

COMPLIANCE VS NON-COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE OF BUCHAREST STOCK EXCHANGE

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Abstract

Research approach looks at the role of corporate governance in companies and financial markets that is of creating a framework of relationships between managers, shareholders and other stakeholders, based on accountability, transparency and reliability. The research is two-dimensional. The first dimension of research is the review of existing literature ideas on corporate governance and of national and international regulations in the field. A second dimension of research aims to identify the level of compliance of Romanian companies listed on the Bucharest Stock Exchange to the Corporate Governance Code.

Key words: *listed companies, Corporate Governance Code, compliance, transparency, Romania*

JEL Classification: M48, G18

I. INTRODUCTION

The premise of this research is the major role played by corporate governance both at micro-economic and at macro-economic level.

The internationalization of companies, turbulent international and national economic environment that emphasize the information asymmetry between shareholders and managers, leads to integration of corporate governance into the equation of financial performance of companies.

Corporate governance is a concept which basically is materialized through the creation at the company or group level of organizational structures that are designed to prevent managers from pursuing their own interests and act in the best interest of the owners.

The implementation model of corporate governance varies greatly from country to country and from company to company (Doidge et al, 2004). An effective implementation of corporate governance allows companies an easy access to capital markets, access which is necessary for obtaining financing, when growth opportunities can't be financed domestically.

On the opposite side, poor corporate governance "distorts the allocation of capital in the economy, reduces foreign investments and confidence of capital holders (Duca, 2009).

In this context, it is necessary to adopt codes of good practice to ensure a framework for collaboration between companies, shareholders and other stakeholders, based on accountability, credibility and transparency.

Among the benefits of adopting high quality codes of good practice in companies are: the efficiency of using resources at the microeconomic and macroeconomic level, reduced capital cost, increasing investors' confidence, reducing the level of corruption, development of capital markets (Duca, 2009).

The Corporate Governance Code of the Bucharest Stock Exchange (BSE) (2015) has the stated goal "to encourage companies to build a strong relationship with their shareholders and other holders of interests (stakeholders), to communicate efficiently and transparently and to be opened to all potential investors".

This research aims to identify the level of compliance of Romanian companies listed on the BSE to the Corporate Governance Code of BSE.

The paper is structured as follows: the first section presents the conceptual assertions on corporate governance, followed by a section describing the research methodology. The next section includes research results and the last one is devoted to conclusions, research limitations and future research directions.

II. CONCEPTUAL APPROACHES ON CORPORATE GOVERNANCE

Conceptual approaches of corporate governance are varied. In a first approach, corporate governance refers to the way in which companies are managed and controlled (Cadbury Report, 1992).

Doidge et al (2004) believe that corporate governance considers mechanism that assures investors of achieving the desired result of their investments in companies.

In another approach, corporate governance is the process of making responsible the companies' decision makers by its owners (shareholders/associates) (Buckley, 1997).

Shleifer&Vishny (1997) believe that corporate governance is the way in which corporate investors ensure their return of investment.

Charreaux (1996) deals with corporate governance in terms of governance structure, based on the transaction concept introduced by Williamson (1985). Under this perspective, corporate governance is governance structures of transactions which run between entity and its managers.

From another perspective, corporate governance establishes clear structures on accountability and transparency of the company's management and defines the role of the Board of Administrators and management (Steger & Amann, 2008).

Solomon (2010) addresses corporate governance both on a narrow perspective and on a broad one. Under the narrow perspective, corporate governance is limited to the relationship between a company and its stakeholders.

This approach is founded on agency theory, that there is a potential conflict of interest between the management of an organization and its owners, as owners delegate their decision-making authority to managers as their agents. For investors, monitoring managers' actions is a difficult task as it is expensive and it can't be perfect. This is why the objective of corporate governance is that of leading to the success of an organization's activities and of minimizing agency costs (Guillet & Mattila, 2010).

In a broad vision, corporate governance is a network of relationships, not only between a company and its owners, but also between a company and its stakeholders: employees, customers, suppliers etc. Considering the comprehensive approach of corporate governance, Sison (2008) defines this concept as as the system of checks, both inside and outside of companies, that certifies the fact that entities fulfill their responsibility to all stakeholders and act responsibly in all areas of their business.

Buckley (1997) deals with corporate governance in terms of costs, in view of alliances or joint ventures. The existence of a common goal, the creation of a group behavior and then getting a reputation that belongs to all shareholders create a state of trust that reduces governance costs.

