

ANALYSIS OF THE INFORMATION ON THE SOCIAL ASPECTS SUBMITTED IN THE SUSTAINABILITY REPORT BY THE COMPANIES IN ROMANIA WHICH USE THE SUSTAINABILITY REPORTING STANDARDS DEVELOPED BY GRI

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***Abstract:** Starting with the financial year for 2017, public interest entities in Romania that register more than 500 employees are obliged to publish non-financial information in the administrator's report or in a separate report. This information refers to environmental, social, human rights, anti-corruption and bribery issues, as well as other aspects considered significant. The objective of this article is to analyze the information reported by the Romanian companies that use the reporting standards issued by the Global Reporting Initiative, regarding the social aspects.*

***Key words:** 500 employees, non-financial information, environmental, social issues.*

***JEL Classification:** M14.*

1. Introduction

The cornerstone of the non-financial declaration, regulated by Directive 2014/95 / EU of the European Parliament and of the Council of 22 October 2014, can be considered the Communication adopted by the European Commission in 2011 "The Single Market Act - Twelve levers for stimulating growth and Confidence building - "Together for a new growth". In this Communication, the need to increase the transparency and comparability of the information disclosed by the companies in the reports on sustainability, regarding the social and environmental elements was found at European level.

Subsequently, the Commission adopted "A new EU strategy (2011-2014) for corporate social responsibility", in which it underlined the need to improve the presentation by companies of information on social and environmental elements.

Two years later, the European Parliament through its resolutions on "Corporate social responsibility: responsible and transparent business behavior and sustainable economic growth" and "Corporate social responsibility: promoting the interests of society and a path to economic recovery. sustainable and comprehensive ", confirmed the importance of presenting companies with information on sustainability, such as environmental and social factors, in order to identify the risks regarding sustainability and to increase the confidence of consumers and investors.

In this context, the European Parliament invited the Commission to prepare a legislative proposal on the reporting of non-financial issues by companies. The European Parliament also underlined the need for a high level of flexibility in presenting information, given the multidimensional nature of corporate social responsibility and the diversity of corporate social responsibility policies. At the same time, reporting non-financial information should allow comparisons and provide stakeholders, investors and consumers with easy access to information on the impact of companies on society.

Thus, on October 22, 2014, the directive of the European Parliament and of the Council amending Directive 2013/34 / EU regarding the presentation of non-financial information and information on diversity by certain large companies and groups was adopted.

The aforementioned directive was transposed into national law by the Ministry of Public Finance through the Order of the Minister of Public Finance no. 1.938 of August 17, 2016 published in the Official Gazette Part I, 680/2.IX.2016.

The key moments in the emergence of the concept "non-financial statement" are graphically represented in Figure no. 1 Non-financial statement - key moments

Figure no. 1 Non-financial statement - key moments

April 13, 2011	EC Communication entitled "The Single Market Act - Twelve levers for stimulating growth and strengthening confidence -"Together for a new growth"
October 25, 2011	Commission communication entitled "A new EU strategy (2011-2014) for corporate social responsibility"
February 6, 2013	European Parliament resolutions "Corporate social responsibility: responsible and transparent business behavior and sustainable economic growth" and "Corporate social responsibility: promoting the interests of society and a path to a sustainable and comprehensive economic recovery"
October 22, 2014	Adoption of the European directive on the presentation of non-financial information and information on diversity by certain companies and large groups.

2. Content of the non-financial statement

The companies that fall under the provisions of the Order of the Minister of Public Finance no. 1.938 / 2016 are obliged to prepare and publish the Non-financial Statement. It should contain, where they are necessary for understanding the performance, position, development of society and the impact of its activity, at least information on social and personnel, environmental, respect for human rights and fight against bribery and corruption. .

