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Empirical Study on the Analysis of the Relationship between the Relevance of Sustainability Performance Reporting and the Financial Performance of Companies

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Abstract

Companies are currently interested not only in financial performance, but also in the social and environmental practices carried out. Evaluating the performance of companies from a sustainability perspective involves measuring their capacity to obtain long-term profit, allowing sustainable survival by reducing risks in a dynamic and extremely complex environment.

Triple Bottom Line (TBL) can be considered an important strategy to follow in the face of one of the greatest challenges of current businesses, achieving sustainability. Although the economic dimension of TBL is critical in business competitiveness, financial sustainability is not sufficiently studied in business management research and strategies. The author believes that it is necessary to deepen knowledge regarding the relationship between sustainable business practices and the financial performance of companies. The current study aims to analyse the influence of the three TBL dimensions on the financial performance of companies.

Using panel data regression analysis, the author aimed to test whether the financial performance of companies listed on the BSE is influenced by sustainability performance reporting. The study examines the impact of sustainability performance reporting through the Triple Bottom Line (TBL) framework on the financial performance of companies listed on the Bucharest Stock Exchange (BSE) on the Regulated market, in the Premium, Standard, and Int'l categories, during the period 2018-2023.

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To calculate the financial indicators used in the study and the degree of reporting and compliance with sustainability requirements, there were analyzed the annual reports and sustainability reports of the selected companies, published on the official website of the Bucharest Stock Exchange, as well as on their websites over six years (2018-2023).

The results of the study support that the financial performance of companies listed on the BSE on the Regulated market, in the Premium, Standard, and Int'l categories, during the period 2018-2023 is positively and significantly influenced by sustainability reporting.

Key words: Triple Bottom Line; sustainability performance; financial performance; sustainable development;

JEL Classification: G34, M41, M14

1. Introduction

Sustainability issues have also begun to be addressed in emerging economies in the European Union, especially since 2016, due to the adoption of Directive 2014/95/EU, applicable from 1 January 2017, and OMFP 1938/2016, which introduced the Non-Financial Statement. Thus, companies are required to publish sustainability information.

Companies in emerging countries, to keep up with the pace of business development, must change their mindset in adopting business strategies, insisting on the transition from traditional development to sustainable development, through which sustainability performance, ethics and business collaboration, trust, and respect are the pillars and stimuli for the development of a moral and trust-based economy.

The success of a company in business depends on both financial performance and the sustainability performance achieved. Companies are under increasing pressure to maximize profit and productivity, but at the same time, they also face pressure from investors, business partners, and public institutions to take sustainability actions.

Sustainability reporting has become an important tool for communicating sustainability performance to investors and other stakeholders (Camilleri, 2015; Arvidsson &

Dumay, 2022), contributing to aligning companies with the Sustainable Development Goals (SDGs) (Beretta *et al.*, 2025). According to the guidelines set out in the UN Rio+20 Summit, these goals must be measurable, based on the latest research, and must apply to both developed and developing countries. Adherence to these sustainability goals denotes a higher level of transparency and information, contributing to improving sustainability practices (Erin *et al.*, 2022).

Companies present their relevant information on environmental, social, and governance performance in a single document through the sustainability report. Internationally, there is increased attention paid to non-financial reporting (Nechita, 2021). Non-financial reporting was voluntary in Romania until the advent of Directive 2014/95/EU, applicable from 1 January 2017 and adopted by Order of the ministry of Public Finance 1938/2016 and Order of the ministry of Public Finance no. 3456/2018, which introduced the Non-Financial Statement in annual reports (Marinescu, 2020). According to this directive, organizations exceeding an average of 500 employees are required to prepare a non-financial report for the previous financial year. By Order of the Minister of Finance No. 85/2024 on the regulation of aspects related to sustainability reporting, starting with the preparation of the 2024 annual financial statements, medium and large public interest entities are required to prepare, publish, and audit sustainability reports.

