
Internal Audit Aspects of Companies' Sustainability Reporting

Antonella Maria TIMIȘ, Ph. D. Student,
Bucharest University of Economic Studies, Romania,
e-mail: timisantonella19@stud.ase.ro

Univ. Prof. Aurelia ȘTEFĂNESCU, Ph. D.,
Bucharest University of Economic Studies, Romania,
e-mail: aurelia.stefanescu@cig.ase.ro

Abstract

In the current context, dominated by the increasing importance of credible, relevant and timely sustainability information for stakeholders, internal audit is expanding its scope as a key corporate governance actor. Thus, internal audit actively contributes to strengthening corporate governance on optimizing sustainability strategies within companies. The research is two-dimensional. The first dimension includes review of the literature in the field. The second dimension includes a quantitative research aimed at identifying the degree of compliance of companies in the pharmaceutical industry listed on the Bucharest Stock Exchange with corporate governance requirements, in the pandemic and post-pandemic period, complemented by the development of a framework for internal auditing of sustainable corporate governance. The results of the research highlighted the heterogeneity of compliance of the analysed companies with the requirements of sustainable governance but also the need to strengthen internal auditing as a key actor of a solid sustainable governance. They also provide a relevant perspective on how recent events have influenced the corporate behaviour and accountability of these entities in relation to ESG requirements in the pandemic and post-pandemic period.

Key words: internal audit; ESG (Environmental, Social, Governance); corporate governance; disclosure index; Bucharest Stock Exchange; pharmaceutical industry;

JEL Classification: M42, M48

To cite this article:

Timiș, A. M., Ștefănescu, A. (2025), Internal Audit Aspects of Companies' Sustainability Reporting, *Audit Financiar*, vol. XXIII, no. 1(177)/2025, pp. 141-151,
DOI: 10.20869/AUDITF/2025/177/002

To link this article:

<http://dx.doi.org/10.20869/AUDITF/2025/177/002>
Received: 13.11.2024
Revised: 26.11.2024
Accepted: 12.01.2025

Introduction

The dynamic evolution of the global economic environment, the impact of the COVID-19 pandemic on the economy and society, and the growing stakeholder interest in the transparency and relevance of ESG (Environmental, Social, Governance) information have generated increased attention on sustainability strategies. In parallel, climate change, stakeholder pressure and increased transparency requirements in non-financial reporting have brought ESG principles into the organizational spotlight. In this context, companies are compelled to adopt integrated sustainability strategies, reflecting a deeper understanding of the impact and long-term benefits of these principles, both on their financial performance, corporate reputation and stakeholder relations.

Integrating ESG principles into all organizational structures and processes is no longer just an option, but a strategic obligation for companies that want to remain competitive and relevant to investors and other stakeholders. At the same time, the function of internal audit, together with the role of audit committees, is taking on a critical dimension, becoming fundamental in ensuring compliance and transparency. Internal audit is no longer limited to simply verifying compliance, but actively contributes to strengthening corporate governance and optimizing sustainability strategies. This evolution reflects the exponential growth in stakeholder expectations for the accountability and sustainability of organizations, thus shaping a new paradigm of corporate governance.

The objective of the research is to evaluate the degree of compliance of pharmaceutical companies listed on the Bucharest Stock Exchange (BVB) with corporate governance requirements, as a component of ESG, from the perspective of internal auditing in the pandemic and post-pandemic period. It will be complemented by the development of an internal audit framework for corporate governance to support companies in implementing and monitoring corporate governance standards.

Structurally, the paper is organized as follows: the first section includes a literature review to provide a theoretical framework, followed by the research methodology in the second section. The third section is dedicated to the results and discussion of the research. The paper ends with the final conclusions, research limitations and future research directions to support the further development of the integration of ESG principles in the pharmaceutical industry.

We believe that the research results add value on the literature on the one side and on the other side to the economic and regulatory environment and other stakeholders by strengthening the position of internal auditing from a sustainable corporate governance perspective.

Literature review

The literature offers varied approaches to understanding how internal auditing can contribute to integrating sustainability into companies' strategy. A relevant study in this regard is the study by Abdullah et al. (2018), based on agency theory which highlights that the participation of committees in the planning and execution stages significantly improves audit quality and optimizes corporate governance. Thus, internal audit is not only limited to its role as a control mechanism, but also becomes a fundamental provider of recommendations to manage risks and increase transparency, thereby enhancing investor confidence.

