

University of Economics in Prague

Faculty of Finance and Accounting

Finance and Accounting



MASTER'S THESIS

Sustainability reporting: Impact of the 2014/95/EU
Directive implementation in the Czech Republic

Author: Bc. Tereza Kovalová

Supervisor: Ing. Libor Vašek, Ph.D.

Academic year: 2018/2019

Declaration of Authorship

The author hereby declares that she compiled this thesis independently, using only the listed resources and literature, and the thesis has not been used to obtain a different or the same degree.

The author grants to University of Economics in Prague permission to reproduce and to distribute copies of this thesis document in whole or in part.

Prague, 13th May 2019

Signature

Acknowledgments

I would first like to thank my thesis supervisor Ing. Libor Vašek of the Faculty of Finance and Accounting at the University of Economics in Prague. He allowed this thesis to be my own work but has always been ready to provide his professional advice and support.

I would also like to express my gratitude to the staff at the IPSOS Agency, Association of Social Responsibility and Business for Society, who provided me with secondary data from their own activities and research.

I would also like to acknowledge Mrs. Maria Fatima Araluce Martin, M.A. of the La Salle University as my professional advisor, mentor, and the second reader of my thesis, I am grateful to her for her guidance and valuable comments on this thesis.

Finally, I must thank to my parents for providing me with enormous support and encouragement throughout my whole study. My accomplishments would not have been possible without them.

Author

Bc. Tereza Kovalová

Abstract

In my Master's thesis, I focus on the topic of sustainability reporting, the context, history and recent development. I aim my research at the 2014/95/EU Directive on non-financial information disclosure and the impact that its implementation had on sustainability reporting in the Czech Republic.

Companies fulfilling specific requirements are obliged to report on environmental, social and employee-related and bribery matters, human rights, and anti-corruption. They shall describe their business model, outcomes and risks of policies on the topics above, and the diversity policy applied for management and supervisory bodies.

By issuing this Directive, the European Union takes the next step towards transparency and corporate accountability, speeding up the development of sustainable reporting and changing the mind-sets of managers and business leaders.

Keywords:

Sustainability reporting, non-financial reporting, non-financial information, 2014/95/EU Directive, corporate responsibility, non-financial reporting in the Czech Republic, Corporate social responsibility in the Czech Republic

CONTENTS

Introduction	1
1. History of non-financial reporting	4
1.1 Stakeholder theory	6
1.2 Reasons for non-financial data reporting	8
1.3 International organizations	9
1.4 What issues is the EU Directive supposed to tackle?	15
1.5 Other EU activities encouraging corporate transparency and CSR disclosures	18
2. Directive design and recommended frameworks.....	19
2.1 Directive described.....	20
2.2 Frameworks.....	22
2.3 Assurance on non-financial reports.....	27
3 Methodology and reaserch objectives	29
3.1 Research methodology and partial hypotheses	29
3.2 Data Collection Methods	30
3.3 Data Quality.....	32
4 Case of the czech republic.....	34
4.1 Main trends in sustainability reporting	34
4.1 Companies' perspective	38
4.1.1 State specific requirements	38
4.1.2 Implementation schedule	39
4.1.3 Public interest entities in the Czech Republic	39
4.2 Public perspective	43
4.2.1 Public View	43
4.2.2 Expert View	46
4.2.3 Media Overview.....	46
4.3 Government perspective	48
4.3.1 Governmental programs encouraging corporate responsibility and transparency...48	
4.3.2 OECD Guidelines for Multinational Enterprises: National contact point.....	50
4.3.3 Legal Requirements on disclosure of non-financial information: before and after the adoption	51
4.3.4 Associations	51
5. Main Findings.....	54
6. Conclusion.....	57
List of references	59
List of graphs and tables.....	64
Appendix	65

INTRODUCTION

In a rapidly evolving world, traditional ways of corporate reporting are becoming outdated.

The value of things changes for each of us. We value intangibles way more than tangible property, we put experiences over the ownership. This shows for example in the increasing popularity of shared economy business models. Naturally, what consumers and investors expect from the companies goes in line with this trend. In the 1970s the equity value of a company represented over 80% of its total value, while the intangibles represented less than 20%. Nowadays, it is the other way around, as non-financial aspects, such as the brand, reputation and business relations count for more than 80% of the total value, while the future cash-flows only represent less than 20% (Tomo, 2015).

Obviously, there is a need for change which would reflect the dynamics of business development. In the 2015 FEE study on 'The Future of Corporate Reporting', the president of the Federation of European Accountants said: "...the growing difference between the market capitalization and net asset value of global corporations represents the key rationale for review, enhancement and change of existing corporate reporting model, so as to capture comprehensively the true value drivers of current business."

Islam (2017) adds, that the historical, backward-looking perspective of the traditional reporting is not consistent with the success and survival of a company. The accelerating pace of change calls for forward-looking and strategic information, which is relevant in real time. Information about the governance, brand, reputation, risks, as well as social and environmental issues, have yet to be part of regular corporate annual reports. Moreover, it becomes clear that companies with tradition in non-financial information disclosure, advance their brand perception and increase shareholder value. "Reporting transparency and accountability issues are the mark of the post-Enron era, when the need for extensive reporting frameworks was clearly demonstrated," argues Islam. At the same time, the significance of corporate responsibility and sustainable business practices was becoming widely recognized.

As a notion of sustainable development, the trend of nonfinancial reporting quickly gains a recognition among more parties, that are joining the discussions. Consumers, being educated,

active and able to find any information at any time, are becoming an informed and valid stakeholder. Consumers push for transparency and higher involvement of authorities to make businesses accountable for their actions. “People like to do business with companies they trust and if they lose trust they go elsewhere”, says Elisabeth Solvang at the ACCA Brussels conference. She claims that: “Non-financial reporting should be owned and fulfilled with the same vigour as financial reporting. If companies compromise the trust of society, customers and shareholders will migrate elsewhere.”

All the above-mentioned signs suggest that non-financial reporting is becoming one of the standard business practices in the 21st century.

The aim of my thesis is therefore to map and describe developments of non-financial reporting with a special focus on the 2014/95/EU Directive on ‘Disclosure of non-financial information and diversity information’, as one of the most recent initiatives by the European Commission. To be able to assess its effectiveness, I am going to analyse the impacts of its introduction on the non-financial reporting environment in one of the Member states, the Czech Republic.

The first section of the first chapter guides us through the history of corporate reporting, from the necessary reporting on financial results to the voluntary disclosure of non-financial information. It describes historical developments, gradual stakeholder engagement and the shift towards higher transparency as a consequence of particular events affecting global economy.

Section 1.2 presents arguments and motivations for non-financial information reporting, supported by the advantages it brings to companies, followed by the section 1.3 which provides a list of international organizations promoting or regulating non-financial reporting and sustainable development on the global level.

Section 1.4 focuses on discussions leading to the draft of the EU Directive, summing up the reasons for its introduction and expected impacts of its adoption. In addition, section 1.5 provides a broader overview of EU activities in the field of corporate social responsibility and corporate transparency.

Second chapter dives deep into the design, contents and scope of the EU Directive. It lists the specific obligations, who are these obligations targeted at, and why. Section 2.2 describes a whole range of frameworks for non-financial reporting recommended by the European

Commission, proving that there is a high variety of different approaches and definitions, which makes the reporting process even more complicated. The chapter is wrapped-up by a section on non-financial reporting assurance, which naturally follows any external reporting process.

In chapter three I describe selected research methodologies and provide arguments as to why I believe this approach is the most suitable one to be able to answer my research question:

‘How did the implementation of the 2014/95 EU Directive affect the non-financial reporting environment in the Czech Republic?’,

I am going to set several hypotheses, which will be tested. I explain how and from whom I am going to obtain the data and how I am going to work with it.

Then, I proceed with the Case study of the Czech Republic. For contextual purposes, I begin with a short historical overview of non-financial reporting practices in the country.

The rest of the research is divided into separate sections or as I call it, perspectives: company’s perspective, public perspective and the Government’s perspective. Each section is focused on different group which I assume would be affected by the adoption of the new legislation. As I am investigating an effect of the legislation, a change between two points in time (before and after the adoption), each of the perspectives includes a year-to-year comparison of the years 2016 (before the adoption) and 2017 – 2018 (right after the adoption).

Chapter five, Main Findings, comes back to the hypotheses described in chapter three, which are either supported or refuted based on the outcomes of my research.

Finally, in chapter six I conclude on my findings and assess whether or not I fulfilled the aim I set for myself at the beginning of my thesis and describe the overall contribution of my work.

1. HISTORY OF NON-FINANCIAL REPORTING

In today's world and business environment, it becomes clear, that financial information alone is no longer enough to provide a complete picture of the company's situation and value. Modern finance and portfolio theories admit, that there are many elements affecting company's value, which cannot be measured in monetary units. Non-financial information has a potential to solve the incompleteness issue and become the link between the market value (fair value), book value (accounting value), and the value creating process. (Federation of European Accountants, 2015).

The description of the gradual evolution of corporate reporting is clearly summed up by Dr. Islam in his paper 'Corporate Reporting Concept and the Emergence of Nonfinancial Information Reporting'. He introduces four phases of corporate reporting evolution, to show how the non-financial information found its way into the annual reports.

Stewardship reporting

The trend in corporate reporting up until the 1970's was simply to disclose the financials, report on assets and shareholders returns. With increasing size, the number one problem of the majority of companies was, how to raise funds on the capital markets. For shareholders, the main performance indicator, at that time, was the return on investment (Islam, 2017).

Decision-oriented reporting

During the 1980's, the idea of management accountability started to appear in corporate reports, including performance-based information. At the same time, capital markets were growing and so was the number of companies fighting for the funds. To be able to compete, companies started to disclose decision-oriented information (Islam, 2017).

Expanded disclosure reporting

The contest among corporations led to a beginning of voluntary additional disclosures. To attract funds, companies disclosed extended information, building trust in investors and decreasing uncertainty. Apart from accountability towards shareholders, there was a rising movement of companies becoming accountable towards society. It created broader awareness about the need for non-financial information disclosures on the market (Islam,2017).

Corporate stand-alone reporting

The stand-alone reporting is based on completeness of information and responsiveness of an organization to its stakeholders, who are becoming more and more demanding in terms of disclosures. It highlights accountability and assurance. It can be defined as a practice of determining, disclosing, and being liable to stakeholders for corporate performance in terms of sustainable development (Islam,2017).

Some early forms of non-financial reporting date back to 1970', when some companies in the US and Europe published social income statements, performance indicator reports or reported on compliance with standards or legislation. However, the trend did not prevail, and only lasted for about 2 years. The world had to wait until the 1990' to see more conventional companies, such as Nike or Shell, to publish more extensive social reports. It was mainly the case of large companies, having a social impact in developing countries, following the UN sustainable development agenda (Islam,2017).

Environmental reporting followed the suit, when in the early 1990', companies such as Norsk Hydro or Montesano, reported on the environmental impact of their activities. However, in the 1980', US regulatory requirements began to demand the disclosure of some non-financial information, related, in particular, to air and water pollution (Baue, 2004). Environmental reports included descriptions of environmental policies and actions taken to mitigate the negative impact. Consequently, international organizations, such as UNEP (United Nations Environment Programme), started issuing standards and reporting guidelines (Islam,2017).

Following the UN Conference on Environment and Development held in 1992, sustainable development became an internationally accepted goal. To take the mission seriously and to become a sustainable corporation is a lengthy and uneasy process. One needs a consistent long-term strategy, accompanied by a measurement system and reporting framework. Figure 1 perfectly demonstrates the concept of corporate sustainability (or non-financial) reporting, which integrates financial, social and environmental reporting (Islam,2017).

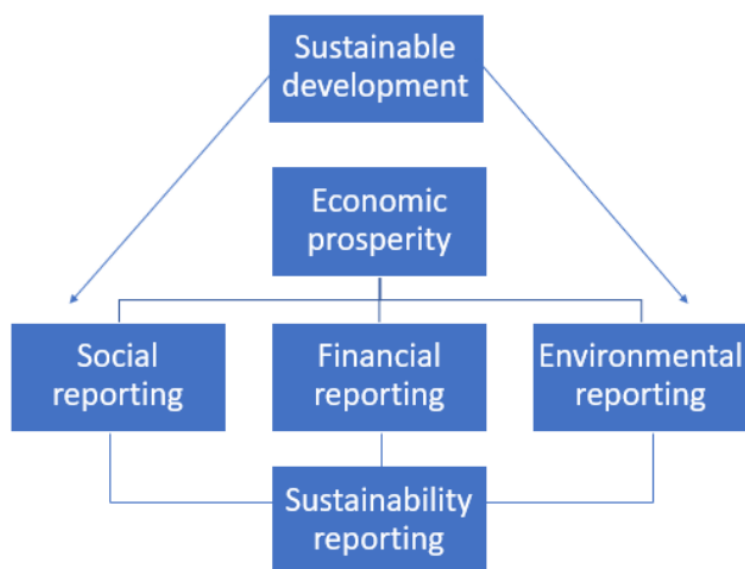


Figure 1: Visualisation of sustainability reporting concept, (Islam, 2017).

1.1 Stakeholder theory

In fact, corporate reporting has always reflected the demand for information. In other words, companies disclose only the information for which they are asked by their stakeholders.

The concept of stakeholder theory was introduced in 1984 by Mr. Edward Freeman in his book *Strategic management: A Stakeholder Approach*. To identify company stakeholders can be sometimes quite challenging but inevitable. According to Dr. Wilson (2003), stakeholder is defined as a “a party that has an interest in a company and can either affect or be affected by

the business.” Those are typically shareholders, investors, employees, suppliers, customers, state authorities, or NGOs. It is in the best interest of each company to define its key stakeholder groups to be able to create strategies for dealing with them.

In reality, each stakeholder group has different goals and priorities, and a good strategy should be able to satisfy all of them. There are goals such as economic profit, or increasing the company value, which are common for most of the groups. However, due to the increased number of groups joining the stakeholder dialogue, the topics of social justice and environmental protection are becoming very relevant. The main role of stakeholder theory is to provide a context and business arguments for implementation of sustainability into the core strategy, therefore reporting on it. It gives the necessary proof, that by improving the relationship with the parties of interest and gaining positive reputation, the economic profits grow as well (Wilson, 2003).

In terms of sustainability reporting, stakeholder dialogue is the very first step to be able to define a long-term strategy and present relevant, understandable information. Rowbottom and Locke (2016) noticed that the stakeholder perspective gives a base for a: “reporting framework that provides awareness of the collective positive and negative impacts of business activity with a focus on accountability as opposed to long-term performance drivers.”

In addition to stakeholder theory, sustainability reporting builds on a concept of corporate accountability. Initially, corporate accountability was based on the agency theory, within which the shareholder is the ‘principal’, providing the capital, and manager is the ‘agent’ acting in the best interest of the shareholder. Nowadays, corporate accountability does not only apply this to the shareholder-manager relationship, but also manager-society or manager-environment relationship to stress the importance of nonfinancial information reporting (Wilson, 2003).

To support the claim of the ‘new-coming’ stakeholders, there is a theory, which argues that there is a social contract between organisations and society, within which they operate (Senne, 2017). Campbell (2002) explains, that the theory suggests that the difference between how the organisation wishes to be seen and its actual reputation may be reduced using nonfinancial disclosures. Achieving legitimacy through sustainability reporting has a strategic importance because it mitigates reputational risks (Senne, 2017).

The description of the history and theories behind the non-financial (or sustainability) reporting aimed to provide a sufficient base for the reader's understanding of the global context, arguments and underlying theories. Following section will be focusing on the reasons for non-financial information reporting from the companies point of view, showing the benefits arising from the activity.

1.2 Reasons for non-financial data reporting

According to the World Bank (2003), the framework of corporate governance is based on four pillars: responsibility, accountability, fairness and transparency, otherwise referred to as RAFT. New governance principles, together with extensive codes of conduct and new disclosure policies led to an increase in the share of non-financial information in annual reports. The growing importance of non-financial information suggest a direct connection between the company value and its governance. For companies, non-financial reporting is a tool of risk management and reputation management. It allows them to communicate critical messages to the stakeholders, not skewed by external media, to overcome past negative publicity and to build up good will (Islam, 2017).

