AMENDMENTS
82 - 310

Draft opinion
Pierfrancesco Majorino
(PE700.718v01-00)


Proposal for a directive
AM_Com_LegOpinion
Amendment 82
Barry Andrews
on behalf of the Renew Group
Catherine Chabaud

Proposal for a directive
Citation 5 a (new)

Text proposed by the Commission

Having regard to the development cooperation objectives pursuant to Article 208 of the Treaty on the Functioning of the European Union,

Amendment

Or. en

Amendment 83
Marlene Mortler

Proposal for a directive
Recital 1

Text proposed by the Commission

(1) In its communication on the European Green Deal adopted on 11 December 2019, the European Commission made a commitment to review the provisions concerning non-financial reporting of Directive 2013/34/EU of the European Parliament and of the Commission. The European Green Deal is the European Union’s new growth strategy. It aims to transform the Union into a modern, resource-efficient and competitive economy with no net emissions of greenhouse gases by 2050. It also aims to protect, conserve and enhance the Union's natural capital, and protect the health and well-being of citizens from environment-related risks and impacts. The European Green Deal aims at decoupling economic growth from resource use, and ensuring that all regions and citizens of the Union participate in a socially just transition to a sustainable economic
system. It will contribute to the objective of building an economy that works for the people, strengthening the EU’s social market economy, helping to ensure that it is future-ready and that it delivers stability, jobs, growth and investment. These goals are especially important considering the socio-economic damage caused by the COVID-19 pandemic and the need for a sustainable, inclusive and fair recovery. In its proposal of 4 March 2020 for a European Climate Law, the European Commission proposed to make the objective of climate neutrality by 2050 binding in the Union.  

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Amendment 84  
Antoni Comín i Oliveres

Proposal for a directive
Recital 2

Text proposed by the Commission

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Amendment
(2) In its Action Plan: Financing Sustainable Growth the Commission set out measures to achieve the following objectives: reorient capital flows towards sustainable investment in order to achieve sustainable and inclusive growth, manage financial risks stemming from climate change, resource depletion, environmental degradation and social issues, and foster transparency and long-termism in financial and economic activity. The disclosure by undertakings of relevant, comparable and reliable sustainability information is a prerequisite for meeting those objectives. The European Parliament and the Council adopted a number of legislative acts as part of the implementation of the Action Plan on Financing Sustainable Growth. Regulation (EU) 2019/2088 of the European Parliament and of the Council governs how financial market participants and financial advisers are to disclose sustainability information to end investors and asset owners. Regulation (EU) 2020/852 of the European Parliament and of the Council creates a classification system of environmentally sustainable economic activities with the aim of scaling up sustainable investments and combatting greenwashing of financial products that unduly claim to be sustainable. Regulation (EU) 2019/2089 of the European Parliament and of the Council, complemented by Commission Delegated Regulations (EU) 2020/1816, (EU) 2020/1817 and (EU) 2020/1818, introduces environmental, social and governance (‘ESG’) disclosure requirements for benchmarks administrators and minimum standards for the construction of EU Climate Transition Benchmarks and EU Paris-aligned Benchmarks. Regulation (EU) No 575/2013 of the European Parliament and of the Council requires large institutions which have issued securities that are admitted to trading on a regulated market to disclose information on ESG risks from 28 June 2022. The new prudential framework for investment firms set by


Amendment 85
Caroline Roose, Michèle Rivasi, Pierrette Herzberger-Fofana
on behalf of the Greens/EFA Group
Proposal for a directive
Recital 4

Text proposed by the Commission

(4) In its resolution on sustainable finance of 29 May 2018, the European Parliament called for the further development of non-financial reporting requirements in the framework of Directive 2013/34/EU. In its resolution on sustainable corporate governance of 17 December 2020, the European Parliament welcomed the Commission’s commitment to review Directive 2013/34/EU and expressed the need to set up a comprehensive Union framework on non-financial reporting that contains mandatory Union non-financial reporting standards. The European Parliament called for the expansion of the scope of the reporting requirements to additional categories of undertakings and for the introduction of an audit requirement.

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44 A9-0240/2020 (INI).

Amendment 86
Caroline Roose, Michèle Rivasi, Pierrette Herzberger-Fofana
on behalf of the Greens/EFA Group

Proposal for a directive
Recital 4 a (new)

Text proposed by the Commission

(4 a) The list of high risk sectors included in Annex IIa of Directive 2013/34/EU is based on and inspired by

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44 A9-0240/2020 (INI).
the NACE Codes and build on four types of sources and evidence, namely: (1) existing Union legislation, (2) scientific evidence and data about sectors that can create particularly high levels of environmental or social harm, (3) sectors that are already considered “high-risk” under international standards and (4) sectors that are already considered “high-risk” under market or business initiatives.

Amendment 87
Barry Andrews
on behalf of the Renew Group
Catherine Chabaud

Proposal for a directive
Recital 5

Text proposed by the Commission

(5) On 25 September 2015, the UN General Assembly adopted a new global sustainable development framework: the 2030 Agenda for Sustainable Development (the ‘2030 Agenda’). The 2030 Agenda has at its core the Sustainable Development Goals and covers the three dimensions of sustainability: economic, social and environmental. The Commission communication of 22 November 2016 on the next steps for a sustainable European future linked the Sustainable Development Goals to the Union policy framework to ensure that all Union actions and policy initiatives, both in and beyond the Union, take those goals on board at the outset.45 This Communication also acknowledges that the Union and its Member States have a significant impact on achieving the Sustainable Development Goals (SDGs) worldwide and that the Union’s impact outside its borders is not limited to its external action agenda. Many of the Union’s policies with a domestic dimension contribute to the implementation of the SDGs worldwide. Therefore, achieving coherence across all Union policies is crucial for achieving the SDGs. Policy coherence for development is an essential element of the Union’s
response to the sustainable development challenge enshrined in the Treaties. In accordance with this legal obligation as enshrined in Article 208 TFEU, the Union should take account of the objectives of development cooperation in the policies that are likely to affect developing countries. This principle has also been recognised in Regulation (EU) 2021/947 of the European Parliament and of the Council. In its conclusions of 20 June 2017, the Council confirmed the commitment of the Union and its Member States to the implementation of the 2030 Agenda in a full, coherent, comprehensive, integrated and effective manner, in close cooperation with partners and other stakeholders.

45 COM(2016) 739 final


Amendment 88
Barry Andrews
on behalf of the Renew Group
Catherine Chabaud

Proposal for a directive
Recital 7
(7) Many stakeholders consider the term ‘non-financial’ to be inaccurate, in particular because it implies that the information in question has no financial relevance. Increasingly, however, the information in question does have financial relevance. Many organisations, initiatives and practitioners in this field refer to ‘sustainability’ information. It is therefore preferable to use the term ‘sustainability information’ in place of ‘non-financial information’. Directive 2013/34/EU should therefore be amended to take account of this change in terminology.

(8) The ultimate beneficiaries of better sustainability reporting by undertakings are individual citizens and savers. Savers who want to invest sustainably will have the opportunity to do so, while all citizens should benefit from a stable, sustainable and inclusive economic system. To realise these benefits, the sustainability information disclosed in undertaking’s annual reports first has to reach two primary groups (‘users’). The first group of users consists of investors, including asset managers, who want to better understand the risks and opportunities that sustainability issues pose to their investments and the impacts of those investments on people and the
environment. The second group of users consists of organisations, including non-governmental organisations and social partners, that wish to better hold undertakings to account for their impacts on people and the environment. Other stakeholders may also make use of sustainability information disclosed in annual reports. The business partners of undertakings, including customers, may rely on this information to understand, and where necessary report on, the sustainability risks and impacts through their own value chains. Policy makers and environmental agencies may use such information, in particular on an aggregate basis, to monitor environmental and social trends, to contribute to environmental accounts, and to inform public policy. Few individual citizens and consumers directly consult undertaking’s reports, but they may use such information indirectly such as when considering the advice or opinions of financial advisers or non-governmental organisations. Many investors and asset managers purchase sustainability information from third party data providers, who collect information from various sources, including public corporate reports.

Amendment 90
Manon Aubry

PE704.531v01-00 12/171 AM\1247135EN.docx
Proposal for a directive
Recital 8

Text proposed by the Commission

(8) The ultimate beneficiaries of better sustainability reporting by undertakings are individual citizens and savers. Savers who want to invest sustainably will have the opportunity to do so, while all citizens should benefit from a stable, sustainable and inclusive economic system. To realise these benefits, the sustainability information disclosed in undertaking’s annual reports first has to reach two primary groups (‘users’). The first group of users consists of investors, including asset managers, who want to better understand the risks and opportunities that sustainability issues pose to their investments and the impacts of those investments on people and the environment. The second group of users consists of organisations, including non-governmental organisations and social partners, that wish to better hold undertakings to account for their impacts on people and the environment. Other stakeholders may also make use of sustainability information disclosed in annual reports. The business partners of undertakings, including customers, may rely on this information to understand, and where necessary report on, the sustainability risks and impacts through their own value chains. Policy makers and environmental agencies may use such information, in particular on an aggregate basis, to monitor environmental and social trends, to contribute to environmental accounts, and to inform public policy. Few individual citizens and consumers directly consult undertaking’s reports, but they may use such information indirectly such as when considering the advice or opinions of financial advisers or non-governmental organisations. Many investors and asset managers purchase sustainability information from third party data.

Amendment

(8) The ultimate beneficiaries of better sustainability reporting by undertakings are public authorities, individual citizens and savers. Policy makers and public authorities need this information in order to design and implement public policies, and in particular to protect people’s rights and the environment, to hold undertakings accountable for their impacts and to conduct a just social and environmental transition. Savers who want to invest sustainably will have the opportunity to do so, while all citizens should benefit from a stable, sustainable and inclusive economic system. To realise these benefits, the sustainability information disclosed in undertaking’s annual reports first has to reach three primary groups (‘users’). The first group of users consists of policy makers and public authorities. The second group of users consists of investors, including asset managers, who want to better understand the risks and opportunities that sustainability issues pose to their investments and the impacts of those investments on people and the environment. The third group of users consists of organisations, including non-governmental organisations and social partners, that wish to better hold undertakings to account for their impacts on people and the environment. Other stakeholders may also make use of sustainability information disclosed in annual reports. The business partners of undertakings, including customers, may rely on this information to understand, and where necessary report on, the sustainability risks and impacts through their own value chains. Policy makers and environmental agencies may use such information, in particular on an aggregate basis, to monitor environmental and social
providers, who collect information from various sources, including public corporate reports.

trends, to contribute to environmental accounts, and to inform public policy. Few individual citizens and consumers directly consult undertaking’s reports, but they may use such information indirectly such as when considering the advice or opinions of financial advisers or non-governmental organisations. Many investors and asset managers purchase sustainability information from third party data providers, who collect information from various sources, including public corporate reports.