Building on institutional theory, Wu et al. (2022) explore institutional investors' perceptions of the role of audit committees, highlighting differences in views on their mechanisms and their influence on investment decisions.

From the perspective of energy sector companies in China, Ma et al. (2024), investigate the impact of gender diversity in boards of directors on the disclosure of ESG factors, focusing on the role of the audit committee. The research results demonstrate that effective collaboration between a gender-diversity-based board and the audit committee not only promotes more comprehensive sustainability reporting, but also contributes to stronger corporate governance and improved organizational performance while protecting shareholders' interests.

In terms of the influence of corporate integrity culture on ESG performance, Bao et al. (2023) highlight how sustainability reporting and strategies can be positively influenced. The research results show that although integrity culture is perceived as an important element of corporate governance, its effect on ESG performance is directly conditioned by the ethical behaviour of stakeholders.

Another interesting approach in the literature investigates the influence of management team stability on the phenomenon of ESG greenwashing, highlighting how management team consistency can reduce sustainability information manipulation practices. Through the

application of greenwashing, a company promotes its products, services or policies as environmentally friendly, sustainable or green, without these claims being backed up by real actions, leading to the creation of a false image of environmental responsibility, while the environmental impact remains unchanged or even negative. In this regard, the study by Deng et al. (2024), based on agency theory, demonstrates that a stable management team contributes to reducing agency costs and improving the quality of ESG disclosure, thereby reducing greenwashing tendencies, keeping in mind, however, that the reduction in greenwashing varies by company type and ownership structure.

Similarly, Rakipi and D'Onza (2023) extend this approach to the ESG domain by exploring how internal audit contributes to ESG risk management and reporting, focusing on the influence of audit committees and the management team, demonstrating that in companies with mature and solid ESG practices, internal audit is significantly important in providing assurance on compliance and reputational risks. In less mature ESG companies, the role of internal audit is more restricted, limited to compliance with basic ESG regulations.

Eulerich et al. (2015) explore the contribution of internal audit to corporate governance, focusing on the relationship between the internal audit function (IAF) and the audit committee (AC). And they highlight that close cooperation between the IAF and the AC significantly improves the efficiency and effectiveness of governance processes, internal controls and risk management.

In terms of the impact of ESG ratings on companies' financial performance, the study by Boulhaga et al. (2022) on a sample of French firms listed in the SBF 120 stock index reveals that both ESG ratings and internal control positively influence this aspect. However, internal control weaknesses negatively affect the relationship between ESG and financial performance, indicating that low internal control quality may diminish the benefits of sustainable practices.

By resorting to investigating the opinion of internal auditors in China, Liu et al. (2020), argues that organizational ESG orientation plays a significant role in fostering organizational ESG maturity.

Based on the resource theory, D'Arcy and Eulerich (2023) investigate the factors that influence the maturity of integrated governance in organizations with a focus on the coordination of assurance functions in the Three Lines of

Defence (TLoD) model. The research results reveal that the maturity of risk management and internal control functions has a significant impact on the maturity of integrated governance.

The research by Raiborn et al. (2016), based on corporate governance principles, highlights that internal auditing is not only about monitoring compliance, but also provides strategic advice and supports management in decision-making, thereby enhancing investor confidence and organizational effectiveness. A similar idea is supported by Harasheh and Provasi (2023) who examine the integration of ESG factors into internal control systems and their impact on corporate performance and implementation costs. The research results reveal that good internal governance and ESG integration contribute to improved corporate performance and transparency.

From an institutional theory perspective, Vadasi et al. (2020), emphasize the responsibility of professionalization of internal audit in improving corporate governance. Complying with the standards issued by the Institute of Internal Auditors (IIA) and holding professional certifications contribute significantly to the effectiveness of internal audit, providing organizations with a solid mechanism for control and oversight.

Christ et al. (2021) consider the need for the internal audit function to adapt to modern challenges, such as technological advances and changing needs of staff. Collaboration between practitioners and academics thus becomes significant in developing innovative solutions that support internal audit in managing risks and improving corporate governance.

