ECONOMIC AND FINANCIAL ANALYSIS IN THE CONTEXT OF SUSTAINABLE BUSINESS MANAGEMENT

Cristina Mihaela NAGY[1] Elena Doina GHICA[2],
"TIBISCUS" UNIVERSITY FROM TIMISOARA. FACULTY OF ECONOMIC SCIENCES
c.nagy@tibiscus.ro[1] elena.lepadat@yahoo.com [2],

Abstract:
The accelerated transformations of the global economic environment, rising commercial volatility, and the intensification of sustainability-related regulatory frameworks are profoundly reshaping the way entities conduct their business. The article examines the role of economic and financial analysis in the design and governance of sustainable business management, in the context of the new European requirements for reporting and due diligence on ESG criteria. The following are addressed: the integration of traditional performance indicators with sustainability metrics aligned with ESRS/CSRD, the implications for risk models, strategic planning and capital allocation, specific considerations for companies reporting from the 2024 financial year onward (reporting in 2025 for entities covered by the NFRD), as well as regulatory developments at EU level and the steps for their transposition in Romania

Keywords: *economic and financial analysis; sustainable management; capital policies; strategic planning.*

INTRODUCTION

The study aims to clarify how economic and financial analysis can be integrated into sustainable management, identifying the normative, strategic and financial implications for entities in Romania during the period 2024–2026.

The methodology used consists of a qualitative analysis of the European and Romanian regulatory frameworks, correlated with the evaluation of the academic literature and a conceptual reinterpretation of conceptual data regarding the integration of ESG principles into financial analysis.

Over the past decade, sustainability has evolved from a peripheral concept of social responsibility to a central determinant of economic and financial performance. The paradigm shifts generated by climate crises, demographic change, digitalization, and new European and international regulations (such as the Green Deal package, the EU Taxonomy, and the ISSB/ ESRS standards) have redefined the logic of value creation in business: performance is no longer measured exclusively through accounting profit, but through an organization's ability to generate long-term sustainable value while mitigating risks and reducing negative environmental and social externalities.

Along this trajectory, capital markets, financial institutions, and regulators now require detailed and comparable information on environmental, social, and governance (ESG) risks and opportunities. These requirements are not only ethical or compliance-driven; they directly affect the cost of capital and investors' risk perceptions. Companies with strong sustainability governance benefit from lower risk premiums, easier access to green financing, and more stable valuations amid macroeconomic volatility. Conversely, companies that overlook the ESG dimension may face higher financing costs, restricted market access, or major reputational risks.

At the same time, the global economic environment remains highly volatile. Supply chain fragmentation, commercial and geopolitical tensions, persistent inflation, interest-rate volatility, and rising energy prices exert significant pressure on margins and investment plans.

In such a context, traditional economic and financial analysis — primarily focused on historical performance and accounting indicators — is no longer sufficient. It must be methodologically expanded to incorporate sustainability determinants into performance and risk assessment models.

Accordingly, the approach proposed in this article aims to: strengthen the theoretical framework by integrating the Triple Bottom Line (TBL) and Creating Shared Value (CSV) models as conceptual foundations of sustainable value; develop a coherent set of integrated F–ESG indicators that combine traditional financial analysis with measurements of environmental, social, and governance performance; and translate the macroeconomic signals of 2025 — regarding growth dynamics, inflation, monetary policy, trade tariffs, and energy prices — into quantifiable financial parameters relevant for companies' strategic and investment decisions.

Through this perspective, economic and financial analysis becomes an integrated tool for sustainable performance management, capable of connecting immediate economic objectives with the strategic responsibility toward the environment, society, and corporate governance.[1]

The findings show that companies which combine rigorous financial analysis with robust sustainability governance achieve superior resilience to macroeconomic shocks and more favorable access to capital[2].

Regulatory reporting framework for the period 2023–2025

The Corporate Sustainability Reporting Directive (CSRD) officially entered into force in January 2023, marking a significant milestone in the expansion and consolidation of the European Union's non-financial reporting framework. It replaces and broadens the scope of the former Non-Financial Reporting Directive (NFRD), introducing more detailed, standardized, and comparable reporting requirements for a substantially larger number of entities[3].

