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Non-financial Reporting. Legal Aspects and Management Practice in Polish Energy Companies

ABSTRACT


The aim of the article is to review the most important standards and legal regulations in the field of non-financial reporting and to examine the reporting methods and standards used by energy companies listed on the Warsaw Stock Exchange. The authors used desk research, analysis of source data and the formal and legal method. The research results indicate that energy sector companies in Poland, represented by companies from the WIG-energy index on the Warsaw Stock Exchange, apply very different reporting standards, and some of them do not provide information on social or environmental activities. The new provisions of the EU law on the disclosure of non-financial information will introduce the obligation for many companies to report non-financially according to uniform standards.

KEYWORDS: management, intellectual capital, measuring intangibles, legal acts, energy sector enterprises, sustainable development

STRESZCZENIE

Raportowanie niefinansowe. Aspekty prawne i praktyka zarządzania w polskich spółkach energetycznych

Celem artykułu jest przegląd najważniejszych standardów i regulacji prawnych w zakresie raportowania niefinansowego oraz zbadanie sposobów i standardów raportowania stosowanych przez spółki energetyczne notowane na Giełdzie Papierów Wartościowych w Warszawie. Autorki wykorzystały desk research, analizę danych źródłowych oraz metodę formalno-prawną. Wyniki badań wskazują, że przedsiębiorstwa sektora energetycznego w Polsce, których reprezentacją są spółki z indeksu WIG-energia na Giełdzie Papierów Wartościowych w Warszawie, stosują bardzo zróżnicowane standardy raportowania,

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zaś część z nich nie przedstawia informacji o działalności w obszarze społecznym czy środowiskowym. Nowe przepisy prawa UE w sprawie ujawniania informacji niefinansowych wprowadzą dla wielu firm obowiązki raportowania niefinansowego według jednolitych standardów.

SŁOWA KLUCZE: zarządzanie kapitałem niematerialnym, sprawozdanie niefinansowe, akty prawne, przedsiębiorstwa sektora energetycznego, zrównoważony rozwój

Introduction

In the era of civilization acceleration and a development model based on excessive consumption of goods and services combined with the use of fossil fuels, excessive production and accumulation of waste, the implementation of the concept of sustainable development and responsible business is the only alternative that can stop or at least minimize the effects of careless management of environmental resources. For this purpose, entities conducting economic activity prepare and publish non-financial reports that contain information about their activities in the economic, environmental and social areas. Shaping the company's policy based on detailed and multi-faceted informing the environment about its activities is conducive to building trust towards potential stakeholders in relation to planned and implemented activities, and above all, it allows building a responsible and sustainable organization.

The social reports prepared by the companies prove that social and environmental factors are as important in the implementation of the development policy as economic factors. Sharing experiences in the field of integration of social and environmental factors in everyday business activities is conducive to building credibility and transparency. Reports in which non-financial information is disclosed are of great importance to investors, because in the era of growing competition and customer requirements, professional shaping of companies' relations with the business and social environment as well as building their credibility and reputation become an important element of innovation and competitive advantage.

The article presents the results of research in the field of non-financial reporting of energy companies in Poland. The main objectives of the study are:

1. Review of the literature and the most important legal acts in the field of non-financial reporting and the most important guidelines for reporting sustainable development issues by enterprises.
2. Examination of reporting methods and standards used by energy companies listed on the Warsaw Stock Exchange.

The following research questions were asked:

- a. What legal acts regulate the issues of reporting in the field of non-financial information?
- b. What are the most important guidelines and standards for reporting ESG issues (environmental, social, governance)?
- c. Do energy companies included in the WIG-energia index on the Warsaw Stock Exchange report non-financial data?
- d. What forms of reports and what reporting standards are used by the reporting companies?

The problems discussed in the article are extremely important, because the changing legal regulations regarding sustainable development reporting impose new obligations on enterprises in this area and extend the obligation of non-financial reporting to new entities. Non-financial reporting will be standardized and reporting companies will not be able to afford discretion and subjectivism.

