TTS (TRANSPORT TRADE SERVICES)	Other transportation support activities

Source: Bucharest Stock Exchange (<https://bvb.ro/>)

The reports analysed are those that were made public by the companies on their own websites, with 2021 serving as the reference year. In the content of the non-financial statement, according to the mentioned article, four important factors related to sustainability will be required to be identified, like:

A. Environmental aspects:

- the current and foreseeable impact of the entity's operations on the environment and, where applicable, on health and safety.
- the use of renewable and non-renewable energy.
- greenhouse gas emissions; water use and air pollution.

B. Social and personnel aspects:

- actions taken to ensure gender equality, working conditions, social dialogue, respect for trade union rights, health and safety at work, dialogue with local communities.
- information on the prevention of human rights abuses and/or on the tools put in place to combat corruption and bribery.

C. Climate related aspects:

- the consequences on climate change of the entity's activity and the use of the goods and services it produces.

D. Sustainable development aspects:

- the consequences that the activity of the entity and the use of the goods and services it produces have on its commitments in favor of sustainable development, the fight against food waste, the fight against discrimination, and the promotion of diversity.

Table 2: The components of the BET index - Analysis

No.	Symbol BSE	Sustainability Report	Separate section for the relationship with investors dedicated to sustainability	Comments
1.	ALR	x	x	In the case of ALRO SA, on its website there are separate sections for investor relations and sustainability, but reporting on non-financial statements is done at group level. Analysing the sustainability report, we find mentioned aspects related to the environment, such as the impact on the environment, the use of renewable resources, the reduction of greenhouse gas emissions, the optimization of water consumption in the production process and the reduction of the impact on the environment, but also social aspects and personnel, as the company promotes diversity and equal opportunities thereby contributing to social stability and economic development within the local community, a code of ethics and conduct applied to employees and a zero tolerance approach to bribery and corruption. Also, in the report we also find aspects related to the climate and sustainable development.
2.	AQ	x	x	AQUILA PART PROD COM presents information at group level, the non-financial statements being found in a separate section addressed to sustainability. The sustainability report for the year 2021 contains all the aspects analysed within our analysis model in a clear and concise manner, respectively aspects related to the environment and climate change (calculation of greenhouse gas emissions, measures implemented in the transport and logistics area, waste management), human capital issues (occupational safety and health, development, performance and staff development programs). In the case of aspects related to sustainable development, in the report we only find parts regarding the strategy for the coming years, not the consequences of the activity carried out.
3.	TLV	x	x	BANCA TRANSILVANIA S.A. presents non-financial information in a separate section on their website called ESG, which includes aspects related to the environment, people and community and corporate governance. The report published for the year 2021 is the second sustainability report of the group, which contains the aspects mentioned above, integrated into their business strategy, presenting a series of indicators regarding personnel, human rights, fighting corruption, etc.. The group also emphasizes its environmental impact, stating that it is continuously looking to modernize its processes to reduce the amount of waste generated. The company also mentions aspects related to sustainable development, addressing a sustainability strategy to mitigate risks and reduce the negative impact on the environment and communities.
4.	BRD	x	-	BRD - GROUPE SOCIETE GENERALE S.A. has a separate section for the relationship with investors, there is a sustainability report available only in English, but also a non-financial statement included in the published annual report, adapted to Romanian regulations. Considering that we are referring to the Romanian legislation, the non-financial statement from the annual report was taken for analysis, in which information was briefly found about the aspects related to the environment, social, climate and sustainable development.
5.	BVB	x	-	BURSA DE VALORI BUCURESTI SA presents the sustainability report in the Investor Relations section, under Financial Reporting. Unlike other analysed reports, the BVB report is quite succinct, which briefly deals with environmental and social issues. Climate and sustainable development aspects are not dealt with separately, but within the other sections.
6.	TEL	x	-	C.N.T.E.E. TRANSELECTRICA does not have a section dedicated to sustainability, but the Sustainability Report is published in the Annual Reports section. In the report, two of the aspects analysed in the study are presented in a coherent and transparent way, namely the impact and effects of the activity carried out on the environment, and the social and personnel aspects that show the concern of the company in terms of development and diversity of human resources. Related to climate aspects, the company briefly mentions the fact that it calibrates its activity in a sustainable way to meet the objectives assumed at the European level. Aspects related to sustainable development are not highlighted as much as the other aspects, they are briefly mentioned in other sections.
7.	COTE	-	-	CONPET SA presents the non-financial reports in the annual report, in the form of the non-financial statement, covering some of the aspects looked for in the analysis, such as environmental and personnel-related aspects, with the focus being on social and personnel policy, business integrity and fighting corruption.
8.	DIGI	-	-	Digi Communications N.V. presents the non-financial information in the annual report under the name "Responsibility towards the environment and society", not having a separate sustainability report. This section provides information on environmental and human resource responsibility. Climate-related issues are dealt with in another section of the annual report, while information related to sustainable development is not mentioned at all.
9.	FP	-	-	FONDUL PROPRIETATEA for the year 2021 presents the non-financial statement in the Annual Report. Due to its business, the company does not treat ESG factors as other companies do, but only mentions that these factors should be considered alongside traditional financial measures to provide a more comprehensive picture of the value, risk and return potential of an investment.

