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Study about the Implementation of the Directive 95/2014 in Romania –

Legislative Perspective and the Actual Application

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Abstract

This research aims to be a contribution in the specialized literature in the field of the implementation of Directive 95/2014/EU at the level of the member countries and in the field of the non-financial reporting. The purpose of the study is to present how the provisions of the Directive have been introduced in the Romanian legislation and to analyse how the companies obliged to report non-financial elements have responded. The article is a qualitative study. It uses a content analysis of the legislative documents and a study over a period of 3 years, 2016, 2017 and 2018, on a sample of 10 companies, with majority Romanian capital, which are part of the BetPlus index. The study concluded that the implementation of the Directive in the Romanian legislation represented a step forward in the non-financial reporting, the response of the companies being positive, and in most cases giving it a considerable importance in the annual statements.

Keywords: *Directive 2014/95/EU; non-financial reporting; Romanian legislation; listed companies*

JEL Classification: *M14, M48*

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Introduction

The communication with connected parties is vital for companies. They can use annual statements, social responsibility reports or integrated reporting to communicate with their concerned group (Dumitru et al., 2014). The reporting of companies has changed over time and has evolved from simple financial reports to non-financial reports as the concepts of social responsibility and sustainability develop. Most non-financial reporting is done on a voluntary basis, with the exception of some states from Europe, which have implemented in their laws the obligation to prepare such reports (Tschopp and Huefner, 2014; Bonson and Bednarova, 2014; Idowu et al., 2015).

The literature shows numerous "national guidelines, principles, regulations and standards for reporting of social responsibility information" (Tschopp and Huefner, 2014). In fact, there are international initiatives such as the Global Reporting Initiative (GRI), the AA1000 Series of AccountAbility, the Communication on Progress (COP) of the UN National Pact, the guidelines of the Organization for Economic Cooperation and Development (OECD), the conventions of the International Labour Organization (ILO), the standards of the International Standardization Organization (ISO).

This situation gives corporations the freedom to choose from a wide range of proposed guidelines and standards, which makes current non-financial reporting difficult to compare and offers low confidence to concerned parties (Bonson and Bednarova, 2014; Albu et al. , 2013; Tschopp and Huefner, 2014, English and Schooley, 2014). Thus, as with financial reporting, an internationally accepted framework is needed, which can lead to uniformity.

Starting with the financial year 2017, the large companies, which meet certain criteria, from the countries of the European Union, with the implementation of Directive 2014/95/EU amending Directive 2013/34/EU regarding the statement of non-financial information and diversity information by certain companies and large groups, have the legal obligation to make and submit a non-financial statement.

Based on the non-financial reporting governed by Directive 2014/95/EU, there are two purposes (La Torre et al., 2018): first, the possibility of **comparing non-financial information** within the European Union; secondly, the increased responsibility shown by European companies through the obligation to report non-financial information.

This study aims to contribute to the specialized literature in the field of non-financial reporting and the analysis of the implementation of Directive 2014/95/EU at the level of member states. The article is structured in four parts which offer: information on the current state of the literature on the topic of the article and the methodology used, an overview on the implementation of the Directive in the countries of the European Union and a study of the implementation of the Directive in Romania, both from a legislative and practical point of view.

The main purpose of the article is to present the actual implementation of the Directive 2014/95/EU in the Romanian legislation and the response of the companies, which have the obligation of non-financial reporting, in the first two years after the promulgation of the Directive.

1. Specialized literature and research methodology

1.1. Review of the specialized literature

The specialized literature discussing the subject of Directive 2014/95/EU is in a continuous development, the topic being one of interest, together with integrated reporting. The studies in the field of the Directive can be divided into two categories: a category that addresses the content of the normative act and which discusses its positive and negative aspects and the influencing factors of non-financial reporting (Szabó and Sørensen, 2015; Kiderman, 2016; Krištofík, Lament and Musa, 2016; Monciardini, 2016; Amelio, 2017; Fernández Gaztea and Muñoz Fernández, 2017; Aureli et al., 2018; Dumay et al., 2018; Grewal, Riedl and Serafeim, 2018; La Torre et al. a., 2018; Manes-Rossi et al., 2018; Wagner, 2018; Maj, 2018; Maj, Hawrysz & Bębenek, 2018); and another category, which analyses the potential of implementing the provisions of the Directive by analysing the reports published by companies from various states and / or fields of activity and, as the case may be, monitors how this Directive was applied and what information the entities concerned in the reports published for the year 2017 communicates (Peršić and Halmi, 2016; Dumitru et al., 2017; Dyduch and Krasodomska, 2017; Matuszak and Rózańska, 2017; Venturelli et al., 2017; Carini et al., 2018; Manes-Rossi et al., 2018; Peršić & Halmi, 2018;

Sierra-García, García-Benau, Bollas-Araya, 2018; Venturelli et al., 2019). Our study can be classified in the second category.

