FROM CORPORATE SOCIAL RESPONSIBILITY TO ENVIRONMENTAL, SOCIAL, GOVERNANCE INVESTING: NON-FINANCIAL REPORTING - BENEFITS AND LEGISLATIVE IMPLICATIONS

Komalpreet Kaur[1*], Daniela Corina Oprea (Bîrlă)[2], Raluca Simina Bilți[3], Vanina Adoriana Trifan[4]

[1) 3) 4)] "Aurel Vlaicu" University of Arad, Arad, Romania

[2)] West University of Timișoara, Timișoara, Romania

Abstract

The main objective of the paper is to highlight the importance of ESG (Environment, Social, Governance) investing for companies, while also elaborating its relation to better financial performance. Furthermore, the article conducts a literature review by analysing the already existing scientific papers (mainly from Google Scholar, Web of Science and ScienceDirect) to demonstrate how the relative importance of each of the ESG dimensions: Environmental, Social and Governance, may vary depending on different factors.

The article highlights the value of non-financial reporting, its advantages, and the resulting legal ramifications. Investors and executors have recognized the importance of the ESG framework in recent years, which has helped it earn a lot of respect. The framework is said to serve several benefits, such as offering business sustainability, financial stability, and better financial performance, to a given economic entity. Similarly, the paper presents practical implications for the businesses, as it leads to their better understanding of the concept, from an investor's perspective.

Keywords

ESG, environmental, social, governance, non-financial reporting, CSR, business sustainability.

JEL Classification

G30, G41, M14, Q50, Q56

Introduction

Sustainability is a concern and a challenge at the same time. To promote the idea of a society free of environmental issues like climate change, several policies of the

[*] Corresponding author, **Komalpreet Kaur** – komal.preet.kaur00009@gmail.com

European Union such as the Paris Agreement are playing a significant role. While it is equally important for the people of the society to give their significant contribution to this goal, the role of national and international businesses, small and large organizations, corporations, multinational as well global companies and financial institutions such as banks must not be overlooked. In today's competitive business environment, business sustainability is not just a choice or a voluntary practice but a necessity for a company to survive in the marketplace to gain the trust of stakeholders by ensuring accountability and transparency. The initial promotion and recognition of business sustainability led to the emergence of a concept that is known today as CSR or Corporate social responsibility, which refers to specific policies that promote the welfare of a company's stakeholders. The term was coined in 1953 and later on, because of the growing environmental issues transformed into ESG or Environmental, Social and Governance, which are non-financial factors that assist investors in identifying the potential risks and opportunities (Wong, D.T. & Ngai, E.W., 2021).

The term ESG has gained a lot of recognition in the past few years because investors and executors have realized the significance of this framework (Barangă and Țanea, n.d; Li, et al., 2021). ESG is believed to have several benefits such as improving cash flows, enhancing top-line growth, lowering expenses, limiting legal and regulatory intrusions, raising staff productivity, maximizing investing. Furthermore, higher ESG scores are also associated with better corporate financial performance. However, the views of scholars on this topic are divided as there are theories in literature that support this relation while there are researchers that dismiss it, claiming that there is a lack of evidence to support this idea. Besides, it is noteworthy to mention from an institutional investor's point of view, the relative importance of each of the three components (Environmental, Social and Governance) differs depending on factors such as the geographical location of the company, sector to which the business belongs as well as macroeconomic conditions.

The main scope of this research paper is to objectively study ESG from the lens of different authors and present their views and perspective on the subject without any bias. Therefore, the present paper addresses the following research questions:

- How did Corporate social responsibility (CSR) evolve into Environmental, Social and Governance (ESG)?
- What are ESG factors and why are they important for a company?
- What is the reason for the growing interest of investors in ESG?
- If analysing all the ESG factors separately, do all of them turn out to be equally important?
- What do researchers believe about the relationship between ESG and the financial performance of a company?
- What led to the appearance of non-financial reporting?

- Did the Romanian companies listed on Bucharest Stock Exchange (BSE) succeed in adopting Directive 2014/95/EU?
- What are the new challenges that investors and companies are facing in adopting non-financial reporting?