Roussy and Perron (2018) provide an extensive analysis on internal audit, explaining the multiple and diverse positions that this function fulfils in corporate governance. The results of the study highlight that internal audit is often perceived as a 'factotum' of governance, with diverse but insufficiently defined responsibilities. Thus, internal audit is not only limited to its traditional responsibilities but is becoming a significantly important tool in risk management while providing opportunities for future research contributing to more transparent and stakeholder-oriented governance.

In a different view, Aureli et al. (2020) analyses the impact of non-financial reporting regulations on corporate governance, emphasizing the role of internal auditing in this context. Based on institutional theory and resource dependence theory, the research shows that internal audit

not only ensures compliance with sustainability regulations, but also enhances transparency and dialog with stakeholders, leading to stronger corporate governance and increased credibility of reported information.

The analysis of the presented conceptual approaches highlights, from different perspectives, the importance of internal audit in strengthening corporate governance, either by adapting to the dynamics of the economic environment and professional requirements, or by integrating sustainability regulations and improving interaction with stakeholders.

Research methodology

To assess the compliance of pharmaceutical companies listed on the BVB with corporate governance standards, we used a quantitative research method. For this purpose, we used a disclosure index based on content analysis to analyse transparency and accountability practices in corporate governance from an internal audit perspective. In addition, to evaluate the compliance with corporate governance requirements by pharmaceutical companies listed on the BVB, according to the Guidelines on ESG reporting issued by the BVB, we investigated both the Annual Sustainability Reports and the information published on the official websites of these companies, between 2020 and 2023. We focused exclusively on corporate governance aspects, in accordance with the specific requirements mentioned in the BVB's ESG Reporting Guidelines, which we applied in the data processing and analysis process.

The choice of this period is justified by the importance of assessing the impact of the COVID-19 pandemic and the post-pandemic period on the degree of compliance of pharmaceutical companies listed on the BVB with corporate governance requirements. This analysis provides a clear understanding of how the pandemic events have influenced the behaviour and accountability of these companies in relation to corporate governance requirements.

In terms of the option for corporate governance as a component of the sustainability relationship, we argue it on the basis that internal audit should evaluate and contribute to the improvement of corporate governance processes. From the Internal Auditing Standards (2017) perspective, governance is the combination of processes and structures implemented by the board to inform,

oversee, direct and monitor the activities of the organization towards the achievement of its objectives.

The pharmaceutical industry was selected as the focus of this research because of its importance in promoting sustainability and accountability in a global context where the sector is under significant scrutiny. In addition to their considerable impact on public health, pharmaceutical companies have a responsibility to implement principles of sustainable governance and play a major role in the development of ethical innovations. The internal audit review of sustainability in this industry provides an opportunity to highlight both good practices and corporate governance requirements for improvement, thus contributing to a broader understanding of how pharmaceutical companies can support sustainable development goals.

According to the BVB's ESG Reporting Guidelines, the criteria that define corporate governance and integrity are as follows: *adherence to the BVB's Corporate Governance Code, gender diversity on the board of directors and board independence, code of ethics, anti-corruption and anti-bribery policy and whistleblowing procedure.*

Adherence to the BVB's Corporate Governance Code: implies that each company listed on the BVB adheres to the principles and recommendations established to ensure transparency, trust and the proper functioning of the capital market. Companies must develop and implement governance practices that protect shareholders' rights and promote open and accessible communication with all investors and stakeholders. A fundamental aspect of compliance is the application of the "comply or explain" mechanism whereby companies are encouraged to comply with the Code or, in the case of non-compliance with certain rules, to provide detailed explanations justifying the deviations.

Gender diversity on the board of directors: companies should ensure gender-balanced representation among board members, seeing this as fundamental to incorporating diversity of perspectives and improving decision-making. Companies should also implement policies that promote greater gender diversity, recognizing that this can contribute significantly to overall company performance and compliance with stakeholder expectations.

Independence of the board: it is recommended that board members should not be directly involved in the day-to-day management of the company in order to ensure

effective and objective oversight of executive activities. This independence is important to avoid conflicts of interest and to improve decision-making within the company, thereby facilitating transparent and strong governance practices. It also emphasizes the need for entities to take steps to increase the number of independent members on boards, which contributes to more effective corporate governance and aligns the interests of the board with those of shareholders and other stakeholders.