Or. en

Amendment 91
Barry Andrews
on behalf of the Renew Group
Catherine Chabaud

Proposal for a directive
Recital 8

**Text proposed by the Commission**

(8) The ultimate beneficiaries of better sustainability reporting by undertakings are individual citizens and savers. Savers who want to invest sustainably will have the opportunity to do so, while all citizens should benefit from a stable, sustainable and inclusive economic system. To realise these benefits, the sustainability information disclosed in undertaking’s annual reports first has to reach two primary groups (‘users’). The first group of users consists of investors, including asset managers, who want to better understand the risks and opportunities that sustainability issues pose to their investments and the impacts of those investments on people and the environment. The second group of users consists of organisations, including non-governmental organisations and social partners, that wish to better hold undertakings to account for their impacts

**Amendment**

(8) The ultimate beneficiaries of better sustainability reporting by undertakings are individual citizens and savers. Savers who want to invest sustainably will have the opportunity to do so, while all citizens should benefit from a stable, **transparent**, sustainable and inclusive economic system. To realise these benefits, the sustainability information disclosed in undertaking’s annual reports first has to reach two primary groups (‘users’). The first group of users consists of investors, including asset managers, who want to better understand the risks and opportunities that sustainability issues pose to their **reputation and investments** and the impacts of those investments on **particular workers and local communities**, and the environment. The second group of users consists of organisations, including **international organisations, national, regional and local governments**, non-
on people and the environment. Other stakeholders may also make use of sustainability information disclosed in annual reports. The business partners of undertakings, including customers, may rely on this information to understand, and where necessary report on, the sustainability risks and impacts through their own value chains. Policy makers and environmental agencies may use such information, in particular on an aggregate basis, to monitor environmental and social trends, to contribute to environmental accounts, and to inform public policy. Few individual citizens and consumers directly consult undertaking’s reports, but they may use such information indirectly such as when considering the advice or opinions of financial advisers or non-governmental organisations. Many investors and asset managers purchase sustainability information from third party data providers, who collect information from various sources, including public corporate reports.

governmental organisations, as well as communities and social partners, that wish to better hold undertakings to account for their impacts on people and the environment. Other stakeholders may also make use of sustainability information disclosed in annual reports. The business partners of undertakings, including customers, may rely on this information to understand, and where necessary report on, the sustainability risks and impacts through their own value chains. Policy makers, social partners, non-governmental organisations and environmental agencies may use such information, in particular on an aggregate basis, to monitor environmental and social trends, to contribute to environmental accounts and social progress, and to inform public policy. Few individual citizens and consumers directly consult undertaking’s reports, but they may use such information indirectly such as when considering the advice or opinions of financial advisers or non-governmental organisations. Many investors and asset managers purchase sustainability information from third party data providers, who collect information from various sources, including public corporate reports.

Amendment 92
Caroline Roose, Michèle Rivasi, Pierrette Herzberger-Fofana
on behalf of the Greens/EFA Group

Proposal for a directive
Recital 9

Text proposed by the Commission

(9) There has been a very significant increase in demand for corporate sustainability information in recent years, especially on the part of the investment community. That increase in demand is driven by the changing nature of risks to governmental organisations, as well as communities and social partners, that wish to better hold undertakings to account for their impacts on people and the environment. Other stakeholders may also make use of sustainability information disclosed in annual reports. The business partners of undertakings, including customers, may rely on this information to understand, and where necessary report on, the sustainability risks and impacts through their own value chains. Policy makers, social partners, non-governmental organisations and environmental agencies may use such information, in particular on an aggregate basis, to monitor environmental and social trends, to contribute to environmental accounts and social progress, and to inform public policy. Few individual citizens and consumers directly consult undertaking’s reports, but they may use such information indirectly such as when considering the advice or opinions of financial advisers or non-governmental organisations. Many investors and asset managers purchase sustainability information from third party data providers, who collect information from various sources, including public corporate reports.

Or. en
The increase in demand for sustainability information is also driven by the growth in investment products that explicitly seek to meet certain sustainability standards or achieve certain sustainability objectives. Part of that increase is the logical consequence of previously adopted Union legislation, notably Regulation (EU) 2019/2088 and Regulation (EU) 2020/852. Some of the increase would have happened in any case, due to fast-changing citizen awareness, consumer preferences and market practices. The COVID-19 pandemic will further accelerate the increase in users’ information needs, in particular as it has exposed the vulnerabilities of workers and of undertaking’s value chains. Information on environmental impacts is also relevant in the context of mitigating future pandemics with human disturbance of ecosystems increasingly linked to the occurrence and spread of diseases.

Amendment 93
Barry Andrews
on behalf of the Renew Group
Catherine Chabaud

Proposal for a directive
Recital 9
(9) There has been a very significant increase in demand for corporate sustainability information in recent years, especially on the part of the investment community. That increase in demand is driven by the changing nature of risks to undertakings and growing investor awareness of the financial implications of these risks. That is especially the case for climate-related financial risks. Awareness of the risks to undertakings and to investments resulting from other environmental issues and from social issues, including health issues, is also growing. The increase in demand for sustainability information is also driven by the growth in investment products that explicitly seek to meet certain sustainability standards or achieve certain sustainability objectives. Part of that increase is the logical consequence of previously adopted Union legislation, notably Regulation (EU) 2019/2088 and Regulation (EU) 2020/852. Some of the increase would have happened in any case, due to fast-changing citizen awareness, consumer preferences and market practices. The COVID-19 pandemic will further accelerate the increase in users’ information needs, in particular as it has exposed the vulnerabilities of workers and of undertaking’s value chains. Information on environmental impacts is also relevant in the context of mitigating future pandemics with human disturbance of ecosystems increasingly linked to the occurrence and spread of diseases.

Amendment

94
Marlene Mortler
Proposal for a directive
Recital 9

Or. en
There has been a very significant increase in demand for corporate sustainability information in recent years, especially on the part of the investment community. That increase in demand is driven by the changing nature of risks to undertakings and growing investor awareness of the financial implications of these risks. That is especially the case for climate-related financial risks. Awareness of the risks to undertakings and to investments resulting from other environmental issues and from social issues, including health issues, is also growing. The increase in demand for sustainability information is also driven by the growth in investment products that explicitly seek to meet certain sustainability standards or achieve certain sustainability objectives. Part of that increase is the logical consequence of previously adopted Union legislation, notably Regulation (EU) 2019/2088 and Regulation (EU) 2020/852. Some of the increase would have happened in any case, due to fast-changing citizen awareness, consumer preferences and market practices. The COVID-19 pandemic will further accelerate the increase in users’ information needs, in particular as it has exposed the vulnerabilities of workers and of undertaking’s value chains.

Information on environmental impacts is also relevant in the context of mitigating future pandemics with human disturbance of ecosystems increasingly linked to the occurrence and spread of diseases.
Recital 11

Text proposed by the Commission

(11) The report on the review clause of the Non-Financial Reporting Directive (Directive 2014/95/EU), and its accompanying fitness check on corporate reporting, identified problems as to the effectiveness of that Directive\(^{48}\). There is significant evidence that many undertakings do not disclose material information on all major sustainability-related topics. The report also identified as significant problems the limited comparability and reliability of sustainability information. Additionally, many undertakings from which users need sustainability information are not obliged to report such information.

Amendment

(11) The report on the review clause of the Non-Financial Reporting Directive (Directive 2014/95/EU), and its accompanying fitness check on corporate reporting, identified problems as to the effectiveness of that Directive\(^{48}\). There is significant evidence that many undertakings do not disclose material information on all major sustainability-related topics, in particular regarding most exposed sectors to environmental criminality, such as timber, fishing and mining, including in their activities in third countries. The report also identified as significant problems the limited comparability and reliability of sustainability information. Additionally, many undertakings from which users need sustainability information are not obliged to report such information, which underlines the need for a robust and affordable monitoring, reporting and verification framework and effective auditing within corporate sustainability reporting to ensure the reliability of data and avoid off-setting, greenwashing and/or double accounting.

\(^{48}\) Publication office: please insert reference to Report from the Commission to the European Parliament, the Council and the European Economic and Social Committee on the review clauses in Directives 2013/34/EU, 2014/95/EU, and 2013/50/EU, and accompanying SWD-Fitness Check.

Amendment 96
Marlene Mortler
Proposal for a directive
Recital 12

Text proposed by the Commission

(12) In the absence of policy action, the gap between users’ information needs and the sustainability information reported by undertakings is expected to grow. This gap has significant negative consequences. Investors are unable to take sufficient account of sustainability-related risks and opportunities in their investment decisions. The aggregation of multiple investment decisions that do not take adequate account of sustainability-related risks has the potential to create systemic risks that threaten financial stability. The European Central Bank and international organisations such as the Financial Stability Board have drawn attention to those systemic risks, in particular in the case of climate. Investors are also less able to channel financial resources to undertakings and economic activities that address and do not exacerbate social and environmental problems, which undermines the objectives of the European Green Deal and the Action Plan on Financing Sustainable Growth. Non-governmental organisations, social partners, communities affected by undertakings’ activities, and other stakeholders are less able to hold undertakings accountable for their impacts on people and the environment. This creates an accountability deficit, and may contribute to lower levels of citizen trust in businesses, which in turn may have negative impacts on the efficient functioning of the social market economy. The lack of generally accepted metrics and methods for measuring, valuing, and managing sustainability-related risks is also an obstacle to the efforts of undertakings to ensure that their business models and activities are sustainable.

