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LEGAL REGULATIONS ON NON-FINANCIAL REPORTING STANDARDS IN THE CONTEXT OF ESG IN THE FOOD SECTOR

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Purpose: In the face of growing environmental and social awareness, as well as the need for transparency in the conduct of business, environmental, social and corporate governance (ESG) issues are gaining importance in every sector of the economy, including Poland's key food sector. This article analyses the most important legal regulations at the European Union and national level that shape the approach to ESG in the Polish food sector.
Methodology: This article analyses the most important regulations at EU and national level that shape the approach to ESG in the Polish food sector. Sources of material for the analysis included sustainability reports of the United Nations, the Commission of the European Union, and information from companies already implementing and reporting ESG principles. Due to the fact that this is a new solution in the hitherto functioning principles of corporate social responsibility, publicly available sources were also used: internet and press information. Available Polish and foreign literature was used.
Findings: Adaptation to ESG principles is becoming not only a regulatory requirement, but also a strategic necessity for building the long-term value and competitiveness of Polish food companies.
Research limitations/implications: The introduction of ESG reporting under standards such as GRI, SASB, and ISSB carries significant implications for both organizations and stakeholders. First and foremost, it entails the need for greater transparency regarding the impact of business activities on the environment, society, and corporate governance. The implementation of standards such as GRI or SASB promotes global harmonization of reporting, making it easier to compare results across different entities and markets. As a result, the role of ESG reports is growing as a tool for building reputation, attracting capital, and achieving long-term value objectives for stakeholders.
Originality/Value: This paper uniquely examines how evolving legal frameworks for non-financial reporting influence ESG practices in the food sector, where environmental and social impacts are especially significant. It bridges regulatory analysis with sector-specific sustainability challenges, offering insights valuable for both academic research and industry application.
Keywords: ESG, economic indicator, non-financial reporting, sustainable development.
Category of the paper: research paper.

1. Introduction

The concept of sustainability has become a major global trend, with the international community increasingly recognising the close links between economic growth and addressing environmental, climate and social issues (Plaskowva, Bychova 2024). In this context, ESG (Environmental, Social, Governance) principles are a key element in assessing the non-financial performance of companies, reflecting their responsible approach to the environment, the creation of favourable social conditions and the provision of high quality corporate governance (PWC, 2021).

Investor and other stakeholder interest in ESG issues is steadily growing, forcing companies, including those in the agro-industrial sector, to be more transparent and accountable (Gerber, Smit, Botha, 2024).

The food sector in Poland plays an important role in the economy, providing food security and employment. However, the sector's activities are also associated with significant environmental impacts, including through greenhouse gas emissions, natural resource consumption and waste generation.

The significant environmental impact of the food sector therefore necessitates actions aimed at reforming current management practices, the appropriate use of resources in agriculture and the food processing and distribution sector. As contemporary food systems contribute to climate change, many companies operating in the food sector have adopted strategies to conduct sustainable production practices, which are crucial for human and environmental health (Ratajczak, 2016; Bobola, 2009; Golębiewska et al., 2022).

Therefore, adaptation to ESG principles is becoming not only a regulatory requirement, but also a strategic necessity for building long-term value and competitiveness of Polish food enterprises.

The aim of this paper is to identify and analyse the key ESG regulations that are most relevant to the Polish food sector. The paper also aims to present the characteristics of ESG factors and their importance in the context of the specificity of the sector, taking into account the existing and planned changes in regulations at the European Union and national level.

2. Main areas analysed in relation to ESG

ESG was first defined in contemporary terms in a 2004 United Nations (UN) report entitled “Who cares wins” (IFC, 2004). The rapid increase in corporate interest in analysing ESG issues is linked to the adoption of the Sustainable Development Goals (SDGs) by the UN in 2015, which indicate ways to achieve global sustainable development by 2030 (UN, 2015).

