



**2021/0104(COD)**

14.2.2022

## **OPINION**

of the Committee on Foreign Affairs

for the Committee on Legal Affairs

on the proposal for a directive of the European Parliament and of the Council amending Directive 2013/34/EU, Directive 2004/109/EC, Directive 2006/43/EC and Regulation (EU) No 537/2014, as regards corporate sustainability reporting  
(COM(2021)189 – C9-0147/2021 – 2021/0104(COD))

Rapporteur for opinion: Karin Karlsbro

PA\_Legam

## SHORT JUSTIFICATION

The European Commission's proposal for a Corporate Sustainability Reporting Directive (CSRD) forms part of its commitment to a European Green Deal and strengthening the foundations for sustainable investment. The proposal revises the Non-Financial Reporting Directive the Non-Financial Reporting Directive (NFRD).

The key elements of the new proposal are:

- extension of sustainability reporting requirements to all large companies and listed companies (except micro-enterprises), covering close to 50,000 companies and increase from the 11,000 currently covered by the NFRD;
- more detailed reporting requirements, particularly on areas relating to UN Guiding Principles on Business and Human rights, according to mandatory EU sustainability reporting standards
- introduction of audit of reported information
- requirement for companies to digitally tag the reported information, making it machine readable and feeding into the European Single Access Point.

At the heart of the proposal are the new mandatory EU sustainability standards, which would be developed by the European Financial Reporting Advisory Group (EFRAG). The Commission's objective is that the standards would be tailored to EU policies, while building on and contributing to international standardisation initiatives.

The first set of standards would be already adopted by October 2022, provided that the base legislation enters into force.

The rapporteur welcomes the Commission's proposal and considers it a step in the right direction. However, there are some issues, where improvements could be envisaged:

- Policy coherence and complementarity with other related initiatives, such as the upcoming proposal on corporate sustainability and due diligence (currently foreseen for early 2022) and the Taxonomy Regulation. It is crucial that the different reporting obligations form a meaningful ensemble and do not create an unnecessary extra burden on companies, in the form of box ticking exercises.
- Any standard setting should be proportional and based on thorough and independent risk assessments.
- While many companies have made headway in the area of reporting on environmental impacts, human rights reporting is very much an area in development and more guidance and clarity of process and definitions are needed.
- EU and non-EU companies active on the internal market, either as one company or as a company group, should face the same sustainability reporting requirements. There should be a legal obligation to conduct sustainability reporting for all large companies, listed small and medium sized companies (SMEs), as well as non-listed SMEs in high-risk sectors.

- Voluntary standards should be developed for ad hoc reporting for companies when faced with significant events, which fundamentally change the risks related to sustainability, including large natural disasters or political disruptions. Such a report could indicate how the company deals with this new sustainability circumstance and what new sustainability risks it gave rise to. As well as a new indication on the resilience of the company's business model to these new circumstances.

## AMENDMENTS

The Committee on Foreign Affairs calls on the Committee on Legal Affairs, as the committee responsible, to take into account the following amendments:

### Amendment 1

#### Proposal for a directive Recital 15

##### *Text proposed by the Commission*

(15) Articles 19a and 29a of Directive 2013/34/EU apply to large undertakings that are public-interest entities with an average number of employees in excess of 500, and to public-interest entities that are parent undertakings of a large group with an average number of employees in excess of 500 on a consolidated basis, respectively. In view of the growth of users' needs for sustainability information, additional categories of undertakings should be required to report such information. It is therefore appropriate to require all **large** undertakings **and all** undertakings **listed on regulated markets, except micro undertakings**, to report detailed sustainability information. **In addition, all undertakings that are parent undertakings of large groups should prepare sustainability reporting at group level.**

##### *Amendment*

(15) Articles 19a and 29a of Directive 2013/34/EU apply to large undertakings that are public-interest entities with an average number of employees in excess of 500, and to public-interest entities that are parent undertakings of a large group with an average number of employees in excess of 500 on a consolidated basis, respectively. In view of the growth of users' needs for sustainability information, additional categories of undertakings should be required to report such information. It is therefore appropriate to require all **publicly listed** undertakings **as well as small and medium-sized** undertakings **operating in high-risk economic sectors**, to report detailed sustainability information.

### Amendment 2

#### Proposal for a directive Recital 16

*Text proposed by the Commission*

(16) The requirement that ***also large non-listed*** undertakings should disclose information on sustainability matters is mainly driven by concerns about the impacts and accountability of such undertakings, including through their value chain. ***In this*** respect, ***all large*** undertakings should be subject to the same requirements to report sustainability information publicly. In addition, financial market participants also need information from those large non-listed ***undertakings***.

*Amendment*

(16) The requirement that ***all*** undertakings ***covered by this legislation*** should disclose information on sustainability matters is mainly driven by concerns about the impacts and accountability of such undertakings, including through their value chain. ***Since environmental, social and employee matters, respect for human rights, anti-corruption and bribery matters are not contingent on the size of an undertaking all publicly listed undertakings and small and medium-sized undertakings operating in high-risk economic sectors*** should be subject to the same requirements to report sustainability information publicly. In addition, financial market participants also need information from those large non-listed.

**Amendment 3**

**Proposal for a directive**  
**Recital 25**

*Text proposed by the Commission*

(25) Articles 19a and 29a of Directive 2013/34/EU require reporting not only on information ‘to the extent necessary for an understanding of the undertaking's development, performance, position’, but also on information necessary for an understanding of the impact of the undertaking’s activities on environmental, social and ***employee matters***, respect for human rights, anti-corruption and bribery matters. Those articles therefore require undertakings to report both on how various sustainability matters affect the undertaking, and on the impacts of the activities of the undertaking on people and the environment. That is referred to as the double-materiality perspective, in which the risks to the undertaking and the impacts

*Amendment*

(25) Articles 19a and 29a of Directive 2013/34/EU require reporting not only on information ‘to the extent necessary for an understanding of the undertaking's development, performance, position’, but also on information necessary for an understanding of the impact of the undertaking’s activities on environmental, ***climate***, social and ***workers' rights, gender equality***, respect for human rights, anti-corruption and bribery matters. Those articles therefore require undertakings to report both on how various sustainability matters affect the undertaking, and on the impacts of the activities of the undertaking on people and the environment. That is referred to as the double-materiality perspective, in which the risks to the

of the undertaking each represent one materiality perspective. The fitness check on corporate reporting shows that those two perspectives are often not well understood or applied. It is therefore necessary to clarify that undertakings should consider each materiality perspective in its own right, and should disclose information that is material from both perspectives as well as information that is material from only one perspective.

undertaking and the impacts of the undertaking each represent one materiality perspective. The fitness check on corporate reporting shows that those two perspectives are often not well understood or applied. It is therefore necessary to clarify that undertakings should consider each materiality perspective in its own right, and should disclose information that is material from both perspectives as well as information that is material from only one perspective.

#### **Amendment 4**

##### **Proposal for a directive Recital 26**

###### *Text proposed by the Commission*

(26) Articles 19a(1) and 29a(1) of Directive 2013/34/EU require undertakings to disclose information about five reporting areas: business model, policies (including due diligence processes implemented), the outcome of those policies, risks and risk management, and key performance indicators relevant to the business. Article 19a(1) of Directive 2013/34/EU does not contain explicit references to other reporting areas that users of information consider relevant, some of which align with disclosures included in international frameworks, including the recommendations of the Task Force on Climate-related Financial Disclosures. Disclosure requirements should be specified in sufficient detail to ensure that undertakings report information on their resilience to risks related to sustainability matters. In addition to the reporting areas identified in Articles 19a(1) and 29a(1) of Directive 2013/34/EU, undertakings should therefore be required to disclose information about their business strategy and the resilience of the business model and strategy to risks related to sustainability matters, any plans they may