Code of Professional Ethics: the implementation of a Code of Professional Ethics is fundamental to establish a clear standard of conduct and integrity within companies, outlining the fundamental principles that all members of the organization must respect, promoting a working environment based on fairness, respect and responsibility. This code is a foundation for ensuring a healthy organizational climate in which decisions are made responsibly and ethically, contributing to the company's long-term performance and building the confidence of investors and partners.

Anti-bribery and anti-bribery policy: this set out strict standards and measures to identify, prevent and manage the risks of corruption in all areas of business relations. To ensure compliance with this strategy, regular assessments of corruption risks and confidential reporting systems to flag possible irregularities are required. These measures strengthen internal control and contribute to compliance with corporate governance rules, upholding the company's reputation and enhancing trust with stakeholders, including shareholders and business partners.

Whistle-blowing procedure: companies should implement a whistle-blowing procedure that allows confidential reporting of violations of the law or internal rules, including anonymously. This procedure should be accessible to employees, suppliers and third parties and communicated both internally and externally through the company's website, contributing to an ethical and responsible environment.

In this analysis, the sample of pharmaceutical companies listed on the BVB includes the following entities: Biofarm S.A., Remedia S.A., Antibiotice S.A. and Zentiva S.A.

All sampled companies have adopted the unitary model of corporate governance. According to this model, companies are governed by a Board of Directors composed of 3 to 5 members, appointed by the General Meeting of

Shareholders for a four-year term, with the option of renewal. Under this model, the executive management is responsible for implementing the strategies and policies set by the Board. The Board of Directors is composed of members with specific experience and expertise in the pharmaceutical sector, ensuring a functional balance between executive and non-executive members for efficient and transparent governance.

The Disclosure of Information Index was determined using a dichotomous method, where a score of 1 was given when governance information was included in the Annual Sustainability Reports and 0 otherwise. This index has values between 0 and 1, and a score closer to 1 indicates that pharmaceutical organizations have provided the details and governance information. This suggests a high level of adherence/compliance with the requirements of the ESG Reporting Guidelines issued by the BVB.

The information disclosure index is determined mathematically using the formula proposed by Giner de los Rios (1995):

$$DI = \frac{\sum_{j=1}^m di}{\sum_{i=1}^m di}$$

where:

- **DI** is the disclosure index value;
- **di** has a value of 1 when relevant information is identified and 0 when it is missing;
- **m** indicates the number of information actually disclosed; and
- **n** refers to the maximum amount of information that could be disclosed.

Results and discussions

According to the research methodology described above, a checklist of information disseminated by the analysed companies was created based on the following criteria: adherence to the BVB Corporate Governance Code, gender diversity in the board of directors and board independence, code of ethics, anti-corruption and anti-bribery policy and whistleblowing procedure (Table no. 1).

Table no. 1. Checklist of governance information submitted by companies and their disclosure

Corporate governance information disseminated in accordance with the BVB ESG Reporting Guidelines	2020	2021	2022	2023	2020	2021	2022	2023	2020	2021	2022	2023	2020	2021	2022	2023
	Biofarm				Remedy				Antibiotics				Zentiva			
	Adherence to the Governance Code	1	1	1	1	1	1	1	1	0	0	0	0	1	1	0
Gender diversity on the board	1	1	1	0	1	1	1	1	1	1	1	1	0	0	0	0
Board independence	1	1	1	0	0	0	1	1	1	1	1	1	0	0	0	0
Code of Ethics	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Policy against corruption and bribery	0	0	0	0	1	1	1	1	1	1	1	1	0	0	0	0
Whistleblowing procedure	0	0	0	0	0	0	0	0	1	1	1	1	1	1	1	1

Source: own projection

The Disclosure Index (Di), which gives an assessment of the level of reporting

for each individual year, is set out in **Table no. 2.**

Table no. 2. Index of disclosure of governance information by pharmaceutical companies listed on the BVB

2020	2021	2022	2023	2020	2021	2022	2023	2020	2021	2022	2023	2020	2021	2022	2023
Biofarm				REMEDIA				Antibiotics				Zentiva			
0,6	0,6	0,8	0,8	0,8	0,8	1	0,6	0,8	0,8	0,8	0,8	0,6	0,6	0,5	0,6