Materials and Methods

The following research methods were used in the article:

- Desk research literature review was carried out: scientific articles, legal acts, reports of consulting companies, publications of the Ministry of Development and the Ministry of Finance. Materials published on websites and publications obtained from digital libraries were used. board results research was used to describe the idea of sustainable development and to present the legal status in the field of non-financial re-orting.
- Analysis of source data – an analysis of reports of energy companies listed on the Warsaw Stock Exchange (Energy sector) was performed. The data from the reports was used to analyze the method of reporting and the reporting standards used. The test results are presented in tabular form.
- Dogmatic method – a thorough analysis of the sources of universally binding law was made. Directives of the European Parliament and of the Council on the disclosure of non-financial information and Polish legal acts on corporate reporting were analysed.

The analysis allowed to:

- indication of the legal basis for the development of the concept of environmental reporting;
- making an analysis of the changes introduced in the legal regulations regarding the reporting of non-financial data.

The study was based on the reports of energy companies included in the WIG-energy index on the Warsaw Stock Exchange. The WIG-energy index is a sector index, which includes companies participating in the WIG index (Warsaw Stock Exchange Index) and at the same time qualified to the “energy” sector. In the sub-index portfolio there are the same packages as in the portfolio of the WIG index. The base date of the index is December 31, 2009. The sub-index methodology is identical to the WIG index – it is a total return index and its calculation takes into account both the prices of its shares and income from dividends and pre-emptive rights (GPW BENCHMARK, 2022). Four companies from the WIG-energy index are included in the WIG-ESG index (Table 1). The WIG-ESG index 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 with regard to environmental, social, economic and corporate governance issues. WIG-ESG is a total return index, which means that its calculation takes into account both transaction prices and dividend income. The share of one company in the index is limited to 10%, while the total share of companies, each of which exceeds 5%, is limited to 40% (GPW BENCHMARK, 2022).

Table 1. Composition of the WIG-energy index (data as at November 26, 2022)

Company	ISIN code*	Portfolio share (%)	Participation in the composition of the WIG ESG index
PGE	PLPGER000010	44.852	YES
TAURONPE	PLTAURN00011	17.195	YES
PEP	PLPLSEP00013	11.556	YES
ENEA	PLENEA000013	11.314	YES
CEZ	CZ0005112300	6.529	NOT
ZEPAK	PLZEPAK00012	2.987	NOT
PHOTO	NL0010391108	1.808	NOT
ONDE	PLONDE000018	1.336	NOT
COGENER	PLKGNRC00015	1.224	NOT
MLSYSTEM	PLMLSTM00015	1.137	NOT
NOVAISGR	PLNFI0500012	0.063	NOT

* International Securities Identification Number, ISIN – international identification code assigned to securities issued on financial markets.

Interest in the issues of non-financial reporting was influenced in particular by:

1. Development of the concept of sustainable development (Report of the World...; Partidario, Vicente, & Belchior, 2010, pp. 2849–2872;

- Gibson, Hassan, Holtz, Tansey, & Whitelaw, 2005) and the idea of CSR both in the area of benefits for external stakeholders and in the area of bene-fits for the company and its owners, which resulted in extensive, multi-threaded research in the field of management sciences (Zadek, 2004, pp. 125–132; Mitchell, Agle, & Wood, 1997, pp. 853–886; Griffin & Mahon, 1997, pp. 5–31; Surroca, Tribo, & Waddock, 2010, pp. 463–490; McWilliams & Siegel, 2001, pp. 117–127; Porter & Kramer, pp. 78–92).
2. Development of research in the area of intangible capital management and awareness of the importance of intangible sources of value and financial reporting as a form of communication with stakeholders (Bontis, Keow, & Richardson, 2000, pp. 85–100; Kaplan & Norton, 1992, pp. 71–79; Edvinsson & Malone, 1997; Sveiby, 1998; Sveiby, 1989).
 3. European Union regulations on non-financial reporting (Directive 2014/95/EU; Guidelines on non-financial reporting (2017/C 215/01), Proposal for a DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Directive 2013/34/EU, Directive 2004/109/EC, Directive 2006/43/EC and Regulation (EU) No 537/2014, as regards corporate sustainability reporting).