###### *Amendment*

(26) Articles 19a(1) and 29a(1) of Directive 2013/34/EU require undertakings to disclose information about five reporting areas: business model, policies (including due diligence processes implemented), the outcome of those policies, risks and risk management, and key performance indicators relevant to the business. Article 19a(1) of Directive 2013/34/EU does not contain explicit references to other reporting areas that users of information consider relevant, some of which align with disclosures included in international frameworks, including the recommendations of the Task Force on Climate-related Financial Disclosures. Disclosure requirements should be specified in sufficient detail to ensure that undertakings report information on their resilience to risks related to sustainability matters. In addition to the reporting areas identified in Articles 19a(1) and 29a(1) of Directive 2013/34/EU, undertakings should therefore be required to disclose information about their business strategy and the resilience of the business model and strategy to risks related to sustainability matters, any plans they may

have to ensure that their business model and strategy are compatible with the transition to a sustainable and climate-neutral economy; whether and how their business model and strategy **take account of the** interests of stakeholders; any opportunities for the undertaking arising from sustainability matters; the implementation of the aspects of the business strategy which affect, or are affected by sustainability matters; any sustainability targets set by the undertaking and the progress made towards achieving them; the role of the board and management with regard to sustainability matters; the principal actual and potential adverse impacts connected with the undertaking's activities; and how the undertaking has identified the information that they report on. Once the disclosure of elements such as targets and the progress towards achieving them is required, the separate requirement to disclose the outcomes of policies is no longer necessary.

have to ensure that their business model and strategy are compatible with the transition to a sustainable and climate-neutral economy; whether and how their business model and strategy **respect and safeguard the rights and** interests of stakeholders, **including workers and communities**; any opportunities for the undertaking arising from sustainability matters; the implementation of the aspects of the business strategy which affect, or are affected by sustainability matters; any sustainability targets set by the undertaking and the progress made towards achieving them; the role of the board and management with regard to sustainability matters; the principal actual and potential adverse impacts connected with the undertaking's activities; and how the undertaking has identified the information that they report on. Once the disclosure of elements such as targets and the progress towards achieving them is required, the separate requirement to disclose the outcomes of policies is no longer necessary.

## Amendment 5

### Proposal for a directive Recital 27

#### *Text proposed by the Commission*

(27) To ensure consistency with international instruments such as the UN Guiding Principles on Business and Human Rights and the OECD Due Diligence Guidance for Responsible Business Conduct, the due diligence disclosure requirements should be specified in greater detail than is the case in Article 19a(1), point (b), and Article 29a(1), point (b) of Directive 2013/34/EU. Due diligence is the process that undertakings carry out to identify, prevent, mitigate and remediate the **principal** actual and potential adverse impacts connected with their activities and

#### *Amendment*

(27) To ensure consistency with international instruments such as the UN Guiding Principles on Business and Human Rights and the OECD Due Diligence Guidance for Responsible Business Conduct, the due diligence disclosure requirements should be specified in greater detail than is the case in Article 19a(1), point (b), and Article 29a(1), point (b) of Directive 2013/34/EU. **The disclosure requirements related to the due diligence requirements in this Directive will need to be adapted once the upcoming directive on sustainable corporate governance and**

identifies how they address those adverse impacts. Impacts connected with an undertaking's activities include impacts directly caused by the undertaking, impacts to which the undertaking contributes, and impacts which are otherwise linked to the undertaking's value chain. The due diligence process concerns the whole value chain of the undertaking including its own operations, its products and services, its business relationships and its supply chains. In alignment with the UN Guiding Principles on Business and Human Rights, an actual or potential adverse impact is to be considered principal where it measures among the greatest impacts connected with the undertaking's activities based on: the gravity of the impact on people or the environment; the number of individuals that are or could be affected, or the scale of damage to the environment; and the ease with which the harm could be remediated, restoring the environment or affected people to their prior state.

***due diligence has been adopted so that the requirements in this Directive are aligned with those in the upcoming directive.*** Due diligence is the process that undertakings carry out to identify, prevent, mitigate and remediate the actual and potential adverse impacts connected with their activities and identifies how they address those adverse impacts. Impacts connected with an undertaking's activities include impacts directly caused by the undertaking, impacts to which the undertaking contributes, and impacts which are otherwise linked to the undertaking's value chain. The due diligence process concerns the whole value chain of the undertaking including its own operations, its products and services, its business relationships and its supply chains. (In alignment with the UN Guiding Principles on Business and Human Rights, an actual or potential adverse impact is to be considered principal where it measures among the greatest impacts connected with the undertaking's activities based on: the gravity of the impact on people or the environment; the number of individuals that are or could be affected, or the scale of damage to the environment; and the ease with which the harm could be remediated, restoring the environment or affected people to their prior state.

## Amendment 6

### Proposal for a directive Recital 27 a (new)

*Text proposed by the Commission*

*Amendment*

***(27 a) Human rights defenders are vital to ensuring corporate respect for human rights and the healthy environment that many rights rely on. They document the negative human rights and environmental impacts of business activities; bring such impacts to the attention of States and the private actors involved and identify factors, which may contribute to such***



*impacts; propose solutions to these contributing factors and support affected communities seeking remedy and justice in cases where negative human rights and environmental impacts have occurred along company value chains. Human rights defenders are an important stakeholder group the consultation of which may significantly help and benefit undertakings in the exercise of their sustainability reporting and due diligence duty. Therefore, information on intangibles disclosed according to Article 19a, paragraphs 1 and 2, shall contain information on the undertaking's liaison with individuals and groups that identify as human rights defenders as recognized in the UN Declaration on human rights defenders.*

## Amendment 7

### Proposal for a directive Recital 33

#### *Text proposed by the Commission*

(33) No existing standard or framework satisfies the Union's needs for detailed sustainability reporting by itself. Information required by Directive 2013/34/EU needs to cover information relevant from each of the materiality perspectives, needs to cover all sustainability matters **and needs** to be **aligned**, where appropriate, with other obligations under Union law to disclose sustainability information, including obligations laid down in Regulation (EU) 2020/852 and Regulation (EU) 2019/2088. In addition, mandatory sustainability reporting standards for Union undertakings must be commensurate with the level of ambition of the European Green Deal and the Union's climate-neutrality objective for 2050. It is therefore necessary to empower the Commission to adopt Union sustainability reporting standards, enabling

#### *Amendment*

(33) No existing standard or framework satisfies the Union's needs for detailed sustainability reporting by itself. Information required by Directive 2013/34/EU needs to cover information relevant from each of the materiality perspectives, **and** needs to cover all sustainability matters. **To avoid duplication of obligations and inconsistencies in definitions, scope and objectives of applicable requirements sustainability information need** to be **consistent**, where appropriate, with other obligations under Union law to disclose sustainability information, including obligations laid down in Regulation (EU) 2020/852 and Regulation (EU) 2019/2088. In addition, mandatory sustainability reporting standards for Union undertakings must be commensurate with the level of ambition of the European Green Deal and

their rapid adoption and ensuring that the content of sustainability reporting standards are consistent with the Union's needs.

the Union's climate-neutrality objective for 2050. It is therefore necessary to empower the Commission to adopt Union sustainability reporting standards, ***in light of the development of international standards*** enabling their rapid adoption and ensuring that the content of sustainability reporting standards are consistent with the Union's needs.

## Amendment 8

### Proposal for a directive Recital 37 a (new)

*Text proposed by the Commission*

*Amendment*

***(37 a) The Commission should be empowered to adopt delegated acts in accordance with Article 49 to establish and amend the list of high-risk sectors of economic activity set out in Article 2, point 20a. That list should take into account the work of the Platform on Sustainable Finance established in accordance with Article 20 of Regulation (EU) 2020/852 and the OECD Due Diligence Guidance for Responsible Business Conduct, among others for mining, quarrying, extractive industries, agriculture, forestry, construction, transportation, electricity, gas, steam and air conditioning supply, clothing and footwear, finance and international shipping, and health, social, elderly care. The list of sectors taken into account in this definition should take account of correspondence with the NACE classification<sup>1a</sup>.***

## Amendment 9

### Proposal for a directive Recital 40

*Text proposed by the Commission*

(40) It should be ensured that the information reported by undertakings in accordance with the sustainability reporting standards meet the needs of users. The reporting standards should therefore specify the information that undertakings are to disclose on all major environmental factors, including their impacts and dependencies on climate, air, land, water and biodiversity. Regulation (EU) 2020/852 provides a classification of the environmental objectives of the Union. For reasons of coherence, it is appropriate to use a similar classification to identify the environmental factors that should be addressed by sustainability reporting standards. The reporting standards should consider and specify any geographical or other contextual information that undertakings should disclose to provide an understanding of their principal impacts on sustainability matters and the principal risks to the undertaking arising from sustainability matters.

