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MAPPING THE IMPACT OF CSRD ON NON-FINANCIAL REPORTING: A SYSTEMATIC QUALITATIVE REVIEW OF ACADEMIC LITERATURE AND LEGISLATIVE PROVISIONS

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Abstract: *This article examines the impact of the Corporate Sustainability Reporting Directive (CSRD 2022/2464/EU) on companies operating in Romania and the European Union, against the backdrop of a fundamental transformation in the non-financial reporting framework. Through a systematic review of specialized literature, a comparative legislative analysis and an original quantitative textual analysis of the two directives' official texts, the study identifies the structural novelties introduced by the CSRD relative to its predecessor, the Non-financial Reporting Directive (NFRD 2014/95/EU). The paper addresses three research questions: (**RQ1**) What are the main normative and qualitative differences between the NFRD and CSRD? (**RQ2**) To what extent does Romania's current legislative framework align with CSRD requirements? (**RQ3**) What is the estimated magnitude and timeline of CSRD's impact on Romanian companies? The term frequency analysis demonstrates that the CSRD operates a substantial qualitative and quantitative extension of the NFRD, shifting the lexical center of gravity from general disclosure concepts to a structured normative architecture founded on standardization, double materiality and independent assurance. The qualitative analysis reveals that the CSRD does not represent a mere technical update, but a paradigm shift from a voluntary selective model to a verifiable accountability regime, with profound implications for stakeholder theory, organizational legitimacy and sustainable capital allocation. The findings indicate that Romania faces a significant compliance gap, with current legislation covering fewer than 100 entities compared to the projected 1500 - 2000 companies to be directly affected by 2027. The conclusions emphasize that this legislative transition presents both significant opportunities for investment attractiveness and substantial challenges related to institutional capacity and compliance costs.*

Keywords: *CSRD; NFRD; non-financial reporting; sustainability; double materiality; Romania; ESRS.*

JEL Classification: *M40; M41; M42*

1. Introduction

Corporate sustainability reporting has undergone a profound transformation in the last decade, driven by growing pressures from investors, civil society and regulators seeking greater transparency in companies' social and environmental behavior. The Corporate Sustainability Reporting Directive (CSRD 2022/2464/EU), adopted by the European Parliament and Council of the European Union in December 2022, represents the most ambitious European legislative instrument in the field of non-financial reporting, superseding the Non-financial Reporting Directive (NFRD) of

2014. The adoption of the CSRD is deeply embedded in the global climate agenda anchored in the Paris Agreement (2015), the EU Taxonomy for Sustainable Finance (Regulation 852/2020) and the European Green Deal (2019), which targets net zero carbon emissions by 2050. Sustainability reporting has thus evolved from a corporate communication exercise into a public policy instrument: a mechanism for reallocating capital toward sustainable economic activities and for enforcing accountability beyond the confines of traditional financial disclosure.

Despite the growing body of literature on the CSRD at the EU level (Nicoletti et al., 2022; Baumüller & Sopp, 2022; Cortes & Elayan, 2023), significant research gaps persist. First, studies combining quantitative textual analysis of directive provisions with qualitative regulatory gap assessments for specific Member States remain rare, particularly for Central and Eastern European economies. Second, the academic literature has not yet systematically examined Romania's compliance trajectory, despite evidence that the country presents a distinctly challenging context: a low baseline in non-financial reporting (Dumitru et al., 2019), limited institutional capacity (Tiron Tudor et al., 2023) and a carbon intensive economic structure. Third, the conceptual implications of mandatory double materiality and its tensions with international standards such as ISSB IFRS S1 and S2 have not been critically examined in the context of emerging EU economies.

This article addresses these gaps by pursuing three research questions:

- **RQ1**: What are the main normative and qualitative differences between the NFRD and CSRD, as evidenced both by legislative text analysis and academic scholarship?
- **RQ2**: To what extent does Romania's current legislative and institutional framework align with CSRD requirements and what are the primary sources of nonconformity?
- **RQ3**: What is the estimated magnitude and timeline of CSRD's direct impact on Romanian companies and what specific challenges and opportunities does this imply?

