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Towards 2050 Net Zero: Bridging the gap between the EU non-financial reporting framework and corporations

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Abstract

Diese Arbeit untersucht die Umsetzungserfahrungen von Unternehmen in Bezug auf die EU-Taxonomieverordnung (TR) und den neuen Standard zur Nachhaltigkeitsberichterstattung (ESRS) sowie die damit verbundenen Werte. Dies wird durch Interviews und Umfragen mit ESG-Experten erreicht, wobei der soziologische Institutionalismus und der Politikfeedback Ansatz (policy feedback approach) als theoretischer Hintergrund dienen.

Die Ergebnisse zeigen eine klare Korrelation zwischen der Anerkennung der in den Verordnungen vermittelten Werte und den Erfahrungen bei der Umsetzung. Sowohl TR als auch ESRS werden als bürokratische Hürde und als nur eine weitere Nachhaltigkeitspraxis angesehen, während andere Werte weitgehend übersehen werden. Dazu gehören potenzielle finanzielle Vorteile, wirtschaftlicher und nachhaltiger Mehrwert und Objektivität für TR und Transparenz als Mittel zur Förderung von Nachhaltigkeitsbemühungen, wirtschaftlichem Vorteil und Wettbewerbsfähigkeit für ESRS. Es wird hervorgehoben, dass eine positive Erfahrung bei der Umsetzung ein wichtiger Wert für die Unternehmen ist, der ihr Engagement bei der Berichterstattung erhöhen kann.

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This work examines corporations' implementation experiences of the EU Taxonomy Regulation (TR) and the new sustainability reporting standard (ESRS), along with the values associated with them. This is achieved through interviews and surveys with ESG experts, drawing on sociological institutionalism and policy feedback approach as theoretical background. The findings reveal a clear correlation between recognition of values communicated in the regulations and their implementation experience. Both TR and ESRS are viewed as a bureaucratic burden and as just another sustainability practice, while other values remain largely overlooked. These include potential financial benefits, economic and sustainability value, and objectivity for TR, and transparency as an enabler for sustainability efforts, economic profit, and competitiveness for ESRS. It highlights that a positive implementation experience is crucial value for corporations, which can increase their engagement in reporting.

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Abbreviations

AR - Application Requirement
CapEx - Capital Expenditures
COP - Conference of the Parties
CSRD - Corporate Sustainability Reporting Directive
DA - Delegated Act
DNSH - Do No Significant Harm
DR - Disclosure Requirement
EFRAG - European Financial Reporting Advisory Group
ESG - Environmental, Social, and Governance
ESRS - European Sustainability Reporting Standards
ETF - Transparency Framework
EU - European Union
FAQ - Frequently Asked Questions
FY - Financial Year
GAR - Green Asset Ratios
GRI - Global Reporting Initiative
KPI - Key Performance Indicator
LULUCF - Land Use, Land-Use Change, and Forestry
NACE - Nomenclature of Economic Activities
NFRD - Non-Financial Reporting Directive
OpEx - Operational Expenses
TA - Thematic Analysis
TCFD - Task Force on Climate-Related Financial Disclosures
TSC - Technical Screening Criteria
TR - Taxonomy Regulation
UNEP - United Nations Environment Programme
UNFCCC - United Nations Framework Convention on Climate Change
UN - United Nations

I. Introduction

In 1988, the world began to awaken to the urgent challenges posed by global warming, as this issue took centre stage in international discussions and political agendas. Responding to this growing concern, the United Nations Environment Programme (UNEP) held an internal seminar in January 1988 to explore environmental sectors vulnerable to the impacts of climate change (United Nations, 1994).

This laid the groundwork for a landmark initiative: the Kyoto Protocol, adopted in December 1997 in Japan. The Protocol was the first in the fight against climate change to reduce greenhouse gas emissions of industrialised nations (Jackson, 2007). However, despite the ambitious goal, Kyoto only covered 18% of the global emissions, as many major emitters were not part of the Protocol (European Commission, n.d.).

In December 2015, the Paris Agreement was adopted at the 21st Conference of the Parties (COP 21) and entered into force 4th of November after the requirements of ratification by 55 countries that account for at least 55% of global emissions were met (UNFCCC, 2015). Gradually, it was signed by 195 Parties (notably, the European Union is considered 1 Party) (United Nations, n.d.). This marked a historic milestone as the "first-ever universal, legally binding global climate agreement" (European Commission, 2023d). The primary objectives of this treaty were twofold: Keep the global temperature increase below 2°C aiming for a 1.5°C limit (UNFCCC, 2015).

The Paris Agreement has paved the way for numerous regulations aimed at achieving its ambitious goals. The European Union, positioned at the forefront of the climate neutrality agenda, embraced this new objective with great precision, with the European Commission, the EU's politically independent executive body, responsible for proposing new legislation to drive these efforts forward (European Union, n.d.).

While carbon-taxing fiscal policies have long been part of the EU regulatory landscape, the urgency of the current emission reduction targets has revealed the need for additional regulations. In this way, under the European Green Deal, which reflected the goals of the Paris Agreement and encompassed the European objectives of climate neutrality, a set of proposals (the Fit for 55 Package) was introduced (European Council, 2022). This set of

proposals notably thickened the EU's green policy mix designed to assist EU Member States in reaching climate neutrality targets.

Notably, the rapidly evolving policies and the intensifying sustainability agenda have posed significant challenges for corporations as they attempt to navigate this new regulatory landscape. One of the most pressing challenges facing corporations today is the increasing compliance demand surrounding non-financial reporting. Previously, such initiatives were largely voluntary, but they have now transitioned to mandatory status, impacting a growing number of companies, and expanding the scope of required disclosures (European Commission, 2024a). These new reporting obligations create significant challenges for many companies, particularly since they often lack expertise to fully grasp and navigate these complex requirements and face issue with data collection (Christensen, 2024; PwC, 2024). This situation underscores a gap between EU non-financial reporting framework and companies, where, in the current setting, reporting obligations prevent rather than support the shift to more sustainable practices, highlighting the urgent need for policy adoption.

The recent implementation of mandatory non-financial reporting, along with its broader scope and the challenges companies face in complying with these regulations, highlights the topic's significant relevance in today's business and regulatory environment.

1.1 Research objective

This work aims to help bridge the gap between EU non-financial reporting regulations and the corporations, ensuring that policies effectively support companies' sustainability efforts. Therefore, the purpose of this work is to investigate the implementation experiences of corporations in applying the recent non-financial reporting framework as well as values that corporations associated with these regulations. The nexus of values and implementation experiences aims to explore how companies' non-financial reporting efforts can be stimulated. The results could serve as a helping tool for the policymakers for future adaptation of respective pieces of legislation.

The research employs a mixed method approach, combining a quantitative method - an expert survey on non-financial reporting regulations - with qualitative method - semi-structured interviews with senior experts in the same field. A more elaborated discussion

of the research method including the reasoning for its selection can be found in the *Research method* section further below.

The two theoretical lenses used in this work are sociological institutionalism and the policy feedback approach.

Whereby, the main reason for employing the sociological institutionalism is the following: It emphasizes how organizations are shaped by their broader social, political, and economic environments (Meyer and Rowan, 1977; DiMaggio and Powell, 1983). Similarly, the theory offers a valuable lens for analysing European regulatory frameworks, as it is central to studying European integration, focusing on the structures, rules, and norms that influence the behaviour of actors within the EU (Schimmelfennig and Hyde-Price, 2005; Saurugger, 2020).

In the context of policy implementation, this theory helps to analyse how corporate behaviours are influenced by regulatory mandates. Furthermore, sociological institutionalism provides insights into the role of organizational isomorphism, which is crucial for understanding how policies translate into corporate actions (DiMaggio and Powell, 1983; Shabana, 2017), and introduces the concept of values which act as enablers of corporate social responsibility (Risi et al, 2023; Bansal and Song, 2017).

The employment of the policy feedback approach helps to introduce the role of implementation experiences which is crucial when analysing the feedback of policy implementation by the corporations (Polman, Van and Zwaan, 2022). As a more general approach to policy analysis which emphasizes the role of motivation while mobilizing for policy change (Parker, 2015), the policy feedback approach is a great theoretical support to the value-based approach of sociological institutionalism.

In this way, together the outlined theoretical lenses offer a robust framework for analysis based on the research objective elaborated above. A more detailed reasoning of why both theoretical lenses align and apply to the purpose of the work is outlined in the *Key theoretical lenses* section further below.

1.2 Research gap

This section presents potential research gaps based on the analysed literature and the outlined theoretical lenses. An extensive literature overview is presented in the section *Literature review and conceptual framework* further below.

1.2.1 Under-researched areas: Policies driving sustainability efforts

Research reveals that companies have difficulties advancing in sustainability measures and face difficulties in reporting under new non-financial reporting regulations (Christensen, 2024; PwC, 2024; Fuest and Meier, 2023; Sweatman and Hessenius, 2020). However, the usefulness and applicability of existing policies and directives for the corporations remains under-researched. Specifically, the influence of institutional structures (non-financial reporting regulations) on companies' willingness capacities to advance in sustainability activities. In this regard, the research may explore how non-financial reporting regulations can foster the advancement of business social responsibility.

1.2.2 Complementing existing research

Sociological institutionalism provides a solid base of ways institutions influence the sustainability activities of companies (Matten and Moon, 2008; DiMaggio and Powell, 1983; Shabana, Buchholtz, and Carroll, 2017; Risi et al., 2023). However, two areas seem to necessitate additional research.

Firstly, the value-based approach in sociological institutionalism. The research underscores that values embedded in institutional structures such as environmental policies influence companies' likeliness to engage in sustainability activities. However, it also highlights the need to further explore the role of self-regulatory initiatives (Dashwood, 2014; Bansal, 2005), emphasising that "values are essential yet often overlooked building blocks of institutional research" (Risi et al., 2023, p.3). While some findings confirm the relevance of values, however, the "how" is missing or not so extensively researched based on the examined literature. In this regard, further research could investigate what values advance the social responsibility of corporations? These

values then can be incorporated in the non-financial reporting regulations to foster companies' sustainability efforts.

Secondly, the transition from regulatory pressure to voluntary. The research emphasizes that external pressures, such as policies, drive industry self-regulation and calls for the exploration of voluntary initiatives (Dashwood, 2014; Shabana, Buchholtz, and Carroll, 2017). This supports the notion of transition from coercive to mimetic isomorphism (Shabana, Buchholtz, and Carroll, 2017). Additionally, the agency-based approach in institutional theory was also extensively researched (Bies et al., 2007; Cramer, Jonker and van der Heijden, 2004; Walker, Zhang and Ni, 2019). However, the research on how the agency-based approach is reinforced by institutional structures is rather scares. In this regard, further research could explore how non-financial reporting regulations can foster the advancement of the social responsibility of companies.

1.3 Research questions

Based on the conducted literature review, and identified research gaps, the following research questions were formulated, each aligned with the corresponding research objectives:

Research question 1: *What is the implementation experience of companies with non-financial reporting regulations?*

- Objective 1: Highlight the importance of the implementation experiences of the non-financial reporting regulations.
- Objective 2: Derive possible improvement suggestions for the non-financial reporting regulations to better address the challenges corporations currently encounter in their implementation.

Research question 2: *What values do firms associate with non-financial reporting regulations?*

- Objective 1: Denote what values are associated with non-financial reporting regulations.

- Objective 2: Identify which values should be reflected in these regulations to encourage stronger reporting efforts.

The decision to select two research questions instead of one was driven by the intention to bring two essential perspectives into this work. Since values are closely linked to the promotion of sustainability practices, understanding the values companies associate with the non-financial regulations is crucial for ensuring their successful implementation. This understanding will help ensure that the new regulations are not solely an additional bureaucratic burden, but rather foster companies' sustainability efforts. In this way, these questions are interconnected and mutually supportive, aligning with the overall research goal of helping bridge the gap between EU non-financial reporting regulations and the corporations. In this vein, the use of two research questions aims to connect values to implementation experiences to explore how companies' non-financial reporting efforts can be fostered.

1.4 Thesis structure

The work proceeds as follows. The first chapter introduces the European sustainability regulatory framework highlighting the relevance of the non-financial reporting and presenting the research objective, research gap, research questions, and the structure of the work.

The second chapter delves into the research background, contextualising the history of the European green policy mix, offering a critical review of the current discourse on the pieces of legislation relevant to this work. Subsequently, key theoretical lenses used to explore the research questions are presented, including literature review and the rational of selecting the chosen theoretical framework.

The third chapter presents the chosen methodological framework, elaborating on the chosen research method, data collection, data analysis processes, and discusses the foreseeable limitations of the study. The chapter also elaborate on how the data was collected and analysed.

The fourth chapter delves into the findings of the expert survey and semi-structured interviews offering a critical assessment of the findings supported by the theoretical background.

The fifth chapter presents conclusions of the work, summarising the discussion, and and elaborating on the overall implications of the study. It also addresses the limitations and suggests future research areas.

Lastly, the chapters six and the seven contain references and appendix, respectively, with the latter providing additional inputs on data collection and evaluation.

II. Literature review and conceptual framework

The following section gives an overview of the development of the European green policy mix. It provides an overview of the relevant regulatory framework and provides the rationale for selecting two pieces of o legislation as focus of the analysis. This section also includes a critical review of the discourse surrounding these two pieces of legislation. Furthermore, the chapter presents the theoretical framework of this work, providing an overview of the two chosen theoretical lenses and provides the rationale for selecting these lenses.

2.1 Policy development: Enacting the climate neutrality objective into law

Before delving into the development of sustainability reporting regulations in the EU it is important to set the base by outlining how the world recognised the danger of GHG emissions and put into law the emission reduction targets and the climate neutrality objective.

The first international treaty that committed participating states to reduce greenhouse gas emissions was the Kyoto Protocol, which was adopted in December 1997 and entered into force in February 2005 (UNFCCC, 2019). It set binding emission reduction targets for developed countries including EU Member States to reduce greenhouse gas emissions and obliged the parties to meet them by undertaking national measures. The Kyoto

Protocol remained the only legally binding instrument for reducing GHG emissions until the Paris Agreement came into force in 2015 (European Commission, 2023)

The Paris Agreement was adopted at COP 21 in 2015 with the goals of limiting global temperature increase below 2°C above pre-industrial levels and to aim for a 1.5°C limit (UNFCCC, 2015). As for its structure, the Paris Agreement operates in 5-year cycles obliging parties to submit their climate action plans starting from 2020. The countries are committed to transparently reporting on implementation and mitigation measures taken under the enhanced transparency framework (ETF) starting in 2024 (UNFCCC, 2015).

To achieve the objectives set by the Paris Agreement for Europe, the European Green Deal was presented in December 2019 with the main objectives of making Europe the first climate-neutral continent by 2050 and reducing net greenhouse gas emissions by at least 55% by 2030, compared to 1990 levels (European Commission, 2020). The Green Deal includes policy initiatives on climate, environment, energy, transport, industry, agriculture, and sustainable finance (European Council, 2023), aiming "to capture all relevant policy fields" (Oberthür and von Homeyer, 2023, p.460) and thereby strengthening the climate policy integration. Subsequently, the European Climate Law regulation was adopted in June 2021, setting into legislation the climate neutrality by 2050 objective of the Green Deal (European Commission, 2023b).

Shortly thereafter, the Fit for 55 Package was presented by the European Commission in July 2021, comprising proposals to amend the EU's legislation to achieve the objectives of the Green Deal. The package includes new proposals as well as revision proposals of existing policies (European Council, 2023).

2.2 Defining the scope of the policy mix relevant to this work

European Commission highlights 15 of adopted Fit for 55 proposals (European Commission, 2024b), whereby, overall, there are 32 main European energy and climate regulations (Oberthür and von Homeyer, 2023). Given the wide-ranging scope of the policy mix, the literature analysis should concentrate on specific policies to narrow the research focus and align it with the main objectives of this work.

Research investigates the thickness and diversity of the policy instruments mix, differentiating economic, regulatory, procedural, and informational instruments (Oberthür and von Homeyer, 2023). The research denotes that procedural instrument aim to contribute to the policymaking and implementation process, while other types of instruments rather aim to affect the outcomes (Oberthür and von Homeyer, 2023), making it seemingly a well-fitted type of instrument. The research highlights 3 procedural instruments in the policy mix: The European Climate Law, the Governance Regulation, and LULUCF (Oberthür and von Homeyer, 2023, p.453). However, neither of those policies is well fitted for the purpose of the research due to the following reasons: The European Climate Law sets legally binding targets of emission reduction goals for the Member States and is not optimal for the purpose of the work which is to address the implementation experiences of corporations (European Commission, 2023b). Similarly, the Governance Regulation addresses reporting guidelines for Member States (European Commission, n.d.). Finally, LULUCF concerns land use and therefore is not relevant to some corporations (European Commission, n.d.).

Out of other types of instruments, regulatory, economic, and informational, the latter one has recently gained increased importance and broader relevance with the focus to "influence investors and the corporate sector" (Oberthür and von Homeyer, 2023, p.459). With this regard, the recent pieces of legislation are Green Bond Standard, Corporate Sustainability Reporting, and Sustainable Finance Taxonomy (Oberthür and von Homeyer, 2023, p.453). In this way, this type of policy mix appears to be the most relevant for this work.

To narrow the selection even further, the two pieces of legislation are targeted directly toward corporations, namely the Taxonomy Regulation, designed to help identify corporations' sustainable activities (European Commission, 2024c), and Corporate Sustainability Reporting, which requires companies to adhere to sustainability reporting regulations (European Commission, 2024a). The Green Bond Standard, on the other hand, is an assisting tool for issuers and investors of green bonds which are primarily financial institutions (European Commission, n.d.). Although all these regulations have no sector restriction, the Green Bond Standard is voluntary, and the Taxonomy Regulation and the

latest Corporate Sustainability Reporting Directive (CSRD) are mandatory for certain corporations (European Commission, n.d.; European Commission, 2024a).

Therefore, the Taxonomy Regulation and CSRD are identified as the most relevant regulations for this work. Even though the objective to analyse the recent non-financial reporting framework was outlined in the introduction to this thesis, this analysis also confirms the rational of selecting the two aforementioned pieces of legislation. Both EU Taxonomy and CSRD will be analysed in detail in the upcoming sections.

2.3 Analysis of the relevant EU pieces of legislation

This section sets into context the two chosen pieces of the EU legislation: The Taxonomy Regulation (TR) and the Corporate Sustainability Reporting Directive (CSRD). In this regard, this section elaborates the objectives, framework, reporting trends, assisting tools, and the most recent discourse around the analysed pieces of legislation.

2.3.1 Introduction into EU Taxonomy

The EU Taxonomy is a key part of the European Green Deal's financial action plan, affecting both financial and non-financial undertakings (European Commission, n.d.). EU Taxonomy is a classification system, which provides a common understanding of sustainable economic activities. Whereby, its main objectives are to redirect and boost green investments, encourage businesses to launch sustainable projects, ensure market transparency, and protect investors from greenwashing (European Commission, n.d.).

2.3.2 The framework of The EU Taxonomy

The Taxonomy Regulation (TR) entered into force in July 2020 and establishes the fundamental structure and guidelines for the EU Taxonomy. Additionally, the delegated acts under this regulation outline the list of operational technical screening criteria (TSC), which defines the criteria to when the activity can be deemed as sustainable (European Commission, n.d.). The Deligated Act (DA) related to the climate change adaptation and mitigation objectives was first published in December 2021 with the last amendment published in November 2023. The second DA for the remaining environmental objectives was published at the same time. The new DAs came into effect in January 2024 (European Commission, n.d.). The "User guide to navigate the EU Taxonomy for sustainable

activities" presents a step-by-step approach to assess and disclose taxonomy-aligned activities, which is elaborated below (European Commission, 2023f).

The first step includes identifying activities that are included in the TR - taxonomy-eligible activities. To assist with that, firstly, the Article 9 of TR sets out 2 climate objectives – "Climate mitigation" and "Climate adaption" - and 4 environmental objectives – "Sustainable use and protection of water and marine resources", "Transition to a circular economy", "Pollution prevention and control", and "Protection and restoration of biodiversity and ecosystems".

For each of these objectives, a list of environmentally sustainable activities is detailed in the corresponding Deliciated Act and the Complimentary Climate Deliciated Act. To further help assist with the activity mapping, taxonomy activities highly correlate with the NACE (Nomenclature of Economic Activities) classification system (European Commission, 2020a). In this way, activities of an undertaking that are listed in the DAs can be seen as taxonomy-eligible activities. However, it is important to recognise that the EU taxonomy is a dynamic framework, meaning that activities not currently listed in the published DAs are not necessarily deemed unsustainable (European Commission, 2022).

In a second step, after identifying taxonomy-eligible activities, undertakings must evaluate these activities against specific technical screening criteria to determine if they qualify as taxonomy-aligned. Article 3 of the TR postulates the following criteria that should be met by each activity:

1. Make a substantial contribution to at least one environmental objective.
2. Do no significant harm (DNSH) to any of the other five objectives.
3. Comply with minimum safeguards.
4. Comply with technical screening criteria.

The corresponding Delegated Acts (DAs) establish the technical screening criteria (TSC) for determining how economic activities make a valuable contribution to a climate or environmental objective, as well as the "Do No Significant Harm" (DNSH) criteria for other objectives.

As the third step, the compliance against the minimum safeguards must be checked, the criteria to which is outlined in the Article 18 of the TR. Once the activity meets all the conditions listed above it can be classified as a taxonomy-aligned activity.

The fourth step implies implying relevant reporting rules. The EU Taxonomy stipulates non-financial undertakings that are subject to Non-Financial Reporting Directive (NFRD) or CSRD reporting to disclose the following Key Performance Indicators (KPIs): The percentage of their capital expenditures (CapEx), operational expenses (OpEx), and turnover that are taxonomy-aligned. The reporting requirements are outlined in the Disclosure Deligated Act.

Companies covered by the CSRD must report their EU Taxonomy eligibility and alignment in annual reports starting from FY 2024 (European Commission, 2020a). This significantly increases the implementation effort for companies.

2.3.3 EU Taxonomy reporting trends

So far, on average, approximately 20% of companies' capital investments classify as taxonomy aligned. The European Commission also denotes the positive trend in growing taxonomy-aligned investment, with 608 companies reporting such in 2022, and 723 in 2023 (European Commission, 2024c).

To gain additional perspective on the key taxonomy KPIs, grey literature has been analysed. In this light, the research highlights a significant gap in eligibility and alignment for CapEx and OpEx, with only one-third of companies reporting no eligible turnover (Niewold, 2024).

Furthermore, the research shows a strong correlation between eligibility and sector, with construction, infrastructure, real estate (60%), mobility (57%), and power/utilities (43%) showing high potential. In contrast, consumer products (1%) and health/biotech/chemicals (4%) have low eligibility. This trend is mirrored in country data, where countries with more eligible sectors have higher eligibility rates (e.g., Austria, 45%), and vice versa (Niewold, 2024; McClellan, 2024). These insights suggest that while TR has made progress, its principles still need adjustments to boost alignment and ensure successful application across all countries.