**Amendment 10**

**Proposal for a directive**  
**Recital 43**

*Text proposed by the Commission*

(43) Sustainability reporting standards should specify the information that undertakings should disclose on social factors, including employee factors and human rights. Such information should cover the impacts of undertakings on people, including on human health. The information that undertakings disclose about human rights should include information about forced labour in their value chains where relevant. Reporting standards that address social factors should

*Amendment*

(40) It should be ensured that the information reported by undertakings in accordance with the sustainability reporting standards meet the needs of users. The reporting standards should therefore specify the information that undertakings are to disclose on all major environmental factors, including their impacts and dependencies on climate, air, land, water and biodiversity, ***deforestation and forest degradation***. Regulation (EU) 2020/852 provides a classification of the environmental objectives of the Union. For reasons of coherence, it is appropriate to use a similar classification to identify the environmental factors that should be addressed by sustainability reporting standards. The reporting standards should consider and specify any geographical or other contextual information that undertakings should disclose to provide an understanding of their principal impacts on sustainability matters and the principal risks to the undertaking arising from sustainability matters.

*Amendment*

(43) Sustainability reporting standards should specify the information that undertakings should disclose on social factors, ***measures for inclusion*** including employee factors and human rights. Such information should cover the impacts of undertakings on people, including on human health. The information that undertakings disclose about human rights should include information about forced labour in their value chains where relevant. Reporting standards that address social

specify the information that undertakings should disclose with regard to the principles of the European Pillar of Social Rights that are relevant to businesses, including equal opportunities for all and working conditions. The European Pillar of Social Rights Action Plan adopted in March 2021 calls for stronger requirements on undertakings to report on social issues. The reporting standards should **also** specify the information that undertakings should disclose with regard to the human rights, fundamental freedoms, democratic principles and standards established in the International Bill of Human Rights and other core UN human rights conventions, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the fundamental conventions of the International Labour Organisation, and the Charter of Fundamental Rights of the European Union.

factors should specify the information that undertakings should disclose with regard to the principles of the European Pillar of Social Rights that are relevant to businesses, including equal opportunities for all - ***regardless among others of gender, racial or ethnic origin, religion or belief, disability, age or sexual orientation*** - and working conditions. The European Pillar of Social Rights Action Plan adopted in March 2021 calls for stronger requirements on undertakings to report on social issues. The reporting standards should specify the information that undertakings should disclose with regard to the human rights, fundamental freedoms, democratic principles and standards established in the International Bill of Human Rights and other core UN human rights conventions, ***such as the UN Convention on the Rights of Persons with Disabilities, the United Nation Guiding Principles on Business and Human Rights***, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the fundamental conventions of the International Labour Organisation, ***particularly on child and forced labour, and freedom of association and collective bargaining, the European Convention on Human Rights (ECHR), the OECD Guidelines for multinational enterprises***, and the Charter of Fundamental Rights of the European Union.

## Amendment 11

### Proposal for a directive Recital 44

#### *Text proposed by the Commission*

(44) Users need information about governance factors, including information on the role of an undertaking's administrative, management and supervisory bodies, including with regard

#### *Amendment*

(44) Users need information about governance factors, including information on the role of an undertaking's administrative, management and supervisory bodies, including with regard

to sustainability matters, the composition of such bodies, and an undertaking's internal control and risk management systems, including in relation to the reporting process. Users also need information about undertakings' corporate culture and approach to business ethics, including anti-corruption and anti-bribery, and about their political engagements, including lobbying activities. Information about the management of the undertaking and the quality of relationships with business partners, including payment practices relating to the date or period for payment, the rate of interest for late payment or the compensation for recovery costs referred to in Directive 2011/7/EU of the European Parliament and of the Council<sup>62</sup> on late payment in commercial transactions, helps users to understand an undertaking's risks as well as its impacts on sustainability matters. Every year, thousands of businesses, especially SMEs, suffer administrative and financial burdens because they are paid late, or not at all. Ultimately, late payments lead to insolvency and bankruptcy, with destructive effects on entire value chains. Increasing information about payment practices should empower other undertakings to identify prompt and reliable payers, detect unfair payment practices, access information about the businesses they trade with, and negotiate fairer payment terms.

to sustainability matters, the composition of such bodies, and an undertaking's internal control and risk management systems, including in relation to the reporting process. Users also need information about undertakings' corporate culture and approach to business ethics, including anti-corruption and anti-bribery, and about their political engagements, including lobbying activities ***and on how an undertaking manages communication and contacts with individuals and organisations such as whistle-blowers, journalists, trade unions, civil society organisations and human rights defenders that raise concerns related to the identification, assessment, prevention and/or mitigation of environmental, social or governance risks in the undertaking's operations, products and services, its business relationships and its supply chain.*** Information about the management of the undertaking and the quality of relationships with business partners, including payment practices relating to the date or period for payment, the rate of interest for late payment or the compensation for recovery costs referred to in Directive 2011/7/EU of the European Parliament and of the Council<sup>62</sup> on late payment in commercial transactions, helps users to understand an undertaking's risks as well as its impacts on sustainability matters. Every year, thousands of businesses, especially SMEs, suffer administrative and financial burdens because they are paid late, or not at all. Ultimately, late payments lead to insolvency and bankruptcy, with destructive effects on entire value chains. Increasing information about payment practices should empower other undertakings to identify prompt and reliable payers, detect unfair payment practices, access information about the businesses they trade with, and negotiate fairer payment terms.

<sup>62</sup> Directive 2011/7/EU of the European Parliament and of the Council of 16 February 2011 on combating late payment in commercial transactions (OJ L 48, 23.2.2011, p. 1).

<sup>62</sup> Directive 2011/7/EU of the European Parliament and of the Council of 16 February 2011 on combating late payment in commercial transactions (OJ L 48, 23.2.2011, p. 1).

## Amendment 12

### Proposal for a directive Recital 48

#### *Text proposed by the Commission*

(48) Directive 2013/34/EU does not require that the financial statements or the management report are provided in a digital format, which hinders the findability and usability of the reported information. Users of sustainability information increasingly expect such information to be findable and machine-readable in digital formats. Digitalisation creates opportunities to exploit information more efficiently and holds the potential for significant cost savings for both users and undertakings. Undertakings should therefore be required to prepare their financial statements and their management report in XHTML format in accordance with Article 3 of Commission Delegated Regulation (EU) 2019/815,<sup>63</sup> and to mark-up sustainability information, including the disclosures required by Article 8 of Regulation (EU) 2020/852, in accordance with that Delegated Regulation. A digital taxonomy to the Union sustainability reporting standards will be necessary to allow for the information reported to be tagged in accordance with those standards. These requirements should feed into the work on digitalisation announced by the Commission in its Communication A European strategy for data<sup>64</sup> and in the Digital Finance Strategy for the EU.<sup>65</sup> These requirements also complement the creation of a European single access point for public corporate information as envisaged in the capital markets union

#### *Amendment*

(48) Directive 2013/34/EU does not require that the financial statements or the management report are provided in a digital format, which hinders the findability, **accessibility** and usability of the reported information. Users of sustainability information increasingly expect such information to be findable and machine-readable in digital formats **fully accessible, in accordance with the internationally recognised standards and published under open data principles**. Digitalisation creates opportunities to exploit information more efficiently and holds the potential for significant cost savings for both users and undertakings. Undertakings should therefore be required to prepare their financial statements and their management report **make publicly available** in XHTML format in accordance with Article 3 of Commission Delegated Regulation (EU) 2019/815,<sup>63</sup> and to mark-up sustainability information, including the disclosures required by Article 8 of Regulation (EU) 2020/852, in accordance with that Delegated Regulation. A digital taxonomy to the Union sustainability reporting standards will be necessary to allow for the information reported to be tagged in accordance with those standards. These requirements should feed into the work on digitalisation announced by the Commission in its Communication A European strategy for data<sup>64</sup> and in the Digital Finance Strategy for the EU.<sup>65</sup>



action plan, which also considers the need for structured data.

These requirements also complement the creation of a European single access point for public corporate information as envisaged in the capital markets union action plan, which also considers the need for structured data.

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<sup>63</sup> Commission Delegated Regulation (EU) 2018/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format (OJ L 143, 29.5.2019, p. 1).

<sup>64</sup> <https://ec.europa.eu/digital-single-market/en/european-strategy-data>

<sup>65</sup>

[https://ec.europa.eu/info/publications/2009-24-digital-finance-proposals\\_en](https://ec.europa.eu/info/publications/2009-24-digital-finance-proposals_en)

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<sup>63</sup> Commission Delegated Regulation (EU) 2018/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format (OJ L 143, 29.5.2019, p. 1).