Amendment

(12) In the absence of policy action, the gap between users’ information needs and the sustainability information reported by undertakings is expected to grow. This gap has significant negative consequences. Investors are unable to take sufficient account of sustainability-related risks and opportunities in their investment decisions. However, it is necessary to include the possibilities and respective preconditions of the reporting undertakings and bring them to a good consideration. This is the only way to ensure that large companies with more than 500 employees are not overburdened with reporting obligations.
Amendment 97
Caroline Roose, Michèle Rivasi, Pierrette Herzberger-Fofana
on behalf of the Greens/EFA Group

Proposal for a directive
Recital 12

Text proposed by the Commission

(12) In the absence of policy action, the gap between users’ information needs and the sustainability information reported by undertakings is expected to grow. This gap has significant negative consequences. Investors are unable to take sufficient account of sustainability-related risks and opportunities in their investment decisions. The aggregation of multiple investment decisions that do not take adequate account of sustainability-related risks has the potential to create systemic risks that threaten financial stability. The European Central Bank and international organisations such as the Financial Stability Board have drawn attention to those systemic risks, in particular in the case of climate. Investors are also less able to channel financial resources to undertakings and economic activities that address and do not exacerbate social and environmental problems, which undermines the objectives of the European Green Deal and the Action Plan on Financing Sustainable Growth. Non-governmental organisations, social partners, communities affected by undertakings’ activities, and other stakeholders are less able to hold undertakings accountable for their impacts on people and the environment. This creates an accountability deficit, and may contribute to lower levels of citizen trust in businesses, which in turn may have negative impacts on the efficient functioning of the social market economy. The lack of generally accepted metrics and methods for measuring, valuing, and managing sustainability-related risks is also an obstacle to the efforts of undertakings to ensure that their business

Amendment

(12) In the absence of policy action, the gap between users’ information needs and the sustainability information reported by undertakings is expected to grow. This gap has significant negative consequences. Investors are unable to take sufficient account of sustainability-related risks and opportunities in their investment decisions. The aggregation of multiple investment decisions that do not take adequate account of sustainability-related risks has the potential to create systemic risks that threaten financial stability. The European Central Bank and international organisations such as the Financial Stability Board have drawn attention to those systemic risks, in particular in the case of climate. Investors are also less able to channel financial resources to undertakings and economic activities that address and do not exacerbate social and environmental problems, which undermines the objectives of the European Green Deal, the Action Plan on Financing Sustainable Growth, the objectives of the Paris Agreement on climate change and the Convention on Biological Diversity. Non-governmental organisations, social partners, communities affected by undertakings’ activities, and other stakeholders are less able to hold undertakings accountable for their impacts on people and the environment, including in their activities in third countries. This creates an accountability deficit, and may contribute to lower levels of citizen trust in businesses, which in turn may have negative impacts on the efficient functioning of the social market economy. The lack of generally accepted metrics and methods for measuring, valuing, and
models and activities are sustainable. managing sustainability-related risks is also an obstacle to the efforts of undertakings to ensure that their business models and activities are sustainable. **The lack of sustainability information also limits the ability of stakeholders, including civil society actors, trade unions, indigenous people and local communities, to enter into dialogue with undertakings on sustainability matters.**

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**Amendment 98**

*Barry Andrews on behalf of the Renew Group*

*Catherine Chabaud*

**Proposal for a directive**

**Recital 12**

**Text proposed by the Commission**

(12) In the absence of policy action, the gap between users’ information needs and the sustainability information reported by undertakings is expected to grow. This gap has significant negative consequences. Investors are unable to take sufficient account of sustainability-related risks and opportunities in their investment decisions. The aggregation of multiple investment decisions that do not take adequate account of sustainability-related risks has the potential to create systemic risks that threaten financial stability. The European Central Bank and international organisations such as the Financial Stability Board have drawn attention to those systemic risks, in particular in the case of climate. Investors are also less able to channel financial resources to undertakings and economic activities that address and do not exacerbate social and environmental problems, which undermines the objectives of the European Green Deal and the Action Plan on Financing Sustainable Growth. Non-
governmental organisations, social partners, communities affected by undertakings’ activities, and other stakeholders are less able to hold undertakings accountable for their impacts on people and the environment. This creates an accountability deficit, and may contribute to lower levels of citizen trust in businesses, which in turn may have negative impacts on the efficient functioning of the social market economy. The lack of generally accepted metrics and methods for measuring, valuing, and managing sustainability-related risks is also an obstacle to the efforts of undertakings to ensure that their business models and activities are sustainable.

Amendment 99
Antoni Comín i Oliveres
Proposal for a directive
Recital 12

_text proposed by the Commission_

(12) In the absence of policy action, the gap between users’ information needs and the sustainability information reported by undertakings is expected to grow. This gap has significant negative consequences. Investors are unable to take sufficient account of sustainability-related risks and opportunities in their investment decisions. The aggregation of multiple investment decisions that do not take adequate account of sustainability-related risks has the potential to create systemic risks that threaten financial stability. The European
Central Bank and international organisations such as the Financial Stability Board have drawn attention to those systemic risks, in particular in the case of climate. Investors are also less able to channel financial resources to undertakings and economic activities that address and do not exacerbate social and environmental problems, which undermines the objectives of the European Green Deal and the Action Plan on Financing Sustainable Growth. Non-governmental organisations, social partners, communities affected by undertakings’ activities, and other stakeholders are less able to hold undertakings accountable for their impacts on people and the environment. This creates an accountability deficit, and may contribute to lower levels of citizen trust in businesses, which in turn may have negative impacts on the efficient functioning of the social market economy. The lack of generally accepted metrics and methods for measuring, valuing, and managing sustainability-related risks is also an obstacle to the efforts of undertakings to ensure that their business models and activities are sustainable.

Amendment 100
Marlene Mortler

Proposal for a directive
Recital 13

Text proposed by the Commission

(13) The report on the review clause of Directive 2014/95/EU, and its accompanying fitness check on corporate reporting, also recognised a significant increase in information requests for information about sustainability matters to undertakings in an attempt to address the existing information gap. In addition,
ongoing expectations on undertakings to use a variety of different frameworks and standards are likely to continue and may even intensify as the value placed on sustainability information continues to grow. In the absence of policy action to build consensus on the information that undertakings should report, there will be significant increases in costs and burden for reporting undertakings and for users of such information.

Amendment 101
Manon Aubry

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 large undertakings, all public interest entities, all small and medium sized undertakings operating in high-risk sectors or high risk-areas and all undertakings listed on regulated markets, to report detailed sustainability information. In addition, all undertakings that are parent undertakings of large groups should prepare sustainability reporting at group level. Undertakings that are not established in the Union but fulfil those criteria and operate in the single market should be subjected to the same
requirements in order to account for their sustainability impacts and to provide a level playing field for undertakings established in the Union.

Amendment 102
Marlene Mortler

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 and should continue to 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. Moreover, non-EU third country undertakings doing business on the European Single Market could be included in that Directive or should align with International Standards. In view of the growth of users’ needs for sustainability information, the information gap of these undertakings should be closed. In light of the fact that only 32% of currently 11,600 enterprises are reporting in an appropriate manner, this Directive aims to close the information gap by introducing mandatory requirements for large undertakings and parent undertakings of a large group that are public interest entities, with an average number of employees in excess of 500. After careful revision those requirements may also be introduced to large undertakings and large undertakings listed on regulated markets.
Amendment 103
Barry Andrews
on behalf of the Renew Group
Catherine Chabaud

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 large undertakings and all undertakings listed on regulated markets, except micro undertakings, **all small and medium sized undertakings operating in high risk sectors as well as undertakings established outside the Union, but operating in the internal market,** to report detailed sustainability information.

Or. en

Amendment 104
Marlene Mortler

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

**Amendment**

(16) The requirement that also large non-listed undertakings **that are public interest entities with an average number of employees in excess of 500** should
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.

disclose information on sustainability matters is mainly driven by concerns about the impacts and accountability of such undertakings. In this respect, those undertakings should be subject to the same requirements to report sustainability information publicly.

Amendment 105
Manon Aubry
Proposal for a directive
Recital 16 a (new)

Text proposed by the Commission

(16 a) The requirement that small and medium-sized undertakings operating in high-risk sectors should disclose information on sustainability matters is mainly driven by the likelihood and severity of sustainability impacts is higher in some specific sectors and areas, regardless of the size of the undertaking. A high-risk sector is a sector that is associated, as a result of its business and value chain characteristics, with a high likelihood of actual or potential severe impacts on the environment or people. High-risk sectors include for example the extractive industry, the garment industry, the electronic industry, the energy industry, forestry and agricultural supply chains or the gig economy, where small and medium-size undertakings may cause severe social and environmental impacts regardless of their size.

Amendment 106
Manon Aubry
Proposal for a directive  
Recital 16 b (new)

Text proposed by the Commission

(16 b) A list of high-risk sectors is established in Annex I of this Directive. The Commission should review and modify the list of high-risk sectors by adopting delegated act when necessary and at least every three years. This list should be based on the NACE classification and on existing legislation and guidelines of the Union, reports of international organisations, international reporting standards, reliable and scientific evidence of higher risks of environmental and social harm. When reviewing the list of high risk-sectors, the Commission should conduct the necessary consultations with independent experts with due respect to the Interinstitutional agreement of the European Parliament, the Council of the European Union and the European Commission of 13 April 2016 on Better Law-Making. In particular, it should guarantee the equal participation of the Parliament and of the European Council in preparing the delegated acts. The Parliament and of the European Council should have access to all documents and all the Commission’s expert groups’ meetings.

Or. en

Amendment 107
Manon Aubry

Proposal for a directive  
Recital 16 c (new)

Text proposed by the Commission

(16 c) The requirement that small and medium-sized undertakings operating in high-risk areas should also disclose
information on sustainability matters responds to the higher likelihood and greater risk of adverse sustainability impacts in specific geographical areas. A high-risk area is an area that is associated, as a result of its social, political, geopolitical or environmental characteristics, with a high likelihood of actual or potential severe impacts on the environment or people. High-risk areas include conflict-affected areas, areas with low social and environmental protection and areas affected by systemic or recurring human rights violations or environmental damages.

Amendment 108
Manon Aubry

Proposal for a directive
Recital 16 d (new)

Text proposed by the Commission

(16 d) A list of high-risk areas is established in Annex II of this Directive. The Commission should review and modify the list of high-risk sectors by adopting delegated act when necessary and at least every three years. This list should be based on existing legislation and guidelines of the Union, reports of international organisations, international reporting standards, reliable and scientific evidence of higher risks of environmental and social harm. When designing and reviewing the list of high risk-sectors, the Commission should conduct the necessary consultations with independent experts with due respect to the Interinstitutional agreement between the European Parliament, the Council of the European Union and the European Commission of 13 April 2016 on Better Law-Making. In particular, it should guarantee the equal participation of the Parliament and of the
European Council in preparing the delegated acts. The Parliament and of the European Council should have access to all documents and all the Commission’s expert groups’ meetings. It should be reviewed and modified as appropriate and at least every three years.

Or. en

Amendment 109
Marlene Mortler

Proposal for a directive
Recital 17

Text proposed by the Commission

(17) The requirement that undertakings not established in the Union but with securities listed on regulated markets should also disclose information on sustainability matters responds to the needs of financial market participants for information from such undertakings in order to understand the risks and impacts of their investments, and to comply with the disclosure requirements laid down in Regulation (EU) 2019/2088.

Amendment

(17) The requirement that undertakings not established in the Union but with securities listed on regulated markets or doing business in the Union internal market should also disclose information on sustainability matters responds to the needs of financial market participants for information from such undertakings in order to understand the risks and impacts of their investments, and to comply with the disclosure requirements laid down in Regulation (EU) 2019/2088.