Definition and coordinates of corporate governance has been a challenge for international organizations.

In view of the Organization for Economic Cooperation and Development (OECD) (2017), corporate governance envisages relationship between management of an entity, its board, its shareholders and other stakeholders. It also determines the structure that defines an entity's objectives, the means to achieve them and the ensuring of monitoring results.

In terms of quality of corporate governance, the OECD states that it is intended to guarantee shareholders and stakeholders that their rights are protected and entities are able to procure capital at low cost through an easy access to financial markets.

In view of the Institute of Internal Auditors (IIA) (2012), governance is the combination of processes and structures implemented by the board in order to inform, supervise, manage and monitor the activities of the organization towards achieving its objectives. The role of internal audit for corporate governance process is to evaluate and formulate recommendations for "improving the governance process through its fulfilling the following objectives: promoting ethical conduct and appropriate values within the organization; ensuring an effective performance management within the organization and also its accountability; communication of information on risk and control to the appropriate areas of the organization; and coordination and communication of information between the council, internal auditors, external auditors and management."

The International Auditing and Assurance Standards Board (IAASB) (2012) consider that governance describes the role of the person or organization that has responsibility for overseeing the strategic direction of the entity and responsibilities over the entity.

In Romania, studies have revealed that the majority of companies listed on the BSE do not meet the recommendations of the Governance Code regarding the independence of directors and Audit Committee members and their degree of transparency is much lower than that of other European companies (Feleagă et al, 2011).

Results of the study conducted by the Apostol (2015) on the uptake of corporate governance policies on the practices of financial transparency and dissemination of information revealed the following: all analyzed companies published on their own website the financial calendar, the annual, semi-annual and quarterly reports; about half of listed companies promoted at least once a year, meetings with financial analysts, brokers, rating agencies and other market specialists in order to present financial elements relevant to the investment

decision; more than 50% of the companies analyzed have an audit committee, which in 50% of cases comprises only of non-executive directors and has a sufficient number of independent directors.

Dobroțeanu & Dobroțeanu (2007) deals with corporate governance in terms of governance models applied in Romania, respectively unitary model and the dual model. The unitary model includes the following coordinates: Board of Directors, Audit Committee, Directors, and provisions on internal audit process. Coordinates included by dual model are as follows: Supervisory Board, the Audit Committee, Directorate and provisions on internal audit system.

From the perspective of association between the corporate entrepreneurship and corporate governance, the research performed by Albu & Mateescu (2014) showed on one hand that there are differences between companies belonging to different industries but also for those included or not in BET-TR BSE index for the application and disclosure of practices of entrepreneurship and corporate governance, and on the other hand that corporate governance promotes entrepreneurship in Romanian companies.

The analysis of conceptual approaches of corporate governance highlights the major role that it falls within companies, focused on results, accountability, decision, credibility, transparency.

III. RESEARCH METHODOLOGY

In order to achieve the objective of our research that is to identify the degree of compliance of Romanian companies listed on the BSE with Corporate Governance Code (CGC) of BSE, we investigated the 2016 annual reports of the Board published on the official website of BSE. We selected 20 companies operating in manufacturing industry as follows:

Field of companies' activity	Companies' names
➤ Hotels and other accommodation facilities	<ul style="list-style-type: none"> • Turism Felix SA; • Turism, Hoteluri, Restaurante Marea Neagră SA; • Casa de Bucovina- Club de munte SA;
➤ Pharmaceuticals products manufacturing	<ul style="list-style-type: none"> • Antibiotice SA; • Biofarm SA; • Zentiva SA;
➤ Extraction of crude oil	<ul style="list-style-type: none"> • OMV Petrom SA;
➤ Services additional to the extraction of crude oil and natural gas	<ul style="list-style-type: none"> • Rompetrol Well Services SA;
➤ Extraction of natural gas	<ul style="list-style-type: none"> • SNGN Romgaz SA
➤ Construction services for residential and non-residential buildings	<ul style="list-style-type: none"> • Societatea de Construcții Napoca SA; • Transilvania Construcții SA ; • Concefa SA;
➤ Real estate development	<ul style="list-style-type: none"> • Impact Developer&Contractor SA;
➤ Manufacturing of instruments and devices for measure, verification, control and navigation	<ul style="list-style-type: none"> • Electromagnetica SA; • Mecanică Fină SA;
➤ Manipulations	<ul style="list-style-type: none"> • SOCEP SA; • OIL Terminal SA; • Exploatare Portuară Drobeta SA Orșova;
➤ Transportation through systems of pipes	<ul style="list-style-type: none"> • SNTGN Transgaz SA; • CONPET SA.