<sup>64</sup> <https://ec.europa.eu/digital-single-market/en/european-strategy-data>

<sup>65</sup>

[https://ec.europa.eu/info/publications/2009-24-digital-finance-proposals\\_en](https://ec.europa.eu/info/publications/2009-24-digital-finance-proposals_en)

## Amendment 13

### Proposal for a directive Recital 71

#### *Text proposed by the Commission*

(71) Member States are invited to assess the impact of their transposition act on SMEs in order to ensure that they are not disproportionately affected, giving specific attention to micro-enterprises and to the administrative burden, and to publish the results of such assessments. Member States should consider introducing measures to support SMEs in applying the voluntary simplified reporting standards.

#### *Amendment*

(71) Member States are invited to assess the impact of their transposition act on SMEs in order to ensure that they are not disproportionately affected, giving specific attention to micro-enterprises and to the **financial and** administrative burden, and to publish the results of such assessments. Member States should consider introducing measures to support SMEs in applying the voluntary simplified reporting standards.

## Amendment 14

### Proposal for a directive Article 1 – paragraph 1 – point 2 – introductory part

Directive 2013/34/EU  
Article 2

*Text proposed by the Commission*

(2) in Article 2, the following points  
(17) to (20) are added:

*Amendment*

(2) in Article 2, the following points  
(17) to (20b) are added:

## **Amendment 15**

**Proposal for a directive**  
**Article 1 – paragraph 1 – point 2**  
Directive 2013/34/EU  
Article 2 – point 17

*Text proposed by the Commission*

(17) ‘sustainability matters’ *means* sustainability factors *as defined in Article 2, point (24) of Regulation (EU) 2019/2088 of the European Parliament and of the Council*<sup>4</sup>, and governance factors;

*Amendment*

(17) ‘sustainability matters’ *refers to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters* (sustainability factors), *as well as proportionate and commensurate due diligence by undertakings to identify, prevent, mitigate, remediate and communicate on adverse impacts on human rights, labour rights, including trade union rights, the environment and good governance in relation to their own activities, their value chains and business relationships, with reference to applicable legal duties, standards and guidance*;

## **Amendment 16**

**Proposal for a directive**  
**Article 1 – paragraph 1 – point 2**  
Directive 2013/34/EU  
Article 2 – point 18

*Text proposed by the Commission*

(18) ‘sustainability reporting’ means reporting *information related to sustainability matters in accordance with Articles 19a, 19d and 29a of this*

*Amendment*

(18) ‘sustainability reporting’ means reporting *on sustainability factors and due diligence as described in point 17*;



*Directive;*

## **Amendment 17**

**Proposal for a directive**

**Article 1 – paragraph 1 – point 2**

Directive 2013/34/EU

Article 2 – point 20 a (new)

*Text proposed by the Commission*

*Amendment*

***(20 a) ‘high-risk economic activity sector’ means economic activities that are assessed to, as a result of its business and supply chain characteristics, have a higher risk of having serious impacts on sustainability factors;***

## **Amendment 18**

**Proposal for a directive**

**Article 1 – paragraph 1 – point 2**

Directive 2013/34/EU

Article 2 – point 20 b (new)

*Text proposed by the Commission*

*Amendment*

***(20 b) ‘high-impact undertakings’ means undertakings active in high-risk economic activity sectors. The list should take account of correspondence with the NACE classification and are view should take place every 3 years and take into account existing EU sector-specific legislation and sector-specific disclosures in recognized international reporting frameworks such as Global Reporting Initiative standards, which address sector-specific environmental and social negative impacts.***

## **Amendment 19**

**Proposal for a directive**

**Article 1 – paragraph 1 – point 3**

*Text proposed by the Commission*

1. Large undertakings and, as of 1 January 2026, small and medium-sized undertakings ***which are*** undertakings ***referred to in Article 2, point (1), point (a),*** shall include in the management report information necessary to understand the undertaking's impacts on sustainability ***matters***, and information necessary to understand how sustainability matters affect the undertaking's development, performance and position.

*Amendment*

1. ***All*** large undertakings ***governed by the law of a Member State or established in the territory of the Union,*** and, as of 1 January 2026, ***all publicly listed*** small and medium-sized undertakings, ***as well as high-impact non-listed small and medium-sized undertakings,*** undertakings ***registered in a non-EU/EEA country with significant business in the EU, and undertakings organised as franchises meeting the size criteria for large undertakings in Directive 2013/34/EU*** shall include in the management report information necessary to understand the undertaking's impacts on sustainability ***factors, due diligence,*** and information necessary to understand how sustainability matters, ***as defined in art 19a (17),*** affect the undertaking's development, performance and position.

**Amendment 20**

**Proposal for a directive**

**Article 1 – paragraph 1 – point 3**

Directive 2013/34/EU

Article 19a – paragraph 2 – subparagraph 1 – point a – point i

*Text proposed by the Commission*

(i) ***the resilience of*** the undertaking's business model and strategy ***to risks related to*** sustainability matters;

*Amendment*

(i) the undertaking's business model and strategy ***on*** sustainability matters ***and how it has been implemented;***

**Amendment 21**

**Proposal for a directive**

**Article 1 – paragraph 1 – point 3**

Directive 2013/34/EU

Article 19a – paragraph 2 – subparagraph 1 – point a – point i a (new)

*Text proposed by the Commission*

*Amendment*

***(i a) how the undertaking's business model and strategy take account of the interests of the undertaking's stakeholders and of the impacts of the undertaking on sustainability factors;***

## **Amendment 22**

**Proposal for a directive**

**Article 1 – paragraph 1 – point 3**

Directive 2013/34/EU

Article 19a – paragraph 2 – subparagraph 1 – point a – point i b (new)

*Text proposed by the Commission*

*Amendment*

***(i b) how the undertaking ensures that its business model and strategy are contributing to the UN Sustainable Development Goals;***

## **Amendment 23**

**Proposal for a directive**

**Article 1 – paragraph 1 – point 3**

Directive 2013/34/EU

Article 19a – paragraph 2 – subparagraph 1 – point a – point ii

*Text proposed by the Commission*

*Amendment*

(ii) the opportunities for the undertaking related to sustainability matters;

(ii) the opportunities for ***and resilience of*** the undertaking related to sustainability matters;

## **Amendment 24**

**Proposal for a directive**

**Article 1 – paragraph 1 – point 3**

Directive 2013/34/EU

Article 19a – paragraph 2 – subparagraph 1 – point b

*Text proposed by the Commission*

(b) a description of the targets related to sustainability **matters** set by the undertaking and of the progress the undertaking has made towards achieving those targets;

*Amendment*

(b) a description of the targets related to **each of the sustainability factors referred to in Article 2(17)** set by the undertaking and of the progress the undertaking has made towards achieving those targets;

**Amendment 25**

**Proposal for a directive**

**Article 1 – paragraph 1 – point 3**

Directive 2013/34/EU

Article 19a – paragraph 2 – subparagraph 1 – point c

*Text proposed by the Commission*

(c) a description of the role of the administrative, management and supervisory bodies with regard to sustainability **matters**;

*Amendment*

(c) a description of the role of the administrative, management and supervisory bodies with regard to **each of the sustainability factors referred to in Article 2(17)**;

**Amendment 26**

**Proposal for a directive**

**Article 1 – paragraph 1 – point 3**

Directive 2013/34/EU

Article 19a – paragraph 2 – subparagraph 1 – point d

*Text proposed by the Commission*

(d) a description of the undertaking's policies in relation to sustainability **matters**;

*Amendment*

(d) a description of the undertaking's policies in relation to **each of the sustainability factors referred to in Article 2(17)**;

**Amendment 27**

**Proposal for a directive**

**Article 1 – paragraph 1 – point 3**

Directive 2013/34/EU

Article 19a – paragraph 2 – subparagraph 1 – point e – point i

*Text proposed by the Commission*

*Amendment*

(i) the due diligence process implemented with regard to sustainability **matters**;

(i) the due diligence process implemented with regard to ***each of the sustainability factors referred to in Article 2(17), in line with the EU Directive on Sustainable Corporate Governance, national legislation, and the UN Guiding Principles for Business and Human Rights and the OECD Due Diligence Guidance for Responsible Business Conduct***;

**Amendment 28**

**Proposal for a directive**

**Article 1 – paragraph 1 – point 3**

Directive 2013/34/EU

Article 19a – paragraph 2 – subparagraph 1 – point e – point ii

*Text proposed by the Commission*

*Amendment*

(ii) the ***principal*** actual or potential adverse impacts connected with the undertaking's value chain, including its own operations, its products and services, its business relationships and its supply chain;

(ii) the actual or potential adverse impacts ***on each of the sustainability factors referred to in Article 2(17)*** connected with the undertaking's value chain, including its own operations, its products and services, its business relationships and its supply chain;