The Origins and the Process of Shaping the Legal Basis in the Field of Non-Financial Reporting

The beginnings of non-financial reporting concerned the preparation of environmental reports. The first activities of this type in the world were undertaken in the 1970s in the United States by the companies that published the so-called social reports. The qualitative nature of the reports and their limited scope, due to the existing solutions in terms of available information tools, meant that they were not widely available. In Europe, in the late 1980s, the Norwegian company Norsk Hydro, which produces aluminium and renewable energy, decided to share the results of its activities in connection with the increase in the level of environmental awareness in the context of negative environmental impacts on the part of business entities. In addition to the increase in the level of social awareness in environmental protection, the factors that undoubtedly influenced the development of environmental reporting was the threat of successively progressing degradation of environmental resources, posing threats to human life and ecosystems. An important argument was also the official and formal proclamation of the principle of sustainable development during the largest

Earth Summit in Rio de Janeiro in 1992, as well as the intensive development of international environmental law and the creation of institutional and organizational foundations in the context of care for the condition and resources of the environment. Another important premise was the development of the first guidelines on the preparation of environmental reports by international organizations, as well as the emergence of many barriers related to the depletion of environmental resources. It is worth noting that the provision of the environmental reports was not obligatory, which directly affected the small number of reports. Also in Poland, the preparation of ecological reports was initially a voluntary tool for the company's communication with the stakeholders about its environmental activities (Pałasz, 2009, p. 173). The development of environmental legislation in Poland, and in particular, the adoption of the Environmental Protection Law on April 27, 2001 (Dz. U. 2001 Nr 62 poz. 627) and on October 3, 2008, the Act on the Provision of Information on the Environment and its Protection, Public Participation in the Environmental Protection and the Environmental Impact Assessments (Dz. U. 2008 Nr 199 poz. 1227) was related to the introduction of the obligation for the entrepreneur to prepare a report on the environmental impact. The report is one of the key documents prepared in connection with the obligation to conduct an environmental impact assessment. It contains all the information collected during the investor's assessment in the context of potential impacts that may be caused by the construction, operation and decommissioning of a given project. When preparing the report, in accordance with the disposition contained in art. 66 of the Act of October 3, 2008 on the provision of information on the environment, public participation in environmental protection and environmental impact assessments (Dz. U. 2008 Nr 199 poz. 1227) a description of alternative solutions most favourable from the point of view of the protection of environmental resources should be taken into account and, among other things, indicate whether it is necessary to establish a restricted use area for the planned project. If the possibility of transboundary environmental impact is found, the report should include the information on the impact of the planned project outside the territory of the Republic of Poland.

The literature points out that the problem of ecological reporting has been evolving for over two decades from the oldest economic approach, which also includes environmental protection indicators in the economic report; through ecological reports; and in recent years, taking into account the social responsibility factor, which is a guarantee of the implementation of the concept of sustainable development (Nowak, 2004, p. 3). Taking into account the environmental aspects of the company's operations in the reports is a response to the growing social expectations in terms of solving

the emerging problems. The consequence of which is the publication of sustainability development reports by enterprises, which include activities in the economic, ecological and social areas. Due to the need to implement into the Polish legal system the provisions of the Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups (Directive 2014/95/EU) the Polish legislator made changes to the provisions of the Polish balance sheet law, i.e. the provisions of the Act of December 15, 2016 amending the Accounting Act (Dz.U. 2017 poz. 61). It should be emphasized that under the previous Accounting Act, in accordance with the rules applicable in accounting, all events affecting the financial results and image of the company should be disclosed. Such events undoubtedly include social and environmental events. The effect of the implementation changes was, in particular, the obligation of large entities and groups employing over 500 employees and meeting one of two financial conditions, i.e. PLN 85 million of total balance sheet assets at the end of the financial year or PLN 170 million of net revenues from the sale of goods and products for the financial year. It should be added that the provisions of the said directive in the field of non-financial reporting apply to companies with the status of public interest entities. They include, among others, large listed companies, banks, insurance companies. Entities subject to the obligation to report non-financial information must prepare a statement on non-financial information that is an integral part of the report on activities or a separate report on non-financial information apart from the report on activities. The provisions of the amended Accounting Act in the light of Art. 46b oblige companies to prepare a description of their policies in the area of social issues, employee matters, natural environment, respect for human rights and in relation to counteracting corruption. This obligation also applies to reporting the results achieved in the application of the above-mentioned policies. In the environmental area, information on the current and expected impact of the entity's activity on the environment, health and broadly understood safety should be included. It seems extremely important in this area to indicate the use of energy from renewable sources and the problem of greenhouse gas emissions, water consumption and air pollution. The information contained in the report in the area of social and employee matters mainly concerns taking action to ensure gender equality, implementing the International Labour Organization conventions, working conditions for conducting social dialogue, including the dialogue with the representatives of the local community, and respecting the right of employees to information and express their own opinions. In the context of human rights, the organization's statement should contain information

