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THE IMPORTANCE OF EU TAXONOMY FOR SUSTAINABLE DEVELOPMENT REPORTING. CASE STUDY OF ENTITIES LISTED ON THE WARSAW STOCK EXCHANGE IN POLAND

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Abstract:
The introduction of the obligation to prepare ESG reports taking into account EU Taxonomy is a challenge for enterprises, but at the same time opens up the possibility of using disclosures in this area to assess entities in the context of environmentally sustainable activities. Legal changes in the field of the Green Deal have been introduced in the last three years, and in the area of EU taxonomy this process is still ongoing, resulting in a deficit of research on the effects of implementing the new legal regulations. The main goal of our study is to assess the importance of the newly applicable ESG reporting and environmental disclosure requirements under EU Taxonomy in improving the quality and comparability of sustainability reporting and the creation of ESG ratings. A qualitative research method was applied based on multiple case studies using content analysis on the basis of ESG reports for 2021-2022 for entities listed on the Warsaw Stock Exchange. The research results indicate a very low level of activities classified as environmentally sustainable and taxonomy-aligned. Additionally, the results may also indicate problems with implementing the new solutions in reporting practice. At the same time, a positive impact is noted of the implementation of taxonomic reports on improving the comparability and detail of disclosures.

Key words: *CSR, CSRD, sustainable development, environmental investments, financial statement, IFRS*

INTRODUCTION

Over the last few decades, profit-oriented enterprises and corporations have faced a crisis in the legitimacy of their activities, which has resulted in their increasing interest in the environmental and social effects of their activities [1]. Modern market economy entities should be guided by the principle of corporate social responsibility (CSR) in their activities. Postulates for building a responsible relationship between societies and enterprises have been formulated since the 1930s [2]. An approach was initiated according to which a company should be accountable to the public for the effects of its activities covering three areas: environmental, social and governance (ESG). ESG is an integrated approach involving the measurement of an enterprise's activities based on data disclosed in non-financial reports or integrated reports. Enterprises are expected to act in accordance with the principle of "responsibility of an organization for the impacts of its decisions and activities on society and the environment, through transparency and ethical behavior that [3]:

- contributes to sustainable development, including health and the welfare of society;
- takes into account the expectations of stakeholders;
- is in compliance with applicable law and consistent with international norms of behaviour;
- is integrated throughout the organization and practised in its relationships".

For many years, a continuous evolution of requirements regarding the subject scope of publicly published reporting disclosures has been observed towards the obligation to also publish non-financial information. It should be noted that there has been an increase in both legal requirements regarding so-called environmental reporting as well as in the needs of investors and other recipients of reports regarding access to information about an entity's impact on the natural environment and other ESG areas.

A manifestation of the growing interest in environmental problems, efforts to solve them on a broader scale and reporting in the area of enterprise management is the intensive development of Environmental Management Systems [3].

In European Union countries, the new Corporate Sustainability Reporting Directive (CSRD) adopted by the European Parliament as part of the European Green Deal and the sustainable finance program entered into force on January 5, 2023 [4]. Large public interest companies already covered by the previously applicable Nonfinancial Disclosure Reporting Directive (NFRD) [5] and employing more than 500 employees will report under the new directive for the first time in 2024, while for 2025 they will have to do so for the first time for large enterprises that were not subject to the previous NFRD and employing more than 250 employees and/or having EUR 40 million in turnover and/or EUR 20 million in total assets. From January 1, 2026, this obligation will apply to small and medium-sized companies listed on the stock exchange. The aim of the directive is to oblige companies to respect human rights and reduce their negative impact on the environment, as well as to raise corporate governance standards.

As a result of the implementation of the CSRD Directive, enterprises must, among other things, publish taxonomic reports, with the obligation to prepare them included in the Complementary Delegated Acts [6, 7]. The changes were introduced in response to the frequently noted differences in reports and the resulting lack of comparability of previously published ESG disclosures, as well as problems with assessing their significance. At the same time, increasing interest in the content of the reports was observed from an increasingly wide range of users, in particular investors [8]. In practice, over the last few decades, the number of indices and funds that take into account ESG activities and investments has increased. Regulations on non-financial reporting, just like financial reporting, are characterized by a high level of generality, and being aware of the impact of information on environmental impact practices on public opinion, managers strive to present a positive image in this respect. Decisions regarding publishing information on a firm’s impact on the natural environment are related to the goals of management boards in terms of shaping the entity's results, and may be determined by behavioural factors and the so-called impression management strategy [9, 10]. This confirms the voluntary disclosure theory, according to which companies reveal "good news" and hide "bad news" [11].