**Amendment 29**

**Proposal for a directive**

**Article 1 – paragraph 1 – point 3**

Directive 2013/34/EU

Article 19a – paragraph 2 – subparagraph 1 – point e – point iii

*Text proposed by the Commission*

*Amendment*

(iii) ***any*** actions taken, and the result of such actions, to prevent, mitigate or remediate actual or potential adverse impacts;

(iii) ***all*** actions taken, and the result of such actions, to prevent, mitigate or remediate ***such*** actual or potential adverse impacts ***and the effectiveness of their results***;

## Amendment 30

### Proposal for a directive

#### Article 1 – paragraph 1 – point 3

Directive 2013/34/EU

Article 19a – paragraph 2 – subparagraph 1 – point e – point iii a (new)

*Text proposed by the Commission*

*Amendment*

***(iii a) the structure of the undertaking's value chain including through a disaggregated mapping of its own operations, subsidiaries, suppliers and business relationships;***

## Amendment 31

### Proposal for a directive

#### Article 1 – paragraph 1 – point 3

Directive 2013/34/EU

Article 19a – paragraph 2 – subparagraph 1 – point e – point iii b (new)

*Text proposed by the Commission*

*Amendment*

***(iii b) the above disclosure requirement does not exclude any additional communication as required in line with EU Directive on Sustainable Corporate Governance;***

## Amendment 32

### Proposal for a directive

#### Article 1 – paragraph 1 – point 3

Directive 2013/34/EU

Article 19a – paragraph 2 – subparagraph 1 – point f

*Text proposed by the Commission*

*Amendment*

(f) a description of the principal risks to the undertaking related to sustainability ***matters***, including the undertaking's principal dependencies on such matters, and how the undertaking manages those risks;

(f) a description of the principal risks to the undertaking related to ***each of the sustainability factors referred to in Article 2(17)***, including the undertaking's principal dependencies on such matters, and how the undertaking manages those risks;

## Amendment 33

### Proposal for a directive

#### Article 1 – paragraph 1 – point 3

Directive 2013/34/EU

Article 19a – paragraph 2 – subparagraph 1 – point f a (new)

*Text proposed by the Commission*

*Amendment*

***(f a) a description of processes established in order to identify stakeholders and to involve them in the development, implementation, monitoring and evaluation of the undertaking's strategy and policies;***

## Amendment 34

### Proposal for a directive

#### Article 1 – paragraph 1 – point 3

Directive 2013/34/EU

Article 19a – paragraph 3 – subparagraph 2

*Text proposed by the Commission*

*Amendment*

Where appropriate, the information referred to in paragraphs 1 and 2 shall contain information about the undertaking's value chain, including the undertaking's own operations, products and services, its business relationships and its supply chain.

Where appropriate, the information referred to in paragraphs 1 and 2 shall contain information about the undertaking's value chain, including the undertaking's own operations, products and services, its business relationships and its supply chain, ***in particular in high-risk economic activity sectors.***

## Amendment 35

### Proposal for a directive

#### Article 1 – paragraph 1 – point 3

Directive 2013/34/EU

Article 19a – paragraph 3 – subparagraph 4

*Text proposed by the Commission*

*Amendment*

Member States may allow information relating to impending ***devel-opments*** or matters in the course of negotiation to be

Member States may allow information relating to impending ***developments*** or matters in the course of negotiation to be

omitted in *excep-tional* cases where, in the duly justified opinion of the members of the administrative, management and supervisory bodies, acting within the competences assigned to them by national law and having collective responsibility for that opinion, the disclosure of such information would be seriously prejudicial to the commercial position of the undertaking, provided that such omission does not prevent a fair and balanced *under-standing* of the undertaking's development, performance, position and impact of its activity.

omitted in *exceptional* cases where, in the duly justified opinion of the members of the administrative, management and supervisory bodies, acting within the competences assigned to them by national law and having collective responsibility for that opinion, the disclosure of such information would be seriously prejudicial to the commercial position of the undertaking, provided that such omission does not prevent a fair and balanced *understanding* of the undertaking's development, performance, position and impact of its activity. ***This provision shall not apply to disclosure obligations on significant events such as grave human rights abuses or environmental disasters.***

## Amendment 36

### Proposal for a directive

#### Article 1 – paragraph 1 – point 3

Directive 2013/34/EU

Article 19a – paragraph 7 – subparagraph 1

#### *Text proposed by the Commission*

7. An undertaking which is a subsidiary undertaking shall be exempted from the obligations set out in paragraphs 1 to 4 if that undertaking and its subsidiary undertakings are included in the consolidated management report of a parent undertaking, drawn up in accordance with Articles 29 and 29a. An undertaking that is a subsidiary undertaking from a parent undertaking that is established in a third country shall also be exempted from the obligations set out in paragraphs 1 to 4 where that undertaking and its subsidiary undertakings are included in the consolidated management report of that parent undertaking and where the consolidated management report is drawn up in a manner that may be considered equivalent, in accordance with the relevant implementing measures adopted pursuant to Article 23(4), point (i),

#### *Amendment*

7. An undertaking which is a subsidiary undertaking shall be exempted from the obligations set out in paragraphs 1 to 4 if that undertaking and its subsidiary undertakings are included in the consolidated management report of a parent undertaking, ***provided that this report is*** drawn up in accordance with Articles 29 and 29a ***and that information required by Article 19b is reported on country-by-country basis.*** An undertaking that is a subsidiary undertaking from a parent undertaking that is established in a third country shall also be exempted from the obligations set out in paragraphs 1 to 4 where that undertaking and its subsidiary undertakings are included in the consolidated management report of that parent undertaking and where the consolidated management report is drawn up in a manner that may be considered



of Directive 2004/109/EC of the European Parliament and of the Council\*<sup>6</sup>, to the manner required by the sustainability reporting standards referred to in Article 19b of this Directive.

equivalent, in accordance with the relevant implementing measures adopted pursuant to Article 23(4), point (i), of Directive 2004/109/EC of the European Parliament and of the Council\*<sup>6</sup>, to the manner required by the sustainability reporting standards referred to in Article 19b of this Directive.

## **Amendment 37**

### **Proposal for a directive**

#### **Article 1 – paragraph 1 – point 3**

Directive 2013/34/EU

Article 19a – paragraph 7 a (new)

*Text proposed by the Commission*

*Amendment*

**7 a. The Commission shall be empowered to adopt delegated acts in accordance with Article 49 to establish and amend the list of high-risk sectors of economic activity set out in Article 2, point (20a). That list shall take into account the work of the Platform on Sustainable Finance established in accordance with Article 20 of Regulation (EU) 2020/852 and the OECD Due Diligence Guidance for Responsible Business Conduct. The list of sectors taken into account in this definition shall take account of correspondence with the NACE classification<sup>1a</sup>.**

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<sup>1a</sup> *Statistical classification of economic activities in the European Union, NACE Rev. 2.*

## **Amendment 38**

### **Proposal for a directive**

#### **Article 1 – paragraph 1 – point 4**

Directive 2013/34/EU

Article 19b – paragraph 1 – subparagraph 1 – introductory part

*Text proposed by the Commission*

1. The Commission shall adopt delegated acts in accordance with Article 49 to provide for sustainability reporting standards. Those sustainability reporting standards shall specify the information that undertakings are to report in accordance with Articles 19a and 29a and, where relevant, shall specify the structure in which that information shall be reported. In particular:

*Amendment*

1. The Commission shall adopt delegated acts in accordance with Article 49 to provide for sustainability reporting standards, ***in relation to the sustainability factors as defined in Article 2(17) and with particular attention to human rights.*** Those sustainability reporting standards shall specify the information that undertakings are to report in accordance with Articles 19a and 29a and, where relevant, shall specify the structure in which that information shall be reported. In particular:

**Amendment 39**

**Proposal for a directive**

**Article 1 – paragraph 1 – point 4**

Directive 2013/34/EU

Article 19b – paragraph 1 – subparagraph 1 – point b

*Text proposed by the Commission*

(b) by 31 October 2023, the Commission shall adopt delegated acts specifying:

*Amendment*

(b) by 31 October 2023, the Commission shall adopt delegated acts ***providing for sector-specific reporting standards on sustainability factors, which shall be identified based on thorough and independent ex-ante risk assessments,*** specifying:

**Amendment 40**

**Proposal for a directive**

**Article 1 – paragraph 1 – point 4**

Directive 2013/34/EU

Article 19b – paragraph 1 – subparagraph 1 – point b – point –i (new)

*Text proposed by the Commission*

*Amendment*

***(–i a) information necessary to understand how sustainability matters affect the undertaking’s development,***

*performance and position and how the undertaking's strategy and due diligence process has been implemented with regard to the events;*

#### **Amendment 41**

##### **Proposal for a directive**

##### **Article 1 – paragraph 1 – point 4**

Directive 2013/34/EU

Article 19b – paragraph 1 – subparagraph 1 – point b – point –i a (new)

*Text proposed by the Commission*

*Amendment*

*(-i b) information that undertakings shall report that is specific to the sector in which they operate and the scope of which is defined by the ex-ante risk assessment;*

#### **Amendment 42**

##### **Proposal for a directive**

##### **Article 1 – paragraph 1 – point 4**

Directive 2013/34/EU

Article 19b – paragraph 1 – subparagraph 1 – point b – point ii

*Text proposed by the Commission*

*Amendment*

(ii) information that undertakings shall report that is specific to the sector in which they operate.