1. Review of the scientific literature

- **The evolution of ESG framework: from CSR to ESG**

In today's rapidly evolving business environment, which is marked by cut-throat competition, both business sustainability initiatives and business sustainability competence act as competitive advantages that help companies to survive in the market and sustain their growth. Furthermore, according to Wong, D.T. and Ngai, E.W. (2021), business sustainability also plays a significant role in achieving a better business vision by forming sustainable relations with stakeholders and aligning the stakeholders' goals to the company's objectives. Initially, for promoting business sustainability in companies, the concept of Corporate social responsibility (CSG) gained a lot of recognition. Several scholars made attempts to define the term CSR. Most of these definitions recognize and agree with the fact that companies have a social responsibility towards the environment and society. CSR may be described as certain strategic practices or policies of a company, which encourage welfare, safety, protection and security of stakeholders. The concept emerged in 1953 and was introduced by Bowen. Initially, the main focus of CSR was on the environmental dimension, which later on, by the late 1980s switched to social and working conditions. This change was so profound that the environmental aspect was almost completely forgotten. Nevertheless, according to reports (Deloitte, 2021), due to various policies focusing on sustainable development along with increasing global concerns related to environment issues such as climate change, the interest in the environmental dimension of CSR started to reappear (Kharchyshyna, 2014). However, Foltynowicz and Kaps (2022) claim that a few years ago, because of the escalating environmental issues, this concept evolved into what we know today as ESG.

ESG is an acronym used to denote Environmental (E), Social (S) and Governance (G) factors that can impact the financial state of a company (Barangă and Țanea, n.d; Li, et al., 2021). Li, et al. (2021) define it as a principle or a framework that helps in incorporating responsible investment decisions and a certain type of corporate behaviour, which is in the best interest of a better future financial performance. In other words, ESG factors are used to evaluate sustainability as well as the social impact of a company's activities. In this sense, an organization may pose a positive or a negative effect on its financial performance based on its actions. Therefore, currently ESG is getting more attention than CSR due to its broader nature (Foltynowicz and Kaps, 2022).

'E' for Environmental factors represent those environmental components that have the potential for positive or negative effects on a company's financial performance (European Banking Authority, 2021; Li, et al., 2021). These may include GHG emissions, climate change, pollution (air, water etc), dependence on biodiversity, use of

resources, waste management, energy consumption and its efficiency (Barangă and Țanea, n.d; European Banking Authority, 2021; Li, et al., 2021). A company's aim should be looking for any potential environmental risk, identifying it as a financial risk and then apply corrective actions or measures to reduce the negative effects generated as a result of such risks (European Banking Authority, 2021).

'S' for Social factors represent those social components that have the potential for positive or negative effects on a company's financial performance (European Banking Authority, 2021; Li, et al., 2021). These may include customer safety, health and privacy, workplace conditions, employee well-being, remuneration, compliance with labour standards and workforce freedom (Barangă and Țanea, n.d; European Banking Authority, 2021; Li, et al., 2021). A deeper outlook towards this factor shows how an entity collaborates with its employees and the community in which it functions (European Banking Authority, 2021).

'G' for Governance factors represent those governance that have the potential for positive or negative effects on a company's financial performance (European Banking Authority, 2021; Li, et al., 2021). These may include anti-corruption measures, accountability, transparency, internal controls, audit and data protection guarantees (Barangă and Țanea, n.d; European Banking Authority, 2021; Li, et al., 2021). These factors are usually embraced by national legislations, for instance, corporate governance codes (European Banking Authority, 2021).

- **The Importance of the ESG framework**

As a matter of fact, ESG-oriented investing has seen an escalating growth in businesses because investors and executives lately have realized that good ESG scores are essential for a corporation's success in the long run. To be more precise, there are five key ways to address how ESG is linked to a better cash flow: (1) enhancing top-line growth, (2) lowering expenses, (3) limiting legal and regulatory intrusions, (4) raising staff productivity, and (5) maximizing investing and expenditures (Mckinsey, 2019). Besides, studies (Ortiz-Martínez, Marín-Hernández, and Santos-Jaén, 2022) have also shown that implementing CSR practices as well as sustainability strategies in a firm result in constructing a better society and is proven to have a positive influence on the performance of Small and medium-sized enterprises.

According to the existing literature (Forbes, 2022), ESG investing is a strategy that investors use, by analyzing their environmental performance, social politics as well as governance issues, to evaluate a firm's overall behaviour. By taking into consideration all these elements, an investor is not only able to see a greater perspective of the company but also gets help in identifying the strength and sustainability of the firm. To evaluate these components, ESG scores are assigned to companies. ESG scores are nothing but ratings that aim to assess companies by relying on different criteria. Based on these scores, one may judge the business's performance. The greater the score, the better the performance.