Based on the long-term research by Ernst & Young, investors are convinced that there are long-term economic benefits behind the high ESG (Environmental, social and governance) ratings and they are turning their focus to a long-term value creation. 51% of respondents agreed that in order to generate sustainable returns, companies need to focus more on governance, environmental and social factors. 42% of respondents strongly agree, that in the long-term, ESG issues have real and quantifiable impacts (EY, 2016).

The research also revealed the details of companies' motives to report non-financial information. 74% of respondents believe it is to build corporate reputation, 62% seem to it is a simple regulatory compliance, 37% believe it is a response to investor request and demonstration of risk management. The research results also imply, that between 2015 and 2016 there has been a decrease in non-financial information usage by the investors because of the lack of assurance and high rates of noncompliance (EY, 2016).

At the ACCA co-hosted conference in Brussels (2016) focused on 'Non-financial reporting: the impact on the relationship between boards and auditors', different speakers presented their views on the topic. By some, non-financial reporting is viewed as a mean to adding a context to the management report and an opportunity to explain company's approach towards environment, corruption or human rights. Some believe, it helps companies to understand their own long-term value creation but if the task is approached as a box-ticking exercise, the point is completely lost. It pays off to take it seriously. Necessary to point out is the fact, that non-financial reporting often exists 'in between compliance and PR communication' or a pure PR communication in case of the 'green washing'. To avoid this, the compliance needs to be assessed on measurable performance indicators and need to have a clear ownership and ultimate responsibility within the company (ACCA, 2016).

What is the most challenging part for many organizations is the ability to assemble so many different structured (numerical) and unstructured (narrative) information from different sources, without disturbing the integrity and consistency of the information in the process (Integrated Reporting, 2015).

Realizing how challenging the process can be and answering to companies' need for guidance and support, many international organizations have taken on a mission of providing standards, frameworks and education in the field.

1.3 International organizations

European developments (the Directive) cannot be taken out of the global context and therefore it is important to know the global players to understand the game. Some of the international organizations relevant to sustainability reporting have already been mentioned but only in short. Section 1.4 guides through their sustainability initiatives, individual histories, agendas and activities. Individual frameworks developed by the organizations will be discussed in detail in section 2.2.

International Labour Organization

The ILO was established in 1919 as a tripartite agency, uniting governments, employers and workers, in the efforts of setting labour standards, developing policies and promoting decent work. In November 1977, the Governing Body adopted an instrument providing direct guidance on social policy and sustainable, responsible and inclusive workplaces practices. It is called the ILO Tripartite Declaration of principles concerning multinational enterprises and social policy (or MNE Declaration). The aim was to encourage the positive impact that MNEs can make to economic and social progress by the uptake of suggested principles. It was last amended in 2017 at the occasion of the 2030 Agenda for Sustainable Development adoption (ILO, 2018).

International Standards Organization

International Standards Organization was established in 1947, in Geneva, Switzerland, as an independent NGO, with the aim of coordination and unification of industrial standards. It began as an assembly of 25 members and grew into a platform of more than 164 members and 786 technical committees. To date ISO has published over 22 000 international standards covering the majority of areas of technology and manufacturing. The standards most relevant to sustainability reporting are ISO 14001: Environmental management, ISO 50001: Energy management and ISO 26000: Corporate social responsibility, which will be further discussed in section 2.2 among other frameworks (ISO, 2018).

OECD Guidelines for Multinational Enterprises

The OECD Guidelines for Multinational Enterprises is the first and the only multilaterally agreed code of responsible business conduct, promoted by the governments of OECD member states. The Declaration and Guidelines were originally adopted in 1976 and subsequently revised numerous times after that. The last revision took place in 2011 (OECD, 2018).

The Guidelines provide a set of recommendations in a form of non-binding principles and standards for responsible business conduct consistent with applicable laws and internationally used standards. As an accompanying document, the OECD issued a Due diligence guidance for

responsible business conduct, which provides its users with practical support and tips for implementation. Sorted by sectors, such as institutional investment, agriculture, extractive industry or garment and footwear production, the due diligent guidance series provides a universal recommendation. In the Annual reports on OECD Guidelines for Multinational Enterprises, the organization reports on the activities undertaken to promote the implementation of principles and standards and government policies supporting responsible business conduct (OECD, 2018).

Global Reporting Initiative

GRI was established in 1997 as an independent international organization promoting sustainability reporting. It helps businesses and governments all around the world, to measure, understand and communicate their impact on key sustainability issues. Apart from standards' development, GRI undertakes various activities to support their widespread use and implementation (GRI, 2018).

GRI standards are continuously developed and improved in line with the public interest and in cooperation with various stakeholders. They are available as a free public good to anyone, who wishes to use them. However, there is a one-off charge for translation to a local language (GRI, 2018).

UN Global Compact

Established in 1999, the United Nations Global Compact is the widest corporate sustainability initiative. It provides principle-based framework and best practices, organizes networking events and gathers resources to promote corporate sustainability practices and reporting. Companies are joining on voluntary bases, to commit to the implementation of the ten universal sustainability principles related to four areas: human rights, labour, environment and anti-corruption (UN Global Compact, 2018).

UN Global Compact is closely tight to the Agenda 2020 and the UN SGDs (Sustainable development goals), set in September 2015, which represent a global strategy to achieve a

better future. There are 17 goals, each having its own targets and agenda, listed in Table 1 (UN Global Compact, 2018).

<i>1. No poverty</i>	<i>7. Affordable and clean energy</i>	<i>13. Climate action</i>
<i>2. Zero hunger</i>	<i>8. Decent work and economic growth</i>	<i>14. Life below water</i>
<i>3. Good health and well-being</i>	<i>9. Industry innovation and infrastructure</i>	<i>15. Life on land</i>
<i>4. Quality education</i>	<i>10. Reduced inequalities</i>	<i>16. Peace, justice and strong institutions</i>
<i>5. Gender equality</i>	<i>11. Sustainable cities and communities</i>	<i>17. Partnerships for the goals</i>
<i>6. Clean water and sanitation</i>	<i>12. Responsible consumption and production</i>	

Table 1: List of the SDGs (UN Global Compact, 2018)

Sustainability Accounting Standards Board (SASB)

The SASB was founded in 2011 and similarly to FASB, which develops accounting principles and standards in the US, SASB takes on the part of developing sustainability accounting standards. The aim is to integrate the standards into the so-called Form 10-K, which is filed by public companies in compliance with the US SEC (Securities and Exchange Commission) requirements (Scott, 2012).

The non-financial disclosure standards are industry-specific and build on a concept of materiality, in the sense that they are set to capture financially material sustainability matters. Financially material means that they are likely to have a material impact on company's financial performance or condition. The standard-setting process includes among other things a broad and balanced stakeholder participation (SASB, 2018).

The difference between conventional frameworks, such as Integrated Reporting <IR> and the GRI framework, both described in section 2.2, and the SASB lies mainly in the approach to changing the style of reporting. While the first two work on creating new landscapes, SASB aims at retaining current financial regulation system but requiring submission of wider set of information. SASB also cooperates with IIRC and GRI on harmonization across the standards (Greenstone, 2017).

International Integrated Reporting Council (IIRC)

The IIRC, previously known as the International Integrated Reporting Committee, was formed in 2010 and its aim is to create a globally used framework for the process of value creation reporting and communication. It brings together representatives from corporate, accounting, investment, regulatory, academic and standard-setting sectors, who are a part of a Working Group, taskforces and a Steering Committee (IASPlus, 2018).

In 2010, the stated objective was to bring to light an internationally accepted integrated reporting framework by the year 2014. In December 2013, the IIRC published its first edition of the 'International Integrated Reporting <IR> Framework' (IASPlus, 2018).

There are other providers of guidance related to sustainability reporting and non-financial information disclosures, however the above-mentioned are considered to have a global, universal and most widely accepted approaches.

Apart from the international organizations, which have been ruling for the cause for quite some time, recently, there have been a milestone events reminding the world the importance of more extensive non-financial disclosure.

The 2015 Paris Climate Conference (COP21), organized by the UNDP (United Nations Development Programme) from 30 November to 11 December, brought all nations together for the first time, to agree on a new universal global climate change tackling agreement. A new commitment to tackle the climate change was announced, the starting point being a long-term effort to stop the temperatures from rising more than 2 DC. The UNDP offers a support the countries and their governments in a form of grant funding and know-how sharing. The commitment aims to an expansion of clean and renewable energy use, avoiding deforestation and calls for investments in climate change adaptation for those countries most severely affected by the impacts. The Paris Agreement requires all participants to regularly report on their emissions and implementation efforts, through nationally determined contributions (NDCs) (UNFCCC, 2018).

To date, there have been three follow-up conferences, last one taking place in Katowice, in December 2018, known as the COP 24. The main focus of the last conference were three key topics:

- Technology – presenting most recent climate-friendly solutions, electromobility and zero-emission transport,
- Human – emphasizing the need for solidarity and fair transformation of regions and industries, and
- Nature – presenting sustainable forest management and setting of a synergic view on biodiversity and desertification (COP24, 2018).

Moving on from the international organizations, there is one more significant initiative worth mentioning, which reminds the society and businesses of the significance and role of non-

financial information and its connection with financial reporting. It is a project, established by The Prince of Wales in 2004.

Accounting for Sustainability (A4S) is a project aimed to: “...help ensure that we are not battling to meet 21st century challenges with, at best, 20th century decision making and reporting systems.” The project calls on the finance leaders to inspire an action and drive a shift towards sustainable economy and business models. The project emphasizes the importance of understanding that our economic success depends on stability of our communities and natural environment, and not simply on the short-term financial outcomes as viewed by the traditional financial and accounting systems. It brings together CFOs, investors, capital markets, accounting community, academia and policy makers. It shows as a very reasonable approach because, as Robin Stalker, the CFO of Adidas Group says:” Our definition and understanding of performance must move beyond traditional financial metrics.” ‘Our’ meaning especially the wide finance and accounting community (A4S).

Governments and regulators can join forces with A4S on knowledge sharing and increasing the public and private sectors’ collaboration. Their role is very important because no matter how noble, the concept of sustainability must to be supported by adequate regulatory and reporting regimes to bring about anticipated results (A4S).

As a result of global discussions and pressure, the European Commission decided to take an action and introduce a solution of its own. Next section summarizes the outcomes of the 2013 assessment of the new directive and lists the key areas and issues it is supposed to tackle.

1.4 What issues is the EU Directive supposed to tackle?

During the impact assessment carried out by the Commission services, it has been discovered, that only 2 500 out of 42 000 large companies, in the EU, formally disclosed non-financial information on a yearly basis, while most of them do not even adequately met users’ needs (European Commission, 2013).

One of the goals of the impact assessment was to understand the reasons for such an unfavourable results and market gap. Firstly, market incentives have been set insufficiently or unevenly, so despite the increase in demand for non-financial information, there has not been

enough benefits related to the disclosure. Secondly, the regulatory responses at the EU level as well as at the Member States', have not been very effective in addressing the issue (European Commission, 2013).

In reaction to unfavourable results of the research, in 2013, the European Commission decided to take the opportunity and improve the transparency of environmental and social information disclosed by companies, to increase the European standard and catch-up with the Western countries. Some of the Member states have already developed a legislation acceding requirements of the Accounting Directives, however there was a high level of diversity and a lack of clarity (European Commission, 2013).

The decision was made, to take a non-intrusive approach setting general requirements and leaving companies extensive flexibility. Companies may use any existing national or international framework and define the content of internal policies. In addition, in case of Directive, each Member State is able to manage the adoption and customize the Directive, while achieving the results set by it (European Commission, 2013)

Prior to the proposal for amendment, the Commission services led dialogues with various stakeholders, to gather views of different interested parties, such as preparers and users of the reports, NGOs, etc. (European Commission, 2013).

The key objectives of the proposal were:

- To increase the quantity of disclosed information
- To increase the quality of disclosed information
- To increase diversity in the boards of companies

The Directive, among others, tackles the issue of insufficient diversity in the boards, which, according to the European Commission (2013), may lead to homogenic views and resistance to innovative ideas. There is also an ambition to prevent unequal treatment and fight discrimination in decision-making boards of the companies.

By tackling the above-mentioned issues, it is believed, there would be an improvement in business performance and accountability, as well as, the ability of investors to obtain relevant and timely information (European Commission, 2013).

The Directive would be set to target business-relevant information, used for decision-making purposes of the management, investors and other stakeholders. It would provide significant flexibility and would not intent to impose unnecessary administrative burden, especially on the small and medium companies, which will not be a subject to the requirements. For large enterprises, the costs are believed to be adequate to the usefulness and value of disclosed information. Additional costs related to specific staff training, data collection, drafting and publication of the reports, have been estimated to range between €600 and €4300 per year per company. The overall costs may reach in total around 75 million euros (European Commission, 2013).

Additionally, in case the information is reported in consolidated reports, subsidiaries will be not obliged to issue their own non-financial reports (European Commission, 2013).

1.4.1 Expected impacts

1. Social impacts

Encouraging boards to include social matters in their business strategies. Better employment relations through higher transparency and reduction of risks and costs related to labour conflicts. Higher diversity in board rooms could increase diversity at all company levels.

2. Environmental impacts

The obligation to disclose and measure information related to environmental policies and risk management will probably improve internal sustainability awareness and resources management.

3. Economic impacts

There will be no budgetary consequences for the EU budget or public authorities.

4. International aspects

Thanks to the policy, the EU may gain a leading position at a global level. European companies would be consistent with third-countries initiatives and possibly accelerate the development.

1.5 Other EU activities encouraging corporate transparency and CSR disclosures

In its 2011 'CSR Communication to European Parliament, the Council and other Committees', the Commission introduced 'A renewed strategy 2011-2014 for Corporate Social Responsibility'. The EC (European Commission) again explains the importance and role of CSR, referring among others to the Europe 2020 Strategy for smart, inclusive and sustainable growth. Ever since the 2001 Green Paper issue and the establishment of the European Multi-stakeholder Forum on CSR, the EC has been a pioneer in promoting the CRS agenda. Over the years, there have been many business-driven initiatives, such as the Business Social Compliance Initiative, the European Alliance on CSR or Enterprise 2020 (by CSR Europe), all aimed at promoting transparency, the multi-stakeholder approach and calling for standardized regulations (European Commission, 2011).

Among the main points of the reviewed strategy one would find: the enhancement of CSR visibility, recognition of good practices, tracking levels of trust in businesses, improving self-regulation processes, integration of CSR into education, training and research, or improving the disclosure of social and environmental information, which was the very base for creating the new Directive (European Commission, 2011).

The EC's renewed strategy was largely concerned with SMEs, as they are the most common size enterprises in the EU. It takes into account their particular characteristics and limited resources, to avoid posing an unnecessary burden. The EC promised to support their capacity-building and to improve CSR advisory availability (European Commission, 2011).

In a wider context, the EU Directive on non-financial information disclosure, is a natural response to the global developments and actions, and its target is to accelerate the change in the region and increase the competitiveness of the Single Market. Following section detailly describes Directive 2014/95/EU amending Directive 2013/34/EU on the Annual financial statements, consolidated financial statements and related reports of certain types of undertakings.

2. DIRECTIVE DESIGN AND RECOMMENDED FRAMEWORKS

“In its resolutions of 6 February 2013 on, respectively, ‘Corporate Social Responsibility: accountable, transparent and responsible business behaviour and sustainable growth’ and ‘Corporate Social Responsibility: promoting society’s interests and a route to sustainable and inclusive recovery’, the European Parliament acknowledged the importance of businesses divulging information on sustainability such as social and environmental factors, with a view to identifying sustainability risks and increasing investor and consumer trust.” (European Parliament, 2014)

By definition, directives provide recommendations and the base for national legislation. However, each Member State is allowed to tailor it to make the best fit. Nevertheless, the states are obliged to ensure that: “effective procedures are in place to enforce compliance with the obligations laid down by the Directive.” (European Parliament, 2014).

