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European Union Directive 2464/2022 on information on sustainable business and the European Commission's "taxonomy" regulations - assumptions and objectives

Summary

In December 2022, Parliament and the Council of the European Union adopted the Directive on Corporate Sustainability Reporting EU/2022/2464. This directive is linked to a number of European Commission regulations enacted between 2019 and 2022, primarily concerning environmental and climate issues. The full implementation of the provisions of these new pieces of legislation into practice, due to their great complexity and voluminosity, appears to be a difficult process and one that requires considerable effort, not only organisational but also financial, from the companies covered.

This study aims to present the objectives and goals of Directive EU/2022/2464 and its associated regulations, and to evaluate these legal acts. As a result of these discussions, it has been established that the newly introduced regulatory system for corporate sustainability information meets the current challenges facing the societies and economies of EU member states. The system is extremely complex in terms of the content of its provisions, which makes compliance with the established regulations appear to be a very difficult task.

Linked to Directive EU/2022/2464, the 'taxonomy' system is one of the key tools for creating a common framework for sustainable investment activities and practices. This system can bring many benefits to investors. Indeed, it can effectively reduce greenwashing by standardising the disclosure of environmental sustainability information. It can reduce the risk of investing in questionably sustainable assets or limit unfair competition from surrounding companies. A system of 'taxonomies' may also contribute to increasing the transparency of individual markets, which arguably has a positive impact on the cost of preparing investor projects. The introduction of a 'taxonomy' into the practice of companies involves an increase in the costs of data collection, processing and disclosure as required by this system.

Keywords: non-financial reporting – sustainability – taxonomy – greenwashing