The topic of Directive 2014/95/EU in Romania is debated by a limited number of scientific papers that address the subject from the ex-ante perspective (Dumitru et al., 2017), but also from the post-implementation perspective from the point of view of the degree of transparency and the tendency of mimetic isomorphism (Tiron-Tudor et al., 2019).

The studies conducted in EU countries show that the impact of the Directive, in countries where the non-financial reporting is less developed, as in the case of Romania, was higher than in countries where companies were already accustomed to report the elements proposed by the Directive (Dumitru et al., 2017, Venturelli et al., 2019, Tiron-Tudor et al., 2019).

The Directive 2014/95/EU appeared as a result of increasing concern given to the topic of social responsibility (Amelio, 2017), but also due to the inadequate level of transparency of non-financial information and the lack of diversity in the organizations management structure (Carini et al., 2018). The Directive is the first European step towards the obligation to report non-financial information, but in a rather flexible framework – on the "apply or explain" principle (Carini et al., 2018). The member states were required to transpose the Directive into their national law until December 6, 2016 (Official Journal of the European Union, 2014 – Article 4).

The normative act requires large public companies with an average of over 500 employees to prepare separately or as part of the management report, a non-financial statement containing the following information: environmental, social and personnel related data, human rights observation and fighting against the corruption and bribery (Official Journal of the European Union 2014 – Article 1, paragraphs 1 and 3), policies on matters listed, the results of their application, the main risks involved and the way in which the entity manages these information, the organization key-indicators for non-financial performance, all accompanied by a brief presentation of the business model. Moreover, this statement should include a description of the diversity policy as regards the management structure of the entity and the way it has been applied and results obtained (Official Journal of the European Union 2014 – Article 1, paragraph 2).

In the case of failure to state one of the facts mentioned in the text of the Directive, it is necessary to justify this decision (Official Journal of the European Union, 2014 – Article 1, paragraph 1). Also, if a company prepares a separate report which includes also the information specified in the Directive, the member states may waive the obligation to prepare separately that non-financial statement when transposing into national law (Official Journal of the European Union 2014 – Article 1, paragraph 1). In addition, the document leaves to the member states the decision whether or not to impose the obligation **to audit** the non-financial information communicated (Official Journal of the European Union, 2014 – Article 1, paragraph 1).

By meeting a minimum of requirements and with a great flexibility of action, the European initiative is meant to increase the number of companies reporting sustainability issues (Amelio, 2017; Carini et al., 2018), to bring qualitative improvements to the information provided and regarding the diversity of the management boards (Carini et al., 2018), to determine a comparative level of transparency in Europe and to increase the degree of trust given to the information communicated (Aureli et al., 2018).

At the time of issuing the document, the European Commission stated that it is a step forward in the integration of financial, environmental, social aspects, in a complete and coherent document, but does not imply compliance with integrated reporting (Eccles et al., 2015). It is considered that the application of this Directive constitutes a great opportunity to familiarize with the integrated reporting framework <IR>, in the event of any compulsory compliance with this framework (Dumay et al., 2017), and the European Union pays constant attention to the evolution of the concept of integrated reporting (Eccles et al., 2015). For example, the model of the six capitals within the integrated reporting framework proposed by the International Integrated Reporting Council (IIRC), can be applied in addressing the social and environmental issues required by this Directive, while also highlighting how resources are used and combined to create value (Dumay et al., 2018).

In 2017, the European Union published a guide for non-financial reporting, which is intended to assist entities in providing "relevant, useful, consistent and comparable" non-financial information (Official Journal of the European Union, 2017: 4). A comparison between this guide, the provisions of the <IR> framework and the GRI G4 standards shows that the content elements specified in the Directive go beyond the provisions of the other two frameworks, and the companies that want to adopt the <IR> framework or the fourth version of the GRI standards must consider the obligation to report information other than those included in these frameworks (Manes-Rossi et al., 2018). Moreover, taking over the executive management of the International Integrated Reporting Council (IIRC), in 2016, by a person with extensive experience in the activity of the European Parliament and involved in the architecture of Directive 2014/95/EU, may represent a sign of the future recognition of the reporting framework integrated into European legislation and, implicitly, the convergence of the two initiatives (Monciardini et al., 2017).