Interestingly, when analyzing all the ESG factors individually, one may find out that not all of them are equally important and as a result, their individual impacts on corporate performance also differ. In fact, the importance of all three factors (environmental, social and governance) vary from sector to sector and in some cases also depends on the geographical location of the company. For instance, the real-estate sector allocates greater attention to environmental factors while companies belonging to the material industry must lay equal importance on all the elements. Many studies predicted that the weight given to social factors is greater than other factors and that this number gradually escalated in the last decade from 19% in 2007 to 31% in 2020. Furthermore, a research conducted in the USA by CFA Institute demonstrated how social issues play a greater role in comparison to environmental and governance issues when it comes to topics such as sovereign debts in America (Park and Jang, 2021). However, a more recent study showed that both environmental and governance factors are given nearly equal significance by institutional investors while taking investment decisions. As shown in figure no. 1, the social elements are given a comparatively low weight of 29.5%, unlike environmental (35.7%) and governance (34.8%) factors. According to Pineau, Le, and Estran (2022), the relative importance of ESG factors also varies depending on the macroeconomic situation of a country. For example, in nations with developed or advanced economies, governance is known to be the most crucial factor whereas in countries with developing agrarian economies, environmental factors are considered to be more essential. Furthermore, as per the findings of a study on the evolution of ESG importance, there is a rising importance of ESG factors in advanced economies, while their value in emerging economies is declining.

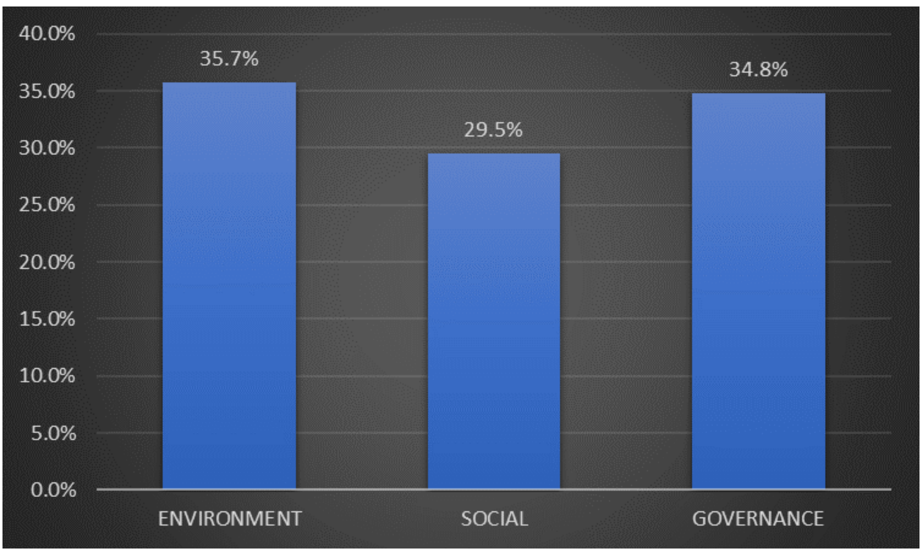

Figure no. 1: Importance given to ESG factors by the institutional investors

Source: Park, So Ra, and Jae Young Jang. 2021, p.14.

2. Research methodology

The primary scope of this article is to gain familiarity with existing literature on the chosen topic, while addressing all the research questions mentioned in the 'Introduction' section. For this purpose, literature review methodology was conducted, while placing research questions into context. Similarly, data was collected and analysed from the web search engines such as Google, Google Scholar, Web of Science and ScienceDirect. For this purpose, keywords such as '*ESG*', '*CSR and ESG'*, '*Non-financial reporting*' and '*Non-financial reporting in Romania*' were searched. Majority of the materials or cited sources used in this research are scientific articles from ScienceDirect as well as the ones indexed in Web of Science that have open access or are accessible for some higher educational institutions.

To maintain the credibility of the paper, the sources used are mostly credible (for instance, official reports and studies published by renowned institutions). In total 26 sources were used to write this paper. The citations used in this article include 15 scientific articles, the majority of which were published recently between 2020 to 2023. Besides these, there are other 11 sources, which are official reports and studies published by consulting firms and other institutions. The main selection criteria are the relevancy of the source to the topic discussed as well as its recency.