The Parliament argues that due to cross-border operations of large companies, there is a need for coordination of national provisions related to NFI (non-financial information) disclosures and to establish a minimum legal requirement as to the extent of disclosures. In the text of the Directive, the Parliament refers to the UN Rio +20 conference: ‘The Future We Want’, where the importance of corporate sustainability reporting was widely recognized. Adding, that the access to non-financial information is a step towards reaching the goals of the EU 2020 Strategy for smart, sustainable and inclusive growth (European Parliament, 2014).

2.1 Directive Described

Undertakings which fall under the Directive 2013/34/EU and are, at the same time, members of multinational groups, are obliged to issue consolidated management reports, following applicable national law governing this section. To ensure cross-border comparability and consistency of the information presented within the Union, national laws need to be coordinated and harmonized (European Parliament, 2014).

Verification by an independent assurance provider is not specifically required by the Directive, however it may be required under the Member State legislation. Statutory auditors shall only verify that the requested non-financial information has been provided, either as a part of management report or a separate non-financial report (European Parliament, 2014).

The obligations laid out by the Directive apply to companies fulfilling specific criteria related to public interest, size and financial performance. The reason for setting such criteria is mainly to exclude SMEs (Small and medium enterprises) in order to sparing them unnecessary economical and organisational burdens related to the compliance (European Parliament, 2014).

Disclosure of non-financial information applies to companies being identified as a large public interest entity (PIE), including banks, insurance companies, listed companies, and organizations defined as PIEs by the government, which are meeting at least two of following conditions:

- Having at least 500 employees.
- Balance sheet exceeding €20 million or
- turnover higher than €40 million.

Disclosure of diversity information applies to listed companies alone, supposing that they meet at least two of the following criteria:

- Having an average of more than 250 employees.
- Balance sheet exceeding €20 million or
- turnover higher than €40 million (EY, 2017).

Organizations are assessed based on the group consolidated figures to determine whether there is the disclosure obligation. If parent organization already discloses non-financial information for the entire group, their subsidiaries are exempt from non-financial reporting requirements (EY, 2017).

Entities covered by the scope shall provide information necessary for understanding its development, performance and impacts of its activity, relating to:

- environment;
- social and employee matters;
- human rights;
- bribery and anti-corruption matters.

Non-financial report will include:

- a description of entity's business model;
- policies in place related to above-mentioned matters, including due diligence processes;
- outcome of pursued policies;
- risks related to matters linked to entity's operations, where relevant mentioning activities, products or services, which are likely to cause negative impacts in above-mentioned areas, and how are those risks managed;
- non-financial performance indicators relevant to the business (European Parliament, 2014).

Member States must ensure that all provisions, regulatory and administrative, are in place by 6 December 2016, to be ready for adoption by companies in the financial year starting on 1 January 2017 or during the calendar year 2017. When being officially published, provisions shall contain a reference to the Directive (European Parliament, 2014).

In terms of the form of presentation, the Directive remains quite flexible. In providing non-financial information, entities may rely on different internationally recognized reporting frameworks, mentioned in the next section.

2.2 Frameworks

The Directive recommends all internationally recognized frameworks, namely:

- Eco-Management and Audit Scheme (EMAS),
- United Nations (UN) Global Compact,
- (OECD) Guidelines for Multinational Enterprises,
- International Organisation for Standardisation's ISO 26000,
- International Labour Organisation's Tripartite Declaration of principles concerning multinational enterprises and social policy,
- Global Reporting Initiative,
- or other recognised national or international frameworks (European Parliament, 2014).

International organizations developing the frameworks have been detailly discussed in section 1.5. Section 2.2 will focus on the most relevant frameworks, describing their structure and use.

EMAS

The EU Eco-Management and Audit Scheme is locally developed management instrument for simple evaluation and improvement of organizations' environmental performance. It is suitable for all economic and service sectors. This framework is very specific, providing guidelines for environmental management rather than universal reporting guidelines. In other words, it is mostly useful for companies wishing to become environmental leaders to which, environmental impact is the most important focus area of the company. It introduces 10 steps leading to most effective measurement and reporting process of environmental impact (European Commission, 2018).

UN Global Compact and UN Sustainable Development Goals (SDGs)

UN Global Compact introduces the 10 Principles in four areas (see Table 2), which the signatories (companies who signed up to the UNCG) are expected to make an integral part of

their business strategy, daily operations, and internal culture, to advance responsible business practices to partners, clients, consumers and public. Signatories are obliged to prepare an annual Communication on Progress (COP) to inform stakeholders of their progress and implementation of the Ten Principles. Each COP must include a statement of continued support of the UNGC, a description of practical actions, and a measurement of outcomes (Greenstone, 2017).

Area	Principle
Human Rights	1. Protection of human rights
	2. Not being involved in human rights abuse
Labour	3. Upholding the right to collective bargaining
	4. Elimination of forced and compulsory labour
	5. Effective abolition of child labour
	6. Elimination of discrimination
Environment	7. Precautionary approach to environmental challenges
	8. Promoting greater environmental responsibility
	9. Encouraging development of environmentally friendly technologies
Anti-Corruption	10. Working against corruption, including extortion and bribery

Table 2: 10 Principles of UN Global Compact. (UN Global Compact, 2019).

Apart from the UNGC, all members of the UN, not only countries but also businesses operating in the territories, are strongly encouraged to work towards the 2030 Agenda and support the 17 Sustainable Development Goals, listed in section 1.5 (Table 1). Businesses may use individual goals as its own long-term targets and report on their own impacts and contributions to specific areas (Greenstone, 2017).

UNGC and the Sustainable Development Goals represent a base for the content from a philosophical, inspirational and strategical point of view, rather than guidelines suggesting the structure of the report, definitions of materiality and key performance indicators. Therefore, UN itself recommends using technical frameworks, such as GRI, for reporting indicators and

metrics for each of the Ten Principles. Together with GRI and WBCSD, UN developed the SDG Compass, which provides a guidance for organizations reporting on SDGs-related performance (Greenstone, 2017).

ISO 26000: Guidance on Social Responsibility

ISO 26000 is a voluntary guidance to be purchased by any organization irrespective of its type, size or industry. The standard identifies certain Core Subjects and provides a guidance on the actions to address each topic. Organizations are instructed to recognize their social responsibility in each Core Subject, through the stakeholder engagement. Core Subjects, human rights for instance, are further broken down into specific issues, such as grievances resolution, which are described in detail together with the instructions related to reporting on them. There is a significant overlap in the topic with the GRI G4 framework. ISO 26000 provides a guide on how to organize company's social responsibility activities which are also measured and reported under the GRI, showing connections between the two frameworks, with the goal of harmonization (Greenstone, 2017).

GRI

The Global Reporting Initiative (GRI) develops frameworks for a comprehensive non-financial, environmental, social and governance (ESG) reporting. It builds on the concept of materiality, using the 'materiality matrix' (See Figure 2), which determines company's key focus areas by combining stakeholder interests with the significance of economic, environmental and social impacts (Greenstone, 2017).



Figure 2: Materiality Matrix (GRI, 2019).

The coverage is very broad and quite deep, which makes it the framework of choice for many companies, it is recommended by the UNCG and closely linked with IIRC's Integrated reporting framework. It covers a broad range of environmental, social and governance areas while retaining flexibility through the options for its use, whereby companies only report on issues determined as material (Greenstone, 2017).

Together with general disclosures on strategy and governance, the standard also requires disclosures on management approach for both, organizational aspects and aspects material to the business. Reports based on GRI guidance are aligned with annual reporting procedure for consistency purposes. GRI also provides customized version for SME's and sectors experiencing specific risks and challenges (Greenstone, 2017).

<IR> Integrated reporting framework

Integrated reporting is a process which combines financial and non-financial information in one concise, consistent report. It brings together all the information describing organisation's strategy, governance and performance and puts it in the context of its external environment, natural and social, and explains long-term value creation (Greenstone, 2017).

Through the cycle of integrated reporting, the concept develops integrated thinking as well. It forces companies to consider their capital allocation and corporate behaviour in the context of long-term financial stability and sustainable development. Even at its early stages, the <IR> is a source of inspiration to companies and is being quickly adopted by many companies in different industries. Moreover, it is believed to be: "the most promising initiative in improving the interconnectivity between different reports in practice." (FEE, 2015)

The Content Elements described in the <IR> Guiding Principles, do not have to come in any prescriptive order, however, to comply with the standard, the Elements must be comprehensively covered and show connection (Greenstone, 2017).

The portfolio of frameworks available is as versatile, as the business world itself. Each business standing at the start line of its non-financial reporting process must first find out which framework is the most suitable, which, with the growing complexity of most of them, is not an easy task (FEE, 2015).

Non-financial information reporting has been developing under different frameworks with different levels of authority, which were additionally customized by each to organization. It resulted in various definitions of key elements and a high variety of approaches to the reporting process, adding to a certain confusion among preparers, users, auditors, regulators and standard setting organizations (FEE, 2015).

2.3 Assurance on non-financial reports

External assurance on non-financial information is too a developing area and goes hand in hand with standards' and regulations' development. However, with growing amount of non-financial reports worldwide, stakeholders are becoming vary of the correctness and relevance of presented information and call for the external verification. It opens new door to professionals, especially those with a background in auditing, although, non-financial report verification demands a more specific skill set and know-how (ICAEW, 2008).

Nevertheless, there are already some standards in place, to help assurers carry out the task. The ones used most are described in this section.

ISAE 3000: International Standard on Assurance Engagements

Supported by the International Framework for Assurance Engagements, ISAE 3000 was developed by the International Auditing and Assurance Standards Board. The standard addresses important issues related to performing assurance engagements, under which the non-financial information assurance surely counts (ICAEW, 2008).

The ISAE 3000 covers aspects such as engagement acceptance, terms of engagement, planning a performance, obtaining evidence, documentation and external assurance report preparation, similarly so to the IAASB's International Standards on Auditing (ISAs) (ICAEW, 2008).

Under ISAE 3000, there are two types of external assurance: reasonable assurance and limited assurance. Professionals choose which approach to use, depending on the nature of the assurance engagement (ICAEW, 2008).

ICAEW Guidance

The Institute of Chartered Accountants in England and Wales (ICAEW) has been long working on a development of guidance covering areas of specific assurance engagements. There is not one separate guidance on non-financial reports assurance, however following examples cover the topic at least partially (ICAEW, 2008).

- Technical Release AAF 02/07: Assurance Reports on Third Party Operations,
- Technical Release AAF 01/06: Assurance Reports on Internal Controls of Service Organization Made Available to Third Parties,
- ITF 01/07: Assurance Reports on the Outsourced Provision of Information Services and Information Processing Services,
- Technical Release AAF 04/06: Assurance Engagements: Management of Risk and Liability.

According to ICAEW, there is a strong need for further promotion of the topic and dialogue with practitioners, businesses and policy makers (ICAEW, 2008).

3. METHODOLOGY AND REASERCH OBJECTIVES

In this chapter I would like to establish the methodological approach of my research.

I will describe the data collection, data analysis and assess data quality also in the context of potential outcomes received by other researchers doing the same study.

Based on the nature of my research question:

‘How did the implementation of the 2014/95 EU Directive affect the non-financial reporting environment in the Czech Republic?’,

I concluded that the most suitable approach in terms of research methods is the qualitative Case study method, which will allow me to analyse the impact within the boundaries of a specific country. This approach will enable me to explore the historical development, the situation in the country before the adoption and the impact the implementation of the new legislation had so far.

As already mentioned, I chose to study the case of the Czech Republic, not only because it is my home country but also because of the fact that non-financial reporting, sustainability and corporate responsibility have not been developing here much until the 1990s or 2000s, compared to West-European countries. Therefore, there is a potentially big space for improvement and impact that the new legislation may have had. Also, I wanted to use the advantage of understanding local language and fill in the gap that there is in terms of English-written research done on the case of the Czech Republic.

3.1 Research methodology and partial hypotheses

Following the literature review which summarized the history and global trends in non-financial reporting, as well as, the specific case of European legislation (the EU/2014/95 Directive), this chapter describes the methodology used to achieve research objectives and to provide an answer to the research question.

To find the answer to my main research question, which is quite general, I decided to first break it down to partial segments and rephrase it as follows:

How has the environment changed from the point of view of different market players and stakeholders? Meaning:

- companies,
- public (general public and experts),
- the Government.

In order to fulfil the objectives of my thesis and in direct relation to the literature review summarizing the current state of research, I formulate the following hypotheses, which will be either confirmed or refuted based on the outcomes of my research.

H1: Companies, which fall within the scope of the Directive, are in fact reporting the non-financial information. The Directive is a driver to start with non-financial reporting.

H2: There is an increase in public awareness and perceived importance of non-financial reporting due to the EU/2014/95 implementation.

H3: Governmental institutions are increasing the number of initiatives, are actively promoting the EU/2014/95 Directive and encouraging all companies, even those which are out of the scope.

H4: The market is experiencing y/y improvements related to the contents of non-financial reports and the use of reporting frameworks following the EU/2014/95 implementation.

3.2 Data Collection Methods

The case study approach that I determined as the best fit, is exploratory, as defined by John Dudovskiy in his book *The Ultimate Guide to Writing a Dissertation*. By this definition, explanatory research “intends merely to explore the research questions and does not intend to offer final and conclusive solutions to existing problem.” This approach is suggested when tackling new problems, which in this case is the impact of the adoption of a new legislation, which has not been investigated yet (John Dudovskiy, 2018).

The advantages of case study method are mainly the flexibility and the possibility to analyse a phenomenon within a specific context. Also, it allows for the integration of qualitative and

quantitative data in real-life situations. On the other hand, there are certain disadvantages such as challenging data analysis, potential lack of relevance and accuracy, and no basis for generalizations of conclusions. (John Dudovskiy, 2018).

For the collection of data necessary to provide a relevant answer to my research question I decided to apply several approaches, all of which involve data from public sources and data provided by research agencies or associations.

- Media/text analysis
- PIE sample determination
- IPSOS Survey methodology

Sample determination: Companies within the Scope of the Directive

To determine, which companies in the Czech Republic fall into the scope of the Directive, I will follow these steps:

- Obtaining state specific criteria, the company needs to fulfil.
- Obtaining a list of Public interest entities in the Czech Republic as of 31.12.2017.
- Reviewing the Annual reports (FY 2016 and FY 2017) of the PIEs and comparing with the criteria.

IPSOS: CSR & REPUTATION RESEARCH Methodology

In this particular research, the agency is applying on-line survey methods: CASI (Computer-assisted-self-interviewing) and CAWI (Computer-assisted-web-interviewing). The size of the population (described as general public) was N = 1038 in 2017, N = 1050 in 2018.

The representative sample was selected from the whole population based on following criteria:

- a. Age 18-65 years
- b. Sex

- c. Education and salary
- d. Geographical location.

The data is gathered over the course of one month, usually December of each respective year, and presented in February or March of the next.

The data is not available on-line, but upon request and are always cited where used by the author.

MONITORA: Media monitoring tool

For the purpose of researching different media types for non-financial reporting topics occurrence, I used the media monitoring tool MONITORA.

It is a media screening software, which searches for selected key words within different media types.

Settings for the purpose of my research:

- a. Media types: online, print, TV, radio, agency news.
- b. Key words: nefinanční reporting OR "nefinanční výkaznictví" OR "GRI standards" OR "GRI standardy" OR "2014/95/EU".

3.3 Data Quality

To assure the correctness and validity of data gained from publicly available sources, I pay close attention to the authors and owners of the data and if necessary, I contact them directly to get the assurance. For the purpose of my thesis, the dating of the information is of a high importance, since I am going to compare between the years.

I am going to include also surveys done by different agencies in different years because my intention is to gain as much information as possible to see the full picture from different point of view, not to carry out the same research myself. In my case, the most optimal way, considering the time and resources, is to also use available analysis tools and previous

research outcomes. I will be then able to spend more time comparing the cross-perspectives and y/y results.