The option to include these companies in the sample was determined by the completeness of their published financial reports, which included information on the state of compliance with the CGC issued by BSE. Regarding the option for companies operating in certain industries, we note that manufacturing industry includes most companies.

To analyze the degree of compliance of the companies listed on the BSE with CGC, we will refer to the CGC sections (available at [http://www.bvb.ro/info/Rapoarte/Diverse/RO_Cod% 20% 20Corporativa _WEB_single](http://www.bvb.ro/info/Rapoarte/Diverse/RO_Cod%20%20Corporativa_WEB_single) Governance. pdf) respectively: Section A - *Responsibilities*, Section B - *The risk management and internal control system*, Section C – *Equitable rewards and motivation*, Section D - *Building value through the relationship with investors*.

IV. RESEARCH RESULTS

The analysis of compliance of the companies investigated highlights that most of them comply with CGC. Thus, four companies comply with more than 80% of CGC provisions, one company operating in the manufacture of the pharmaceutical products and one in the construction of residential and non-residential buildings comply with a percentage between 93% and 95%, while the other two companies operate in the field of oil and gas. 45% of companies that comply with CGC in a percentage of 50% - 80% activate in the following industries: three companies in the hotels and other similar accommodation facilities, two in the pipeline transport and the rest in the following areas (one company in one field): manufacturing pharmaceuticals, construction of residential and nonresidential buildings, manufacture of instruments and devices for measuring, testing, control, navigation and manipulation.

Regarding the perspective of compliance of companies with CGC, the results of investigation reports showed that: 30% of companies do not have information on that will try to comply with those provisions they still do not follow, these companies having less than 20% of the requirements complied with; 30% of companies declare their openness in complying to CGC in a percentage of 20% -60%; 20% of companies declare themselves opened to CGC compliance in a percentage of 60%; 10% of companies do not provide information on the perspective of compliance to CGC; 10% of companies do not provide information on the CGC.

In order to analyze the degree of compliance of the companies listed on BSE with respect to CGC sections we excluded from the sample the two companies that do not provide information on CGC in their Annual Report.

Investigation of the compliance of companies listed on the BSE with the CGC Section A - *Responsibilities* revealed the following: no provision is respected by all companies; three provisions that is management of conflicts of interest included in the Regulation of the Committee (A2), the independence of executive or non-executive directors (A4) and the appointment of a Secretary of the Council (A7) are complied with by a percentage of 94% of the companies; a company active in the manufacture of instruments and devices for measuring, testing and navigation does not comply.

Recommendation concerning the existence of an Internal Regulation of the Council (A1) is applied to 83% of the companies analyzed, while 11% of companies in the construction of residential and nonresidential buildings and of the manufacture of instruments and devices for measuring, testing, navigation are being implementing this provision. 6% of companies active in hotels and other similar accommodation facilities have not complied with this recommendation.

Recommendation on the Board of Directors or Supervisory Board components (A3) is applied by 78% of companies. 11% of companies in the construction of residential and nonresidential buildings and of the manufacture of instruments and devices for measuring, testing and navigation are under implementation while 11% of the companies operating in the fields of hotels and other similar accommodation and construction of residential and nonresidential buildings have not complied with the A3.

Recommendations concerning relatively permanent commitments and professional obligations of a member of the Council (A4) and those on corporate governance statement (A10) are applied by 89% of companies. 11% of companies that operate in the field of construction of residential and non-residential buildings and of manipulation are to be complied soon with the A5 and 11% of companies in the manufacture of instruments and devices for measuring, testing and navigation and in the construction of residential and nonresidential buildings have not conformed to the A10.

Regarding the recommendation on the obligation of informing the Council by any member of any relation to a shareholder detaining a fixed percentage of the voting rights (A6), 78% of companies have complied with that provision. 17% of companies operating in the fields of manufacture of instruments and devices for measuring, testing and navigation, manipulation and transport via pipelines are being adopting recommendation A6. 5% of companies in the services related to extraction of crude petroleum and natural gas have not conformed to the A6.