Some other sources include articles, documents or reports published by prestigious global consulting firms like McKinsey & Company, Ernst & Young, PwC, Deloitte, and reports published by Bucharest Stock Exchange (BVB). The primary criteria used for selecting or filtering the data were relevancy and recency. In total, twenty-five articles were identified and selected that fit into the applied criteria. All of these selected research works are mentioned in the reference list. Furthermore, to maintain credibility, attempts were made to avoid the researcher bias as much as possible. For this purpose, information from multiple data sources was verified and analysed thoroughly.

3. Results and discussions

- **The Relation between ESG and the Financial Performance of a Company**

ESG (Environmental, Social, Governance) factors, which were earlier recognized as non-financial components of a company, are currently acknowledged as the primary elements of management strategies that are utilized by substantial financial institutions for investment purposes as well as sustainable management. The emerging trend of ESG integration in financial decisions has been observed due to better financial and company performances associated with ESG ratings. ESG is a quantifiable indicator of a business's sustainability and societal initiatives, utilizing metrics relevant to stakeholders to determine socially conscious companies that represent societal advances. It is used to evaluate a company's overall performance. With the COVID-19 outbreak, ESG activities became a benchmark to encourage responsible corporate behaviour. Both CSR (Corporate Social Responsibility) and ESG (Environmental, Social, Governance) are often mentioned together. Nevertheless, it is important to highlight that even though both terms are linked, they represent different concepts. On the one hand, CSR is an umbrella term with the main purpose of making a company accountable and influencing its decision-making by including environmental, social and economic issues in the business policies. On the other hand, ESG enlarges the boundaries of CSR by measuring the company's sustainability efforts.

Studies have demonstrated a nonlinear association between company sustainable development practices and financial success. For instance, Barnett and Salomon's (2006) research, which examined the connection between social performance and financial performance using environmental (E) and social (S) dimensions, discovered that financial returns started to fall as the quantity of societal (S) dimensional evaluation projects utilized by socially responsible investment rose (Li, T.T et al., 2021).

ESG is not a new concept but apparently, has gained a lot of attention during the pandemic. It has the potential to transform the post-pandemic era by reducing potential financial risks. Since tourism, travel and hospitality industries were hardest hit by the lockdowns during COVID-19, ESG practices have become a new normal during post-pandemic times in the operations of these industries.

The opinions regarding the relationship between ESG investment and company value are divided. Some scholars are optimistic about this nonlinear relation, believing that ESG improves company performance while others see it as an additional cost linked with inefficient capital allocation. Regardless of all these claims, in the recent literature, many studies have suggested that ESG activity has a significant positive impact on corporate financial performance (CFP). There are several theories/views that attempt to throw some light on the relation between ESG factors and firm performance, namely: *the stakeholder theory, the trade-off theory, the resource-based theory, the stewardship theory* and *the agency theory*. While stakeholder theory sees ESG investments from an optimistic lens, arguing it to be a source of competitive advantage for companies, trade-off theory emphasizes that socially conscious companies often make lower profits due to higher costs. On one side, agency theory shares similar views to those of trade-off theory. On the other side, both the resource-based theory and stewardship theory are more inclined towards the predictions made in stakeholder theory. Interestingly, regardless of the huge amount of studies (Saini, et al., 2022) done on this subject, there is an absence of substantial proof of a link between ESG policy and a business's profitability.

Although sustainable development is equally important for all types of companies, financial organizations are more important when it comes to benefiting from non-financial reporting as they play the most significant role of keeping the financial system of a country stable and ultimately impacting economic growth (Galletta, Mazzù, and Naciti, 2022). Hence, the concept of sustainability is particularly critical for financial institutions like banks. Even though earlier studies have been more focused on the implementation of ESG goals and their relation to performance in non-financial settings, the number of scientific works on ESG performance in the banking industry is growing. One such study (Galletta, Mazzù, and Naciti, 2022) particularly outlines an interesting finding: the reduction in CO2 emissions as well as environmental transparency are the most pivotal factors of bank stability. This discovery also justifies why stockholders and bondholders are much more concerned about these environment-related elements of a company than corporate governance. Supervisors, in return, have started to introduce new measures that predict any climate risk impact on the banks and also try to decrease or avoid climate-related financial risks.

- **The shift in accounting information system: from financial to non-financial reporting**

Today's constantly changing business environment requires companies to remain relevant in the market and for this purpose, they need credible information that gives effective contribution to decision-making. An accounting information system refers to a system which gathers and analyzes financial information and is a valuable source of accounting data. Hence, one may conclude that information systems are essential for managers and stakeholders to generate information of high quality that is useful for them while making successful decisions. However, recent literature has started to put an equal emphasis on non-financial information as well (Monteiro, et al., 2022).