4. CASE OF THE CZECH REPUBLIC

After shortly describing the historical context and the reporting environment in the Czech Republic in section 4.1, the rest of Chapter four will be divided by the perspectives of different market players and stakeholders as defined in the Methodology.

4.1 Main trends in sustainability reporting

Professor Kunz (2014) came up with a Czech-specific overview of historical development of socially responsible thinking. He believes, that we can divide in into two phases, one before the 1989, which was the time of socialism, and second after the change of the regime.

Before 1989, as for the socially responsible business practices, there was one distinguished figure, Mr. Tomáš Baťa. He established the renowned Bata shoes company in 1894. He became famous for his introduction of responsible business practices, which went far beyond what was considered common practice at that time. He took special care of his employees, introduced very strict quality controls and customer services, he understood the company's economic impacts and its position within the society. He was one of the first pioneers and public promoters of the corporate responsibility concept in the country. He believed that doing things which are primarily good for the society will always bring profit to the business as well (Kunz, 2014).

After 1989, the collapse of the communist regime, responsible business thinking was spread mainly through subsidiaries of international corporations. However, the greatest impact was probably made by the Czech accession to the OECD and later the EU, which directly or indirectly affected the approach of the Czech Government to this topic. Over the years, the awareness among the public rose as well, adding new stakeholders to the dialogue, which in turn increased the pressure on companies to lead the discussion and take their stand (Kunz, 2014).

The very first document presented by the Czech Government was the '*Czech Republic Sustainability Strategy Framework*' in 2010. This document introduced the vision and the basic

framework for sustainable development in the Czech Republic. It was designed to raise awareness of matters related to sustainability among the general public. The document was prepared by the Office of the Government of the Czech Republic and the main responsibility for the agenda was laid on the Ministry of Environment. It was the first document to define the key topics and identify the goals of sustainable development. Also, it lays down the basic principles for its implementation and monitoring (Ministry of Environment, 2010).

The five key areas go as follows:

- Society and Personal Health
- Economy and Innovation
- Territory development
- Landscape, Ecosystems and Biodiversity
- Stable and Safe Society (Ministry of Environment, 2010).

In following years, there had been a rising number of initiatives, events and conferences related to non-financial reporting and the CSR agenda, hosted by public as well as private sector organizations. Also, the number of research projects focusing on the Czech market proves an increasing interest of the academy. Since the year 2010, researchers have been analysing the developments of CSR and sustainability reporting. They have been mapping the number of reporting companies across different sectors, analysing contents and trend dynamics.

In their 2015 research paper ‘Sustainability reporting: History and perspectives’, Hyršlová and Kubáňková confirmed a strong relation between the size of a company and non-financial reports issuance. This relation was once again proved later on in the research carried out in 2016 by Skýpalová, Kučerová and Blašková, who focused on SMEs and small Czech companies and the correlation between a company size and non-financial reporting activities. Their results showed that size is one of the most important determinants of the engagement in sustainability activities.

Another determinant was identified by Čevela (2018), who carried out an analysis of TOP 100 Czech companies (by turnover), between years 2011-2015. He discovered a strong relation

between non-financial information disclosure and the country of origin of the company owners. In his sample of 100 companies, 53% of those disclosing non-financial information were owned by a parent company from Western Europe, while 30% had the owner in the Czech Republic.

In her research, Kašparová (2015) focuses on stakeholder engagement in the reporting process and non-financial information assurance. After analysing a sample of 69 Czech companies, she arrived at the conclusion, that companies are not actively including stakeholders in the decision-making process related to the content of their reports, and are not, in most cases, seeking external assurance to support credibility of disclosed information.

Non-financial reporting process is, of course, associated with negative aspects, among which Czech managers consider an increased risk for one and a cost-intensiveness for another. In general, it is relatively difficult to determine to what extent the benefits of reporting on non-financial aspects exceed the associated costs. In addition, the management is immanently motivated to give priority to disclosing the success and positive impact of its business activities rather than unfavourable, negative impacts (Čevela, 2018).

In terms of disclosures' nature, Wagner and Petera (2017) submitted 50 most significant companies and their 2015 data to content analysis. The authors conclude that the most frequently reported were environmental indicators (31%), education (25%) and philanthropic activities (21%). However, the content is communicated mostly in a narrative form, rather than in quantitative data. Interviewing 13 corporations, they discovered, that companies do not make use of reporting frameworks (GRI) and are not considering seeking external assurance.

The results of the analysis of the TOP 100 Czech companies (by turnover) between year 2011-2015 show, that the economic aspects of the business are among the most frequently reported, their share being stable over the entire monitoring period, ranging from 47 to 49% (Čevela, 2018).

The analysis also revealed that employee related aspects are represented abundantly among non-financial data. Companies most commonly report information about employee composition by sex and age, and information on the type and extent of training provided to employees to improve and develop their skills. The popularity of reporting these data is

probably due to their positive nature. In addition, disclosure of this information only rarely generates negative emotions or provides any useful and over-confidential information to its competitors (Čevela, 2018).

On the other hand, the results show that social aspects are being neglected. Those include, in particular, the impact of companies on the rights of individuals and groups, especially those (physically) close to their businesses, including local communities. Companies rarely address the issues of their influence on local communities and, surprisingly, even the issues of anti-corruption policies, prevention and identified corruption risks (Čevela, 2018).

As for the products and services quality reporting, only a few companies from the sample of 100, monitor indicators such as customer satisfaction, number of safety non-compliance cases or the impacts of their services and products on consumers' health (Čevela, 2018).

Overall, over the past few years, the year-to-year increase in the number of published information with each subsequent reporting period has not been significant, but obvious. Čevela (2018) mentions a total percentage y/y increase of 28.9% between 2011 and 2015. Therefore, it can be argued that the most significant companies are gradually increasing their transparency for their stakeholders. However, the growth is mostly caused by companies already having previous experience with non-financial reporting increasing the amount of reported information, rather than by new companies joining up. In fact, the actual number of reporting companies increases only marginally (Čevela, 2018).

There is no single forum to deal with CSR implementation. The most important platforms through which CSR related topics are mostly discussed are the Business for Society, A-CSR representing the UN Global Compact, Business Leaders Forum, and CBCSD (Czech Business Council for Sustainable Development), which will be further discussed in section 4.3.4 Association.

After describing the main trends and historical development of non-financial reporting in the Czech Republic and reviewing past research, mostly focused on periods up to the year 2015, I would like to shift the discussion to the EU Directive and its impact on the business (Companies) and selected stakeholders (Public and the Government) in the Czech Republic in years 2016, 2017, and 2018.

4.1 Companies' perspective

In chapter 2, I introduced the EU Directive on non-financial information disclosure and described, what was the main goal of the new legislation. The legislation is directly targeting large public interest entities therefore, I would expect the largest impact of the adoption to be observed in their reporting practices.

In this chapter, I would like to mention the state specific requirements and the transposition of the Directive into the Czech law. Apart from that, I will investigate and discuss what is the impact of the adoption and on which companies specifically.

4.1.1 State specific requirements

The Directive was implemented and transposed into the Accounting Act (Zákon o účetnictví) of the Czech Republic. There were some adaptations in terms of the definition of large undertaking, definition of public interest entity, disclosure formats and non-compliance penalties (GRI & CSR Europe, 2017). Within the Accounting Act the definitions of large undertakings and public interest entities had already existed, so these were further used for the non-financial reporting part.

Companies in the Scope

- Defined as PIEs (public interest entities): listed companies, credit institutions, insurance companies, health insurance companies, pension funds
- Over 500 employees
- Net turnover (Net income) exceeding 40 mil EUR
- Balance sheet exceeding 20 mil EUR (Národní informační portál o CSR, 2019).

Disclosure formats options

- Annual management report
- Separate report

In case of a separate report, the entity must make it available to the public within a reasonable period of time, which may not exceed 6 months from the issue of the annual report. It must be referenced and published on the company website (KAČR, 2018).

Companies, which are part of a consolidation group and which have a PIE parent company reporting non-financial information are excluded from the obligation of reporting non-financial information in their own separate report or the Annual management report (Accounting Act, 2017).

Non-compliance penalties

According to the Accounting Act, the penalty for non-compliance in this case is a fine in the amount up to 3% of total value of the company assets (Accounting Act, 2017).

The auditor is obliged to verify the existence of non-financial disclosure. In other words, whether an entity disclosed non-financial information and reported it in its annual report or consolidated annual report, or whether it has produced a separate report (KAČR, 2018).

4.1.2 Implementation schedule

As a member state, the Czech Republic had an obligation to transpose the Directive into its national law by 6 December 2016, while the obligation for companies started with the fiscal year 2017 (Národní informační portál o CSR, 2019).

Since the Czech government did not use the possibility to extend the obligation to other than large public interest entities, it is assumed, that approximately 30 organizations currently fall into the legislation's scope (Národní informační portál o CSR, 2019).

4.1.3 Public interest entities in the Czech Republic

Every year, the Czech Public Audit Oversight Board, which is a recognized, independent body, overseeing the activity of the Chamber of Auditors of the Czech Republic, publishes the list of Public interest entities (Appendix 1).

The National Information Platform for CSR (2019) estimated that there would be around 30 companies affected by the new legislation, however there is no list specifically identifying the companies within the scope of the new legislation.

Following the methodology described in section 3.1 employing my own understanding of the legislation, I identified 15 companies, which, based on the criteria set by the law, should include the non-financial information in their Annual report or any separate report, because:

- a. They are public interest entities
- b. They do have more than 500 employees
- c. Their balance sheet amount exceeds 20 mil. EUR
- d. Their net income for the period exceeds 40 mil. EUR
- e. They do not have a parent company issuing consolidated non-financial report.

There may be certain limitations to my estimations, my conclusions are based on my personal understanding of the legislation and there may be exemptions I am not aware of. In Table 3, I present the list of companies I managed to identify. Whenever mentioning years 2016, or 2017, I have in mind fiscal years of the companies (which in most cases are the same as the calendar year).

Name of the entity	Entity is reporting on NFI	Type of the report in 2017	NFI reporting in 2016	NFI reporting 2017	Standards/ frameworks used in 2017
Zdravtoní pojišťovna Ministerstva Vnitra ČR	Yes, partially	Not included in any report	Incomplete	Incomplete	
Česká průmyslová zdravotní pojišťovna	Yes, partially	Not included in any report	Incomplete	Incomplete	
Všeobecná Zdravotní Pojišťovna České Republiky	Yes, partially	Not included in any report	Incomplete	Incomplete	
Českomoravská stavební spořitelna	Yes	Annual management report	More than compliance	More than compliance	
MONETA Money bank a.s.	Yes	Annual management report	Incomplete	More than compliance	GRI
ČEZ	Yes	Sustainability report	More than compliance	More than compliance	GRI
České dráhy a.s.	Yes	Annual management report	More than compliance	More than compliance	
ČEPS	Yes	Annual management report	Compliance	Compliance	
Net4gas s.r.o.	Yes	Annual management report	More than compliance	More than compliance	
Pražská plynárenská	Yes	Annual management report	Compliance	Compliance	
Skupina MND	Yes	Annual management report	Incomplete	Incomplete	
Česká národní banka	Yes, partially	Annual management report	Incomplete	Incomplete	
Česká zbrojovka	Yes	Annual management report	Incomplete	Compliance	
O2 Czech Republic	Yes	Sustainability report	More than compliance	More than compliance	
Československá obchodní banka, a.s.	Yes	Sustainability report	More than compliance	More than compliance	GRI

Table 3: Public Interest Entities within the Scope of the Directive (Own creation)

Although I did not manage to come close to the estimate of 30 companies, done by the National Information Platform for CSR, I discovered that out of these 15 companies which fall, according to my analysis, within the scope:

- 5 disclose incomplete non-financial information (compared to what is required by the legislation), in 2016 and in 2017
- 3 disclose non-financial information on their website only (not included in annual or separate report), in 2016 and in 2017
- 3 use the form of separate Sustainability report, in 2016 and in 2017
- 9 include the information in their Annual report, in 2016 and in 2017
- 3 used the GRI reporting framework in 2017
- 8 out of the 10 companies reporting NFI in 2017 had already reported the information extensively in 2016
- 2 out of 10 companies reporting NFI in 2017 improved from incomplete to compliant reporting

In terms of year-to-year comparison, all of the companies reporting non-financial information in 2017 when the Directive was introduced, had already reported it in 2016. There are only slight differences in the amount of the information.

The effect on the new legislation is very tangible for example in case of Česká zbrojovka a.s., which in 2017 added the exact non-financial information required by the Directive, such as human rights, bribery and anti-corruption policy, and employee matters, in order to comply with the new legislation.

The same can be observed by year-to-year comparison of non-financial information reported by Českomoravská stavební spořitelna. The company has already published some information related to their CSR activities in 2016, but in 2017 they improved the structure and added sections on human rights and the bribery and anti-corruption policy.

4.2 Public perspective

From my point of view, general public is one of the main stakeholder groups when it comes to non-financial information. These are consumers who are becoming more educated and demanding additional information. For them, non-financial information is in many cases more relevant than the financial information. When deciding whether or not to buy a product, they do not usually search for the profits or balance sheet figures of the producer. They want to know how the products are made, what materials are being used and how the employees who made the products are treated.

Section 4.4 is aiming to provide an overview over the public view in the Czech Republic in 2016, 2017 and 2018, while looking for any links to the new legislation. I am going to investigate whether the introduction of new legislation somehow affected the public view on this topic. To be able to analyse the developments and changes in public view before and after the implementation of the Directive, I decided to use two different approaches and data sources.

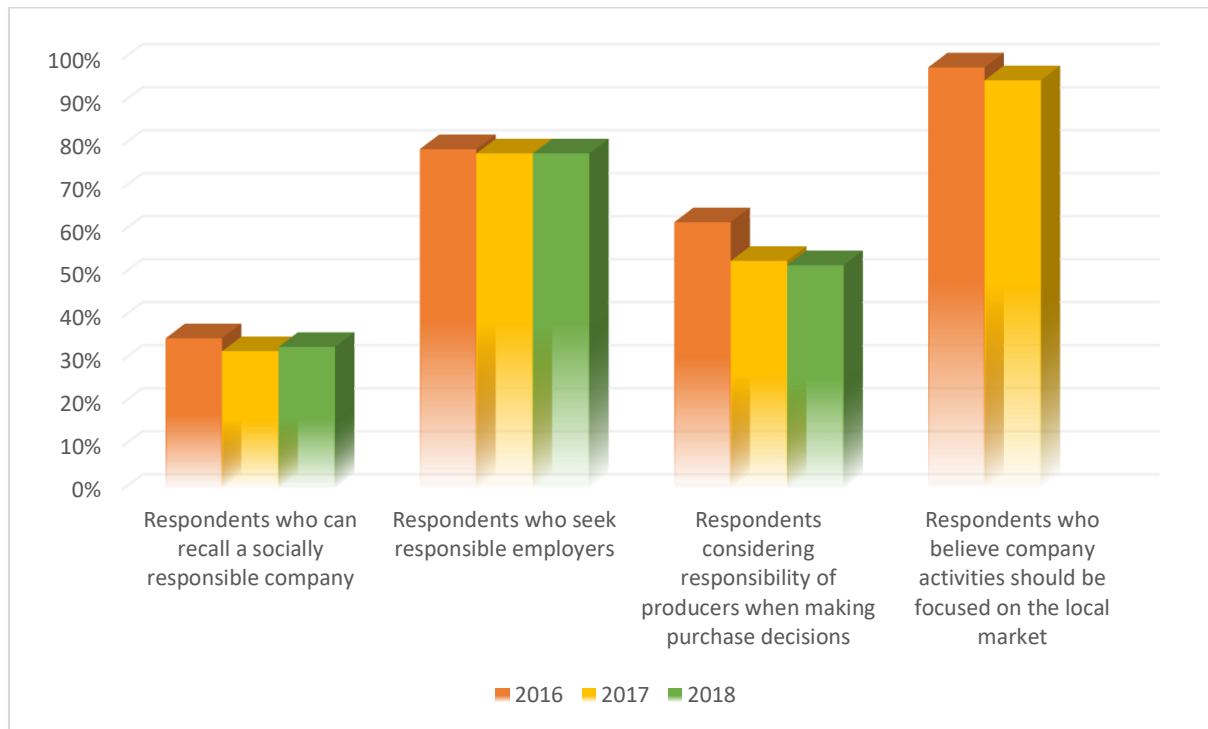
The first approach is to analyse the results of the widest sustainability related research in the Czech Republic, the annual **CSR & REPUTATION RESEARCH** carried out by the **IPSOS Agency**. This research does not focus particularly on non-financial reporting and the new legislation, but on the CSR topic in general. However, it covers larger population than any other research. Details regarding the methodology and size of the population have already been presented in chapter three – Methodology.