1.2. Methodology

Through a qualitative research, which involved an analysis of the content of the Directive and Romanian legislation through which it is adopted, as well as a study of the non-financial reports / statements of a sample of companies listed on the Bucharest Stock Exchange, we tried to answer to the following research questions:

1. *Do listed companies in Romania respond to the legislative provisions regarding non-financial reporting?*
2. *Do the reports / statements of the last two years present information that helps users in making decisions or they are more of a formal conformance to the legislative requirements?*

For the case study were selected 10 companies that make up the BetPlus index, with a majority Romanian capital. I chose as the selection criterion the Romanian majority capital because I considered that the multinational companies with foreign majority capital are influenced in their decision to present non-financial information by the foreign group. I also considered that the impact of the Directive was greater on companies with Romanian capital. Their non-financial reports / statements for 2016, 2017 and 2018 were studied and the elements proposed by the Directive were tracked. Taking into account also the year 2016, we tried to track the transition from the period without the implications of the Directive and the period after the implementation of the Directive.

2. Adopting Directive 95/2014/EU

2.1. The transposition of Directive 95/2014/EU into the law of the member states

The last two years have been a defining moment in terms of non-financial reporting in Europe. The introduction of the European Union Directive has set a clear course towards greater business transparency and responsibility in terms of social and environmental issues and, perhaps, a step forward towards integrated reporting.

At the same time, the Directive is an important step towards standardizing reports. Achieving this standardization in thousands of organizations simultaneously represents a significant challenge. In order to be effective, the Directive 95/2014/EU had to take into account the different commercial practices in the member states of the European Union. Therefore, the Directive allows for state-specific requirements to ensure its implementation in the various national practices and to take into account existing national requirements for the presentation of non-financial information. With regard to the publication of non-financial information, the member states of the Union provide that companies may rely on national or international frameworks, in this case the companies specifying the frameworks on which they are based.

A 2017 study of GRI and CSR Europe, in collaboration with Accountancy Europe, describes the main elements that the Directive leaves at the discretion of the member states, and which we present in **Table no. 1**.

Table no. 1. Member states specific requirements

Reporting framework	Reporting format	Content of the report
International reporting frameworks	Administrator's report	„Safe harbour" principle
European reporting frameworks	Separated report	
National reporting framework		

Source: Author processing according to CSR Europe and GRI report, 2019

The "safe harbour" principle refers to the fact that certain information that might disadvantage the company in its commercial relations, if made public, may not be presented in the non-financial reports.

The Directive contains two components, a non-financial reporting component and a diversity reporting component.

The non-financial statement or the separate report, as we saw in **Table no. 1**, is compulsory according the Directive, for companies that meet the following criteria:

a) are considered large companies, if they exceed two of three criteria (acc. Directive 2013/34/EU):

i. The total number of assets is over 20 million euros;
ii. Net turnover is over 40 million euros;
iii. Average number of employees 250;

b) are public interest entities;

c) have a number of employees that exceeds 500.

The non-financial statement or report shall contain, to the extent that is necessary for understanding the development, performance and position of the company and the impact of its activity, information on at least environmental, social and personnel matters, respect for human rights and the fight against corruption and bribery, including:

- brief description of the business model of the company,
- description of the policies adopted by the company in relation to these aspects, including the due diligence procedures,
- the results of the respective policies,
- the main risks related to these aspects arising from the operations of the company, including, when relevant and proportionate, its business relations, its products or services that could have a negative impact on those areas and the way the company manages those risks,
- key indicators of non-financial performance relevant to the specific activity of the company

As regards the statutory audit, the member states shall ensure that the auditor or statutory audit firm checks whether the non-financial statement or separate report has been provided.

The diversity reporting component must be fulfilled by organizations that are considered entities of public interest, i.e. are listed on a regulated market of any member state. Elements such as age, sex, education and professional experience will be reported for employees, mainly for administrative, management staff and supervisory bodies.

The report must contain:

- a description of the applied diversity policy;
- the objectives of that policy;
- how the respective policy was implemented;
- the results of the implementation of that policy.