In traditional accounting practices, financial information is believed to be more than enough for evaluating an economic entity. Nevertheless, the accounting profession has undergone a remarkable evolution as in the last decade, it has started to value non-financial information. Consequently, the significant role of non-financial information in the decision making process is gaining recognition. The true meaning of non-financial information is still ambiguous. Earlier it was seen as additional information that is not included in the financial statements, whereas lately, scholars linked the term to information regarding sustainability and social responsibility. Non-financial information is defined as a wide variety of components as well as problems that are related to the environment and society are considered crucial for enhancing transparency and promoting accountability towards stakeholders.

Non-financial reporting represents a holistic evaluation of a company's performance based on social and environmental (non-financial) parameters. It is a common belief that non-financial reporting serves many benefits to an economic entity. For instance, it ensures more transparency by disclosing information to shareholders and at the same time, encourages the accomplishment of sustainable development goals by holding the company responsible for its overall behaviour and actions (Marinescu, 2019). This also helps the companies in building a relationship with their stakeholders that is based on trust. Moreover, this type of behaviour enhances their reputation by generating positive publicity in the media. It becomes a component of the strategic plan of a company and is considered important for achieving sustainability and managing corporate reputation.

Preparing non-financial reports is a complex process and for adapting to non-financial ESG type, companies usually rely upon European or international frameworks. This process has three phases: preparation phase, integration phase and reporting phase. Under the preparation phase, ESG objectives are elaborated and evaluated along with the integration of these objectives into the strategic framework. Once the objectives are well-set, they are then aligned with the business strategy and reporting standards. In the integration phase, the ESG goals are integrated into resource allocation and processes take place to meet stakeholders' expectations. The Reporting phase materializes ESG disclosure in compliance with internationally recognized standards.

- **Non-financial reporting in present-day Romania**

Stock exchanges play a critical role in facilitating the shift to a green economy by stimulating and establishing corporate sustainability frameworks and viable green finance structures. We expect these trends to grow further in the following decade, in sight of the Paris agreement and planned EU law aimed at improving non-financial reporting in financial markets. The Bucharest Stock Exchange launched many local initiatives to assist local issuers in improving their ESG reporting and promoting the local application of ESG criteria (Bucharest Stock Exchange, 2022).

There is a growing number of institutional investors that evaluate an economic entity's performance by its non-financial reports. While 98% of institutional investors claim that they do take into consideration a company's non-financial performance, only 72% of them confirmed to have a structured evaluation. However, this number has improved since 2018, when the percentage of the structured evaluation of non-financial performance was only 32%. This is enough reason for companies to pay more attention towards their social actions and be more responsible towards the environment and society in general. Furthermore, EY reports also claim that there exists a discrepancy between the goals and objectives of the companies and investors, which is increasingly becoming an issue as the investors claim that sustainability reports are not up to their expectations. There is a growing need to close this gap and researchers explain that to do so, companies must try to gain a better understanding about the sustainability expectations of their potential investors (EY Romania, 2020).

Non-financial reporting was not compulsory till the Directive 2014/95/EU was adopted in 2014 and came into force in Romania through OMFP 1938/2016, which requires the inclusion of non-financial reporting in the annual management report of the companies that seek public-interest (Marinescu, 2020). It is one of the most significant regulations that obligates specific big companies from the European Union to implement sustainability reporting (Bucharest Stock Exchange, 2022). Nevertheless, at that point, the non-financial ESG type of reporting was not completely new for Romanian companions as many had already started to implement these practices voluntarily. According to a report of PwC Romania, regardless of the introduction of these new guidelines by the authorities, currently in Romania, 30% of the firms listed on BVB or Bucharest Stock Exchange still do not have any plan to implement ESG goals, while only 10% of them claim to have a sustainability strategy. When taking into consideration the European Union's Sustainable Development Goals (SDGs), the current situation seems to be challenging. Therefore, it is the need of the hour for Romanian companies to be more committed to sustainability, hereby complying with the new norms of non-financial reporting.

Conclusions

CSR, which concentrated majorly on the social dimension, gradually transformed into what we know today as the ESG framework. This broader approach considers sustainability as a part of an organization's overall strategy.