The second approach it to analyse the occurrence of the non-financial reporting topic in the media. I decided to use the MONITORA tool, which is more closely specified in chapter three – Methodology.

4.2.1 Public View

Analysing the results provided to me by the IPSOS Agency, it is obvious that there have not been any significant changes in corporate responsibility perception by the general public. Comparing results of 2016, 2017 and 2018 edition (Graph 1), we can even observe a downward sloping trend in some of the areas. For example, it is quite surprising that the

number of people considering responsibility of producers when making purchase decisions is decreasing.

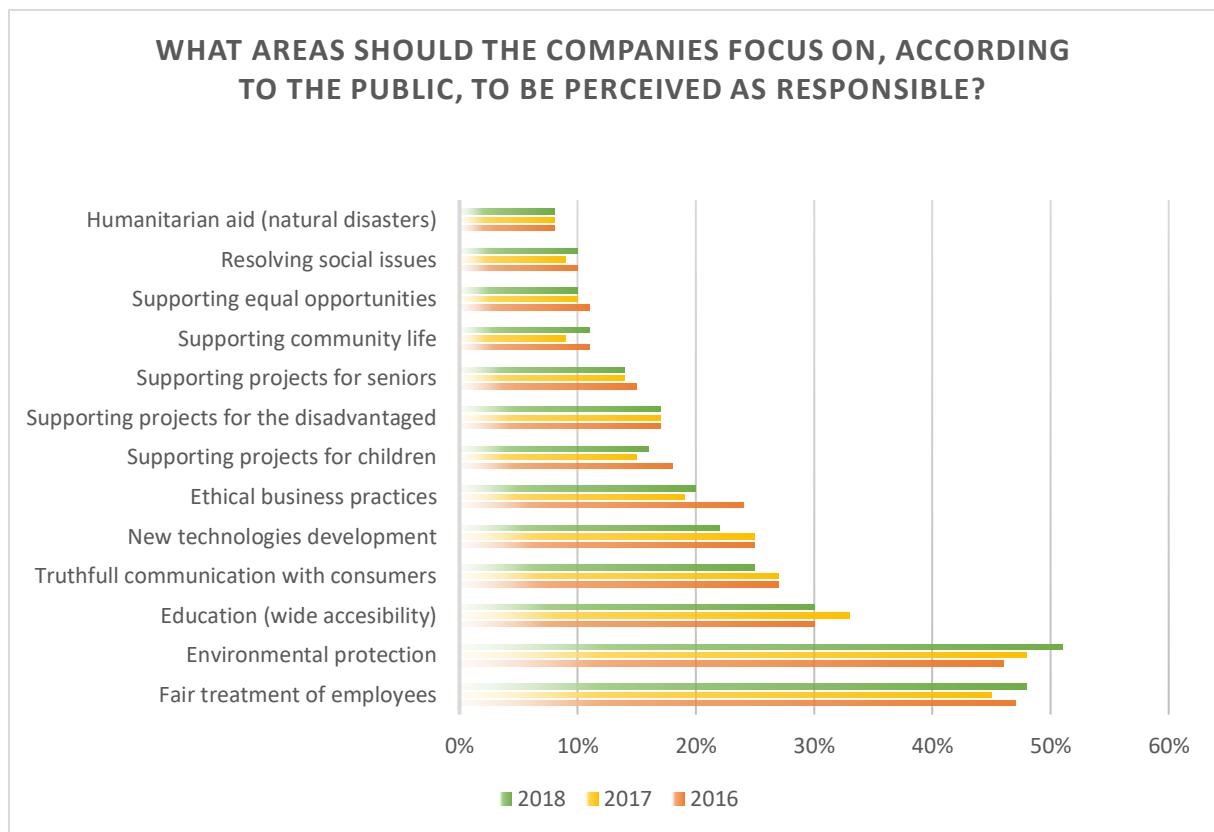


Graph 1: Public perception of corporate sustainability in the Czech Republic. (Own creation, based on the CSR & REPUTATION RESEARCH by the IPSOS Agency, 2016, 2017 and 2018 data)

From the above-presented results I can conclude that for almost 80% of the respondents, who are said to be a representative sample of the whole population, it is important how responsibly the company they work for behaves. Among university students the percentage was even higher, reaching up to 94% in 2017 (IPSOS Agency).

2016 and 2017 data shows, that around 90% of respondents are convinced that the initiatives and activities carried out by the companies should be focused on local market and local issues, rather than the global ones (IPSOS Agency).

Graph 2 summarizes the areas, which, in respondents' opinion, should companies focus on the most.



Graph 2: What areas should companies focus on, according to the public, to be perceived as responsible? (Own creation, based on the CSR & REPUTATION RESEARCH by the IPSOS Agency, 2016, 2017 and 2018 data).

Apparently, environmental protection is becoming the most relevant topic, which is corresponding with the global trend and recent developments. It is followed by the fair treatment of employees, education at workplace and honest communication with customers. Comparing 2017 and 2018 results, there is a higher attention given to ethical business practices and supporting community life, even though the values were even higher in 2016.

Additionally, the research shows that participants above 55 y. o. are mostly interested in environmental protection, while respondents between 18 – 34 y. o. see the provision of employee education as the most crucial, which is the group currently representing the employees (IPSOS Agency).

The link to non-financial reporting here is such, that unless the companies communicate their activities and approaches to these topics, the public will never know. And the more structured and transparent the communication, the more easily it will be processed and accepted by the public.

4.2.2 Expert View

Around 40 experts from the field take part in the IPSOS CSR & REPUTATION RESEARCH every year. According to them, in 2017, there had been an obvious shift in understanding of corporate responsibility. Companies are moving from philanthropy towards broader concepts of sustainable business strategies. Some of them claim that corporate sustainability issues and non-financial reporting are mostly brought by the parent companies from abroad, demanding this from their local branches in the Czech Republic. “The pressure from the side of the public and other stakeholders is not that strong yet to be the main driver”, states one of the expert respondents (IPSOS Agency).

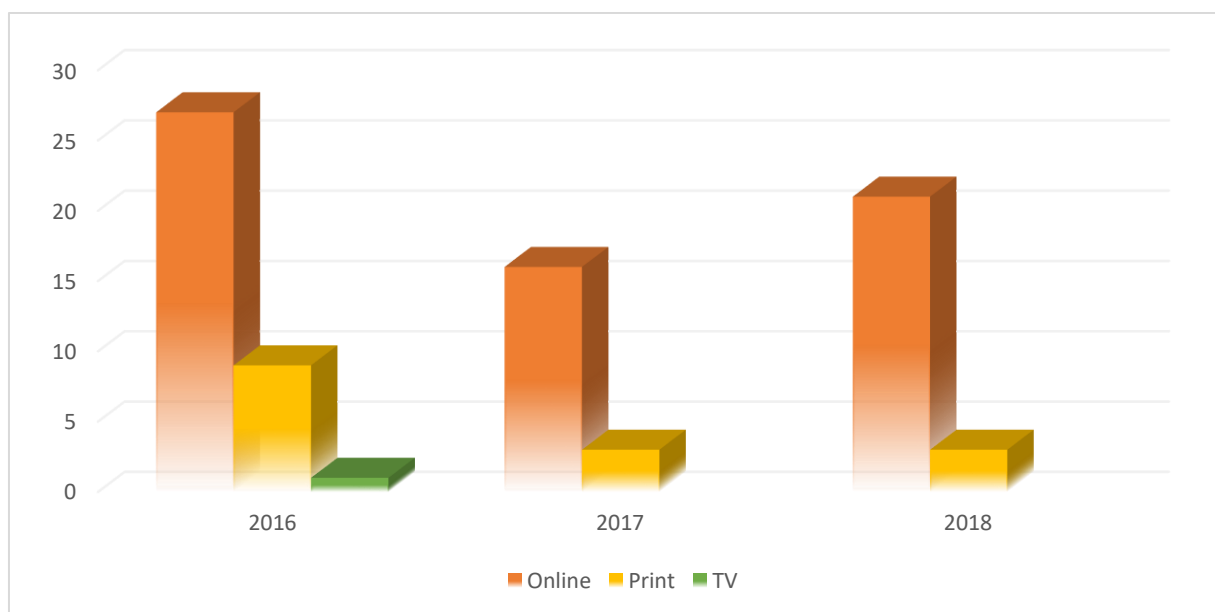
In the 2018 edition, experts agreed, that the topic is getting more attention and that people are demanding increased involvement of the state authorities and the private sector, mainly multinational companies, which could have a real impact (IPSOS Agency).

However, the results are still lagging behind the situation on the market in 2016 and the deterioration in 2017 is quite obvious.

4.2.3 Media Overview

The public research presented in previous section was based on very general ideas of corporate responsibility therefore, I decided to use another approach to investigation, which would be focused specifically on the topic of non-financial reporting.

When researching the public sources (On-line, Print, Television) in the Czech language, I was searching for following key words: nefinanční reporting, nefinanční výkaznictví, GRI standardy, 2014/95/EU. Graph 3 shows the distribution of the mentions among the media types. The full list of articles and their sources are included in the Appendix (Appendix 2).



Graph 3: Findings by media type (Own creation, MONITORA tool)

In 2016, there were 38 articles published on the topic of non-financial reporting, 6 (15%) of which directly focused on the upcoming changes in legislation (the EU Directive).

In 2017, it was 19 articles, out of which 8 (42%) directly focused on the transposition of the EU Directive into the Czech Accounting Act.

In 2018, the number of articles grew by 5 to 24, compared to 2017, and the number of articles specifically mentioning the 2014/95/EU Directive increased to 9 (37%).

Obviously, the number of articles is quite low in general, although, there is no benchmark from another European country of a similar size. We can, however, see that at least the number of articles focusing on the Directive has grown on a y/y basis and that in 2018 there was a 26% increase in the number of articles published in the media compared to 2017.

On the other hand, we can observe a significant relative (percentage of the total number of articles) increase of articles directly mentioning the EU Directive in 2017 and 2018. The conclusion might be such, that in 2016 the general topic of CSR was more discussed, while in 2017 and 2018, the focus shifts to non-financial reporting and the quantification of corporate sustainability.

4.3 Government perspective

State institutions play a crucial controlling and influential role, especially when it comes to the reinforcement and promotion of best practices in business environment. It is also truth for corporate responsibility and non-financial reporting practices. I believe, there are generally two ways in which the Government can influence business environment.

First is the way of regulation, which, in our case, is represented by the EU Directive.

Second is the way of enlightenment, encouragement and recommendations. Of course, both are necessary. In some cases, recommendations are not enough. In this section, I would like to focus on what the Government of the Czech Republic has been doing to encourage corporate responsibility and transparency in reporting apart from implementing the EU Directive.

4.3.1 Governmental programs encouraging corporate responsibility and transparency

2016: National CSR Action Plan

The National CSR Action Plan is a strategic document prepared by the Ministry of Industry and Trade in 2015 and accepted by the Czech Government in January 2016. It defined 10 key areas, among which we would find for example, 'promotion and support of the CSR concept in the Czech Republic', 'stakeholder dialogue and cooperation', role of public authorities, 'education and research on social responsibility', or 'evaluating organizations for their CSR activities' (Ministry of Industry and Trade of the Czech Republic, 2015).

The document is built on the assumption that CSR in the Czech Republic will continue to be perceived as a voluntary activity and a set of commitments that business corporations and other relevant entities will take voluntarily on the basis of self-regulation. The document develops aspects such as business ethics, transparency, quality of goods sold, products and services, employee responsibility, philanthropy, equal access, human rights and, last but not least, environmental impacts and environmental pollution. It aims to contribute to the creation of a quality framework and conditions for the further expansion of CSR in the Czech

Republic and to contribute to the promotion of socially responsible activities (Ministry of Industry and Trade of the Czech Republic, 2015).

2017: Czech Republic 2030 Sustainability Strategy Framework

This document is an update of the original framework from 2010. The framework incorporates a multidimensional approach to CSR, among others, and it deals not only with individual sub-areas of CSR but also with the interconnections and links. In this document, social responsibility is depicted more widely than in the '*National CSR Action Plan*' and it prioritizes six basic areas in which the Czech Republic should develop in order to fulfil the principles of sustainable development. The document was prepared by the Office of the Government of the Czech Republic and was in its final form approved by the government in April 2017. Although, it is rather a methodological guidance, it should be followed by an implementation document which would identify clear practical goals and assign responsibilities for their fulfilment (Úřád vlády České republiky, 2017).

The six basic areas and sub-areas are:

- People and society: family and community; work; inequality; health education; culture.
- Economic model: economic institutions; research, development and innovation; resource management; infrastructure; public finance.
- Resilient ecosystems: landscape and ecosystem services; biodiversity; water in the landscape; soil care.
- Municipalities and regions of sub (urbanization): regional inequalities; community development; the competence of public administration; adaptation to climate change.
- Global development of global development: policy coherence.
- Good Governance on Democratic Governance: long-term efficiency of governance (Úřád vlády České republiky, 2017).

2017: National Action Plan for Business and Human Rights 2017-2022

As a result of taking part in the international initiative '*National Action Plan for Business and Human Rights* ', the Czech Government approved the national version for the 2017-2022

period in October 2017. The document deals directly with non-financial reporting in the Czech Republic. The authors argue that it is a matter of prestige and a good opportunity to improve the company image and strengthen its position on the market. However, they admit that the reporting process brings additional administrative burdens and additional costs, and that these are the main reasons for not considering mandatory non-financial reporting for smaller businesses at EU level (Národní informační portál o CSR, 2017).

This plan aims to find a link between the human rights issue related to the interaction of people with corporations. The authors are focusing on a critical analysis of the current state of affairs and how to react to them, rather than setting key performance indicators (KPIs) or future goals. It draws from international experience and identifies the benefits for companies resulting from a strict respect for human rights, such as 'protection of company reputation and brand values', 'attracting customers who care about ethical standards', 'prevention of conflicts inside and outside the company', 'prevention of negative publicity', 'facilitating access to institutional investors and large public procurement and subsidies' (Národní informační portál o CSR, 2017).

4.3.2 OECD Guidelines for Multinational Enterprises: National contact point

Under the Ministry of Industry and Trade of the Czech Republic, there is a working group set as a National Contact Point for the OECD Guidelines' implementation. I was among one of the attendees of the *'Seminar on responsible business practices and how to use the OECD principles in their implementation'*, which took place in April 2019. I learned following information.

The task of the National Contact Point is to assure national fulfilment of OECD goals, to promote the principles and to assist businesses in becoming more responsible and sustainable. Also, they are the point for receiving complaints, mainly from the NGOs, reporting companies who allegedly behave in contradiction with the principles.

The difference between the OECD Guidelines and the EU Directive is mainly in scope, as the Guidelines also cover small and medium enterprises, but also in the approach discussed at the beginning of the section 4.4. Guidelines are providing guidance, advice, while EU Directive is

directing, ordering. Here, I would like to suggest a further investigation into the OECD Guidelines implementation and how the recommendatory tools change the environment of not only non-financial reporting but corporate responsibility in general.

4.3.3 Legal Requirements on disclosure of non-financial information: before and after the adoption

Up until the adoption, there was no robust, formally defined and officially supported CSR framework. This resulted in an inconsistency of the approach towards CSR across the business sector and in an unsatisfying awareness of this concept among the public. The CSR agenda is distributed among many different ministries: Ministry of Labour and Social Affairs, Ministry of Industry and Trade, Ministry of Environment, etc. Ministry of Industry and Trade is the one responsible for the national CSR activities. There is no single forum to deal with CSR implementation (Čevela, 2018).