The same GRI report in collaboration with CSR Europe presents a summary of the implementation of the Directive in the laws of the countries of the European Union, respectively what they have taken, what they have adapted and what they have excluded. In **Table no. 2**, which we processed according to the information in the report, the "=" sign means that all the elements of the Directive are taken over, the "o" sign means that those requirements of the Directive have been adapted to the specifics of the national legislation and the "x" sign means that those requirements have not been taken up in the national legislation.

As we can see from **Table no. 2**, 18 of the 28 member states have retained the definition of a large company from the Directive. In only 6 EU member countries, the concept of "public interest entity" was taken exactly from the text of the Directive and is either a listed company on a regulated market or a credit or insurance institution. In other countries, this concept has been adapted to national conditions. Romania has adapted the definition of the public interest entity to the specific of the national law, including in this definition also the entities owned by the state.

The elements with the highest degree of taking-over in national laws, as provided by the Directive, are: the "safe harbour" principle, which has been taken over by all countries except Denmark, Estonia, France and Slovakia; the reporting framework, was taken from the Directive by 22 countries, the rest adapted it; The format of the report was taken over by 20 countries. The involvement of the auditor has been taken over by 19 countries as provided for by the Directive, namely that it must certify whether there is a non-financial statement, and the diversity issues have been taken over as well by the 19 Member States, the rest of the countries adapting the content of this provision.

Table no. 2. Taking over of the Directive in the legislation of the member states

Country	Definition of a Large Undertaking	Definition of a Public Interest Entity	Report Topics and Content	Reporting Framework	Disclosure Format	Auditor's involvement	Non-compliance Penalities	Safe Harbour Principle	Diversity Reporting Required
Austria	=	0	=	=	0	=	0	=	0
Belgium	0	0	=	=	0	0	0	=	=
Bulgaria	=	0	=	0	0	0	0	=	0
Croatia	=	0	=	=	0	=	0	=	0
Cyprus	=	0	=	=	=	=	0	=	0
Czech Republic	0	0	=	=	0	=	0	=	=
Denmark	0	0	=	0	0	0	0	X	0
Estonia	0	=	=	=	0	=	X	X	0
Finland	=	=	=	=	=	=	0	=	=
France	=	0	=	=	0	0	0	X	=
Germany	=	0	=	=	0	=	0	=	=
Greece	0	0	0	=	0	=	0	=	=
Hungary	=	0	=	=	0	=	0	=	=
Iceland	0	0	=	=	0	0	0	=	0
Ireland	=	=	=	=	=	=	0	=	0
Italy	=	0	=	0	0	0	0	=	=
Latvia	=	0	0	=	0	0	0	=	=
Lithuania	=	0	0	=	0	=	0	=	0
Luxembourg	0	0	=	=	=	=	0	=	=
Malta	=	=	0	=	0	=	0	=	=
The Netherlands	=	0	=	=	0	0	X	=	=
Norway	=	0	=	=	0	=	0	X	=
Poland	=	0	=	0	=	=	0	=	=
Portugal	0	0	=	=	=	=	0	=	=
Romania	0	0	0	=	=	0	0	=	=
Slovakia	=	0	=	0	0	=	0	X	=
Slovenia	=	=	0	=	0	=	0	=	0
Spain	=	0	0	0	0	=	X	=	=
Sweden	0	0	0	=	0	=	0	=	=
United Kingdom	0	=	=	=	0	0	0	=	=

Source: Author processing after CSR Europe and GRI report, 2019

2.3. Transposition of the Directive into Romanian legislation

According to paragraph 8 of the Order of the minister of public finance 1802/2014 *for the approval of the Accounting Regulations regarding the individual annual financial statements and the consolidated annual financial statements*, the public interest entities are defined as "national companies / enterprises, companies with full or majority state capital and those with autonomous administration" .

According to Law 162/2017 *regarding the statutory audit of the annual financial statements and the consolidated annual financial statements and amending some normative acts*, the public interest entities are defined according to article 2, paragraph 12 as:

"a) companies whose securities are admitted to trading on a regulated market;

b) credit institutions;

c) insurance, insurance-reinsurance and reinsurance companies;

d) non-banking financial institutions, defined according to the legal regulations, entered in the General Register; payment institutions and institutions issuing electronic money, defined in accordance with the law, which provide loans related to payment services and whose activity is limited to the provision of payment services, namely issuing electronic money and providing payment services; privately administered pension funds, optional pension funds and their administrators; financial investment services companies, investment management companies, collective investment companies, central depositories, clearing houses, central counterparties and market / system operators authorized / endorsed by the Financial Supervisory Authority; national enterprises / companies; companies with full or majority state capital; entities with autonomous administration."