on the policies in place to respect human rights and prevent discrimination. The statement on counteracting corruption and bribery should contain information on the instruments used by the organization to counteract such pathologies. The provisions of the Directive in question, as well as the amended Accounting Act, indicate the need to point out and provide the reason for the lack of policy of a given organization in the field of one or several issues. The EU and national legislator provided for the possibility of applying any rules when preparing reports. In practice, this means that the provisions of law provide for the possibility of using both own and national, as well as EU and international standards or guidelines (Standard Informacji Niefinansowych, 2017).

In order for companies to provide the information required by law in a consistent and comparable manner, on June 26, 2017, the European Commission published Guidelines on reporting non-financial information (Guidelines on non-financial reporting (2017/C 215/01)). The regulation on taxonomy, which introduced a uniform classification of activities for sustainable development, is of significant importance for determining activities for sustainable development. The above regulation indicates that conducting sustainable economic activity must take into account at least one of the environmental objectives in the context of mitigating the effects of climate change, sustainable use of environmental resources and taking measures to protect biodiversity and to maintain balance in ecosystems. The subjective scope of this system applies to financial market participants who offer financial products as well as financial and non-financial companies covered by the reporting obligation (Mućko, Niemiec, & Skoczylas, 2021, p. 101). With regard to entities with the status of small and medium-sized enterprises, the Communication of the European Commission of 2019 on the European Green Deal is of key importance in creating the legal basis for non-financial reporting. It resulted in the commitment of the European Commission to review the regulations on non-financial reporting in 2020. On June 20, 2019, the European Commission also published Guidelines on non-financial reporting (Guidelines on non-financial reporting... (2019/C 209/01)). It should be emphasized that in the draft of the new CSRD Directive, due to the increase in threats related to sustainable development and taking into account the fact that small and medium-sized enterprises constitute a large percentage of entities listed on the stock exchanges of the European Union countries and due to the protection of potential investors, the disclosure of non-financial information seems to be indisputable.

GRI Non-Financial Reporting Standard (Global Reporting Initiative)

The guidelines developed by the international organization Global Reporting Initiatives (GRI) are the most commonly used non-financial reporting standards. This organization was established in 1989 as an independent American non-governmental organization (non-profit) in order to create a consistent and transparent reporting system on sustainability issues after the tragic environmental consequences of the Exxon Valdez oil spill off the coast of Alaska on March 24, 1989. Global Reporting Initiatives brings together stakeholders and experts from many groups, i.e. auditors, consulting companies, enterprises, universities, public benefit organizations, enterprises, as well as many other public institutions. The reporting process, taking into account the GRI guidelines, certainly affects the building of a socially responsible organization and is an effective tool used for communication of a given organization and its stakeholders.

The content of the sustainable development report according to the GRI guidelines [28] should concern the description of the strategy and the profile of a given organization in the context of its impact on sustainable development and in relation to the indication of opportunities and possible risks. The basic content of the report, apart from the organization's strategy, should also define the existing supervisory structure and its involvement in external initiatives along with the involvement of stakeholders. However, in the detailed part of the report, the organization's approach to management in the economic, environmental and corporate governance areas should be taken into account. The first economic category mentioned in this part of the report refers to the economic results achieved by the organization, its presence on the market and possible indirect economic impact. The environmental category, in accordance with the indicators proposed by GRI, applies to e.g. materials/raw materials used by the organization. It also covers the aspect related to energy and water consumption and the impact of the organization's activities on biodiversity and its compliance with environmental law. An important aspect included in the environmental part is the indication of the amount of expenses and investments for environmental protection and the amount of fines imposed for non-compliance with the provisions of the environmental law. Broadly understood corporate governance indicators cover issues related to existing employment practices, observance of human rights by organizations and ensuring decent conditions in accordance with the applicable law.