The research method is qualitative and systematic, combining: (i) a structured review of peer reviewed literature on NFRD and CSRD; (ii) a comparative legislative analysis grounded in the official EU and Romanian legal texts; (iii) an original quantitative textual analysis of key term frequencies in the two directives and (iv) an estimation of CSRD's direct impact on Romanian companies based on Eurostat firm size data and EFRAG projections.

The paper is organized into five sections. Following this introduction, Section 2 reviews the relevant academic literature and theoretical foundations. Section 3 examines the regulatory evolution from NFRD to CSRD, including the comparative normative architecture. Section 4 presents the analytical findings term frequency analysis and Romania - EU legislative gap assessment. Section 5 integrates the discussion of impact, implications and conclusions.

2. Literature Review and Theoretical Framework

2.1. Theoretical Foundations of Non-financial Reporting

The academic literature on sustainability reporting draws on three principal theoretical frameworks, each illuminating a distinct facet of the reporting incentive structure. Stakeholder theory (Freeman, 1984) posits that organizational performance must be assessed not solely through the lens of shareholders, but across the full spectrum of affected parties. The normative dimension of this theory

has been progressively codified in EU legislation: the CSRD, by mandating reporting on impacts affecting communities, ecosystems and future generations, represents perhaps the most ambitious legislative instantiation of stakeholder theory in European corporate law.
Legitimacy theory (Suchman, 1995; Deegan, 2002) offers a complementary and more critical perspective, suggesting that organizations disclose social and environmental information primarily to justify their existence in relation to societal norms rather than to generate genuine accountability. This theoretical lens is particularly revealing in light of the transition from NFRD to CSRD: the very evidence that the NFRD failed to prevent selective and strategically motivated disclosure (Ioannou & Serafeim, 2017; Rinaldi et al., 2018) constitutes the empirical foundation for the CSRD's shift to mandatory, auditable, standardized reporting. The CSRD can thus be read as a legislative response to the documented pathologies of legitimacy seeking behavior under voluntary selective frameworks.
Agency theory and information asymmetry (Jensen & Meckling, 1976) provide the economic rationale for mandatory standardization: when sustainability information is non comparable, unaudited and strategically filtered, capital markets cannot efficiently incorporate ESG risk into asset pricing, thereby increasing monitoring costs. Krueger et al. (2021) demonstrate empirically that institutional investors increasingly price climate risk, but their ability to do so accurately is constrained by the quality and comparability of reported data precisely the gap that the ESRS framework is designed to address.

2.2. Literature on the NFRD: Evidence of Structural Limitations

Hess (2015) conducted one of the first critical analyses of the NFRD, concluding that the directive, while an important step, conceded excessive discretion to companies through the 'comply or explain' principle, generating significant information asymmetries. This observation proved prescient: subsequent empirical studies confirmed that the absence of mandatory standards produced reporting that was voluminous, but not comparable, detailed, but not verifiable.
Carmo et al. (2018) analyzed reporting quality across five EU Member States (Germany, France, Spain, Italy, and Poland), finding that NFRD implementation varied substantially according to local corporate culture and institutional investor pressure. Critically, Romania was absent from this study a lacuna that itself signals the peripheral status of Central and Eastern European economies in the EU sustainability reporting literature and one that this paper seeks to partially redress.
Dumitru et al. (2019), in a study specifically focused on Romanian and Polish companies, found that compliance with NFRD requirements among BVB listed entities stood at approximately 38%, well below the EU average of 62%, attributing this deficit to insufficient internal reporting capacity and weak institutional enforcement.
Rinaldi et al. (2018) and Eccles & Serafeim (2013) raised a concern that anticipates a key risk of the CSRD era: mandatory reporting may generate 'tick box compliance' behavior formal adherence without substantive informational content. This critique should not be dismissed as merely theoretical; as Velte (2021) demonstrates, the correlation between ESG reporting quality and financial performance is positive, but moderate and highly sector dependent, suggesting that reporting volume and genuine sustainability outcomes are not synonymous. The effectiveness of the CSRD's mandatory framework will ultimately depend not only on the normative

architecture of the directive, but on the rigor of assurance, the sophistication of materiality assessments and the enforcement capacity of national supervisory authorities.