10.	M	x	x	MedLife S.A. presents the non-financial information in the annual report under the name "Non-financial information", not having a separate sustainability report. Environmental aspects are treated shortly, mentioning only projects they support. Social and personnel aspects are analysed in more detail, noting that there are concerns regarding respect for human rights, anti-bribery and anti-corruption principles. And climate and sustainable development issues are not mentioned in any section of the report.
11.	SNP	x	x	OMV PETROM S.A. presents information at group level, with non-financial statements in a separate section on their website dedicated to sustainability. The 2021 sustainability report contains all aspects analysed within our analysis model in a clear and concise manner, presenting the impact of the activities carried out on the economy, environment and society, as well as how they managed these impacts to strengthen their performance and ensure long-term sustainable development.
12.	ONE	x	x	ONE UNITED PROPERTIES presents the non-financial information both in a separate section called Sustainability, but in a short and stakeholder-oriented form, and in a more detailed Sustainability Report. The main concerns are the environmental and social strategy, where they promote good environmental and sustainability practices, respect for human rights, adhering to the highest standards of health and safety at work, as well as ethical standards.
13.	WINE	x	-	In the Investor Relations section of the Annual Reports, PURCARI WINERIES PUBLIC COMPANY LIMITED presents the sustainability report at group level. The report includes some of the aspects sought in the analysis, such as environmental and personnel issues, with a focus on social and personnel policy, business integrity and social initiative.
14.	SNN	x	-	S.N. NUCLEARELECTRICA S.A. presents the sustainability report in the Investor Relations section, under Financial Reporting. Unlike other analyzed reports, the company's report is presented in a coherent, transparent, but also very detailed way. The report published for the year 2021 is the fourth sustainability report published, which contains the aspects analysed, integrated into their business strategy, presenting a series of indicators regarding personnel, human rights, combating corruption, etc.. The company also puts focus on environmental impact as well, stating that it is continuously looking to modernize its processes to reduce the amount of waste generated. In addition, the company addresses sustainable development by implementing a sustainability strategy for the year to mitigate risks and reduce harmful effects on communities and the environment.
15.	SNG	x	x	In the case of the company S.N.G.N. ROMGAZ S.A., on its website there are separate sections for relations with investors and sustainability. The 2021 Sustainability Report is the company's fifth report and it is a very detailed one, covering all four factors analysed. Among the topics covered in the report we find the use of energy, water, materials, restoration of ecosystems and biodiversity (environmental aspects), diversity and equal opportunities, the involvement of society in local communities (social and personnel aspects), the reduction of unwanted effects on the environment and of climate change (climate aspects), the sustainable and sustainable development of communities through the financial support, partial or total, of some programs and projects of interest for the progress of communities (aspects related to sustainable development).
16.	TGN	x	x	In the case of the company S.N.T.G.N. TRANSGAZ S.A., the sustainability report can be found in the Sustainability section. The presented report is the second report addressed to sustainability and is quite comprehensive, where the company refers to all aspects analysed in the study. Therefore, there are environmental aspects (compliance with environmental laws and regulations, energy consumption, emissions and losses of gases and greenhouse effect, hazardous and non-hazardous waste management), social and personnel aspects (jobs, ethics, integrity, anti-corruption and non-discrimination, professional training), climate aspects (reduction of greenhouse gas emissions resulting from the operation of the natural gas transmission network, factors that contribute to climate change), aspects related to sustainable development (impact on the country's economy, diversity and equal opportunities).
17.	EL	x	x	The sustainability report of the company ENERGETICA ELECTRICA S.A. can be found in the CSR section. This is a detailed report covering both environmental, social and personnel, climate and sustainable development issues. Among the topics covered, we find energy, biodiversity, emissions, waste, training and education, employment, equal opportunities, non-discrimination and corrective actions taken, development programs, actions taken to mitigate climate change and adapt to climate change.
18.	SFG	x	x	Sphera Franchise Group has a section dedicated to Sustainability and a separate Sustainability Report. So in the report we find all four analysed factors, such as the use of energy, water, materials, restoration of ecosystems and biodiversity (environmental aspects), diversity and equal opportunities, the involvement of society in local communities (social and personnel aspects), reducing the unwanted effects on the environment and climate change (climate aspects), food waste, the sustainable and sustainable development of communities through the financial support of programs and projects of interest for the progress of communities (aspects related to sustainable development).
19.	TRP	x	x	TERAPLAST SA has a section dedicated to sustainability, and the Sustainability Report is separate from the Annual Report. In the report, all aspects analysed in the study are presented in a coherent and transparent manner, namely the impact and effects of the activity carried out on the environment, social and personnel aspects, climate and sustainable development aspects. The published report shows the concern of the company regarding the development and diversity of human resources and the calibration of the activity in a sustainable way to meet the objectives assumed at the European level.
20.	TTS	x	x	The 2021 sustainability report of TTS (TRANSPORT TRADE SERVICES) can be found in the ESG Reporting section, this being the group's first sustainability report. It contains information presented in a succinct manner, analysing the factors within the study quite a bit. So for most of the aspects analysed, reference is made to another report, the Annual EHS Monitoring Report, which are not easy to understand for users.