While the content of the sustainable development report, detailing the areas presented above, is the responsibility of the given organization, the choice of the form of the report remains at the discretion of

the organization. This means either making the report available on the website, or preparing it in the form of a printed publication, or a part of the annual report (form of an integrated report). The application of the guidelines proposed by the GRI is tantamount to the entrepreneur's obligation to inform the Global Reporting Initiative about the publication of the report.

As of July 1, 2018, the GRI-G4 guidelines were replaced by the GRI Standards (*Global Reporting Initiative...*). The new versions of the GRI Standards indicators published in 2018 became effective at the beginning of 2021. The changes concern indicators in the field of social and environmental issues. The key objective of the introduced changes was to detail the management and reporting of issues related to employee health and water management.

Non-Financial Reporting Standard SIN (Non-Financial Information Standard)

In addition to the non-financial reporting standards developed by GRI in Poland, on October 17, 2017, the Non-Financial Information Standard was published (*Standard Informacji Niefinansowych*, 2017). It is a consequence of a bottom-up initiative coordinated by the Reporting Standards Foundation and the Association of Stock Exchange Issuers. It makes it easier for companies operating in Poland to meet the obligations in the field of non-financial reporting contained in Directive 2014/95/EU. The SIN project was widely consulted with a group of issuers, representatives of the central administration, infrastructural entities of the Polish capital market, as well as with the organizations that associate various groups of stakeholders representing the capital market.

The development of the SIN Standard was intended to provide support for companies starting reporting, and primarily aimed at adapting the standards to the specificity of Polish companies and the Warsaw Stock Exchange, with the possibility of being used by other entities as well. Unlike GRI, the set of indicators proposed under the Non-Financial Information Standards takes into account the subject of activity and the adopted business model of the organization. In the adopted internal structure of the analysed standard, the basic part and five supplementary annexes can be distinguished. The basic part contains the description of the scope of non-financial reporting, country and sector specifics, as well as the selection and importance of measures from the point of view of capital markets, combined with the description of individual areas subject to reporting. In the supplementary annexes, legal interpretations of the

directive, materiality matrices, stakeholders and key areas of responsibility, the importance of metrics and their selection from the point of view of the markets, and a detailed description of the areas have been distinguished. The following areas of non-financial reporting have been indicated in the SIN standard: management, environmental, social and employment. A specific set of indicators has been assigned to these areas (Błażyńska, 2019, p. 12). The adaptation of the SIN Standard to Polish conditions is reflected in the inclusion of the existing business model, area and management order, as well as ethical issues that have been strongly emphasized in recent years in relation to doing business in Poland (Rubik, 2008, p. 216).

Table 2. Comparison of GRI and SIN guidelines

Characteristics	GRI Standards / GRI G4	SIN
Creator/Owner	Global Reporting Initiative (GRI)	Reporting Standards Foundation
Addressees	Business, government agencies, cities, social and educational organizations, regardless of size and industry	Listed companies and other enterprises
Range	Reporters have a number of materials at their disposal: a guide to guidelines, educational materials and special supplements dedicated to selected industries (e.g. financial). They contain reporting rules, present the process and offer more than 80 universal indicators. In addition, the GRI website contains tens of thousands of reports.	It consists of a basic part and annexes. The basic part contains guidelines for reporting and exemplary indicators categorized in 27 areas divided into three groups (management, environmental, social and employee issues). The annexes contain an additional description of the areas subject to reporting, legal interpretations of Directive 2014/95/EU and the Accounting Act, a matrix of potential materiality of non-financial issues in individual industries and guidelines on determining the materiality of issues and stakeholder groups and the importance of measures from the point of view of capital market participants.