Following the adoption of the 2014/95 / EU Directive, we can observe an increased activity mainly at the governmental level, with several documents recently created discussing the topic. Although, it was estimated that only up to 30 companies would be covered by the scope of the Directive, it puts additional pressure on other companies as well, since they will naturally respond to the competitive advantage. It is also believed to make the state authorities more concerned with CSR issues than before.

Apart from the state authorities doing their piece of promotion and assisting activities, there are several associations working alongside them.

4.3.4 Associations

In the Czech Republic, there are several associations bringing together the public and private sector in an effort to make the business environment more sustainable and responsible.

Their activities include round tables hosting, organizing workshops and seminars, competitions, but above all, the networking. It is very important to facilitate the discussion

between different stakeholders, and that is exactly, what the associations do. Their working groups consist of business leaders, state representatives, NGO representatives, academics and general public. Together, they are working on solutions and recommendations, which would be feasible to implement and accepted by all parties.

Each of the associations I am going to be mentioning, runs a working group focusing on non-financial reporting. Together with their corporate members they organize seminars related to the recent trends and best practices in reporting. Also, many of them organize their own competitions, awarding companies in different categories, including the best non-financial reports.

For the purpose of assessing how has the adoption of the EU Directive changed the reporting environment in the Czech Republic, I decided to analyse results of these competitions in years 2016, 2017 and 2018, to see which companies are leading, and whether there are any PIEs among them. Tables 2 and 3 show the lists of awarded companies by two different associations.

Business for Society: TOP OF (Odpovedna firma /Responsible Company)

Non-financial reporting category Winners

2016	2017	2018
KPMG	Československá obchodní banka	KPMG Česká republika
Plzeňský prazdroj	Letiště Praha	Plzeňský prazdroj
Heineken Česká republika	Plzeňský prazdroj	PwC Česká republika
PwC Česká republika	Vodafone Česká republika	Skupina ČEZ
Československá obchodní banka		Vodafone Česká republika
Vodafone Česká republika		Letiště Praha
		Československá obchodní banka
		Česká podnikatelská pojišťovna

Table 3: TOP OF 2016, 2017, 2018, Non-financial reporting category Winners (TOP Odpovědné firmy, 2018).

Association of Social Responsibility: SDG Awards

Best non-financial report category Winners

2016	2017	2018
x	IKEA	Siemens

Table 4: SDG Awards Winners of Best non-financial report category. (Asociace společenské odpovědnosti, 2017-2018)

Business for Society obviously awards more companies each year than the Association of Social Responsibility, which only chooses one winner and does not mention any other contestants. The results are also dependent on the publicity of each contest because companies need to enrol, they do not get recognized if they do not send an application.

Anyway, it is safe to say that there are only three PIEs among the winners in all three years, which are: Československá obchodní banka and Česká podnikatelská pojišťovna. Apart from that, all the best cases are found within the private sector.

5. MAIN FINDINGS

To be able to conclude on the results of my research I will firstly sum up my main findings in regard to particular hypotheses which I set in chapter 3.

H1: Companies which fall within the scope of the Directive are in fact reporting the non-financial information. The Directive is a driver to start with non-financial reporting.

In section 4.1 I searched for companies, which meet the criteria and fall within the scope of the new legislation on non-financial information reporting. In addition, I compared their reporting practices prior to the introduction of this legislation (fiscal year 2016) and after that (fiscal year 2017).

I discovered that out of 15 identified companies:

- 5 disclose incomplete non-financial information (compared to what is required by the legislation), in 2016 and in 2017, out of which 3 disclose non-financial information on their website only (not included in the annual or separate report)
- 3 use the form of separate Sustainability report, in 2016 and in 2017
- 9 include the information in their Annual report, in 2016 and in 2017
- 3 used the GRI reporting framework in 2017
- 8 out of the 10 companies reporting NFI in 2017 had already reported the information extensively in 2016
- 2 out of 10 companies reporting NFI in 2017 improved from incomplete to compliant reporting

In the light of my discoveries, I must refute the first hypothesis. Based on the carried-out research, there is a very little impact of the Directive on the non-financial information reporting of large public interest entities.

H2: There is an increase in public awareness and perceived importance of non-financial reporting due to the EU/2014/95 implementation.

As for the second hypothesis, combining the results of the CSR & REPUTATION research and the Media analysis, I think we can see similarities in terms of generally better results in 2016 and quite homogenic results in 2017 and 2018. There are only slight differences between the public view in 2017 and 2018 and a very low increase of media interest in the topic of non-financial reporting and the EU Directive. Also, it is difficult to assess to which extent has the Directive had an impact on the public awareness.

I believe my findings partially support the hypothesis. The general awareness and popularity of the CSR topic had been most certainly higher in 2016 than in 2017 and 2018, but after the implementation (years 2017 and 2018), the topic of the Directive itself had been discussed more than in the previous year.

H3: Governmental institutions are increasing the number of initiatives, are actively promoting the EU/2014/95 Directive and encouraging all companies, even those which are out of the scope.

As for the Government's perspective, I discovered that most of the strategic frameworks and the newest version of National plan were issued in 2017, after the implementation of the Directive. The '*National Action Plan for Business and Human Rights 2017-2022*' is directly linked to the Directive and it provides an explanation as to why has the scope not been extended to other than large public enterprises, which is not to burden SMEs with the costs of non-financial reporting.

Earlier I mentioned that there are generally two ways in which the Government can influence this topic. First is the way of regulation, and the second is the way of enlightenment, encouragement and recommendations. From what I discovered by reviewing the activities of the Czech Government, I would conclude it mostly chooses the second way. I can support my theory by reminding of the National Contact point for the OECD Guidelines for multinational enterprises seminar. Moreover, all the other documents issued by the Government are of guiding nature and they expect voluntary, gradual adoption by the companies.

In my opinion, my findings support the third hypothesis, although more than promoting the Directive itself, the Government focuses on promotion of the general topic of non-financial reporting on a larger scale.

H4: The market is experiencing y/y improvements related to the contents of non-financial reports and the use of reporting frameworks following the EU/2014/95 implementation.

In section 4.3.4 Associations, I was summarizing the results of the national-wide contests focus on awarding responsible business practices and best non-financial reports. The results revealed that among all the awarded companies over the period of three years, there were only three PIEs among the winners. Apart from that, all the best cases are found within the private sector. My own theory is that in general, if the motivation comes from internal conviction and it is linked to a business strategy the outcome will always be better than pure compliance.

However, the number of rewarded contestants grew significantly in 2018, compared to 2017, it is possible to say that there are certain improvements in terms of the content of non-financial reports. In section 4.2.2 Experts, I mentioned the results of research among experts, who also confirm, that the situation is improving, and that sustainable and responsible business practices are becoming linked with the overall business strategy.

The causality between the improvements and the EU/2014/95 implementation, however, stays unsupported, which leaves me with partially supported fourth hypothesis.

6. CONCLUSION

The aim of my thesis was to map and describe developments of non-financial reporting with a special focus on the 2014/95/EU Directive on 'Disclosure of non-financial information and diversity information', as one of the most recent initiatives by the European Commission. To be able to assess its effectiveness, I analysed the impacts of its introduction on the non-financial reporting environment in one of the Member states, the Czech Republic.

At the beginning, I asked myself the question:

'How did the implementation of the 2014/95 EU Directive affect the non-financial reporting environment in the Czech Republic?'

Following the literature review which summarized the history and global trends in non-financial reporting, as well as, the specific case of European legislation (the EU/2014/95), I decided that the case study methodology will be the optimal approach to achieve my research objectives and to provide an answer to this question.

Then, I broke it down to partial segments and rephrased it as follows:

How has the environment changed from the point of view of different market players and stakeholders? Meaning:

- companies,
- public (general public and experts),
- the Government.

By researching each section individually and by gathering secondary data from many different sources, I believe I managed to draw a picture of the situation in the Czech Republic in the last 3 consecutive years and was able to assess the impact of the discussed legislation.

I set out four hypotheses, which would be either supported or refuted by my findings. Supporting all would mean the legislation has the intended impact and it really contributed to higher transparency, improved dialogue between the stakeholders and increased public awareness. All in all, Hypothesis 1 was refuted, Hypotheses 2 and 4 supported partially and Hypothesis 3 supported fully, which leads me to the conclusion, that this legislation, adopted and transposed into the law as it is, is not fully effective and had a very little impact on the

non-financial reporting environment in the Czech Republic. I believe the low affect is mainly caused by adopting the Directive in the minimum scope, covering as little entities as possible, and not defining more accurately, which companies actually fall within the scope.

The Czech Government has its own reasons for this decision, which are related mainly to the size of local companies, accompanying costs and their motivation for non-financial reporting. It states that by lowering the threshold values and widening the scope, the burden of the obligation would fall on small and medium enterprises, which are not ready for it. Also, the general belief is that internal motivation (voluntary reporting) shows much better results than external force (compliance reporting).

In conclusion, I believe my work provided an extensive overview of the current non-financial reporting environment in the Czech Republic. In addition, not many previous works put the government's, companies' and public's view in context, and no other author focuses specifically on the EU Directive on non-financial information disclosure.

Although I did not manage to prove any significant impact following the implementation of 2014/95/EU Directive, I managed to show there are some improvements and that the joint efforts of the Government, associations and companies, together with a higher involvement of the public, have the potential to bring positive results and set out a trend towards a future where the information reported by companies is more transparent, contextual, useful and relevant.

LIST OF REFERENCES

PUBLICATIONS, JOURNAL ARTICLES AND PAPERS

- [1] ČEVELA, D. (2017) Nefinanční výkaznictví v České republice. University of Economics, Prague, pages 19-28, 123-138.
- [2] EY (2017). Is your nonfinancial performance revealing the true value of your business to investors? BSC No. 1610-2076043 W.
- [3] HYRŠLOVÁ, J. – KUBÁŇKOVÁ, M. (2015). Reporting udržitelného rozvoje – Historie a perspektivy. *Ekonomika a management*, 2015, issue 3.
- [4] INSTITUTE OF CHARTERED ACCOUNTANTS IN ENGLAND AND WALES (2018). Re: Assurance. Assurance on non-financial information, Existing practices and issues. ICAEW Audit and Assurance Faculty. ISBN 978-1-84152-604-1.
- [5] ISLAM, S.M.M. (2017). Corporate Reporting Concept and the Emergence of Nonfinancial Information Reporting: A Literature Review. *Research Journal of Finance and Accounting*. ISSN 2222-2847. Vol.8, No.8.
- [6] KAŠPAROVÁ, K. (2015). Implementation of Innovative Practices in Corporate Social Responsibility of Czech Companies. In: *Proceedings of the 3rd International Conference: Innovation Management, Entrepreneurship and Corporate Sustainability*. Oeconomica, Prague, page 108-117.
- [7] KUNZ, V. (2014). Hledání cest k dalšímu rozšiřování CSR v ČR a vytváření efektivní národní strategie CSR v ČR. *Marketingová komunikace a společnost*. Prague: Vysoká škola finanční a správní, pages 265-279.
- [8] MINISTERSTVO ŽIVOTNÍHO PROSTŘEDÍ (2010). Strategický rámec udržitelného rozvoje České republiky. ISBN: 978-80-7212-536-4.
- [9] ROCHA-LONA, Luis; GARZA-REYES, Jose Arturo; KUMAR, Vikas. Corporate sustainability and business excellence. In: *Industrial Engineering and Operations Management (IEOM)*, 2015 International Conference on. IEEE, 2015. p. 1-7.
- [10] ROCHA-LONA, Luis; GARZA-REYES, Jose Arturo; KUMAR, Vikas. Corporate sustainability and business excellence. In: *Industrial Engineering and Operations Management (IEOM)*, 2015 International Conference on. IEEE, 2015. p. 1-7.
- [11] ROWBOTTOM, N., & LOCKE, J. (2016). The emergence of Accounting and Business Research, 46(1), 83–115. [online], [cit. 28-01-2019]. Available at: <https://doi.org/10.1080/00014788.2015.1029867>.
- [12] SKÝPALOVÁ, R., KUČEROVÁ, R., BLAŠKOVÁ, V. (2016). Development of the Corporate Social Responsibility Concept in Small and Medium-Sized Enterprises. *Prague Economic Papers*, 25, issue 3, page 287-303.

[13] WAGNER, J., PETERA, P. (2017). Sustainability Reporting in the Czech Republic. In. Sustainability Reporting in Central and Eastern European Companies. Cham: Springer International Publishing AG, pages 129-142.

[14] WILSON, Mel. Corporate sustainability: What is it and where does it come from. Ivey Business Journal, 2003, 67.6: 1-5.

[15] ZÁKON O ÚČETNICTVÍ Č. 563/1991 Sb. o účetnictví (2017). Účetnictví podnikatelů. Novelizovaný zákon od 1.1.2017. Část Osmá, Uvádění nefinančních informací, §32 f-i.

ELECTRONIC SOURCES

[16] ACCA (2016), The impact of non-financial reporting in the EU, Brussels conference. Executives may groan at the prospect of non-financial reporting, but it will be just as obligatory as financial reporting and is, indeed, key to long-term business success. [online], [cit. 23-01-2019]. Available at: <https://www.accaglobal.com/crsh/en/member/member/accounting-business/2016/05/practice/good-business.html>.

[17] ACCOUNTING FOR SUSTAINABILITY (2018). Governments and regulators. [online], [cit. 23-12-2018]. Available at: accountingforsustainability.org

[18] ASOCIACE SPOLEČENSKÉ ODPOVĚDNOSTI (2017). Ceny SDGs 2017. [online], [cit. 20-03-2019]. Available at: <http://www.globalnicile.cz/o-cenach-sdgs-2017/>.

[19] ASOCIACE SPOLEČENSKÉ ODPOVĚDNOSTI (2018). Ceny SDGs 2018. [online], [cit. 20-03-2019]. Available at: <http://www.globalnicile.cz/o-cenach-sdgs-2018/>.

[20] COP24 (2018). United Nations Climate Change Conference, Katowice 2018. Key messages of the Polish presidency. [online], [cit. 23-12-2018]. Available at: cop21.gov.pl

[21] DUDOVSKIY, John (2018). The Ultimate Guide to Writing a Dissertation in Business Studies: A Step-by-Step Assistance. [online], [cit. 05-04-2019]. E-book available at: <https://research-methodology.net/about-us/ebook/>.

[22] EUROPEAN COMMISSION (2013). Proposal for a Directive of the European Parliament and of the Council amending Council Directives 78/660/EEC and 83/349/EEC as regards disclosure of non-financial and diversity information by certain large companies and groups. [online], [cit. 15-01-2019]. Available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52013SC0128&from=EN>.

[23] EUROPEAN COMMISSION (2011). Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions. [online], [cit. 23-12-2018]. Available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A52011DC0681>.

[24] EUROPEAN COMMISSION (2018). Environment, Eco-Management and Audit Scheme. [online], [cit. 12-12-2018]. Available at: http://ec.europa.eu/environment/emas/index_en.htm.

[25] EUROPEAN PARLIAMENT (2014). Directive 2014/95/EU on disclosure of non-financial and diversity information by certain large companies and groups. [online], [cit. 12-01-2019]. Available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32014L0095>

[26] EY (2017). EU Directive: Disclosure of non-financial information and diversity information. [online], [cit. 12-12-2018]. Available at: [https://www.ey.com/Publication/vwLUAssets/EY-eu-directive-disclosure-of-non-financial-information-and-diversity.pdf/\\$FILE/EY-eu-directive-disclosure-of-non-financial-information-and-diversity.pdf](https://www.ey.com/Publication/vwLUAssets/EY-eu-directive-disclosure-of-non-financial-information-and-diversity.pdf/$FILE/EY-eu-directive-disclosure-of-non-financial-information-and-diversity.pdf)

[27] FEDERATION OF EUROPEAN ACCOUNTANTS (2015). The Future of Corporate Reporting – creating the dynamics for change. Cogito series. [online], [cit. 20-12-2018]. Available at: https://www.accountancyeurope.eu/wp-content/uploads/FEECogitoPaper_-_FutureofCorporateReporting.pdf.