2.3.4 Review of the current feedback on the Taxonomy Regulation

The TR came into force quite recently therefore literature on the topic is quite limited. Most of the research denotes that the implementation experiences of the EU taxonomy are quite off-putting, mainly highlighting the usability issue in the implementation experiences of taxonomy by corporations (Sweatman and Hessenius, 2023; Raux and Fischer, 2021; Pfaff and Altun, 2022; Ostojic et al., 2024). Others argue that taxonomy fails to redirect capital toward sustainable investments as criteria should be stricter for some sectors (Schütze et al., 2020; Lucarelli et al., 2023). Others point out that the policy tool should be more direct (Kooths, 2023). Some are even more direct stating that the current state of TR is a "bureaucratic burden without any expectable benefit" (Kooths, 2023, p.244).

Only some research emphasizes the positive impacts of TR such as its ability to foster sustainable corporate governance (Pacces, 2021) and help strengthen environmental sustainability goals (Dusík and Bond, 2022).

As for stakeholders that need to implement the TR themselves, such as corporations, research highlights "high levels of uncertainty and confusion associated with the taxonomy", as the main obstacle to successful implementation (Norang et al., 2023, p.407). Lastly, for future research implications, the research highlights the necessity for extra qualitative criteria to fully evaluate the usability of TSCs (Ostojic et al., 2024, p.5).

As the research on the effects of the EU taxonomy for corporations remains very limited, grey reports and literature were analysed to collect additional information. The research provided limited insights into the usability of the TR for corporate implementation. In this light, research highlights current difficulties in obtaining high-quality data, and high costs and time associated identifying taxonomy-aligned activities (PRI, 2023).

2.3.5 EU Taxonomy assisting tools

The existing usability challenges of TR are recognised by the European Commission which has made significant efforts to provide supporting materials, summarised in the Taxonomy Navigator, to ease reporting under the TR (European Commission, 2020a). These include:

- Three FAQs on Taxonomy eligibility and alignment reporting.
- EU Taxonomy Compass – an online platform listing sustainable activities by sector and type, detailing their contribution to environmental objectives and minimum safeguards.
- EU Taxonomy Calculator – an online tool assisting in the calculation of taxonomy-aligned turnover, CapEx, and OpEx.
- A user guide to navigate the EU Taxonomy for sustainable activities.
- NACE classification mapping – an Excel sheet to help map the NACE Codes activities to the ones outlined in the Deligated Acts.

Additionally, the Platform on Sustainable Finance is a notable advisory body established under Article 20 of the TR, which brings together sustainability expertise from the corporate and public sectors. The platform provides guidance on the usability of the TR and advice on the technical screening criteria (European Commission, n.d.). The efforts of the Platform are witnessed in various reports on EU Taxonomy where recommendations are made for the improvement of usability and consistency of the TR (EU Platform on Sustainable Finance, 2023b).

A further notable tool is the stakeholder request mechanism. Launched in October 2023, this initiative aims to support the Platform by enabling stakeholders to submit proposals for new activities to be included in the TR, as well as suggestions for potential improvements (European Commission, n.d.).

2.3.6 Introduction to Corporate Sustainability Reporting Directive (CSRD)

This directive requires companies to disclose non-financial information placing the focus on environmental, social, and governance aspects. The main objectives of the directive are to enable transparency, ensure compatibility, and facilitate the collection of reliable sustainability data (European Commission, 2024a).

2.3.7 CSRD context and reporting framework

CSRD builds on top of the Non-Financial Reporting Directive (NFRD) (European Commission, n.d.) adoption of which in 2014 was a big step in transparency of businesses (European Parliament, 2021). While being an important step forward, NFRD allowed for

considerable flexibility in implementing its provisions. Specifically, it did not mandate the use of a non-financial reporting framework, nor did it impose detailed disclosure requirements (European Parliament, 2021). This approach, however, was not optimal for most of the stakeholders, as ongoing consultations showed that the stakeholders wished for stricter audit and reporting requirements (European Parliament, 2021).

Consequently, on April 20, 2021, the European Commission announced its proposal for the Corporate Sustainability Reporting Directive (CSRD), which intended to replace the NFRD with the aim to broaden the scope of reporting requirements and establish mandatory sustainability reporting standards. CSRD defined a common reporting framework for non-financial data for the first time summarised under mandatory European Sustainability Reporting Standards (ESRS) (European Commission, 2024a). ESRS set a new benchmark for transparency, delving deeper into the value chain than any previous EU standards (European Commission, 2023e).

This framework is founded on two key elements that enhance its relevance and effectiveness.

Firstly, the ESRS guidelines align with existing recommendations and standards, integrating principles from the Task Force on Climate-Related Financial Disclosures (TCFD) and the Global Reporting Initiative (GRI). Secondly, the ESRS is closely aligned with the EU regulatory landscape, supporting the goals of the EU Green Deal (European Commission, 2023e).

As ESRS lies at the core of reporting under CSRD and is the piece of legislation that companies are reporting under, it will be the focus of analysis for the purpose of this work.

2.3.8 European Sustainability Reporting Standards (ESRS) structure

There are twelve ESRS which include a spectrum of sustainability issues. Table 1 presents an overview of the ESRS (European Commission, 2024e).

Table 1: ESRS topics and subjects

Number	Group	Subject
ESRS 1	Cross-cutting	General Requirements
ESRS 2	Cross-cutting	General Disclosures
ESRS E1	Environment	Climate

ESRS E2	Environment	Pollution
ESRS E3	Environment	Water and Marine Resources
ESRS E4	Environment	Biodiversity and Eco-systems
ESRS E5	Environment	Resource use and Circular Economy
ESRS S1	Social	Own Workforce
ESRS S2	Social	Workers in the Value Chain
ESRS S3	Social	Affected Communities
ESRS S4	Social	Consumers and End Users
ESRS G1	Governance	Business Conduct

(Source: European Commission, 2024e)

To look at the structure more in detail, ESRS 1 establishes the overarching reporting principles, however it does not set specific disclosure requirements (DRs). In contrast, ESRS 2, outlines information that must be disclosed by all companies that are subjected to reporting. In this manner, ESRS 2 constitutes of DRs covering the following domains: Basis of preparation, governance, strategy, and impact, risk, and materiality management.

The remaining 10 standards and their associated DRs are subject to double materiality assessment. Whereby each standard includes different DRs, which vary from topic to topic but have the following general structure: Optional additional DRs in connection to contents of ESRS 2, policy-related DRs, action-related DRs, and metrics- and targets-related DRs. (European Commission, 2024e).

Furthermore, for each ESRS there is an Appendix A that consists of Application requirements (ARs) which elaborates how and what type of information should be reported as well as occasionally provides reporting template suggestions.

Additionally, the ESRS stipulates that, if an undertaking determines that an impact, risk, or opportunity is not adequately addressed or lacks sufficient detail in all ESRS but is still material, it must provide additional entity-specific disclosures (European Commission, 2024e).

2.3.9 CSRD scope and timeline

Compared to the NFRD, the CSRD expands both the scope of required disclosures and the number of companies obligated to report non-financial information. In addition to the NFRD requirements, the CSRD mandates additional disclosures on environmental

protection, employee treatment, and corporate governance (European Commission, 2023a).

As for the timeline, the directive allows for some adjustment time. In this way, large EU companies not currently subject to the NFRD will begin reporting in 2026. Meanwhile, small, and medium-sized EU companies, as well as those based outside the EU, will be required to start reporting in 2029 (PRI, 2022).

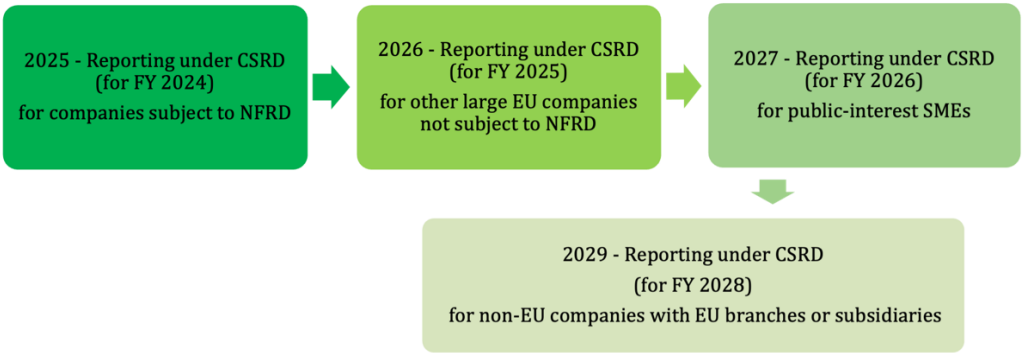

Figure 1: Timeline for enforcing CSRD
(Source: PRI, 2022)

Additionally, ESRS allows for a phase-in period for some disclosure requirements. This means that not all information has to be disclosed in the first reporting year (EU Platform on Sustainable Finance, 2023a).

2.3.10 ESRS assisting tools

To assist in reporting according to the standards, EFRAG has published three implementation guides (EFRAG, 2023):

- Implementation guide on the materiality assessment process.
- Implementation guide for the value chain materiality statement.
- Implementation guide which provides a full set of ESRS data points.

In October 2023, EFRAG launched a public platform to address unresolved technical questions and regularly publishes Q&A compilations on ESRS implementation, with the latest published in December 2024 (EFRAG, 2024).

2.3.11 Current feedback on ESRS

Considering that CSRD only came into force in January 2023 (European Commission, 2024a), the feedback is quite scarce. In this regard, key insights can be driven from the outcome of two public consultations conducted by EFRAG in 2022. In this line, the EU Platform for Sustainable Finance also has published its set of recommendations to ESRS. To summarise, following concerns have been raised:

- Overwhelming amount of disclosure requirements, the need of additional implementation guidance, the length of phase-ins, and the lack of interoperability with other reporting standards (EFRAG, 2022, pp.3-4)
- Lack of consistency with wider EU sustainable finance framework (EFRAG, 2022, pp.3-4; EU Platform on Sustainable Finance, 2023a, pp.3-6)
- Lack of consistency with the EU Taxonomy, and guidance on how to conduct materiality assessment (EU Platform on Sustainable Finance, 2023a, pp.3-6)

Taking highlighted issues into account EFRAG has addressed the following points: the importance of the materiality assessment, phase-in requirements, provision of voluntary data points, further flexibility in disclosures, coherence with legal framework, alignment with global standard-setting initiatives (European Commission, n.d., pp.5-7).

Evidently, EFRAG aims to addresses the implementation critique points when it comes to ESRS, however, the need for gathering more feedback in the area is evident. Given this, investigating the implementation experience of ESRS is both highly valuable and relevant.

2.4 Key theoretical lenses

This part presents the theoretical lenses used to investigate the research questions. The analysis of this work is grounded on two theoretical perspectives: Sociological institutionalism and the policy feedback approach.

Firstly, the theory of sociological institutionalism is introduced, highlighting its relevance for examining companies' sustainability efforts. The rationale for applying this theory to European policy-making processes is also discussed, drawing on its applicability in studying European integration. Additionally, the main concepts of sociological

institutionalism relevant for the purpose of this work are introduced, with a justification for focusing on a value-based approach. Secondly, the policy feedback approach is introduced including the reasoning of using its applicability in comparison to other approaches to the policy processes. Lastly, the reinforcing nature of the two theoretical lenses is highlighted justifying their combined use.

2.4.1 Introduction to sociological institutionalism and defining institutions

Sociological institutionalism is a part the new institutionalisms school, which views institutions more broadly as social constructs (Saurugger, 2020). It integrates perspectives from fields like sociology, economics, and politics to study how institutions form and influence behaviour (March and Olsen, 1984). This view opposes to the old institutionalism, which was grounded in the belief that organizations operate according to their formal structures (Meyer and Rowan, 1977).

Scholars have different definitions of the concept of institution. North (1990) distinguishes between “informal” and “formal” institutions, with the latter including laws and regulations. To narrow the definition even more, the EU studies view institutions in the context of the EU regulatory framework and practices and as factors that transform behaviour (Saurugger, 2020). As the focus of this work implies reviewing non-financial reporting regulations, this definition appears to be well fitted to the context.

Sociological institutionalism encompasses several concepts, with the most relevant ones, namely, those most frequently highlighted in research on companies’ sustainability effort, is analysed below.

2.4.2 Organisational isomorphism

The theory introduces an important concept for this work - institutional isomorphism (Meyer and Rowan, 1977; DiMaggio and Powell, 1983; Scott, 2014). The concept implies homogeneity of structure and refers to the tendency of organizations to become similar over time due to institutional pressures. When analysing this notion, the focus in literature is made either on focus on institutional environments (DiMaggio and Powell, 1983) or on the process of institutionalization within organizations (Zucker, 1988).

The concept of institutional isomorphism differs in three main processes: Coercive, mimetic, and normative isomorphism. Coercive isomorphism stems from organizational legitimacy and often conveyed through regulations. Mimetic isomorphism refers to mimicking behaviours that are a result of organisational response to uncertainty. Lastly, normative isomorphism is associated with professional values (DiMaggio and Powell, 1983). For this work coercive isomorphism is likely to be the most relevant process as it addresses the influence of regulations. However, mimetic isomorphism is also a relevant mechanism that may encourage the sustainability activities of one company based on its observation of the external environment (other firms). Moreover, some research implies that the two are consequential and underline the tendency to transition from coercive isomorphism to mimetic isomorphism (Shabana, 2017).

2.4.3 Agency versus institutional pressures

Another notable concept in sociological institutionalism is the differentiation between the influence of agency and institutional pressures. The concepts are widely used when analysing corporate behaviours. The research highlights the debate in literature that explains corporate behaviour either through agency choices or institutional pressures (Walker, Zhang and Ni, 2019).

In this context, agentic choices suggest that companies may step in to fill gaps left by institutions when the latter is inactive in certain areas and “act as social change agents” (Bies et al., 2007, p.788). On the other hand, the institutional pressure view implies that companies tend to mirror external environment such as institutional structures (Walker, Zhang and Ni, 2019).

2.4.4 Setting the context: A social institutionalism perspective on the European policy integration

Focusing on European regulatory framework requires highlighting how sociological institutionalism has been applied to analyse European integration (Schimmelfennig and Hyde-Price, 2005; Saurugger, 2020).

Notably, the concept of institutional isomorphism was also studied in this context. Naturally, coercive isomorphism most commonly arises as an extension of mandatory

legal regulations. Nonetheless, coercive pressures don't necessarily lead to organisational mimetism (Saurugger, 2020). On the other hand, mimesis happens when institutional models are seen as highly attractive, prompting actors to imitate them (Saurugger, 2020).

Furthermore, the research highlights the concept of the "logic of appropriateness", used to explain why actors within the EU are inclined to cooperate, asserting that shared values and norms foster collaboration (Schimmelfennig and Hyde-Price, 2005). This concept serves as the contrast agency-centred institutionalism which emphasizes the rational behaviour of actors (Saurugger, 2020). This view also elevates the significance of values as an influencing factor of motivation when analyzing the implementation experiences of the non-financial reporting regulations.

These findings give a strong theoretical support for using sociological intuitionalism as the theory when focusing on the implementation experiences of the EU legislation.

2.4.5 Setting the context: Institutional analysis of firms' sustainability actions

Starting from the early 2000s the institution-based analysis based on firms' sustainable activities gained traction. The current research comprises various works based on empirical research (Doh and Guay 2006; Bansal, Gao and Qureshi, 2014;), systemic literature review (Risi et al., 2023), analytic induction (Bansal and Roth, 2000) as well as conceptual works (Campbell, 2007; Brammer, Jackson and Matten, 2012; Matten and Moon, 2008; de Grosbois, 2016). Such extensive representation confirms the rationality of selecting the chosen theoretical lens for the purpose of this work.

Focusing on the institutional pressures, research states that they prompt to adopt social practices while economic considerations align more closely with corporate environmental practices. Additionally, it was noted that adoption of sustainability practices requires "adaptive as well as interpretive effort" (Ansari, Fiss and Zajac, 2010, p.85). Research highlights that the regulatory pressures tend to shape perceptions of sustainability, emphasising the strong influence of institutions in defining what is considered sustainable based on local regulations (Matten and Moon 2008; Campbell, 2007). Nonetheless, regulatory pressures appear to be ineffective if the technical requirements are not met (Bansal, Gao and Qureshi, 2014).

Furthermore, when it comes to agency versus institutional pressures dichotomy, the research similarly has different views on why firms engage in sustainable activities: Some recognise agentic choices (Bies et al.,2007; Cramer, Jonker and van der Heijden, 2004), others favour influence of institutional structures (Bondy, Moon and Matten, 2012; Walker, Zhang and Ni, 2019). Consequentially, as research has presented conflicting views on why firms engage in sustainable activities, more recent studies suggest focusing on values. This approach helps bridge the ongoing debate between agentic choice and institutional pressures by addressing the foundation of firms' sustainability efforts (Risi et al., 2023). The value-based approach is elaborated in detail below.

2.4.6 Values-based approach in sociological institutionalism

The value-based approach represents one of the latest developments in the sociological institutionalism research, emphasising that "values are critical yet underappreciated building blocks of institutional research" (Risi et al., 2023, p.3). Consequentially, the role of values under this theoretical lens has not been systemically addressed (Risi et al., 2023). Considering this, research highlighting the values influencing sustainability practices of the firms was analysed with the aim to provide deeper insights into their motivations. These findings can then be examined through the perspective of sociological institutionalism.

In this light, factors driving firms' sustainability practices are reputation (Vidaver-Cohen and Brønn, 2015), competitive advantage (Kolk and Pinkse, 2008; Bansal and Roth, 2000), legitimation (Bansal and Roth, 2000; Marquis and Qian, 2014), ecological responsibility (S. Brammer, Jackson and Matten, 2012; Bansal and Roth, 2000), and regulatory pressures (Delmas and MonteSancho, 2011).

Additionally, financial advantage appears to be one of the central values for the companies when it comes to sustainability efforts. Research shows that sustainability efforts of the company can positively affect financial performance (Margolis and Walsh, 2003; Flammer, 2013; Albertini, 2013), highlighting that "it paid to be green or good" (Bansal and Song, 2017, p.112). In this way, sustainability becomes not an objective of itself but rather a means to profit (Bansal and Song, 2017). As companies pursue economic

growth (Bansal, 2005) this fact highlights that sustainability is tended to be viewed as a rather strategic decision.

Furthermore, an interesting reinforcement was observed in the adoption of values. On the one hand, organisations are more likely to address issues that align with their values and the beliefs (Bansal, 2005). On the other hand, organizations norms and values, begin to match the broader institutional environment (Ansari, Fiss and Zajac, 2010).

Most recent research introduces "bridging" and "referencing" functions that encourage the mobilization of values. Under this definition, the bridging function offers a conceptual tool for application of agency roles and structures, whereas the referencing function provides a more systematic approach to addressing the normative foundations of firms' sustainability efforts (Risi et al., 2023).

What makes the value-based approach a particularly interesting lens for the purpose of this work is the connection of values to firm's sustainability efforts. Hence, when formulating the research question, it was decided to focus on the aspect of values connected to recent pieces of the EU legislation and use the value-based approach within the sociological institutionalism as one of the main theoretical lenses. Exploring the values that firms associate with non-financial reporting regulations will help identify which values should be incorporated into these regulations to encourage stronger reporting efforts.

Nonetheless, key concepts of sociological institutionalism such as organisational isomorphism, agentic choices, and institutional pressures will be included in the critical analysis, as they provide a comprehensive framework for understanding the issue through the chosen theoretical lens.

2.4.7 Policy feedback approach

As two pieces of the EU legislation are in the centre of analysis of this work, it was decided to bring in supporting theoretical lens that focuses on the policy process. Research highlights implementation experiences as a central aspect leading to policy changes whereby highlighting five main approaches to the policy process two of which appear most applicable for the purpose of this work: Multiple streams framework (MSF) and policy feedback approach (ACF)" (Polman, Van and Zwaan, 2022).

On the one hand, MSF offers an actor-centred examination of the intersection of problems, policies, and political streams that lead to policy change. It also highlights the conditions of time pressure, uncertainty, and ambiguity that allow policy entrepreneurs to manipulate policymakers (Polman, Van and Zwaan, 2022). However, this approach predominantly centres on agenda setting, making it "hard to formulate clear expectations about the actual changes associated with implementation experiences" (Polman, Van and Zwaan, 2022, p.212).

On the other hand, the policy feedback approach is a more general approach that considers how current policies influence future policy development. It emphasises that the "(perceived) openness of a policy subsystem is assumed to be related to the actual mobilization of these experiences" (Polman, Van and Zwaan, 2022, p.211). Moreover, it highlights the costs and benefits of a policy as a motivator for mobilisation. Furthermore, this approach suggests that implementation experiences motivate actors for mobilisation (Polman, Van and Zwaan, 2022).

Based on the aims of the work, the policy feedback approach appears to be the most fitting framework for two main reasons. Firstly, it's a general approach, which is more suitable way for exploring the implementation experiences without strict constraints. Secondly, it focusses on the costs and rewards of a policy as drivers for mobilisation, which aligns with this work's goal of investigating corporate feedback on implementing non-financial reporting regulations.

2.4.8 Combining sociological institutionalism and policy feedback approach

This section focuses on the reenforcing nature of the two theoretical lenses, justifying the choice of the combined application of these frameworks. The literature on the policy feedback approach examines the factors that motivate actors "to mobilize for policy change or continuation" (Polman, Van and Zwaan, 2022, p.211). In a similar vein, the value-based approach within sociological institutionalism investigates how underlying value systems drive mobilization for change. Both frameworks emphasize the concept of "mobilization for change", but they do so from different angles: the policy feedback approach incorporates insights from implementation experiences, while sociological

institutionalism connects these dynamics to fundamental values. By integrating these perspectives, one can more effectively address the research questions, which aim to connect values to implementation experiences to stimulate companies' non-financial reporting efforts.

In this way, by using both policy feedback approach with sociological institutionalism as a theoretical framework, this work can gain a deeper insight into the relationship dynamic between regulatory framework and firms. Therefore, this approach improves the ability to analyse complex regulation implementation process and identify improvement opportunities.

III. Research method

The following chapter outlines the research approach, data collection methods, and data analysis, followed by a discussion of the limitations. It also delves into the data collection procedure, highlighting the design of the survey and interviews, as well as the preliminary activities associated with them.

3.1 Research approach, data collection, and data analysis

When selecting a research method for this work it is important to carefully consider which approach will most effectively address its purpose.

At first glance, the explorative nature of the questions calls for qualitative research method. Indeed, the research emphasises that the "descriptive nature of qualitative approaches allows the researcher to build a complex, holistic picture in a natural setting" (Castleberry and Nolen, 2018, p.808).