Therefore, the term "public interest entity" covers a wider spectrum than that defined by Directive 2014/95 /EU. Prior to the adoption of the Directive, the entities listed on the regulated market in Romania, namely the Bucharest Stock Exchange, through Regulation no. 1/2006, were required to include in the annual report certain non-financial information:

"1.1.5. Evaluation of aspects related to employees / staff of the trade company

a) Specifying the number and level of training of the employees of the company, as well as the degree of labour unionization;

b) Description of the relations between the manager and the employees, as well as of any conflicting elements that characterize these reports.

1.1.6. Evaluation of the issues related to the impact of the issuer's basic activity on the environment

Synthetic description of the impact of the issuer's basic activities on the environment, as well as any existing or anticipated litigation regarding the violation of the environmental protection legislation."

In the Romanian legislation, the European Directive was adopted through the Order of the minister of public finance 1938/2016, which brings completions to the OMPF 1802/2014 *for the approval of the Accounting Regulations regarding the individual annual financial statements and the consolidated annual financial statements* and which concerns the accounting of the institutions in which the state is a majority shareholder and of the entities with autonomous administration, these being considered entities of public interest from the perspective of OMPF 1802/2014 and by the Order of the minister of public finance 2844/2016 *for the approval of the accounting regulations in accordance with the International Financial Reporting Standards (IFRS)*, which apply to companies whose securities are listed on the Bucharest Stock Exchange.

Thus, the entities of public interest which at the balance sheet date exceed the criterion of having an average number of 500 employees are required to submit non-financial information. Both legislative frameworks have fully taken over from the Directive the requirements for non-financial reporting, regarding information on at least environmental, social and personnel issues, respect for human rights and combating corruption and bribery, including:

„a) a brief description of the business model of the entity;

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 operations of the entity, including, when relevant and proportionate, its business relationships, its products or services that could have a negative impact on the respective fields and the way the entity manages those risks;

e) non-financial performance key-indicators relevant to the specific activity of the entity.

(2) If the entity does not implement policies regarding one or more of the aspects mentioned in paragraph (1), the non-financial statement provides a clear and reasoned explanation regarding this option." (Ch. 7, pt. 492 ^ 1, OMPF 1802 / 2014; Ch. 7, pt. 39, OMPF 2844/2016).

The Romanian legislation provides that the non-financial reporting shall be made in the form of a non-financial statement to be included in the administrator's report. There are also some requirements for presenting information related to diversity, especially gender.

In 2018, the Order of the minister of public finance no. 470/2018 introducing a new point in the OMPF 1802/2014, point "492 ^ 6. – In the presentation of the non-financial information is considered the Communication from the European Commission "Guide on reporting non-financial information (methodology for reporting non-financial information) (2017 / C 215/01)", published in the Official Journal of the European Union, series C, no. 215 from July 5, 2017." Thus, the guide issued by the European Commission is the presentation model for Romanian companies.

3. Case study

To answer the research questions addressed and to reach the objective of this article, we conducted a case study on a sample of listed companies in the Bucharest Stock Exchange. A number of 10 companies from different fields of activity with majority Romanian capital were selected.

The selection process consisted of choosing, from the components of the BetPlus index, those companies with majority Romanian capital, with an average number of over 500 employees. In order to determine the percentage of Romanian capital, the values corresponding to the field "Other shareholders" from the Shareholders sub-category on the "Summary" of each company page available on the BVB website were not taken into account.

Thus, the characteristics of the 10 entities listed on the BSE selected for this case study are presented in **Table no. 3**.

Table no. 3. Sample study companies

No.	Name of company	Field of activity	Romanian capital	Number of employees
1	Aerostar (ARS)	Industrial (aircraft and spacecraft)	86.17%	1,969
2	Antibiotice (ATB)	Pharmaceutical	68.41%	1,415
3	Transelectrica (TEL)	Utilities (energy)	58.69%	2,102
4	Compa (CMP)	Industrial (car parts and accessories)	67.58%	2,178
5	Conpet (COTE)	Services (transport through pipelines)	58.72%	1,709
6	Electromagnetica (ELMA)	Industrial (instruments and devices for measurement, verification, control, navigation)	55.77%	577
7	Oil Terminal (OIL)	Services (manipulations)	59.63%	1,012
8	Nuclearelectrica (SNN)	Utilities (energy)	82.50%	2,058
9	Romgaz (SNG)	Utilities (natural gas)	70.00%	2,414
10	Transgaz (TGN)	Utilities (natural gas)	58.51%	4,202

Source: Author's projection, 2019

Thus, it can be observed that the sample includes companies from various fields of activity in Romania, fields that also have a strong impact on the country's economy such as the pharmaceutical industry, the energy and natural gas sector and the aircraft and auto parts construction sector.

