

Reporting According To EU Taxonomy Criteria

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Abstract

Due to the increasing importance of sustainability and ESG concepts in global business, companies strive to operate in an environmentally, socially, and economically responsible manner, integrating the fundamental principles of sustainability into their business processes, operations, and strategies. The goal of sustainable business is to grow and develop the company with minimal negative impact on the environment, society, and the economy. With the European Green Plan, the main goal of the European Union (EU) is to reduce greenhouse gas emissions and achieve climate neutrality by 2050. It is precisely for this reason that the EU Taxonomy, a tool for assessing the sustainability of business activities, was created and defined. The EU taxonomy is a regulatory and classification framework that provides clear information on which investments and activities are sustainable and guidance for companies on reporting their compliance with sustainability criteria. Reporting under the EU taxonomy represents a significant challenge for companies, while, on the other hand, it imposes an obligation on companies regarding their activities and their impact on environmental, social, and governance components. Reporting under the EU taxonomy and its criteria aims to increase transparency into sustainable growth and development for organizations and society as a whole. This paper aims to investigate and analyze the importance and role of reporting, as defined by the EU taxonomy, as an instrument for improving corporate governance, and its connection with non-financial reporting (ESG) and the CSRD directive.

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Introduction

In the business world today, the concept of sustainability and sustainable business is of great importance. The ESG (Environmental, Social, and Governance) concept is today becoming one of the key factors in an organization's business management, helping establish sustainable business by assessing a company's impact on the environment, society, and its management. The challenges facing companies are significant, especially in meeting ESG criteria and reporting in line with the ESG concept. The ESG concept, i.e., its factors and criteria, is also linked to the EU Taxonomy. The EU Taxonomy is a classification tool that provides clear information on which investments and activities are sustainable, helping companies and investors invest in environmentally friendly economic activities, and serving as a classification system for economic activities that contribute to the EU's climate and environmental goals. The EU taxonomy, i.e., Regulation (EU) 2020/852 establishing a framework to facilitate sustainable investment, was adopted in July 2020. As already mentioned, the EU taxonomy is a tool for defining green economic activities – activities that make a significant contribution to the environmental objectives of the European Green Deal to achieve climate neutrality by 2050 (Croatian Chamber of Commerce, 2025). The EU taxonomy provides transparency and clarity on which activities can be labelled as sustainable in relation to environmental protection objectives, such as climate change mitigation, climate change adaptation, sustainable use of water resources, and biodiversity protection. The EU taxonomy is closely related to ESG reporting, which involves collecting, analyzing, and publishing information on an organization's environmental, social, and governance aspects. Sustainability reporting is regulated through Directive (EU) 2022/2464 on corporate sustainability reporting (CSRD), which entered into force on January 5, 2023, and which requires companies to provide comprehensive and detailed sustainability reports and their related strategic implications, to ensure the availability of quality and comparable information on the sustainable operations of entrepreneurs in the European Union. According to the EU taxonomy and EU taxonomy reporting, there are requirements on what, when, and how companies must report on the compliance of their activities with environmentally sustainable goals. Reporting under the EU taxonomy is a regulatory obligation but also a tool for defining a sustainability strategy and for transparency towards stakeholders. This paper aims to explore and analyse the importance and role of reporting, in line with the EU taxonomy criteria, as an instrument for improving corporate governance, and its connection with non-financial reporting (ESG) and the CSRD directive.

Methodology

To write this paper, new Croatian and world literature have been used and analyzed, and the authors are considered representative in the field of interest for this topic. The papers were selected by searching various databases, such as Web of Science, Scopus, and Google Scholar. The papers were analyzed to examine the representation of the ESG concept in today's business, ESG regulations, and sustainability reporting obligations as key factors in achieving sustainable, long-term competitiveness.

Literature Review and Results

This paper aimed to (1) analyze and investigate the importance of the ESG concept, (2) analyze and investigate the central ESG regulation, (3) investigate the connection between the EU taxonomy and sustainability reporting and their implications for business, and (4) provide an overview of the research literature in these areas. To achieve the set goals, numerous works of world literature, as well as legislation and regulations that investigate the field of the ESG concept, the related EU taxonomy, and sustainability reporting, were analyzed. Numerous international research studies are investigating the ESG concept and related ESG regulation, so we can claim that the ESG concept across various fields and relationships is today the subject of extensive research and numerous authors from various fields.