Furthermore, this research method is widely used in literature focused on institutional analyses of firms' sustainability actions, as well as in studies related to policy research. These methods largely include interviews (Bondy, Moon and Matten, 2012; Dashwood, 2014; Cramer, Jonker and van der Heijden, 2004; Bansal, 2005), systematic literature review (Risi et al., 2023; Polman, Van and Zwaan, 2022), and case studies (Ostojic et al., 2024; Schütze et al., 2020; Cramer, Jonker and van der Heijden, 2004). In this manner, semi-structured interviews appear to be the most suitable data collection method for the

purpose of this work as the goal is to gather insights related to the implementation experiences and the values associated with specific pieces of legislation.

As for data evaluation, the thematic analysis (TA) will be applied to interpret the data. This method allows "identifying, analyzing, and reporting patterns (themes) within data" (Castleberry and Nolen, 2018, p.808). Additionally, this method centres around coding of the data, a technique widely used in institutional-based studies of corporate sustainability practices (Risi et al., 2023; Bansal and Roth, 2000; Bansal, 2005). Furthermore, this method represents a descriptive method that allows flexibly but still reduces ambiguity by offering a structured approach to data grouping and evaluation through coding (Saldana, 2021). Based on this, TA appears to be a suitable method for this work.

Although the selected qualitative method seems to be sufficient still it was chosen to add an additional quantitative method. The rationale behind this approach is twofold: first, to address the limited capacity for conducting interviews and analysing them using TA, and second, to mirror the established structure for gathering policy feedback. In this manner, a survey was selected is a quantitative data collection method. Surveys are the preferred approach for gathering policy feedback through public consultations, a practice widely utilised by the European Commission and EFRAG (EFRAG, 2022). By adopting this method, one can align the questions with those used in public consultations by these bodies. Following a similar structure will facilitate the potential integration of the findings into the existing database of consultation data, enhancing the overall coherence and relevance of the policy feedback and potential recommendations. Additionally, this method will allow to gather feedback of more respondents and enrichen the findings made whilst conducting the interviews. The data will be analysed using descriptive statistics – a method also previously used in connected research (Bansal, 2005; Shabana, Buchholtz, and Carroll, 2017).

In this manner, this work will follow a mixed method approach. Such method has also been previously used in sociological institutionalism research (Dashwood, 2014) and research linked to corporate social responsibility (Bansal and Roth, 2000; Bansal, 2005), which supports its suitability for the purpose of this work. To summarise, the mixed method allows for the collection of both quantitative and qualitative data, addresses the

limitations of the smaller interview sample, provides a structured approach for data collection, and at the same time, allows flexibility.

3.2 Limitations

There are three limitations that are foreseeable for this work. The first one has been voiced above, which is the limited capacity to analyse the data using semi-structured interviews. The selected mixed data collection method is expected to address this limitation. The second one concerns expert availability to collect necessary data. Given the fact that the analysed pieces of legislations are recent, and the expertise on these subjects are not expected to be broad. Additionally, the access to such experts can also be limited. In this way the potential sample size for conducting a survey is likely to be relatively small. The third limitation concerns the lack of research on the implementation experiences and values connected to the EU Taxonomy and ESRS. Lack of such background makes it challenging to architect the structure and the content of the survey and the interviews.

3.3 Sample size: Expert survey and interviews

The aim is to collect at least 20 survey responses from professionals specialised in non-financial reporting. The rationale for selecting a relatively small sample size is justified by several factors, also addressed in limitations.

Firstly, the survey's narrow focus on two specific regulations, ESRS and the EU Taxonomy limits the pool of professionals with sufficient expertise in this area, especially the ones that the data can be collected from. Secondly, these regulations are relatively recent, meaning the number of professionals with the necessary experience to provide meaningful insights is currently quite limited.

As for the semi-structured interviews, the aim is to conduct six interviewers with experts in the field. The rationale for selecting this sample is also discussed in the limitations section and reflects the availability of resources, as the chosen evaluation method, thematic analysis, is time-consuming.

The combination of these two data collection methods and the carefully selected participants for both the survey and interviews enhance the validity and reliability of the findings, given their expertise and direct involvement with the topic. These aspects compensate for the relatively small sample size and ensures the results are robust and representative for the purposes of this work.

3.4 Data collection procedure

Building upon the described above research method, this section elaborates on the data collection procedure. As for the expert survey, data was gathered via Google Forms, combining quantitative data and quantitative data collection. The quantitative data comprised 34 questions, each requiring a response on a 1-to-5 scale. Additionally, 3 questions provided multiple-choice options, which represented descriptive categories. Furthermore, semi-structured interviews were conducted with a selected group of participants, whereby the respondents were asked two sets of questions, one concerning values, and one concerning implementation experiences of the analysed pieces of legislation.

The data was collected anonymously over a two-week period, with the survey administered in English. For the semi-structured interviews, respondents were given the option to answer in either German or English. Responses provided in German were transcribed in German and were translated into English during the initial coding process to ensure consistency with the survey language and the language of the presented work. The survey comprised 21 respondents, while the focused interviews involved 6 senior level experts.

3.5 Survey structure

The survey was structured into two sections: The first focused on the values related to ESRS and the EU Taxonomy Regulation, while the second addressed implementation experiences of the two pieces of legislation.

The survey used both linear scale and multiple-choice questions. The linear scale questions were structured in an agreement scale format, requiring respondents to select

a response on a 1-to-5 scale, where 1 represented “not applicable at all” and 5 represented “very applicable.” Additionally, the following disclaimer was presented to the participants: “Please evaluate the following statements based on your prior research/interaction with company stakeholders and/or your observations”. In this manner, the survey was divided into four sections: First two sections addressed the values associated with the analysed pieces of legislation:

- Values associated with the Taxonomy Regulation (8 questions: 7 linear scale, one multiple choice)
- Values associated with ESRS and sustainability reporting in general (8 questions: 7 linear scale, one multiple choice)

In such a way, this section focused on addressing the following research question: What values do firms associate with non-financial reporting?

Subsequently, the other two sections focused on the implementation experiences of the analysed pieces of legislation:

- Implementation experiences of the EU Taxonomy (16 questions: 15 linear scale questions, 1 multiple choice question)
- Implementation experiences of ESRS (8 linear scale questions)

By doing so, these sections focused on answering the following research question: What is the implementation experience of companies of the non-financial reporting regulations?

3.6 Interview structure

The semi-structured interviews were conducted with six senior-level ESG-reporting professionals, whereby three experts were asked the questions related to ESRS and other three related to the EU Taxonomy. In the first part, the participants were asked to describe the values that the companies see and or could potentially see in reporting under ESRS and the EU Taxonomy Regulation. Then they were also asked to describe the values that they see themselves in the given pieces of legislations to enrich the findings. In this way, the questions were structured as following:

- What values do the companies see in reporting under?
- What values do the companies see in reporting under Taxonomy Regulation?

In this manner, this part focused on answering the following research question: What values do firms associate with non-financial reporting? The sub-questions were posed with the aim to guide the conversation and to get a more in-depth insight.

In the second part, the participants were asked to describe the current implementation experience of companies of the ESRS and the EU Taxonomy. Whereby, the questions were structured as following:

- What usability challenges are companies facing when reporting under ESRS?
- What usability challenges are companies facing when reporting under the Taxonomy Regulation?

Thus, this part focused on answering the following research question: What is the implementation experience of companies of the non-financial reporting regulations? The sub-questions were designed to guide the discussion and provide deeper insights.

3.7 Analysis of survey and interview participants

This section presents an evaluation of 21 survey and 6 interview participants, demonstrating their relevance to the topic of this work. Table 2 presents survey and semi-structured interview participants divided in level of seniority, professional experience in ESG, and experience with advising corporations. Whereby the percentage is rounded up to the nearest whole number.

Table 2: Composition of the sample

		Survey participants		Interview participants	
		Frequency (N=21)	Proportion (in %)	Frequency (N=6)	Proportion (in %)
Level of seniority					
	Associate	10	48%	0	0%
	Senior Associate	5	24%	3	50%
	Associate Manager	4	19%	1	17%
	Manager+	2	10%	2	33%
ESG expertise (professional and/ or academical)					
	0-2 years	5	24%	0	0%
	2-4 years	9	43%	2	33%
	4-6 years	11	53%	3	50%

	6 + years	2	10%	1	17%
Experience with advising corporations					
	0-2 years	10	48%	0	0%
	2-4 years	3	14%	2	33%
	4-6 years	6	29%	2	33%
	6 + years	2	10%	2	33%

This sample, although not extensive in size, represents a carefully selected group of participants with specialised expertise in non-financial reporting. The participants possess professional and academic experience in ESG and have worked with companies on the implementation of non-financial reporting regulations.

When it comes to survey participants, the highest share of the seniority level is "Associate" (48%), following by the "Senior Associate" level (24%). "Associate Manager" and "Managers" constitute the smallest part of the sample, 19% and 10% respectively. When it comes to the ESG expertise, the highest range is 4-6 years (53%), following by the experiences of 2-4 years (43%), 0-2 years (24%), and 6+ years (10%). Finally, as for experiences with consulting companies on non-financial reporting, the highest range is 0-2 years (48%), followed by 4-6 years (29%), and 2-4 and 6+ being the lowest range measuring at 14% and 10% respectively.

Additionally, the specialists chosen for the semi-focused interviews hold senior-level positions, offering a more in-depth understanding of the subject matter and higher level of expertise. In this regard, half of the interview participants (50%) are at the "Senior Associate" level, the second-largest group consists of "Managers" (33%), followed by "Associate Managers", who have also gained diverse experience through their roles. Regarding ESG expertise, the sample demonstrates a solid knowledge base, with the largest group (50%) having 4-6 years of experience, followed by 33% with 2-4 years of experience and 17% possessing more than 6 years of expertise. Finally, in terms of experience working with companies, the participants are evenly distributed across three levels: 2-4 years (33%), 4-6 years (33%), and 6+ (33%). This balanced representation highlights a broad range of perspectives on engagement with corporations.

In this way, the participants constitute a representative and well-balanced sample for analysing the topics outlined in the research questions.

3.8 Preliminary activities: Survey

Before moving on to the findings and discussion, it is important to first outline preliminary activities connected to the evaluation of the survey. The evaluation of the data in the survey followed descriptive analysis, whereby the quantitative responses were transferred into an Excel sheet and grouped according to the four thematical section outlined above in the *Survey structure* section. In this way, four groupings of data emerged: Values linked to TR, values linked to ESRS, implementation experiences of TR, and implementation experiences of ESRS. Table 3 represents an example of structuring the data in one of the groupings.

Table 3: Structuring data for descriptive analysis: Usability of TR

N	Q1	Q2	Q4	Q5	Q6	Q7	Q8	Q9	Q10	Q11	Q12	Q13	Q14	
1	3	3	3	2	3	2	2	3	4	4	3	3	3	
2	2	3	3	3	3	3	3	2	3	4	3	3	3	
3	3	4	3	3	3	3	3	3	3	3	2	2	3	
4	5	5	5	2	4	1	3	5	3	5	2	4	3	
5	4	4	4	2	4	3	4	2	4	4	4	4	2	
6	4	4	3	2	4	4	5	2	5	3	3	4	2	
7	3	4	2	2	4	4	3	4	4	4	3	3	4	
8	2	2	2	1	3	1	3	2	5	3	2	2	2	
9	4	2	2	2	4	2	3	4	4	3	2	2	2	
10	5	5	3	2	5	4	3	3	4	5	3	5	3	
11	4	4	4	2	3	3	4	4	3	4	4	4	4	
12	5	2	4	1	4	4	5	1	3	3	3	3	3	
13	2	2	4	2	3	5	4	5	4	3	4	4	4	
14	3	3	2	2	4	2	5	2	5	4	5	5	4	
15	4	2	2	3	4	3	4	4	3	2	2	3	2	
16	5	2	5	4	3	4	4	4	5	4	2	3	2	
17	4	2	4	3	2	3	3	3	4	4	3	2	2	
18	2	3	2	3	2	3	4	2	3	3	3	2	2	
19	2	4	3	4	2	1	2	4	4	1	1	1	1	
20	4	4	3	2	4	4	5	2	4	4	3	3	4	
21	3	4	5	4	3	4	4	4	4	4	3	2	2	
	3,48	3,24	3,24	2,43	3,38	3,00	3,62	3,10	3,86	3,52	2,86	3,05	2,71	Mean
	4,00	4,00	3,00	2,00	4,00	3,00	3,00	2,00	4,00	4,00	3,00	3,00	2,00	Mode
	1,08	1,04	1,04	0,87	0,80	1,14	0,92	1,14	0,73	0,93	0,91	1,07	0,90	Standard deviation

Afterwards, the mean, mode, and standard deviation were calculated to get further insights in the data. In this way, mean was used to identify the tendency of the responses, mode identify the most frequent value, and standard deviation to get insight into spread of the data points around the mean to see the potential diversity of the responses.

Furthermore, to facilitate data description and ensure consistency, the 1 to 5 response scale was assigned titles presented in Figure 2 below.

Figure 2: Evaluation of the 1 to 5 response scale

Additionally, the results of the three questions that implied a multiple-choice answer were evaluated using Google Forms for the purpose of better visual presentation.

3.9 Preliminary activities: Interviews

The thematic analysis (TA) is usually carried out in five steps: Compiling, disassembling, reassembling, interpreting, and concluding (Yin, 2016). According to this guidance, the recorded data was first complied by being transcribed and framed into a useful form. After that, the data was assembled by clustering the data into groups. The process was done through coding (Castleberry and Nolen, 2018). For this, inductive coding was chosen as a coding strategy to be open to new findings and interpretations as opposed to having a preliminary set of codes when using a deductive coding method (Saldana, 2019). However, as the research notes, these methods tend to merge when the preliminary codes chosen during the inductive coding structure become a deductive coding system (Saldana, 2019).

In this way, the first set of preliminary codes was derived when analysing the transcribed interviews. The relevant phrases were first marked with colours forming contextual groupings and then assigned codes. As the interviews were conducted mostly in German, the preliminary coding was done on the raw data and the statements were translated into English only at the last stage to ensure authenticity and minimize translation bias. The method of manual coding opposed to using a dedicated software was made based on firstly, size of the project and secondly, the level of experience of the coder. Manual coding is rather selected for smaller projects (Basit, 2003), as well as by researchers who are new to coding practices (Saldana, 2019). Whereby only qualitative codes were used due to the explorative nature of the research questions. Figure 3 shows how highlighted parts of the text are transformed into the first set of preliminary codes.

grünen Projekte verbessern werden. Also das Konformität nicht nur aufwendig ist, weil man ganz viele Belege erheben muss und Grenzwerte einhalten muss und so weiter, sondern wenn sie auch verstehen, dass das zukünftig zu besseren Konditionen in der Finanzierung führt. Dann würde das glaub ich auch der Motivation zu Taxonomie Konformität verbessern. Schon. Wie man dazu beitragen kann? Ich würde sagen also aus der Taxonomie heraus selbst würde sich das wahrscheinlich schon ergeben, wenn sie komplett lesen würde, was niemand macht. Also es gibt einleitende Bemerkungen, wenn man die liest niemand liest, sondern wieder anfangen bei Artikel 1 zu lesen und nicht mit den erläuternden Bemerkungen, aber wenn man liest, wird das sicherlich drinstehen, dass genau das der Sinn der Taxonomie ist. Das heißt rein praktisch betrachtet wie kann man das verbessern? Durch Kommunikation zwischen den Akteuren, also sprich die Kapitalmarkt Akteure das Geld investieren wie Banken Versicherungen, Asset Manager müssen mit dem gegen Parteien, die in der Realwirtschaft tatsächlich die Konformität herstellen können über grüne Projekte, die müssen mehr

Subject	Code	Color	Examples
Feelings (Negative)	STRESS		überfordert
			gestresst
Feelings (Neutral)	ACCEPTANCE		dieses notwendige Übel
			regulatorischen Treiber
Understanding (Negative)	NOT CLEAR		Sinn der Taxonomie nicht verstanden haben
			Ich glaube nicht, dass sie derzeit einen großen Wert erkennen
			Ich glaube nicht, dass sie den Wert darin vollumfänglich erkennen
Communication (Negative)	BAD COMMUNICATION		Wenn wir den Klienten das nicht sagen würden, werden sie das auch nicht wissen.
			Industrieunternehmen was seine Taxonomie fähigen Aktivitäten identifiziert hat und jetzt die Konformität ermitteln muss, weiß im Regelfall gar nicht darüber Bescheid wie eine Bank oder eine Versicherung, oder Fond mit diesen Kennzahlen weiter rechnet.
			Unternehmen aber diesem Zusammenhang verstehen kann müsste es wissen wie wird weiter gerechnet und das ist gar nicht gut kommuniziert.
			Lenkungsmechanismus kennen nämlich Green Asset Ratio verbessern über Investitionen in Taxonomie konforme Projekte und ich glaube das ist nicht transparent kommuniziert.
			Taxonomie funktioniert nicht aus der Realwirtschaft heraus alleine die Taxonomie ist so designed dass die Bank der Schlüssel Akteur in diesem ganzen System ist und es so kommt nicht so klar dass der Taxonomie raus.

Figure 3: Transcribed text is being transformed into the first set of preliminary codes

Afterwards, the codes were reassembled, mapping (sub)sub-themes, and, finally, themes were created, capturing significant aspect of the data relevant to the research question. (Saldana, 2019). Lastly, final steps interpreting and concluding took place, which are outlined in the next chapter.

IV. Findings and discussion

This chapter presents findings and conclusions of the data collection efforts described above. Firstly, findings and conclusions regarding values associated with TR and ESRS are presented based on the analysis of the survey and the interviews. Secondly, the same follows for the implementation experiences of these legislation pieces. The findings and discussion are supported by the given theoretical background.

4.1 Values associated with the Taxonomy Regulation

4.1.2 Presenting survey results

When it comes to values linked to the TR, the survey section had 8 questions, with 1 to 5 scale (1 - not applicable at all, 5 - very applicable), and one multiple choice question.

Table 4 shows the distribution of answers along with the calculated mean, mode, and standard deviation.

Table 4: Results of the quantitative questions: Values associated with TR

N	Q1	Q3	Q4	Q5	Q6	Q7	Q8	
1	2	4	4	3	2	4	3	
2	3	3	3	3	3	3	3	
3	2	2	3	2	4	3	2	
4	4	5	5	3	1	1	5	
5	2	4	5	3	2	3	4	
6	2	5	5	2	2	3	4	
7	3	5	3	2	4	4	2	
8	3	4	5	2	2	2	4	
9	2	4	5	3	2	2	4	
10	4	5	5	3	2	3	5	
11	2	5	4	4	2	1	4	
12	2	5	5	3	1	1	4	
13	2	5	3	2	2	2	4	
14	3	4	5	5	2	2	5	
15	3	4	4	5	2	3	5	
16	2	5	5	4	2	1	5	
17	4	3	4	2	2	2	2	
18	2	3	2	2	1	1	5	
19	4	3	2	4	1	1	5	
20	4	5	5	2	2	3	4	
21	3	4	5	5	2	3	5	
	2,76	4,14	4,14	3,05	2,05	2,29	4,00	Mean
	2,00	5,00	5,00	2,00	2,00	3,00	5,00	Mode
	0,83	0,91	1,06	1,07	0,80	1,01	1,05	Standard deviation

Q1	Companies recognize the value of reporting under the Taxonomy Regulation
Q2	What value do companies see in reporting under the Taxonomy Regulation?
Q3	Companies would find greater value in reporting under the Taxonomy Regulation if they had a better understanding of its content
Q4	Companies would be more engaged in identifying taxonomy-aligned activities if they recognized greater value in having them
Q5	Companies understand that increasing taxonomy-aligned activities contributes to the shared goal of achieving net-zero emissions by 2050
Q6	Companies have been reporting on taxonomy-aligned activities even before it became mandatory, driven by their commitment to the sustainability agenda
Q7	Companies have been reporting on taxonomy-aligned activities before it became mandatory to align with the actions of their competitors
Q8	Companies began reporting on taxonomy-aligned activities only after it became mandatory for them

When it comes to companies' value recognition under TR the mean response appears to be 2,8 and the mode is 3, whereby the standard deviation is 0,8. This shows that most respondents perceive this notion as moderately applicable, suggesting some value is recognized, though not strongly. Such observations show that the value embedded in the given institutional structure is not well perceived (Risi et al., 2023).

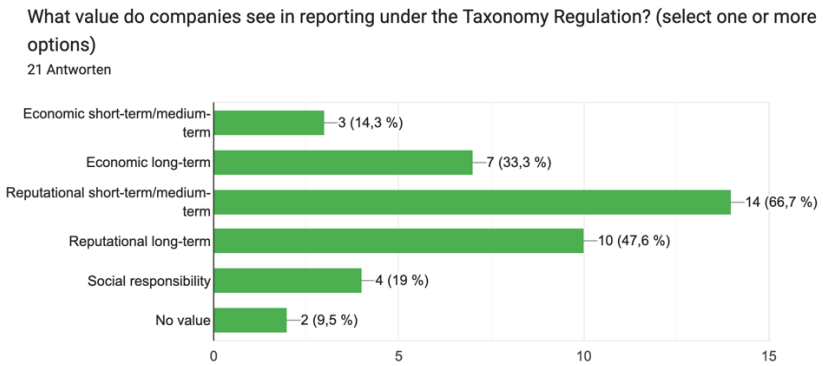

Figure 4: Values that companies see in reporting under the TR

With regard to which value the companies see in reporting under TR, 66,7% respondents acknowledged the recognition of short- and medium-term reputational value, and 47,6% long-term reputational value, therefore evaluating reputation as the prime value of TR. The second valued aspect of TR was the economic value, whereby 33,3% respondents highlighted long-term economic value, and 14,3% the short- and medium-term economic value. When it comes to social responsibility, 19% of the respondents recognised this value.Finally, only 9.5% of respondents stated that the companies are likely to see no

value at all in reporting under TR. Additionally, the standard deviation is relatively low across all answers indicating that most respondents are clustered in-between selection or not selecting each option.

It is evident that reputation is the most predominant value linked to TR by the companies, which is recognised as the perceived value connected to sustainability practices (Vidaver-Cohen and Brønn, 2015). The value of economic profit in TR, on the other hand, is not clearly recognized (Margolis and Walsh, 2003; Flammer, 2013; Bansal and Song, 2017).

Moving forward, the majority respondents indicated that companies would find greater value in reporting under TR if they had a better understanding of its content, evaluating it as very applicable. This indicates that TR has a higher chance of being perceived as of greater value when its contents were clearer. Similar trend is seen with regards to the potential of companies to be more engaged in identifying taxonomy-aligned activities if they recognized greater value in having them. Similarly, most respondents evaluated this point as very applicable. Both answers have the mean of 4 and the mode of 5 confirming the unified opinion on the subject matter, however a pronounced standard deviation of 0.9 and 1 shows that some opinion variability is still present.

These observations confirm that the values embedded in policies impact the likelihood of companies to engage in sustainability activities, like identifying taxonomy-aligned activities. Similarly, the lack of communicated value leads to inactivity in this area. Companies would be more inclined to identify taxonomy-aligned activities if the values of doing so were clearly conveyed (Risi et al., 2023). Similarly, comprehensible implementation of TR is an important value for the companies, which is missing now. Additionally, one can notice the absence of agentic choices and clear presence of institutional structures (Walker, Zhang and Ni, 2019; Bies et al., 2007).