The provisions the least respected are those concerning the Council's assessment (A8) and the establishment of the normalization committee (A11), which are not met by 12 companies. This is explained by the fact that economic entities in the sample are not included in the Premium category and are not required to comply with this provision even voluntarily. Also, companies must not comply with the provisions considered not to bring added value and efficiency. In this respect, any company in the fields of hotels and other similar accommodation facilities, transportation and handling pipeline do not comply with A8. Also, no company in the hotels and other accommodation facilities and transportation through pipeline do not comply with A11, which is approved only by a company in the other fields of activity sampled.

In terms of compliance with the provisions of this section, companies operating in: hotels and other accommodation facilities, transport via pipelines, services additional to the extraction of crude oil and natural gas, extraction of natural gas present the greatest degree of compliance.

Regarding compliance companies with Section B - The risk management and internal control system, research results are as follows: the provision concerning the establishment of an audit committee with at least one non-executive independent manager (B1) is observed in 66% of companies in the sample represented by all companies in the hotels and other similar accommodation facilities and one company from the other fields included in the study. Of the six companies that do not comply with B1, two are stating they will comply by the end of 2017, and the remaining four companies will not comply as the audit committee responsibilities are fulfilled by the Board.

61% of the companies comply with the provision relating audit committee chairman (B2). Those that do not comply with work in the following fields: two companies in the manufacture of products and pharmaceutical preparations, one in the extraction of oil, a company in the service activities related to extraction of crude petroleum and natural gas, one at the works construction of residential and non-one in the manufacture of instruments and appliances for measuring, testing and navigation. A company operating in the field of manipulation is under compliance.

Compliance with the provisions referring to the Internal Audit Committee responsibilities (B3) is agreed by 55% of the analyzed companies. Companies that do not comply activate in the following fields: two companies in the manufacture of pharmaceuticals, a company in services related to extraction of crude petroleum and natural gas, one in the construction of residential and non-residential buildings and one in manipulation field. Also, two companies in the hotels and other similar accommodation facilities and a company in the manufacture of instruments and devices for measuring, testing and navigation have not complied B3, but are open to it, as it is being implemented.

The provision on the evaluation of internal audit function (B4) is adopted in all or in part by 55% of the companies analyzed, and two companies, of which one in the hotels and other accommodation facilities and the other in the manufacture of instruments and devices for measure, testing, navigation are under compliance. Companies that do not comply B4 activate in the following areas: a company in the field of hotels and other accommodation facilities, two companies from producing pharmaceuticals, a company in services related to extraction of crude petroleum and natural gas, a company in construction of residential and nonresidential buildings and one in the manipulation field.

Referring to the provision on the assessment by the Audit Committee of conflicts of interest in connection with the transactions of the company and its subsidiaries with affiliates (B5), 55% of companies comply fully or partially while 17% of companies operating in: hotels and other similar accommodation facilities, manufacture of instruments and devices for measuring, testing and navigation, real estate development are under compliance. 28% of the companies that do not comply with B5 activate in the areas of activity: hotels and other accommodation facilities, manufacture of pharmaceuticals, services related to crude petroleum and natural gas extraction, construction of residential and nonresidential buildings.

Compliance with the provision on the assessment by the Audit Committee of the effectiveness of internal control and risk management system (B6) is favored by 61% of the companies analyzed. 11% of companies that are under compliance process activate in the manufacture of instruments and devices for measuring, testing and navigation and in the hotels and other similar accommodation facilities. 28% of the companies which do not conform to the provisions of B6 operate in the following areas: production of pharmaceuticals, services related to petroleum and natural gas extraction, manipulations, construction of residential and nonresidential buildings.

The provision relating to the Audit Committee monitoring the implementation of legal standards and generally accepted internal audit standards and the receipt and evaluation of the internal audit team reports (B7) is complied with by 56% of the companies analyzed. 11% of companies that are under compliance process to B7 activate in the manufacture of instruments and devices for measuring, testing and navigation and in the hotels and other similar accommodation facilities. 33% of companies that do not comply with the provisions of B7 operate in the following areas: production of pharmaceuticals, services related to extraction of crude petroleum and natural gas, manipulations, construction of residential and non-residential buildings and hotels and other accommodation facilities.

Regarding the provision B8 that is when CGC requires reports and analyzes initiated by the Audit Committee, they must be followed by regular or ad hoc reports to be submitted later to the Council it is respected by most of the companies investigated. 11% of companies that are under compliance with B8 activate in the manufacture of instruments and appliances for measuring, testing and navigation and in the hotels and other accommodation facilities. 33% of companies that do not comply with the provisions B8 operates in the following areas: production of pharmaceuticals, services related to extraction of crude petroleum and natural gas, manipulations, construction of residential and non-residential buildings, hotels and other similar accommodation and real estate development.