It is also necessary that the non-financial information disclosed in the prepared report should also include the following:

- a brief presentation of the business model of the company;
- a presentation of the policies approved by the company in relation to the social and personnel aspects, the environment, the fight against corruption and the giving, the respect of human rights, including the due diligence procedures applied;
- the results of the mentioned policies;
- the main risks related to social issues, the environment, the fight against corruption and bribery, respect for human rights arising from the entity's operations, including, when proportionate and relevant, how the company manages the aforementioned risks, its services or products that it could also have a negative impact on its business relationships;
- key non-financial performance indicators considered relevant for the activity of the entity.

In the event that an entity has not adopted a policy regarding one or more of the elements presented, then it must present this aspect in the non-financial statement and justify its decision.

Also, disclosure of information on matters under negotiation or impending developments may be omitted in exceptional cases where disclosure of such information would significantly damage the company's business position, provided that such omissions do not lead to misunderstanding of the development, the performance and position of the company and the impact of its activity. This omission must be submitted to the opinion of the members of the management, administrative and supervisory bodies, who bear collective responsibility for the opinion given.

In order to disclose non-financial information, entities may be guided by international, national or European Union frameworks, specifying this aspect in the prepared report.

In the table no. 1 summarizes the main aspects to be reported in the non-financial statement.

Table no. 1 Aspects to be reported in the non-financial statement

Issues	Social and personal
	Environment
	Respecting the human rights
	Combating corruption and bribery
	The business model
	Policies adopted in relation to social and personnel, environmental, human rights, anti-corruption and bribery issues
	Results of policymakers adopted in relation to social and personnel issues, environment, respect for human rights, fighting corruption and bribery
	Main risks related to social and personnel aspects, environment, respect for human rights, combating corruption and bribery arising from the operations of the entity
	Significant non-financial performance key indicators for the specific activity of the entity

3. Information disclosed in the non-financial statement on social and personnel issues

Companies that fall within the area of applicability of the Non-Financial Directive must present in the non-financial declaration the following significant information regarding social and personnel aspects.

Of these, the following information is considered relevant:

- fulfilling the fundamental conventions of the ILO;
- the relationship with the trade union organizations, including regarding the respect of the trade union rights;
- issues related to employment, including employee participation and / or consultation;
- presentation of working and employment conditions;
- diversity issues, such as equal treatment in employment (including those related to religion, age, disability, sexual orientation, gender, ethnicity and other significant issues) and gender diversity;

- human resources management, including career and restructuring management, professional insertion, remuneration system, vocational training;
- the relationship with customers, products and services with possible effects on the safety and health of consumers, accessibility of products and services, degree of consumer satisfaction;
- consequences for vulnerable consumers;
- safety and health at work;
- responsibility for marketing and research; and
- the relationship with the local communities, including the contribution to their economic and social development.

Information on religious or philosophical belief, ethnic or racial origin, sexual orientation and membership of unions are considered as special personal data relating to a natural person, according to Article 9 of Regulation (EU) 2016/679, and which must be processed under the conditions mentioned to that article. As a result, companies should only publish aggregated or anonymized data (so that the respective persons are not identifiable) regarding the aforementioned issues.

In communicating information on social and personnel issues, entities may find it useful to guide internationally recognized frameworks, such as the IOM Tripartite Declaration on Principles on Multinational Companies and Social Policy, OECD Guidelines for Multinational Companies, ISO 26000.

For example, entities may publish the following key non-financial performance indicators related to social and personnel issues:

- the number of workers who carry out activities with a high risk of specific diseases or accidents;
- number of accidents at work, types of occupational diseases or injuries;
- gender diversity and other elements related to diversity;
- workers who benefit and are entitled to parental leave, according to gender;
- processes for consulting employees;
- number of workers employed by temporary contracts, by gender;
- average hours of vocational training per year for each worker, according to gender;
- staff turnover rate;
- persons with disabilities employed.