Or. en

Amendment 110
Manon Aubry

Proposal for a directive
Recital 17 a (new)

Text proposed by the Commission

(17 a) The requirement that undertakings established in third countries that operate in the Union also disclose information on sustainability matters is necessary to account for the need of European users,
consumers and investors to access information about sustainability matters related to their activities. It is also necessary in order to guarantee a level playing field in the single market between undertakings established in the Union and third-country undertakings.

Amendment 111
Barry Andrews
on behalf of the Renew Group
Catherine Chabaud

Proposal for a directive
Recital 17 a (new)

Text proposed by the Commission

Amendment

(17 a) The specific situation of undertakings which, although not having any legal establishment in the Union, regularly engage in significant economic activity within the Union, should be taken into account. Such undertakings should be subject to the same obligations as those established in the territory of the Union.

Amendment 112
Marlene Mortler

Proposal for a directive
Recital 18

Text proposed by the Commission

Amendment

(18) Considering the growing relevance of sustainability-related risks and taking into account that small and medium-sized enterprises (SMEs) listed on regulated markets comprise a significant proportion of all listed undertakings in the Union, in order to ensure investor protection it is deleted
appropriate to require that also those SMEs disclose information on sustainability matters. The introduction of this requirement will help to ensure that financial market participants can include smaller listed undertakings in investment portfolios on the basis that they report the sustainability information that financial market participants need. It will therefore help to protect and enhance the access of smaller listed undertakings to financial capital, and avoid discrimination against such undertakings on the part of financial market participants. The introduction of this requirement is also necessary to ensure that financial market participants have the information they need from investee undertakings to be able to comply with their own sustainability disclosure requirements laid down in Regulation (EU) 2019/2088. SMEs listed on regulated markets should, however, be provided with sufficient time to prepare for the application of the requirement to report sustainability information, due to their smaller size and more limited resources, and taking account of the difficult economic circumstances created by the COVID-19 pandemic. They should also be given the possibility to report according to standards that are proportionate to the capacities and resources of SMEs. Non-listed SMEs can also choose to use these proportionate standards on a voluntary basis. The SME standards will set a reference for undertakings that are within the scope of the Directive regarding the level of sustainability information that they could reasonably request from SME suppliers and clients in their value chains.

Justification

Extending the scope to all SMEs brings reporting obligations to 1.471,501 undertakings in the EU (given micros are excluded). Even only an expansion to medium-sized enterprises would expand the scope from originally 11,700 (NFRD) over 49,000 (CSRD Commission proposal) to roughly or up to 247,000 enterprises (including listed SMEs and high risk SMEs as foreseen in the Durand Proposal).
Amendment 113
Barry Andrews
on behalf of the Renew Group
Catherine Chabaud

Proposal for a directive
Recital 18

Text proposed by the Commission

(18) Considering the growing relevance of sustainability-related risks and taking into account that small and medium-sized enterprises (SMEs) listed on regulated markets comprise a significant proportion of all listed undertakings in the Union, in order to ensure investor protection it is appropriate to require that also those SMEs disclose information on sustainability matters. The introduction of this requirement will help to ensure that financial market participants can include smaller listed undertakings in investment portfolios on the basis that they report the sustainability information that financial market participants need. It will therefore help to protect and enhance the access of smaller listed undertakings to financial capital, and avoid discrimination against such undertakings on the part of financial market participants. The introduction of this requirement is also necessary to ensure that financial market participants have the information they need from investee undertakings to be able to comply with their own sustainability disclosure requirements laid down in Regulation (EU) 2019/2088. SMEs listed on regulated markets should, however, be provided with sufficient time to prepare for the application of the requirement to report sustainability information, due to their smaller size and more limited resources, and taking account of the difficult economic circumstances created by the COVID-19 pandemic. They should also be given the possibility to report according to standards that are proportionate to the

Amendment

(18) Considering the growing relevance of sustainability-related risks and taking into account that small and medium-sized enterprises (SMEs) listed on regulated markets comprise a significant proportion of all listed undertakings in the Union, in order to ensure investor protection as well as due diligence with regard to the environment, human rights and good governance, it is appropriate to require that also those SMEs disclose information on sustainability matters. It is also appropriate to require all SMEs operating in high risk sectors of economic activity to carry out sustainability reporting, defined as those sectors with a significant impact on human rights, the environment and good governance. The introduction of this requirement will help to ensure that financial market participants can include smaller listed undertakings in investment portfolios on the basis that they report the sustainability information that financial market participants need. It will therefore help to protect and enhance the access of smaller listed undertakings to financial capital, and avoid discrimination against such undertakings on the part of financial market participants. The introduction of this requirement is also necessary to ensure that financial market participants have the information they need from investee undertakings to be able to comply with their own sustainability disclosure requirements laid down in Regulation (EU) 2019/2088. SMEs listed on regulated markets should, however, be provided with sufficient time to prepare for the
capacities and resources of SMEs. Non-listed SMEs can also choose to use these proportionate standards on a voluntary basis. The SME standards will set a reference for undertakings that are within the scope of the Directive regarding the level of sustainability information that they could reasonably request from SME suppliers and clients in their value chains.

Amendment 114
Manon Aubry

Proposal for a directive
Recital 18

(18) Considering the growing relevance of sustainability-related risks and taking into account that small and medium-sized enterprises (SMEs) listed on regulated markets comprise a significant proportion of all listed undertakings in the Union, in order to ensure investor protection it is appropriate to require that also those SMEs disclose information on sustainability matters. The introduction of this requirement will help to ensure that financial market participants can include smaller listed undertakings in investment portfolios on the basis that they report the sustainability information that financial market participants need. It will therefore help to protect and enhance the access of smaller listed undertakings to financial

application of the requirement to report sustainability information, due to their smaller size and more limited resources, and taking account of the difficult economic circumstances created by the COVID-19 pandemic. They should also be given the possibility to report according to standards that are proportionate to the capacities and resources of SMEs. SMEs not carrying out high risk economic activities and non-listed SMEs can also choose to use these proportionate standards on a voluntary basis. The SME standards will set a reference for undertakings that are within the scope of the Directive regarding the level of sustainability information that they could reasonably request from SME suppliers and clients in their value chains.

Or. en
capital, and avoid discrimination against such undertakings on the part of financial market participants. The introduction of this requirement is also necessary to ensure that financial market participants have the information they need from investee undertakings to be able to comply with their own sustainability disclosure requirements laid down in Regulation (EU) 2019/2088. SMEs listed on regulated markets should, however, be provided with sufficient time to prepare for the application of the requirement to report sustainability information, due to their smaller size and more limited resources, and taking account of the difficult economic circumstances created by the COVID-19 pandemic. They should also be given the possibility to report according to standards that are proportionate to the capacities and resources of SMEs. Non-listed SMEs can also choose to use these proportionate standards on a voluntary basis. The SME standards will set a reference for undertakings that are within the scope of the Directive regarding the level of sustainability information that they could reasonably request from SME suppliers and clients in their value chains.

Amendment 115
Barry Andrews
on behalf of the Renew Group
Catherine Chabaud

Proposal for a directive
Recital 18 a (new)

Text proposed by the Commission

(18 a) Certain sectors of economic activity are recognised as posing particularly significant sustainability risks. In order to ensure that this Directive can also apply to such high-risk sectors of economic activity they should...
be defined and the power to adopt a delegated act in accordance with Article 290 of the Treaty on the Functioning of the European Union in respect of establishing a list of high-risk sectors of economic activity should be delegated to the Commission. It is of particular importance that the Commission carry out appropriate consultations during its preparatory work, including at expert level, and that those consultations be conducted in accordance with the principles laid down in the Interinstitutional Agreement of 13 April 2016 on Better Law-Making. In particular, to ensure their equal participation in the preparation of delegated acts, Parliament and the Council should receive all documents at the same time as Member States’ experts, and their experts should systematically have access to meetings of Commission expert groups dealing with the preparation of delegated acts. Small and medium sized undertakings carrying out a high risk economic activity should also be subject to sustainability reporting obligations.

Or. en

Amendment 116
Marlene Mortler

Proposal for a directive
Recital 19

Text proposed by the Commission

(19) Directive 2004/109/EC of the European Parliament and of the Council applies to all undertakings with securities listed on regulated markets. In order to ensure that all undertakings with securities listed on regulated markets, including third country issuers, fall under the same sustainability reporting requirements, Directive 2004/109/EC should contain the

Amendment

(19) Directive 2004/109/EC of the European Parliament and of the Council applies to all undertakings with securities listed on regulated markets. In order to ensure that all undertakings with securities listed on regulated markets or business activities in the Union internal market, including third country issuers, fall under the same sustainability reporting
necessary cross-references to any requirement on sustainability reporting in the annual financial report.


Amendment 117
Barry Andrews
on behalf of the Renew Group
Catherine Chabaud

Proposal for a directive
Recital 21

Text proposed by the Commission

(21) Articles 19a(3) and 29a(3) of Directive 2013/34/EU currently exempt all subsidiary undertakings from the obligation to report non-financial information where such undertakings and their subsidiary undertakings are included in the consolidated management report of their parent undertaking, provided this includes the required non-financial information. It is necessary, however to ensure that sustainability information is easily accessible for users, and to bring transparency about which is the parent undertaking of the exempted subsidiary undertaking which is reporting at consolidated level. It is therefore necessary to require those subsidiary undertakings to publish the consolidated management report of their parent undertaking and to include a reference in their management report.

Amendment

(21) Articles 19a(3) and 29a(3) of Directive 2013/34/EU currently exempt all subsidiary undertakings from the obligation to report non-financial information where such undertakings and their subsidiary undertakings are included in the consolidated management report of their parent undertaking, as defined in that Directive, provided this includes the required non-financial information. It is necessary, however, to ensure that sustainability information is easily accessible for users, and to bring transparency about the activities of all the undertakings covered by the scope of that Directive. It is therefore necessary to require those subsidiary undertakings to publish a management report containing information on sustainability. The absence of an exemption does not affect
report to the fact that they are exempted from reporting sustainability information. That exemption should also apply where the parent undertaking reporting at consolidated level is a third country undertaking reporting sustainability information in accordance with the requirements of this Directive or in a manner equivalent to EU sustainability reporting standards.