[28] FRANK BOLD (2017). Compliance and reporting under the EU Non-Financial Reporting Directive. [online], [cit. 23-12-2018]. Available at: http://en.frankbold.org/sites/default/files/zpravodaj/briefing_eu_nfr_directive.pdf.

[29] GLOBAL REPORTING INITIATIVE (2019). Standards. Materiality and topic boundary. [online], [cit. 23-01-2019]. Available at: <https://www.globalreporting.org/standards/questions-and-feedback/materiality-and-topic-boundary/>.

[30] GLOBAL REPORTING INITIATIVE (2019). Sustainability Reporting. About GRI. [online] [cit. 26-12-2018] Retrieved from: <https://www.globalreporting.org/information/sustainabilityreporting/Pages/default.aspx>.

[31] GREENSTONE (2017). Choosing the right non-financial reporting frameworks. [online], [cit. 12-12-2018]. Available at: http://info.greenstoneplus.com/hubfs/docs/Choosing_the_right_NFR_Frameworks_2017.pdf?t=1485169459994&submissionGuid=17e7ad95-0902-4fe1-b63a-390ca23dbe4c.

[32] GRI & CSR Europe (2017). Member State Implementation of Directive 2014/95/EU. A comprehensive overview of how Member States are implementing the EU Directive on Non-financial and Diversity Information. [online], [cit. 05-04-2019]. Available at: https://www.globalreporting.org/resourcelibrary/nfrpublication%20online_version.pdf.

[33] INTEGRATED REPORTING (2015). Only 10% of companies are prepared for non-financial reporting directives. Are you? [online], [cit. 23-01-2019]. Available at: <http://integratedreporting.org/news/only-10-of-companies-are-prepared-for-non-financial-reporting-directives-are-you/>.

[34] INTERNATIONAL LABOUR ORGANIZATION (2018). What is the ILO MNE Declaration? [online], [cit. 20-12-2018]. Available at: https://www.ilo.org/empent/areas/mne-declaration/WCMS_570332/lang--en/index.htm.

[35] IPSOS (2017). CSR & REPUTATION RESEARCH 2016. Vybrané výsledky výzkumu – veřejná část. [online], [cit. 05-04-2019]. Available at: https://www.ipsos.com/sites/default/files/2017-12/ipsos_csr_reputation_research_2016_vybrane_vysledky_z_veřejne_casti_vyzkumu_1_1.pdf.

- [36] ISO (2018). All About ISO. Our Story. [online], [cit. 12-12-2018]. Available at: <https://www.iso.org/about-us.html>.
- [37] KAČR (2019). Novela zákona o účetnictví – nefinanční informace. [online], [cit. 05-04-2019]. Available at: <https://www.kacr.cz/novela-zakona-o-ucetnictvi--nefinancni-informace>.
- [38] MINISTERSTVO PRŮMYSLU A OBCHODU ČESKÉ REPUBLIKY (2015). Národní akční plán společenské odpovědnosti organizací v České republice. [online], [cit. 15-03-2019]. Available at: <http://narodniportal.cz/wp-content/uploads/2016/01/Aktualizovaný-NAPCSR-schválený-Vládou-ČR.pdf>
- [39] NÁRODNÍ INFORMAČNÍ PORTÁL o CSR (2019). Národní akční plán pro byznys a lidská práva na období 2017-2022. [online], [cit. 22-04-2019]. Available at: http://narodniportal.cz/wp-content/uploads/2017/12/narodni_akci_plan_byznys_a_lidskaprava.pdf
- [40] NÁRODNÍ INFORMAČNÍ PORTÁL O CSR (2019). Implementace Evropské směrnice. [online], [cit. 20-03-2019]. Available at: <https://www.narodniportal.cz/implementace-evropske-smernice/>.
- [41] OCEAN TOMO (2015). Components of S&P 500 Market value. [online], [cit. 23-01-2019]. Available at: <https://www.oceantomo.com/2015/03/04/2015-intangible-asset-market-value-study/>.
- [42] RADA PRO VEŘEJNÝ DOHLED NAD AUDITEM (2019). [online], [cit. 02-04-2019]. O Radě pro veřejný dohled nad auditem. Available at: <https://www.rvda.cz/en>.
- [43] SCOTT, Mike (2012). US companies urged to put natural capital in accounts. Financial Times. [online], [cit. 23-12-2018]. Available at: <https://www.ft.com/content/78e36030-b93f-11e1-b4d6-00144feabdc0#axzz22rFwi7UQ>.
- [44] SENNE, L. (2017). The value creation of integrated reporting: a stakeholder perspective and organisational performance. Gordon Institute of Business Science, University of Pretoria. [online], [cit. 13-02-2019]. Available at: https://repository.up.ac.za/bitstream/handle/2263/64925/Senne_value_2018.pdf?sequence=1.
- [45] SUSTAINABILITY ACCOUNTING STANDARDS BOARD (2018). Mission, Governance, Funding. [online], [cit. 23-12-2018]. Available at: <https://www.sasb.org/governance/>.
- [46] TOP ODPOVĚDNÉ FIRMY (2018). Brožura a výsledky TOP OF. [online], [cit. 20-03-2019]. Available at: <http://www.odpovednefirmy.cz/cena-top/galerie-uspesnych-1/brozury-a-vysledky.html>.
- [47] UNITED NATIONS GLOBAL COMPACT (2018). The 10 Principles of the UN Global Compact. [online], [cit. 23-12-2018]. Available at: <https://www.unglobalcompact.org/what-is-gc/mission/principles>.
- [48] UNITED NATIONS GLOBAL COMPACT (2019). UN Global Compact 10 Principles. [online], [cit. 22-04-2019]. Available at: <https://www.globalcompact.ca/about/ungc-10-principles/>.

[49] UNITED NATIONS CLIMATE CHANGE (2018). The Paris Agreement. [online], [cit. 23-12-2018]. Available at: <https://unfccc.int/process-and-meetings/the-paris-agreement/the-paris-agreement>.

[50] ÚŘAD VLÁDY ČESKÉ REPUBLIKY, ODBOR PRO UDRŽITELNÝ ROZVOJ (2017). Strategický rámec Česká republika 2030. [online], [cit. 22-04-2019]. Available at: https://www.cr2030.cz/wp-content/uploads/Strategick%C3%BD_r%C3%A1mec_%C4%8CR2030_komplet.zip

[51] WORLD BANK (2003). Report on the observance of standards and codes. [online], [cit. 27-12-2018]. Available at: http://www.worldbank.org/ifa/roscaa_bgd.pdf.

LIST OF GRAPHS AND TABLES

TABLES

Table 1: List of the SDGs (UN Global Compact, 2018)

Table 2: 10 Principles of UN Global Compact. (UN Global Compact, 2019)

Table 3: Public Interest Entities within the Scope of the Directive (Own creation)

Table 3: TOP OF 2016, 2017, 2018, Non-financial reporting category Winners (TOP Odpovědné firmy, 2018).

Table 4: SDG Awards Winners of Best non-financial report category. (Asociace společenské odpovědnosti, 2017-2018)

GRAPHS

Graph 1: Public perception of corporate sustainability in the Czech Republic. (Own creation, based on the CSR & REPUTATION RESEARCH by the IPSOS Agency, 2016, 2017 and 2018 data)

Graph 2: What areas should the companies focus on, according to the public, to be perceived as responsible? (Own creation, based on the CSR & REPUTATION RESEARCH by the IPSOS Agency, 2016, 2017 and 2018 data).

Graph 3: Findings by media type (Own creation, MONITORA tool)

FIGURES

Figure 1: Visualisation of sustainability reporting concept, (Islam, 2017)

Figure 2: Materiality Matrix (GRI, 2019)

APPENDIX

Appendix 1: List of Public Interest Entities in the Czech Republic as of 31. 12. 2017, published in 2018 (Rada pro veřejný dohled nad auditem, 2018).

AEGON Pojišťovna, a.s.	J&T ENERGY FINANCING CZK III, a.s.
Air Bank a.s.	J&T Global Finance VII., s.r.o.
Allianz penzijní společnost, a.s.	J&T Global Finance VIII., s.r.o.
Allianz pojišťovna, a.s.	KAROSERIA a.s.
APS Finance a.s.	KB Penzijní společnost, a.s.
APS FUND ALPHA uzavřený investiční fond, a.s.	Kofola ČeskoSlovensko a.s.
AQUAPALACE, a.s.	Komerční banka, a.s.
Aquila Real Asset Finance a.s.	Komerční pojišťovna, a.s.
Artesa, spořitelní družstvo	Kooperativa pojišťovna, a.s., Vienna Insurance Group
AXA penzijní společnost a.s.	LUCROS investiční fond s proměnným základním kapitálem, a.s.
AXA pojišťovna a.s.	Maloja Investment SICAV a.s.
AXA životní pojišťovna a.s.	MAXIMA pojišťovna, a.s.
Banka CREDITAS a.s. (Záložna CREDITAS, spořitelní družstvo)	MKP SICAV, a.s.
BEMETT nemovitostní uzavřený investiční fond, a.s.	MND a.s.
BigBoard Praha, a.s.	Modrá pyramida stavební spořitelna, a.s.
BNP Paribas Cardif Pojišťovna, a.s.	MONETA Money Bank, a.s.
Budějovická investiční fond s proměnným základním kapitálem, a.s.	Moravský Peněžní Ústav - spořitelní družstvo
CENTRAL GROUP uzavřený investiční fond a.s	NET4GAS, s.r.o.
CENTRAL GROUP uzavřený investiční fond II. a.s.	NEY spořitelní družstvo (ANO spořitelní družstvo)
Citfin, spořitelní družstvo	NN Penzijní společnost, a.s.
COLBER INVEST FOND SICAV a.s.	O2 Czech Republic a.s.
COMES invest, investiční fond s proměnným základním kapitálem, a.s.	Oborová zdravotní pojišťovna zaměstnanců bank, pojišťoven a stavebnictví
Conseq penzijní společnost, a.s.	Outulný investiční fond s proměnným základním kapitálem, a.s.
Convenio, investiční fond s proměnným základním kapitálem, a.s.	PASSERINVEST FINANCE, a.s.
CREAM SICAV, a.s.	Patronus třetí SICAV a.s.
Credendo - Short-Term EU Risks úvěrová pojišťovna (KUPEG úvěrová pojišťovna, a.s.)	Peněžní dům, spořitelní družstvo
Czech Investment Fund SICAV, a.s. (TISOR, SICAV)	Penzijní společnost České pojišťovny, a.s.
CZECHOSLOVAK GROUP a.s.	PFNonwovens a.s. (PEGAS NONWOVENS)
ČD Cargo, a.s.	Philip Morris ČR a.s.
ČEPS, a.s.	PILSENINVEST SICAV, a.s.
Česká exportní banka, a.s.	Podnikatelská družstevní záložna

Česká podnikatelská pojišťovna, a.s., Vienna Insurance Group	Pojišťovna České spořitelny, a.s., Vienna Insurance Group
Česká pojišťovna a.s.	Pojišťovna VZP, a.s.
Česká pojišťovna ZDRAVÍ a.s.	PPF banka a.s.
Česká průmyslová zdravotní pojišťovna	PRAGORENT investiční fond s proměnným základním kapitálem, a.s.
Česká spořitelna - penzijní společnost, a.s.	Pražská plynárenská, a.s.
Česká spořitelna, a.s.	PRVNÍ KLUBOVÁ pojišťovna a.s.
Česká zbrojovka a.s.	První rezidenční investiční fond s proměnným základním kapitálem, a.s.
České dráhy, a.s.	Raiffeisen stavební spořitelna a.s.
České spořitelni družstvo	Raiffeisenbank a.s.
Českomoravská stavební spořitelna, a.s.	RED Thirteen s.r.o.
Českomoravská záruční a rozvojová banka, a.s.	REDSIDE investiční společnost, a.s.
Československá obchodní banka, a. s.	Revírní bratrská pokladna, zdravotní pojišťovna
Československé úvěrní družstvo (AKCENTA, spořitelni a úvěrní družstvo)	RMS Mezzanine, a.s.
ČEZ a. s.	RSRE INVEST a.s.
ČEZ OZ uzavřený investiční fond a.s.	Safety Real, investiční fond s proměnným základním kapitálem, a.s.
ČSOB Penzijní společnost, a. s., člen skupiny ČSOB	SALEZA, a.s.
ČSOB Pojišťovna, a. s., člen holdingu ČSOB	Sberbank CZ, a.s.
DEKINVEST, investiční fond s proměnným základním kapitálem, a.s.	Servisní pojišťovna a.s.
Diamond Point, a.s.	Severomoravské vodovody a kanalizace Ostrava a.s.
DIRECT Pojišťovna, a.s.	Slavia pojišťovna a.s.
Dolfin Real Estate Fund, investiční fond s proměnným základním kapitálem, a.s.	SPIILBERK investiční fond s proměnným základním kapitálem, a.s.
Dolfin Real Estate Second Fund, investiční fond s proměnným základním kapitálem, a.s.	Stavební spořitelna České spořitelny, a.s.
Družstevní záložna Kredit	STING investiční fond s proměnným základním kapitálem, a.s.
Družstevní záložna PSD	ŠKODA TRANSPORTATION a.s.
E4U a. s.	TD GAMA s.r.o.
ENERGOAQUA, a.s.	Teplárna Otrokovice a.s.
EP Infrastructure, a.s.	TESLA KARLÍN, a.s.
EPH Financing CZ, a.s.	TMR Finance CR, a.s.
Equa bank a.s.	TOMA, a.s.
ERGO pojišťovna, a.s.	Tourbillon Invest SICAV, a.s.
ERV Evropská pojišťovna, a. s.	Trianon Building Prague s. r. o.
EUC a.s.	Trigema Real Estate Finance a.s.
Expobank CZ a.s.	UNICAPITAL ENERGY a.s.
FINEP BARRANDOV ZÁPAD k.s.	UNICAPITAL Invest I a.s.
FINEP Hloubětín a.s.	UniCredit Bank Czech Republic and Slovakia, a.s.

Fio banka, a.s.	UNIMEX GROUP, uzavřený investiční fond, a.s.
FOCUS INVEST, investiční fond s proměnným základním kapitálem, a.s.	UNIQA Pojišťovna, a.s.
FQI TRUST investiční fond s proměnným základním kapitálem, a.s.	VIG RE zajišťovna, a.s.
Generali Pojišťovna a.s.	Vitalitas pojišťovna, a.s.
HALALI, všeobecná pojišťovna, a.s.	Vojenská zdravotní pojišťovna České republiky
Hasičská vzájemná pojišťovna, a.s.	Všeobecná zdravotní pojišťovna České republiky
HB Reavis Finance CZ, s.r.o.	Wüstenrot - stavební spořitelna a.s.
Hypoteční banka, a.s.	Wüstenrot hypoteční banka a.s.
IFIS investiční fond, a.s.	Zaměstnanecká pojišťovna Škoda
INFOND investiční fond s proměnným základním kapitálem, a.s.	Zdravotní pojišťovna ministerstva vnitra České republiky
J & T BANKA, a.s.	ZMJ SICAV, a.s.
J&T ENERGY FINANCING CZK I, a.s.	ZONER software a.s.
J&T ENERGY FINANCING CZK II, a.s.	ZOOT a.s.