(ii) information that undertakings shall report that is specific to the sector in which they operate, *with particular attention paid to high-risk economic activity sectors.*

#### **Amendment 43**

##### **Proposal for a directive**

##### **Article 1 – paragraph 1 – point 4**

Directive 2013/34/EU

Article 19b – paragraph 1 – subparagraph 1 – point b a (new)

*Text proposed by the Commission*

*Amendment*

*(b a) in the delegated acts relating to both general and sector-specific*

*information, the Commission shall further establish voluntary standards providing for ad hoc reporting on significant events fundamentally changing the risks in the areas of the sustainability factors listed in Article 2(17), information necessary to understand how sustainability factors affect the undertaking's development, performance and position and how the undertaking's strategy and due diligence process has been implemented with regard to the events.*

#### **Amendment 44**

##### **Proposal for a directive**

##### **Article 1 – paragraph 1 – point 4**

Directive 2013/34/EU

Article 19b – paragraph 1 – subparagraph 2

##### *Text proposed by the Commission*

The Commission shall, at least every three years after its date of application, review any delegated act adopted pursuant to this Article, taking into consideration the technical advice of the European Financial Reporting Advisory Group (EFRAG), and where necessary shall amend such delegated act to take into account relevant developments, including developments with regard to international standards.

##### *Amendment*

The Commission shall, at least every three years after its date of application, review any delegated act adopted pursuant to this Article, taking into consideration the technical advice of the European Financial Reporting Advisory Group (EFRAG) **and other relevant stakeholders, including trade unions and civil society organisations**, and where necessary shall amend such delegated act to take into account relevant developments, including developments with regard to international standards.

#### **Amendment 45**

##### **Proposal for a directive**

##### **Article 1 – paragraph 1 – point 4**

Directive 2013/34/EU

Article 19b – paragraph 1 – subparagraph 2 a (new)

*Text proposed by the Commission*

*Amendment*

***The Commission shall within 6 months of the adoption of the upcoming directive on sustainable corporate governance and due diligence adopt a delegated act to align the requirements in Article 19a and in this article with the requirements set out in the new directive. Any additional due diligence requirements on economic operators shall be complementary to the requirements of the new directive and must lead to as little extra burden on these operators as possible.***

#### **Amendment 46**

##### **Proposal for a directive**

##### **Article 1 – paragraph 1 – point 4**

Directive 2013/34/EU

Article 19b – paragraph 2 – subparagraph 2 – point a – point vi a (new)

*Text proposed by the Commission*

*Amendment*

***(vi a) deforestation and forest degradation;***

#### **Amendment 47**

##### **Proposal for a directive**

##### **Article 1 – paragraph 1 – point 4**

Directive 2013/34/EU

Article 19b – paragraph 2 – subparagraph 2 – point a a (new)

*Text proposed by the Commission*

*Amendment*

***(a a) specify the information that undertakings are to disclose about human rights, including information about the identification and assessment of actual and potential consequences for fundamental human rights and decent working conditions that the company has either caused or contributed to, or that are directly linked to the company's business***

*activities, products or services through supply chains or business partners; the implementation of appropriate measures to stop, prevent or limit negative consequences and monitoring of implementation and results of the measures implemented; communicating with affected stakeholders and licensees about how negative consequences have been handled and arrangements for or cooperation on recovery and compensation where this is required, with reference to:*

*(i) democratic principles and standards established in the International Bill of Human Rights and other core UN human rights conventions, including the UN Convention on the Rights of Persons with Disabilities the International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the ILO fundamental conventions and governance conventions, the ECHR and its additional protocols, the European Social Charter, the OECD Guidelines for multinational enterprises, the Charter of Fundamental Rights of the European Union, the UN Guiding Principles on Business and Human Rights, and the Aarhus Convention;*

*(ii) any material risk of involving labour, child labour, forced labour, gross, systematic or widespread human rights violations, in particular.*

## **Amendment 48**

### **Proposal for a directive**

#### **Article 1 – paragraph 1 – point 4**

Directive 2013/34/EU

Article 19b – paragraph 2 – subparagraph 2 – point b

*Text proposed by the Commission*

(b) specify the information that undertakings are to disclose about social

*Amendment*

(b) specify the information that undertakings are to disclose about social factors, *with reference where relevant to*

factors, including *information about*:

*Union law and the European Pillar of Social Rights, and* including:

#### Amendment 49

##### Proposal for a directive

##### Article 1 – paragraph 1 – point 4

Directive 2013/34/EU

Article 19b – paragraph 2 – subparagraph 2 – point b – point i

##### *Text proposed by the Commission*

(i) equal opportunities for all, including gender equality and equal pay for equal **work**, training and skills development, and employment and inclusion of people with disabilities;

##### *Amendment*

(i) equal **treatment and** opportunities for all, including gender equality and equal pay for **work of equal value, diversity in terms of age, religion and belief, and ethnicity of workers, pay transparency, measures against violence and harassment**, training and skills development, and employment and inclusion of people with disabilities;

#### Amendment 50

##### Proposal for a directive

##### Article 1 – paragraph 1 – point 4

Directive 2013/34/EU

Article 19b – paragraph 2 – subparagraph 2 – point b – point ii

##### *Text proposed by the Commission*

(ii) working conditions, including secure and adaptable employment, wages, social dialogue, collective bargaining and the involvement of workers, work-life balance, and a healthy, safe and well-adapted work environment;

##### *Amendment*

(ii) working conditions, including secure and adaptable employment, wages, social dialogue, collective bargaining and the involvement of workers, **trade unions, respect for the right of workers to be represented, informed and consulted in accordance with international European and national labour law**, work-life balance, and a healthy, safe and well-adapted work environment;

#### Amendment 51

**Proposal for a directive**

**Article 1 – paragraph 1 – point 4**

Directive 2013/34/EU

Article 19b – paragraph 2 – subparagraph 2 – point b – point iii a (new)

*Text proposed by the Commission*

*Amendment*

***(iii a) the undertaking's value chain linked to severe actual and potential impacts, including sector-specific information on suppliers, types of products and services supplied, and on sourcing and traceability of commodities and materials associated with high likelihood of actual and potential adverse impacts on sustainability matters.***

**Amendment 52**

**Proposal for a directive**

**Article 1 – paragraph 1 – point 4**

Directive 2013/34/EU

Article 19b – paragraph 2 – subparagraph 2 – point c – point ii

*Text proposed by the Commission*

*Amendment*

(ii) business ethics and corporate culture, including anti-corruption and anti-bribery;

(ii) business ethics and corporate culture, including anti-corruption and anti-bribery ***programmes, assessment of corruption risks, and whistleblowing systems and results;***

**Amendment 53**

**Proposal for a directive**

**Article 1 – paragraph 1 – point 4**

Directive 2013/34/EU

Article 19b – paragraph 3 – point a

*Text proposed by the Commission*

*Amendment*

(a) the work of global standard-setting initiatives for sustainability reporting, and existing standards and frameworks for natural capital accounting, responsible business conduct, corporate social responsibility, and sustainable

(a) the work of global standard-setting initiatives for sustainability reporting ***and for corporate responsibility to respect human rights***, and existing standards and frameworks for natural capital accounting, responsible business conduct, corporate



development;

social responsibility, and sustainable development;

## Amendment 54

### Proposal for a directive

#### Article 1 – paragraph 1 – point 4

Directive 2013/34/EU

Article 19c – paragraph 1

#### *Text proposed by the Commission*

The Commission shall adopt delegated acts in accordance with Article 49 to provide for sustainability reporting standards proportionate to the capacities and characteristics of small and medium-sized undertakings. Those sustainability reporting standards shall specify which information referred to in Articles 19a and 29a small and medium-sized undertakings referred to in Article 2, point (1)(a) shall report. They shall take into account the criteria set out in Article 19b, paragraphs 2 and 3. They shall also, where relevant, specify the structure in which that information shall be reported.