The main objective of the CSRD is to ensure corporate transparency and accountability regarding companies' impact on the environment, society and governance (ESG), so that investors, authorities, and other stakeholders have access to coherent and verifiable information on sustainability.[4]

For the practical implementation of the CSRD requirements, the European Commission has developed a common set of standards, known as the European Sustainability Reporting Standards (ESRS), drafted by EFRAG (the European Financial Reporting Advisory Group).[5] The first set of ESRS standards was adopted through a delegated act in July 2023, establishing the reporting requirements applicable starting with the 2024 financial year for large public-interest entities, with actual reporting scheduled for 2025.[6]

---

[1] TBL: Elkington, *Enter the Triple Bottom Line*, p. 2; CSV: Porter & Kramer, HBR 89(1–2), pp. 62–77.

[2] Concluziile arată că firmele care îmbină rigoarea analizei financiare cu guvernanța sustenabilă obțin o reziliență superioară la șocuri macro și acces mai favorabil la capital.

[3] Comisia Europeană (2022), *Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU, as regards corporate sustainability reporting (CSRD)*, Jurnalul Oficial al Uniunii Europene, L 322.

[4] EFRAG (2023), *European Sustainability Reporting Standards (ESRS) – First Set Adopted by the European Commission, July 2023*.

[5] Ministerul Finanțelor (2024), *Ordinul nr. 85/2024 privind raportarea de sustenabilitate și transpunerea Directivei (UE) 2022/2464 (CSRD)*, Monitorul Oficial al României, Partea I

These standards cover thematic areas such as climate change, natural resources, human capital, business conduct, and governance, and are structured on two levels:

- Sector-agnostic ESRS, applicable to all entities,
- Sector-specific ESRS, which will be developed progressively for industries with reporting requirements[7].

During 2025, the European Commission and EFRAG continued the process of technical consultation and refinement of the ESRS standards, considering the feedback received from companies, investors, and other stakeholders[8]. The consultations focused, among other aspects, on harmonizing the implementation timeline, reducing the administrative burden for small and medium-sized enterprises (SMEs), and clarifying the methodological requirements for reporting ESG indicators.

At the national level, Romania transposed the CSRD through Order of the Ministry of Finance No. 85/ 2024, which establishes the implementation framework, the responsibilities of the entities concerned, and the stages of progressive compliance[9]. The Order sets out requirements regarding the disclosure of sustainability information within the administrators' report, the auditing and limited assurance of the reported data, as well as the terminological and procedural alignment with the European ESRS standards. Through this regulatory act, Romania ensures coherence between national accounting regulations and the European Union directives on sustainability reporting.

Within the broader European regulatory framework on sustainability, the following acts are also noteworthy:

1. The delegated acts supplementing Regulation (EU) 2020/ 852 (the EU Taxonomy) — in particular the Climate Delegated Act and the Environmental Delegated Act — play an essential role in defining the economic activities eligible for sustainable finance, as well as in clarifying reporting obligations for entities. The technical screening criteria for activities that substantially contribute to the environmental objectives of 'water and marine resources', 'circular economy', 'pollution prevention', and 'biodiversity and ecosystems' were adopted on 27 June 2023 and apply from 1 January 2024[10].

These acts clarify reporting obligations, requiring companies to disclose not only the eligibility but also the alignment with the technical criteria during the transition period[11]. In 2025, consultations for technical updates continued within the „Omnibus package".[12]

2. Directive (EU) 2024/ 1760 on corporate sustainability due diligence (CSDDD) establishes obligations for companies concerning their impact on human rights and the environment across their own operations and supply chains. Adopted on 13 June 2024 and entering

[6] Biriș, G. & Roman, M. (2024), *Raportarea de sustenabilitate în contextul Directivei CSRD și al standardelor ESRS*, Editura ASE, București

[7] Deloitte România (2024), *Ghid practic privind implementarea CSRD și ESRS în România*, București.

[8] Mazars România (2024), *CSRD în practică – Cum se pregătesc companiile pentru raportarea de sustenabilitate*, Raport de analiză, București

[9] România – Transpunere CSRD: Ordinul Ministerului Finanțelor nr. 85/2024 privind transpunerea CSRD în legislația națională. sustainability-today.ro

[10] Comisia Europeană, 'EU Taxonomy Delegated Acts', 27 iunie 2023, p. 4, disponibil la: https://finance.ec.europa.eu/sustainable-finance/tools-and-standards/eu-taxonomy-sustainable-activities_en

[11] Ecobiomanager, 'EU Taxonomy – All You Need to Know', 2024, p. 2.

[12] Linklaters, 'EU Omnibus Tracker – Simplification of Sustainability Rules', 2025, p. 5.

into force on 5 July 2024,[13] the Directive sets phased implementation deadlines: transposition by 26 July 2027 and effective application for large companies starting from 26 July 2028[14]. In 2025, the European Commission launched consultations for the simplification package ('Omnibus'), aimed at adjusting timelines and clarifying obligations[15].