The importance of the ESG concept for companies'

Sustainability and sustainable business today is becoming imperative. It is not a trend but a necessity. Companies are increasingly striving to respond to market demands for sustainable business, which represents a great challenge for them in achieving the same. Markets, companies, and societies in general are faced with major climate change, the challenges and problems it brings, and the impact it has on company operations and the lives of individuals. The depletion of natural resources, the significant loss of biodiversity, urbanization, and the like require companies to transition to new, sustainable business models. The concept of sustainability, i.e., sustainable development, was first defined by the World Commission on Environment and Development (Brundtland Commission), which published a report in 1987 and introduced the term (European Union). The aforementioned report defines sustainability as "development that meets the needs of the present without compromising the ability of future generations to meet their own needs." (European Union). Furthermore, Elkington (1994) has had great importance in the further development of sustainability, i.e., sustainable development, with his 3Ps model, which consists of people, planet, and profit, as key factors by which business success, i.e., sustainability of business processes, is measured. Information on environmental, social, and governance (ESG) topics is increasingly present in business decision-making and management. "ESG is a framework used in investment analysis and corporate reporting to help stakeholders understand how an organization manages risks and opportunities related to sustainability issues" (Croatian Chamber of Commerce 2025:6). The term ESG appeared in 2004 in the report United Nations Global Compact: Who cares wins – connecting financial markets to a changing world (Tuškan Sjauš, 2023. according to Eccles & al., 2019). It further elaborates on sustainability, focusing on financial investment. The significance of the ESG concept has grown over the years and has become the basis of modern, sustainable business. Today, the ESG concept and its dimensions significantly affect long-term performance and sustainable competitive advantage. Due to the growing need to achieve sustainable development, ESG has become the basis for achieving national and global sustainable development goals (Thieu, 2023). The authors Li et al. (2021) emphasize that the ESG concept involves interactive relationships among its three dimensions, and that these dimensions play an important role in measuring a company's future financial performance and social impact. According to Lagodiyenko et al. (2023), the long-term application and use of ESG strategies increase the competitiveness and profitability of businesses, while Blažek (2025) says that companies that successfully implement ESG strategies are better prepared for future challenges and can become leaders in their industry. Becoming a leader and responding to future challenges is

certainly related to the adaptation of traditional business models to new (sustainable) business models that focus on the ESG concept and which can include the circular economy, renewable energy sources and reducing the carbon footprint, improving the development of local communities but also working conditions, etc. and can contribute to business sustainability and long-term economic growth (Blažek, 2025). An interesting study was conducted by Narula et al. (2023), who show the importance and catalytic effect on firm value creation and wealth maximization, precisely through the connection of capital locators, stakeholders, and tools for reporting on corporate sustainability, which they claim drive ESG practice. The positive and statistically significant relationship between ESG performance and corporate financial performance is confirmed by the author Huang (2021), which supports the company's reasons for undertaking activities related to environmental, social, and governance. The significance and impact of the ESG concept and its dimensions on business companies is also shown by research by the author Quintiliani (2022), who proves that there is a positive correlation between ESG results and company performance, while Chang and Lee (2022), Narula et al. (2025) prove the positive impact of ESG on the value and performance of companies. Also, companies driven by ESG concepts show better future innovation performance (Cabaleiro-Cerviño & Mendi, 2024). Using data from the largest Italian companies (2011-2020), it has been shown that there is a positive relationship between the disclosure of environmental, social, and governance information and company performance, as measured by EBIT (Carnini Pulino et al., 2022). Research on the relationship between ESG performance and technological innovation in Chinese companies (2011-2021) shows that strong ESG performance has a significant positive impact on technological innovation (Zhang et al., 2024). In addition to ESG creating value for companies, ESG practices are also important in avoiding harm through the perspectives of risk, information, and strategy as key paths in the same (Wang et al., 2024). As mentioned, the ESG concept impacts a company's profitability and success, reduces costs, increases reputation, attracts investors, and creates a sustainable long-term advantage.

Main ESG Regulation

The European Union (EU) ESG regulatory framework forms the foundation of the EU Green Deal, and is based on four main acts: Corporate Sustainability Reporting Directive (EU) 2022/2464 (CSRD), Corporate Sustainability Due Diligence Directive (CSDDD, European Parliament, 2024) Taxonomy Regulation, and Sustainable Finance Disclosure Regulation (EU) 2019/2088 (SFDR, European Union, 2019), (Table 1).