Benefits	The most popular non-financial reporting guidelines enabling flexible adaptation to the needs of the reporting organization. They facilitate the organization of reporting because they present the reporting process. They also contain specific indicators. Selected industries have additional sector supplements that facilitate the preparation of reports for organizations operating in selected sectors. The guidelines are also consistent with other important standards and initiatives, such as UN Global Compact, ISO26000 standard, International Integrated Reporting Framework.	They provide support for companies starting reporting. The standard was created for companies that are looking for simple solutions related to reporting. It is worth reaching for it to find out about the areas of reporting.
Industry	The guidelines are universal and can be used in any organization, not only in business, but also in public administration or social organizations.	The standard is universal and can be used in many industries.
Reporting areas	It requires the presentation of the management approach (policies) and performance indicators. It contains indicators that relate to the following areas, i.e. : <ul style="list-style-type: none">• environmental issues;• social and labor issues;• human rights;• counteracting corruption.	It addresses the following issues: <ul style="list-style-type: none">• environmental issues;• labor issues• human rights• social issues• counteracting corruption

Source: based on: Anam & Kacprzak, 2017.

Non-financial reporting of energy companies

The growing pressure of the environment, including the changing expectations of investors and the financial sector, legislative changes, growing social awareness and the consequent concern about the deterioration of the company’s image make it necessary to properly manage environmental, social and corporate governance factors (ESG in short). Environmental, social and governance factors are becoming more and more important. ESG factors are increasingly important for the success and long-term

viability of businesses, and incorporating the principles of sustainable development into the core strategy is a must today. ESG data is important for investors in the financial market. They are interested in how companies build long-term value, how they manage ESG risk and whether they take responsibility for their impact on the environment. Therefore, the importance of reporting non-financial data, which turns out to be crucial for making investment decisions, is growing (Bismuth, 2008, p. 242). Non-financial reporting is of particular importance in the case of the so-called responsible investing. Sustainable and responsible investment (SRI) is a long-term oriented investment approach which integrates ESG factors in the research, analysis and selection process of securities within an investment portfolio. It combines fundamental analysis and engagement with an evaluation of ESG factors in order to better capture long term returns for investors, and to benefit society by influencing the behavior of companies (Eurosif, *EUROPEAN SRI STUDY*, 2018). In the process of making investment decisions, socially responsible investors are interested in the increased information openness of companies and, apart from financial information, information is necessary to objectively assess whether and to what extent the company respects aspects related to the environmental area, social responsibility and corporate governance.

Corporate reporting has been the subject of numerous discussions and modifications for years. The related responsibilities and challenges faced by organizations are constantly changing, and stakeholders want all data, both financial and non-financial, to be properly systematized, reliable and clearly presented. This forced the need to search for methods of collecting and presenting extensive materials containing information about the activities of companies. Speaking of non-financial reporting, it should be noted that it concerns not only issues related to sustainable development. It concerns issues related to the management of intangible capital, which undeniably creates the value of the company. This capital is the organization's intangible assets that are not recorded in the financial statements. Various classifications of this capital emphasize human capital, relational capital and structural capital, but it should be noted that they were developed mainly in the 1990s and did not cover the issues of sustainable development. However, it was sustainability and CSR reporting that would soon become the norm for listed companies and the basis for voluntary reporting of non-financial data (Dumay, 2016).

The answer to the needs of modern reporting is integrated reporting, which enables the presentation of all necessary financial and non-financial information within one document. Integrated reporting is the process of transferring knowledge about all areas of the company's activity. Its result is a document – an integrated report, made available to all persons

and entities interested in comprehensive information on a given company. The entities that are most predestined to respond to changing reporting needs are stock exchanges. It is the stock exchanges, as the entities responsible for organizing trading, that should support non-financial reporting and sustainable investing, i.e. a method of investing capital that, apart from the purely financial aspect, takes into account environmental factors, social responsibility responsibility and corporate governance. The Warsaw Stock Exchange is also part of these activities. In 2009, the RESPECT Index debuted on the Warsaw Stock Exchange – the first index in Central and Eastern Europe covering socially responsible companies. The successor of this index in 2019 was WIG-ESG.