Source: own projection

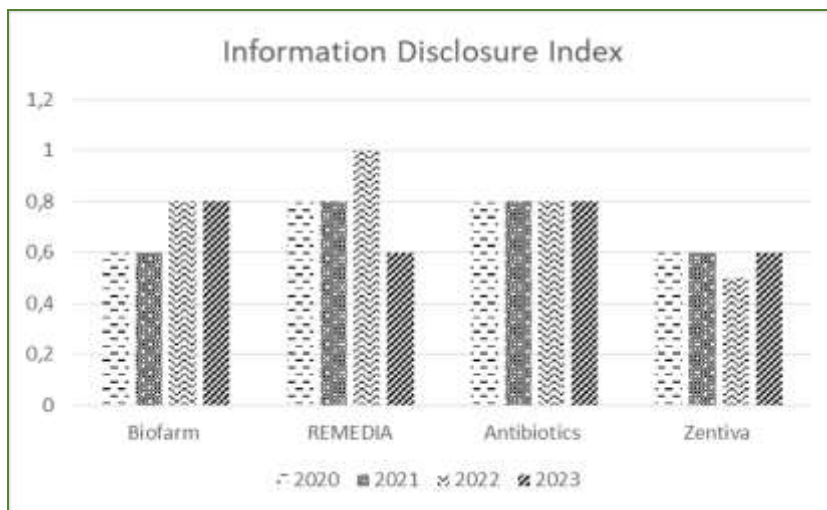
The results show a varying level of compliance in terms of disclosure of governance-related information by the analysed pharmaceutical companies in the pandemic and post-pandemic period (**Table no. 2, Figure no. 1**).

Biofarm S.A. has gradually improved its compliance, registering a disclosure index of 0.6 in 2020 and 2021 and increasing to 0.8 in 2022 and 2023. This indicates an increase in transparency and an effort to align with ESG requirements, although the company has not yet achieved full compliance. In contrast to Biofarm which showed a gradual evolution, Remedica S.A. had a consistently high compliance, with an index of 0.8 in 2020, 2021 and 2023 and a peak of 1 in 2022. This progress suggests that Remedica is paying more attention to

reporting and compliance with BVB standards, especially in the post-pandemic period.

In contrast, Antibiotice S.A. demonstrates consistent compliance, maintaining an index of 0.8 throughout the period under review, i.e., 2020-2023. It has developed a stable position in terms of transparency, but without a significant improvement, revealing a balanced approach. Zentiva S.A. on the other hand is at a lower level of compliance compared to the other companies. In the years 2020, 2021 and 2023, its index was 0.6, while in 2022 it dropped to 0.5. This reflects that Zentiva has made little progress in corporate governance reporting, indicating significant opportunities for improvement to better align with the ESG requirements of the BVB.

Figure no. 1. Governance Disclosure Index for pharmaceutical companies listed on BVB



Source: own projection

Discrepancies in corporate governance compliance and reporting highlight the need for more rigorous standardization and strengthened oversight to ensure greater transparency and consistent reporting in the pharmaceutical industry. The adoption of these measures will help to increase the confidence of investors and other stakeholders, demonstrating a strong commitment to social responsibility and sustainability.

The average value for the corporate governance disclosure index for the analysed sample shows a variable evolution over the analysed period, with a constant level of 0.70 in 2020, 2021 and 2023 and an increase to 0.78 in 2022, which reveals that the degree of compliance of the analysed companies with the governance criteria specified in the BVB ESG Reporting Guidelines showed a temporary improvement in 2022, but did not remain constant in the post-pandemic period (Table no. 3).

Table no. 3. Average governance disclosure index for pharmaceutical companies listed on the BVB	
Period	Average governance disclosure index
2020	0,70
2021	0,70
2022	0,78
2023	0,70

Source: own projection

Given the importance of governance for companies but also for investors and other stakeholders, internal audit will strengthen its position as a corporate governance actor in the context of assessing, improving and promoting sustainability objectives.

The pharmaceutical industry, with its major relevance to public health, requires an internal audit framework oriented towards sustainability and integrity in reporting. Internal audit is becoming a central player in supporting compliance, assessing and improving governance processes to help companies meet their objectives and maintain investor confidence.

The discrepancies in the degree of compliance between the companies analysed highlight the importance of a well-structured internal audit framework. Internal audit can serve as a fundamental tool to identify and correct non-compliance, thus ensuring greater transparency and consistent reporting across the industry.