#### *Amendment*

The Commission shall adopt delegated acts in accordance with Article 49 to provide for sustainability reporting standards proportionate to the capacities and characteristics of small and medium-sized undertakings. ***Those sustainability reporting standards shall be in line with the principle of proportionality.*** Those sustainability reporting standards shall specify which information referred to in Articles 19a and 29a small and medium-sized undertakings referred to in Article 2, point (1)(a) shall report. They shall take into account the criteria set out in Article 19b, paragraphs 2 and 3. They shall also, where relevant, specify the structure in which that information shall be reported.

## Amendment 55

### Proposal for a directive

#### Article 1 – paragraph 1 – point 4

Directive 2013/34/EU

Article 19c – paragraph 1 a (new)

#### *Text proposed by the Commission*

#### *Amendment*

***Delegated acts defining the sustainability reporting for SMEs should reflect the sector of activity, the size of the undertaking, the context of its operations, the nature and the severity of risks in its value chain, its business model, its position in value chains and the nature of***

*its products and services.*

## **Amendment 56**

### **Proposal for a directive**

#### **Article 1 – paragraph 1 – point 4**

Directive 2013/34/EU

Article 19c – paragraph 1 b (new)

*Text proposed by the Commission*

*Amendment*

*Delegated acts need to be sufficiently clear for SMEs to be able to comply with those requirements and know how to avoid sanctions and be equipped to protect human rights and environmental commitments, and due diligence legislation should ensure competitive advantage for European companies in the short and medium term.*

## **Amendment 57**

### **Proposal for a directive**

#### **Article 1 – paragraph 1 – point 4**

Directive 2013/34/EU

Article 19d – paragraph -1 (new)

*Text proposed by the Commission*

*Amendment*

*-1. Electronic financial statements and management reports shall follow relevant access requirements laid down in the Directive 2019/882 on the accessibility requirements for products and services.*

## **Amendment 58**

### **Proposal for a directive**

#### **Article 1 – paragraph 1 – point 4**

Directive 2013/34/EU

Article 19d – paragraph 1

*Text proposed by the Commission*

1. Undertakings subject to Article 19a shall prepare their financial statements and their management report in **a** single electronic reporting format in accordance with Article 3 of Commission Delegated Regulation (EU) 2019/815\*<sup>15</sup> and shall mark-up their sustainability reporting, including the disclosures laid down in Article 8 of Regulation (EU) 2020/852, in accordance with that Delegated Regulation.

*Amendment*

1. Undertakings subject to Article 19a shall prepare their financial statements and their management report in ***an open data and machine-readable*** single electronic reporting format in accordance with Article 3 of Commission Delegated Regulation (EU) 2019/815\*<sup>15</sup> and shall mark-up their sustainability reporting, including the disclosures laid down in Article 8 of Regulation (EU) 2020/852, in accordance with that Delegated Regulation.

**Amendment 59**

**Proposal for a directive**

**Article 1 – paragraph 1 – point 7**

Directive 2013/34/EU

Article 29a – paragraph 1

*Text proposed by the Commission*

1. Parent undertakings of a large group shall include in the consolidated management report information necessary to understand the group's impacts on sustainability matters, and information necessary to understand how sustainability matters affect the group's development, performance and position.

*Amendment*

1. Parent undertakings of a large group shall include in the consolidated management report information necessary to ***fully*** understand the group's ***and its subsidiaries' and business relationships'*** impacts on sustainability matters, and information necessary to understand how sustainability matters affect the group's development, performance and position. ***The report shall explain the impact of each subsidiary on sustainability factors.***

**Amendment 60**

**Proposal for a directive**

**Article 1 – paragraph 1 – point 7**

Directive 2013/34/EU

Article 29a – paragraph 2 – point a – point i

*Text proposed by the Commission*

(i) the ***resilience of the group's***

*Amendment*

(i) the ***undertaking's*** business model

business model and strategy *to risks related to* sustainability matters;

and strategy *on* sustainability matters *and how it has been implemented*;

## **Amendment 61**

### **Proposal for a directive**

#### **Article 1 – paragraph 1 – point 7**

Directive 2013/34/EU

Article 29a – paragraph 2 – point a – point ii

*Text proposed by the Commission*

(ii) *the opportunities for the group related to sustainability matters*;

*Amendment*

(ii) *how the undertaking's business model and strategy take account of the interests of the undertaking's stakeholders and of the impacts of the undertaking on sustainability factors*;

## **Amendment 62**

### **Proposal for a directive**

#### **Article 1 – paragraph 1 – point 7**

Directive 2013/34/EU

Article 29a – paragraph 2 – point a – point ii a (new)

*Text proposed by the Commission*

*Amendment*

(ii a) *how the undertaking ensures that its business model and strategy are contributing to the UN Sustainable Development Goals*;

## **Amendment 63**

### **Proposal for a directive**

#### **Article 1 – paragraph 1 – point 7**

Directive 2013/34/EU

Article 29a – paragraph 2 – point a – point iii

*Text proposed by the Commission*

(iii) *the plans of the group to ensure that the group's business model and strategy compatible with the transition to a sustainable economy and with the*

*Amendment*

(iii) *the opportunities for and resilience of the undertaking related to sustainability matters*;

*limiting of global warming to 1.5 °C in line with the Paris Agreement;*

#### **Amendment 64**

##### **Proposal for a directive**

##### **Article 1 – paragraph 1 – point 7**

Directive 2013/34/EU

Article 29a – paragraph 2 – point a – point iv

##### *Text proposed by the Commission*

(iv) *how the group's business model and strategy take account of the interests of the group's stakeholders and of the impacts of the group on sustainability matters;*

##### *Amendment*

(iv) *the plans of the undertaking to ensure that its business model and strategy are compatible with the transition to a sustainable economy and with the limiting of global warming to 1.5 °C in line with the Paris Agreement;*

#### **Amendment 65**

##### **Proposal for a directive**

##### **Article 1 – paragraph 1 – point 7**

Directive 2013/34/EU

Article 29a – paragraph 2 – point b

##### *Text proposed by the Commission*

(b) a description of the targets related to sustainability *matters* set by the group and of the progress of the undertaking towards achieving them;

##### *Amendment*

(b) a description of the targets related to *each of the sustainability factors referred to in Article 2(17)* set by the group and of the progress of the undertaking towards achieving them;

#### **Amendment 66**

##### **Proposal for a directive**

##### **Article 1 – paragraph 1 – point 7**

Directive 2013/34/EC

Article 29a – paragraph 2 – point c

##### *Text proposed by the Commission*

(c) a description of the role of the administrative, management and

##### *Amendment*

(c) a description of the role of the administrative, management and

supervisory bodies with regard to sustainability *matters*;

supervisory bodies with regard to *each of the sustainability factors referred to in Article 2(17)*;

## **Amendment 67**

### **Proposal for a directive**

#### **Article 1 – paragraph 1 – point 7**

Directive 2013/34/EU

Article 29a – paragraph 2 – point d

#### *Text proposed by the Commission*

(d) a description of the group's policies in relation to sustainability *matters*;

#### *Amendment*

(d) a description of the group's policies in relation to sustainability *factors referred to in Article 2(17)*;

## **Amendment 68**

### **Proposal for a directive**

#### **Article 1 – paragraph 1 – point 7**

Directive 2013/34/EU

Article 29a – paragraph 2 – point e – point i

#### *Text proposed by the Commission*

(i) the due diligence process implemented with regard to sustainability *matters*;

#### *Amendment*

(i) the due diligence process implemented with regard to *each of the sustainability factors referred to in Article 2(17), in line with, the EU Directive on Sustainable Corporate Governance, national legislation, and the UN Guiding Principles for Business and Human Rights and the OECD Due Diligence Guidance for Responsible Business Conduct*;

## **Amendment 69**

### **Proposal for a directive**

#### **Article 1 – paragraph 1 – point 7**

Directive 2013/34/EU

Article 29a – paragraph 2 – point e – point ii

*Text proposed by the Commission*

(ii) the ***principal*** actual or potential adverse impacts connected with the group's value chain, including its own operations, its products and services, its business relationships and its supply chain;