From the BSE website we have selected and browsed for each company the annual reports in which, according to the legislation in force, there must be the non-financial statement. Also, in the case of companies where we did not find the statement included in the administrator's report, and the auditor's report mentioned that it exists separately, I looked for it on the company's website. The reference years for which the analysis was performed are 2016, 2017 and 2018.

For each of these years, and for each company in particular, I looked whether the elements provided by Directive 95/2014/EU and implemented in the domestic legislation were presented.

3.1. Results

In **Table no. 4** I have summarized in which extent the companies presented in their non-financial statements the elements provided by law. I noted with "0" the lack of information, with "0.5" their partial presentation and with "1" the existence of information.

Table no. 4. The presence of the elements provided by law in the financial statements

Elements	ARS			ATB			TEL			CMP			COTE		
	Year 2016	Year 2017	Year 2018	Year 2016	Year 2017	Year 2018	Year 2016	Year 2017	Year 2018	Year 2016	Year 2017	Year 2018	Year 2016	Year 2017	Year 2018
A description of the entity's business model	1	1	1	1	1	1	1	1	1	0,5	1	1	0,5	1	1
A description of the policies pursued by the company in relation to those matters, including due diligence processes implemented	0,5	1	1	0,5	0,5	0,5	0,5	1	0,5	0,5	1	1	0,5	1	1
The outcomes of those policies	0,5	1	1	0	0	0	1	1	1	0	1	1	0	1	1
The main risks related to those matters linked to the entity's operations including, where relevant and proportionate, its business relationships, products or services which are likely to cause adverse impacts in those areas, and how the group manages those risk	0	1	1	0	0	0	1	1	1	0	0,5	0,5	0	1	1
Non-financial key performance indicators relevant to the business	0	1	1	0	0	0	0	1	0	0	0	0	0	1	1
Total	2	5	5	1,5	1,5	1,5	3,5	5	3,5	1	3,5	3,5	1	5	5

Elemente	ELMA			OIL			SNN			SNG			TGN		
	Year 2016	Year 2017	Year 2018	Year 2016	Year 2017	Year 2018	Year 2016	Year 2017	Year 2018	Year 2016	Year 2017	Year 2018	Year 2016	Year 2017	Year 2018
A description of the entity's business model	1	1	1	0,5	1	1	0,5	1	1	0,5	1	1	0,5	1	1
A description of the policies pursued by the company in relation to those matters, including due diligence processes implemented	1	1	1	0,5	1	1	0,5	1	1	0,5	1	1	0,5	1	1
The outcomes of those policies	1	1	1	0	1	1	0	1	1	0	1	1	0	1	1
The main risks related to those matters linked to the entity's operations including, where relevant and proportionate, its business relationships, products or services which are likely to cause adverse impacts in those areas, and how the group manages those risk	1	1	1	0	1	1	0	1	1	0	1	1	0	1	1
Non-financial key performance indicators relevant to the business	1	1	1	0	1	1	0	1	1	0	1	1	0	1	1
Total	5	5	5	1	5	5	1	5	5	1	5	5	1	5	5

Where: 0=does not exist; 0.5=partial; 1= it does exist

Source: Author's projection

The company **Aerostar S.A.** is a good example for presenting non-financial information in 2018. This company has improved its reporting from year to year. Even if in 2016, the company presented some non-financial information, mainly related to the business model, environmental policy and the one related to the employees, with the implementation of the Directive and with the emergence of the European Commission's Guide, the company improved its non-financial reporting. The 2017 report presents the non-financial statement, which include all the elements specified in the legislation. The company specifies in its 2017 report that they make non-financial reports even before they have an obligation to be as transparent as possible to their interest group. Analysing the reports from the 3 consecutive years, in 2018 we can observe a clarity and transparency superior to the previous reports, and an increased importance given to the non-financial aspects, the statement being placed at the beginning of the administrator's report.