3. EBA Guidelines on ESG Risks

On 9 January 2025, the European Banking Authority (EBA) published the Final Guidelines on ESG Risk Management, establishing requirements for the identification, measurement, monitoring and management of environmental, social, and governance risks[16]. Financial institutions are required to develop resilience plans over short-, medium-, and long-term horizons to ensure that their strategies are compatible with the sustainable transition[17]. The Guidelines become applicable from 11 January 2026 for large institutions and from 11 January 2027 for less complex institutions.

FROM TRADITIONAL FINANCIAL ANALYSIS TO INTEGRATED ANALYSIS (ESG-AUGMENTED)

The shift from traditional financial analysis to integrated analysis requires expanding the framework for assessing company performance by incorporating environmental, social and governance (ESG) dimensions. This transformation is achieved gradually, through three interdependent stages:

The principle of double materiality. The starting point of integrated analysis is the application of the **double materiality principle,** mandated by the ESRS standards. These standards require the assessment of both the company's impact on the environment and society, and, simultaneously, the impact of ESG factors on financial performance (outside-in)[18]. This involves linking non-financial indicators with key financial assumptions (revenues, costs, CAPEX, WACC).

The extended set of indicators. The application of double materiality requires the definition of an expanded set of indicators that combine traditional financial metrics (profitability, capital efficiency, return of investment) with relevant ESG indicators, selected based on the materiality assessment and aligned with the ESRS and the EU Taxonomy. This integration enables the quantification of ESG risks and opportunities in concrete financial terms, facilitating comparability and coherence of the analysis between the financial and non-financial dimensions.

Reporting synchronization and assurance. For integrated analysis to become credible and usable in investor decisions, the timing and quality of reporting must be harmonized. The first CSRD reports (for the 2024 financial year) will be subject to limited assurance, with the level of rigor expected to increase as the legislative framework evolves in 2025. This external assurance

---

[13] Jurnalul Oficial al Uniunii Europene, L 2024/1760, 13 iunie 2024, p. 1–62.

[14] Corporate Sustainability Due Diligence Directive Portal, 'Key Implementation Dates', 2024, p. 3

[15] Linklaters, op. cit., p. 8.

[16] EBA, 'Final Guidelines on the management of ESG risks', 9 ianuarie 2025, p. 1.

[17] EBA, 'Press Release: EBA publishes its final Guidelines on the management of ESG risks', 2025, p. 2.

[18] Comisia Europeană – Corporate sustainability reporting: „Corporate sustainability reporting (CSRD): timeline și aplicare", actualizări 2025. Disponibil pe site-ul DG FISMA. Finance

process ensures consistency between financial and ESG information, strengthening market confidence in integrated analysis. The initial CSRD reports (for the 2024 financial year) require limited assurance, with a potential subsequent transition to a higher level of assurance depending on legislative developments in 2025.[19]

PROPOSED METHODOLOGICAL FRAMEWORK

The proposed methodological framework reflects a systematic and phased approach through which an organization can transform theoretical ESG analysis into an operational process integrated into financial and strategic decisions. The five steps described constitute the successive stages of building a complete system of integrated ESG–financial analysis, from governance and materiality assessment to the final audit of data.

Step 1 – Governance & risk appetite.

The first step establishes the institutional foundation of the methodological framework: it clarifies governance roles (board of directors, committees), introduces ESG into the decision-making structure and remuneration system, and integrates ESG factors into risk models (RAROC /EVaR). Thus, the methodological framework begins with strategic alignment and management accountability.

Step 2 – Double materiality & data mapping: mapping processes, locations, and the value chain; materiality scoring; prioritizing indicators.

After defining governance, the next stage involves identifying and prioritizing the areas relevant to the company, by applying the principle of double materiality.

Step 3 – Integrated financial modelling.

On the foundation of data and materiality, the third step develops the causal links between ESG performance and financial outcomes. Climate and economic scenarios are modeled, and the impact of carbon pricing and green policies on cash flows and profitability is quantified. This constitutes the analytical core of the methodological framework — the point at which sustainability becomes financially measurable.

Step 4 – Alignment with standards.

Once internal modelling is completed, the company must align its methodology with reporting requirements (ESRS, EU Taxonomy, EBA Guidelines). This ensures consistency between ESG disclosures and financial indicators. This step provides credibility and external comparability to the applied framework.

Step 5 – Internal assurance & preparatory audit.