A framework for measuring sustainability is proposed by Ekington (1997), called the Triple Bottom Line Model. The Triple Bottom Line (TBL) incorporates three dimensions of performance: social, environmental, and economic. For real business success, Loviscek (2021) advocates the integration of the TBL performance dimensions into companies' business plans. Although launched 28 years ago, the TBL model challenges business strategies by incorporating new tools to protect people and assess the harm caused to society and the environment (Griggs *et al.*, 2013). Triple Bottom Line reporting is considered a comprehensive approach to achieving sustainability, integrating reporting on environmental, social, and financial issues (Assaf *et al.*, 2012).

The literature argues that TBL reporting denotes advantages and high company performance (Ittner *et al.*, 2003), however, there is little concrete evidence regarding these advantages and recorded performance (Assaf *et al.*, 2012). In this paper, we aim to examine the impact of the quality of sustainability performance reporting through the

Triple Bottom Line (TBL) framework on the financial performance of companies listed on the Bucharest Stock Exchange (BSE) on the Regulated market, in the Premium, Standard, and Int'l categories, during the period 2018-2023.

2. Literature review

The analysis of the relationship between corporate sustainability and financial performance takes into account stakeholder theory (Hussain *et al.*, 2018). Through ethical behavior, companies develop strong relationships with stakeholders, gaining competitive advantages (Nogueira *et al.*, 2024). To mitigate stakeholder pressures (investors, suppliers, customers, communities, governments, competitors, non-governmental organizations, etc.), the implementation of sustainable management strategies becomes crucial (Wolf, 2014; Haleem *et al.*, 2022).

The literature argues that extensive and explicit financial and non-financial reporting requires companies and managers to be highly transparent in communicating with stakeholders, but also to anticipate mistakes or strategies applied in situations of low performance (Ekington, 1997; Bohdanowicz & Martinac, 2003; Ittner *et al.*, 2003). Thus, TBL reporting informs about the company's organizational structures and the performances recorded in environmental, social, and financial practices.

The TBL framework is considered a vital tool for companies concerned with sustainability issues, by providing an integrated approach to assessing company performance and promoting a comprehensive view of corporate success (Ekington, 1997; Elkington, 2006). Reporting sustainability performance through the Triple Bottom Line (TBL) framework involves an integrated reporting of environmental, social, and economic issues (Assaf *et al.*, 2012).

In order to promote resilience, innovation, and sustainability of companies, the TBL framework is treated through the perspective of a holistic approach, based on the complex interaction between economic, environmental, and social factors (Kumar & Goswami, 2019). Recognizing the interconnection between company success and societal well-being suggests that integrating TBL principles becomes a moral imperative, necessary to achieve competitive advantages (Ferro *et al.*, 2017).

The relationship between sustainability performance and financial performance of companies is a widely debated topic in the literature. The study conducted by researchers

Friede *et al.* (2015) shows that since 1970, the relationship between environmental, social, and governance (ESG) criteria and corporate financial performance has begun to be studied, with over 2000 empirical studies being published. The globalization of the market, but also of demand, has led to the implementation of social, environmental, and economic practices in companies (Lassala *et al.*, 2017).

Thus, companies must become much more responsible in the development of economic activity, being interested in improving their reputation and organizational image and the impact of their ethical, social, and environmental behavior on the community of which they are part (Adams, 2002). Socially responsible companies put the interests of shareholders on the same level as social, community, and environmental interests (Van de Velde *et al.*, 2005). Van de Velde *et al.* (2005) argue that organizations with high sustainability ratings have higher financial performance compared to those with low sustainability ratings.

According to Hussain *et al.* (2018) companies that invest more in sustainability, gaining high visibility and notoriety, achieve high performance. The study proposed by Küçükbay and Sürücü (2019) advocates for the implementation of sustainable practices, arguing that companies' investment in sustainability triggers countless benefits, such as profitable relationships with stakeholders, better public image, and high financial performance. Other researchers (Zhao *et al.*, 2018; Brogi & Lagasio, 2019; Zhou *et al.*, 2024), investigating the relationship between ESG score and financial performance of companies, argued that stimulating ESG performance leads to excellent financial performance. Nguyen *et al.* (2021) believe that synchronizing the interests of company management with those of investors strengthens the financial performance-environmental performance relationship.