Amendment 118
Manon Aubry

Proposal for a directive
Recital 21

Text proposed by the Commission

(21) Articles 19a(3) and 29a(3) of Directive 2013/34/EU currently exempt all subsidiary undertakings from the obligation to report non-financial information where such undertakings and their subsidiary undertakings are included in the consolidated management report of their parent undertaking, provided this includes the required non-financial information. It is necessary, however, to ensure that sustainability information is easily accessible for users, and to bring transparency about which is the parent undertaking of the exempted subsidiary undertaking which is reporting at consolidated level. It is therefore necessary to require those subsidiary undertakings to publish the consolidated management report of their parent undertaking and to include a reference in their management report to the fact that they are exempted from reporting sustainability information. That exemption should also apply where the parent undertaking reporting at consolidated level is a third country undertaking reporting sustainability information in accordance with the

Amendment

(21) Articles 19a(3) and 29a(3) of Directive 2013/34/EU currently exempt all subsidiary undertakings from the obligation to report non-financial information where such undertakings and their subsidiary undertakings are included in the consolidated management report of their parent undertaking, as defined in that Directive, provided this includes the required non-financial information. It is necessary, however, to ensure that sustainability information is easily accessible for users, and to bring transparency about the activities of all the undertakings covered by the scope of that Directive. It is therefore necessary to require those subsidiary undertakings to publish a management report containing information on sustainability matters. The absence of an exemption does not affect the possibility for a parent undertaking to pool costs and resources with its subsidiaries in order for them to fulfil their obligations concerning sustainability reporting and auditing of sustainability reporting. Nor does it affect the possibility for parent undertakings to produce a consolidated management report.
requirements of this Directive or in a manner equivalent to EU sustainability reporting standards.

Amendment 119
Marlene Mortler
Proposal for a directive
Recital 21

Text proposed by the Commission

(21) Articles 19a(3) and 29a(3) of Directive 2013/34/EU currently exempt all subsidiary undertakings from the obligation to report non-financial information where such undertakings and their subsidiary undertakings are included in the consolidated management report of their parent undertaking, provided this includes the required non-financial information. It is necessary, however to ensure that sustainability information is easily accessible for users, and to bring transparency about which is the parent undertaking of the exempted subsidiary undertaking which is reporting at consolidated level. It is therefore necessary to require those subsidiary undertakings to publish the consolidated management report of their parent undertaking and to include a reference in their management report to the fact that they are exempted from reporting sustainability information. That exemption should also apply where the parent undertaking reporting at consolidated level is a third country undertaking reporting sustainability information in accordance with the requirements of this Directive or in a manner equivalent to EU sustainability reporting standards.

Amendment

(21) Articles 19a(3) and 29a(3) of Directive 2013/34/EU currently exempt all subsidiary undertakings from the obligation to report non-financial information where such undertakings and their subsidiary undertakings are included in the consolidated management report of their parent undertaking, provided this includes the required non-financial information. It is necessary, however to ensure that sustainability information is easily accessible for users, and to bring transparency about which is the parent undertaking of the exempted subsidiary undertaking which is reporting at consolidated level. It is therefore necessary to require those subsidiary undertakings to publish the consolidated management report of their parent undertaking and to include a reference in their management report to the fact that they are exempted from reporting sustainability information. That exemption should also apply where the parent undertaking reporting at consolidated level is a third country undertaking reporting sustainability information in accordance with the requirements of this Directive or in a manner equivalent to international reporting frameworks.
Justification

We are in favour of including third country companies in the scope, however due to conflicting jurisdictions, this might not be possible. Instead, it could be possible to have them adhere to international standards at least.

Amendment 120
Manon Aubry

Proposal for a directive
Recital 22

Text proposed by the Commission

(22) Article 23 of Directive 2013/34/EU exempts parent undertakings from the obligation to prepare consolidated financial statements and a consolidated management report where those undertakings are subsidiaries of another parent undertaking that complies with that obligation. It should be specified, however, that the exemption regime for consolidated financial statements and consolidated management reports operates independently from the exemption regime for consolidated sustainability reporting. An undertaking can therefore be exempted from consolidated financial reporting obligations but not exempted from consolidated sustainability reporting obligations where its ultimate parent prepares consolidated financial statements and consolidated management reports in accordance with Union law, or in accordance with equivalent requirements if the undertaking is established in a third country, but does not prepare consolidated sustainability reporting in accordance with EU law, or in accordance with equivalent requirements if the undertaking is established in a third country.

Or. en
Amendment 121
Barry Andrews
on behalf of the Renew Group
Catherine Chabaud

Proposal for a directive
Recital 22

Text proposed by the Commission

(22) Article 23 of Directive 2013/34/EU exempts parent undertakings from the obligation to prepare consolidated financial statements and a consolidated management report where those undertakings are subsidiaries of another parent undertaking that complies with that obligation. It should be specified, however, that the exemption regime for consolidated financial statements and consolidated management reports operates independently from the exemption regime for consolidated sustainability reporting. An undertaking can therefore be exempted from consolidated financial reporting obligations but not exempted from consolidated sustainability reporting obligations where its ultimate parent prepares consolidated financial statements and consolidated management reports in accordance with Union law, or in accordance with equivalent requirements if the undertaking is established in a third country, but does not prepare consolidated sustainability reporting in accordance with EU law, or in accordance with equivalent requirements if the undertaking is established in a third country.

Or. en

Amendment 122
Marlene Mortler

Proposal for a directive
Recital 22
(22) Article 23 of Directive 2013/34/EU exempts parent undertakings from the obligation to prepare consolidated financial statements and a consolidated management report where those undertakings are subsidiaries of another parent undertaking that complies with that obligation. It should be specified, however, that the exemption regime for consolidated financial statements and consolidated management reports operates independently from the exemption regime for consolidated sustainability reporting. An undertaking can therefore be exempted from consolidated financial reporting obligations but not exempted from consolidated sustainability reporting obligations where its ultimate parent prepares consolidated financial statements and consolidated management reports in accordance with Union law, or in accordance with equivalent requirements if the undertaking is established in a third country, but does not prepare consolidated sustainability reporting in accordance with EU law, or in accordance with equivalent requirements if the undertaking is established in a third country.

(22) Article 23 of Directive 2013/34/EU exempts parent undertakings from the obligation to prepare consolidated financial statements and a consolidated management report where those undertakings are subsidiaries of another parent undertaking that complies with that obligation. It should be specified, however, that the exemption regime for consolidated financial statements and consolidated management reports operates independently from the exemption regime for consolidated sustainability reporting. An undertaking can therefore still be exempted from consolidated financial reporting obligations and exempted from consolidated sustainability reporting obligations where its ultimate parent prepares consolidated financial statements and consolidated management reports in accordance with Union law, or in accordance with equivalent requirements in international frameworks if the undertaking is established in a third country, but does not prepare consolidated sustainability reporting in accordance with EU law, or in accordance with international frameworks if the undertaking is established in a third country.

Justification

We are in favour of including third country companies in the scope, however due to conflicting jurisdictions, this might not be possible. Instead, it could be possible to have them adhere to international standards at least.

Amendment 123
Marlene Mortler

Proposal for a directive
Recital 23
Credit institutions and insurance undertakings play a key role in the transition towards a fully sustainable and inclusive economic and financial system in line with the European Green Deal. They can have significant positive and negative impacts via their lending, investment and underwriting activities. Credit institutions and insurance undertakings other than those that are required to comply with Directive 2013/34/EU, including cooperatives and mutual undertakings, should therefore be subject to sustainability reporting requirements provided that they meet certain size criteria. Users of that information would thus be enabled to assess both the impacts of these undertakings on society and the environment and the risks arising from sustainability matters that these undertakings could face. To ensure coherence with the reporting requirements of Council Directive 86/635/EEC on the annual accounts and consolidated accounts of banks and other financial institutions, sustainability reporting Member States may choose not to apply sustainability reporting requirements to credit institutions listed in Article 2(5) of Directive 2013/36/EU of the European Parliament and of the Council.


51 Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and...
Proposal for a directive
Recital 24

Text proposed by the Commission

(24) The list of sustainability matters on which undertakings are required to report should be *as coherent as possible with* the definition of ‘sustainability factors’ laid down in Regulation (EU) 2019/2088. That list should also correspond to the needs and expectations of users and undertakings themselves, who often use the terms ‘environmental’, ‘social’ and ‘governance’ as a means to categorise the three main sustainability matters. The list of sustainability factors laid down in Regulation (EU) 2019/2088 does not explicitly include governance matters. The definition of sustainability matters in Directive 2013/34/EU should therefore be based on the definition of ‘sustainability factors’ laid down in Regulation (EU) 2019/2088, but with the addition of governance matters.

Amendment

(24) The list of sustainability matters on which undertakings are required to report should be *built on* the definition of ‘sustainability factors’ laid down in Regulation (EU) 2019/2088. That list should also correspond to the needs and expectations of users and undertakings themselves, who often use the terms ‘environmental’, ‘social’ and ‘governance’ as a means to categorise the three main sustainability matters. The list of sustainability factors laid down in Regulation (EU) 2019/2088 does not explicitly include governance matters. The definition of sustainability matters in Directive 2013/34/EU should therefore be based on the definition of ‘sustainability factors’ laid down in Regulation (EU) 2019/2088, but with the addition of governance matters. That definition *should also be fully aligned with the international definition of ‘due diligence’ in the UN Guiding Principles on Business and Human Rights and OECD Guidelines for Multinational Enterprises and corresponding guidance that this Directive assumes and should take into account the definitions provided by the Parliament in its resolution of 10 March 2021 on Corporate due diligence and corporate accountability. The due diligence requirements provided for in this Directive should be adapted so that they are in line with future legislation on*
sustainable corporate governance and due diligence.

Amendment 125
Marlene Mortler

Proposal for a directive
Recital 24

*Text proposed by the Commission*

(24) The list of sustainability matters on which undertakings are required to report should be *as coherent as possible* with the definition of ‘sustainability factors’ laid down in Regulation (EU) 2019/2088. That list should also correspond to the needs and expectations of users and undertakings themselves, who often use the terms ‘environmental’, ‘social’ and ‘governance’ as a means to categorise the three main sustainability matters. The list of sustainability factors laid down in Regulation (EU) 2019/2088 does not explicitly include governance matters. The definition of sustainability matters in Directive 2013/34/EU should therefore be based on the definition of ‘sustainability factors’ laid down in Regulation (EU) 2019/2088, but with the addition of governance matters.

*Amendment*

(24) The list of sustainability matters on which undertakings are required to report should be *fully in line* with the definition of ‘sustainability factors’ laid down in Regulation (EU) 2019/2088, to prevent a mismatch of information required by data users as well as information to be reported by data preparers. That list should also correspond to the needs and expectations of users and undertakings themselves, who often use the terms ‘environmental’, ‘social’ and ‘governance’ as a means to categorise the three main sustainability matters.

*Justification*

*Makes amendment of 2019/2088 necessary. This should not be anticipated here.*

Amendment 126
Manon Aubry

Proposal for a directive
Recital 24 a (new)
(24 a) To enable the use of corporate sustainability information defined in this Directive for incentives in the context of the Union public procurement directives and State Aid measures, Directive 2013/34/EU should be amended to foresee an evaluation mechanism (including indicators) as part of the sustainability reporting that allows for a quantitative rating of the sustainability performance of undertakings.