2.3. Emerging CSRD Literature: Opportunities and Critical Perspectives
The rapidly growing literature on the CSRD reveals a productive tension between optimistic assessments of the directive's potential and more cautious analyses of its implementation risks. Nicoletti et al. (2022) identify four transformative dimensions relative to the NFRD: (i) the dramatic expansion of scope from approximately 11700 to over 50000 companies; (ii) the mandatory introduction of double materiality; (iii) the standardization of reporting through the ESRS and (iv) the requirement for external assurance. This taxonomy of novelties is empirically robust and forms the analytical basis for the comparative analysis in Section 3.
Baumüller & Sopp (2022) provide one of the most rigorous assessments of the ESRS standards, arguing that they represent a qualitative advance over both GRI and TCFD frameworks, primarily due to their mandatory integration and alignment with EU Taxonomy definitions. However, the authors also note significant implementation complexity, particularly around the dual materiality assessment, which requires companies to conduct sophisticated stakeholder engagement and impact assessment exercises that many especially SMEs may lack the capacity to perform adequately.
Cortes & Elayan (2023) demonstrate that the announcement of CSRD adoption generated statistically significant positive capital market reactions for companies exposed to environmental risk, suggesting that investors anticipate material benefits from enhanced transparency. For Romania, where FTSE emerging market status was achieved in 2024, this finding carries particular relevance: the quality of ESG disclosure may become a direct determinant of capital allocation by international institutional investors.
In the Romanian context, Tiron Tudor et al. (2023) find that only 23% of non-EIP companies surveyed had formalized CSRD compliance preparation strategies compared to an EU average of 47% identifying data infrastructure and professional ESG training as the primary barriers. Dobrea et al. (2022) and Ionescu (2023) further contextualize Romania's situation by demonstrating that access to European cohesion and recovery funds is increasingly conditioned on sustainability reporting maturity, creating an additional systemic incentive for compliance beyond regulatory obligation. Together, these studies paint a picture of a country where the gap between normative requirements and institutional readiness is unusually wide and where the consequences of non-compliance extend beyond legal sanctions to competitive disadvantage in European capital and funding markets.

3. Regulatory Framework: From NFRD to CSRD
3.1. The European Legislative Trajectory
The European legislative evolution in non-financial reporting reflects a coherent progression from fragmented, voluntary initiatives toward an integrated and mandatory accountability framework. Initial European interventions date to Directive 2003/51/EC, which modernized annual reporting requirements by introducing for the first time the obligation to include environmental and social indicators in companies' annual reports. This provision, however, was permissive and minimally enforced, generating little substantive change in reporting practices.

The adoption of Directive 2014/95/EU (NFRD) marked a genuine turning point, imposing mandatory non-financial reporting on public interest entities with more than 500 employees. The NFRD introduced concepts such as materiality, board diversity and anti-corruption policies, but critically left companies free to choose their reporting framework and did not require external verification. The NFRD review process, formally launched by the European Commission in 2018, documented these limitations extensively and culminated in the CSRD proposal of April 2021.
Table 1 presents the chronological overview of the European and Romanian legislative trajectory.

Table 1. Timeline of Legislative Evolution: Non-financial Reporting in the EU and Romania

Year	EU Legislation	Romanian Legislation
2003	Directive 2003/51/EC – first requirement to include environmental and social indicators in annual reports	Law 31/1990 – basis for company reporting
2014	Directive 2014/95/EU (NFRD) – mandatory non-financial reporting for large public interest entities (>500 employees)	—
2016–2017	Commission Guidance on non-financial reporting (2017/C 215/01)	Order of the Minister of Public Finance 1938/2016 – partial transposition of NFRD
2018	EU Action Plan for Sustainable Finance; update of Order 1802/2014	Law 163/2018 – formal transposition of the NFRD into national law
2020	EU Taxonomy Regulation (852/2020) – classification of sustainable economic activities	Law 163/2018 in force; first NFRD reports submitted
2021	CSRD proposal (COM/2021/189) published by European Commission	ASF Norm 10/2021 – additional ESG requirements for BVB listed entities
2022	Directive 2022/2464/EU (CSRD) officially adopted; enters into force January 2023	Legislative transposition process initiated; partially via emergency ordinances (GEO)
2023	ESRS Set 1 adopted via Delegated Act (Commission Regulation 2023/2772)	Draft law transposing CSRD submitted for parliamentary debate
2024	First CSRD reporting wave: existing NFRD entities report on FY2024	Transposition deadline (6 July 2024); application for ~80–100 public interest entities
2026	Second wave: other large companies (>250 employees or meeting financial thresholds)	Extensive application to listed SMEs and large non-PIE companies

Source: Authors' compilation based on the Official Journal of the European Union (EUR Lex) and the Official Gazette of Romania.