Other researchers (Waddock & Graves, 1997; Surroca *et al.*, 2010; Tien *et al.*, 2020; Gutiérrez-Ponce & Wibowo, 2024; Rahi *et al.*, 2024) argue that sustainability performance does not influence financial performance. In capitalist countries, the impact of sustainability on financial performance is elusive (Rahi *et al.*, 2024). Researchers believe that the barriers identified in the effective implementation of this relationship are the poor understanding of corporate social responsibility (CSR) issues in the business environment, the lack of resources for implementing CSR standards in small and medium-sized companies, but also the lack of a culture of corporate social responsibility.

In contrast, studies by researchers (Duque-Grisales & Aguilera-Caracuel, 2021; Jyoti & Khanna, 2021) support a negative and significant relationship between sustainability performance and financial performance. The causes of these results are explained by the fact that the implementation method and costs of ESG initiatives are not reported visibly enough, not ensure their popularity.

Considering the measures taken to promote sustainability, the study aims to identify whether there is a link between the reporting of information on sustainability performance and the profitability of companies listed on the Bucharest Stock Exchange on the Regulated market, in the Premium, Standard, and Int'l categories, during the period 2018-2023.

Thus, we propose the following research hypotheses:

- H1a: There is a significant relationship between environmental performance (EP) reporting and return on assets (ROA) of companies listed on the BVB.**
- H1b: There is a significant relationship between environmental performance (EP) reporting and return on equity (ROE) of companies listed on the BVB.**
- H2a: There is a significant relationship between social performance (SP) reporting and return on assets (ROA) of companies listed on the BVB.**
- H2b: There is a significant relationship between social performance (SP) reporting and return on equity (ROE) of companies listed on the BVB.**
- H3a: There is a significant relationship between economic performance (FP) reporting and return on assets (ROA) of companies listed on the BVB.**

H3b: There is a significant relationship between economic performance (FP) reporting and return on equity (ROE) of companies listed on the BVB.

H4a: There is a significant relationship between sustainability reporting (S) and return on assets (ROA) of companies listed on the BVB.

H4b: There is a significant relationship between sustainability reporting (S) and return on equity (ROE) of companies listed on the BVB.

3. Research methodology

Given the measures taken towards sustainability, the present study aims to analyze the extent to which the financial performance of companies listed on the Bucharest Stock Exchange (BSE) is influenced by the reporting of sustainability performance aspects. The dependent variable is financial performance. The return on assets (ROA) and return on equity (ROE) indicators are used in this study as indicators to measure financial performance.

3.1. Variables and sample analysed

From the total number of 86 companies whose securities are traded on BSE (2024) on the Regulated market, at the level of Premium, Standard and Int'l sections (www.bvb.ro, accessed on 30.11.2024) 13 companies were excluded from the sample, of which 6 companies are in reorganization or insolvency, 6 companies do not submit reports in the analyzed period, and one company is non-tradable.

The grouping of the companies in the sample according to the field of activity was carried out starting from the classification made by researchers Sierra *et al.* (2013), as represented in **Table no. 1**.

Table no. 1. Classification by fields of activity of the companies included in the analysed sample

No.	Field of activity	Total companies listed on BSE	Included in the study	Removed
1	Consumer goods industry	14	13	1
2	Oil and energy industry	18	16	2
3	Basic materials, construction and utilities	29	24	5
4	Services	6	6	0
5	Financial services	15	12	3
6	Technology and telecommunications	4	2	2
	Total	86	73	13

Source: own processing

The assessment of sustainability performance in the annual and sustainability reports published on their websites and the Bucharest Stock Exchange (BSE) website of 73 companies during the period 2018-2023 is carried out using a sustainability measurement system called Triple Bottom Line (TBL). To measure financial performance, we propose the financial indicators return on equity (ROE) and return on assets (ROA) (Zeitun & Tian, 2007; Karanovic *et al.*, 2020; Danso *et al.*, 2021).

To determine the financial indicators used in the study and the degree of adoption and compliance with sustainability requirements, we analyzed the annual reports and sustainability reports of the selected companies, published on the official website of the Bucharest Stock Exchange database, as well as on their websites for a period of six years (2018-2023).