*Amendment*

(ii) the actual or potential adverse impacts connected with the group's value chain, including its own operations, its products and services, its business relationships and its supply chain;

**Amendment 70**

**Proposal for a directive**

**Article 1 – paragraph 1 – point 7**

Directive 2013/34/EU

Article 29a – paragraph 2 – point e – point iii

*Text proposed by the Commission*

(iii) ***any*** actions taken, and the result of such actions, to prevent, mitigate or remediate actual or potential adverse impacts;

*Amendment*

(iii) ***all*** actions taken, and the result of such actions, to prevent, mitigate or remediate ***such*** actual or potential adverse impacts;

**Amendment 71**

**Proposal for a directive**

**Article 1 – paragraph 1 – point 7**

Directive 2013/34/EU

Article 29a – paragraph 2 – point e – point iii a (new)

*Text proposed by the Commission*

*Amendment*

***(iii a) the structure of the undertaking's value chain including through a disaggregated mapping of its own operations, subsidiaries, suppliers and business relationships;***

**Amendment 72**

**Proposal for a directive**

**Article 1 – paragraph 1 – point 7**

Directive 2013/34/EU

Article 29a – paragraph 2 – point f

*Text proposed by the Commission*

(f) a description of the principal risks to the group related to sustainability **matters**, including the group's principal dependencies on such factors, and how the group manages those risks;

*Amendment*

(f) a description of the principal risks to the group related to **each of the sustainability factors referred to in Article 2(17)**, including the group's principal dependencies on such factors, and how the group manages those risks;

**Amendment 73**

**Proposal for a directive**

**Article 1 – paragraph 1 – point 7**

Directive 2013/34/EU

Article 29a – paragraph 3 – subparagraph 4

*Text proposed by the Commission*

Member States may allow information relating to impending **devel-opments** or matters in the course of negotiation to be omitted in **excep-tional** cases where, in the duly justified opinion of the members of the administrative, management and supervisory bodies, acting within the competences assigned to them by national law and having collective responsibility for that opinion, the disclosure of such information would be seriously prejudicial to the commercial position of the group, provided that such omission does not prevent a fair and balanced **under-standing** of the group's development, performance, position and impact of its activity.

*Amendment*

Member States may allow information relating to impending **developments** or matters in the course of negotiation to be omitted in **exceptional** cases where, in the duly justified opinion of the members of the administrative, management and supervisory bodies, acting within the competences assigned to them by national law and having collective responsibility for that opinion, the disclosure of such information would be seriously prejudicial to the commercial position of the group, provided that such omission does not prevent a fair and balanced **understanding** of the group's development, performance, position and impact of its activity. ***This provision shall not apply to disclosure obligations on significant events such as grave human rights abuses or environmental disasters.***

**Amendment 74**

**Proposal for a directive**

**Article 1 – paragraph 1 – point 8 – point a**

Directive 2013/34/EU

Article 30 – paragraph 1 – subparagraph 3



*Text proposed by the Commission*

*Amendment*

***Member States may, however, exempt undertakings from the obligation to publish the management report where a copy of all or part of any such report can be easily obtained upon request at a price not exceeding its administrative cost.'***

***deleted***

## **Amendment 75**

### **Proposal for a directive**

**Article 1 – paragraph 1 – point 8 – point a**

Directive 2013/34/EU

Article 30 – paragraph 1 – subparagraph 4

*Text proposed by the Commission*

*Amendment*

***The exemption laid down in the third subparagraph shall not apply to undertakings subject to Articles 19a and 29a.';***

***deleted***

## PROCEDURE – COMMITTEE ASKED FOR OPINION

<b>Title</b>	Amending Directive 2013/34/EU, Directive 2004/109/EC, Directive 2006/43/EC and Regulation (EU) No 537/2014, as regards corporate sustainability reporting
<b>References</b>	COM(2021)0189 – C9-0147/2021 – 2021/0104(COD)
<b>Committee responsible</b> Date announced in plenary	JURI 23.6.2021
<b>Opinion by</b> Date announced in plenary	AFET 23.6.2021
<b>Rapporteur for the opinion</b> Date appointed	Karin Karlsbro 11.11.2021
<b>Discussed in committee</b>	10.12.2021
<b>Date adopted</b>	25.1.2022
<b>Result of final vote</b>	+: 61 –: 8 0: 7
<b>Members present for the final vote</b>	Alviina Alametsä, Alexander Alexandrov Yordanov, François Alfonsi, Maria Arena, Petras Auštrevičius, Traian Băsescu, Anna Bonfrisco, Reinhard Bütikofer, Fabio Massimo Castaldo, Susanna Ceccardi, Włodzimierz Cimoszewicz, Katalin Cseh, Tanja Fajon, Anna Fotyga, Michael Gahler, Sunčana Glavak, Raphaël Glucksmann, Klemen Grošelj, Bernard Guetta, Márton Gyöngyösi, Sandra Kalniete, Peter Kofod, Stelios Kouloglou, Andrius Kubilius, Ilhan Kyuchyuk, David Lega, Miriam Lexmann, Nathalie Loiseau, Leopoldo López Gil, Antonio López-Istúriz White, Jaak Madison, Claudiu Manda, Lukas Mandl, Thierry Mariani, Pedro Marques, David McAllister, Vangelis Meimarakis, Jörg Meuthen, Sven Mikser, Francisco José Millán Mon, Javier Nart, Gheorghe-Vlad Nistor, Urmas Paet, Demetris Papadakis, Kostas Papadakis, Tonino Picula, Manu Pineda, Giuliano Pisapia, Thijs Reuten, María Soraya Rodríguez Ramos, Nacho Sánchez Amor, Isabel Santos, Jacek Saryusz-Wolski, Andreas Schieder, Radosław Sikorski, Jordi Solé, Sergei Stanishev, Tineke Strik, Hermann Tertsch, Dragoș Tudorache, Harald Vilimsky, Idoia Villanueva Ruiz, Viola Von Cramon-Taubadel, Thomas Waitz, Witold Jan Waszczykowski, Charlie Weimers, Isabel Wiseler-Lima, Salima Yenbou, Željana Zovko
<b>Substitutes present for the final vote</b>	Özlem Demirel, Assita Kanko, Karsten Lucke, Bert-Jan Ruissen, Mick Wallace
<b>Substitutes under Rule 209(7) present for the final vote</b>	Karin Karlsbro, Ivan Štefanec

## FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION

61	+
NI	Fabio Massimo Castaldo, Márton Gyöngyösi
PPE	Alexander Alexandrov Yordanov, Traian Băsescu, Michael Gahler, Sunčana Glavak, Sandra Kalniete, Andrius Kubilius, David Lega, Miriam Lexmann, Leopoldo López Gil, Antonio López-Istúriz White, David McAllister, Lukas Mandl, Vangelis Meimarakis, Francisco José Millán Mon, Gheorghe-Vlad Nistor, Radosław Sikorski, Ivan Štefanec, Isabel Wiseler-Lima, Željana Zovko
Renew	Petras Auštrevičius, Katalin Cseh, Klemen Grošelj, Bernard Guetta, Karin Karlsbro, Ilhan Kyuchyuk, Nathalie Loiseau, Javier Nart, Urmas Paet, María Soraya Rodríguez Ramos, Dragoș Tudorache
S&D	Maria Arena, Włodzimierz Cimoszewicz, Tanja Fajon, Raphaël Glucksmann, Karsten Lucke, Claudiu Manda, Pedro Marques, Sven Mikser, Demetris Papadakis, Tonino Picula, Giuliano Pisapia, Thijs Reuten, Nacho Sánchez Amor, Isabel Santos, Andreas Schieder, Sergei Stanishev
The Left	Özlem Demirel, Stelios Kouloglou, Manu Pineda, Idoia Villanueva Ruiz, Mick Wallace
Verts/ALE	Alviina Alametsä, François Alfonsi, Reinhard Bütikofer, Jordi Solé, Tineke Strik, Viola Von Cramon-Taubadel, Thomas Waitz, Salima Yenbou

8	-
ECR	Hermann Tertsch, Charlie Weimers
ID	Peter Kofod, Jaak Madison, Thierry Mariani, Jörg Meuthen, Harald Vilimsky
NI	Kostas Papadakis

7	0
ECR	Anna Fotyga, Assita Kanko, Bert-Jan Ruissen, Jacek Saryusz-Wolski, Witold Jan Waszczykowski
ID	Anna Bonfrisco, Susanna Ceccardi

### Key to symbols:

+ : in favour

- : against

0 : abstention