The CSRD (2022/2464/EU), published in the Official Journal of the EU on 16 December 2022, entered into force in January 2023. The first set of ESRS was adopted by Commission Delegated Regulation 2023/2772, establishing twelve specific standards covering the full range of ESG dimensions.

3.2. Legislative Developments in Romania

Romania transposed the NFRD through Law no. 163/2018, amending and supplementing the Accounting Law no. 82/1991, supplemented by MFP Order 1802/2014 and, subsequently, ASF Norm 10/2021 for BVB listed public interest entities. The scope of application remained minimal: approximately 80–100 entities compared to ~11700 at the European level. Implementation was heterogeneous, with variable quality of disclosed information and an absence of standardized external verification mechanisms.

Regarding CSRD transposition, the EU imposed deadline of 6 July 2024 was challenging for Romania given the limited administrative capacity involved. Legislative drafts entered public debate in 2023–2024, but full implementation remained a substantial institutional challenge. Inadequate sanctions fines of up to RON 5000 under Law 163/2018, compared to the dissuasive harmonized penalties envisaged by the CSRD further weakened compliance incentives.

3.3. Comparative Analysis: NFRD versus CSRD

Table 2 presents a structured comparison of the two directives across eleven key regulatory dimensions, synthesized from the official directive texts and supplemented by EFRAG’s impact assessment documentation (EFRAG, 2023).

Table 2. Comparative Analysis: NFRD versus CSRD

Criterion	NFRD (Directive 2014/95/EU)	CSRD (Directive 2022/2464/EU)
Targeted entities	~11700 large public interest entities	~50000 companies (incl. listed SMEs)
Application threshold	>500 employees	>250 employees OR >€40M turnover OR >€20M assets
Reporting standard	No mandatory standard; voluntary frameworks (GRI, IIRC, SASB, etc.)	ESRS mandatory (12 topic specific standards)
External assurance	Optional / recommended	Mandatory (limited assurance initially; reasonable assurance targeted medium term)
Reporting areas	Environment, social, personnel, human rights, anticorruption	Climate, biodiversity, water, circular economy, workforce, supply chain, governance
Double materiality	Implicit; voluntary application	Explicit and mandatory (both impact and financial materiality required)
Digitization	Unregulated	Mandatory digital reporting in XBRL/iXBRL format
Sanctions	Variable by Member State	Harmonized at European level; dissuasive sanctions required
Placement in reports	Separate report permissible	Mandatory dedicated section within the management report
Third country companies	Not covered	Companies >€150M EU turnover with EU subsidiary must report

Source: Authors' synthesis based on Directive 2014/95/EU, Directive 2022/2464/EU, EFRAG (2022; 2023), and Baumüller & Sopp (2022). Categories reflect the analytical framework proposed by Nicoletti et al. (2022).

3.4. The Double Materiality Principle: Conceptual Revolution and Critical Assessment

The concept of 'double materiality' constitutes the central conceptual innovation of the CSRD and arguably its most theoretically ambitious element. The NFRD implicitly recognized only a single direction of materiality: the impact of ESG factors on the company's financial performance ('outside in' or financial materiality). The CSRD explicitly mandates the assessment of two dimensions simultaneously:

- Impact materiality ('inside out'): the effects of the company's activities on the environment, society and the broader economy - how the company affects the world around it;
- Financial materiality ('outside in'): the effects of sustainability factors on the company's performance, position and cash flows - how ESG factors affect the company.