Table no. 2 summarizes the variables used in investigating the hypotheses proposed for research. The

dependent variables are return on assets (ROA) and return on equity (ROE), as indicators of financial performance for the selected companies. In the literature, we identified a series of studies that use ROA (Brick *et al.*, 2006; Brown & Caylor, 2006; Jackling & Johl, 2009; Zabri *et al.*, 2016; Karanovic *et al.*, 2020) and ROE (Lo, 2003; Zabri *et al.*, 2016; Karanovic *et al.*, 2020), as representative indicators of financial performance. The ROA indicator indicates the gain generated by available assets (Epps & Cereola, 2008) and incorporates the company's profitability and efficiency for investors, representing the real performance of the company (Ponnu, 2008). The ROE indicator is considered a reliable indicator of company performance (Johnson & Greening, 1999), both in the short and long term for investors, measuring the profit generated by the company using the investments (Epps & Cereola, 2008).

Table no. 2. Variables used in the study

Variable	Period	Indicator	Formula
Dependent Variable			
Return on assets	2018-2023	ROA	Net Income / Total Assets
Return on equity	2018-2023	ROE	Net income / Equity
Independent variable			
Environmental performance	2018-2023	EP	Total score/Optimal reporting score
Social performance	2018-2023	SP	Total score/Optimal reporting score
Economic performance	2018-2023	FP	Total score/Optimal reporting score
Sustainability performance	2018-2023	S	Total score/Optimal reporting score
Control variables			
Firm size	2018-2023	SZ	Log of total assets
Financial leverage	2018-2023	LEV	Total liabilities / Total assets

Source: own processing

The independent variables used in the study are the sustainability performance parameters reported by companies listed on the BVB in their annual reports or sustainability reports. Based on the literature (Küçükbay & Sürücü, 2019; Duque-Grisales & Aguilera-Caracuel, 2021; Jyoti & Khanna, 2021) we identified the criteria for reporting the three dimensions of sustainability performance (environmental performance, social performance and economic performance). The compliance of the reports of the analyzed companies was measured for the three dimensions (economic, social and

environmental) using scores from 0 to 2. Thus, the values 2, 1, and 0 mean complete information, incomplete information, and no information on sustainability, respectively. The optimal reporting score for companies is 22 (**Table no. 3**).

The first component of sustainability is environmental performance (EP), which reflects the company's management practices regarding environmental risk management and is an indicator generated from a score obtained by identifying the strengths and weaknesses of companies regarding reporting information on

environmental protection, specifying environmental protection activities, presenting the level of pollution, environmental litigation and the level of research and development. Social performance (SP) incorporates the responsibility of companies towards the community and their reputation in managing social issues, and includes information about the structure of employees, relations between management and employees, litigation with employees, and making donations. Economic performance (FP) analyses the degree to which the

company's management acts in the interests of investors and reflects its ability to lead and direct activities to generate profits. This indicator is generated by identifying the strengths and weaknesses of companies regarding risk management policies, cash flow values, and net results. The last indicator is sustainability performance (S), which is a combined and weighted score of the three subcomponents of sustainable performance: environmental, social, and economic performance.

Table no. 3. Indicators related to sustainability reporting

Sustainability performance		Optimal reporting score
Environmental performance (EP)	Information on environmental protection	2
	Specifying activities regarding environmental protection	2
	Pollution level presentation	2
	Environmental disputes	2
	Level of research and development	2
Social performance (SP)	Employee structure	2
	Relationships between management and employees	2
	Employee disputes	2
	Donations	2
Economic performance (FP)	Risk management policies	2
	Cash flow (positive-1, negative-0)	1
	Net result (positive-1, negative-0)	1
Sustainability (S)	Total	22

Source: processed after Küçükbay and Sürücü (2019), Duque-Grisales and Aguilera-Caracuel (2021), Jyoti and Khanna (2021)

Finally, we included the control variables, Company Size (SZ) and Financial Leverage (LEV), in the econometric model (Nguyen *et al.*, 2021).