Following four questions allow to get more insight on the perception of the companies of the taxonomy-aligned activities. In this manner, the results showed that companies partially associate those activities with contribution to the goal of achieving net-zero emissions by 2050. The mode of 2, standing for somewhat applicable, indicates that the most common observation is that the companies rather not make the connection of TR to the net zero goal. Again, this highlights the ineffective translation of values, resulting in companies' lack of engagement in sustainable activities (Risi et al., 2023). However, it

might also be the case that the decarbonisation is not the value the companies associate with TR, or not the value that would engage them enough in taxonomy-alignment (Bansal, 2005).

The latter observation is supported by the results of the next question. Namely, when it comes to motives of the companies to report taxonomy-aligned activities, the results show that companies don't see sustainability agenda as the driving factor. Most respondents evaluated this driver somewhat applicable, with the mean and mode both weighting 2. Nonetheless, the standard deviation of 0.8, while within the average range, still points to some variability in responses, suggesting that the conclusion is not entirely unified. These results show that the concept of agentic choice is not very applicable to the implementation of TR by companies as there is no trace of companies acting like change agents (Walker, Zhang and Ni, 2019; Bies et al., 2007).

When it comes to motive of aligning with competitors, the results showed a slightly different trend. The mean in this case is 3, moderately applicable, suggesting a neutral stance on the question. However, the mode of 2 indicates that most respondents consider this option rather somewhat applicable. Additionally, the relatively large standard deviation of 1 reflects a wide range of opinions on the matter. While competitive advantage is one of the driving forces for companies' sustainability practices (Kolk and Pinkse, 2008; Bansal and Roth, 2000), this driver is still not very pronounced for TR. In a similar vein, these findings show that mimetic isomorphism is somewhat applicable for the implementation of TR as a response to uncertainty, however the concept is still highly distinct (DiMaggio and Powell, 1983).

The most pronounced motive, however, showed to be regulatory compliance. In this manner, the mean is measured at 4 and the mode is measured at 5, indicating that this driver as highly applicable. However, the standard deviation of 1 indicates differences of opinions on the matter. Such evaluation shows that coercive isomorphism conveyed through regulations is very pronounced in the application of TR (DiMaggio and Powell, 1983). Furthermore, one can see the strong presence of institutional pressures that the companies react to (Walker, Zhang and Ni, 2019; Bies et al., 2007). Additionally, these findings show that TR didn't succeed in forming the perception of sustainability for the companies (Matten and Moon 2008; Campbell, 2007). Neither does this finding support

that companies' values begin to align with institutional environment (Ansari, Fiss and Zajac, 2010).

Based on the analysis of these 8 questions, the following conclusions can be drawn:

- Companies generally don't see much value in TR reporting, though opinions tend to lean towards a neutral stance.
- Reputational value is the most recognized benefit of TR reporting, both in the short, medium, and long term.
- Companies would engage more in TR reporting if they better understood its content, highlighting the importance of clear implementation in TR.
- Companies would focus more on taxonomy-aligned activities if they saw greater value in them, pointing to TR's failure to effectively communicate this value.
- Companies somewhat link TR to achieving net-zero goals, reflecting the current inability to effectively communicate sustainability values.
- Agentic choices are not strongly tied to TR, as companies aren't yet reporting taxonomy-aligned activities driven by the sustainability agenda.
- TR reporting is strongly influenced by institutional pressures and coercive isomorphism, with companies mostly starting to report only when it became mandatory
- Memetic isomorphism is weakly associated with TR, as companies have only partially reported taxonomy-aligned activities due to competitors doing the same.

4.1.3 Presenting interview results

Three senior experts were asked to talk more about the values connected to TR. The following part presents the results of the thematic analysis (TA) and observations made for each theme.

Theme 1: Taxonomy's clarity in conveying its values

The first theme that was identified during performing TA was the theme "Taxonomy's clarity in conveying its implementation values". Whereby this theme emerged out of two sub-themes after clustering the codes. Figure 5 presents the thematic map of the first main theme.

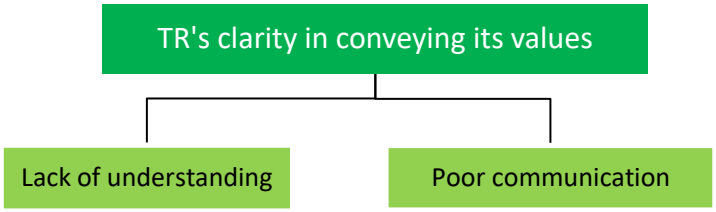

Figure 5: Thematic map of the "TR's clarity in conveying its values" theme

In this line, Table 5 represents the coding of the data and the emergences and the subsequent organization of codes into themes and categories.

Table 5: Coding pathway of the "TR's clarity in conveying its values" theme

Theme	Sub-theme	Code	References
TR's clarity in conveying its values	Lack of understanding	Understanding	*Have not understood the meaning of the taxonomy.*
		Value recognition	*I don't think they recognise much value at the moment.*
		Value recognition	*I don't think they fully recognise the value in it.*
		Understanding	*If we don't tell our clients this, they won't know it either.*
	Poor communication	Economic company	*An industrial company that has identified its taxonomy-capable activities and needs to determine conformity usually does not know how a bank or insurance company calculates with these key figures.*
		Economic company	*For a company to understand this context, it would need to know how the calculations are made, and this is not communicated well at all.*
		Economic bank	*The steering mechanism can improve the green asset ratio by investing in taxonomy-compliant projects and I don't think this is communicated transparently.*
		Key actors	*Taxonomy does not work out of the real economy alone the taxonomy is designed in such a way that the bank is the key player in this whole system, and it does not come out so clearly that the taxonomy.*
		Key actors	*Banks, insurance companies, asset managers... Without these players, the taxonomy makes no sense.*

The first sub-theme, "Lack of understanding," elevates that stakeholders do not fully comprehend the meaning of reporting under the TR, with four references identified in the data. This opinion was unanimously expressed by all respondents, highlighting the preciseness of this statement. The responses indicate that both the value and meaning of the regulation are not yet recognized by the companies.

The second sub-theme, "Poor communication," emerged as slightly bigger one, with six references. Similarly, the respondents had a similar perception to this subject, noting that the values that TR has for the implementing actors is not communicated well. This issue affects both companies and financial institutions, such as banks, insurance companies, and investment funds. For example, respondents stated that company representatives

“do not know how a bank or insurance company calculates with these key figures” and that “how the calculations are made is not communicated well.” Similarly, the essence of value for the banks in improving their green asset ratios is not communicated well: “*The steering mechanism can improve the green asset ratio by investing in taxonomy-compliant projects and I don't think this is communicated transparently*”. Lastly, the information about the key players and their values is not communicated, the respondents highlight the key role of the finance institutions, stating that “*the bank is the key player in this whole system, and it does not come out so clearly that the taxonomy.*”

Overall, respondents emphasised the critical role of financial institutions in this system and the lack of clarity in communicating their values and responsibilities. As one respondent stated, “the bank is the key player in this whole system, and it does not come out so clearly”.

Summarising the findings, following conclusions for the theme can be drawn:

- The stakeholders (both financial and non-financial institutions) don’t understand the value in reporting under TR.
- The values of reporting under the TR are not communicated in the regulations (both financial and non-financial institutions).
- The importance of main actors (financials institutions) for successful implementation of TR are not highlighted in the regulation.

These observations suggest that neither referencing nor bridging function of value is realised in the implementation of TR (Risi et al., 2023). Clearly, the values in TR are not communicated well enough to the stakeholders to make the connection and act accordingly. These findings also support the thought that TR is associated with uncertainty and confusion (Norang et al., 2023). Inefficient communication of values makes it hard for companies to cooperate based on shared principles (Schimmelfennig, 2003). Regulatory frameworks demand both adaptive and interruptive effort (Ansari, Fiss and Zajac, 2010), and currently structure of the TR is not facilitating this process. Overall, we see that the values meant to be embedded in the TR, which also will be listed further below, are not recognised by actors that they’re addressed to.

Theme 2: Values associated with TR

The second main theme is "Values linked to TR" is the largest of all, and explores different types of values in the TR. Given the nature of the research questions, this theme was evident to emerge in this section.Figure 6 depicts a thematic map of the theme divided into sub- and sub-sub-topics.

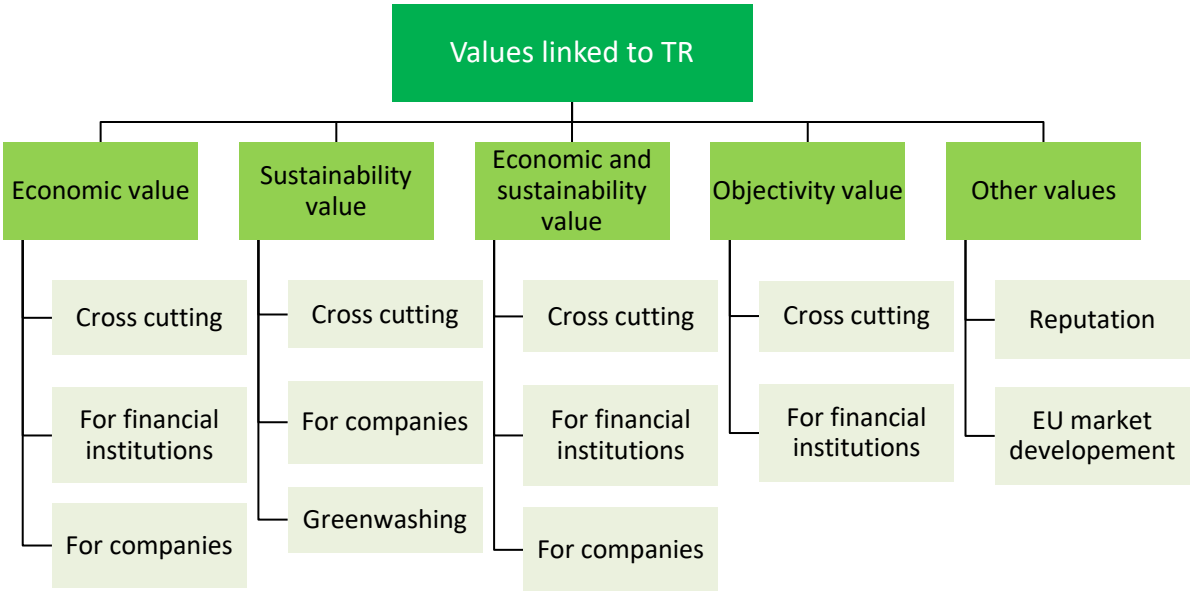

Figure 6: Thematic map of the "Values linked to TR" theme

Economic value

The first sub-theme identified addresses economic values in TR, which emerges from the clustering of codes into three sub-sub-themes: economic values for companies, economic values for financial institutions, and cross-cutting values. Table 6 represents the coding of the data and the emergences and the subsequent organization of codes into sub and sub-sub-themes.

Table 6: Coding pathway of the "Values linked to TR" theme: Economic value

Theme	Sub-theme	Sub-sub-theme	Code	References
Values linked to TR	Economic values in the TR	Economic value for companies	Economic value	*Economic value*
			Better loans	*Getting loans on the same or better terms*
			Economic value	*They put money and work into the main activities, and this again shows the economic ulterior motive*
			Economic value	*… because even if it has an economic ulterior motive*

			Economic value	*with all the big companies that are listed on the stock exchange, large capital market-oriented companies, it's always about money in the end.*
			Better loans	*so that they can still get financing in the future*
			Economic value	*don't understand that you should make your investments in the future, especially if they are taxonomy-aligned.*
			Easier loans	*The money they need on the capital market is easier to raise for taxonomy-aligned projects.*
		Economic value for financial institutions	Taxonomy-aligned	*investments that are taxonomy aligned*
			Taxonomy-aligned	*the bank could show that this financing in turn in their green asset ratio as taxonomy aligned financing*
			Key actors	*It works, but only if the banks do that too and they are not doing that yet.*
		Cross cutting economic values	Economic value	*If you look at the rationale for the EU taxonomy, the idea is that it plays a role in the Green Finance Action Plan to channel capital flows into green projects.*
			Economic value	*Taxonomy is the best instrument for channelling financial flows in a green direction*

The first sub-sub-theme, focusing on economic values for companies, is the most prominent, with eight references in the data. It highlights the benefits of obtaining loans at better rates and easier access to funding for taxonomy-aligned (green) projects. Respondents expressed this as *"getting loans on the same or better terms"* and *"raising capital for taxonomy-aligned projects is easier."* While many statements lack detailed explanations of the economic benefits, using phrases like *"the economic ulterior motive"* or *"it's always about money,"* they still point to the combination of improved access and conditions for investments from financial institutions.

The second sub-sub-theme focuses on economic values for financial institutions, whereby exclusively banks were addressed by the respondents. The statements emphasise the importance of *"taxonomy-compliant financing"* in enhancing banks' Green Asset Ratio (GAR). One participant noted: *"It works, but only if the banks do that"* underscoring the crucial role financial institutions play in the effective implementation of the TR.

The third sub-sub-theme reflects the cross-cutting economic value of the TR, applicable to all stakeholders. This function is reflected in its goal of "channelling financial flows in a green direction," aligning with the European Commission's stated objectives for the TR (European Commission, n.d.). However, it should be noted that such phrasing is vague compared to the more tangible benefits, like easier access to investments and better

financial conditions mentioned by the respondents with regards to economic benefits for the companies.

To summarise, the conclusion upon the analysis of this sub-theme can be phrased as following:

- The economic value of the TR implies the ability for the companies to easier get loans form the financial institution.
- The economic value of the TR implies the ability for the companies to get loans from financial institutions on better terms.
- Banks (and other financial institution) can increase their Green Asset Ration by investing in taxonomy-aligned activities.
- The cross-cutting function of the TR directing finance into green projects, however this description is vague.

These observations align with the view that companies see sustainability efforts as a way to achieve financial profit (Bansal and Song, 2017; Bansal, 2005). Additionally, this show that values can serve as a common reference for the economic actors (Risi et al., 2023). Indeed, we see that TR has an immense impact both on financial and non-financial institutions and reporting under TR indeed serves as reference point for the banks, insurance, and investment funds in estimating how sustainable the company is.

Sustainability value

The second sub-theme within the "Values linked to the TR" theme is sustainability values**,** whereby three sub-sub-themes emerged: "cross-cutting sustainability values", "company sustainability values", and "greenwashing". Table 7 represents the coding of the data and the emergences and the subsequent organization of codes into sub and sub-sub themes.

Table 7: Coding pathway of the "Values linked to TR" concept: Sustainability value

Theme	Sub-theme	Sub-sub-theme	Code	Data source
Values linked to TR	Sustainability values in TR	Cross cutting sustainability values	Sustainable	*it will still change something*
			Change	*so that something changes*
			Sustainable change	*an advantage in the direction of sustainable development*
		Company sustainability	Greener companies	*Companies that say they want to become greener in this context*

		values	Greener companies	*namely to become greener in processes*
			Green practices	*that companies are making an effort and improving environmental protection.*
			Green companies	*Companies in other countries comply with EU legislation and thus become more sustainable*
		Greenwashing	Greenwashing	*Companies want to present themselves well, but I have not yet seen that it would be important to them to be taxonomy-eligible or aligned*

In the first sub-sub-theme, some statements alluded to the anticipated green transition with vague references like *"something changes,"* while others clearly articulated sustainability values, such as "*an advantage in the direction of sustainable development".*

For the company-related sustainability values sub-sub-theme, respondents highlighted the TR's potential to drive greener processes, improve environmental protection, and even create a halo effect by encouraging companies outside the EU to adopt greener practices.

Interestingly, the greenwashing sub-sub-theme also emerged, represented by a single statement and code. Despite being less prevalent, it was elevated to this level due to its significance and inability to fit into others. Unlike other statements, this sub-sub-theme reflects a negative aspect, highlighting the potential misuse of the TR's sustainability values for the companies. For example, companies may focus on appearing sustainable to report more taxonomy-aligned CapEx or OpEx rather than genuinely wanting to align with taxonomy criteria. This raises concerns about the potential drawback of greenwashing, which should be considered when analysing the activity alignment criteria - a process discussed further below.

To recap, the following observations can be made for this sub-theme:

- Cross-cutting sustainability values in the TR are often implied rather than explicitly stated and are less communicated clearly highlighting the TR as driver of sustainable development.
- Company sustainability values in the TR promote greener processes for companies within and outside the EU.
- Company sustainability values in the TR contribute to improving environmental protection.

- However, they pose a risk of misuse, sometimes incentivising companies to appear more sustainable, resulting in greenwashing.

These observations show that sustainability value is one of the central in TR, however, are not communicated directly, aligning with prior observations TR should be more direct (Fuest and Meier, 2023; Kooths, 2023).

Economic and sustainability values

Interestingly, some of the codes referred both to economic and sustainable value of the TR. In this way, it was impossible to address them to either of the sub-themes without doubling them, hence a separate sub-theme "Economic and Sustainability values in TR" emerged divided into three respective themes: cross cutting, for financial institutions and for companies. Table 7 represents the coding of the data and the emergences and the subsequent organization of codes into sub and sub-sub themes.

Table 8: Coding pathway of the "Values linked to TR" theme: Economic and Sustainability values

Theme	Sub-theme	Sub-sub-theme	Code	Data source
Values linked to TR	Economic and Sustainability values in TR	Cross cutting economic and sustainability value	All Sustainable + economic	*the value of the taxonomy lies in the combination of both - economic advantage and sustainability.*
			All sustainable + economic	*A combination: economic and sustainable*
		Economic and sustainability value for financial institutions	Bank sustainable + economic	*If the capital costs are lower for the project that is more sustainable, then this business case could tilt, so to speak, and the sustainable project could also become the one that pays off better.*
		Company economic and sustainability value	Company sustainable + economic	*'Sustainable is a vague word - I can't make a statement about sustainability in the taxonomy. I can only say that this is the company that has the largest share in an economic activity that contributes to climate protection, for example.*

In the first sub-sub-theme statements clearly highlighted the inseparability of the two concepts when it comes to cross cutting values of the TR with statements like: "*The value of the taxonomy lies in the combination of both - economic advantage and sustainability".*

The second sub-sub-theme captures the integration of economic and sustainability values for financial institutions. The statement highlights that prioritising the sustainability value in decision-making can result in economic benefits, showcasing how sustainability

enhances economic aspects: "*The sustainable project could also become the one that pays off better".*

Lastly, the sub-sub-theme focusing on economic and sustainability values for companies, was also derived from a single code. The statement underscored how the TR unites sustainable and economic values by defining sustainability through an economic parameter: "*Sustainable is a vague word […] I can only say that this is the company that has the largest share in an economic activity".* This suggests that the TR has the potential to resolve the ambiguity around the definition of sustainability by putting a concrete number or, to be more precise, a percent on it. To conclude, the key observations for this sub-theme are the following:

- Economic and sustainability values in the TR are intended to be perceived as inseparable.
- The sustainability value translates into economic benefits for financial institutions.
- The TR enables the definition of sustainability through measurable economic parameters.

Indeed, even if the ultimate goal of TR is multiplying sustainability efforts, its potential to positively impact financial performance should be central (Margolis and Walsh, 2003; Flammer, 2013, Albertini 2013). As companies strive to economic growth (Bansal, 2005), these values should be at the forefront in TR as the shared value that can "foster collaboration" between TR and companies, namely stimulate reporting efforts and taxonomy-alignment (Schimmelfennig, 2003). Additionally, these findings refer to the bridging function of values (Risi et al., 2023). In this sense, if financial institutions will be favouring sustainable projects therefore shifting the economic dynamic by orienting themselves on institutional forces such as TR, companies will be more engaged in having more taxonomy-aligned activities, and therefore adopt more sustainability practices.

Objectivity

The next sub-theme identified was the "Objectivity value", which, similarly, was divided in cross-cutting value and value for financial institutions. The term "objectivity" was

selected as an umbrella term for the concepts transparency and comparability as both are integral components of objectivity. In this line, Table 9 represents the coding of the data and the emergences and the subsequent organisation of codes into (sub)sub-themes.

Table 9: Coding pathway of the "Values linked to TR" theme: Objectivity value

Theme	Sub-theme	Sub-sub-theme	Code	Data source
Values linked to TR	Objectivity value in TR	Objectivity value for financial institutions	Comparable	*to look and that they are all comparable*
			Comparable	*In principle, I can compare 2 competitors and their sustainability performance relatively well with each other*
			Comparable	*Without this, I have the problem that in the sustainability report each company somehow defines itself how it wants to present itself sustainably*
		Cross cutting objectivity value	Objectivity	*2. value, namely objectivity.*
			Objectivity	*The steering mechanism of providing sustainable companies with financial resources does not work if the information is very heterogeneous.*
			Objectivity	*And I automatically support this because it objectifies the most sustainable company, so to speak.*

In the sub-sub-theme related to financial institutions, the statements clearly highlight the comparability value with statements like: "*They are all comparable*". The concept of transparency is not voiced directly but rather allured to: "*Each company somehow defines itself how it wants to*". This statement notes that the value of TR lies in the ability to make the sustainability policies, processes, and actions transparent in a structured and objectified way. In this way, TR assists financial institutions in making a rational, objective choice of selecting the greenest projects, thereby increasing their Green Asset Ratio (GAR).

Similarly, the cross-cutting sub-sub-theme brings foreword the aspect of objectivity: "*It objectifies the most sustainable company*". Further statements support this value by noting that TR allows to remove heterogeneity of information facilitating financing sustainable companies. Even though these statements don't mention transparency and comparability directly, nonetheless, refer to these concepts when using definitions like *"objectivity"* and phrase like *"avoid heterogeneity"*. To sum up, the key observations for this sub-theme are the following:

- Comparability is an obvious value in TR for the financial institutions, allowing them to make objective choices when allocating financial recourses.

- Objectivity value in TR helps eliminate heterogeneity which is beneficial for all actors.

Other values

Two other values of TR were voiced by respondents, however, not to such a great extent. For these reasons they were allocated to the "Other values in TR" sub-theme and divided into two sub-sub-themes: "Reputation" and "European market development". In this line, Table 10 represents the coding of the data and the emergences and the subsequent organisation of codes into (sub)sub-themes.

Table 10: Coding pathway of the "Values linked to TR" theme: Other values

Theme	Sub-theme	Sub-sub-theme	Code	Data source
Values linked to TR	Other values in TR	Reputation	Reputation	*Reputational value*
			Reputation	*I think they see it as a reputational tool for the companies anyway*
		EU market development	Market	*that things are produced in Europe*
			Market	*foreign manufacturers do this, or whether this simply means that more is produced in Europe again, and both would be very positive.*

In the "Reputation" sub-sub-theme, the statements suggest that TR may also be seen as a "reputational tool" for the companies. This statement, however, doesn't imply the good will of the companies to green their processes by having more taxonomy-aligned activities, partially alluding to the interior motives outlined in the "Greenwashing" theme mentioned before.