The provisions on the treatment of shareholders (B9) and conducting internal audits by a separate structure within the company (B11) are followed by 89% of companies in the sample. Companies that are under compliance in 2017 to B9 operate in the field of construction of residential and nonresidential buildings and the real estate development. Provision B11 is not followed by a company in the manipulation field, but it states its

openness to compliance until 31.03.2017. There is also a company in the manufacture of instruments and appliances for measuring, testing and navigation which is reluctant to compliance to B11 in the future.

The provision that the degree of compliance of companies is the lowest (56%) is B10 related to the adoption by the Council of policies on affiliates. Of these, 60% of the companies are under compliance. However, each field contains at least one company that conforms to B10, but there is no field in which all companies to comply.

The last provision of this section - that of ensuring the fulfillment of the main functions of the internal audit department (B12) is adopted by 78% of companies. A company in the manufacture of instruments and appliances for measuring, testing and navigation is under compliance to B12 and three companies that operate in the fields of manufacturing of pharmaceuticals, oil extraction, manipulations, do not comply.

Section C - *Equitable rewards and motivation* includes only one provision to which 61% of the companies analyzed comply. 22% of the analyzed companies that do not conform operate in the fields of the production of pharmaceuticals, oil extraction, construction of residential and non-residential buildings and transport by pipeline. Also, 17% of the analyzed companies working in the hotels and other accommodation facilities field, manufacture of instruments and devices for measuring, testing and navigation and services related to extraction of crude petroleum and natural gas do not comply with this section, but are in view of compliance.

Regarding the compliance of companies with Section D - *Building value through the relationship with investors*, the results show the following: the provision on investor relations (D1), information that should be presented both in Romanian and English language is respected by 89% of companies in the sample. 11% of companies that do not comply with D1 activate in the manufacture of pharmaceuticals and in the manufacture of instruments and appliances for measuring, testing and navigation. In this respect, the company in the manufacture pharmaceuticals presents information only in English on the company's site, but not in the management report and the company in the manufacture of instruments and appliances for measuring, testing and navigation is in a restructuring and reorganizing process, afterwards intending to conform to D1.

The provision on the annual dividend distribution policy or other benefits to shareholders (D2) is adopted by 44% of the companies investigated. 23% of companies that operate in services related to extraction of crude petroleum and natural gas, construction of residential and nonresidential buildings and manipulations are under compliance to D2. On the opposite side, 32% of companies operating in the fields of hotels and other accommodation facilities, manufacture of pharmaceuticals and manipulations, do not conform to D2. Area hotels and other accommodation facilities is the only one in within which no company conforms to D2.

39% of surveyed companies comply with the provision of policy projections (D3). 23% of companies that operate in services related to extraction of crude petroleum and natural gas, construction of residential and nonresidential buildings and manipulations are pending compliance to D3. 38% of companies do not comply with the D3. They operate in hotels and other accommodation facilities, production of pharmaceuticals, manufacture of instruments and appliances for measuring, testing and navigation and manipulations.

Provisions on the rules governing the general meetings of shareholders (D4), those relating to the presence of external auditors to the general meeting of shareholders (D5) and those related to annual and quarterly financial statements (D8) are adopted by all companies, regardless of their field of work.

The overwhelming majority of companies (83%) complies with the provision that includes the presentation to the general shareholders meeting, by the council of the findings on internal control systems and on management of significant risks as well as other issues (D6) and that relating to the participation of any specialist, consultant, expert or financial analyst at the shareholders' meeting (D7). 11% of companies that have not complied with the D6, but are under compliance, operate in hotels and other similar accommodation facilities and 6% of companies not complying activate in the manufacture of instruments and appliances for measuring, testing and navigation. 17% of the companies that have not conformed to D7, activate in the manufacture of pharmaceuticals, the manufacture of instruments and devices for measuring, testing, navigation and transport by pipeline.

The provision to hold at least two meetings/conference calls with analysts and investors every year (D9) is adopted by 56% of the companies in the sample. Companies that do not comply (22%) but are under compliance, operate in the fields of hotels and other accommodation facilities, the manufacture of instruments and appliances for measuring, testing, shipping and manipulations. 22% of companies that do not comply with operate in the fields of hotels and similar accommodation facilities, manufacture of pharmaceuticals, construction of residential and nonresidential buildings.