3.2. Descriptive statistics and correlation

In **Table no. 4**, the mean, standard deviation, and minimum and maximum values of the independent, dependent, and control variables for the selected sample are calculated. The information presented is generated for 73 Romanian companies listed on the BSE on the Regulated market, in the Premium, Standard, and Int'l categories, obtaining a total of 438 observations. The descriptive analysis highlights positive mean values for the dependent variables, ROA (0.053) and ROE (0.088). The independent variables, Environmental Performance (EP), Social Performance (SP), Economic Performance (FP),

and Sustainability Performance (S), register mean values of 0.479, 0.658, 0.873, and, respectively, 0.616. Regarding the control variables, Company Size (SZ) and Financial Leverage (LEV), mean values of 8.614 and, respectively, 0.314 are identified.

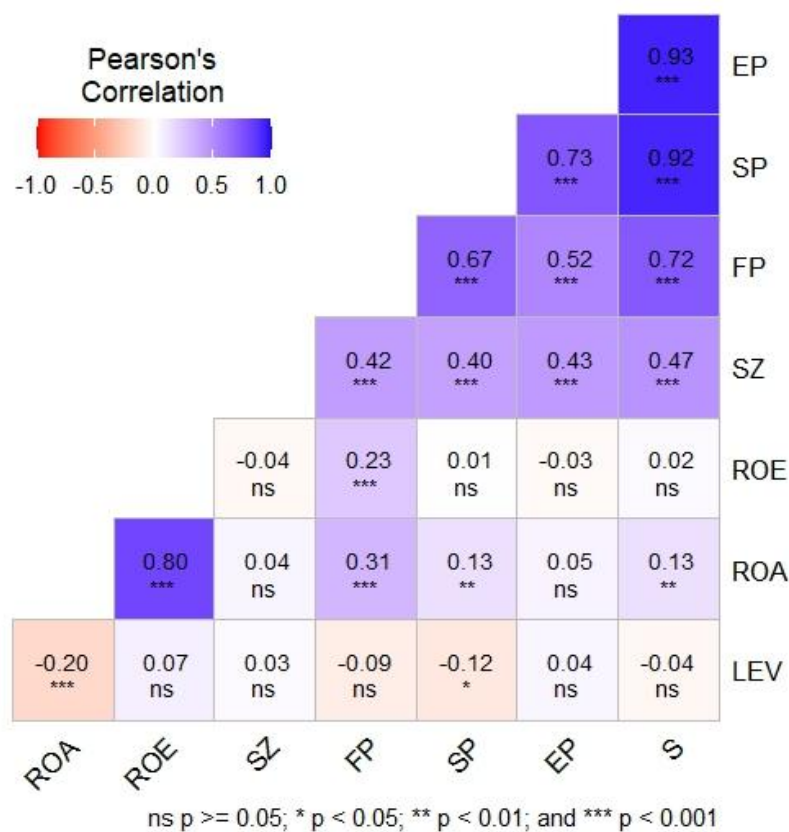
We note that in reporting information on sustainability performance, the interest of the companies included in the study is in describing practices regarding economic performance (from a minimum of 0.25 to a maximum of 1, with an average value of 0.873) and social performance (from a minimum of 0.125 to a maximum of 1, with an average value of 0.658). Although environmental performance reached a maximum value (1), companies were identified that did not present information on this performance. These results indicate the concern of companies for two dimensions of sustainability performance: economic and social.

Table no. 4. Descriptive statistics

Indicator	N	ROA	ROE	EP	SP	FP	S	SZ	LEV
Observations	438	438	438	438	438	438	438	438	438
Mean	438	0.053	0.088	0.479	0.658	0.873	0.616	8.614	0.314
St. Dev.	438	0.104	0.196	0.25	0.247	0.171	0.211	0.923	0.254
Min	438	-0.306	-1.1	0	0.125	0.25	0.136	6.213	0.002
Max	438	1.15	1.812	1	1	1	1	11.209	1.283
Industry									
Consumer goods industry	13	0.027921	0.144982	0.4	0.6875	0.875	0.590909	7.145494	0.714555
Oil and energy industry	16	0.069055	0.133798	0.447222	0.595486	0.940972	0.590909	9.304510	0.354808
Construction and utilities	24	0.021021	0.039495	0.244444	0.604167	0.847222	0.484849	8.265544	0.2835
Services	6	0.048186	0.085086	0.448611	0.576389	0.793403	0.557765	8.188859	0.315417
Financial services	12	0.061268	0.075804	0.575	0.811198	0.924479	0.724432	9.260945	0.235936
Technology and telecommunications	2	0.055052	0.077203	0.569231	0.697115	0.903846	0.676573	8.349604	0.325012