As for the European market development sub-sub-theme, the two statements highlight that TR may serve as a driver for the companies to have their upstream value chain in Europe. This is seen as a positive factor which supports the development of the European market.

To sum up, the key observations for this sub-theme are the following:

- TR encompasses the reputational value for the company; however, the motives may not come from the commitment to become greener.
- The TR may promote European market development by encouraging companies to keep their upstream value chain within the EU.

Whereas the reputational value is connected to the referencing function of values (Risi et al., 2023), the market development reflects the concept of institutional isomorphism, as one can notice the potential tendency of organisation to adopt similar practices due to institutional pressures (Meyer and Rowan, 1977; DiMaggio and Powell, 1983). Furthermore, the tendency of the transition from coercive isomorphism to mimetic isomorphism is also tracible Shabana, Buchholtz, and Carroll, 2017). First the companies react to regulations and then begin to mimic each other in behaviours.

4.2 Implementation experiences of the Taxonomy Regulation

4.2.1 Presenting survey results

To explore the implementation experiences of TR, respondents were asked 14 questions. In this manner, Table 11 shows the distribution of answers as well as mean, mode, and standard deviation for each answer.

Table 11: Results of the quantitative questions: Usability of the TR

N	Q1	Q2	Q4	Q5	Q6	Q7	Q8	Q9	Q10	Q11	Q12	Q13	Q14	
1	3	3	3	2	3	2	2	3	4	4	3	3	3	
2	2	3	3	3	3	3	3	2	3	4	3	3	3	
3	3	4	3	3	3	3	3	3	3	3	2	2	3	
4	5	5	5	2	4	1	3	5	3	5	2	4	3	
5	4	4	4	2	4	3	4	2	4	4	4	4	2	
6	4	4	3	2	4	4	5	2	5	3	3	4	2	
7	3	4	2	2	4	4	3	4	4	4	3	3	4	
8	2	2	2	1	3	1	3	2	5	3	2	2	2	
9	4	2	2	2	4	2	3	4	4	3	2	2	2	
10	5	5	3	2	5	4	3	3	4	5	3	5	3	
11	4	4	4	2	3	3	4	4	3	4	4	4	4	
12	5	2	4	1	4	4	5	1	3	3	3	3	3	
13	2	2	4	2	3	5	4	5	4	3	4	4	4	
14	3	3	2	2	4	2	5	2	5	4	5	5	4	
15	4	2	2	3	4	3	4	4	3	2	2	3	2	
16	5	2	5	4	3	4	4	4	5	4	2	3	2	
17	4	2	4	3	2	3	3	3	4	4	3	2	2	
18	2	3	2	3	2	3	4	2	3	3	3	2	2	
19	2	4	3	4	2	1	2	4	4	1	1	1	1	
20	4	4	3	2	4	4	5	2	4	4	3	3	4	
21	3	4	5	4	3	4	4	4	4	4	3	2	2	
	3,48	3,24	3,24	2,43	3,38	3,00	3,62	3,10	3,86	3,52	2,86	3,05	2,71	Mean
	4,00	4,00	3,00	2,00	4,00	3,00	3,00	2,00	4,00	4,00	3,00	3,00	2,00	Mode
	1,08	1,04	1,04	0,87	0,80	1,14	0,92	1,14	0,73	0,93	0,91	1,07	0,90	Standard deviation

Q1	The scope of economic activities covered in the Taxonomy Delegated Acts is extensive
Q2	The activities for all climate goals in the Taxonomy Delegated Act are well-represented
Q3	Please specify which climate goals you believe are underrepresented in terms of activities
Q4	The description of the economic activity is clear enough to understand the activity
Q5	Company representatives have a clear understanding of the description of the economic activities
Q6	The technical screening criteria for the substantial contribution of the activities is extensive
Q7	Some of the information in the technical screening criteria is not well-suited for certain economic activities
Q8	The technical screening criteria for the substantial contribution of the activities is comprehensible
Q9	Companies understand the process of complying with the technical screening criteria
Q10	The DNSH principle generally ensures that no significant harm is done to the objective
Q11	The information provided in the DNHS criteria is extensive
Q12	The information provided in the DNHS criteria is clear enough
Q13	The information provided in the DNHS criteria is detailed enough
Q14	Companies have a good understanding of the DNSH principle

When it comes to the representation of activities, based on the mean value (3,4) and mode (4), it is visible that the scope of TR is perceived as rather extensive. However, the pronounced standard deviation of 1 shows the presence of opinion spread.

Similar findings apply to the representation of climate and environmental goals. Again, we observe the mean of 3 and the mode of 3, somewhat applicable, and a rather big standard deviation of 1 showing great variability of response.

Next question gives an insight of such spread of opinion shedding light on the representation of each climate and environmental goal.

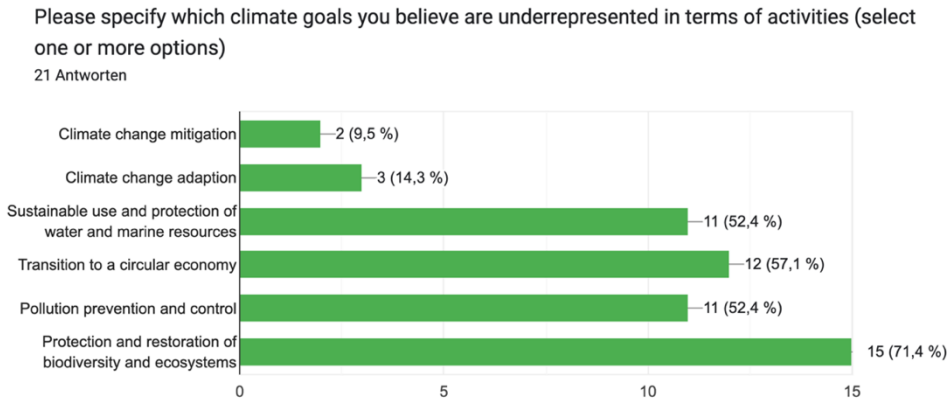

Figure 7: Underrepresentation in terms of activities in TR

In this manner, "Protection, and restoration of biodiversity and ecosystems" was evaluated as underrepresented by 71,4% of respondents, "Transition to a circular economy" by 57,1%, whereas "Pollution prevention and control and "Sustainable use and protection of water and marine resources" both by 52.4%. The first 2 climate goals, however, were not found much underrepresented, scoring only 14,3% for "Climate change adaption" and 9,5% for "Climate change mitigation". These findings underline that there is a strong difference between representation of each goal, justifying the noticeable standard deviation in the previous 2 questions.

The next two questions reveal that while experts find the descriptions of activities relatively comprehensible, companies struggle to understand them. For experts, the mean is 3,2 and mode is 3, while for company representatives, these indicators are 2,4 and 2 accordingly. Additionally, the standard deviation for experts' responses is 1, compared to 0.8 for company representatives. This indicates that the lower understanding of activities among company representatives is more consistent.

Next four questions address the technical screening criteria (TSC) of the TR. Results show that TSC is perceived as rather extensive, based on the values of mean (3.3) and mode (3). The standard deviation is also considered moderate with the value of 0.8. As for the suitability of TSC, both mean and mode are 3, showing that it is perceived as rather fitting. However, the bigger standard deviation of 1.1 shows the bigger variability of response. As for comprehensibility of TSC most respondents have rated it quite high with mean of 3.6

and mode of 4, whereby the standard deviation was moderate measuring at 0.9 showing some variability in responses. As for understanding of the companies of complying TCS, the respondents estimate it with average level of comprehension with both mean and mode measuring at 3, however a big standard deviation (1.1) indicates high variability in response.

The final set of five questions focused on the Do No Significant Harm (DNSH) criteria. Firstly, respondents were asked to evaluate whether the DNSH principle effectively ensures that no significant harm is done to other climate or environmental goals. Overall, the majority found it to be mostly applicable, with a mean score of 3.8 and a mode of 4. The standard deviation was in the lower range (0.7), indicating consensus. Then, respondents assessed the extensiveness of the DNSH criteria, with results showing a mean of 3.4 and a mode of 4. Here, the standard deviation was slightly higher (0.9), suggesting more variability in opinion. In terms of the clarity of the criteria, responses were less optimistic, with a mean of 2.8 and a mode of 3. However, the standard deviation for this question was 0.9, indicating a moderate spread in responses. The perceived level of detail in the DNSH criteria was similarly assessed, with both the mean and mode of 3, and a standard deviation of 1, showing the difference in respondents' views on the subject. Finally, when asked about their understanding of how the DNSH criteria should be applied, respondents' responses measured the mean score of 2.7 and a mode of 3. The standard deviation of 0.9, again suggests some variation in the respondents' level of understanding.

Based on this analysis following observations can be drawn:

- In general, the scope of TR is perceived as moderately extensive, however the variety of opinion is big.
- The representation of climate and environmental goals is perceived moderate, showing big variability in response.
- There is a strong difference between representation of environmental and climate goals, justifying the noticeable standard deviation for general observations.
- The most underrepresented environmental goal is "Protection and restoration of biodiversity and ecosystems".
- While experts find the descriptions of activities moderately comprehensible, companies struggle to understand them.

- TCS is generally considered comprehensible by the experts, while company representatives find it only moderately understandable.
- The DNSH criteria are perceived to be effective, extensive, while its clarity and level of detail are considered moderately applicable.

These observations show that the (perceived) openness of the TR is only moderate which potentially negatively reflects in the mobilisation the actors (Polman, Van and Zwaan, 2022). Precisely, factors like misrepresentation of certain environmental goals, activity scope, clarity of criteria, and level of detail contribute to somewhat poor implementation experience of the TR, negatively influencing mobilisation of actors (Polman, Van and Zwaan, 2022). Furthermore, the findings confirm high level of uncertainty when it comes to perception of TR by the companies (Norang et al., 2023). The general usability issue of TR is also confirmed based on these findings (Sweatman and Hessenius, 2023; Raux and Fischer, 2021; Pfaff and Altun, 2022; Ostojic et al., 2024). Nonetheless, some aspects of TR, such as extensiveness and effectiveness of the DNSH criteria is perceived understandable, indicating a positive trend in the implementation experience.

4.2.2 Presenting interview results

The current section presents the results of the three interviews with senior level experts on the subject of implementation experiences of TR. As the result of conducting TA, three main themes emerged: “Companies’ response to TR’s implementation”, “Feedback to TRs implementation”, and “TRs assisting tools”. Observations to each theme are elaborated below.

Theme 1: Companies’ feelings about TR’s implementation

The first theme has emerged form clustering of three sub-themes: “Lack of motivation”, “Burden”, and “Frustration”. Figure 8 depicts a thematic map of the theme divided into sub-topics.

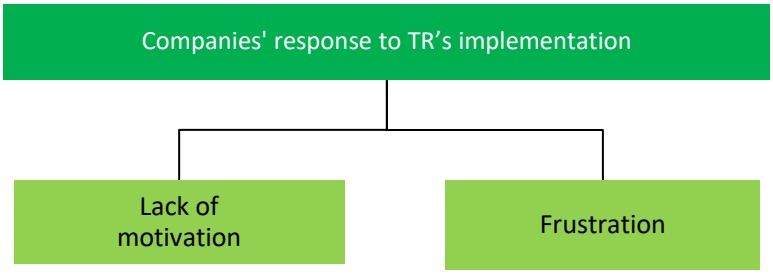

Figure 8: Thematic map of the "Companies' feelings about TR" theme

In this manner, Table 12 represents the coding of the data and the emergences and the subsequent organisation of codes into sub-themes.

Table 12: Coding pathway of the "Companies' response to TR's implementation" theme

Theme	Sub-theme	Code	Data source
Companies' response to TR's implementation	Lack of motivation	Path	*don't understand that this is a development path*
		Path	*should consider these criteria as strict criteria where to develop.*
		No motivation	*When it comes to cross-sectional activities, they don't really care whether they become aligned or not.*
	Frustration	Stress	*overwhelmed*
		Stress	*stressed*
		Frustration	*This is doubly annoying for companies.*
		Frustration	*We see the frustration in the companies.*
		Unknown	*I don't know how to do it.*

The theme was clustered out of two sub-themes. The first sub-theme, "Lack of motivation," reflects the general disinterest of companies in reporting under TR. It captures statements indicating that companies do not view taxonomy alignment as a viable development path and are unmotivated to align their activities across different areas. For example: "*When it comes to cross-sectional activities, they don't really care whether they become aligned or not*". The second sub-theme, "Frustration," describes the overall experience of companies during the implementation of the TR, characterised by stress and feelings of being overwhelmed *("This is doubly annoying for companies"*).

Similarly, to the interview results, a high level of uncertainty is present when it comes to the implementation of TR (Norang et al., 2023). The usability issue of TR is again highlighted (Sweatman and Hessenius, 2023; Raux and Fischer, 2021; Pfaff and Altun, 2022; Ostojic et al. 2024) resulting in the lack of motivation of the implementing actors to mobilise for change (Polman, Van and Zwaan, 2022).

Theme 2: Feedback to TR's implementation

The second theme is the most prominent theme that represents feedback to TR's implementation. Figure 9 depicts a thematic map of the theme divided into sub-themes.

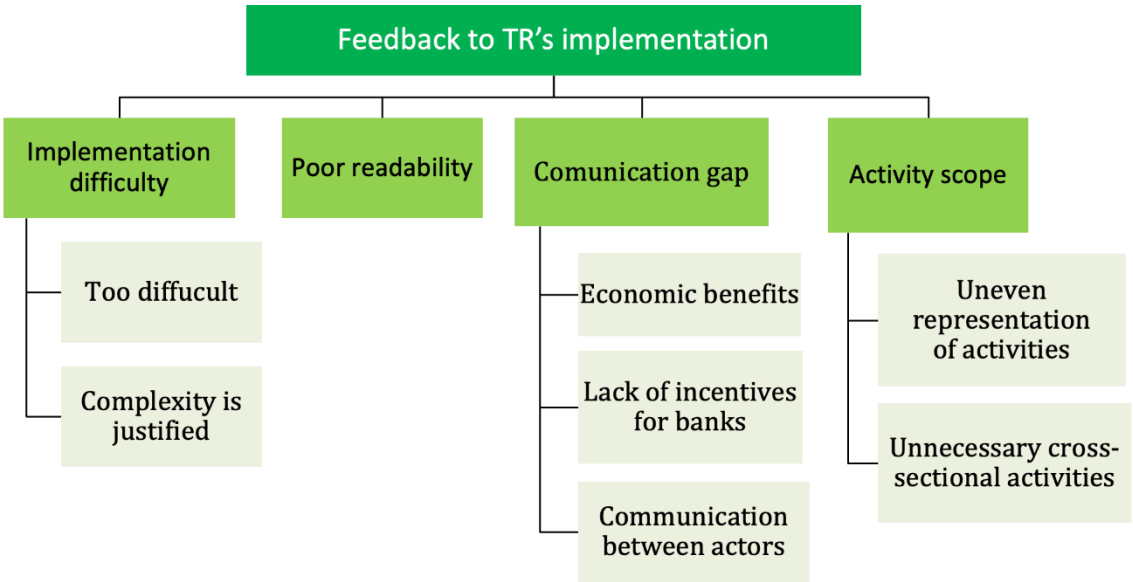

Figure 9: Thematic map "Feedback to TR's implementation"

The theme was derived out of four main sub-themes, each of which is discussed in the corresponding section below.

Implementation difficulty

Table 13 represents the coding of the data and the emergences and the subsequent organisation of codes into (sub)sub-themes.

Table 13: Coding pathway of the "Feedback to TR's implementation" theme: Implementation difficulty

Theme	Sub-theme	Sub-sub-theme	Code	Data source
Feedback to TR's implement-tation	Implementation difficulty	Too difficult	Complicated	*the thing is just far too heavy*
			Complicated	*unnecessarily complicated*
			Complicated	*You could have written it much more simply*
			Strict	*Criteria are extremely strict*
			Strict	*Limits are set extremely strictly*
			Ask too much	*that conformity is not only time-consuming because you have to collect a lot of evidence and comply with limit values.*
			Difficult	*it's so complicated that I don't think anyone understands why it works unless you really look into it.*

			Ask too much	*everything has to be checked, and companies can't understand that very well.*
			Difficult	*there are significant contributions of 3 or 4 pages - you can't even look at that without having to do a lot.*
			Difficult	*it's getting more and more complex*
			Complicated	*It took me over a year to get to grips with it myself, where I think to myself - red flag.*
			Iterative nature	*And then it all changes again*
			Complex	*I believe that sustainability doesn't have to be too complex.*
		Complexity is justified	Makes sense	*technical experts have thought about this, it will make sense*
			Makes sense	*This is based on scientific findings and is certainly justified and sensible.*
			Makes sense	*I consider the technical aspects to be appropriate.*

The first sub-theme, "Implementation difficulty", consists of two opposing sub-sub-themes. The first sub-sub-theme summarises statements expressing that the complexity of TR is overly challenging such as *"Criteria are extremely strict", "You could have written it much more simply".* These statements highlight that the regulation is too complicated, too strict, and requires extensive data collection to demonstrate alignment. They also emphasise the length of the criteria, further underlining the regulation's complexity, as well as the iterative process of reviewing new amendments ("*It's getting more and more complex*"). The second sub-sub-theme, in contrast, captures statements that view the complexity of the TR as justifiable, citing its scientific basis and the expertise of technical specialists, with statements like: "*Technical experts have thought about this, it will make sense*". Notably, the latter sub-sub-theme is much less prominent than the former.

The results confirm that reporting under TR necessitates immense interpretative and adaptive effort (Ansari, Fiss and Zajac, 2010).

Poore readability

Table 13 represents the coding of the data and the emergences and the subsequent organization of codes into sub- and sub-sub-themes.

Table 14: Coding pathway of the "Feedback to TR's implementation" theme: Poor readability

Theme	Sub-theme	Code	Data source
Feedback	Poor readability	Bad formulation	*What is not necessarily so successful is the wording.*
		Bad formulation	*They should be much clearer in their statements (activities)*

to TR's implement-ation		Hard to understand	*The difficulty is rather that these criteria are very difficult to understand for the people who have to apply them.*
		Hard to understand	*I find it difficult when they throw in buzzwords like technology and then don't define what it is.*
		Can´t reach conclusion	*Basically, the descriptions are understandable, but if you think too much about what else it could mean, then they are again formulated too vaguely.*
		Not formulated precisely	*They sometimes fail to do so not only because it is technically impossible, but also because in many cases there is no uniform opinion on how to apply the criterion at all. This is more of a problem on the legal side.*
		Not formulated precisely	*And the question arises when companies read this: what does collecting waste mean?*
		Too long	*The taxonomy itself would probably already do this if it were read in full, which nobody does*
		Too long	*I think they are understandable, sometimes a bit too long. (activities)*

The next sub-theme captures statements that address the readability challenges of the TR. These highlight poor formulation and the difficulty in understanding the criteria, which hinder the process of demonstrating alignment with the taxonomy. The statements also emphasize the imprecision and lengthiness of the regulation, further complicating the process of proving taxonomy alignment. Interestingly, one statement points out that, for certain formulations, there is no unified interpretation among legal experts regarding how the criteria should be understood.

The aspects of length, readability, and prescience of formulation were not elaborated in previously but rather summed up under poor usability (Sweatman and Hessenius, 2023; Raux and Fischer, 2021; Pfaff and Altun, 2022; Ostojic et al., 2024). This confirms that further research in the area is necessary (Ostojic et al., 2024).

Communication gap

Table 15 represents the coding of the data and the emergences and the subsequent organization of codes into (sub)sub-themes.

Table 15: Coding pathway of the "Feedback to TR's implementation" theme: Communication gap

Theme	Sub-theme	Sub-sub-theme	Code	Data source
Feedback to TR's implement-tation	Communi-cation gap	Economic benefits	Economic benefit	*that they would be more interested in alignment if they knew that, in cooperation with the bank, their conditions for green projects would improve in the medium to long term.*
			Motivation	*the motivation to improve taxonomy alignment*
			Economic benefit	*that this is precisely the purpose of the taxonomy.*

			Economic benefit	*The only thing that is relevant for the companies is the financing level*
		Lack of incentives for banks	No incentives	*that the banks are not currently incentivizing this, i.e., not making the loan more favourable for a taxonomy-compliant project.*
			Expense	*For them, this is simply an expense now, but it hardly improves their KPIs.*
			Need incentive	*The taxonomy KPIs would have to be incorporated into the remuneration of the Executive Board at banks and all other capital market players. Then you have the incentive to prefer taxonomy alignment.*
		Communication between actors	Lack of interaction	*Through communication between the players, i.e., the capital market players who invest money, such as banks, insurance companies and asset managers, and the parties that operate in the real economy and establish aligned activities.*

The next sub-theme focuses on key communication aspects that, according to expert opinion, should be addressed in the TR. These are divided into three sub-sub-themes. The first one highlights the need to emphasise the potential economic benefits that high taxonomy alignment brings to companies *("The only thing that is relevant for the companies is the financing level"*). According to these statements, the primary economic advantage of the TR is the improved credit conditions offered by banks. The second sub-sub-themes addresses the lack of communication with banks, which could incentivise them to take a greater interest in companies with taxonomy-aligned activities. The statements indicate that, at present, banks do not see any direct benefit in supporting green projects, even though adjusting credit terms could lead to high returns *("For them, this is simply an expense now, but it hardly improves their KPIs"*). The statements suggest that a remuneration system for management could serve as a missing incentive. The final sub-sub-theme highlights the general lack of communication between various stakeholders, particularly between capital market players and companies operating in the economy that could potentially engage in taxonomy-aligned activities.

These findings highlight a crucial aspect, precisely, the failure to elevate the economic benefits of high taxonomy alignment both for financial and non-financial institutions. The notion that sustainability efforts translate into financial profit is the essence of TR that should communicated clearly (Margolis and Walsh, 2003; Flammer, 2013, Albertini, 2013). Notably, the aspect of lack of communication between the actors has not been highlighted previously and serves as contribution to research.

Activity scope

Table 16 represents the coding of the data and the emergences and the subsequent organization of codes into (sub)sub-themes.

Table 16: Coding pathway of the "Feedback to TR's implementation" theme: Activity scope

Theme	Sub-theme	Sub-sub-theme	Code	Data source
Feedback to TR's implement-tation	Activity scope	Uneven representation of activities	Not even	*the objectives are differently representative*
			Not even	*Environmental objective 6 with 2 activities. I am now expecting a change in the taxonomy regulation*
		Unnecessary cross-sectional activities	No need	*I find cross-sectional activities completely pointless*
			Wrong focus	*I find it strange that I have to look at these cross-cutting activities and not just the revenue-generating activities.*
			Wrong focus	*would be better if the focus was on the revenue-generating activities. Then perhaps the companies would understand better that there is a point to it after all.*

The final sub-theme addresses the scope of activities covered by the TR and is divided into two sub-sub-themes. The first one highlights the uneven representation of activities across different objectives, pointing out that some objectives, such as the "Protection and Restoration of Biodiversity and Ecosystems," are significantly underrepresented. The second sub-sub-theme focuses on the perceived unnecessary nature of cross-sectional activities. Some statements suggest that it may be more worthwhile for companies to focus exclusively on revenue-generating activities to feel that reporting under the TR could provide tangible benefits ("*I find it strange that I have to look at these cross-cutting activities and not just the revenue-generating activities*").