Or. en

Amendment 127
Marlene Mortler

Proposal for a directive
Recital 26

(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.

Or. en

Amendment 128
Manon Aubry

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

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 respect workers’ rights and potentially affected communities; 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.
targets and the progress towards achieving them is required, the separate requirement to disclose the outcomes of policies is no longer necessary.

Amendment 129
Manon Aubry

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 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

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. 

Amendment 130
Caroline Roose, Michèle Rivasi, Pierrette Herzberger-Fofana
on behalf of the Greens/EFA Group

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

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.
targets and the progress towards achieving them is required, the separate requirement to disclose the outcomes of policies is no longer necessary.

Amendment 131
Antoni Comín i Oliveres

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 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

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.

Or. en

Amendment 132
Marlene Mortler

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
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.

Justification

Due diligence should be covered by the upcoming Sustainable Corporate Governance Commission Proposal. Otherwise, due diligence obligations would need to be included in reporting before the standards are clear, which prevents legal certainty.

Amendment 133
Barry Andrews
on behalf of the Renew Group
Catherine Chabaud

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

Amendment

(27) To ensure consistency with international instruments such as the UN Guiding Principles on Business and Human Rights, including the UNGPs 10+, and the
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 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.

OECD Due Diligence Guidance for Responsible Business Conduct, as well as other regional instruments such as the Inter-American Standards for Business and human rights, 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 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 supply and 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. With regard to the impacts on the rule of law and governance systems of the country where the undertaking and its value and supply chains are operating, consistency and coherence should also be pursued with other international and regional instruments, such as the UN Convention against Corruption, Section VII of the OECD Guidelines for Multinational Enterprises and the principles of the OECD Convention on Combating Bribery of Foreign Public Officials in
Amendment 134
Caroline Roose, Michèle Rivasi, Pierrette Herzberger-Fofana on behalf of the Greens/EFA Group

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 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

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 ILO Tripartite Declaration of Principles concerning Multinational enterprises and Social Policy (ILO Tripartite Declaration), the UN Declaration on the Rights of Indigenous Peoples (UND RIP) and its principle of Free, Prior and Informed Consent, 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 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,
damage to the environment; and the ease with which the harm could be remediated, restoring the environment or affected people to their prior state.

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 135
Manon Aubry
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 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

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. Due diligence is the process that undertakings carry out to identify, assess, prevent, mitigate, cease, monitor, communicate, account for, address and remediate the actual and potential adverse impacts connected with their activities. 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 136
Marlene Mortler
Proposal for a directive
Recital 28

Text proposed by the Commission

(28) Directive 2013/34/EU does not require the disclosure of information on intangibles other than intangible assets recognised in the balance sheet. It is widely recognised that information on intangible assets and other intangible factors, including internally-generated intangibles, is underreported, impeding the proper assessment of an undertaking’s development, performance and position and monitoring of investments. To enable investors to better understand the increasing gap between the accounting book value of many undertakings and their market valuation, which is observed in many sectors of the economy, adequate reporting on intangibles should be required. It is therefore necessary to require undertakings to disclose information on intangibles other than intangible assets recognised in the balance sheet, including intellectual capital, human capital, including skills development, and social and relationship capital, including reputation capital.

Amendment

deleted
Information on intangibles should also include information related to research and development.

Justification

Intangibles are already part of IFRS

Amendment 137
Marlene Mortler

Proposal for a directive
Recital 29

Text proposed by the Commission

(29) Articles 19a(1) and 29a(1) of Directive 2013/34/EU do not specify whether the information to be reported is to be forward looking or information about past performance. There is currently a lack of forward-looking disclosures, which users of sustainability information especially value. Articles 19a and 29a of Directive 2013/34/EU should therefore specify that the sustainability information reported shall include forward-looking and retrospective, and both qualitative and quantitative information. Reported sustainability information should also take into account short, medium and long-term time horizons and contain information about the undertaking’s whole value chain, including its own operations, its products and services, its business relationships, and its supply chain, as appropriate. Information about the undertaking’s whole value chain would include information related to its value chain within the EU and information that covers third countries if the undertaking’s value chain extends outside the EU.

Amendment

(29) Articles 19a(1) and 29a(1) of Directive 2013/34/EU do not specify whether the information to be reported is to be forward looking or retrospective information. There is currently a lack of forward-looking disclosures, which users of sustainability information especially value. Reported sustainability information could therefore include forward looking information, while not endangering the commercial position of the undertaking, and should also take into account short, medium and long-term time horizons as appropriate.
Justification

Value chain Due diligence should be covered by the upcoming Sustainable Corporate Governance Commission Proposal. Otherwise, due diligence obligations would need to be included in reporting before the standards are clear, which prevents legal certainty.

Amendment 138
Manon Aubry

Proposal for a directive
Recital 29

Text proposed by the Commission

(29) Articles 19a(1) and 29a(1) of Directive 2013/34/EU do not specify whether the information to be reported is to be forward looking or information about past performance. There is currently a lack of forward-looking disclosures, which users of sustainability information especially value. Articles 19a and 29a of Directive 2013/34/EU should therefore specify that the sustainability information reported shall include forward-looking and retrospective, and both qualitative and quantitative information. Reported sustainability information should also take into account short, medium and long-term time horizons and contain information about the undertaking’s whole value chain, including its own operations, its products and services, its business relationships, and its supply chain, as appropriate. Information about the undertaking’s whole value chain would include information related to its value chain within the EU and information that covers third countries if the undertaking’s value chain extends outside the EU.

Amendment

(29) Articles 19a(1) and 29a(1) of Directive 2013/34/EU do not specify whether the information to be reported is to be forward looking or information about past performance. There is currently a lack of forward-looking disclosures, which users of sustainability information especially value. Articles 19a and 29a of Directive 2013/34/EU should therefore specify that the sustainability information reported shall include forward-looking and retrospective, and both qualitative and quantitative information. Reported sustainability information should also take into account short, medium and long-term time horizons and contain information about the undertaking’s whole value chain, including its own operations, workforce, investments, assets, its products and services, its business relationships, and its supply chain, and all information useful in order to understand the impacts and risks related to sustainability matters for the undertaking. Information about the undertaking’s whole value chain would include information related to its value chain within the EU and information that covers third countries if the undertaking’s value chain extends outside the EU.

Or. en
Amendment 139  
Marlene Mortler  
Proposal for a directive  
Recital 30  

*Text proposed by the Commission*  

(30) Articles 19a(1) and 29a(1) of Directive 2013/34/EU require undertakings to include in their non-financial reporting references to, and additional explanations of, amounts reported in the annual financial statements. Those Articles do, however, not require undertakings to make references to other information in the management report or to add additional explanations to that information. There is currently *thus* a lack of consistency between non-financial information reported and the rest of the information disclosed in the management report. It is *necessary to lay down clear requirements in this regard.*

*Amendment*  

(30) Articles 19a(1) and 29a(1) of Directive 2013/34/EU require undertakings to include in their non-financial reporting references to, and additional explanations of, amounts reported in the annual financial statements. Those Articles do, however, not require undertakings to make references to other information in the management report or to add additional explanations to that information. Therefore, there *can* currently be a lack of consistency between non-financial information reported and the rest of the information disclosed in the management report. It is *important for companies to consider which sustainability information is relevant from a financial point of view and should therefore be included in the management report, or whether, depending on the materiality for stakeholders other than those targeted by the annual report, it would be better provided in a separate document.*

*Or. en*  

*Justification*  

*To provide flexibility for undertakings to adhere to obligations, it should be left to them to decide whether to report separately.*

Amendment 140  
Marlene Mortler  
Proposal for a directive  
Recital 32  

*Text proposed by the Commission*  

(32) Undertakings under the scope of  

*Amendment*  

(32) Undertakings under the scope of
Articles 19a(1) and 29a(1) of Directive 2013/34/EU may rely on national, Union-based or international reporting frameworks, and where they do so, they have to specify which frameworks they relied upon. However, Directive 2013/34/EU does not require undertakings to use a common reporting framework or standard, and it does not prevent undertakings from choosing not to use any reporting framework or standards at all. As required by Article 2 of Directive 2014/95/EU, the Commission published in 2017 non-binding guidelines for undertakings under the scope of that Directive. In 2019, the Commission published additional guidelines, specifically on reporting climate-related information. The climate reporting guidelines explicitly incorporated the recommendations of the Task Force on Climate-related Financial Disclosures. Available evidence indicates that those non-binding guidelines did not have a significant impact on the quality of non-financial reporting by undertakings under the scope of Articles 19a and 29a of Directive 2013/34/EU. The voluntary nature of the guidelines means that undertakings are free to apply them or not. The guidelines can therefore not ensure on their own the comparability of information disclosed by different undertakings or the disclosure of all information that users consider relevant. That is why there is a need for mandatory common reporting standards to ensure that information is comparable and that all relevant information is disclosed. Building on the double-materiality principle, standards should cover all information that is material to users. Common reporting standards are also necessary to enable the audit and digitalisation of sustainability reporting and to facilitate its supervision and enforcement. The development of mandatory common sustainability reporting standards is necessary to progress to a situation in which sustainability information has a status comparable to that
of financial information.

digitalisation of sustainability reporting and to facilitate its supervision and enforcement. The development of mandatory common sustainability reporting standards is necessary to progress to a situation in which sustainability information has a status comparable to that of financial information.

52 Communication from the Commission Guidelines on non-financial reporting (methodology for reporting non-financial information) (C/2017/4234).


52 Communication from the Commission Guidelines on non-financial reporting (methodology for reporting non-financial information) (C/2017/4234).


Or. en

Amendment 141
Marlene Mortler

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

Amendment

(33) **Leading on the development of sustainability reporting standards, the Union can contribute to the development of globally uniform standards.** Information required by Directive 2013/34/EU needs to cover information relevant from each of the materiality perspectives, needs to cover sustainability matters and needs to be aligned, **and consistent, in order to avoid duplication of obligations and inconsistencies in definitions, scope, objectives and application requirements. This makes it necessary to develop one set of reporting standards for undertakings with an average number of employees in excess of 500 that bring recent requirements together in one form.** In addition, mandatory sustainability reporting
the Commission to adopt Union sustainability reporting standards, enabling their rapid adoption and ensuring that the content of sustainability reporting standards are consistent with the Union’s needs.

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, not exceeding the ambitions in international standard setting, enabling their rapid adoption and ensuring that the content of sustainability reporting standards are consistent with the Union’s needs.