A company is required to report on any topic that is material from at least one of these two perspectives. This bidirectional framework aligns the CSRD with GRI Standards, while diverging significantly from the approach of the International Sustainability Standards Board (ISSB), whose IFRS S1 and S2 standards adopt a single materiality (financial materiality only) perspective.
This divergence merits critical analysis rather than mere description. The CSRD–ISSB misalignment creates a genuine challenge for globally active European companies, which may need to prepare dual track sustainability reports: one aligned with ESRS double materiality for EU regulatory purposes and one aligned with ISSB standards for non-EU capital market audiences. Baumüller & Sopp (2022) acknowledge this tension, but argue that double materiality’s broader informational scope better serves the CSRD’s policy objective of channelling capital toward genuinely sustainable activities an argument that has regulatory merit but operational costs.
A second critical concern involves the subjectivity inherent in materiality determination. Unlike financial materiality, which can be anchored in quantifiable financial impact thresholds, impact materiality requires companies to assess and weigh qualitative social and environmental harms a process that is not only complex but potentially susceptible to strategic manipulation. ESRS 1 (General Requirements) provides some methodological guidance, requiring engagement with affected stakeholders and documentation of the materiality assessment process, but the scope for divergent applications remains wide. The risk of 'materiality gaming' systematically classifying sensitive impacts as non-material to reduce disclosure obligations is real and its mitigation depends directly on the robustness of the mandatory limited assurance regime and the sophistication of national supervisory enforcement.
For SMEs in particular, the double materiality assessment is disproportionately burdensome relative to organizational capacity. Even with the simplified VSME standard developed by EFRAG, conducting a credible bidirectional materiality assessment requires stakeholder mapping, impact valuation methodology and documentation infrastructure that many smaller listed companies do not yet possess. This structural asymmetry between the directive’s ambitions and the operational capacity of a substantial portion of the companies it targets is one of the most significant implementation risks, particularly in economies like Romania where SME organizational capabilities in ESG are limited.

4. Analytical Findings: Term Frequency Analysis and Romania - EU Legislative Gap

4.1. Quantitative Textual Analysis: Term Frequency in NFRD and CSRD

To complement the qualitative legislative comparison, the authors conducted a quantitative textual analysis of the two directives' official English language versions, as published in the Official Journal of the European Union. Ten key terms were selected according to three criteria: (i) demonstrated centrality in the peer reviewed literature on NFRD and CSRD (Nicoletti et al., 2022; Baumüller & Sopp, 2022); (ii) explicit reference in EFRAG’s preparedness and impact assessment frameworks (EFRAG, 2023) and (iii) coverage across all three ESG dimensions and core governance process dimensions, ensuring analytical breadth. Term frequencies were determined via full text search of the official PDF documents using root form matching (e.g., 'sustain*' captures 'sustainability', 'sustainable', 'sustainably') and results were validated through cross reference with EFRAG's digital taxonomy index.

Table 3 presents the results. Term selection criteria: centrality in peer reviewed CSRD literature, inclusion in EFRAG impact assessment framework and ESG dimensional coverage. Frequencies include all root form variants. The selection of ten terms was deliberate: a larger term set would have introduced marginal or overlapping concepts, while a smaller set would have failed to capture the multidimensional character of the CSRD's paradigm shift.

Table 3. Frequency Analysis of Key Terms in NFRD vs. CSRD

Key Term	NFRD Frequency	CSRD Frequency	Interpretive Observation
Sustainability	47	892 (+1,798%)	Central organizing concept of CSRD architecture
Disclosure	89	634 (+612%)	Emphasis on structured, auditable transparency
Climate	12	287 (+2,292%)	Reflects Paris Agreement and Green Deal alignment
Materiality	8	156 (+1,850%)	Operationalization of double materiality as mandatory tool
Supply chain	3	134 (+4,367%)	Extended due diligence beyond company boundaries (CSDDD link)
Biodiversity	1	98 (+9,700%)	New dedicated pillar (ESRS E4); absent from NFRD framework
Governance	14	211 (+1,407%)	Explicit board level ESG responsibility (ESRS G1)
Assurance	6	143 (+2,283%)	Transformation of sustainability into externally verifiable accountability
Stakeholders	9	178 (+1,878%)	Codification of stakeholder theory into mandatory reporting practice
Due diligence	2	87 (+4,250%)	Alignment with CSDDD (2024/1760/EU); value chain obligations

Source: Authors' analysis based on official texts published in the Official Journal of the European Union (Directive 2014/95/EU, OJ L 330, 15.11.2014; Directive 2022/2464/EU, OJ L 322, 16.12.2022).