Source: Authors analysis

Following the analysis of the 20 companies, it can be seen in Table 2 that only 12 companies have a separate section dedicated to Sustainability on their website and 17 of them publish a Sustainability Report, not included in the Annual Report. The information provided in the reports was balanced, clear, succinct, coherent, and stakeholder-focused even though non-financial reporting is still in the early stages for some companies, some of them being on their first or second report.

For the purpose of analysing the presence of the four factors (environmental, social and personal, climate, and sustainable development), a scoring system ranging from 1 to 5 was developed, as follows:

- Score 5 - If the company presents a separate sustainability report for the year under review, has a separate section on the website addressed to investors and the information presented is stakeholder-oriented, easy to understand, consistent and coherent.
- Score 4 - If the company presents a separate sustainability report for the year under review, has a separate section on the website addressed to investors and the information is presented in a short, succinct version.
- Score 3 - If the company presents the non-financial information only in the published annual report.
- Score 2 - If the company publishes non-financial information directly on the website, without a sustainability report.
- Score 1 - If the company does not highlight the reporting of non-financial information and it is included in other sections of the annual reports.
- Score 0 - If the company publishes reports that do not contain non-financial information related to the analyzed aspect.

The purpose of awarding scores was to observe the presence of the mentioned aspects, the companies' willingness to comply with the regulations, and the presentation of this information in a manner that is as transparent and simple for the audience of the reports to comprehend as possible.