Or. en

Amendment 142
Manon Aubry

Proposal for a directive
Recital 34

Text proposed by the Commission

(34) The European Financial Reporting Advisory Group (EFRAG) is a non-profit association established under Belgian law that serves the public interest by providing advice to the Commission on the endorsement of international financial reporting standards. EFRAG has established a reputation as a European centre of expertise on corporate reporting, and is well placed to foster coordination between European sustainability reporting standards and international initiatives that seek to develop standards that are consistent across the world. In March 2021, a multi-stakeholder task force set up by EFRAG published recommendations for the possible development of sustainability reporting standards for the European Union. Those recommendations contain proposals to develop a coherent and comprehensive set of reporting standards, covering all sustainability matters from a double-materiality perspective. Those recommendations also contain a detailed

Amendment

(34) The Commission should guarantee the inclusion of trade unions in the development of sustainability reporting standards, and include other relevant stakeholders. The Commission may rely partly on the technical advice of the European Financial Reporting Advisory Group (EFRAG) is a non-profit association established under Belgian law that serves the public interest by providing advice to the Commission on the endorsement of international financial reporting standards. However, the current structure, governance and functioning of EFRAG does not provide for the involvement of workers’ representatives and civil society organisations. For example, EFRAG currently requires stakeholders to pay a fee in order to participate in its work which is a barrier for the participation of some stakeholder and entails a risk of conflict of interests with others. Important changes regarding the governance of EFRAG are necessary in order to prevent all conflicts of interests and guarantee the
roadmap for developing such standards, and proposals for mutually reinforcing cooperation between global standard-setting initiatives and standard-setting initiatives of the European Union. In March 2021, the EFRAG President published recommendations for possible governance changes to EFRAG if it were to be asked to develop technical advice about sustainability reporting standards. These recommendations include offsetting up within EFRAG a new sustainability reporting pillar while not significantly modifying the existing financial reporting pillar. When adopting sustainability reporting standards, the Commission should take account of technical advice that EFRAG will develop. In order to ensure high-quality standards that contribute to the European public good and meet the needs of undertakings and of users of the information reported, EFRAG’s technical advice should be developed with proper due process, public oversight and transparency, accompanied by cost benefit analyses, and be developed with the expertise of relevant stakeholders. To ensure that Union sustainability reporting standards take account of the views of the Member States of the Union, before adopting the standards the Commission should consult the Member State Expert Group on Sustainable Finance referred to in Article 24 of Regulation (EU) 2020/852 on EFRAG’s technical advice. The European Securities and Markets Authority (ESMA) plays a role in drafting regulatory technical standards pursuant to Regulation (EU) 2019/2088 and there needs to be coherence between those regulatory technical standards and sustainability reporting standards. According to Regulation (EU) No 1095/2010 of the European Parliament and of the Council, ESMA also plays a role in promoting supervisory converge in the enforcement of corporate reporting by issuers whose securities are listed on EU regulated markets and who will be required to use these sustainability reporting inclusion of non-corporate stakeholders. When adopting sustainability reporting standards technical advice from EFRAG should thus be sought only as part of a broader consultation that provides for the meaningful participation of non-corporate stakeholders. To ensure that Union sustainability reporting standards take account of the views of the Member States of the Union, before adopting the standards the Commission should consult the Member State Expert Group on Sustainable Finance referred to in Article 24 of Regulation (EU) 2020/852 on EFRAG’s technical advice. The European Securities and Markets Authority (ESMA) plays a role in drafting regulatory technical standards pursuant to Regulation (EU) 2019/2088 and there needs to be coherence between those regulatory technical standards and sustainability reporting standards. According to Regulation (EU) No 1095/2010 of the European Parliament and of the Council, ESMA also plays a role in promoting supervisory converge in the enforcement of corporate reporting by issuers whose securities are listed on EU regulated markets and who will be required to use these sustainability reporting standards. Therefore, ESMA should be required to provide an opinion on EFRAG’s technical advice. This opinion should be provided within two months from the date of receipt of the request from the Commission. In addition, the Commission should consult the European Banking Authority, the European Insurance and Occupational Pensions Authority, the European Environment Agency, the European Union Agency for Fundamental Rights, the
standards. Therefore, ESMA should be required to provide an opinion on EFRAG’s technical advice. This opinion should be provided within two months from the date of receipt of the request from the Commission. In addition, the Commission should consult the European Banking Authority, the European Insurance and Occupational Pensions Authority, the European Environment Agency, the European Union Agency for Fundamental Rights, the European Central Bank, the Committee of European Auditing Oversight Bodies and the Platform on Sustainable Finance to ensure that the sustainability reporting standards are coherent with relevant Union policy and legislation. Where any of those bodies decide to submit an opinion, they shall do so within two months from the date of being consulted by the Commission.

Amendment 143
Barry Andrews
on behalf of the Renew Group
Catherine Chabaud

Proposal for a directive
Recital 34

Text proposed by the Commission
(34) The European Financial Reporting Advisory Group (EFRAG) is a non-profit association established under Belgian law that serves the public interest by providing

Amendment
(34) The European Financial Reporting Advisory Group (EFRAG) is a non-profit association established under Belgian law that serves the public interest by providing


Or. en
advice to the Commission on the endorsement of international financial reporting standards. EFRAG has established a reputation as a European centre of expertise on corporate reporting, and is well placed to foster coordination between European sustainability reporting standards and international initiatives that seek to develop standards that are consistent across the world. In March 2021, a multi-stakeholder task force set up by EFRAG published recommendations for the possible development of sustainability reporting standards for the European Union. Those recommendations contain proposals to develop a coherent and comprehensive set of reporting standards, covering all sustainability matters from a double-materiality perspective. Those recommendations also contain a detailed roadmap for developing such standards, and proposals for mutually reinforcing cooperation between global standard-setting initiatives and standard-setting initiatives of the European Union. In March 2021, the EFRAG President published recommendations for possible governance changes to EFRAG if it were to be asked to develop technical advice about sustainability reporting standards. These recommendations include offsetting up within EFRAG a new sustainability reporting pillar while not significantly modifying the existing financial reporting pillar. When adopting sustainability reporting standards, the Commission should take account of technical advice that EFRAG will develop. In order to ensure high-quality standards that contribute to the European public good and meet the needs of undertakings and of users of the information reported, EFRAG’s technical advice should be developed with proper due process, public oversight and transparency, accompanied by cost benefit analyses, and be developed with the expertise of relevant stakeholders. To ensure that Union sustainability reporting standards take account of the views of the Member States of the Union, advice to the Commission on the endorsement of international financial reporting standards. EFRAG has established a reputation as a European centre of expertise on corporate reporting, and is well placed to foster coordination between European sustainability reporting standards and international initiatives that seek to develop standards that are consistent across the world. In March 2021, a multi-stakeholder task force set up by EFRAG published recommendations for the possible development of sustainability reporting standards for the European Union. Those recommendations contain proposals to develop a coherent and comprehensive set of reporting standards, covering all sustainability matters from a double-materiality perspective. Those recommendations also contain a detailed roadmap for developing such standards, and proposals for mutually reinforcing cooperation between global standard-setting initiatives and standard-setting initiatives of the European Union. In March 2021, the EFRAG President published recommendations for possible governance changes to EFRAG if it were to be asked to develop technical advice about sustainability reporting standards. These recommendations include offsetting up within EFRAG a new sustainability reporting pillar while not significantly modifying the existing financial reporting pillar. When adopting sustainability reporting standards, the Commission should take account of technical advice that EFRAG will develop. In order to ensure high-quality standards that contribute to the European public good and meet the needs of undertakings and of users of the information reported, EFRAG’s technical advice should be developed with proper due process, public oversight and transparency, accompanied by cost benefit analyses, and be based on and developed with a broad consultation involving social partners, consumer organisations, NGOs and other relevant stakeholders such as international
before adopting the standards the Commission should consult the Member State Expert Group on Sustainable Finance referred to in Article 24 of Regulation (EU) 2020/852 on EFRAG’s technical advice. The European Securities and Markets Authority (ESMA) plays a role in drafting regulatory technical standards pursuant to Regulation (EU) 2019/2088 and there needs to be coherence between those regulatory technical standards and sustainability reporting standards. According to Regulation (EU) No 1095/2010 of the European Parliament and of the Council\(^4\), ESMA also plays a role in promoting supervisory converge in the enforcement of corporate reporting by issuers whose securities are listed on EU regulated markets and who will be required to use these sustainability reporting standards. Therefore, ESMA should be required to provide an opinion on EFRAG’s technical advice. This opinion should be provided within two months from the date of receipt of the request from the Commission. In addition, the Commission should consult the European Banking Authority, the European Insurance and Occupational Pensions Authority, the European Environment Agency, the European Union Agency for Fundamental Rights, the European Central Bank, the Committee of European Auditing Oversight Bodies and the Platform on Sustainable Finance to ensure that the sustainability reporting standards are coherent with relevant Union policy and legislation. Where any of those bodies decide to submit an opinion, they shall do so within two months from the date of being consulted by the Commission.

organisations or governments from countries where the undertaking or its value and supply chain will operate in order to represent the interests of both groups of users referred to in Recital 8 of this Directive. To ensure that Union sustainability reporting standards take account of the views of the Member States of the Union, before adopting the standards the Commission should consult the Member State Expert Group on Sustainable Finance referred to in Article 24 of Regulation (EU) 2020/852 on EFRAG’s technical advice. The European Securities and Markets Authority (ESMA) plays a role in drafting regulatory technical standards pursuant to Regulation (EU) 2019/2088 and there needs to be coherence between those regulatory technical standards and sustainability reporting standards. According to Regulation (EU) No 1095/2010 of the European Parliament and of the Council\(^4\), ESMA also plays a role in promoting supervisory converge in the enforcement of corporate reporting by issuers whose securities are listed on EU regulated markets and who will be required to use these sustainability reporting standards. Therefore, ESMA should be required to provide an opinion on EFRAG’s technical advice. This opinion should be provided within two months from the date of receipt of the request from the Commission. In addition, the Commission should consult the European Banking Authority, the European Insurance and Occupational Pensions Authority, the European Environment Agency, the European Union Agency for Fundamental Rights, the European Central Bank, the Committee of European Auditing Oversight Bodies and the Platform on Sustainable Finance to ensure that the sustainability reporting standards are coherent with relevant Union policy and legislation. Where any of those bodies decide to submit an opinion, they shall do so within two months from the date of being consulted by the Commission.