The adoption of a corporate governance-focused internal audit framework will contribute to continuous improvement in compliance and strengthen the confidence of investors and other stakeholders in companies' commitment to sustainability. The proposed framework is structured in significantly important sections that allow a systematic approach to internal audit processes from a sustainable corporate governance perspective, as follows:

- A. **The main objective** is to assess companies' compliance with the standards and recommendations of the BVB ESG Guidelines. It provides recommendations for improving governance practices, thus contributing to the development of a transparent and responsible corporate culture.
- B. **The scope** focuses on compliance with key aspects of corporate governance that ensure full coverage of governance and accountability requirements as recommended by the BVB.
- C. **Users of the internal audit framework** are both internal and external, such as senior management and the Board of Directors (integrating sustainability and ethics into corporate strategy), shareholders and investors (assessing governance performance for investment decisions), employees (increasing understanding of the importance of ethics and governance in the workplace), partners and suppliers (assessing compliance with ethical principles in the supply chain) and the community (strengthening the dialog between the company and the communities).
- D. **The principles** underlying internal audit from a governance perspective are:
- E. **Transparency:** full and timely communication of audit results;
- F. **Comparability:** the use of consistent methods and procedures to allow comparison of performance over time;
- G. **Relevance:** focus on major governance and transparency issues to maximize stakeholder value;
- H. Internal audit **criteria** include not only compliance with international standards, but also compliance with pharmaceutical industry-specific requirements such as ethics in research and development, access to medicines, patient safety and the environmental impact of production.
- I. **The methodology** involves the use of corporate governance performance assessment tools, including indicators aligned with international standards, such as the Global Reporting Initiative (GRI), the Sustainability Accounting Standards Board (SASB) and the Task Force on Climate-related Financial Disclosures (TCDF).
- J. **The internal audit process** involves planning the audit by defining the objectives and methodology

and selecting a team with relevant expertise, performing the internal audit assignments by collecting and analysing data using specific methods and reviewing documentation, and reporting by preparing an internal audit report that presents the findings, recommendations and an action plan.

- K. **Monitoring and continuous improvement** supports effective implementation of the recommendations, with companies developing an action plan and a system for monitoring progress. This includes regular assessments and adjustments based on feedback from stakeholders, promoting continuous improvement in sustainable governance performance.
- L. **Communicating results** is fundamental to transparency. Results will be reported both internally, to management and employees, and externally, to investors and other stakeholders, thus reinforcing confidence in the company's commitment to corporate responsibility and business ethics.

Conclusions

Assessing the compliance of pharmaceutical companies in the pandemic and post-pandemic period provides a relevant perspective on how recent events have influenced the corporate behaviour and accountability of these entities in relation to ESG requirements.

By analysing the governance compliance of pharmaceutical companies listed on the Bucharest Stock Exchange, the research reflects both the sector's adaptability to ESG requirements and the challenges faced.

The results of the survey show a variable level of compliance with corporate governance standards, illustrating the need for a uniform approach in adopting ESG principles. Companies such as Biofarm, Antibiotice and Remedia demonstrate a commitment to transparency and accountability through high compliance, while others, such as Zentiva, show gaps.

In relation to the reporting period analysed, the results reveal that the pandemic period did not influence the degree of disclosure of governance information by the sampled companies in the pharmaceutical industry. In the post-pandemic period, Biofarm stands out for having improved its disclosure of sustainable corporate governance information.

The results of the study also highlight the importance of harmonization of compliance standards on sustainable corporate governance across the pharmaceutical industry in order to encourage the adoption of sustainable practices and transparency in reporting. In support of this need, an internal audit framework from a governance perspective has been created to facilitate the continuous assessment and improvement of companies' governance practices, while providing a basis for the adoption of more uniform and well-defined ESG principles.

This research provides a valuable basis for future studies that can explore ways in which companies in major industries such as pharmaceuticals can improve their sustainability reporting and accountability. Standardizing governance practices, fostering diversity and ensuring a balance between transparency and performance are fundamental steps in building trust. It is therefore essential that these organizations adapt their governance strategy

to meet future challenges and remain competitive in a sustainability-driven business environment.