Table 3. ESG reporting

Reporting method	Description
Financial report + ESG activity report	Aspects of managing ESG factors discussed in annual financial statements. The information is limited to a few key topics and indicators to suit the style and format of the financial statements. Additional information may be disclosed through a website or a sustainability/ESG report. Companies covered by the requirements of the Non-Financial Reporting Directive may publish non-financial information in the form of a non-financial statement that is part of the report on activities or as a separate non-financial report.
Sustainability Report	Separate Sustainability Report. It allows you to collect all information on environmental, social and corporate governance issues in one document. Choosing this form of report gives companies more freedom to present their ESG activities and their results in a way that best suits their needs. A number of guidelines helpful in preparing such a report are contained in the GRI or SIN reporting framework.
Integrated report	The integrated report combines both elements of the financial report and sustainable development issues in one document, showing how the strategy and model of building the company's value affect the ESG activities and their results. For this reason, this format is more often chosen by more advanced companies with a well-developed ESG management system. Integrated reporting is promoted by the International Integrated Reporting Council (IIRC)

Source: ESG Reporting Guidelines..., 2021, p. 17.

Enterprises can choose the reporting method that best suits their needs, provided it meets legal requirements. They should also take into account the expectations of stakeholders regarding its content, format and level of

detail of the disclosed data. The options that an enterprise can choose are presented in Table 3.

Energy companies included in the WIG-energia index on the Warsaw Stock Exchange use various methods of non-financial reporting. The lack of unified reporting causes difficulties in comparing the reports presented by enterprises and the data contained therein (Table 4 and 5).

Table 4. Selection of the reporting method by WIG-energy companies (reports 2021)

Company	Financial report + ESG activity report	Sustainability/ CSR Report	Integrated report	Information on website
PGE			x	x
TAURONPE			x	x
PEP		x		x
ENEA		x		x
CEZ		x		x
ZEPAK				x
PHOTO		x		x
ONDE		x		x
COGENER				x
MLSYSTEM				x
NOVAVISGR	X			

Source: Own study

Table 5. Reporting standards in WIG-energia index companies publishing integrated and ESG reports

Reporting companies	Reporting standards used	Dedicated ESG authority
PGE	Checking non-financial information of PGE Polska Grupa Energetyczna and PGE Capital Group takes into account selected indicators of the Global Reporting Initiative (GRI) reporting standard in the 2016 version of Standards, unless the table indicates 2018. Indicators are presented broken down by: environmental area, employee, social, respect for human rights and countering corruption. The report also includes a reference to the 10 principles of the Global Compact.	<ul style="list-style-type: none"> Sustainable Development Committee Representative of the Management Board for ESG

TAURON	The report is based on the Global Reporting Initiative – GRI Standards (basic level – core). The Report presents selected indicators: Foundation – GRI 101, General Disclosers – GRI 102, Management Approach – GRI 103 and specific Standards from the series Economic – GRI 200, Environmental – GRI 300 and Social – GRI 400.	ESG Committee
PEP	Report on CSR activities – a report prepared in accordance with the guidelines of the Global Reporting Initiative. A comprehensive, interactive ESG website, which is a communication platform about the Group’s activities from the environmental, social and corporate governance perspectives. It is developed according to GRI Standards. It provides up-to-date and reliable knowledge about activities undertaken in the field of social responsibility	
ENEA	ESG report summarizing activities and their results in three key areas of responsibility: environmental, social and corporate governance. The report uses selected GRI indicators and own indicators.	
CEZ	ESG report prepared in accordance with the GRI Standards (core option). Elements of other international standards were also used.	Dedicated ESG Office led by Chief Sustainability officer
PHOTO	ESG report prepared to our own standards using our own ESG Key Performance Indicators.	
ONDE	Report based on indicators defined in the international GRI Sustainability Reporting Standards. The disclosures concern selected indicators that were subject to attestation by the audit company PricewaterhouseCoopers Polska Sp. with limited liability Audyt Sk.	

Source: own study.

Energy companies included in the WIG-energia index report on non-financial data in an inconsistent manner or do not present non-financial reports. Four of these companies are included in the WIG-ESG index and the reports prepared by them are characterized by the use of GRI standards. However, only two of these companies publish an integrated report. In recent years, special units have been established in some companies to

deal with ESG issues and prepare reports that provide the market with sufficient and relevant information that allows investors to make decisions more efficiently.