The insights of the interview strongly correlate with the findings of the survey to this section.

Theme 3: TR's assisting tools

The final third theme represents the assisting tools of the TR and emerged out of four sub-themes. Figure 10 depicts a thematic map of the theme divided into sub-topics.

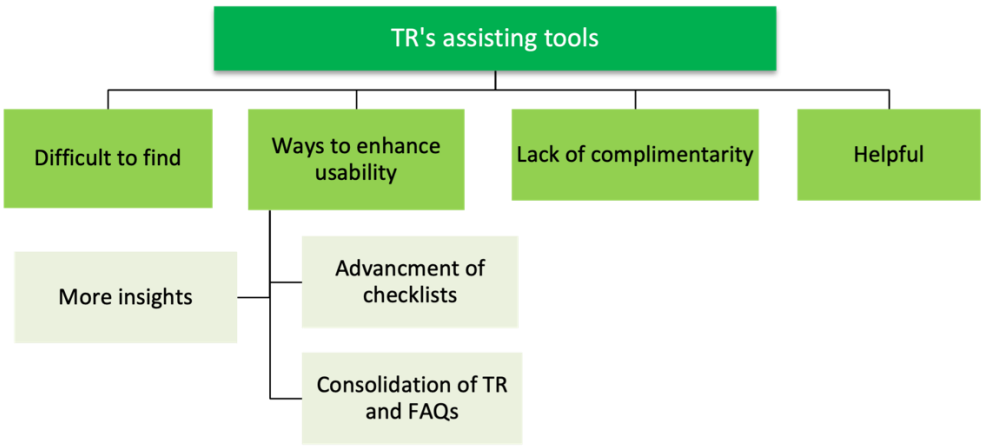

Figure 10: Thematic map of the "TR's assisting tools" theme

In this line, Table 16 represents the coding of the data and the emergences and the subsequent organization of codes into (sub)sub-themes.

Table 17: Coding pathway of the "Feedback to TR's implementation" theme: Activity scope

Theme	Sub-theme	Sub-sub-theme	Code	Data source
TR's assisting tools	Difficult to find		Cannot find	*Especially when you find the FAQs*
			Cannot find	*I think having FAQs is very good, because you can read them very easily. But the issue is - you can't find it.*
			Cannot find	*if you find an introductory guidance for the application*
			Cannot find	*but if we do not point out to clients that this exists, that this tool is not known*
			Cannot understand	*I have not yet understood exactly what I can do in this compass and navigator*
			Cannot understand	*but from the EU taxonomy homepage, it is not clear to me what I get for it*
	Ways to enhance usability	Advancement of checklists	Checklists	*It might be good if you could also export checklists*
			Checklists	*You can expand all the criteria, you can read them, but you can't edit them directly*
			Checklists	*What could also help is if you could save the reporting templates in Excel format.*
			Checklists	*A bank has to build all these templates itself and that is not very helpful either*
		Consolidation of TR and FAQs	Need to combine	*To improve usability, it would be helpful if there weren't so many FAQs... but there is no consolidated version*
			Need to combine	*if there was a simple consolidated version where all these FAQs are incorporated then it would be helpful.*
			Need to combine	*That's the biggest criticism I have of taxonomy now is that they should incorporate what they've learned into the regulation and not just leave it to the FAQs.*
		More insights	Not enough	*Yes, there are these commission FAQs that are helpful, but there are still far too few. We need more of them.*

	Lack of complementarity		Doesn't match	*I don't think it's well linked to TR itself, it's difficult to find, if you want to look at the original, you have to go via another route, it could be better linked.*
			Doesn't match	*I don't like using them because I've learned the regulations and I'm familiar with them*
			Doesn't match	*There is no activity number because it is a different structure.*
	Helpful		Can export	*You can also export the declaration form.*
			Use more	*But I think many people like working with the Navigator more than with regulations*
			Helpful	*I used to use it more often when it was cobbled together differently, but basically, I find it very helpful.*

The first sub-theme highlights the difficulty in locating assistance tools. The statements note that even experts struggle to find tools like the FAQ, and companies would not be aware of resources such as the Taxonomy Compass or Navigator unless explicitly pointed out by experts ("*But if we do not point out to clients that this exists, that this tool is not known*"). These statements also emphasise the lack of clarity regarding the use and benefits of some tools, such as the Compass and Navigator.

The next sub-theme groups suggestions for enhancing usability, which is further divided into three sub-sub-themes. The first sub-sub-theme stresses the need to improve the checklists in the Taxonomy Navigator, including features such as the ability to directly edit the checklists, save reporting templates in Excel format, and create templates for banks with similar functionalities. The second sub-sub-theme addresses the necessity to consolidate the FAQs and the TR itself. The statements suggest that information is currently scattered, making it difficult to find implementation guidance. It is recommended that new amendments and clarifications be incorporated directly into the TR and updated in the latest version. This is highlighted as a key criticism of the current state of the TR. The third sub-sub-theme reflects the desire for more comprehensive FAQs, as not all unclear aspects are currently covered.

The final sub-theme focuses on the lack of complementarity between the TR and other assisting tools. The statements suggest that the Taxonomy Compass and Navigator differ in structure from the TR, such as lacking activity number, which makes it challenging to use these tools in conjunction with the TR.

Overall, the last sub-theme underscores the general helpfulness of the assisting tools in the TR implementation process. Statements suggest that the Navigator offers useful functions and that some users may prefer it due to its simplicity.

This part serves as contribution to research to improve implementation of TR and its assisting tools (Ostojic et al., 2024). These improvements will significantly improve TR's implementation experience and result in mobilisation of actors for change (Polman, Van and Zwaan, 2022).

4.3 Values associated with ESRS

This section aims to explore values associated with ESRS. First, survey results will be analysed using descriptive statistics to provide the first insights. Following this, interview results will be analysed using thematic analysis (TA), providing a deeper and more detailed exploration of the subject.

4.3.1 Presenting survey results

The survey section on the values connected to ESRS contained seven questions.

Table 18: Quantitative survey results: Values related to ESRS

N	Q1	Q3	Q4	Q5	Q6	Q7	
1	2	4	2	3	2	4	
2	3	3	3	2	2	3	
3	3	3	2	2	2	2	
4	4	5	2	3	5	3	
5	3	4	2	4	2	4	
6	2	5	4	3	4	2	
7	4	4	2	4	3	3	
8	2	4	1	2	2	3	
9	3	4	4	2	4	1	
10	4	5	3	2	2	5	
11	3	4	2	4	4	3	
12	3	5	1	3	4	2	
13	2	5	1	5	3	3	
14	5	4	5	4	4	2	
15	4	2	5	5	5	2	
16	2	3	2	3	2	4	
17	3	5	1	3	4	3	
18	2	4	3	3	3	4	
19	4	5	2	2	4	5	
20	4	4	4	2	4	1	
21	3	4	2	4	2	4	
	3,10	4,10	2,52	3,10	3,19	3,00	Mean
	3,00	4,00	2,00	3,00	2,00	3,00	Mode
	0,89	0,83	1,25	1,00	1,08	1,14	Standard deviation

Q1	Companies recognise the value of reporting under the ESRS
Q2	What value do companies see in reporting under the ESRS? (select one or more options)
Q3	Companies would find more value in reporting under the ESRS if they had a better understanding of its content
Q4	Companies often disclose non-mandatory requirements in their ESRS reports
Q5	Companies understand that the primary objective of the ESRS is to contribute to the shared goal of achieving net zero by 2050
Q6	Companies have been disclosing sustainability statements activities even before it became mandatory, driven by their commitment to the sustainability agenda
Q7	Companies began publicly disclosing sustainability statements only when it became mandatory

Regarding company's value recognition of reporting under ESRS, the mean and mode of 3 suggest that most respondents view the value recognition as moderately applicable, while the standard deviation of 0.9 indicates some response variability. This suggests that

currently ESRS translates its values rather vaguely, highlighting the missed opportunity to leverage the bridging role of values (Risi et al, 2023).

Values have the potential of making institutional structures meaningful and therefore enhance companies' sustainability activities (Risi et al., p.13; Lim and Greenwood, 2017).

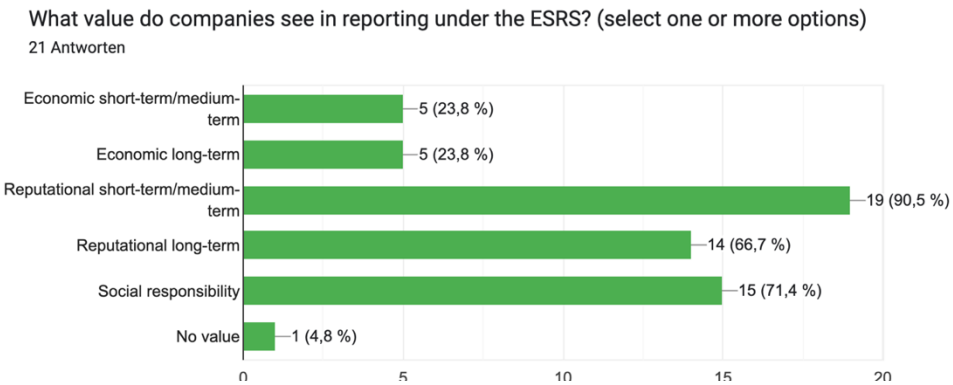

Figure 11: Values associated with ESRS

The next question gave more perceptive into values companies associate with ESRS. Most respondents (90.5%) identified short- and medium-term reputational value, while 66.7% recognised long-term reputational value, and 71.4% highlighted social responsibility. Short- and medium-term economic value, as well as long-term economic value, were each identified by 23.8%, with 4.8% seeing no value at all. This observation shows that reputational aspect is the most predominant value linked to ESRS by the companies, confirming it being a significant driver of firm's sustainability practices (Vidaver-Cohen and Brønn, 2015). Value of social responsibility was not specifically highlighted by research, even though ecological responsibility was present (Brammer, Jackson and Matten 2012; Bansal and Roth, 2000). These are the main values perceived to be embedded in the given institutional structure (Risi et al., 2023).

The assumption that companies would find more value in reporting under ESRS if they better understood its content was evaluated as highly applicable, with mean and mode both weighting at 4, while the standard deviation of 0.8 reflected moderate variability in response. These observations confirm that the values embedded in policies impact the likelihood of companies to engage in sustainability activities, (Risi et al., 2023). Similarly, the aspect that shared values foster collaboration is not leveraged by the content of ESRS

(Schimmelfennig, 2003). It can also be noted that the comprehensibility of application of ESRS is a value that is currently lacking for companies.

On the association of ESRS with achieving the net zero 2050 goal, the mean and mode of both 3 signify moderate applicability, with a standard deviation of 1 indicates significant response variability. While companies acknowledge the value of social responsibility in ESRS reporting, the moderate recognition of its contribution to the 2050 goal suggests that this connection could be emphasised more to make the value clearer and more prominent for the companies and foster collaboration (Schimmelfennig, 2003).

When asked about disclosing non-mandatory requirements, the engagement was quite low with mean weighting at 2.5, and the mode at 2. However, the standard deviation of 1.2 shows high variability in response. Based on this observation one can notice the absence of agentic choices and clear presences of institutional structures. (Walker, Zhang and Ni, 2019; Bies et al., 2007).

When asked whether companies disclosed sustainability information before they were mandatory, responses were quite neutral both mean and mode measuring at 3, and standard deviation of 1, showing substantial variability. Baes on this, on can see moderate presence of agentic choices when it comes to sustainability (Walker, Zhang and Ni, 2019; Bies et al., 2007). Nonetheless, based on the observations from the previous question we see that the agentic choices decline when it comes to reporting under ESRS and are being replaced by institutional pressures.

Lastly, on whether companies began disclosing sustainability information only when it became mandatory, similarly, both mean and mode measured at 3, indicating moderate applicability, and a standard deviation of 1.1 indicates high level of response variation. These observations support the assumptions made earlier highlighting the increase in institutional pressures (Walker, Zhang and Ni, 2019; Bies et al., 2007). Furthermore, coercive isomorphism conveyed through regulations is more strongly evident in the application of ESRS (DiMaggio and Powell, 1983).

To summaries, based on the analysis of these seven questions, following observations can be made:

- The current state of ESRS translates its values rather vaguely, highlighting the missed opportunity to leverage the bridging role of values.
- Reputation and social responsibility are two main values connected to ESRS by the companies.
- Comprehensibility of application of ESRS is a value that is currently lacking for companies.
- Connection of ESRS to mutual contribution to the 2050 net zero goal could be emphasised more.
- Sustainability reporting was more based on agentic choices before ESRS became mandatory, then institutional pressures became more prominent.
- Companies are less likely to disclose non-mandatory requirements, emphasising the prevalence of institutional structures when it comes to reporting under ESRS.

4.3.2 Presenting interview results

In the same vein, three senior experts were asked to talk more about the values connected to ESRS. As the result of the discussion, three main themes emerged, each of which is elaborated below.

Theme 1: Value recognition

The first theme that emerged was the "Value recognition theme". The theme has connected to sub-themes "Current" and "Foreseeable", whereby Figure 12 depicts a thematic map of the theme divided into sub-topics.

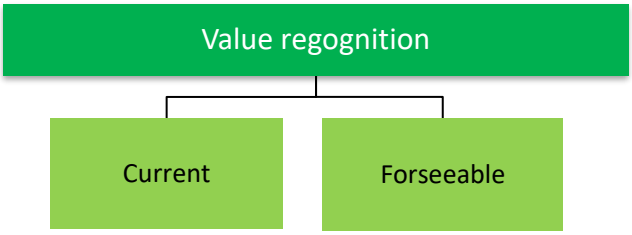

Figure 12: Thematic map of the "Value recognition" theme

The two sub-themes have emerged from clustering of various codes. Table 19 represents the coding of the data and the emergences and the subsequent organization of codes into sub- themes.

Table 19: Coding pathway of the "Values recognition" theme

Theme	Sub-theme	Code	Data source
Value recognition	Current	Not yet	*They don't really see the value yet*
		Not yet	*I believe that companies don't really see the value yet.*
		Not yet	*most of them don't really see the values of ESRS yet*
		Limited understanding	*I think that companies only recognise the value of ESRS to a limited extent*
		No connection	*don't really see the connection between the report and achieving climate targets*
		No connection	*I don't think that companies see the value to that extent*
		Value is their companies	*I have seen few companies really see the benefit behind it*
		Seeing value would help	*If they saw the value behind it, they would react differently to the ESRS.*
		Reputation	*good for the reputation, where you present well,*
	Foreseeable	With time	*because no reports have really been published yet*
		With time	*will probably only come with values*
		With time	*For this to happen, 1-2 years must have passed, and a few reports must have been published*
		With time	*Companies will only start to see the positive aspects of the report.*
		With time	*I think they will see the benefits there and the values there with time.*
		With time	*But overtime I think, and I think they must because it will be mandatory in the coming years for them as well. They will understand the reason.*
		Sustainability with time	*how to become more sustainable once you have all the information in the report.*
		Sustainability with time	*this should be reflected in the value of the company at some point*
		Sustainability with time	*see how you can become more sustainable*

The first sub-theme marked a pronounced trend of non-recognition of values by companies in reporting under ESRS. The majority statements clearly indicate this notion, for instance: "*I believe that companies don't really see the value yet.", "If they saw the value behind it, they would react differently to the ESRS*". Only statement implies recognition of the reputational value, and one suggests that some companies do see the value in reporting under TR. When it comes to the second sub-theme, another trend is clearly visible - the experts are assured that the value will be recognised by the companies with time ("*I think they will see the benefits there and the values there with time*"). In this manner, the responses elevate that the value will be more prominent as the companies will report on ESRS for a couple of years.

Another notable observation is the recognition of the sustainability value with time, namely the assistance of ESRS to implement sustainable practices for the companies. In essence, ESRS makes it visible "*how to become more sustainable once you have all the information in the report*". These observations predict that the value of reporting is yet to be recognised but it will inevitably happen. This also highlights that the adoption sustainability practices requires adaption effort (Ansari, Fiss and Zajac, 2010) Moreover, these observations correlate with the implication that values enhance sustainability efforts of the companies (Risi et al., 2023).

Theme 2: Values linked to ESRS

The next theme that has emerged explores the values linked to ESRS, whereby the theme has four pronounced sub-themes: Sustainability, transparency, comparability, and competition. Each of these sub-themes will be discussed in detail below. In this manner, Figure 13 depicts a thematic map of the theme divided into (sub)sub-topics.

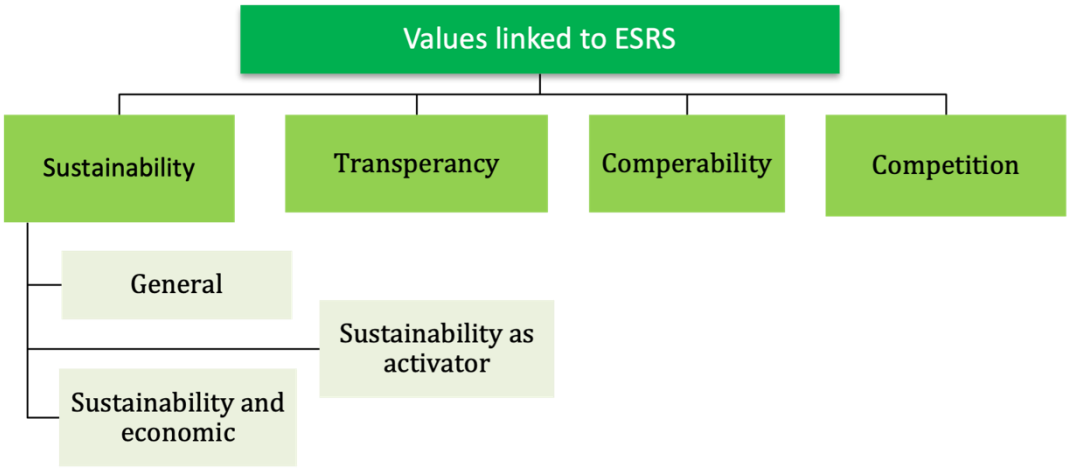

Figure 13: Thematic map of the "Values linked to ESRS" theme

Sustainability

"Sustainability" sub-theme emerged as the most prominent one, hence it had also pronounced sub-sub themes. In this manner, Table 20 represents the coding of the data and the emergences and the subsequent organization of codes into (sub)sub-themes.

Table 20: Coding pathway of the "Values linked to ESRS" theme: Sustainability

Theme	Sub-theme	Sub-sub-theme	Code	Data source
Values linked to ESRS	Sustainability	General	Sustainability	I also think it's good if they somehow develop strategies for becoming more sustainable as a result
			Sustainability	*Surely there are people in the company who have sustainability or the good for the planet as their main focus*
			Hesitant about sustainability	*But I think the companies will just see what kind of emissions they have and then they can also work towards their goal of net zero but if they will do it just because they must report it is not really given.*
		Sustainability through activators	Sustainability through Transparency	*if you work through all the sustainability information well you have to somehow make it clear to the companies.*
			Sustainability through Transparency	*They see what kind of impacts they have on a variety of different environmental social and governance aspects*
			Sustainability through Transparency	*This also allows them to better manage their individual branches where the processes are not yet so optimized ... They have seen that according to the ESRS, the water consumption figures have to be disclosed.*
			Sustainability through economic value	*It is also easier to sell the companies that they will have economic advantages at some point because they can track the water better or are better prepared for climate risks.*
		Sustainability and economic	Sustainability and economic	*I see a strong link between sustainability and profitability.*
			Sustainability and economic	*(Economic incentives) I think this will grow in the future with tagging*
			Sustainability and economic	*it will also become more interesting for investors and analysts to look at this data from ESRS*

The sustainability sub-theme constitutes of three sub-sub-themes: "General", "Sustainability through activators", and "Sustainability and economic". The first sub-sub-theme clearly emphasises the sustainability value for the companies in ESRS. In this manner, some companies clearly focus on sustainability, and reporting within this framework enhances their sustainability efforts, particularly in areas like strategy development ("*I also think it's good if they somehow develop strategies for becoming more sustainable as a result*"). However, others remain more sceptical about whether reporting sustainability metrics will drive tangible sustainability improvements.

The next sub-sub-theme highlights the idea that sustainability value can be driven by different activators. For example, some responses suggested that transparency itself acts as a key activator - by being required to report certain data points, companies are compelled to adopt more sustainable practices. A similar mechanism was noted regarding

economic benefits: When companies are made aware of the economic advantages of tracking and optimising specific sustainability metrics, they are more likely to pursue sustainable actions ("*They see what kind of impacts they have on a variety of different environmental social and governance aspects*").

The final sub-sub-theme emphasized the strong link between sustainability and economic value within the ESRS framework. This connection suggests that the report can serve as a valuable tool for investors and other economic stakeholders, guiding their decision-making processes.

To summarise, following observations regarding "Sustainability" sub-theme can be made:

- Some companies do have sustainability in focus and reporting under ESRS enhances their sustainability efforts.
- It is not a given that sustainability metrics will activate sustainability efforts
- Transparency of reporting and communication of economic benefits serves as an activator for sustainability efforts.
- The is a strong correlation between sustainability and economic benefits.

Without a doubt, the value of sustainability is at the core of ESRS. Nonetheless aspects of economic benefits are not elevated (Margolis and Walsh, 2003; Flammer, 2013; Albertini 2013). Similarly, transparency is an activator of sustainability efforts is not yet highlighted in research and serves as a contribution to current discourse.

Transparency, Comparability, and Competition

The other three sub-themes were not so extensive and could be summarised in one part. In this line, Table 21 represents the coding of the data and the emergences and the subsequent organisation of codes into sub-themes.