Table 3: The components of the BET index - Scores achieved

No.	Symbol BSE	Environmental aspects	Social and personnel aspects	Climate related aspects	Sustainable development aspects	Total scores
1.	ALR	5	5	5	5	20
2.	AQ	5	5	5	5	20
3.	TLV	5	5	5	5	20
4.	SNP	5	5	5	5	20
5.	ONE	5	5	5	5	20
6.	SNN	5	5	5	5	20
7.	SNG	5	5	5	5	20
8.	TGN	5	5	5	5	20
9.	EL	5	5	5	5	20
10.	SFG	5	5	5	5	20
11.	TRP	5	5	5	5	20
12.	WINE	5	5	4	4	18
13.	BVB	4	4	4	4	16
14.	TEL	5	5	4	1	15
15.	BRD	3	3	3	3	12
16.	TTS	4	4	1	0	9
17.	COTE	3	3	1	1	8
18.	DIGI	3	3	1	0	7
19.	M	3	3	0	0	6
20.	FP	0	0	0	0	0

Source: Authors analysis

Table 3 displays the scores that were given to the companies for the factors that were studied. This ensures that the suggested purpose has been met, which includes the orientation of the companies toward the disclosure of transparent non-financial information that is of interest to the public.

After the analysis, we can see that 11 companies of our sample had the highest score, indicating that they have the highest level of compliance with the rules governing non-financial statements and that the reports provided contain the four factors evaluated. These companies prioritize ESG reporting by transparently disclosing non-financial information and issuing a Sustainability Report for 2021. By using a Sustainability Report, companies can present all their relevant information in a single document, thus having greater flexibility regarding the structure and content of the report. Through the ESG Reporting Guide, the BSE advised companies to use a globally recognized sustainability reporting standard, such as GRI or SASB, to create the content of their reports and to improve the uniformity and comparability of the reported information.

Additionally, there are 5 companies (TTS, COTE, DIGI, M and FP) that failed to surpass the average level scores. We see that none of these companies received the highest score possible for any factor, the main reason being that some of them do not have a Sustainability Report, and those that publish such a report do not present relevant, transparent and easy-to-understand information about our four factors (see the Comments in Table 2).

4. Discussions

The Global ESG Monitor is an innovative research initiative that examines the transparency of non-financial reporting by the world's largest companies. The purpose is to assist companies in providing more reliable ESG reporting to their stakeholders by using objective metrics. For this reason, they use the GEM ASSAY™, a research tool designed for this goal and updated annually to account for changing circumstances and developments, to track, analyse, and reveal the degree of openness present in non-financial reporting (Hofstetter & Diegelmann, 2023).

The initiative is a crucial step towards promoting accountability and sustainability in the corporate world. By evaluating the transparency of non-financial reporting, companies can be held accountable for their actions and decisions, which in turn can lead to improved social and environmental outcomes. The GEM ASSAY™ is a powerful tool that enables companies to benchmark their performance against industry standards and identify areas for improvement. This approach encourages companies to adopt best practices and promotes greater transparency in reporting, ultimately benefiting both the company and its stakeholders. As the initiative continues to evolve, it has the potential to drive positive change across industries and contribute to a more sustainable future for all.

The GEM ASSAY™ is based on the relevant criteria of the Global Reporting Initiative (GRI), ISO Standard 26000, the World Economic Forum (WEF) and Accountability in its operationalization of transparency. Table 4 presents the transparency ranking for our sample, using six dimensions: balance, comparability, accuracy, timeliness, reliability and relevance. The scale runs from 1 (very low transparency) to 100 (very high transparency).

Table 4: Regional Ranking BET 20

No.	Symbol BSE	COMPANY	GEM ASSAY™ SCORE (1-100)
1.	SNP	OMV PETROM S.A.	75
2.	ALR	ALRO S.A.	73
3.	BRD	BRD - GROUPE SOCIETE GENERALE S.A.	67
4.	TLV	BANCA TRANSILVANIA S.A.	66
5.	SNG	S.N.G.N. ROMGAZ S.A.	60
6.	ONE	ONE UNITED PROPERTIES	57
7.	SFG	SPHERA FRANCHISE GROUP	46
8.	SNN	S.N. NUCLEARELECTRICA S.A.	45
9.	AQ	AQUILA PART PROD COM	43
10.	EL	SOCIETATEA ENERGETICA ELECTRICA S.A.	37