Appendix 2: Media monitoring – List of Articles (MONITORA TOOL)

Title	Published	Link
Jak na reporting?	2018	https://byznysprospolecnost.cz/jak-na-reporting/
Podnikatelská sféra jako klíčový hybatel trvale udržitelného rozvoje	2018	http://www.casopisczechindustry.cz/products/podnikatelska-sfera-jako-klicovy-hybatel-trvale-udrzitelneho-rozvoje/
Evropská výzva: Firmy a zaměstnanci - Průkopníci nové cesty pro Evropu	2018	https://www.parlamentnilisty.cz/arena/nazory-a-petice/Evropska-vyzva-Firmy-a-zamestnanci-Prukopnici-nove-cesty-pro-Evropu-545919
Evropská výzva: Firmy a zaměstnanci - Průkopníci nové cesty pro Evropu	2018	https://www.cmkos.cz/obsah/219/evropska-vyzva-firmy-zamestnanci-prukopnici-nove-cesty-pro-e/22418
Nefinanční výkaznictví v České republice	2018	https://vskp.vse.cz/eid/74461
EU: březen 2018 - Komise má plán, jak financovat udržitelný růst ekonomiky	2018	http://www.enviweb.cz/111131
Nefinanční reporting v České republice	2018	http://www.enviweb.cz/111078
Nefinanční reporting v České republice	2018	http://www.ceskenovinky1.eu/domains/ceskenovinky1.eu/2018/04/11/nefinancni-reporting-v-ceske-republice/
EU: Rekapitulace dění v březnu 2018	2018	https://www.tretiruka.cz/news/eu-rekapitulace-deni-v-breznu-2018/
Životní prostředí v březnu 2018	2018	https://www.euroskop.cz/13/30787/clanek/zivotni-prostredi-v-breznu-2018
Firmy se chovají zodpovědně vůči lidem i přírodě	2018	https://media.monitora.cz/pdf-preview/2416/39134216-39ca5bead84c7dfc8fb2/
Brusel chce zásadně měnit pravidla u pracovních smluv	2018	http://www.businessinfo.cz/cs/clanky/brusel-chce-zasadne-menit-pravidla-u-pracovnich-smluv-105224.html
BMW zveřejňuje Zprávu o trvale udržitelném rozvoji 2017: "Trvalá udržitelnost pro nás znamená budoucnost."	2018	http://www.nejbusiness.cz/zpravy/2018-03-22-bmw-zverejnuje-zpravu-o-trvale-udrzitelnem-rozvoji-2017-trvala-udrzitelnost-pro-nas-znemanena-budoucnost
Společenská zodpovědnost se brzy stane nutností. Koho se bude týkat povinně?	2018	https://www.podnikatel.cz/clanky/spolecenska-zodpovednost-se-brzy-stane-nutnosti/
Společné prohlášení Komisařek a komisařů u příležitosti Mezinárodního dne žen 2018 z 6. března	2018	https://www.elogistika.info/spolecne-prohlaseni-komisarek-a-komisaru-u-prilezitosti-mezinarodniho-dne-zen-2018-z-6-brezna/

Udržitelné podnikání: silné hodnoty v centru pozornosti	2018	http://www.finparada.cz/zprava_banka.aspx?ID=15394
Udržitelné podnikání: silné hodnoty v centru pozornosti	2018	http://byznysprospolecnost.cz/udrzitelne-podnikani-silne-hodnoty-v-centru-pozornosti/
Udržitelné podnikání: silné hodnoty v centru pozornosti	2018	https://feedit.cz/2018/02/22/udrzitelne-podnikani-silne-hodnoty-v-centru-pozornosti/
Principy udržitelného podnikání se dostávají do základů strategií rozvoje firem	2018	https://www.businessinfo.cz/cs/clanky/principy-udrzitelneho-podnikani-se-dostavaji-do-zakladu-strategii-rozvoje-firem--102801.html?utm_source=rss&utm_medium=web&utm_content=podnikatelske-prostredi-141&utm_campaign=rss_portal
Více než polovina největších českých firem reportuje své nefinanční ukazatele	2018	https://pravniiradce.ihned.cz/c1-66010760-vice-nez-polovina-nejvetsich-ceskych-firem-reportuje-sve-nefinancni-ukazatele
Více než polovina největších českých firem reportuje své nefinanční ukazatele	2018	https://media.monitora.cz/pdf-preview/2416/36189002-e68511639a9100327328/
Aktuality Otisk udržitelné módy v právu	2018	https://www.pravni prostor.cz/aktuality/aktuality/otisk-udrzitelne-mody-v-pravu
News	2018	https://media.monitora.cz/pdf-preview/2416/35488914-f96f52bf87d4099ba003/
News	2018	https://archiv.ihned.cz/c1-66005280-news
51 % ze sta největších českých firem reportuje své nefinanční ukazatele	2017	https://faei.cz/51-ze-sta-nejvetsich-ceskych-firem-reportuje-sve-nefinancni-ukazatele/
51 % ze sta největších českých firem reportuje své nefinanční ukazatele	2017	http://www.finparada.cz/zprava_banka.aspx?ID=15033
51 % ze sta největších českých firem reportuje své nefinanční ukazatele	2017	https://feedit.cz/2017/12/20/51-ze-sta-nejvetsich-ceskych-firem-reportuje-sve-nefinancni-ukazatele/
Analýza KPMG: České firmy zaostávají v nefinančním reportingu	2017	https://roklen24.cz/a/SYg3f/analiza-kpmg-ceske-firmy-zaostavaji-v-nefinancnim-reportingu
Investory zajímají i nefinanční ukazatele. V Česku je ale zveřejňuje jen polovina podniků	2017	http://nezpravy.cz/?p=23150660
Investory zajímají i nefinanční ukazatele. V Česku je ale zveřejňuje jen polovina podniků	2017	http://byznys.ihned.cz/c1-65995690-investory-zajimaji-i-nefinancni-ukazatele-v-cesku-je-ale-zverejnuje-jen-polovina-podniku

Deloitte Green Frog Award 2017: Nejlepší zpráva o udržitelnosti v ČR má Škoda Auto	2017	https://www2.deloitte.com/cz/cs/pages/press/articles/cze-tz-deloitte-green-frog-award-2017-nejlepsi-zpravu-o-udrzitelnosti-v-cr-ma-skoda-auto.html
Channel World, číslo 4/2017; str. 15	2017	https://media.monitora.cz/pdf-preview/2416/27817559-747d5aca79f2368e1d5d/
Hyundai Elevator Publishes 2017 Sustainability Report	2017	http://businesskorea.co.kr/english/news/management/18952-sustainable-growth-hyundai-elevator-publishes-2017-sustainability-report
Komise přijala pokyny pro nefinanční reporting	2017	http://www.tretiruka.cz/news/komise-prijala-pokyny-pro-nefinancni-reporting/
Harper's Bazaar, číslo 5/2017; str. 216	2017	https://media.monitora.cz/pdf-preview/2416/22705702-b4b15fb68052f690f2b2/
Legislativní změny pro rok 2017	2017	https://www.du.cz/33/legislativni-zmeny-pro-rok-2017-uniqueidmRRWSbk196FNf8-jVUh4EtNoJwDY U-WLszol6EE1s/
Prosperita, číslo 02/2017; str. 12	2017	https://media.monitora.cz/pdf-preview/2416/21284923-07d1234229befba3ab02/
Plzeňský Prazdroj vydává zprávu o udržitelném rozvoji již 10 let	2017	http://www.ceskenapojce.cz/beer/plzensky-prazdroj-vydava-zpravu-o-udrzitelnem-rozvoji-jiz-10-let.html
První zprávy - Domácí - Plzeňský Prazdroj zprávu o udržitelném rozvoji vydává již 10 let	2017	http://prvnizpravy.parlamentnilisty.cz/zpravy/regiony/plzensky-prazdroj-zpravu-o-udrzitelnem-rozvoji-vydava-jiz-10-let/
Plzeňský Prazdroj zprávu o udržitelném rozvoji vydává již 10 let	2017-01-18 07:00:00	http://www.plzenskenovinky.cz/zpravy/regiony/plzensky-prazdroj-zpravu-o-udrzitelnem-rozvoji-vydava-jiz-10-let/
Větší firmy musí od nového roku informovat o dopadu svých aktivit na životní prostředí a společnost	2017	http://plzen.cz/firmy-musi-zacit-informovat-o-dopadu-svych-aktivit-na-zivotni-prostredi-a-spolecnost-plzensky-prazdroj-to-dela-uz-10-let/
Změny v leg. Novela zákona o účetnictví	2017	http://www.pravniprostor.cz/zmeny-v-legislative/vyslo-ve-sbirce-zakonu/novela-zakona-o-ucetnictvi
Změny v zákoně o účetnictví od 1. 1. 2017	2017	https://www.ucetnictvino.cz/33/zmeny-v-zakone-o-ucetnictvi-od-1-1-2017-uniqueidmRRWSbk196FNf8-jVUh4EnNt140WTD eHBr049ZDtLY/
Marketing & Media; str. 6	2016	https://media.monitora.cz/pdf-preview/2416/19303222-8951b439739ca9ea7a34/
Týden v justici	2016	http://www.ceskatelevize.cz/ivysilani/11129264015-tyden-v-justici/316281381901106
LIDÉ	2016	https://media.monitora.cz/pdf-preview/2416/18253849-6add1fb325d952166062/
Marcela Pekníková, Simona Polášková a Petr Jonák posilují na manažerských postech	2016	http://kariera.ihned.cz/c1-65492260-marcela-peknikova-simona-polaskova-a-petr-jonak-posiluji-na-manazerskych-postech-spolecnost-coca-cola-hbc

společnost Coca - Cola HBC		
Jonák se stará o vnější vztahy Coca-Coly	2016	http://strategie.e15.cz/lide/prestupy/jonak-se-stara-o-vnejsi-vztahy-coca-coly-1324467
Coca-Cola mění manažery, Luzuma střídá Jonák	2016	http://retailek.mediar.cz/2016/10/24/coca-cola-meni-manazery-luzuma-strida-jonak/
Komunikaci Coca-Cola HBC povede Petr Jonák	2016	http://www.mediaguru.cz/aktuality/komunikaci-coca-cola-hbc-povede-petr-jonak/
Komunikaci Coca-Cola HBC povede Petr Jonák	2016	https://www.mediaguru.cz/clanky/2016/10/komunikaci-coca-cola-hbc-povede-petr-jonak/
Hospodářské Noviny - tematická příloha; str. 11	2016	https://media.monitora.cz/pdf-preview/2416/18110376-661f3d0fae4d3a1eb690/
Učíme neziskovky fungovat efektivněji	2016	http://archiv.ihned.cz/c1-65480370-ucime-neziskovky-fungovat-efektivneji
Euro, číslo 39/2016; str. 75	2016-	https://media.monitora.cz/pdf-preview/2416/17549003-37f55c13b3149cf0f4b7/
Enlist your CSR activities report for competition: The 16th year of the Deloitte Green Frog Award gets underway : Czech Market Place	2016	http://www.czechmarketplace.cz/en/14868.enlist-your-csr-activities-report-for-competition-the-16th-year-of-the-deloitte-green-frog-award-gets-underway
Nefinanční reporting může zlepšit přístup k CSR	2016	http://www.mediaguru.cz/2016/08/nefinancni-reporting-muze-zlepsit-pristup-k-csr/
Nefinanční reporting může zlepšit přístup k CSR	2016	https://www.mediaguru.cz/clanky/2016/08/nefinancni-reporting-muze-zlepsit-pristup-k-csr/
PR.Konektor rozšiřuje nabídku služeb o nefinanční reporting	2016	http://strategie.e15.cz/zpravy/pr-konektor-rozsiruje-nabidku-sluzeb-o-nefinancni-reporting-1309320
PR.Konektor vytváří s právníky Frank Bold alianci	2016	http://www.mediaguru.cz/aktuality/pr-konektor-vytvari-s-pravniky-frank-bold-alianci/
PR.Konektor vytváří s právníky Frank Bold alianci	2016	https://www.mediaguru.cz/clanky/2016/07/pr-konektor-vytvari-s-pravniky-frank-bold-alianci/
17. zasedání pléna Podnikatelské rady	2016	https://www.mpo.cz/cz/podnikani/podnikatelska-rada/17--zasedani-plena-podnikatelske-rady--177506/
Marketing Sales Media, číslo 28-29/2016; str. 11	2016	https://media.monitora.cz/pdf-preview/2416/15530570-a9e892a0e979bade90bf/
Komora.cz, číslo Zář/2016; str. 37	2016	https://media.monitora.cz/pdf-preview/2416/17189135-3d86a40be76bd05ac1e1/
UPU launches new carbon analysis and reporting tool	2016	http://www.eurologport.eu/upu-launches-new-carbon-analysis-and-reporting-tool/
Zveřejňování nefinančních informací -	2016	http://www.opojisteni.cz/kalendar-akci/zverejnovani-nefinancnich-informaci-transpozice-smernice-eu-do-ceske-legislativy/

transpozice směrnice EU do české legislativy		
Nová evropská směrnice o nefinančním reportingu	2016	https://www.komora.cz/news/nova-evropska-smernice-o-nefinancnim-reportingu/
Novela zákona o účetnictví: velké podniky, ministerstvo ani poslanci netuší, co se skrývá za nefinančním reportingem. Od 1. 1. 2017 by vědět už měli.	2016	http://franc.blog.ihned.cz/c1-65318200-novela-zakona-o-ucetnictvi-velke-podniky-ministerstvo-ani-poslanci-netusi-co-se-skriva-za-nefinancnim-reportingem-od-1-1-2017-by-vedet-uz-meli?utm_source=mediafed&utm_medium=rss&utm_campaign=mediafed
Proč nás nezajímá, jak se chovají firmy, jejichž výrobky kupujeme?	2016	https://www.respekt.cz/komentare/proc-nas-nezajima-jak-se-chovaji-firmy-jejichz-vyrobkky-kupujeme
Nefinanční report pro velké firmy na burze	2016	https://MODERNIRIZENI.IHNED.CZ/c1-65302750-nefinancni-report-pro-velke-firmy-na-burze
Moderní Řízení; str. 28	2016	https://media.monitora.cz/pdf-preview/2416/14806642-00995d15450b7410aace/
Moderní Řízení; str. 29	2016	https://media.monitora.cz/pdf-preview/2416/14806643-86e4419300ec5558edc7/
Mezinárodní konference účetnictví a reporting udržitelného rozvoje 2016	2016	https://www.tretiruka.cz/news/mezinarodni-konference-ucetnictvi-a-reporting-udrzitelneho-rozvoje-2016/
Materiály na jednání vlády dne 27. dubna 2016	2016	http://www.mfcr.cz/cs/legislative/materialy-na-jednani-vlady/2-ctvrtleti-16/materialy-na-jednani-vlady-dne-27-dubna-24737
Veřejné konzultace v dubnu 2016	2016	https://www.euroskop.cz/8446/27206/clanek/verejne-konzultace-v-dubnu-2016
EU 07/16 Nezávazné pokyny k metodice vypracování zpráv obsahujících nefinanční informace, T: 7. 4. 2016	2016	https://www.komora.cz/legislation/eu-0716-nezavazne-pokyny-k-metodice-vypracovani-zprav-obsahujících-nefinancni-informace-t-7-4-2016/
Návrh zákona, kterým se mění zákon č. 256/2004 Sb., o podnikání na kapitálovém trhu, postoupen Senátu	2016	http://www.mfcr.cz/cs/soukromy-sektor/kapitalovy-trh/podnikani-na-kapitalovem-trhu/2016/navrh-zakona-kterym-se-meni-zakon-c-256-24475
Veřejné konzultace v březnu 2016	2016	https://www.euroskop.cz/8446/27086/clanek/verejne-konzultace-v-breznu-2016
Komora.cz, číslo Březen/2016; str. 11	2016	https://media.monitora.cz/pdf-preview/2416/13916016-6c64563724a8c880e21d/
Průzkum mezi CEO: Základem úspěchu je klást si správné otázky	2016	https://MODERNIRIZENI.IHNED.CZ/c1-65175300-pruzkum-mezi-ceo-zakladem-uspechu-je-klast-si-spravne-otazky
Typy otázek, na které je třeba si podle expertů	2016	https://media.monitora.cz/pdf-preview/2416/13146884-390bccac0f263b50fb77/

společnosti odpovědět:	PwC		
Veřejné konzultace v únoru 2016		2016	https://www.euroskop.cz/8446/26918/clanek/verejne-konzultace-v-unoru-2016