In terms of limitations of the research, we consider that one of them is the exclusive focus on companies in the pharmaceutical industry and their small number. However, although the research has only reported on companies in the pharmaceutical industry listed on the BVB, we consider that the results of the research are not affected.

As future research directions, we will extend the analysis of corporate governance as a component of sustainability to companies from other industries listed on the BVB, in order to provide a broader picture of compliance at the national level.

Acknowledgment: This paper was co-financed by The Bucharest University of Economic Studies during the Ph.D. Program.

Bibliography

1. Abdullah, R., Ismail, Z., Smith, M. (2018), Audit committees' involvement and the effects of quality in the internal audit function on corporate governance. *International Journal of Auditing*, July, 22(1), pp. 385-403
2. ANTIBIOTICE S.A. (2021), Annual Report 2021 [Online] available at: <https://www.antibiotice.ro/rapoarte-non-financiare/>
3. ANTIBIOTICS S.A. (2020), Annual Report 2020 [Online] available at: <https://www.antibiotice.ro/rapoarte-non-financiare/>
4. ANTIBIOTICS S.A. (2022), Annual Report 2022 [Online] available at: <https://www.antibiotice.ro/rapoarte-non-financiare/>
5. ANTIBIOTICS S.A. (2023), Annual Report 2023 [Online] available at: <https://www.antibiotice.ro/rapoarte-non-financiare/>
6. Archy, A., Eulerich, M. (2024), Drivers for the maturity of integrated governance in organizations – An empirical investigation. *International Journal of Auditing*, Volume 28, No. 3, pp. 485-499
7. Aureli, S., Baldo, M.D., Lombardi, R., Nappo, F. (2020), Nonfinancial reporting regulation and challengers in sustainability disclosure and corporate governance practices. *Business Strategy and the Environment*, Volume 29(6), pp. 2392 – 2403
8. Bao, X., Sun, B., Han, M., Mai, Q., Lin, H. (2024), Corporate integrity culture on environmental, social and governance (ESG) performance. *Corporate Social Responsibility and Environmental Management*, Volume 31, pp. 1399-1417
9. BIOFARM S.A. (2020), Annual Report 2020 [Online] available at: <https://www.biofarm.ro/guvernanta-corporativa/raportare-nonfinanciara>
10. BIOFARM S.A. (2021), Annual Report 2021 [Online] available at: <https://www.biofarm.ro/guvernanta-corporativa/raportare-nonfinanciara>
11. BIOFARM S.A. (2022), Annual Report 2022 [Online] available at: <https://www.biofarm.ro/guvernanta-corporativa/raportare-nonfinanciara>
12. BIOFARM S.A. (2023), Annual Report 2023 [Online] available at: <https://www.biofarm.ro/guvernanta-corporativa/raportare-nonfinanciara>
13. Boulhaga, M., Bouri, A., Bouri, A., Elamer, A., Ibrahim, B.A. (2023), Environmental, social and governance ratings and firm performance: The