These goals address global environmental challenges (e.g., natural resource depletion, biodiversity loss, climate change), social challenges (e.g., global hunger, growing inequality) and grand governance challenges (e.g., gender disparity, corruption) (Fig. 1). Although sustainability goals are set at the macro level for countries and governments, companies are considered to be the main actors committed to achieving them. Therefore, the concept of "corporate sustainability", which reflects the idea of ensuring sustainability in business practices, has become apparent in corporate activities. This has resulted in environmental, social and corporate governance factors becoming relevant in the assessment and analysis of business.

Figure 1. Main pillars of ESG.

Source: Own study.

3. The relevance of ESG to the Food Sector

The Polish food sector is subject to a wide range of regulations at national and EU level, which increasingly take into account ESG aspects. Among the most important of these are:

- Nonfinancial Disclosure Reporting Directive (NFRD) 2014/95/EU (EC, 2014): This directive, implemented into Polish law, imposed an obligation on certain large public interest entities to report non-financial information, including data on the environment, social and labour issues, respect for human rights and anti-corruption and anti-bribery. Although this directive will be replaced by the CSRD, it represented an important step towards increasing ESG transparency.
- Sustainable Finance Disclosure Regulation (SFDR) (EC, 2019): This regulation applies to financial market players and requires them to disclose information on sustainable investments and to integrate sustainability risks into their decision-making processes. While SFDR does not directly affect food companies, it indirectly impacts them through the expectations of investors and financial institutions regarding their ESG profile.

- EU Taxonomy Regulation (EC, 2020): This regulation establishes a classification system (taxonomy) for environmentally sustainable economic activities. It aims to promote investment in projects and activities that contribute to the achievement of EU environmental objectives, such as climate change mitigation, climate change adaptation, 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. For large companies subject to the NFRD (and, in the future, the CSRD), this regulation introduces an obligation to disclose the extent to which their activities comply with the taxonomy. This is important for the agri-food sector because of its impact on the environment.
- Corporate Sustainability Reporting Directive (CSRD) (EC, 2022): This new directive will replace the NFRD and significantly expand the scope of entities required to report sustainability information. Broader groups of large companies as well as listed small and medium-sized enterprises (SMEs) will be covered by the reporting obligation. The CSRD also introduces more detailed reporting standards (European Sustainability Reporting Standards - ESRS) and an obligation to audit reported information. The directive will take effect from 2024 and will have a significant impact on the Polish food sector, increasing the scope and quality of reported ESG data.
- European Sustainability Reporting Standards (ESRS): These are standards being developed to implement CSRD. They set out detailed requirements for the information that companies will need to disclose in their sustainability reports, covering a wide range of environmental, social and corporate governance issues.

In addition, at the national level, any environmental, labour law, food safety and corporate governance regulations that indirectly affect ESG practices in the food sector are relevant (Borucki, 2021). It is also worth mentioning the initiatives and recommendations of organisations such as the Warsaw Stock Exchange (WSE), which promote ESG reporting among listed companies (WSE, 2021).

4. The role of ESG Reporting Standards (GRI, SASB, ISSB)

In addition to the aforementioned regulations, international standards and guidelines such as the Global Reporting Initiative (GRI) play an important role in shaping ESG reporting practices in the food sector. GRI standards are widely used by organisations around the world to report their economic, environmental and social impacts (GRI, 2006, 2022). GRI also offers sector-specific standards, including GRI 13 for agriculture, aquaculture and fisheries, which help companies in these sectors identify and report on the ESG issues most important to them (Horuckowava, Baudasse, 2017; Krasnodomska et al., 2024).

Other important reporting frameworks include the Sustainability Accounting Standards Board (SASB) standards, which focus on the disclosure of ESG information that is relevant to investors and impacts on company value. The International Sustainability Standards Board (ISSB) was also established in 2022 to develop global sustainability reporting standards, building on SASB standards and Task Force on Climate-related Financial Disclosures (TCFD) guidelines, among others.

The use of these standards, although often voluntary (with the exception of references in regulations such as CSRD), contributes to the comparability and quality of reported ESG information in the food sector (Tab. 1). Polish companies increasingly refer to GRI standards when preparing their sustainability reports.