The final step closes the methodological cycle by verifying data quality and traceability, assessing internal controls, and preparing for external assurance. It ensures the robustness and continuity of the process, strengthening stakeholder confidence.

IMPLICATIONS FOR CAPITAL ALLOCATION AND ITS COST

These aspects highlight the strategic and financial impact of ESG integration on capital. Integrating ESG risks affects the WACC through> risk premiums (sector/value chain), cost of debt (green covenants, access to sustainable bonds), and capital structure (eligibility within ESG

[19] Comisia Europeană – Regulament delegat ESRS: Regulamentul delegat (UE) 2023/2772 din 31 iulie 2023 privind standardele ESRS; aplicabil entităților vizate începând cu raportările pe 2024. EUR-Lex+1

mandates). Companies with credible transition plans can achieve lower spreads, whereas exposure to uncovered physical risks increases PD/LGD in credit models — in line with EBA recommendations on ESG risk management[20]**.**

Therefore, ESG integration redefines capital allocation not only as a financial decision but also as a strategic sustainability decision.

Companies with strong governance, transparency, and credible transition plans will attract cheaper capital and will be preferred in investors' portfolios. Those that ignore ESG risks will face higher capital costs, be excluded from sustainable financing, and have reduced competitiveness in the long term.

In essence, ESG becomes a strategic filter for financial markets, determining who receives capital, under what conditions, and at what cost — turning sustainability analysis into a central factor in assessing enterprise value.

SPECIFIC CONSIDERATIONS FOR ROMANIAN COMPANIES IN IMPLEMENTING SUSTAINABILITY REPORTING

The transposition of the Corporate Sustainability Reporting Directive (CSRD) into national legislation through Order of the Ministry of Public Finance No. 85/ 2024 marks a significant milestone for corporate governance and the development of a sustainable economy in Romania. The regulatory act establishes a national compliance timeline and introduces mechanisms for the control and audit of sustainability information, strengthening the role of non-financial auditing within the corporate reporting architecture.

Although some Romanian companies do not yet fall within the scope of the CSRD, the effects of the regulation are being disseminated throughout the entire economic ecosystem. Companies that are part of the value chains of large European companies will be required to provide data on their environmental, social, and governance (ESG) performance, even before they have a formal reporting obligation. This process triggers early alignment with European requirements, with implications for the way local companies manage operational data, supplier relationships, and internal environmental policies.

Impact of reporting on access to finance

A particularly relevant aspect for the Romanian market is the interdependence between sustainability reporting and access to finance. The inclusion of European Taxonomy indicators in financial documents and ESG reporting can directly influence bank lending conditions, risk assessments, and eligibility for grants or structural funds. In this regard, the Guidelines of the European Banking Authority (EBA, 2025) provide a methodological framework for integrating ESG risks into the credit system, and these guidelines will be gradually adopted by Romanian banks.[21]

Therefore, companies that strengthen their ESG governance can benefit from significant competitive advantages, such as lower costs of capital, preferential access to green financing, and superior strategic positioning in the market.

---

[20] EBA – Comunicat 9 ianuarie 2025: publicarea Ghidurilor finale privind managementul riscurilor ESG. European Banking Authority

[21] EBA – Comunicat 9 ianuarie 2025: publicarea Ghidurilor finale privind managementul riscurilor ESG. European Banking Authority

Implementation challenges in the Romanian context

The effective implementation of the CSRD and ESRS standards raises a series of structural and operational challenges for Romanian companies, particularly for those with no prior experience in non-financial reporting, relating to:

- **Data quality and IT systems** – the current digital infrastructure is often insufficiently prepared for the collection, traceability, and granularity of ESG data, especially at the level of subsidiaries or suppliers.
- **Coherence between narrative and numbers** – a significant challenge lies in integrating ESG indicators into the financial model, by correlating sustainability objectives with operational budgets, CAPEX and cash flows.
- **Capacity and competencies** – the Romanian labor market faces a shortage of specialists in areas such as sustainability accounting, climate risk analysis, life-cycle assessment (LCA), or ESG auditing.
- **Assurance and internal controls** – the need for robust documentation ("evidence pack") and independent verification processes requires the development of new internal control and compliance practices, similar to those applied in financial auditing.