The analysis reveals several clear structural trends. First, the explosive increase in the term 'climate' (from 12 to 287 occurrences, +2,292%) quantitatively confirms the CSRD's re centering around climate risk, reflecting the requirements of both the Paris Agreement and the EU Taxonomy. Second, the term 'supply chain' rises from a marginal 3 occurrences to 134 (+4,367%), signalling the directive's extension of due diligence obligations to the full value chain a development legally reinforced by the Corporate Sustainability Due Diligence Directive (CSDDD, 2024/1760/EU).

Perhaps most analytically revealing are the increases in 'biodiversity' (from 1 to 98, effectively a new dimension) and 'due diligence' (from 2 to 87). Both terms were, in effect, absent from the NFRD's conceptual architecture; their near zero baseline frequencies confirm that these are not refinements of existing provisions but genuinely new normative territories. The increase in 'assurance' (from 6 to 143, +2,283%) is equally instructive: it tracks the CSRD's transformation of sustainability reporting from a largely self-assessed corporate narrative into an externally verifiable accountability statement subject to professional audit procedures. The codification of 'stakeholders' (from 9 to 178) represents the legislative operationalization of stakeholder theory: what was previously a theoretical orientation has become a mandatory process requirement within the ESRS materiality assessment framework.

4.2. Romania vs. EU CSRD Framework: Legislative Gap Assessment

The eight aspects analyzed in Table 4 were selected according to the following criteria: (i) coverage of the core regulatory categories identified in EFRAG's preparedness framework; (ii) alignment with the specific gaps documented in the Romanian sustainability reporting literature (Dumitru et al., 2019; Tiron Tudor et al., 2023) and (iii) practical relevance for companies facing the transposition timeline.

Table 4. Comparative Analysis: Romanian Legislation vs. CSRD Requirements

Analyzed Aspect	EU Framework (CSRD)	Romanian Framework (current legislation)
Primary legal framework	Directive 2022/2464/EU + ESRS Set 1 (12 standards)	Law 163/2018 + MFP Order 1802/2014
Reporting standards	ESRS mandatory (sector specific standards in development)	GRI/IIRC recommended, not mandatory
Scope of application	~50000 EU companies (from 2026)	~80–100 public interest entities (2024)
External verification	Mandatory limited assurance (Art. 26 CSRD)	Recommended; not legally required
Double materiality	Explicitly mandatory (Art. 19a)	Not formally implemented in national legislation
Digital reporting (XBRL)	Mandatory from 2025 (ESRS digital taxonomy)	No specific national regulation
Sanctions	Harmonized; dissuasive (Member States required to set proportionate penalties)	Fines up to RON 5000 under Law 163/2018 – insufficient deterrence
Listed SMEs	VSME voluntary standard available (EFRAG); simplified reporting pathway	Not covered by current national legislation
Institutional capacity	EFRAG – robust technical support and standards development	Limited capacity at Ministry of Public Finance / National Bank of Romania

Source: Authors' assessment based on Directive 2022/2464/EU; Law 163/2018 (Romania); MFP Order 1802/2014; ASF Norm 10/2021; EFRAG (2023); and Tiron Tudor et al. (2023).

The most structurally significant gap lies in the scope of application: Romanian legislation currently covers fewer than 100 entities, while the CSRD will directly affect an estimated 1500–2000 Romanian companies by 2027. This is not a gradual quantitative expansion, but a transformative redefinition of the reporting population, with cascading implications for the market for assurance services, ESG data providers and professional training.
The absence of mandatory reporting standards in Romania, where GRI and IIRC remain recommendations rather than requirements produces a reporting landscape that is fragmented and internally incomparable, as documented by Dumitru et al. (2019). The transition to mandatory ESRS standards will therefore require not only organizational investment in data systems but a fundamental reorientation of how Romanian companies conceptualize and operationalize the sustainability report itself.
From a sanction's perspective, Law 163/2018 provides for fines of up to RON 5000 for non-compliance a manifestly insufficient deterrent relative to the compliance investment required. The CSRD's requirement for 'proportionate, dissuasive' sanctions, harmonized at EU level, will necessitate a substantial revision of Romania's enforcement architecture. The risk of formal transposition without effective enforcement a pattern documented in other EU policy domains is real and would undermine the CSRD's stated objective of meaningful accountability.
There are, nonetheless, convergence elements worth acknowledging. The alignment of Romanian financial institutions with SFDR Regulation (2019/2088/EU) on sustainability disclosures in financial services has created an operational precedent for standardized ESG reporting in the banking and insurance sector. Several large Romanian companies with foreign capital or cross listed on international exchanges have adopted CSRD compatible reporting practices voluntarily, anticipating regulatory requirements. The Bucharest Stock Exchange's ESG education initiatives and its accession to the UN Principles for Responsible Investment (UNPRI) signal emerging institutional awareness, even if practical implementation remains nascent.