Table 1
ESG regulatory framework

CSRD	CSDDD	Taxonomy Regulation	SFDR
Focus on corporate reporting	Focus on processes	Focus on classification	Focus on the financial sector
Focus on corporate reporting	Focus on adverse effects and mitigating negative risks	Classifies activities according to sustainability	Focus on mobilizing capital into sustainable business activities and on the main adverse impacts (PAIs)
Focus on preventing "greenwashing" and transparency in disclosures	Mandatory due diligence of the impact on the environment and human rights	Focuses on the definition of sustainable CapEx, OpEx, and revenue	Sustainable Finance Reporting Framework
The reporting framework follows the financial reporting structures	It applies to EU and non-EU companies	Applies to EU companies and some non-EU entities (NFRD and according to CSRD)	Applies to the financial sector and financial market participants

Source: Croatian Chamber of Commerce, 2025

The Corporate Sustainability Reporting Directive (EU) 2022/2464 (CSRD) was defined by the European Union to establish more comprehensive and stricter rules for sustainability reporting, i.e., reporting by companies on social, environmental, and governance factors. The CSRD entered into force on 5 January 2023. The CSRD replaces the Non-Financial Reporting Directive (NFRD). "The CSRD Directive introduces stricter rules for sustainability reporting, i.e., reporting by companies on social, environmental, and governance factors" (Croatian Chamber of Commerce, 2025:17). The CSRD aims to ensure standardization of reporting, increase data comparability, and transparency. Those obliged to report on sustainability are (according to the Accounting Act, NN 85/24, Narodne novine, 2024): large enterprises, parent companies of large groups, small and medium-sized enterprises, enterprises from third countries, with different deadlines for submitting sustainability reports. Reporting according to the defined deadlines is prescribed as follows: 1. Enterprises with more than 500 employees: reporting in 2025 for 2024; 2. Large enterprises: reporting in 2026 for 2025; 3. SMEs (except micro): reporting in 2027 for 2026 with the possibility of exemption until 2028; 4. Enterprises outside the EU: reporting in 2029 for 2028 (the defined deadlines have changed - more below). Specific changes in the regulatory framework are defined through the so-called Omnibus Directive (EU) 2025/794 in Article 1, which amends the CSRD Directive and entered into force on 17 April 2025, and the deadline for its transposition into national legislation is 31 December 2025. "Directive (EU) 2025/794 postpones the start of application of the sustainability reporting obligation by two years for the second and third rounds of obliged entities. This means that for all other large companies that do not report in the first round, as well as for small and medium-sized companies whose securities are listed on a regulated market of any Member State, the obligation to report on sustainability is postponed for two years." (Ministry of Finance of the Republic of Croatia). "Accordingly, the first reporting period will be on or after 1 January 2027 for reporting entities from the second round (instead of 1 January 2025), and on or after 1 January 2028 (instead of 1 January 2026) for reporting entities from the third round." (Ministry of

Finance of the Republic of Croatia). To make the information in the sustainability report comparable, one of the CSRD's goals is also to establish standard ESG reporting requirements, the so-called European Sustainability Reporting Standards (ESRS, European Commission, 2023), defined by the European Financial Reporting Advisory Group (EFRAG). ESRS are the official European standards for sustainability reporting that companies covered by the CSRD must apply. The European Commission adopted them in July 2023 and consist of two sets. ESRS first set: cross-sectoral standards and thematic standards (sector-independent), ESRS second set: sectoral standards and standards for companies outside the EU (postponed until 30 June 2026).

On 25 July 2024, the Corporate Sustainability Due Diligence Directive (CSDDD) (Directive 2024/1760) entered into force (European Union, 2023). The CSDDD aims to encourage sustainable and responsible corporate behaviour, as well as to identify and address the negative impacts of businesses on human rights and the environment within and outside Europe. The CSDDD applies to large companies, with a gradual entry into force based on size.

"Regulation (EU) 2020/852 establishing a framework to facilitate sustainable investment, or the EU taxonomy, adopted in July 2020, serves as a classification system for economic activities that contribute to the EU's climate and environmental objectives" (Croatian Chamber of Economy, 2025:27). The EU taxonomy will be discussed in more detail below.