Source: processed in RStudio

Figure no. 1. Correlation matrix



Source: processed in RStudio

Performing an analysis based on industry classification, companies in the financial sector have the highest average values for the independent variables included in the study, namely 0.575 for environmental performance and 0.811 for social performance, while the most profitable are companies in the oil industry, which record the highest average values for the ROA variables (0.069) and economic performance (0.9409), and companies in the consumer goods industry (approximately 0.145 for the ROE indicator).

Figure no. 1 shows the correlation matrix (Pearson correlation) between the variables used in the study. Thus, the ROA indicator is positively and significantly correlated with the ROE variables (0.80) and economic performance (0.31), and the ROE indicator is positively and significantly correlated with economic performance (0.23). We observe that there is no strong correlation between the dependent and independent variables, eliminating any

multicollinearity problem. On the other hand, moderate ($0.5 < r < 0.75$) and strong ($r > 0.75$) correlations are observed between the independent variables (EP, SP, FP, and S), but the fact that these variables do not enter the regression does not imply multicollinearity problems.

3.3. Research method

To investigate the hypotheses, we use a popular research method in the literature (Van de Velde *et al.*, 2005; Reddy & Gordon, 2010; Duque-Grisales & Aguilera-Caracuel, 2021; Jyoti & Khanna, 2021; Nguyen *et al.*, 2021)), namely regression analysis. In Table no. 5, we analyze the regression model suitable for the panel data used. The proposals are focused on the fixed-effects regression model or the ordinary least squares (OLS) method. Using the F-test, we identify that the fixed-effects regression model is the most appropriate for the selected sample ($p < 0.05$).

Table no. 5. Panel Data Regression methods for the full sample period

Equation	Method of Panel Data Regression
$ROA \sim (EP+SP+FP) * (SZ + LEV) (1)$ F = 3.3338, df1 = 72, df2 = 354, p-value = 4.991e-14	Fixed Effect Method
$ROA \sim S * (SZ + LEV) (2)$ F = 2.7524, df1 = 72, df2 = 360, p-value = 3.228e-10	Fixed Effect Method
$ROE \sim (EP+SP+FP) * (SZ + LEV) (3)$ F = 4.6362, df1 = 72, df2 = 354, p-value < 2.2e-16	Fixed Effect Method
$ROE \sim S * (SZ + LEV) (4)$ F = 4.4533, df1 = 72, df2 = 360, p-value < 2.2e-16	Fixed Effect Method

Source: processed in RStudio

4. Results and discussion

Following the regression analysis, we identify the impact of the quality of sustainability performance reporting through the Triple Bottom Line (TBL) framework on the financial performance of companies listed on the Bucharest Stock Exchange (BSE) on the Regulated market, in the Premium, Standard, and Int'l categories, during the period 2018 - 2023.

In Table no. 6, model (1) presents the results of the panel data regression analysis for the variable return on assets (ROA) and environmental (EP), social (SP) and economic

(FP) performance reporting, and model (2) tests the influence of sustainability performance reporting on the variable return on assets (ROA) of the companies included in the sample. The EP variable (-2.539) presents an inverse and significant relationship with ROA ($p < 0.05$), and FP (2.903) significantly and positively influences ROA ($p < 0.01$). In contrast, the SP and S variables do not have a significant influence on the return on assets indicator ($p > 0.05$).

These findings suggest that the research hypotheses H1a and H3a are confirmed, according to which ROA is significantly influenced by environmental and economic

Thus, the variable EP (-5.360) significantly and negatively influences the ROE indicator ($p < 0.01$), which means that environmental performance reporting leads to a decrease in return on equity (ROE). In contrast, the variables SP (4.739), FP (3.317), and S (2.061) significantly and positively influence the ROE indicator ($p < 0.01$). We can say that reporting social, economic, and sustainability performance increases the value of the return on equity (ROE) indicator of the companies included in the study during the period 2018-2023. These findings confirm the research hypotheses H1b, H2b, H3b and H4b.