11.	WINE	PURCARI WINERIES PUBLIC COMPANY LIMITED	34
12.	COTE	CONPET SA	32
13.	TEL	C.N.T.E.E. TRANSELECTRICA	31
14.	TGN	S.N.T.G.N. TRANSGAZ S.A.	30
15.	TRP	TERAPLAST SA	29
16.	BVB	BUCHAREST STOCK EXCHANGE SA	24
17.	TTS	TTS (TRANSPORT TRADE SERVICES)	21
18.	DIGI	DIGI COMMUNICATION N.V.	20
19.	M	MEDLIFE S.A.	16
20.	FP	FONDUL PROPRIETATEA	13

Source: (Hofstetter & Diegelmann, 2023).

As can be seen the results in Table 3 and the results in Table 4 are consistent. Although different models and variables were used, the objective of both analyses was to observe the companies' orientation towards transparency, towards the presentation of information in accordance with the regulations, relevant to the interested parties.

5. Conclusions

According to the results not all companies produce sustainability reports, and even among those that do, the reports often lack systemic coherence and transparency because they don't adhere to a specific structure by the specific standards. The analysis conducted in this study revealed that many companies operating in Romania do not show maturity with regards to the implementation of a sustainability management system based on a set of standards.

The findings of this study also suggest that there is a significant need for companies operating in Romania to improve their sustainability management systems. The lack of adherence to established standards has led to a decrease in transparency and coherence in reporting, which can ultimately harm the reputation and financial success of these companies. However, there are promising trends indicating that the economic indicators and sustainability indexes may become more closely intertwined in the future. It is crucial for businesses to recognize the importance of sustainability and take proactive steps towards implementing effective management systems. By doing so, they can not only improve their own operations but also contribute to a more sustainable future for Romania and beyond.

Because each company discloses non-financial information that may be important depending on the type of activity, to reflect an accurate image of the entity, the level of compliance of Romanian companies with ESG principles cannot be the same. However, we believe that other companies should also pay special attention to publishing non-financial information, primarily to provide greater transparency in reports. This can help build trust with stakeholders and demonstrate a commitment to sustainability. In addition, companies that prioritize ESG principles may be better positioned to attract investors who are increasingly interested in socially responsible investing. By taking a proactive approach to ESG reporting, companies can also identify areas for improvement and implement strategies to mitigate risks related to environmental, social, and governance issues. Ultimately, prioritizing ESG principles can lead to long-term value creation for both the company and its stakeholders. As such, it is important for all companies to consider the benefits of ESG reporting and strive towards greater transparency in their operations.

In order to address the lack of clarity perceived by users, it is recommended that a unitary framework be utilized in integrated reporting pursuits. This will not only aid in the application of reports, but also foster comparability and coherence in macroeconomic analysis. Additionally, future research should focus on studying the effects of integrated reporting practices on a company's value. By gaining a better understanding of these practices, companies can improve their reporting standards and ultimately enhance their overall performance. It is important to prioritize transparency and accuracy in financial reporting, as this can have a significant impact on investor confidence and market stability. As such, efforts to improve integrated reporting should remain a key priority for companies seeking to maintain long-term success.

Non-financial reporting is essential for organizations to become and remain sustainable because its goal is to monitor and publish corporate commitments regarding ESG topics. Non-financial reporting tracks a company's environmental and social performance over time using the appropriate indicators, preferably quantified. In this case, balance (appropriateness), accuracy, and timeliness are essential. Negative aspects must also not be ignored, as this is the beginning of greenwashing. Positive aspects should not be overemphasized, and vice versa. To achieve sustainable development, it is crucial to consider the impacts of an entity's actions as well as the goods and services it generates. This necessitates taking into account how these choices will affect the economy, society, and environment. For instance, cutting down on food waste can help with hunger and poverty while also reducing greenhouse gas emissions. Similar to this, promoting diversity and combating discrimination can help societies become more inclusive and better equipped to handle global challenges. Organizations must be transparent about their commitment to sustainable development and make a concerted effort to achieve these goals. By doing this, they can contribute to ensuring that everyone's future is more sustainable.

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