4. Analysis of information on the social aspects presented in the non-financial statement by Romanian companies using GRI Standards

In order to disclose non-financial information, Romanian entities may use different reporting frameworks. Of these, the most internationally recognized are:

- The Global Compact of Enterprises (UN);
- Guiding principles on business and human rights for the implementation of the UN protection, respect and remediation framework;
- Guidelines on OECD multinational enterprises;
- ISO 26000 standard of the OIS;
- Tripartite declaration establishing the principles regarding multinational enterprises and ILO social policy;
- The Global Reporting Initiative (GRI).

At the level of 2019, the Romanian companies that used for reporting non-financial information the standards developed by the organization of the Global Reporting Initiative are the following:

1. CEZ Romania

2. Distribution Energie Oltenia SA
3. Electrica
4. Kaufland Romania
5. Patria Bank
6. Petrom
7. Romanian Power Grid Company-Transselectrica SA

Also, according to the requirements, the entities notified the GRI regarding the use of the standards issued by this organization for reporting non-financial information. Notification was made either by submitting the sustainability reports or by the report registration system, available on the Global Reporting Initiative website.

Another requirement of this organization is the verification of sustainability reports. This verification may be carried out by the reporting entity or by a third party authorized by the reporting entity.

In the table no. 3 are presented the key indicators of non-financial performance regarding the personnel aspects used by the 7 companies selected for the analysis of the social information reported in 2019.

All entities reported information on the health and safety of employees, except Patria Bank. This omission may be due to the fact that the entity did not consider this information to be relevant in relation to its specific activity.

Regarding the information regarding the professional training of the employees, all the entities reported data on the training programs in which they participated.

Disclosures regarding the benefits and the policy of renumbering the employees were presented by most of the entities under analysis.

Regarding the number of employees, types of employment contracts, staff turnover, gender diversity, it can be observed that sufficient data were reported in this case as well.

Regarding the number of resignations, persons with disabilities employed and the number of dismissed persons, it is observed that only one entity presented the number of persons with disabilities employed, and regarding the number of resignations and dismissals, two entities reported data.

5. Conclusions

The introduction of the obligation for large companies to present a series of non-financial information in their reporting cycle gave a clear signal of increasing transparency and accountability in business on social and environmental level.

The practice of reporting non-financial information can help companies move from complying with legal regulations, improving business conduct and increasing their contribution to building a more sustainable future.

Sharing verifiable, qualitative and clear information creates and enhances trust in the organization of key stakeholders, including investors, clients and civil society. This information not only provides stakeholders with an understanding of how business is conducted, but also how major environmental and social risks are taken into account by companies or even turned into opportunities. Presenting this information to stakeholders and integrating their feedback into business disclosures and activities leads to greater stakeholder involvement and helps entities better manage stakeholder expectations.

The level of delineation of information on social and personnel issues disclosed by the 7 entities analyzed is sufficient, but it can be improved by consulting stakeholders on the information they need to know.

Thus, collaborating with stakeholders, reviewing evaluations, managing risks and performance are the necessary ingredients for companies to generate a more positive impact and to improve their company value.

Table no. 3 Key non-financial performance indicators reported by companies using GRI standards

The society	Information on fixed-term contracts	Information on contracts for an indefinite period	Information on part-time contracts	Information on the existence of collective labor contracts	Information on the number of new employees and staff turnover	Information on the number of employees with disabilities	Information on the number of resignations and dismissed persons	Information about employees on leave for child-rearing	Information on employees eligible for retirement	Employee health and safety information	Information on vocational training and training	Information on employee benefits and remuneration policy
CEZ Romania	x	x	x	x	x		x	x	x	x	x	
Distribution Energie Oltenia SA					x			x	x	x	x	x
Electrica				x	x					x	x	
Kaufland România	x	x	x	x	x	x		x		x	x	x
Patria Bank	x	x	x		x		x				x	x
Petrom				x				x		x	x	x
Romanian Power Grid Company- Transelectrica SA				x						x	x	

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