The authors of this article identified a research gap resulting from the lack of research on the use of taxonomic disclosures to assess entities in the context of environmentally sustainable activities. Investors, market analysts, financial institutions and regulatory authorities are interested in assessing companies in this scope, as evidenced by the increasing number of ESG indices and ratings. For example, the European Banking Authority [12] has long recommended the inclusion of ESG risks in banks’ risk management requirements, and appropriate policies and procedures should be established for the assessment of repayment capacity and the creditworthiness of counterparties. Existing ESG company-level ratings show significant differences depending on ESG data providers, which causes uncertainty about entities' sustainability performance and may affect investment decisions.

For the reasons indicated above, the authors posed the following research questions:

Q1: Are the disclosures regarding environmentally sustainable activities in the taxonomic reports of selected companies from the WIG 20 index consistent with the rating assessment of these entities?

Q2: In terms of taxonomy, do the newly introduced reporting requirements regarding environmental disclosures increase the level of detail of disclosures and improve the comparability of reports?

The main research goal of this paper is to assess the importance of the newly applicable ESG reporting and environmental disclosure requirements under EU Taxonomy in improving the quality and comparability of sustainability reporting and the creation of ESG ratings.

To achieve the research goal, a review was conducted of literature and legal acts in the field of corporate social responsibility and ESG reporting in the context of sustainable development. The empirical part of the paper includes an analysis of non-financial and integrated reports carried out in the scope of the EU taxonomy of selected companies belonging to the WIG 20 Index operating in industry sectors considered to be so-called polluters that received a positive rating.

LITERATURE REVIEW

Corporate Sustainability Reporting review

The problems of corporate social responsibility and corporate sustainability have been discussed many times in the literature, including their impact on the assessment of the company in relation to financial performance and company value. A frequently discussed research topic is the impact of corporate social responsibility [CSR] performance on investors' company value estimates. For example, Kang, Heo, Jeon and Sungmin [13] examined how analysts take into account corporate sustainability disclosures in their earnings forecasts. The authors confirmed that analysts' earnings forecasts are optimistically biased and more dispersed for companies with positive CSR activities. They also pointed out the need for regulators to create a uniform framework governing firms' CSR activities, along with their reporting and measurement, to ensure more consistent and reliable evaluations of CSR practices.

The link between companies' ESG performance and value creation was undertaken by Brooks and Oikonomou [14], who confirmed that ESG initiatives support trustworthy relationships with investors and customers, which affects financial stability, and the ability of companies to generate value. Similarly, other authors have obtained results confirming that "good" environmental performance is significantly associated with "good" economic performance, and also with more extensive quantifiable environmental

disclosures of specific pollution measures and occurrences [15]. Carol emphasizes that in order for the disclosure of corporate sustainability practices to have a positive impact on financial performance, it is necessary for their stakeholders to be supported in pursuing such activities [16]. Similarly, other researchers claim that benefits from customer loyalty and company reputation depend heavily on how stakeholders perceive the company's social behaviour by utilizing global reporting initiative (GRI) indicators [17].

The above-mentioned research results are in line with stakeholder theory, according to which the entity should meet the concerns not only of shareholders but also other stakeholders who support the achievement of the company's goals [18]. There are more studies dealing with the influence of corporate sustainability on financial performance. It has been shown to help maximize profits for example by increasing sales to customers who prefer to purchase from socially responsible companies [19, 20, 21]. Studies have also found that corporate social responsibility endeavours facilitate an uplift in stock liquidity [22]. According to the results of other studies, investors prefer to invest their financial resources in companies that follow corporate sustainability [23].