Table 21: Coding pathway of the "Values linked to ESRS" theme: Additional values

Theme	Sub-theme	Code	Data source
Values linked to ESRS	Transparency	Transparency	*I think it's nice that everything is transparent about how companies perform in terms of sustainability*
		Transparency	*Transparency, of course*
		Transparency	*I think they can see that it brings a lot more transparency for the company*
		Transparency	*the value for sure is the transparency*
	Comparability	Comparability	*if you can compare a company according to this.*

		Comparability can be difficult	*Sustainability issues of course it is difficult to compare for companies that are not now in the same peer group*
		Comparability	*when you can also compare companies that work in the same industry*
		Comparability	*the comparability between companies and maybe even between industries can also be very beneficial for decision making.*
	Competition	Competition	*maybe you can gain an advantage over competitors*
		Competition	*this is how the competitors present themselves*
		Competition	*But it does increase competition because more and more information about sustainability issues is in the public domain*
		Competition	*If one company is more sustainable than the other.*

The first sub-theme elevated the value of transparency, the value that is vastly recognised by the experts ("*The value for sure is the transparency*"). The next sub-theme underscores the value of comparability, with experts noting that ESRS enables easier comparison of companies within the same industry, and potentially across different industries as well ("*When you can also compare companies that work in the same industry*"). However, it is also pointed out that comparisons of companies from industries remain challenging at this stage. Lastly, the competition sub-theme emphasises that reporting under ESRS can strengthen competition as sustainable information will be public and comparable ("*But it does increase competition because more and more information about sustainability issues is in the public domain*"). Competitive advantage is a very central value to reporting under ESRS (Kolk and Pinkse, 2008; Bansal and Roth, 2000). Transparency is not highlighted in research, however, is one of objectives stated by the EU Commission (European Commission, 2023e).

Based on this, following observations can be made:

- Transparency is a clearly distinctive value of ESRS.
- ESRS enables easier in-sectoral and industry comparison, however comparisons of companies from different industries remains challenging.
- Reporting under ESRS strengthens competition through transparency and comparability.

Theme 3: Current perception of ESRS

The last theme reflects the current perception of ESRS comprising two sub-themes: "Burden" and "Frustration". Figure 14 depicts a thematic map of the theme divided into sub-topics.

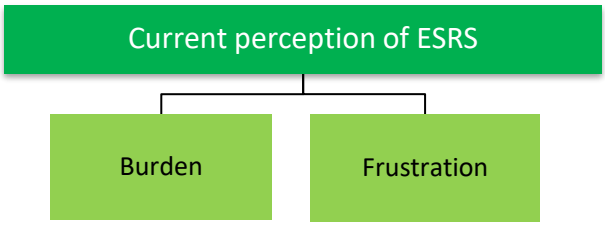

Figure 14: Thematic map of the "Current perception of ESRS" theme

In this manner, Table 22 represents the coding of the data and the emergences and the subsequent organization of codes into sub-themes.

Table 22: Coding pathway of the "Current perception of ESRS" theme

Theme	Sub-theme	Code	Data source
Current perception of ESRS	Burden	Burden	*a large bureaucratic effort*
		Burden	*bureaucratic burdens not yet so great*
		Burden	*They see it more as a reporting effort and only bureaucratic hurdles behind it*
		Burden	*more effort in reporting in the collection and much more resources needed*
		Too much to report	*first thing they see is the amount of qualitative and quantitative data points to report*
	Frustration	Frustration	*Now many are overwhelmed with all the requirements*
		Frustration	*most companies are rather overwhelmed*
		Frustration	*first time you are completely overwhelmed*

The first sub-theme reflects the widespread perception that companies view reporting under ESRS primarily as a bureaucratic burden, consuming significant resources ("*A large bureaucratic effort*"). This strongly emphasises the predominance of governmental pressures (Walker, Zhang and Ni, 2019; Bies et al., 2007). The second sub-theme underscores the prevailing frustration among the companies ("*Now many are overwhelmed with all the requirements*").

It's evident that the companies struggle to understand the requirements and are overwhelmed with an extensive scope of work. These findings highlight the influence of regulatory pressures when it comes to companies' sustainability efforts (Delmas and MonteSancho, 2011).

4.4 Implementation experiences of ESRS

The next section examines the implementation experiences of the ESRS. Firstly, survey results will be analysed using descriptive statistics to provide an initial overview of the topic. Following this, interview results will be analysed through thematic analysis (TA), offering a deeper and more comprehensive exploration of the implementation experiences and usability of the ESRS.

4.4.1 Presenting survey results

The questions examining the implementation experiences of ESRS comprised eight questions.

N	Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	
1	4	4	4	3	3	2	2	2	
2	3	2	3	4	3	3	3	3	
3	3	4	3	3	2	3	3	2	
4	5	5	5	2	3	5	2	2	
5	4	2	4	2	2	4	2	2	
6	4	4	4	3	2	3	2	4	
7	4	4	4	3	3	2	1	1	
8	2	1	1	1	2	2	2	3	
9	4	5	5	3	2	4	2	3	
10	4	3	5	3	3	5	3	2	
11	4	3	3	4	2	3	2	2	
12	5	5	5	2	2	4	3	3	
13	4	4	5	2	2	4	1	1	
14	5	5	5	3	3	3	1	1	
15	4	3	3	3	3	4	2	2	
16	4	4	5	3	2	4	2	2	
17	3	1	4	1	1	1	1	1	
18	2	2	2	2	2	2	2	2	
19	4	4	4	5	5	2	1	1	
20	4	2	4	2	2	3	2	4	
21	2	1	1	1	2	4	2	3	
	3,71	3,24	3,76	2,62	2,43	3,19	1,95	2,19	Mean
	4,00	4,00	4,00	3,00	2,00	4,00	2,00	2,00	Mode
	0,90	1,37	1,26	1,02	0,81	1,08	0,67	0,93	Standard deviation

Q1	In your opinion, the structure of ESRS is comprehensible
Q2	In your opinion, the description of DRs (and ARs) is comprehensible
Q3	In your opinion, the description of DRs (and ARs) is detailed enough
Q4	Companies find the structure of ESRS comprehensible
Q5	Companies find the description of DRs (and ARs) comprehensible
Q6	Companies find the description of DRs (and ARs) is detailed enough
Q7	Companies consider the amount of required mandatory qualitative data points to be reasonable
Q8	Companies consider the amount of required mandatory quantitative data points to be reasonable

Figure 15: Quantitative survey results: implementation experiences of ESRS

First three questions focused on the opinion of the experts. In this manner, the first question addressed the comprehensibility of ESRS in general. It was evaluated is as mostly applicable, whereby mean measures at 3.7 and the mode at 4. The moderate tilting to high standard deviation (0.9) indicated some variability in response. When it comes to comprehensibility of Disclosure Requirements (DRs) and Application Requirements (ARs), the responses showed greater variability evident through a high standard deviation of 1.4. Nevertheless, the mean response measured at 3.2 indicating the most current trend being "moderately applicable", and the mode at 4 indicating the most common observation as "mostly applicable".

With regards to the level of detail of DRs and ARs, the opinions were more unified, whereby the mean measured at 3.7 and mode at 4 (mostly applicable). However, the standard deviation of 1.2 showed big variability in responses. These observations confirm the perceived openness of the ESRS in terms of structure which has the potential to positively impact mobilisation of actors (Polman, Van and Zwaan, 2022).

Another set of four questions focused on the companies' perception of ESRS. In this manner, general structure is moderately understandable with mean measuring at 2.6 and mode at 3. However, standard deviation of 1 showes high variation in response. When addressing the comprehensibility of DRs and ARs, the responses where even less optimistic. Most respondents evaluated this aspect as "somewhat applicable", whereby the mean measured at 2.4, mode at 2, and standard deviation at 0.8 which is considered quite moderate.

When it comes to level of detail of DRs and ARs, this aspect was perceived mostly applicable with the mean measured at 3.2 and mode at 4. However, standard deviation of 1 indicated higher variability in response. When assessing the reasonability of required mandatory qualitative data points, the responses were more unified. The mean is measured at 1.9 and mode at 2, indicating somewhat applicability. Additionally, the standard deviation was in a lower range measuring 0.7, confirming the negative trend.

Lastly, when assessing the reasonability of required mandatory qualitative data points similar observations were made, whereby the mean measured at 2.2 and mode at 2 (somewhat applicable), and standard deviation at 0.9 indicated some variability in response.

These observations show that even some aspects of ESRS implementation are perceived as comprehensible, others still necessitate adaption to improve the implementation experience of the companies. These points address the amount of mandatory quantitative and qualitative data points, confirming previous feedback (EFRAG, 2022). One can see a huge adaptive and interruptive effort required from the companies to comply with ESRS requirements (Ansari, Fiss and Zajac, 2010). Similarly, the findings translate the prevailing of regulatory pressures in exercising these for sustainability practices (Delmas et al, 2007), and the overall presence of institutional pressures (Walker, Zhang and Ni, 2019; Bies et al., 2007).

4.4.2 Presenting interview results

The results of TA of this part of the interview resulted in identifying two themes: "Assisting tools" and "Usability enhancement". The observations for each theme are detailed below.

Theme 1: Assisting tools

The fist theme reflects feedback regarding the assisting implementation of ESRS tools, particularly the EFRAG questionnaire. This theme was constructed out of two sub-themes: "Scope" and "Integration and location". Figure 16 depicts a thematic map of the theme divided into sub-topics.

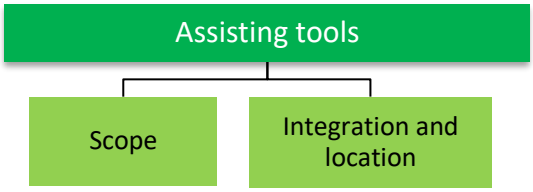

Figure 16: Thematic map of the "Assisting tools" theme

In this manner, Table 23 represents the coding of the data and the emergences and the subsequent organization of codes into sub-themes.

Table 23: Coding pathway of the "Assisting tools" theme

Theme	Sub-theme	Code	Data source
Assisting tools	Scope	Updated	*Guidance is constantly updated by EFRAG, they are always putting out new stuff*
		Good but not exhaustive	*EFRAG is quite helpful, of course FAQs are not exhaustive*
		Good but not exhaustive	*the implementation guidelines from EFRAG are helpful but when clients have questions that are not included in there then it gets really confusing*
	Integration and location	Good but difficult to find	*I think the solution with the FAQs is good, but it's just hard to find these FAQs on the internet at all*
		Needs to be connected	*I think if it were more connected, companies would find it easier to find these FAQs more quickly*
		Needs to be better integrated	*I would also program this into a homepage, not just in a PDF document that has a clear table of contents. A good search index would be much easier for the companies*
		One source of truth	*it is not always clear what is really an official FAQ and what is a suggestion for action on some internet portal*

The first sub-theme addresses the current scope of the EFRAG list. The statements note that the FAQs are constantly updated, however are not exhaustive ("*The implementation guidelines from EFRAG are helpful but when clients have questions that are not included*

in there then it gets really confusing"). This emphasises the needs of more frequent updates and broadening the scope of helpful materials provided. The second sub-theme addresses the problematic of location difficulty of the FAQs, suggesting that more direct connection to ESRS would enhance usability. In this line, the statements emphases the need of creating a one-source of truth interconnected data base of FAQs and ESRS ("*I think if it were more connected, companies would find it easier to find these FAQs more quickly*").

Based on this, following observation can be made:

- EFRAG FAQs are helpful but need more frequent updates and broader coverage.
- A centralised, interconnected database of FAQs and ESRS is needed.

These observations show that usability of assisting tools and their uniformity with ESRS plays a significant role in the implementation experience of ESRS. These findings are not yet reflected in previous research and serve as a contribution.

Theme 2: Usability enhancement

The second theme "Usability enhancement" emerged to be a broader one comprised of four sub-themes: "General structure - negative", "General structure - positive", "Need of interconnection of ARs and DRs", and "Problematic of unified ESRS". In this manner, Figure 17 depicts a thematic map of the theme divided into sub-topics.

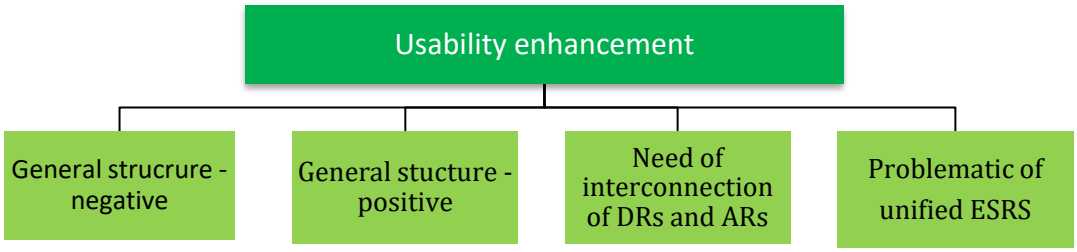

Figure 17: Thematic map of the "Usability enhancement" theme

General structure (positive and negative)

The first two sub-themes address the positive and negative aspects of the ESRS structure. Table 24 represents the coding of the data and the emergences and the subsequent organization of codes into sub-themes.

Table 24: Coding pathway of the "Usability enhancement" theme: General structure

Theme	Sub-theme	Code	Data source
Usability enhancement	General structure - positive	Reassuring	*I think it might be confusing at first... You have to understand the principle and then you'll be fine*
		Positive	*I find that the ESRS is divided into larger thematic blocks - climate, environmental pollution, water - that was quite clear for me*
		Positive	*But apart from that, I think the structure is easy to understand*
		Positive	*For structure, I wouldn't really know how else you could do that*
	General structure - negative	Negative - uncertainty	*I think the biggest uncertainty among companies is because they haven't done it yet*
		Negative – too long and not comparable	*the whole thing is contained in a 300-page report, and you still have to find the right information and then maybe there are different calculations behind it and then they are not comparable at all*
		Too long	*because it's a document of around 300 pages*
		Wording is bad	*think that sometimes the wording is a bit too complicated and could have been written a little simpler*
		Negative – difficult to read	*The standard itself is difficult to read*
		Vocabulary	*I think the glossary is a little less comprehensive. More descriptions and explanations could be included*
		Bad translation	*the original is in English and that one is good but the translation from English to German is sometimes not very good*
		Bad translation	*sometimes the sentence doesn't even make sense or you're not sure what exactly they're asking. So, when we don't understand something*

The first sub-theme addresses the positive aspects and highlights that ESRS is comprehensible ones getting familiar with it, the structure of devising in thematic blocks is also favourable ("*For structure, I wouldn't really know how else you could do that*"). The other sub-theme elevated the negative aspects, acknowledging that ESRS is indeed hard to read, and is very long ("*Because it's a document of around 300 pages*"). Such aspects cause uncertainty for the companies when it comes to implementation of the ESRS. Two further problematic aspects that can be translated into improvement suggestions to improve usability were the extension of the vocabulary and the improvement of the general translation of ESRS into different languages.

Notably, the sub-theme addressing positive aspects is half as big. Nevertheless, the feedback is generally reassuring, recognising that while ESRS may be difficult at first, it is overall comprehensible despite the improvement potential.

Based on these following observations can be made:

- ESRS seems difficult at first but id comprehensible once getting familiar with it.
- ESRS is long and has at times complicated wording, therefore overwhelming the companies.
- Vocabulary should be extended, and general translation should be revised.

These observations contribute to the ways that usability of ESRS can be improved, potentially mobilising the actors more for change (Poleman et al, 2020). At the same time, these observations confirm that reporting under ESRS necessitates adaptive efforts (Ansari, Fiss and Zajac, 2010).

Need of interconnection of DRs and ARs

The next sub-theme emphasis the aspect of the structure of ESRS which is relation of disclosure requirements (DRs) and application requirements (ARs). In this line, Table 25 represents the coding of the data and the emergences and the subsequent organization of codes into sub-themes.

Table 25: Coding pathway of the "Usability enhancement" theme: Need of interconnection of DRs and ARs

Theme	Sub-theme	Code	Data source
Usability enhancement	Need for interconnection of DRs and ARs	Strange combination	*What is always a bit annoying about the structure is that the DR and AR are sometimes so strangely intertwined.*
		Needs to be more separated	*It would be better if all the submission obligations and data points were really purely in the DRs and then only such guidance or assistance in the ARs*
		Needs to be unified	*From my point of view, DRs and ARs could have been grouped together, which would have been connected and simply leased one after the other.*
		Difficult to see the relationship	*One thing that's difficult at the beginning especially is to see the relationship between the disclosure requirements and the application requirements*
		Reference would be helpful	*For sure, if there were references between DRs and Ars that would be helpful, also linking within the document would be very helpful.*
		Alignment	*E1 in particular is a disaster.*

The following sub-theme elevates a central structural issue of ESRS: The relationship between DRs and Ars. The statements suggest that the current set-up is rather confusing ("*What is always a bit annoying about the structure is that the DR and AR are sometimes so strangely intertwined*"). One proposed solution is to differentiate DRs and ARs, with DRs only listing data points and ARs the implementation guidance. Alternatively, one can combine DRs and ARs, resulting in one big DR both with data points and implementation

suggestions directly after. This complaint is unified making the needs for change especially pronounced.

Similarly, these findings confirm that understanding of data point requirements of ESRS necessitates pronounced adaptive efforts (Ansari, Fiss and Zajac, 2010).

Problematic of unified ESRS

The last sub-theme explores the current poor usability due to the existence of only one ESRS which must be applied across all industries. Table 26 represents the coding of the data and the emergences and the subsequent organization of codes into sub-themes.

Table 26: Coding pathway of the "Usability enhancement" theme: Problematic of unified ESRS

Theme	Sub-theme	Code	Data source
Usability enhance-ment	Problematic of unified ESRS	Cannot be precise	*ESRS is relatively general, which means you can never really go into depth for a sector.*
		Cannot be precise but is acknowledged	*For individual sectors, certain things would then be asked in more detail and other things in less detail. So, the EU Commission and EFRAG are aware of this problem anyway.*
		Difficult as concept	*It is an extremely difficult issue to write uniform regulations.*
		Double materiality is good for usability	*I think double materiality is a very good approach to pre-filter this, these options are pretty good for usability*
		Unified ESRS is problematic	*because the standard is just the same standard for everyone, and nothing sector-specific has been published yet, usability is also extremely difficult for companies.*
		Comparability between standards vs unified	*Because of the need to create comparability and applicability for every company from every class of business, it is not possible for the standard to go into greater detail. This is the biggest problem*

The statements address acknowledges that ESRS tries to allow comparability and applicability for every entity by introducing the double materiality concept. However, all statements observe that in the current setting it is difficult go into detail in the reporting ("*ESRS is relatively general, which means you can never really go into depth for a sector*").

Based on the observations made before, implementation of ESRS has still a pronounced improvement potential, with aspects like length, difficulties in formulation, complex structure being large contributors to the current usability difficulties of ESRS. In the whole implementation process the agentic choices are not yet visible, however the presence of institutional pressures is very pronounced (Walker, Zhang and Ni, 2019; Bies et al., 2007).

Once can observe the lack of willingness to collaborate and report under the requirements set out ESRS (Schimmelfennig, 2003).

V. Conclusions

The analysis of expert survey and interviews gave substantial insights in the value perception and implementation experiences of TR and ESRS.

5.1 Taxonomy Regulation

When it comes to values associated with TR, reputation was the most predominant value recognised by the companies. This suggests that TR is currently perceived as yet another sustainability practice (Vidaver-Cohen and Brønn, 2015). Sadly, other values linked by experts to the TR remain unrecognised by the implementing actors. These include economic value, economic and sustainability value, objectivity, and European market development.

Like this, experts perceive the potential economic profit aso central in TR (Margolis and Walsh, 2003; Flammer, 2013; Bansal and Song, 2017). Economic value also serves as a great enabler for further sustainability practices. Objectivity, another prominent value of TR that can be especially relevant for the financial undertakings, is also not communicated sufficiently to the relevant actors. The benefits of local market development can also be viewed as both a societal and economic contribution. However, none of these values are communicated directly. These observations indicate that the values incorporated into policies, in this case EU Taxonomy, significantly influence how likely companies are to participate in sustainability initiatives, such as identifying taxonomy-aligned activities. Similarly, the non-recognition of these values results in inactivity in this domain (Risi et al., 2023). Currently, there is no clarity in communicating the values that the TR possesses.

As it has been argued in the beginning of this work, that values strongly correlate with the implementation experiences of the policy. In this manner, the failure to communicate values that the implementing actors want to find for themselves in TR results in less motivation to mobilise for change (Polman, Van and Zwaan, 2022). In this regard, the institutional pressures clearly dominate, and the presence of agentic choices is not

evident (Walker, Zhang and Ni, 2019; Bies et al., 2007). In similar manner, coercive isomorphism is very much present in the current implementation of TR (DiMaggio and Powell, 1983). The only tendencies where mimetic isomorphism is tracible is the potential influence of TR on the non-EU market (Shabana, Buchholtz, and Carroll, 2017).

Current implementation experiences of TR are linked to lack of motivation and frustration indicating the necessity for adaptions. This work contributes to the general "usability issue" previously highlighted in research (Sweatman and Hessenius, 2023; Raux and Fischer, 2021; Pfaff and Altun, 2022; Ostojic et al. 2024), elevating pain points like general difficulty of criteria, poor readability, uneven representation of activities, and unnecessary cross-sectional activities. The work also highlights the importance of the effectiveness and complementarity of the TR's assisting tools in implementation experience.

Furthermore, this work highlights the current communication gap with relation to economic benefits, incentives for banks, and communication in-between actors. The latter finding emphasises the importance of value recognition for successful implementation, demonstrating that recognising values plays a central role in the policy implementation process.

The findings of this work contribute to the current theoretical debate by confirming certain usability issues, introducing additional issues, highlighting the importance and complementarity of usability tools, and most importantly, emphasising the critical role of value recognition as a prerequisite for successful implementation. This work also crystalises the central values linked by experts to the TR revealing the absence of effective value communication.

5.2 ESRS

When it comes to ESRS, the current theoretical debate is very limited, which means every contribution is essential at this point to broaden the research field. The findings of this work highlight the importance of values in the implementation experience and provide initial insights into the constitution of these values, as well as their potential to improve implementation outcomes.

As for values associated with ESRS, reputational aspect is perceived as the most prominent value for the companies, confirming that ESRS is being perceived as a driver of company's sustainability practices (Vidaver-Cohen and Brønn, 2015). Whereas reputation and sustainability are perceived as the main values perceived to be embedded in ESRS (Risi et al., 2023), the link to potential financial profit is not made which means the opportunity of the additional reinforcement is missing (Margolis and Walsh, 2003; Flammer, 2013, Albertini 2013). The findings also highlight further values of transparency, comparability, and competition - the values that are communicated by the European Commission (European Commission, 2023e). However, the aspect of transparency being a potential activator of sustainability efforts is not yet communicated. The research also highlights that currently the values of reporting under ESRS are only to be recognised by the companies which implies that currently the value recognition is still not there.

When it comes to the implementation experiences, the current perception of ESRS is associated with burden and frustration for the companies. Experts, however, are more positive but acknowledge the negative aspects of general structure of ESRS, need for interconnection of DRs and ARs, and problematic of unified ESRS. Moreover, the importance of assisting tools and its more rapid updates contributes heavily to the implementation experience of ESRS. The findings highlight that positive implementation experience is of a very high value to the implementing actors, hence the would be more engaged in reporting when usability issues were addressed. Based on this, the aspect of the strong connection between the values and implementation experiences is confirmed. Addressed issues of length, general structure, and readability will positively impact the implementation experience and mobilise actors for change (Polman, Van and Zwaan, 2022). Similarly, only in this case the transition to mimetic isomorphism can take place (Shabana, Buchholtz, and Carroll, 2017). Until this happens, coercive isomorphism will be the main driving force of ESRS implementation (Meyer and Rowan, 1977; DiMaggio and Powell, 1983).