Table 1.
Main aspects assessed in non-financial reporting

The Pillars of ESG	Key Aspects	Examples in the Food Sector
Environment (E)	Climate change, greenhouse gas emissions, consumption of natural resources (water, energy, land), pollution (water, soil, air), waste and its disposal, biodiversity, ecosystems	Emissions from agricultural production and food transport, crop water efficiency, use of sustainable agricultural practices, reduction of packaging waste, impact on local wildlife
Social (S)	Human rights, labour standards (health and safety, wages), community relations, food safety, product responsibility, diversity and inclusion	Working conditions on farms and processing plants, relations with local suppliers and residents, quality and safety of food products, nutritional information and food origin
Governance (G)	Governance structure, board independence, shareholder rights, information transparency, business ethics, anti-corruption, risk management, executive remuneration	Composition and functioning of the supervisory board, company information policy, internal control systems, code of ethics, investor relations, supply chain risk management

Source: Study based on Gołębiewski, 2023.

The concept of materiality plays a key role in ESG reporting. It refers to the identification and disclosure of information that has a significant economic, environmental and social impact, or that can materially influence stakeholder assessments and decisions. For the agri-food sector, relevant ESG issues may include, but are not limited to, water use, agricultural emissions, labour practices in the supply chain, food safety and relations with local communities (Topp-Becker et al., 2017; Tubiello et al., 2022; Maroun et al., 2018; Rasiah et al., 2025; Rattanasuksri et al., 2025).

In the context of GRI 13, the standard proposes a list of topics that companies in the agri-food sector should consider in their ESG reports. Identifying and focusing on relevant issues allows for more focused and valuable reports, avoiding information overload. The introduction of ESG reporting under standards such as GRI, SASB, and ISSB carries significant implications for both organizations and stakeholders. First and foremost, it entails the need for greater transparency regarding the impact of business activities on the environment, society, and corporate governance.

Harmonization of ESG standards is becoming crucial for reporting consistency. While GRI focuses on companies' impact on the environment (impact materiality) and SASB on information relevant to investors (financial materiality), ISSB strives for global harmonization. Companies must adapt their reports to different time horizons, and in the long term, a uniform global system may emerge, requiring investment in reporting processes and systems. Growing regulatory pressure (CSRD, SEC) is making ESG mandatory and requiring quality, auditability and integration with data management at a level comparable to finance. The implementation of reporting also involves additional costs and the need for ESG team members to acquire new skills related to IT system training or familiarisation with analytical tools for assessing climate risks. Although this may be a burden for the company in the short term, it may bring a competitive advantage in the long term.

ESG reporting changes the approach to management – it becomes part of strategy and risk management, not just a public relations issue. The introduction of new reporting standards also has an impact on investors and access to capital because it increases trust, facilitates financing, and failure to report risks exclusion from investment portfolios. Table 2 below shows the differences between various reporting standards (GRI, SASB, ISSB).

Table 2.
The differences between various reporting standards (GRI, SASB, ISSB)

Specification	GRI (Global Reporting Initiative)	SASB (Sustainability Accounting Standards Board)	ISSB (International Sustainability Standards Board)
Objective	Reporting an organization's impact on society and environment	Reporting financially material ESG factors	Global ESG reporting aligned with financial disclosure
Materiality perspective	Double (impact materiality) – company's impact on environment and society	Financial materiality – ESG impact on enterprise value	Financial (currently), future plans to include double materiality
Report recipients	Broad stakeholders (society, NGOs, customers)	Investors and financial markets	Investors, regulators, global capital markets
Thematic areas	Broad – environmental, social, governance	Industry-specific – financially relevant topics	Global ESG standards under IFRS S1 and S2
Obligatory nature	Voluntary (often required in EU via CSRD)	Voluntary (strongly recommended by markets)	Becoming mandatory in multiple jurisdictions
Link to financial reporting	Low (focus on non-financial impacts)	Strong (impact on financial performance)	Very strong – integrated with IFRS
Report structure	Modular, general and sector-specific indicators	Industry-specific standards (77 industries)	IFRS S1 (general), IFRS S2 (climate)

Source: own study based on standards.

