

Romania's new Sustainability Code

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Speed read

- The Romanian Sustainability Code implements the National Strategy for Sustainable Development.
- The Code introduces reporting on a sole governmental online platform.
- Reporting is to be done based on GRI Universal Standards.
- A set of guidelines serves to classify areas of sustainability reporting, with criteria grouped into four categories: strategy, process management, environment and society.
- Each criteria has an associated checklist of questions to indicate the level of compliance.
- The platform is free of charge and is expected to improve traceability, transparency and visibility.
- The increased transparency resides in the centralization of the reports on a publicly accessible platform, allowing any entity to submit the report, while also making the reports publicly available.

As part of the National Strategy for the Sustainable Development of Romania 2030, a Romanian Sustainability Code ("RSC" or "Code") was approved by Government Decision no. 1.117/2023, aiming to provide stakeholders with a clearer understanding of the requirements on sustainability reporting, as well as a free-of-charge reporting platform.

Context

The National Strategy for Sustainable Development was approved in response to Romania's commitment to the 17 Sustainable Development Goals (SDGs) of the 2030 Agenda, as introduced by the UN General Assembly Resolution A/RES/70/1 and adopted during the UN Sustainable Development Summit held in September 2015.

The strategy outlines Romania's national framework for supporting the 2030 Agenda and the implementation of the 17 SDGs and focuses on economic, social and environmental development.

Goals

The RSC is considered an important step in promoting sustainability and transparency in the Romanian business environment, aiming to:

1. increase the number of entities reporting sustainability information,
2. improve the transparency of these reports and
3. ensure their comparability.

The new methodology aims at making the reporting more accessible and transparent, providing guidance on what

should be included in sustainability reports.

What are the steps to report?

Step 1. Register on the platform website [Home \(gov.ro\)](https://home.gov.ro).

Step 2. Complete and assess criteria and indicators.

Step 3. Complete the report.

Step 4. Submit for verification.

Step 5. Publish the report.

Step 6. Report can be downloaded and used.

Step 7. Reports can be viewed on the platform.

Who needs to report?

Mandatory reporting – entities that, at the balance-sheet date, exceed an average number of 500 employees during the financial year.

Voluntary reporting – any entity that does not have a legal obligation to produce a (non-financial) sustainability statement but is willing to inform stakeholders about its sustainability achievements.

What are the reporting standards?

- GRI Universal Standards – for all organizations
- GRI Sector Standards – for specific sectors
- GRI Topic Standards, each listing disclosures which are relevant to a particular topic.

These standards determine what topics are material in helping organizations to achieve sustainable development.

Criteria for sustainability assessment

The Code's criteria are a set of guidelines that serve to classify areas of sustainability reporting; each criterion contains a series of performance indicators, based on which users produce their sustainability reports.

Criteria are grouped into four categories: strategy, process management, environment and society, with a configuration including the following:

Strategy:

- Strategic analysis and actions
- Materiality
- Objectives
- Complexity of the value chain

Process management:

- Responsibility

- Rules and processes
- Control
- Incentive system
- Stakeholder involvement
- Innovation and product management

Environment:

- Natural resource use
- Resource management
- Climate-relevant emissions

Society:

- Employee rights
- Equal opportunities
- Qualifications
- Human rights
- Corporate citizenship
- Political influence
- Conduct under the law and guidelines.

Checklists

Each of the 20 criteria has a corresponding valuation checklist, with explanations of the criteria to be met in the context of the sustainability report, details of the criteria content and useful performance indicators.

Benefits of the platform

The use of the RSC platform is free of charge for all entities. The report can be downloaded and submitted as a non-financial statement according to the regulations in force.

Reporting entities receive confirmation of having published the sustainability report, which can also serve as a promotional tool.

The platform provides examples to guide users on how to comply with the (non-financial) sustainability reporting obligation and practical implementation of the EU taxonomy.

Reporting on the platform can provide traceability and a way to monitor the progress of entities in sustainability matters; it also makes it possible to compare data included in published (non-financial) sustainability reports.

The Sustainable Development Department, organized by the Romanian government in the context of Romania's National Strategy for Sustainable Development, will provide expert feedback to the platform's users, as regards the completeness of the information included.

Other info

The Code entered into force on 21 November 2023 and is inspired by the German model, which has already been replicated in other EU jurisdictions. For companies that must comply with the CSRD Directive, the Code can be a useful instrument to prepare reporting compliance.

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