In relation to the provision of supporting different forms of artistic and cultural expression, sports, educational and scientific activities (D10) the majority of companies (72%) are aligned to. Companies that have not complied with are from the following fields: hotels and other similar accommodation facilities, manufacturing of pharmaceuticals, construction of residential and non-residential buildings, manufacture of instruments and devices for measuring, testing and navigation.

V. CONCLUSIONS

This research shows that most of the companies in the sample comply with the CGC in a percentage more than 50%; they belong in particular to the following areas: manufacturing of pharmaceuticals, construction of residential and non-residential buildings, services related to extraction of crude petroleum and natural gas, hotels and other accommodation facilities, transport via pipelines. Companies that do not comply with certain provisions of the CGC are open to comply 50% more in 2017.

Companies that have the highest degree of compliance with provisions of Section A - *Responsibilities*, are operating in the fields: hotels and other accommodation facilities, transport via pipelines, services related to extraction of crude petroleum and natural gas, extraction of natural gas, but no provision is respected by all companies. 94% of companies have complied with the provisions A2, A4 and A7, while 0.06% of companies in the manufacture of instruments and appliances for measuring, testing and navigation are not conforming to these. Provisions that are the least respected are A8 and A11.

Regarding the compliance of companies with Section B - *The risk management and internal control system*, research results proved that: most companies comply with B8, B9, B11 (adopted by 89% of companies) and B12 (adopted by 78% of companies, 66% of companies included in the sample represented by all companies in the hotels and other similar accommodation facilities and by one company of other fields included in the study comply with the recommendations B1; 61% of companies comply with provision B2; B3, B4, B5 are approved by 55% of the companies analyzed; the provisions of B6 are implemented by 61% of the companies and those of B7, 56% of companies); the lowest degree of compliance (56%) of companies is for the provision B10; companies not conforming to B8 provisions operate in the following areas: production of pharmaceuticals, services related to extraction of crude petroleum and natural gas, manipulations, construction of residential and non-residential buildings, hotels and other similar accommodation facilities and real estate development; companies that do not comply to B9 operate in the field of construction of residential and non-residential buildings, manipulations and the real estate development, but are opened to its compliance, while a company in the manufacture of instruments and devices for measuring, testing and navigation is reluctant to compliance with the B11 in the future; provisions of B12 are under compliance by a company in the manufacture of instruments and appliances for measuring, testing and navigation is opened it for compliance, while three companies that operate in the fields of manufacturing of pharmaceuticals, oil extraction, manipulations do not conform.

Most companies (61%) comply with the recommendations of Section C - *Equitable rewards and motivation*. 22% of the companies that do not conform activate in the fields of the production of pharmaceuticals, oil extraction, construction of residential and non-residential buildings and transport by pipeline. 17% of companies operating in the fields of hotels and other similar accommodation facilities, manufacture of instruments and appliances for measuring, testing and navigation and services related to extraction of crude petroleum and natural gas does not comply with this section, but consider compliance in the future.

Considering the companies complying Section D - *Building value through the relationship with investors*, research results reveal the following: provisions D4, D5 and D8 are adopted by all companies, regardless of their field of work; 89% of companies respect the provisions of D1 and those that do not conform activate in the manufacture of pharmaceuticals and in the manufacture of instruments and appliances for measuring, testing and navigation; most companies (83%) comply D6 and D7; 44% of the companies comply with the D2 and 39% comply with the provision D3; 11% of companies that have not complied with the D6 are under compliance, operating in hotels and other accommodation facilities and 6% of companies not complying activate in the manufacture of instruments and appliances for measuring, testing and navigation; 17% of the companies that have not conformed to D7, operate in the manufacture of pharmaceuticals, the manufacture of instruments and devices for measuring, testing, navigation and transport by pipeline; the provisions D10 are complied with by 72% of companies and those that have not complied with operate in hotels and other accommodation facilities, manufacturing of pharmaceuticals, construction of residential and non-residential buildings, manufacturing tools and appliances for measuring, testing and navigation.

Research on the compliance of companies in the sample to the sections of CGC highlighted that no company, regardless of the industry, fully complies with it, but is opened to complying in order to increase the trust of shareholders and other stakeholders.

As limits of the research, we believe that one of them is the reduced typology of the companies in the field, but it is known that the number of companies publishing full financial and non-financial information is reduced.

As future research directions, we propose further research by expanding industries typology and the scope of their activities.

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