Table no. 8 summarizes the status of the hypotheses proposed in the study. From the data analysis, I conclude that only the research hypotheses H2a and H4a were rejected, being considered insignificant. The other hypotheses are considered significant and, therefore, cannot be rejected. It can be concluded that the reporting of sustainability performance by companies listed on the BSE on the Regulated market, in the Premium, Standard, and Int'l categories, during the period 2018-2023 has a significant influence on their financial performance.

Table no. 8. The status of the hypotheses related to the study

Hypothesis	Position	Hypothesis	Position
H1a	Accepted	H3a	Accepted
H1b	Accepted	H3b	Accepted
H2a	Rejected	H4a	Rejected
H2b	Accepted	H4b	Accepted

Source: own processing

The purpose of the research on the analysis of the impact of the quality of sustainability performance reporting on the financial performance of companies listed on the BSE on the Regulated market, in the Premium, Standard, and Int'l categories, during the period 2018 – 2023 was achieved. The study demonstrates that social, economic, and sustainability performance reporting leads to an increase in the financial performance of the companies included in the study, while environmental performance reporting is negatively related to financial performance. The empirical results suggest that sustainability performance reporting scores are positively associated with the financial performance of the selected companies.

5. Conclusions

The objective of the study was to identify the impact of sustainability performance reporting on the financial performance of 73 companies listed on the BSE Regulated Market, in the Premium, Standard, and Int'l categories, during the period 2018-2023. Using the sustainability measurement framework, Triple Bottom Line (TBL), we assess the quality of integrated reporting of environmental, social, and economic issues in the companies included in the study.

The results of the study suggest that regardless of the quality of sustainability information identified in the annual reports and sustainability reports of the selected companies, the real impact of this costly independent reporting initiative can only be measured by a significant commitment to sustainable development goals.

These results are consistent with the stakeholder theory. Although stakeholders may not be aware of the short-term impact of economic activities on the environment, we argue that the implementation of conscious sustainable practices creates competitive advantages for companies in both the short and long term.

We can say that the objective of the research was achieved, the most inconclusive result was that the return on assets (ROA) indicator was not affected by the reporting of the social and sustainability performance of the companies included in the study. In contrast, the reporting of the social and sustainability performance of the companies significantly and positively influences the return on equity (ROE) indicator. Reporting of environmental performance leads to a decrease in both the return on assets and the equity.

The results obtained are not consistent with the findings of researchers (Jyoti and Khanna, 2021), where the sustainability performance of companies in India is significantly and negatively related to the return on equity indicator. Unlike India, in Romania, the financial performance of companies listed on the BSE on the Regulated market, in the Premium, Standard, and Int'l categories, during the period 2018-2023 is positively and significantly influenced by sustainability reporting.

Sustainability issues have also begun to be addressed by emerging economies in the European Union, especially since 2016, due to the adoption of Directive 2014/95/EU, applicable from January 1, 2017, and OMFP 1938/2016, which introduced the Non-Financial Statement. Thus,

companies are required to publish sustainability information. By Order of the Minister of Finance No. 85/2024, starting with the preparation of the 2024 annual financial statements, medium and large public interest entities are required to prepare, publish, and audit sustainability reports.

The current study has significant implications for both stakeholders and the research literature. For investors, the relationship between the quality of sustainability performance reporting and financial performance is clarified, contributing to the reduction of risk in companies. At the same time, the present study also contributes to the enrichment of the research literature, providing an objective opinion in the analysis of the impact of

sustainability performance reporting on financial performance.

Companies in emerging countries, to keep up with the pace of business development, must change their mindset in adopting business strategies, insisting on the transition from traditional development to sustainable development, through which sustainability performance, ethics, and business collaboration, trust, and respect are the pillars and stimuli for the development of a moral and trust-based economy. In developing countries, such as Romania, there is still much to be regulated in sustainability reporting, so that the score obtained from its assessment presents more accuracy.

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