- moderating role of internal control quality. *Corporate Social Responsibility and Environmental Management*, Volume 30(4), pp. 134-145
14. Bursa de Valori București (2022), Guidelines on ESG reporting. Available at: <https://m.bvb.ro/AboutUs/MediaCenter/PressItem/Bucharest-Stock-Exchange-launches-its-first-ESG-guidelines-with-the-support-of-European-Bank-for-Reconstruction-and-Development/5631>
 15. Deng, B., Peng, Z., Albitar, K. (2024), Top management team stability and ESG greenwashing: Evidence from China. *Business Strategy and the Environment*, 34(1), pp. 450-467.
 16. Eulerich, M., Velte, P., Theis, J. (2015), Internal auditor's contribution to good corporate governance. An empirical analysis for the one-tier governance system with a focus on the relationship between internal audit function and audit committee. *Corporate Ownership & Control*, Volume 13, Issue 1, pp. 141 – 151.
 17. European Commission, *Directive of the European Parliament and of the Council amending Directive 2013/34/EU, Directive 2004/109/EC, Directive 2006/43/EC and Regulation (EU) No 537/2014 as regards sustainability reporting by undertakings*, Brussels 21.04.2021.
 18. European Commission, *Directive of the European Parliament and of the Council on corporate sustainability due diligence and amending Directive (EU) 2019/1937*, Brussels 23.02.2022.
 19. Giner, B. (1995) La divulgacion de informacion financiera: una investigacion empirica, *Instituto de Contabilidad y Auditoria de Cuentas*, Madrid.
 20. Global Sustainability Standards Board (GSSB), *GRI Standards, Universal Standards*, revised 2021.
 21. Harashes, M., Provasi, R. (2023), A need for assurance: Do internal control systems integrate environmental, social, and governance factors? *Corporate Social Responsibility and Environmental Management*, Volume 30, No 1, pp. 381-401.
 22. International Sustainability Standards Board (ISSB) (2023), *The international applicability of the SASB Standards*, December 2023
 23. Liu, X., Li, W., Parsons, K. (2020), Exploring the antecedents of internal auditors' voice in environmental issues: Implications from China. *International Journal of Auditing*, Volume 24, pp. 396-411.
 24. Ma, Y., Ahmad, M.I., Torelli, R. (2024), Board gender diversity and ESG disclosure: The moderating role of audit committee. *Corporate Social Responsibility and Environmental Management*, John Wiley & Sons, vol. 31(6), pp. 5971-5983, November.
 25. Rainborn, C., Butler, J.B., Martin, K., Pizzini, M. (2017), The Internal Audit Function: A Prerequisite for Good Governance. *Corporate Accounting & Finance*, vol. 28, No.2, pp. 10 – 21.
 26. Rakipi, R., D'Onza, G. (2024), The involvement of internal audit in environmental, social and governance practices and risks: Stakeholders' salience and insights from audit committees and chief executive officers. *International Journal of Auditing*, Volume 28, pp. 522-535.
 27. REMEDIA S.A. (2020) Annual Report 2020 [Online] available at: <https://www.remedia.ro/wp-content/uploads/2021/08/Decl-Nefinanciara-REMEDIA-2020.pdf>
 28. REMEDIA S.A. (2021) Annual Report 2021 [Online] available at: https://corporate.remedia.ro/wp-content/uploads/2022/03/Raport-Nonfinanciar-ESG-2021_RO-1.pdf
 29. REMEDIA S.A. (2022) Annual Report 2022 [Online] available at: https://corporate.remedia.ro/wp-content/uploads/2023/05/REMEDIA_Raport-de-Sustenabilitate_2022.pdf
 30. REMEDIA S.A. (2023) Annual Report 2023 [Online] available at: https://corporate.remedia.ro/wp-content/uploads/2024/05/Remedia-Raport-de-sustenabilitate-2023_final_RO.pdf
 31. Romanian Chamber of Auditors (2017), Resolution of the Council of the Romanian Chamber of Auditors no. 111/2017 on the full adoption of the mandatory Standards of the International Professional Practices Framework for Internal Auditing, 2017 edition (IPPF 2017) issued by the Institute of Internal Auditors (Global II).
 32. Roussy, M., Perron, A. (2018), New Perspectives in Internal Audit Research: A Structured Literature Review. *Accounting Perspectives*, Volume 17, No. 3, pp. 345-385.
 33. Vadasi, C., Bekiaris, M., Andrikopoulos A. (2020), Corporate governance and internal audit: an

- institutional theory perspective. *Emerald Publishing Limited*, Volume 20, No. 1, pp. 175-190
34. Wu, J.Y., Feehily, R., Lord, B.R. (2022), The Corporate Governance Role of Audit Committees: Through the Lenses of New Zealand Institutional Investors. *Australian Accounting Review*, Volume 32, pp. 63-76
35. ZENTIVA S.A. (2020). 2020 Annual Report. [online] available at: https://bvb.ro/infocont/infocont21/SCD_20210428143813_SCD-Raport-Anual-2020.pdf [Accessed 03.06.2022]
36. ZENTIVA S.A. (2021). 2021 Annual Report. [Online] available at: <https://www.zentiva.ro/news/2022/2022-09-30-sustainability-report-2021>
37. ZENTIVA S.A. (2022). 2022 Annual Report. [Online] available at: <https://www.zentiva.ro/news/2023/grupul-zentiva-publica-raportul-de-sustenabilitate-pe-2022>
38. ZENTIVA S.A. (2023). 2023 Annual Report. [Online] available at: https://bvb.ro/infocont/infocont24/SCD_20240627160441_Zentiva-SA---Raport-non-financiar-2023-RO-27-06-2024.pdf