The company **Antibiotice S.A.** has not fulfilled its legal obligations regarding the non-financial statement, this company not presenting such statement. The company presents the same type of non-financial information during the 3 years analysed, namely its business model and makes some references to environmental protection and employees. The auditors specified in the independent auditor's report that it did not submit the non-financial statement.

The company **Transelectrica S.A.** has, in 2017, a separate *Non-financial Report*, presenting all the elements required by the legislation in force. In 2016, prior to the implementation of the Directive, the company presented only a few non-financial elements in the administrator' report, in accordance with CNVM Regulation no. 1/2006. The company presents increased transparency in its reporting mode by drafting this non-financial report for 2017. However, for 2018, I have not identified such a separate report, nor the non-financial statement in the administrators' report, but some elements are presented. The auditor's report does not specify the lack of a non-financial statement.

The company **Compa S.A.** presents the non-financial statement for the year 2017 separately, and for the year 2018 immediately after the administrators' report. The non-financial statement presented by this company deals in part with all the elements required by the legislation in force, less the non-financial indicators, the behaviour towards corruption and bribery and a poor presentation of the risks. The statement offers users a relatively high degree of transparency. In 2016 the non-financial information is reduced to those required by CNVM Regulation no. 1/2006.

For 2016, the company **Conpet S.A.** presents only a few non-financial information required by CNVM Regulation no. 1/2006. From 2017, the company presents the non-financial statement as an integral part of the administrators' report. This statement presents the elements provided by the Directive implemented in the Romanian legislation, ensuring an increased transparency of the company reporting.

The company **Electromagnetica S.A.** is one of the Romanian companies that presented non-financial information, a non-financial statement, even before the legislation was applied. Thus, since 2016 the company has the non-financial statement presented on the company's website for investor information, reaching all the elements required by the legislation in force and having an increased degree of transparency. The company presents the non-financial statement separately from the administrators' report.

The company **Oil Terminal S.A.** presents the non-financial statement as part of the administrator's report for both 2017 and 2018. Its non-financial statements are complex and deals with every element provided by the legislation. In 2016, the company presents only a few non-financial information, as much as required by CNVM Regulation no. 1/2006.

In 2016, like most companies, the company **Nuclearelectrica S.A.** presented very limited non-financial information and on the elements required by CNVM Regulation no. 1/2006. Starting with 2017, the company has complied with the legal requirements and presents a very complex non-financial report ensuring a high degree of transparency and information regarding the company.

The company **S.N.G.N. Romgaz S.A.** presents from 2017 a sustainability report that takes the place of the non-financial declaration required by the legislation. This sustainability report is very well documented and provides all the information required by the legislation implementing Directive 95/2014/ U in Romania. In 2016, only a few non-financial elements were presented in the administrators' report in accordance with the legislation in the field at that time.

The company **Transgaz S.A.** presents the non-financial statement for both years, 2017 and 2018, after the implementation of the Directive, describing all the elements that it provides. In 2016, non-financial information is presented, as in the case of most of the companies analysed, namely those provided by CNVM Regulation no. 1/2006.

3.2. Conclusion

As can be seen from our analysis, most companies met the legal criteria starting with 2017. There were also companies in our sample that presented complex non-financial information as of 2016 (Aerostar S.A. and Electromagnetica S.A.), but most companies have submitted until 2017 non-financial information in accordance with CNVM Regulation no. 1/2006. One of the companies analysed (Antibiotice S.A.) did not present the non-financial statement, not fulfilling its legal obligation. The company's auditors mentioned this in the audit report.

Following the study, we consider that the implementation in the Romanian legislation of the Directive 95/2014/EU had a positive impact, in general, in the non-financial reporting of the companies. Most of the companies present not only the non-financial statement, but even true non-financial or sustainability reports. In some companies (Aerostar S.A.) we see a positive evolution in the presentation of non-financial information compared from year to year.

And to answer our research questions we conclude the following:

1. Do listed companies in Romania respond to the legislative provisions regarding non-financial reporting?

The response of the companies analysed is a positive one, paying more attention to non-financial reporting.

2. Do the reports / statements of the last two years present information that helps users in making decisions or is it more of a formal conformance to the legislative requirements?

The non-financial information presented is extensive in most cases and carefully designed, providing greater transparency and better understanding of the company. We consider that, in most cases, they are not just a formal conformance.

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