5.3 Addressing limitations

Three limitations were highlighted in the beginning this work: The limited capacity to analyse the semi-structured interviews, the relatively small sample size, and the limited research on the analysed pieces of legislation.

The first issue was effectively addressed by incorporating a survey. The findings from the survey and from the interviews complemented each other, enabling the identification of trends, and providing detailed insights into the analysed topics.

When it comes to the small sample size, the narrow specialisation of the specialists has been able to compensate for this aspect. Additionally, the nature of semi-structured interviews allowed to get deep and detailed insights into the subject compensating for the small sample. While the survey results reflected the general trend of opinion in the analysed topics, the interviews gave the level of detail to allow for the meticulous analysis of values, implementation experiences and their interconnection.

As for the limited research on the topics, it was partially challenging to form assumptions to guide the structure of the survey and the interviews, with this aspect being particularly relevant for ESRS. In this case, the analysis of EFRAG consultations helped to gain perspective into the potential scope of survey and interview. For the TR, research was a bit more extensive, allowing to get more perspective in the topic. In the same manner, the analysis of the feedback tool of the European Commission has allowed to get perspective into the potential structure of the survey and interviews.

5.4 Contribution to research

5.4.1 Empirical contribution

The results of this work provide an empirical contribution to the field of value-based approach in the sociological institutional theory. Values are in important building block of this theory that has not been extensively researched yet (Risi et al., 2023).

Additionally, this work provides a contribution to the scarcely available research on implementation experiences of ESRS and TR. The need to explore more usability of structure was previously highlighted by scholars (Ostojic et al., 2024).

Finally, the exploration of the nexus of values and implementation experiences have not been researched before and can serve as valuable starting point to commence investigating this connection.

5.4.2 Managerial contribution

This work also serves a managerial contribution by providing the insights of implementing actors on TR and ESRS. Similarly, it highlights the importance of highlighting the values of the given pieces of legislations as they greatly impact the implementation experiences and serve as a driver to mobilise for change (Polman, Van and Zwaan, 2022). In this way, the findings of this works can be used by policy makers for future improvement of TR and ESRS and their assisting tools.

5.4.3 Implications for future research

This work has extensively researched the values connected to ESRS and TR, however, further research on this subject is necessary. Especially the interconnection of sustainability efforts and economic benefits as one of the central values of TR but also applicable to ESRS. Additionally, future research may explore the interconnection and the reinforcing nature of values and implementation experiences. This will help shed more light on the drivers of non-financial reporting and stimulate important sustainability practices such as increasing taxonomy-alignment.

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Annex

Steps of conducting thematic analysis

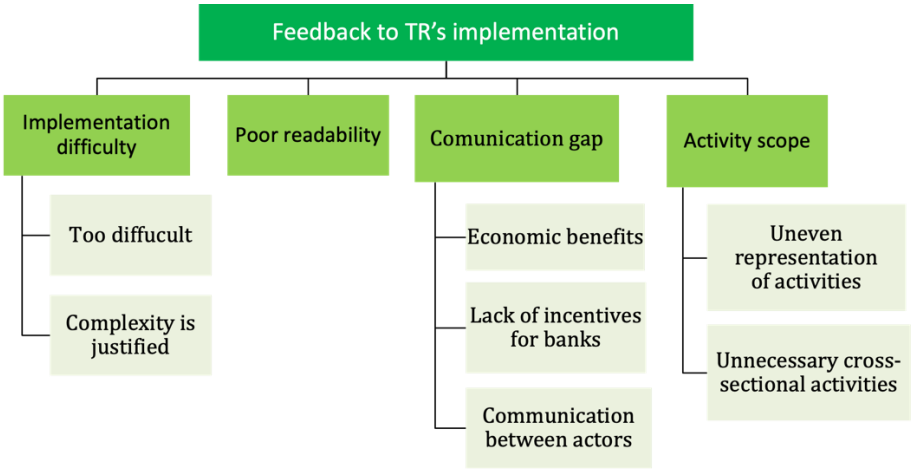
Step 1: Compiling of recorded data through transcription; Preliminary assembling of data by marking relevant phrased with colours.

grünen Projekte verbessern werden. Also das Konformität nicht nur aufwendig ist, weil man ganz viele Belege erheben muss und Grenzwerte einhalten muss und so weiter, sondern wenn sie auch verstehen, dass das zukünftig zu besseren Konditionen in der Finanzierung führt. Dann würde das glaub ich auch der Motivation zu Taxonomie Konformität verbessern. Schon. Wie man dazu beitragen kann? Ich würde sagen also aus der Taxonomie heraus selbst würde sich das wahrscheinlich schon ergeben, wenn sie komplett lesen würde, was niemand macht. Also es gibt einleitende Bemerkungen, wenn man die liest niemand liest, sondern wieder anfangen bei Artikel 1 zu lesen und nicht mit den erläuternden Bemerkungen, aber wenn man liest, wird das sicherlich drinstehen, dass genau das der Sinn der Taxonomie ist. Das heißt rein praktisch betrachtet wie kann man das verbessern? Durch Kommunikation zwischen den Akteuren, also sprich die Kapitalmarkt Akteure das Geld investieren wie Banken Versicherungen, Asset Manager müssen mit dem gegen Parteien, die in der Realwirtschaft tatsächlich die Konformität herstellen können über grüne Projekte, die müssen mehr

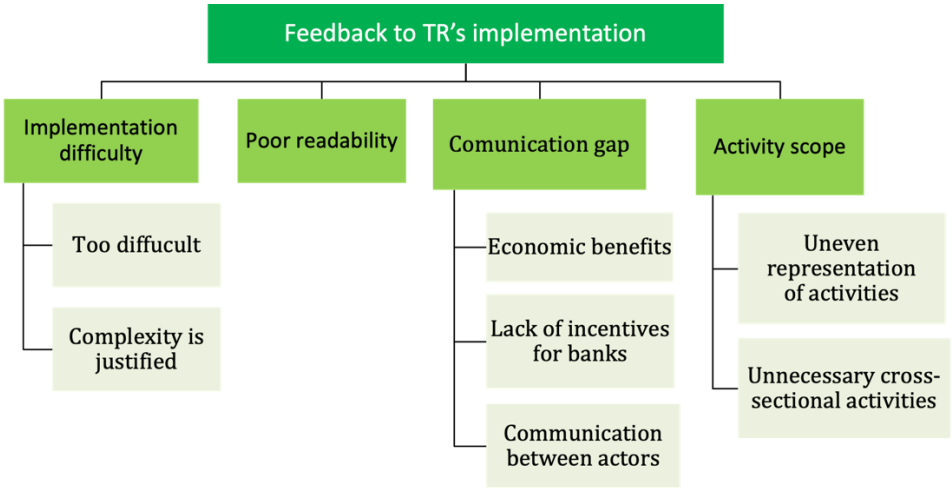
Step 2: Assigning codes to the clustering the data into groups according to colour and forming contextual groupings.

Theme	Code	Colour	Examples (German)
Missing communi-cation points	Economic benefits		dass sie mehr ein Interesse an Konformität hätten, wenn sie wüssten, dass im Zusammenspiel mit der Bank in der mittleren bis lange Frist ihre Konditionen für die grünen Projekte verbessern werden.
			der Motivation zu Taxonomie Konformität verbessern
			dass genau das der Sinn der Taxonomie ist.
			Das Einzige was für die Unternehmen relevant ist die Finanzierungsebene
	Misrepresen-tation of sustainability		wird auch für die Umwelt nicht wirklich was bringen.
			Ich glaube, dass Nachhaltigkeit nicht zu komplex sein muss.
Implemen-tation	Difficult		das Konformität nicht nur aufwendig ist, weil man ganz viele Belege erheben muss und Grenzwerte einhalten muss
	General		es so kompliziert, dass das glaub ich fast niemand versteht, warum es geht außer du tust sich wirklich intensiv damit auseinandersetzen.
	General		alles muss geprüft werden, und das können die Unternehmen nicht gut nachvollziehen.
			es wird immer komplexer und komplexer
	DNSH		da sind wesentliche Beiträge vom 3 oder 4 Seiten - das kann man nicht einmal anschauen, ob man das schafft ohne, dass man sehr viel machen muss.
	Formulation		es kann einfacher formuliert sein
			Ich habe selbst über ein Jahr gebraucht mich damit zurechtzufinden, wo ich mir denke – red flag.
	Represen-tation		Also da sollten sie auf jeden Fall etwas nachschärfen.
	Readability		Ich habe kein Unternehmen gesehen der das so weit gelesen hat.

Step 3: Reassembling the data to form (sub)sub-themes.

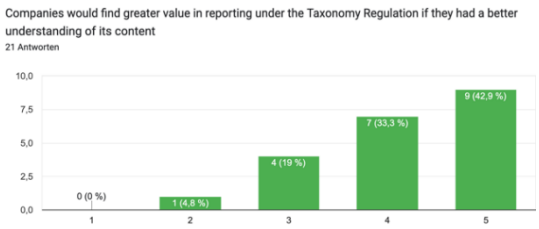


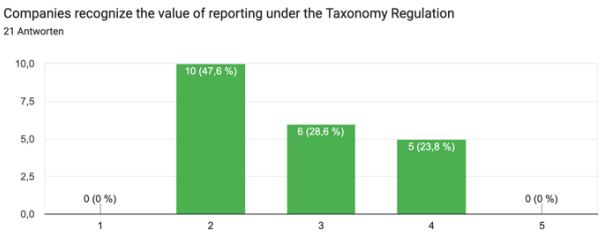
Step 4: Reassembling again the (sub)sub-themes to form a final theme which was then interpreted following drawing of conclusions.



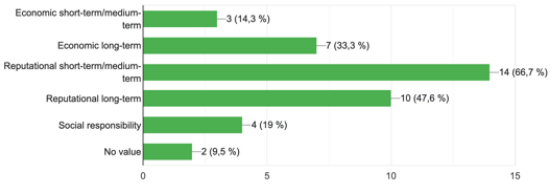
Survey questions and results

Values associated with Taxonomy Regulation

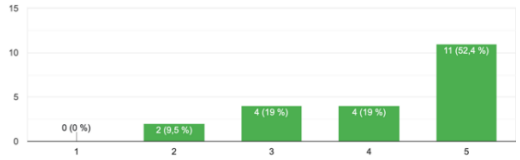




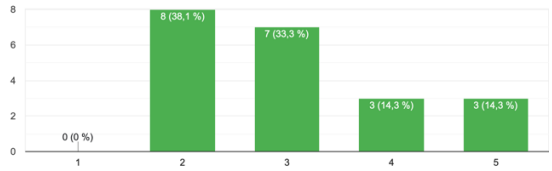
What value do companies see in reporting under the Taxonomy Regulation? (select one or more options)
21 Antworten



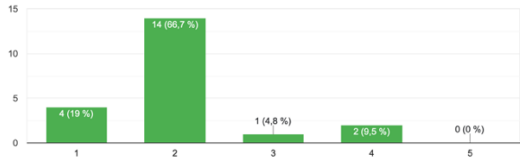
Companies would be more engaged in identifying taxonomy-aligned activities if they recognized greater value in having them
21 Antworten



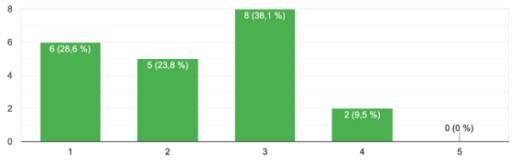
Companies understand that increasing taxonomy-aligned activities contributes to the shared goal of achieving net-zero emissions by 2050
21 Antworten



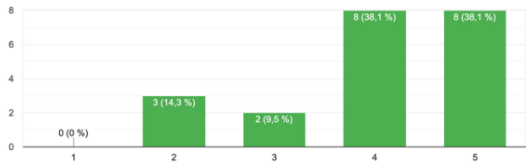
Companies have been reporting on taxonomy-aligned activities even before it became mandatory, driven by their commitment to the sustainability agenda
21 Antworten



Companies have been reporting on taxonomy-aligned activities before it became mandatory in order to align with the actions of their competitors
21 Antworten

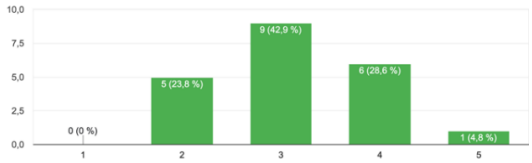


Companies began reporting on taxonomy-aligned activities only after it became mandatory for them
21 Antworten

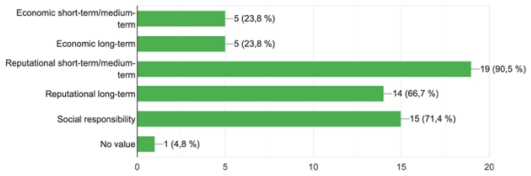


Values associated with ESRS

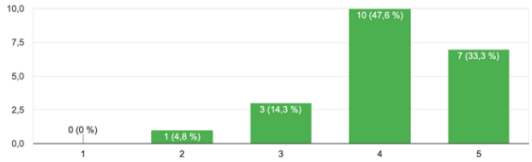
Companies recognize the value of reporting under the ESRS
21 Antworten



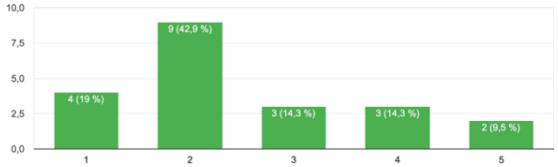
What value do companies see in reporting under the ESRS? (select one or more options)
21 Antworten



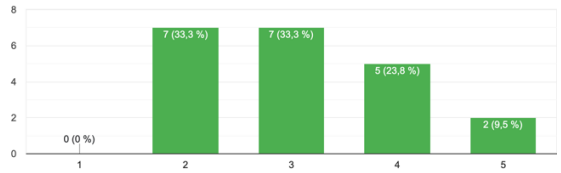
Companies would find more value in reporting under the ESRS if they had a better understanding of its content (i.e., if usability were improved)
21 Antworten



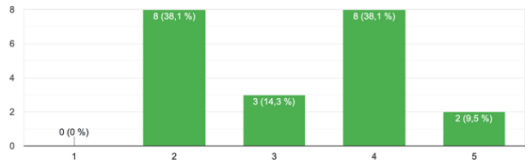
Companies often disclose non-mandatory requirements in their ESRS reports
21 Antworten



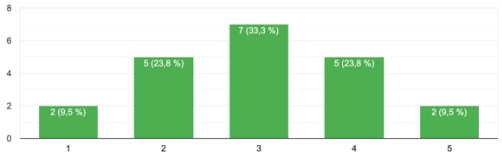
Companies understand that the primary objective of the ESRS is to contribute to the shared goal of achieving net zero by 2050
21 Antworten



Companies have been disclosing sustainability statements activities even before it became mandatory, driven by their commitment to the sustainability agenda
21 Antworten

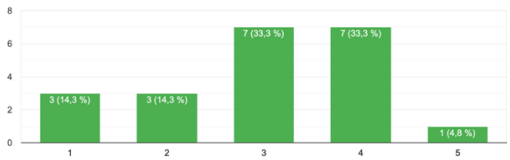


Companies began publicly disclosing sustainability statements only when it became mandatory
21 Antworten

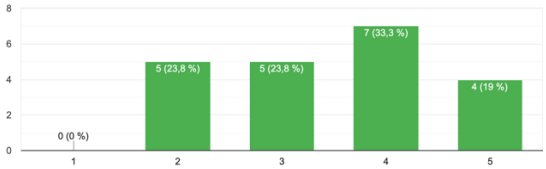


Implementation experience of Taxonomy Regulation

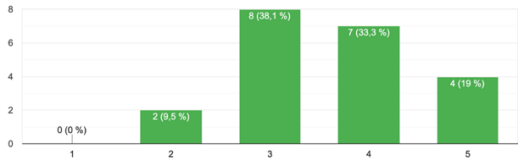
Some of the information in the technical screening criteria is not well-suited for certain economic activities
21 Antworten



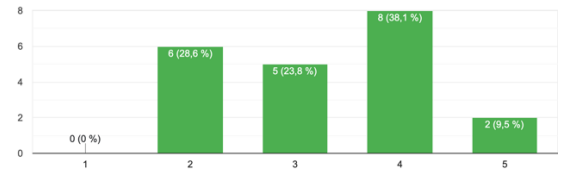
The scope of economic activities covered in the Taxonomy Delegated Acts is extensive
21 Antworten



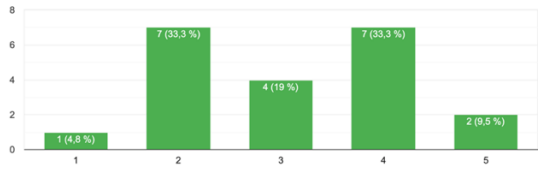
The technical screening criteria for the substantial contribution of the activities is comprehensible
21 Antworten



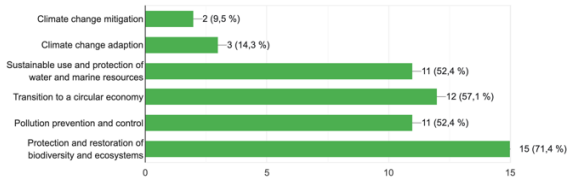
The activities for all climate goals in the Taxonomy Delegated Act are well-represented
21 Antworten



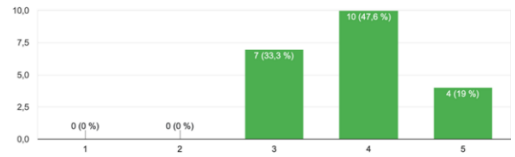
Companies understand the process of complying with the technical screening criteria
21 Antworten



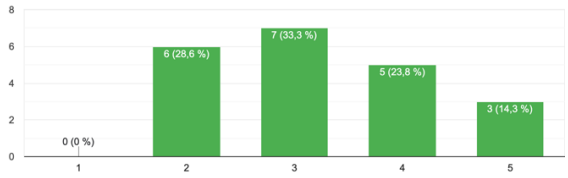
Please specify which climate goals you believe are underrepresented in terms of activities (select one or more options)
21 Antworten



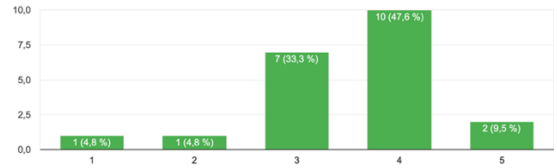
The DNSH (Do No Significant Harm) principle generally ensures that no significant harm is done to the objective
21 Antworten



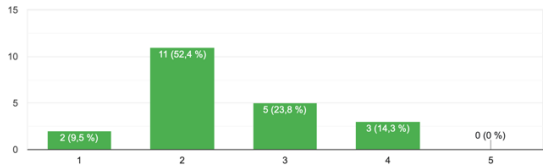
The description of the economic activity is clear enough to understand the activity
21 Antworten



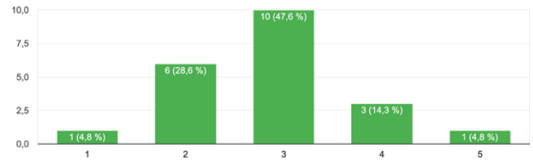
The information provided in the DNHS criteria is extensive
21 Antworten



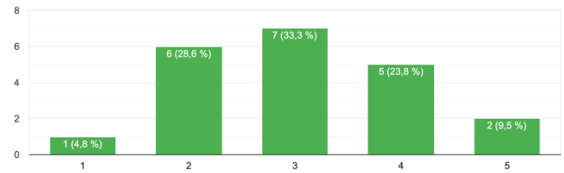
Company representatives have a clear understanding of the description of the economic activities
21 Antworten



The information provided in the DNHS criteria is clear enough
21 Antworten

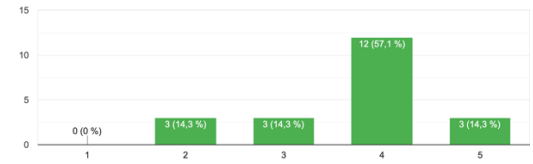


The information provided in the DNHS criteria is detailed enough
21 Antworten

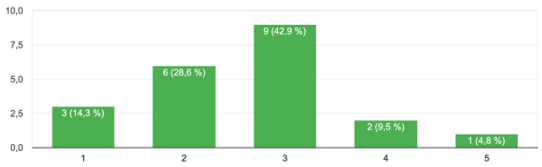


Implementation experience of ESRS

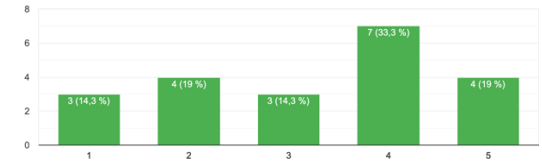
In your opinion, the structure of ESRS is comprehensible
21 Antworten



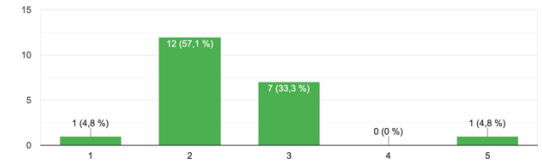
Companies find the structure of ESRS comprehensible
21 Antworten



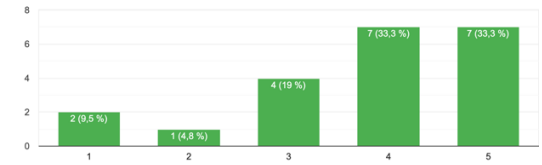
In your opinion, the description of DRs (and ARs) is comprehensible
21 Antworten



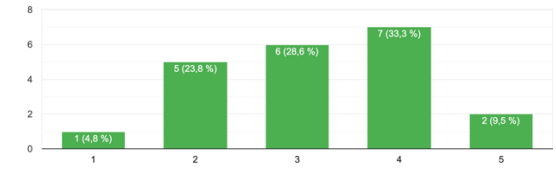
Companies find the description of DRs (and ARs) comprehensible
21 Antworten



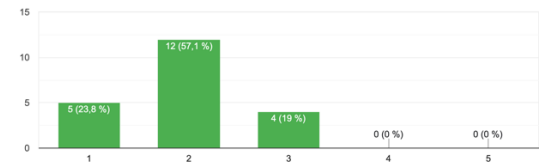
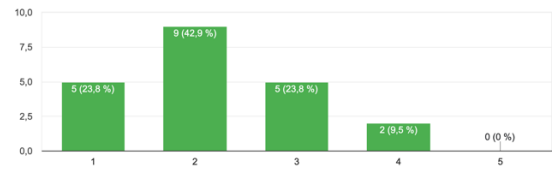
In your opinion, the description of DRs (and ARs) is detailed enough
21 Antworten



Companies find the description of DRs (and ARs) is detailed enough
21 Antworten



Companies consider the amount of required mandatory qualitative data points to be reasonable
21 Antworten



Companies consider the amount of required mandatory quantitative data points to be reasonable
21 Antworten