Assumptions and Purpose of the New CSRD Directive

At this point, attention should be paid to the current Directive of the European Parliament and of the Council on disclosing non-financial and diversity information 2014/95/EU, in connection with the draft of the new Corporate Reporting Directive prepared by the European Commission on April 21, 2022 concerning issues related to sustainable development referred to as CSRD – Corporate Sustainability Reporting Directive (*Directive of the European Parliament...*). The proposed changes are conditioned by the increased demand from potential investors for obtaining precise and real data concerning the organization. It should be emphasized that in connection with the pursuit of the so-called climate neutrality of Europe, the information contained in the environmental area in terms of greenhouse gas emissions, as well as the protection of shrinking water resources, and the protection of all biodiversity are of key importance. The assumption of the adoption and implementation of the new CSRD Directive is primarily to improve the quality of information provided by enterprises, taking into account the fact that they currently have a lot of freedom in preparing sustainable development reports, using, for example, the possibility of choosing the standard in which the report will be prepared. Therefore, it is proposed to introduce a single European ESG reporting standard, which will also be prepared in a simplified version for smaller entities. An extremely important change introduced in the new CSRD Directive is the mandatory audit of reports carried out by a statutory auditor or another entity authorized to provide assurance services. A new solution will also be the introduction of the obligation to include such reports as a part of the report on the company's activities. In accordance with the draft of the new CSRD Directive adopted on November 10, 2022 by the European Parliament, the reporting obligation will be successively introduced for individual categories of entities, i.e.:

1. by January 1, 2024: companies listed on the stock exchange, employing more than 500 employees,
2. by January 1, 2025: all large enterprises,
3. until January 1, 2026: small and medium-sized companies listed on the stock exchange.

On November 28, 2022, the Council of the European Union approved the Directive on corporate reporting on sustainable development, which will

then be published in the Official Journal of the European Union and will enter into force 20 days from the date of publication. The Member States of the European Union will be obliged to implement the provisions of the CSRD Directive into their national legal orders within 18 months. In conclusion, it can be stated with full firmness that the proposed changes to the CSRD in question will pose a challenge for enterprises in terms of implementing systems for obtaining and reporting non-financial information, including the inclusion of sustainable development issues in strategies and planned operational activities. The key objective of the CSRD is to increase the responsibility of enterprises in the context of their impact on society and the economy and, consequently, to increase the benefits for citizens and the environment. The new extended requirements will be adapted to the size of enterprises, giving them a long transition period to adapt (*Council of the European Union...*). The new act amends the Non-Financial Reporting Directive (NFRD) and is a response to the contemporary challenges of sustainable economy in the Member States of the European Union.

Discussion and conclusions

Both the scientific community and regulators of economic life agree on the importance of non-financial reporting. Ensuring the consistency of non-financial information, comparable over time and across all companies, relevant and reliable, enables investors to better anticipate future returns related to their investments and better assess risk. Better information about the intangible factors of enterprise value reduces information asymmetry and improves the ability of companies to obtain financing at a lower cost of capital (Bismuth & Tojo, 2008, pp. 228–245). Non-financial information is of particular importance in the area of responsible investing. Using non-financial information on environmental and social issues responsibility and corporate governance in the process of socially responsible investing brings a number of measurable benefits from the point of view of investors and reporting companies. These benefits include, above all: greater information transparency, lower investment risk, greater investor interest, potentially higher company valuation, easier access to capital. Non-financial reporting also means monitoring non-financial data, which is reflected in building trust, improving internal management and decision-making processes, or reducing compliance costs in companies that use them.

It should also be noted that non-financial reporting is not a separate activity, but one of the elements of the management process. Recognizing the value of the integration of ESG factors with key business processes

by the management board of the company and understanding the need to take responsibility for its actions, also in the social and environmental areas, is of fundamental importance for building a more sustainable business model.

Enterprises of the energy sector in Poland, represented by companies from the WIG-energy index on the Warsaw Stock Exchange, apply very different reporting standards, and some of them do not provide information on activities in the social or environmental area. Some of these companies have been reporting non-financial data for several years. It would therefore be worth examining whether the prepared reports reflect the process of continuous improvement of the company in the field of non-financial reporting.

The provisions of the Directive of the European Parliament and of the Council on the disclosure of non-financial information and information on diversity will soon make non-financial reporting mandatory for many companies, and the freedom and subjectivity in this type of reporting will disappear. The standardization of reports will also facilitate the work of scientists who will be able to objectively study the activities of companies in the ESG area and analyze non-financial data of entities preparing reports.

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