"Sustainable Finance Disclosure Regulation (EU) 2019/2088 (SFDR) represents a key element of the EU initiative for transparency in the financial market regarding environmental, social and governance factors" (Croatian Chamber of Economy 2025:33). The aforementioned directive entered into force in March 2021. The main objectives of the SFDR directive are to increase transparency, reduce "greenwashing" and make sustainability comparable within financial institutions in the financial market. The SFDR complements the CSRD and the EU taxonomy by ensuring consistency in the EU sustainable finance regime. The SFDR places requirements on portfolio managers of investment companies regarding the inclusion of ESG factors in their main risk management processes, regardless of whether the investment product is sustainable (Croatian Chamber of Economy, 2025). The key elements of SFDR include three pillars: 1. *Transparency* (ensuring precise and consistent information from financial participants on how they incorporate sustainability risks into their investment processes), 2. *Disclosure of Principal Adverse Impact (PAI) statement* (ensuring information on the potential adverse effects of investment decisions on sustainability factors, such as climate change and human rights), 3. *Disclosures related to sustainability in products* (ensuring information on the environmental or social characteristics of investment products as well as their compliance with specific sustainability objectives) (Croatian Chamber of Economy, 2025).

On 26 February 2025, the European Commission adopted a package of proposals to simplify EU rules regarding the Corporate Sustainability Reporting Directive (CSRD), the EU Taxonomy, the Corporate Sustainability Due Diligence Directive (CSDDD), and the Carbon Border Adjustment Mechanism (CBAM). CBAM is a European Union (EU) initiative aimed at addressing carbon leakage and promoting cleaner industrial production in non-EU countries. The EU aims to simplify the legal framework for sustainability reporting, while preserving the fundamental purpose of ensuring the availability of high-quality and comparable information on the sustainable performance of businesses in the European Union, and to reduce the administrative burden for businesses (Table 2). The Omnibus Package introduces several regulatory changes that will affect many businesses, but the outcome remains uncertain until the legislative process is completed.

Table 2
Omnibus - currently some simplification proposals (abbreviated)

CSRD	CSDDD	Taxonomy Regulation	ESRS	CBAM
Mandatory only for companies with more than 1000 employees	Obligations apply exclusively to direct suppliers.	Voluntary reporting for large companies (>1,000 employees, revenue up to €450 million)	Reduced the number of data points for reporting	It is proposed that importers importing less than 50 tonnes per year be exempted.
Delay of full implementation until 2028	Implementation is postponed until 2028	Mandatory disclosure of revenue and CapEx KPIs if they claim compliance with the EU taxonomy, while disclosure of OpEx KPIs is voluntary	Deferred sector standards	
		Partial compliance reporting is possible	Only a limited belief is retained.	

Source: Croatian Chamber of Economy, 2025: 32

Some key changes and linkages between ESG regulations (CSRD, EU taxonomy, CSDDD, SFDR) under the Omnibus are outlined below. Reporting under the CSRD, SFDR, and EU taxonomy has been parallel and fragmented, whereas the Omnibus encourages harmonised, integrated reporting. Before the Omnibus, companies independently determined which of their activities fell under the EU taxonomy using technical criteria. At the same time, the Omnibus introduces simplified guidelines and tools to facilitate identification, especially for sectors with low emissions. Before Omnibus, there was no formal integration of CSDDD and CSRD, while with Omnibus, there is integration and alignment with CSRD and ESRS. SFDR aligns with the EU taxonomy through a single format for displaying the share of investments aligned with the taxonomy, which in turn aligns with CSRD/ESRS. These legislative initiatives pose serious challenges to the competitiveness of the European economy.

Together, these key EU regulations set a new standard for sustainable business, requiring companies to be transparent, accountable, and compliant with ESG principles. Companies that harmonize their operations with the defined ESG regulations minimize regulatory and reputational risks and ensure long-term sustainable competitive advantage, access to sustainable financing, and the creation of resilient, sustainable businesses.