5. Discussion, Impact and Conclusions

5.1. Estimated Impact of CSRD on Romanian Companies

Table 5 presents a structured estimate of the Romanian companies directly affected by the CSRD, disaggregated by category and application timeline. The estimates are derived from Eurostat SME data, EFRAG projections and Tiron Tudor et al. (2023).

Table 5. Estimated Impact of CSRD on Romanian Companies, by Category

Company Category	Estimated number in Romania	Application deadline	Main anticipated impact
Public interest entities (PIEs)	~80–100	FY2024 (reports in 2025)	Reporting restructuring; mandatory ESG audit; XBRL digitization
Large non-PIE companies	~1200–1500	FY2025 (reports in 2026)	New ESG data collection and management systems; training needs
Listed SMEs (regulated markets)	~150–200	FY2026 (reports in 2027)	Proportional compliance costs; VSME standard pathway
Subsidiaries of third country multinationals	~300–400	Variable, per group timeline	Alignment with global group ESG policies; parent level consolidation

Source: Authors' estimates based on EFRAG (2023) impact projections, Eurostat SBS enterprise data, and Tiron Tudor et al. (2023). Figures are approximations subject to revision pending full national transposition.

The operational implications are substantial. According to EFRAG estimates (2023), average compliance costs for first cohort companies range from €350000 to €500000 for initial implementation, with annual recurring costs of €150000–€250000. For Romanian companies in the second cohort large non-PIEs, with no prior experience of mandatory sustainability reporting, these costs could represent 0.3–0.8% of annual turnover, a disproportionate burden relative to multinationals benefiting from group level ESG infrastructure.
At the organizational level, CSRD compliance will stimulate the creation of dedicated ESG functions, generate demand for professional training in sustainability accounting and assurance and necessitate integration of ESG indicators into strategic management and investment decision frameworks. These transformations, while costly in the short term, carry medium term potential for organizational capability building and strategic repositioning.

5.2. Discussion: Systemic Implications and Risk of Normative Greenwashing

Taken together, the findings confirm and extend a key thesis of the recent regulatory literature: the CSRD represents a systemic reform, not a technical update. The mandatory introduction of ESRS standards, the bidirectional double materiality framework and external assurance collectively establish an accountability architecture without precedent in European corporate regulation. From the perspective of stakeholder theory (Freeman, 1984), this represents the most explicit legislative codification of multi stakeholder accountability in EU company law transforming sustainability reporting from a reputational instrument into a legally enforceable accountability obligation.
For Romania, the systemic implications are twofold. In the short term, the compliance investment required in data systems, human capital and assurance infrastructure will be substantial and concentrated among companies with limited prior experience of formal sustainability reporting. In the medium and long term, however, successful CSRD compliance could yield meaningful benefits: improved ESG transparency may

enhance access to the growing market for green bonds and sustainability linked loans, as European banks progressively integrate ESG assessments into credit scoring (in line with CRR3 and ECB climate risk guidelines). Moreover, Romania's FTSE emerging market status, achieved in 2024, creates a structural incentive for BVB listed issuers to improve ESG disclosure quality in order to attract allocation from ESG mandated institutional investors.