In the context of the implementation of Order No. 85/ 2024 and the European compliance timeline, the following priority actions are recommended for companies in Romania:

- **Confirming the CSRD scoping and verifying of the obligations set out in OMFP 85/ 2024.**
- **Conducting a double materiality assessment**, covering both the organization's impact on the environment and society, and the ESG-related risks affecting its economic performance.
- **Developing an ESG "data dictionary"** to ensure terminological standardization and to facilitate data auditing.
- **Integrating ESG KPIs into the financial model**, establishing direct links to the profit and loss account, the balance sheet, and cash-flow statements.
- **Calculating EU Taxonomy indicators (eligibility and alignment)**, followed by a clear explanation of identified gaps.
- **Aligning the risk-management process with EBA Guidelines** and with the requirements of local banks regarding climate and social risks.
- **Preparing the assurance file for the 2025/ 2026 reporting cycle**, including all supporting evidence.
- **Reviewing the capital policy**, with a particular focus on green investments (green CAPEX) and sustainable finance instruments.

CONCLUSIONS

Modern economic–financial analysis is becoming the technical infrastructure of sustainable management, transforming Environmental, Social, and Governance risks and opportunities into quantifiable assumptions, measurable performance indicators, and capital allocation decisions. For 2025, the priorities of Romanian companies focus on: strengthening ESG governance and internal data controls; conducting a robust double materiality assessment; mapping between the European Sustainability Reporting Standards and the International Sustainability Standards Board; measuring and setting targets for alignment with the EU Taxonomy; preparing for assurance (audit) of reporting; and developing integrated communication with investors.

In the Romanian economy, traditional economic and financial analysis is complemented by ESG metrics and transition scenarios, becoming an integrated strategic instrument for management decisions. Starting with 2025, the cumulative pressure of European regulations and market requirements — transparency across value chains, the cost of capital, investor demands —will transform sustainability reporting into an essential process of strategic corporate governance.

Romanian companies that rapidly operationalize this framework and invest in internal ESG analysis and control capabilities will benefit from improved access to financing, reduced reputational risk, and enhanced long-term operational resilience.

The implementation of the CSRD and ESRS entails substantial efforts for Romanian companies, with key challenges including skill shortages, insufficient IT infrastructure, and potential discrepancies between narrative and financial reporting. A major concern is the risk that ESG reporting may become a purely formal exercise, without real integration into decision-making processes.

REFERENCES

1. Biriş, G. & Roman, M. (2024), *Raportarea de sustenabilitate în contextul Directivei CSRD și al standardelor ESRS*, Editura ASE, București Deloitte România (2024), *Ghid practic privind implementarea CSRD și ESRS în România*, București.
2. **Comisia Europeană – 7 noiembrie 2025**: apeluri la dovezi pentru actualizarea actelor delegate ale Taxonomiei (climă și mediu). Regulation Tomorrow
3. **Comisia Europeană – Corporate sustainability reporting**: „Corporate sustainability reporting (CSRD): timeline și aplicare", actualizări 2025. Disponibil pe site-ul DG FISMA. Finance
4. **Comisia Europeană – Due diligence**: informații oficiale despre obligațiile și intențiile de simplificare în 2025 („Omnibus package"). European Commission
5. **Comisia Europeană – Regulament delegat ESRS**: Regulamentul delegat (UE) 2023/2772 din 31 iulie 2023 privind standardele ESRS; aplicabil entităților vizate începând cu raportările pe 2024. EUR-Lex+1
6. **Comisia Europeană – Taxonomia UE**: note privind actele delegate climatice și calendarul de aplicare (de la 1 ianuarie 2024). Finance
7. **CSDDD – publicare în Jurnalul Oficial 2025**: actualizări de calendar și implementare etapizată. corporate-sustainability-due-diligence-directive.com
8. **DG FISMA/EFRAG – Consultări 2025**: consultări pe revizuiri ESRS și pachet de simplificare/„omnibus" în 2025. Finance+1
9. **EBA – Raport final**: „Final Guidelines on the management of ESG risks", ianuarie 2025. European Banking Authority
10. Jurnalul Oficial al Uniunii Europene, L 2024/1760, 13 iunie 2024, p. 1–62.
11. **LSFI / alte sinteze**: publicarea actelor delegate climatice ale Taxonomiei și aplicabilitatea de la 1 ianuarie 2024. LSFI
12. Mazars România (2024), *CSRD în practică – Cum se pregătesc companiile pentru raportarea de sustenabilitate*, Raport de analiză, București
13. **Reuters (context legislativ 2025)**: evoluții privind modificarea sferei CSDDD. Reuters
14. **România – Transpunere CSRD**: Ordinul Ministerului Finanțelor nr. 85/2024 privind transpunerea CSRD în legislația națională. sustainability-today.ro