The impact of corporate sustainability on financial performance is not always positive, as argued by Greenwood, M. [24]. Managers of companies are responsible for earning profits for shareholders, therefore they should implement only those projects that generate profits for shareholders, while investments in CSR activities, for example, are an expense that bears the risk of no benefits for shareholders. However, the prevailing opinions are that thanks to corporate sustainability, companies can build competitiveness, enhance competencies and develop different resources, such as skilled human capital and positive reputation [25, 26].

Investors' use of reported environmental, social and governance (ESG) information for the assessment of investment performance has also been the subject of research [27]. Researchers have also confirmed that the lack of reporting standards is a significant impediment for investors who expect company managers to act in accordance with legitimacy theory. According to this theory, company stakeholders expect the company to act in accordance with the law so that social acceptance of activity is possible [28]. Therefore, the literature repeats suggestions of the need for regulatory bodies to consider additional sustainability disclosure requirements for companies in environmentally sensitive industries [29]. This should counteract so-called "greenwashing" practices, consisting of false or misleading communication regarding activities being in accordance with environmental protection principles [30].

The essence of EU Taxonomy against the background of legal regulations

The problem with ESG reporting, especially environmental reporting, is the difficulty in comparing information regarding different entities, and even in comparing information from one entity for subsequent years, as well as in assessing their significance. D. Beerbaum [31] emphasizes that in order to achieve the goals of the Green Deal in terms of achieving EU climate neutrality by 2050 [32], economic entities should direct their activity and investments towards sustainable activities and projects. However, in practice there is a significant problem related to recognizing "what is sustainable", and this may be crucial in financing sustainable growth. It has become necessary to define the concept of "sustainable" in order to modernize non-financial reporting.

The solution to this problem is to introduce appropriate standardization combined with an ESG taxonomy. The ESG taxonomy is a systematic classification of activities for sustainable development, which was introduced by the European Commission Regulation 2020/852/EU [33, 34]. According to D. Beerbaum the EU Taxonomy is the most comprehensive classification scheme for sustainable development on a global scale, aimed at enabling the redirection of funds to finance only sustainable projects and activities counteracting further environmental degradation. In particular, the taxonomy aims to support companies in planning and financing environmental changes, counteracts greenwashing practices, and creates a frame of reference for investors and companies [31].

The essence of the taxonomy is a systemic solution for the identification and classification of sustainable development activities. This means that economic activity must meet certain conditions in order to be considered as supporting sustainable development. The regulation sets out 4 main conditions [33, 34]:

- making a significant contribution to the implementation of environmental goals,
- not causing serious damage to any environmental purpose,
- ensuring minimum guarantees regarding social security and management,
- meeting the technical qualification criteria.

Due to the fact that the new solutions refer in particular to environmental problems, the Taxonomy Regulation implemented six climate and environmental objectives: Climate change mitigation, Climate change adaptation, The sustainable use and protection of water and marine resources, The transition to a circular economy, pollution prevention and control, and the protection and restoration of biodiversity and ecosystems [33].

Schutze et al. emphasize that EU taxonomy can be applied at two levels: the project and the enterprises. The project level concerns the assessment of investments to be implemented, while at the enterprise level, its activities can be assessed based, for example, on revenues, expenses, etc. [35]. The taxonomy contains detailed technical guidelines for specific types of activities, specifying what conditions must be met by activities consistent with the taxonomy, which have been defined separately for each environmental objective [34].

The taxonomy defines criteria for around 80 economic activities that an activity must fulfil in order to be classified as sustainable [36]. The ESG taxonomy is based on the use