EU taxonomy, sustainability reporting, and implications for business operations

As already mentioned, the EU taxonomy is a classification system for economic activities that contribute to the EU's climate and environmental objectives. In this way, the European Commission has established the first standardized criteria for climate-friendly economic activities to achieve climate neutrality by 2050. For companies to be compliant with the EU taxonomy, their economic activities must meet the environmental sustainability criteria set by the European Union. The EU taxonomy is a list of economic activities with performance criteria in six environmental objectives: 1. *Climate change mitigation*; 2. *Climate change adaptation*; 3. *Sustainable use and protection of water and marine resources*; 4. *Transition to a circular economy*; 5. *Pollution prevention and control*; 6. *Protection and restoration of biodiversity and ecosystems* (Croatian Chamber of Economy, 2025). It applies to: 1. *Companies with an obligation to publish non-financial statements*, and 2—*providers of financial products* (Croatian Chamber of Economy, 2025). "An economic activity is considered to be in line with the EU taxonomy if: 1. *It significantly contributes to the achievement of at least one of the six environmental objectives*; 2. *It does not significantly harm the remaining environmental objectives (DNSH – Do no significant harm)*; (3) *Minimum social and governance safeguards carry it out* (OECD Guidelines for Multinational Enterprises, UN Guiding Principles on Business and Human Rights, International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work and International Bill of Human Rights)" (Croatian Chamber of Economy, 2025:28). There are specific technical criteria that are delegated acts of the EU taxonomy to be able to assess the acceptability of conformity of activities that significantly contribute to environmental goals. Currently, the EU taxonomy lacks a management component, with emphasis on ecologically sustainable activities and compliance with minimum social protection measures (Och, 2020).

„The EU Taxonomy is employed to assess, through screening criteria, whether an entity is behaving in accordance with environmental objectives" (Brabec & Macháč, 2025). Author Paccas (2021) considers the EU taxonomy to be of great importance and potential for establishing sustainable corporate governance and reducing the risk of greenwashing. However, meeting the EU taxonomy criteria can pose challenges for companies in certain industries (Lámfalusi et al., 2024). "The Taxonomy can decrease uncertainty in investment decisions, which ultimately increases market efficiency and reduces a firm's average cost of capital" (Dumrose et al., 2022, p. 2). The aforementioned authors believe that ratings related to the E part should be maintained under the EU Taxonomy (Dumrose et al., 2022). Likewise, the authors Dumrose et al. (2022), through their research, conclude that the EU taxonomy, i.e., the classification system for sustainable economic activities, which relates to the environmental part of ESG ratings (E ratings), realizes a significantly positive relationship between the taxonomy and E ratings for three out of four ESG data providers. An interesting view of the EU taxonomy is presented by the authors Lucarelli et al., (2023) who explain it as a requirement for transparency related to sustainability for financial market participants offering sustainable financial products, i.e. they believe that "finance can only be considered "sustainable" if capital flows are directed towards companies (demand side) that comply with the sectoral environmental protection regulations set out in the EU Taxonomy" (Lucarelli et al., 2023). The role of the Taxonomy Regulation is to enable and realize the flow of public and private capital towards ecological and sustainable activities (Brožek et al., 2024). The implementation of the EU taxonomy is demanding and requires technical verification criteria, while not all

industries are currently covered by the Taxonomy Regulation; this does not, however, mean that companies operating in industries not yet covered are "unsustainable" (Hummel & Jobst, 2024). The EU taxonomy will undoubtedly have effects outside the EU. The authors Rizzi and Turci (2024) see the EU taxonomy as a key tool and criterion that will influence financial reporting requirements and strategic orientations towards the green transition. Some authors discuss a common regulatory framework outside the EU precisely to address possible disinvestment in the EU and the transfer of business to other countries (de Oliveira Neves, 2022).