A critical concern that emerges from both the literature and the Romanian context is the risk of 'normative greenwashing': formal adoption of CSRD compliant reporting structures without substantive changes in corporate sustainability behavior. As Rinaldi et al. (2018) and Eccles & Serafeim (2013) caution with respect to the NFRD experience, mandatory reporting does not automatically translate into genuine accountability. The CSRD's assurance requirement is designed to counter this risk, but its effectiveness in Romania will depend on the capacity of professional audit firms to develop robust sustainability assurance practices, the rigor of ASF and MFP oversight and the willingness of civil society and institutional investors to engage critically with disclosed sustainability information.

The international dimension of the CSRD also merits reflection. The divergence between CSRD's double materiality and ISSB's single materiality approach creates a genuine complexity for Romanian subsidiaries of non-EU multinationals, which may face conflicting reporting obligations. While the European Commission's equivalence assessment process provides a partial mechanism for managing this divergence, companies operating across CSRD and ISSB jurisdictions will need to develop integrated reporting architectures capable of satisfying both frameworks an additional organizational challenge not yet adequately addressed in the Romanian regulatory guidance.

5.3. Main Contributions, Limitations and Future Research

The principal original contribution of this paper is threefold. First, it provides the first systematic combination of quantitative textual analysis (term frequency across the full official texts of NFRD and CSRD) with a structured legislative gap assessment for Romania, offering an empirically grounded foundation for understanding the magnitude of the regulatory transition. Second, the paper advances a critical analysis of double materiality's conceptual tensions particularly the CSRD - ISSB divergence and the subjectivity risks of impact materiality assessment that goes beyond the descriptive treatment prevalent in much of the emerging literature. Third, the Romania specific impact estimation contributes to a still thin strand of research on CSRD implementation in Central and Eastern European emerging economies, providing a baseline for future longitudinal studies.

The study is subject to several limitations. The term frequency analysis is based on the official English language versions of the directives; results may differ marginally in other official language versions due to translation choices. The estimated numbers of affected Romanian companies are derived from approximated firm size distributions in the absence of a centralized national company database that disaggregates firms by the CSRD's three-pronged threshold criteria. Furthermore, several conclusions are necessarily prospective, given that Romania's CSRD transposition was incomplete at the time of writing.

Future research should address these limitations through: (i) longitudinal empirical studies tracking the quality and comparability of CSRD compliance among BVB listed companies across reporting waves; (ii) analysis of the impact of mandatory

ESRS adoption on the cost of capital for listed Romanian issuers; (iii) comparative studies on CSRD implementation across CEE Member States, to identify common structural challenges and effective institutional responses and (iv) assessment of the effectiveness of Romania's supervisory enforcement capacity relative to the CSRD's harmonized sanctions requirement.

5.4. Conclusions

This article analyzed the impact of the CSRD Directive (2022/2464/EU) on companies in Romania and the European Union through a systematic review of specialized literature, a comparative legislative analysis and an original quantitative textual analysis of directive provisions.

The principal conclusions are as follows. The CSRD introduces a systemic transformation relative to the NFRD, characterized by a fourfold expansion in the scope of reporting entities, the mandatory ESRS standards framework, the explicit codification of double materiality as a bidirectional accountability tool and mandatory external assurance. The quantitative textual analysis quantitatively validates this paradigm shift: key regulatory terms such as 'climate' (+2,292%), 'supply chain' (+4,367%), 'biodiversity' (+9,700%) and 'materiality' (+1,850%) register increases that reflect genuine normative novelty rather than mere terminological elaboration.

Romania enters this regulatory transition from a significantly disadvantaged baseline: current legislation covers fewer than 100 entities, mandatory standards and external assurance are absent, the sanctions regime is inadequate and institutional capacity for oversight is limited. An estimated 1500–2000 Romanian companies will be directly affected by the CSRD by 2027, a fifteen to twenty fold expansion of the regulated population within three years. The concurrent risks of normative greenwashing, CSRD–ISSB divergence and double materiality operationalization complexity further compound the implementation challenge.

At the same time, the CSRD's demands create genuine opportunities: strengthened ESG disclosure could enhance Romania's attractiveness for European and global institutional capital, improve access to green finance instruments and incentivize strategic integration of sustainability into corporate governance and business models. Whether these opportunities are realized will depend critically on the quality of national transposition, the development of professional assurance capacity and the institutional will to enforce the directive's requirements with the rigor that both its ambitions and its penalties demand.

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