of environmental indicators defined for a given industry to determine, among other things, the compliance of sustainable investments with EU law and to increase the comparability and transparency of reports through the use of European Sustainability Reporting Standards, consistent with the CSRD Directive [7]. An important effect of the introduced legislative solutions are taxonomic reports, with the obligation to prepare them resulting from the Delegated Regulation of the EU Commission of July 4, 2021 [34]. In order to enable users of the reports [investors and the general public are indicated] to appropriately assess the percentage of environmentally sustainable economic activities among non-financial enterprises, these enterprises should be obliged to disclose which types of the business activities they conduct are consistent with the taxonomy. Moreover, it should be disclosed which environmental objectives the activity makes a significant contribution to. Taxonomic reports should use key performance indicators (KPI's). Taxonomic disclosures are based on three key metrics, i.e. CapEx (capital expenditures), OpEx (operating expenses) and turnover. The results for each of these indicators must be presented separately, showing the percentage of activities that meet the technical criteria in all activities subject to the taxonomy. Non-financial enterprises should include in their key performance indicators the percentage of economic activities consistent with the taxonomy according to environmental objectives, to the achievement of which these activities make a significant contribution. Taxonomic reports are to be part of CSRD reporting. Difficulties may arise in taxonomic reporting related to factors such as the number of types of activities conducted by the entity, including taxonomy eligible and taxonomy aligned, the structure of the capital group and the form of the entity reporting taxonomic results, and the structure of the accounting books kept by the reporting entity [37].

The first annual reports taking into account taxonomies were prepared for 2021, but the scope of reporting was limited to identifying the types of activities of companies in relation to the list of activities included in the taxonomy, as well as indicating what percentage of turnover comes from products or services related to economic activities that are environmentally sustainable, and what is the percentage of capital expenditure (CapEx) and operational expenditure (OpEx) corresponding to assets or processes related to economic activities that qualify as environmentally sustainable and are covered by the taxonomy. In the next stage, companies analyse whether this part of the taxonomy is consistent with their requirements.

Usefulness of ESG ratings

It is worth emphasizing that some of the regulations concern sustainable financing for financial institutions and enterprises [38]. The decision by banks or investors to grant financing is becoming more and more dependent on the company's fulfilment of sustainable development criteria. For example, a study conducted on the Warsaw Stock Exchange showed that 53 listed companies with a high ESG rating were burdened with lower investment risk than the others listed [39].

Dumrose, Rink and Eckert [40] found a significantly positive relationship between the taxonomy screening criteria [6, 7] and such ESG ratings as: Refinitiv, S&P and V.E. The above-mentioned ratings reflect climate change-related aspects according to their specific methodology. The researchers also confirmed the positive relationship between the level of taxonomy-exposed revenue and the effect of the taxonomy on environmental ratings. Their findings suggest that there is potential for the taxonomy to reduce discrepancies in environmental E indices, which may contribute to reducing greenwashing in the financial system.

Interesting exploratory research on ESG disclosures among Polish public companies was conducted by Bohdanowicz and Aluchna [41]. The authors examined the level of achievements in the field of ESG based on the ESG Score-Refinitiv variable depending on the size of the companies, their financial results and ownership structures. In other research, analysis was carried out covering the financial statements of 43 companies from the Warsaw Stock Exchange for a period of 6 years covering the 3 years before the entry into force of the NDRD Directive and the 3 years afterwards [42]. According to the authors, companies that have strong, well-known brands and foreign investors among their shareholders feel much more pressure than other companies, whose reports are less detailed and sometimes limited to simple update reports from previous years. The authors also conducted research covering the year 2022, in which companies were obliged to refer their activities to the EU taxonomy. Research has shown that some companies had problems with taking the taxonomy into account. The weaknesses of some companies' non-financial reports include failure to provide indicator data, which hinders comparability and undermines the reliability and sense of reporting. Research on environmental disclosures was also conducted by KPMG, and according to their published report, 76% of companies participating in the study reported activities related to the mitigation of climate change, while activities related to adaptation to its effects were included by 6% of the analysed entities. In turn, 15% of respondents did not disclose whether they assessed activities related to climate change mitigation or adaptation to its effects. Only 37% of the companies studied audit non-financial information within the EU taxonomy [43].

RESEARCH DESIGN

This paper uses a qualitative research method based on multiple case studies. Content analysis of previous literature and legal provisions regarding the CSRD Directive, together with the Commissions Delegated Act and EU Taxonomy was carried out. Against this background, in-depth content analysis was performed of taxonomic disclosures in non-financial or integrated reports of the following entities listed on the Warsaw Stock Exchange as part of the WIG 20 index (banks and other financial market entities were excluded) [45, 46, 47, 48, 49, 50, 51, 52, 53]:

a) PKN Orlen,
b) PGE,
c) PGNiG,
d) KGHM Polska Miedź,
e) Jastrzębska Spółka Węglowa,
f) Grupa Kęty,
g) CCC,
h) Orange.