Basically, the ESG framework encompasses environmental, social and governance factors that impact the performance of any given company. Considering these factors provides many benefits to an organization, such as financial stability and better financial performance. Although, the opinions of researchers regarding this topic are divided, majority of the institutional investors are reconsidering their approaches and also recognizing business sustainability as an important factor. This is why ESG investing has been gaining a lot of recognition.

Furthermore, we studied that the relative importance of ESG factors varies depending on the type of company as well as the macroeconomic situation of a country.

The stock exchange plays an important role in promoting non-financial reporting. In Romania, regardless of the legislative implications, many companies in Romania have not adopted sustainability reporting. Moreover, many of the companies that have already embraced it, have not yet succeeded in exceeding the benchmarks of their potential.

The new trend of ESG is shaping the world differently by increasing the expectations of institutional investors. This is also widening the gap between the goals of companies and those of the investors. Consequently, there is a growing need for companies to better understand their needs and expectations.

References

[1] Azmi, W., Hassan, M.K., Houston, R. and Karim, M.S., 2021. ESG activities and banking performance: International evidence from emerging economies. *Journal of International Financial Markets, Institutions and* Money, [e-journal] 70, p.101277. https://doi.org/10.1016/j.intfin.2020.101277.

[2] Barangă, L.P. and Țanea, E.I., 2022. Introducing ESG reporting - benefits and challenges. *Journal of Financial Studies*. [e-journal] 7(13), pp.174-181. Available at: <https://revista.isfin.ro/wp-content/uploads/2022/11/14.-Baranga-Laurentiu.pdf>

[3] Bogeanu-Popa, M.M., 2021. REPORTING OF NON-FINANCIAL ESG TYPE INFORMATION. THE STAKEHOLDERS'INTEREST. In *Annals of the University of Petroşani, Economics.* [pdf] 21(2), pp.47-56. Available at: <https://www.upet.ro/annals/economics/pdf/2021/p2/5).%20Bogeanu-Popa.pdf

[4] Bucharest Stock Exchange, 2022. *ESG Reporting Guidelines*. [pdf] Bucharest Stock Exchange. Available at: <https://bvb.ro/info/Rapoarte/Ghiduri/ESG_Reporting_Guidelines.pdf> [Accessed 20 January 2023].

[5] Chen, C.D., Su, C.H.J. and Chen, M.H., 2022. Are ESG-committed hotels financially resilient to the COVID-19 pandemic? An autoregressive jump intensity trend

model. *Tourism Management*, [e-journal] 93, p.104581. https://doi.org/10.1016/j.tourman.2022.104581.

[6] Deloitte, 2021. Reporting of non-financial information. [pdf] Belgium: Deloitte. Available at: <https://www2.deloitte.com/content/dam/Deloitte/be/Documents/audit/DT-BE-reporting-of-non-financial-info.pdf> [Accessed 20 January 2023].

[7] European Banking Authority, 2021. *EBA REPORT ON MANAGEMENT AND SUPERVISION OF ESG RISKS FOR CREDIT INSTITUTIONS AND INVESTMENT FIRMS.* [pdf] Paris: European Banking Authority. Available at: <https://www.eba.europa.eu/sites/default/documents/files/document_library/Publications/Reports/2021/1015656/EBA%20Report%20on%20ESG%20risks%20management%20and%20supervision.pdf > [Accessed 20 January 2023].

[8] EY Romania, 2020. Raportarea rezultatelor de mediu, social și guvernanță (ESG) de către companii devine foarte importantă în evaluarea investitorilor, [online] Available at: <https://www.ey.com/ro_ro/news/2020/08/-esg-disclosures-take-center-stage-as-investors-raise-stakes-to-> [Accessed 20 January 2023].

[9] Foltynowicz, Z. and Kaps, R., 2022. ESG–A New Global Trend. Examples for Austria, Poland, and Romania, In *BASIQ 2022 International Conference on New Trends in Sustainable Business and Consumption*. Graz, Austria, 25-27 May 2022.

[10] Galletta, S., Mazzù, S. and Naciti, V., 2022. A bibliometric analysis of ESG performance in the banking industry: From the current status to future directions. *Research in International Business and Finance*, [e-journal] 62, p.101684. https://doi.org/10.1016/j.ribaf.2022.101684.