Further research shows the connection between the EU taxonomy and reporting. The CSRD prescribes sustainability reporting, and its content is influenced by the EU Taxonomy Regulation, which sets the framework for sustainable finance (Lámfalusi et al., 2024). Alessi et al. (2024) argue through their research that the EU taxonomy facilitates the understanding of corporate environmental reporting and the achievement of various environmental goals, while Falkenberg et al. (2023) believe that the EU taxonomy will increase reporting obligations for companies. Research conducted by Tonnarello et al. (2025) proves that companies that report on their compliance with the EU taxonomy have higher market value, profitability, and efficiency than those that do not. The paper, which analyzes the consequences of the EU Taxonomy Regulation, presents conclusions regarding the analyzed 45 Austrian non-financial companies for the first reporting year 2021, where the results suggest compliance with the obligation to report and publish key performance indicators, but with a lack of the necessary reporting infrastructure, emphasizing the importance of implementing the EU Taxonomy Regulation as a key tool for the strategic positioning of companies in terms of sustainability (Hummel & Bauernhofer, 2024). In addition to being important in corporate reporting, the EU taxonomy directly connects sustainability and financial reporting for companies through reporting (Hummel & Bauernhofer, 2024). According to the EU taxonomy, non-financial companies must disclose taxonomically acceptable, compliant, and non-compliant activities through the following key indicators: revenue and CapEx (capital expenditures). OpEx (operating expenditures) (Croatian Chamber of Economy, 2025). Examining the impact of the EU taxonomy on reporting, it was observed that the implementation of taxonomic reporting improved the comparability and detail of published information, but also indicated a low level of activities classified as environmentally sustainable and taxonomically compliant (Sulik-Górecka et al., 2024). Gombkötő et al. (2025) conducted a fascinating study in the food industry concerning the assessment of the quality of sustainability reports from the perspective of the EU taxonomy prepared by companies in 2020 and 2021 (reports not prepared according to the CSRD), which they consider important research to monitor the further development of sustainability reporting according to the CSRD and its impact on business. Nipper et al. (2025) examine and provide evidence that sustainability reporting provides investors with information relevant to decision-making and consequently influences their decisions. Author Hiltunen (2025) recognizes the importance of the ESG concept and the related EU taxonomy, noting that the EU taxonomy can serve as a strategic tool for developing sustainable business practices. The goals of sustainability and financial reporting are integration, so it is important to highlight the research by Chrzana and Pott (2024), who confirm a connection between elements of non-financial reporting and quantitative, standardized financial measures, thereby increasing transparency for professional investors.

We can conclude that the EU taxonomy and sustainability reporting have implications for companies' business operations. Through the EU taxonomy, companies define green (acceptable) activities, and, in this way, taxonomically

aligned activities can provide a competitive advantage. It is precisely through activities that are aligned with the EU taxonomy that greater so-called green financial support is achieved. Reputation and market share are positively correlated with the EU taxonomy, particularly through increased transparency and data availability. The EU taxonomy and CSRD are integrated mechanisms that influence and encourage companies to transform towards sustainable business. The EU taxonomy and CSRD create a regulatory framework; the EU taxonomy provides objective criteria for assessing sustainability, while the CSRD and ESRS enable transparent and comparable reporting on these criteria. The importance and significance of the EU taxonomy is reflected in several key aspects, namely: (1) The EU taxonomy is a unique classification framework that clearly shows which activities contribute to environmental goals, (2) It aims to direct capital towards sustainable investments, which ultimately contributes to the transition to a green economy, (3) It contributes to increasing transparency and accountability as a tool for corporate reporting, (4) It is an important tool for the implementation of the European Green Deal, (5) It encourages better linkage between financial and non-financial reporting. Orientation and transition to sustainable business require companies to adopt new, sustainable approaches and models of business and value creation, which involve significant investments and qualified, skilled teams (Ivanov & Angelova, 2025).

Conclusion

This paper aimed to analyse and research the ESG concept, its regulations and reporting, and its implications for business. To achieve the set goals, Croatian and international work in the field of sustainability, i.e., the ESG concept and related EU taxonomy and sustainability reporting, has been the subject of research by numerous researchers. Given that the ESG concept is not new, what is newer are the legislative regulations linked to it, as well as the obligation to integrate and implement them into business and business processes. The process itself, which concerns the regulations and directives that monitor and regulate the process, and the ESG concept itself, represent a significant challenge for companies themselves from the aspect of implementation and application. Therefore, one of the significant changes in today's globalized world and markets is the integration and implementation of ESG regulations into business operations. The ESG concept itself is based on three key dimensions of sustainability, i.e., environmental, social, and governance, which help assess the impact of company operations beyond traditional financial indicators and are criteria for assessing responsible and sustainable operations, especially in the context of investment, reporting, and corporate governance. Reporting under the EU taxonomy is imperative for directing the economy towards sustainability, and regulation plays a crucial role in standardization and in ensuring transparent non-financial information. Through clear criteria brought by the EU taxonomy, the risks of greenwashing are reduced, data comparability is enabled, and sustainable and responsible investment is encouraged. The regulations mentioned in this paper provide a legal framework for companies' sustainability reporting obligations and emphasize the importance of integrating sustainability, in line with the ESG concept, into their strategies. ESG regulation is the path to a green transition, transparency, improved corporate governance, and stronger relations with stakeholders.

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