ESG reports and integrated reports for 2021 and 2022 were analysed. The research results were compared with the "GME Global ESG 2022 Monitor Poland Report" [44], regarding the assessment of WIG 20 entities for 2021 in terms of transparency and the scope of information disclosed under ESG. The main indicator for monitoring the level of disclosure transparency used by the Global ESG Monitor is the GEM ASSAY (GEM As)] indicator. This is a tool based on the relevant guidelines of the Global Reporting Initiative (GRI), ISO Standard 26000, analysing 145 research topics in areas such as: ESG strategy, reporting framework, reliability, materiality, climate change committee, water, pollution and waste, GHG and roadmap to net zero. Each topic is assessed according to several criteria. Each fulfilled criteria is awarded from 0.5 up to 1.0 point. The result of the comprehensive assessment is the qualification of the entity to one of four percentage ranges: 0-24% (very low transparency), 25-49%, 50-74% 75-100% (very high transparency).

In addition, it was verified whether the analysed companies were covered by the WIG ESG index, which has been published since September 3, 2019, based on the value of the portfolio of shares of companies considered socially responsible, i.e. those that comply with the principles of socially responsible business, in particular in terms of environmental and social issues, and economic and corporate governance. The set of index companies is ranked according to a separate weighting system, depending on the level of ratings achieved by the companies in terms of ESG criteria.

RESULTS AND DISCUSSION

A summary of the analysed results is included in Table 1 and refers to entities covered by the WIG 20 index rated by the GEM ASSAY SCORE rating.

Table 1

EU Taxonomy disclosures of entities listed on the Warsaw Stock Exchange in Poland

No	ENTITY	WIG-ESG	GEM ASSAY SCORE %	Ratio	Enviromentally sustainable and taxonomy-aligned				Enviromentally sustainable and not taxonomy-aligned		Not enviromentally sustainable			
					2021		2022		2022*		2021		2022	
					%	PLN mln	%	PLN mln	%	PLN mln	%	PLN mln	%	PLN mln
1	PKN ORLEN	yes	68	Turnover	12,10	15875,10	0,85	2370,43	8,42	23386,16	87,90	115465,90	90,72	251810,13
				CapEx	19,70	2114,60	5,32	4804,92	5,87	5298,40	80,30	8512,40	88,81	80172,12
				OpEx	9,60	223,40	2,94	104,96	14,29	509,46	90,40	2108,40	82,77	2951,97
2	PGE	yes	61	Turnover	14,90	n/a	10,80	7935,00	5,90	4342,00	85,10	n/a	83,30	61158,00
				CapEx	34,60	n/a	47,20	3852,00	37,30	3048,00	65,40	n/a	15,50	1268,00
				OpEx	11,20	n/a	32,50	324,00	8,50	85,00	88,80	n/a	90,00	589,00
3	PGNIG	no	57	Turnover	1,00	699,64	n/a**	n/a**	n/a**	n/a**	99,00	69264,36	n/a**	n/a**
				CapEx	0,50	n/a	n/a**	n/a**	n/a**	n/a**	99,50	n/a	n/a**	n/a**
				OpEx	1,60	n/a	n/a**	n/a**	n/a**	n/a**	98,40	n/a	n/a**	n/a**
4	KGHM	yes	56	Turnover	1,70	514,00	1,01	340,05	0,55	185,50	98,30	29289,00	98,45	33321,30
				CapEx	10,20	406,00	0,22	8,80	5,01	205,50	89,80	3575,00	94,77	3887,50
				OpEx	9,10	135,00	1,91	35,40	7,67	142,00	90,90	1351,00	90,42	1673,50
5	JSW	yes	53	Turnover	0,30	34,40	0,00	0,00	1,30	262,60	99,70	13516,00	98,70	19 935,9
				CapEx	2,50	34,50	0,70	18,60	6,35	167,70	97,50	1323,20	92,95	2 454,7
				OpEx	6,80	27,80	0,80	6,70	7,15	59,70	93,20	380,20	92,05	768,30
6	KETY	yes	39	Turnover	25,00	1151,37	27,00	1603,12	24,10	1430,47	75,00	4597,58	48,90	2897,28
				CapEx	35,00	62,00	19,00	73,35	21,70	84,15	65,00	175,48	59,30	229,60
				OpEx	18,00	10,00	11,80	7,11	26,20	15,73	82,00	54,87	68,10	40,97
7	CCC	yes	65	Turnover	0,08	635,71	0,02	1,82	0,04	3,64	99,90	758514,29	99,95	9118,37
				CapEx	81,23	254,17	0,00	0,00	51,13	232,60	18,77	58,72	48,87	222,30
				OpEx	10,75	38,94	0,00	0,00	13,65	55,92	89,25	323,27	86,44	356,48
8	ORANGE	yes	64	Turnover	6,00	33,00	0,20	16,59	0,40	55,76	99,72	11895,00	99,40	12415,64
				CapEx	28,00	140,00	0,05	1,26	4,10	113,12	94,00	2216,00	96,00	2624,98
				OpEx	0,70	7,00	0,80	8,76	1,30	15,49	93,30	949,00	98,00	1136,96