[11] Gordon, T. and Bell, M., 2022. Reframe your future bridge with blue digital center section How can corporate reporting bridge the ESG trust gap? *Ernst & Young Global Limited* [online] Available at: <https://www.ey.com/en_gl/assurance/how-can-corporate-reporting-bridge-the-esg-trust-gap> [Accessed 20 January 2023].

[12] Kharchyshyna, O., 2014. Corporate social responsibility: literature review. In *Modern problems of management: economics, education, health care and pharmacy: 2nd International Scientific Conference*. Kyiv, Ukraine. 23 October 2014.

[13] Li, T.T., Wang, K., Sueyoshi, T. and Wang, D.D., 2021. ESG: Research progress and future prospects. *Sustainability*, [e-journal] 13(21), p.11663. https://doi.org/10.3390/su132111663.

[14] Marinescu, A.O., 2020. Analysis on the Compliance of Sustainability Reports of Romanian Companies with GRI Conceptual Framework. *Audit Financiar*, [e-journal] 18(158). http://dx.doi.org/10.20869/AUDITF/2020/158/011.

[15] McKinsey & Company, 2019. Five ways that ESG creates value *McKinsey Quarterly*, [online] Available at: <https://www.mckinsey.com/capabilities/strategy-and-corporate-finance/our-insights/five-ways-that-esg-creates-value> [Accessed 20 January 2023].

[16] Monteiro, A.P., Vale, J., Leite, E., Lis, M. and Kurowska-Pysz, J., 2022. The impact of information systems and non-financial information on company success. *International Journal of Accounting Information Systems*, [e-journal] 45, p.10055. https://doi.org/10.1016/j.accinf.2022.100557.

[17] Movileanu, M., 2022. *PwC Romania report: Only 30% of BVB-listed companies have an ESG implementation plan*. Available at: <https://www.pwc.ro/en/press-room/press-releases-2022/pwc-romania-report--only-30--of-bvb-listed-companies-have-an-esg.html> [Accessed 20 January 2023].
[18] National Action Plans on Business and Human Rights, n,d. *Non-financial reporting*. Available at: https://globalnaps.org/issue/non-financial-reporting/#:~:text=Non%2Dfinancial%20Reporting%20%5Bpage%2015%5D&text=It%20requires%20certain%20companies%20known,rights%2C%20and%20prevention%20of%20corruption [Accessed 20 January 2023].
[19] Napoletano, E. and Curry, B., 2022. Environmental, Social And Governance: What Is ESG Investing? *Forbes*, [online] 24 February. Available at: <https://www.forbes.com/advisor/investing/esg-investing/> [Accessed 20 January 2023].
[20] Ortiz-Martínez, E., Marín-Hernández, S. and Santos-Jaén, J.M., 2023. Sustainability, corporate social responsibility, non-financial reporting and company performance: Relationships and mediating effects in Spanish small and medium sized enterprises. *Sustainable Production and Consumption*, [e-journal] 35, pp. 349-364. https://doi.org/10.1016/j.spc.2022.11.015.
[21] Park, S.R. and Jang, J.Y., 2021. The impact of ESG management on investment decision: Institutional investors' perceptions of country-specific ESG criteria. *International Journal of Financial Studies*, [e-journal] 9(3), p.48. https://doi.org/10.3390/ijfs9030048.
[22] Pineau, E., Le, P. and Estran, R., 2022. Importance of ESG factors in sovereign credit ratings. *Finance Research Letters*, [e-journal], 49, p.102966. https://doi.org/10.1016/j.frl.2022.102966.
[23] Saini, N., Singhania, M., Yadav, M.P., Hasan, M. and Abedin, M.Z., 2022. Non-financial disclosures and sustainable development: A scientometric analysis. *Journal of Cleaner Production*, [e-journal], 381, p.135173. https://doi.org/10.1016/j.jclepro.2022.135173.
[24] United Nations, n,d. SUSTAINABLE DEVELOPMENT GOALS. [online] United Nations: UN SDGs. Available at: <http://asdun.org/?page_id=2528&ckattempt=2&lang=en> [Accessed 20 January 2023].
[25] United Nations, n,d. *The Paris Agreement*, [online] Available at: <https://www.un.org/en/climatechange/paris-agreement > [Accessed 20 January 2023].
[26] Wong, D.T. and Ngai, E.W., 2021. Economic, organizational, and environmental capabilities for business sustainability competence: Findings from case studies in the fashion business. *Journal of Business Research*, [e-journal], 126, pp.440-471. https://doi.org/10.1016/j.jbusres.2020.12.060.