The implementation of standards such as GRI or SASB promotes global harmonization of reporting, making it easier to compare results across different entities and markets. As a result, the role of ESG reports is growing as a tool for building reputation, attracting capital, and achieving long-term value objectives for stakeholders.

5. Challenges and Opportunities for the Polish Food Sector

The implementation and reporting of ESG in the Polish food sector presents both challenges and opportunities. Challenges include the lack of uniform sector-specific reporting guidelines, potential difficulties in collecting and verifying ESG data, especially for smaller companies in the supply chain, and the need for additional costs associated with implementing sustainable practices and reporting. Research indicates that the agriculture and food sector in Poland has some of the lowest rates of compliance with recommendations and quality of published data on climate reporting. Figure 2 shows a proposed sequence of steps for preparing a report that takes ESG considerations into account in medium and large companies.

Figure 1. Stages of implementing ESG Reporting According to CSRD and ESRS.
Source: Own study.

The implementation of ESG reporting in Polish food sector companies, in accordance with the EU's Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS), involves a structured, multi-phase process. It begins with an assessment of whether the company falls under the scope of CSRD based on size, turnover, and balance sheet criteria, followed by a gap analysis comparing current ESG practices with ESRS requirements.

Once obligations are confirmed, companies form a cross-functional sustainability team involving key departments such as finance, HR, production, procurement, and compliance. This team oversees the implementation and ensures sector-specific expertise, especially in areas like agricultural sourcing, environmental impact, and labor practices.

A double materiality assessment is then conducted to identify ESG topics that are most relevant, both in terms of the company's impact on the environment and society, and the financial risks and opportunities ESG issues pose to the business. This includes consultations with stakeholders such as suppliers, customers, NGOs, and local communities.

Companies then focus on establishing reliable systems for collecting ESG data, including implementing IT tools for tracking energy use, emissions, waste, and social indicators across their operations and supply chains. This is particularly important in the food industry, where upstream data from agricultural producers plays a key role in assessing product-level environmental impacts.

Next, ESG factors are integrated into corporate strategy and risk management processes. Sustainability policies are formalized, ESG targets are linked to performance indicators and executive compensation, and ESG-related risks are embedded within broader enterprise risk management frameworks.

With governance and data systems in place, the company prepares a sustainability report in compliance with ESRS, including disclosures on strategy, governance, materiality, and metrics. The report also includes information on EU taxonomy alignment and must undergo external assurance.

Finally, ESG efforts are communicated through the ESEF format and published for stakeholders including investors, customers, and regulators. Companies continue to evolve their ESG strategy, aligning it with long-term goals such as carbon neutrality or Science Based Targets, and adapting to new regulations such as the Packaging and Packaging Waste Regulation (PPWR) or the Corporate Sustainability Due Diligence Directive (CSDDD).

On the other hand, the implementation of ESG creates a number of opportunities for the Polish food sector. It can contribute to strengthening competitive advantage by building a positive image and consumer loyalty. Environmentally conscious consumers increasingly prefer products from companies that demonstrate a responsible ESG approach. In addition, a strong ESG profile can facilitate access to finance as investors increasingly consider ESG criteria in their decisions. Finally, implementing sustainable practices can lead to improved operational efficiency and cost reductions in the long term.

6. Conclusion

The Polish food sector faces the need to adapt to increasing regulatory requirements and stakeholder expectations regarding ESG. Key EU regulations such as the CSRD, together with the Taxonomy Regulation, will have a significant impact on the reporting practices and business strategies of companies in the sector. The implementation of international reporting standards, such as the GRI, can help increase the quality and comparability of disclosures.

While there are challenges to implementing ESG, it also presents significant opportunities for the Polish food sector, including strengthening competitiveness, improving access to finance and building stakeholder trust. Companies that proactively address ESG issues and integrate it into their strategy will be better prepared for future challenges and will be able to take full advantage of emerging opportunities in a dynamically changing business environment. Further support and education for companies on sustainability and ESG reporting is also needed.

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