** - 2021 was excluded because no entity disclosed information in this regard.*

*** - no data due to lack of public access to the report for 2022.*

Source: own elaboration based on reports published on corporate websites [45, 46, 47, 48, 49, 50, 51, 52, 53].

The vast majority of the companies studied are indexed on the WIG ESG, which may be associated with a strong focus on sustainable development.

Most of the entities achieved a level of transparency and scope of disclosure measured by the GEM As indicator above 50 percent, including 4 above 60 percent, which is a positive result. This is reflected in the colour scale used in the table, where only one entity – Kęty – is marked in red because it received the lowest score of 39%.

Analysing the taxonomic disclosures, it turns out that only two capital groups, PGE and Kęty, demonstrate a noticeable share of environmentally sustainable activities, which is highlighted in the table using the colour scale. According to data for 2022, as many as 5 companies present environmentally sustainable and taxonomy-aligned activity, with a measured turnover ratio of only around 1.00%. At the same time, most of the companies studied show Turnover, CapEx and OpEx ratios above 80% in the type of activity category as "not eligible for taxonomy". The companies CCC, JSW, KGHM and PKN Orlen show the highest levels of indicators in this category. These are companies belonging to the so-called poisoners. The research results provided an answer to research question Q1, pointing out that disclosures regarding environmentally sustainable activities in the taxonomic reports of selected companies from the WIG 20 index are not consistent with the ratings of these entities.

It is worth noting that in the remaining parts of the ESG reports or integrated reports, entities broadly describe pro-environmental strategies, goals and achievements.

A particularly interesting case is CCC group, which obtained a relatively high GEM As index for 2022 (65 points), which results, among others, from detailed, transparent descriptions of activities and results as part of the implementation of the GO.25 sustainable development strategy (reduction of energy consumption and gas emissions were recorded), and descriptions of the EU taxonomy, including the method of calculating the indicators: Turnover, CapEx, OpEx. The presentation of these indicators is also clear. However, the presented indicators may cause doubts among users of the report. The report shows that the compliance of selected financially significant types of activities with the technical criteria of Qualification [34] was examined. A financial significance threshold of PLN 400,000 was adopted. In the case of activities that were below the materiality threshold, compliance was not tested and the related indicators Turnover, CapEx and OpEx were considered eligible but not consistent with the taxonomy. As a result, as much as 99.95% of turnover and 86.44% of OpEx were considered ineligible for taxonomy. Sustainable activity, i.e. consistent with the taxonomy, was: Turnover 0.02%, CapEx 0.00% and OpEx 0.00%. At the same time, the group declares in the report that it "directs its activities in the area of sustainable development". However, in this case, the report lacks a transparent interpretation of the results, especially the adopted level of significance. In turn, the report for 2021 is divided only into activities qualifying for the taxonomy and those not qualifying. Importantly, the description also does not provide a clear explanation as to whether an activity qualifying for the taxonomy is considered compliant or inconsistent with the taxonomy.

The study authors included these in the first group based on very general formulations. The differences in the proportions and classification of activities between 2021 and 2022 may indicate a problem with the application of the taxonomy. Also, in the case of disclosure of key performance indicators in the 2022 report, information is provided that complaint indicators have not been taken into account, without an explanation for this issue being provided. The issues of returns and complaints are one of the most serious problems in this industry, related to the need to store and dispose of thousands of tons of clothes. The presentation of goals and their implementation lacks specific dates and indications of actions. However, despite the lack of this information, the level of detail in the taxonomy in the 2022 report is much greater than in the previous year, and the information is presented clearly.

In turn, in the case of the Orange Polska Group, there is not only a fundamental difference between the level of detail, but also the nomenclature used and the way of presenting data when comparing the years 2021 and 2022. The group's integrated report for 2022 contains very detailed data, additionally interpreted in an extensive description containing the adopted assumptions for classification.

In most of the analysed cases, data comparability is maintained, in particular regarding the Turnover, CapEx and OpEx indicators, which are presented in a similar way. The research results provided a positive answer to research question Q2, indicating that the newly introduced reporting requirements, among others regarding environmental disclosures, in terms of taxonomy increase the level of detail in disclosures and improve the comparability of reports.

According to the "Global ESG Monitor" report, WIG 20 companies took penultimate place in the ranking of entities in Europe in terms of transparency and scope of information, scoring 51% out of 100, with an average of 66% for Europe. The report shows that the breadth of information does not go hand in hand with its quality. For example, with regard to greenhouse gas emissions, 25% of companies do not provide emission reduction goals and deadlines, and their ESG strategies often lack important details, such as how to achieve the goals and the time of their implementation. These results are similar to those obtained in our research. According to the "Global ESG Monitor" report, in terms of disclosed information for 2021, the best performers were: Santander Bank Polska, PZU, PKN Orlen, CCC and Orange Polska. However, only Santander qualified for the group of companies with very high information transparency, exceeding the 75% threshold. In our research, PKN Orlen, CCC and Orange Polska were analysed, with problematic issues identified from the point of view of the quality of disclosed information, especially in the case of CCC.

Research conducted by M. Aluchna, M. Roszkowska-Menkes and B. Kamiński [42], shows that in 2022 only 78% of

listed companies on the WSE met the requirements for reporting types of division in accordance with the EU taxonomy, even though there was already such an obligation for this year. These results partially confirm our research, in which clear reporting problems appeared in the 2021 reports, e.g. lack of data regarding the taxonomy, while in the reports for 2022 basic information is provided, but is not sufficiently described or adequately supplemented for every issue.

CONCLUSIONS

This study, conducted on selected companies listed on the WSE, showed that the GEM As indicator is a useful tool for assessing the transparency of content contained in reports. However, it should not be associated with the assessment of pro-environmental attitudes or actions taken in this area. The analysis of the selected companies in terms of disclosures regarding the implementation of ESG strategies and the EU taxonomy showed discrepancies between the level of transparency assessment of GEM As and the quality of disclosures in reports. In the case of some companies, there may also be problems with the application of the EU taxonomy. Also, the listing of companies on the WIG ESG index should not be associated with pro-environmental attitudes. It should be emphasized that conducting environmentally sustainable activities is appreciated in business and rewarded. For example, on November 28, 2022, during a gala in the WSE Quotation Hall, the winners were announced of the 16th edition of the Sustainability Reports competition, organized by the Responsible Business Forum and Deloitte. The main prizes in the "Sustainable Development Report" category went to CCC and Santander Bank Polska (ex aequo), while in the "Integrated Report" category the main prize went to, among others, Orange Polska [53]. The analysis carried out by the authors indicates significant flaws in the disclosures of the awarded entities.

The positive conclusions from the research include a significant increase in the level of detail and significance related to taxonomy in reports for 2022 as compared to disclosures for 2021. This may indicate the effectiveness of mandatory legal solutions in improving the quality of taxonomy-related disclosures. The results provided answers to the research questions posed, with particular emphasis on the importance of taxonomies in ESG reports.

The research is of a pilot nature in terms of the number of entities examined, and covers the first of the assumed stages. In the next stage, the authors also intend to take into account the quality of other environmental disclosures in integrated and ESG reports and their connection with the taxonomy.

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