Amendment 144
Marlene Mortler
Proposal for a directive
Recital 34

Text proposed by the Commission

(34) The European Financial Reporting Advisory Group (EFRAG) is a non-profit association established under Belgian law that serves the public interest by providing advice to the Commission on the endorsement of international financial reporting standards. EFRAG has established a reputation as a European centre of expertise on corporate reporting, and is well placed to foster coordination between European sustainability reporting standards and international initiatives that seek to develop standards that are consistent across the world. In March 2021, a multi-stakeholder task force set up by EFRAG published recommendations for the possible development of sustainability reporting standards for the European Union. Those recommendations contain proposals to develop a coherent and comprehensive set of reporting standards, covering all sustainability matters from a double-materiality perspective. Those recommendations also contain a detailed roadmap for developing such standards, and proposals for mutually reinforcing cooperation between global standard-
setting initiatives and standard-setting initiatives of the European Union. In March 2021, the EFRAG President published recommendations for possible governance changes to EFRAG if it were to be asked to develop technical advice about sustainability reporting standards. These recommendations include offsetting up within EFRAG a new sustainability reporting pillar while not significantly modifying the existing financial reporting pillar. When adopting sustainability reporting standards, the Commission should take account of technical advice that EFRAG will develop. In order to ensure high-quality standards that contribute to the European public good and meet the needs of undertakings and of users of the information reported, EFRAG’s technical advice should be developed with proper due process, public oversight and transparency, accompanied by cost benefit analyses, and be developed with the expertise of relevant stakeholders. To ensure that Union sustainability reporting standards take account of the views of the Member States of the Union, before adopting the standards the Commission should consult the Member State Expert Group on Sustainable Finance referred to in Article 24 of Regulation (EU) 2020/852 on EFRAG’s technical advice. The European Securities and Markets Authority (ESMA) plays a role in drafting regulatory technical standards pursuant to Regulation (EU) 2019/2088 and there needs to be coherence between those regulatory technical standards and sustainability reporting standards. According to Regulation (EU) No 1095/2010 of the European Parliament and of the Council, ESMA also plays a role in promoting supervisory converge in the enforcement of corporate reporting by issuers whose securities are listed on EU regulated markets and who will be required to use these sustainability reporting standards. Therefore, ESMA should be required to provide an opinion on EFRAG’s technical advice. This opinion
should be provided within **two** months from the date of receipt of the request from the Commission. In addition, the Commission should consult the European Banking Authority, the European Insurance and Occupational Pensions Authority, the European Environment Agency, the European Union Agency for Fundamental Rights, the European Central Bank, the Committee of European Auditing Oversight Bodies and the Platform on Sustainable Finance to ensure that the sustainability reporting standards are coherent with relevant Union policy and legislation. Where any of those bodies decide to submit an opinion, they shall do so within **two** months from the date of being consulted by the Commission.

should be provided within **three** months from the date of receipt of the request from the Commission. In addition, the Commission should consult the European Banking Authority, the European Insurance and Occupational Pensions Authority, the European Environment Agency, the European Union Agency for Fundamental Rights, the European Central Bank, the Committee of European Auditing Oversight Bodies and the Platform on Sustainable Finance to ensure that the sustainability reporting standards are coherent with relevant Union policy and legislation. Also the expertise and opinion of the International Sustainability Standards Board (ISSB) of the International Financial Reporting Standard (IFRS) Foundation should be taken into account. Where any of those bodies decide to submit an opinion, they shall do so within **three** months from the date of being consulted by the Commission.


Amendment 145
Barry Andrews
on behalf of the Renew Group
Catherine Chabaud

**Proposal for a directive**

**Recital 35**

*Text proposed by the Commission*

(35) Sustainability reporting standards

*Amendment*

(35) Sustainability reporting standards
should be coherent with other Union legislation. Those standards should in particular be aligned with the disclosure requirements laid down in Regulation (EU) 2019/2088, and they should take account of underlying indicators and methodologies set out in the various delegated acts adopted pursuant to Regulation (EU) 2020/852, disclosure requirements applicable to benchmark administrators pursuant to Regulation (EU) 2016/1011 of the European Parliament and of the Council, the minimum standards for the construction of EU climate transition benchmarks and EU Paris-aligned benchmarks; and of any work carried out by the European Banking Authority in the implementation of the Pillar III disclosure requirements of Regulation (EU) No 575/2013. Standards should take account of Union environmental legislation, including Directive 2003/87/EC of the European Parliament and of the Council, and Regulation (EC) No 1221/2009 of the European Parliament and of the Council, and should take account of Commission Recommendation 2013/179/EU and its annexes, and their updates. Other relevant Union legislation, including Directive 2010/75/EU of the European Parliament and of the Council, and requirements laid down in Union law for undertakings as regards directors’ duties and due diligence, should also be taken into account.


(35) Sustainability reporting standards should be coherent with other Union legislation. Those standards should in particular be aligned with the disclosure requirements laid down in Regulation (EU) 2019/2088, and they should take account of underlying indicators and methodologies set out in the various delegated acts adopted pursuant to Regulation (EU) 2020/852, disclosure requirements applicable to benchmark administrators pursuant to Regulation (EU)
and of the Council\textsuperscript{55}, the minimum standards for the construction of EU climate transition benchmarks and EU Paris-aligned benchmarks; and of any work carried out by the European Banking Authority in the implementation of the Pillar III disclosure requirements of Regulation (EU) No 575/2013. Standards should take account of Union environmental legislation, including Directive 2003/87/EC of the European Parliament and of the Council\textsuperscript{56} and Regulation (EC) No 1221/2009 of the European Parliament and of the Council\textsuperscript{57}, and should take account of Commission Recommendation 2013/179/EU\textsuperscript{58} and its annexes, and their updates. Other relevant Union legislation, including Directive 2010/75/EU of the European Parliament and of the Council\textsuperscript{59}, \textit{and requirements laid down in Union law for undertakings as regards directors' duties and due diligence}, should also be taken into account.


Amendment 147
Caroline Roose, Michèle Rivasi, Pierrette Herzberger-Fofana
on behalf of the Greens/EFA Group

Proposal for a directive
Recital 36

Text proposed by the Commission

(36) Sustainability reporting standards should take account of the Commission guidelines on non-financial reporting and the Commission guidelines on reporting climate-related information. They should also take account of other reporting requirements in Directive 2013/34/EU not directly related to sustainability, with the aim of providing the users of the reported information with a better understanding of the development, performance, position and impact of the undertaking, by maximising the links between the sustainability information and other information reported in accordance with Directive 2013/34/EU.

Amendment

(36) Sustainability reporting standards should take account of the Commission guidelines on non-financial reporting and the Commission guidelines on reporting climate-related information. They should also take account of other reporting requirements in Directive 2013/34/EU, including reporting on payments to governments by undertakings active i.e. in the extractive and logging industries, agriculture and fisheries, as well as other reporting requirements not directly related to sustainability, with the aim of providing the users of the reported information with a better understanding of the development, performance, position and environmental and social impact of the undertaking, by maximising the links between the sustainability information and other information reported in accordance with Directive 2013/34/EU.
Amendment 148
Manon Aubry
Proposal for a directive
Recital 36

Text proposed by the Commission

(36) Sustainability reporting standards should take account of the Commission guidelines on non-financial reporting\(^{60}\) and the Commission guidelines on reporting climate-related information\(^{61}\). They should also take account of other reporting requirements in Directive 2013/34/EU not directly related to sustainability, with the aim of providing the users of the reported information with a better understanding of the development, performance, position and impact of the undertaking, by maximising the links between the sustainability information and other information reported in accordance with Directive 2013/34/EU.

Amendment

(36) Sustainability reporting standards should take account of the Commission guidelines on non-financial reporting\(^{60}\) and the Commission guidelines on reporting climate-related information\(^{61}\). They should also take account of other reporting requirements in Directive 2013/34/EU, in particular reporting on payments to governments by undertakings active in the extractive industry and the logging of forests, as well as other reporting requirement not directly related to sustainability, with the aim of providing the users of the reported information with a better understanding of the development, performance, position and impact of the undertaking, by maximising the links between the sustainability information and other information reported in accordance with Directive 2013/34/EU.

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\(^{60}\) 2017/C 215/01.
\(^{61}\) 2019/C 209/01.

Or. en

Amendment 149
Marlene Mortler
Proposal for a directive
Recital 37

(37) Sustainability reporting standards should be proportionate, and should not impose unnecessary administrative burden on companies that are required to use them. In order to minimise disruption for undertakings that already report sustainability information, sustainability reporting standards should take account of existing standards and frameworks for sustainability reporting and accounting where appropriate. Those include the Global Reporting Initiative, the Sustainability Accounting Standards Board, the International Integrated Reporting Council, the International Accounting Standards Board, the Task Force on Climate-related Financial Disclosures, the Carbon Disclosure Standards Board, and CDP (formerly the Carbon Disclosure Project). Standards of the European Union should take account of any sustainability reporting standards developed under the auspices of International Financial Reporting Standards Foundation. To avoid unnecessary regulatory fragmentation that may have negative consequences for undertakings operating globally, European standards should contribute to the process of convergence of sustainability reporting standards at global level.

Justification

Sustainability Standards (ISS) adopted by the International Sustainability Standards Board (ISSB) shall serve as a global baseline for European standards, in particular with regard to information necessary to understand how sustainability matters affect the undertaking’s development, performance and position.

Amendment 150
Marlene Mortler
Proposal for a directive
Recital 38

Text proposed by the Commission

(38) In its communication on the European Green Deal, the European Commission committed to support businesses and other stakeholders in developing standardised natural capital accounting practices within the Union and internationally, with the aim of ensuring appropriate management of environmental risks and mitigation opportunities, and reduce related transaction costs. The Transparent Project sponsored under the LIFE programme is developing the first natural capital accounting methodology, which will make existing methods easier to compare and more transparent while lowering the threshold for companies to adopt and use the systems in support of future-proofing their business. The Natural Capital Protocol is also an important reference in this field. While natural capital accounting methods serve principally to strengthen internal management decisions, they should be duly considered when establishing sustainability reporting standards. Some natural capital accounting methodologies seek to assign a monetary value to the environmental impacts of companies’ activities, which may help users to better understand those impacts. It is therefore appropriate that sustainability reporting standards should be able to include monetised indicators of sustainability impacts if that is deemed necessary.

Amendment

Or. en

Amendment 151
Marlene Mortler

Proposal for a directive
Recital 39
(39) Sustainability reporting standards should also take account of internationally recognised principles and frameworks on responsible business conduct, corporate social responsibility, and sustainable development, including the UN Sustainable Development Goals, the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, the OECD Due Diligence Guidance for Responsible Business Conduct and related sectoral guidelines, the UN Global Compact, the Tripartite Declaration of Principles of the International Labour Organisation concerning Multinational Enterprises and Social Policy, the ISO 26000 standard on social responsibility, and the UN Principles for Responsible Investment.

Amendment 152
Barry Andrews
on behalf of the Renew Group
Catherine Chabaud

Proposal for a directive
Recital 39

Due diligence should be covered by the upcoming Sustainable Corporate Governance Commission Proposal. Otherwise, due diligence obligations would need to be included in reporting before the standards are clear, which prevents legal certainty.
Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, the OECD Due Diligence Guidance for Responsible Business Conduct and related sectoral guidelines, the UN Global Compact, the Tripartite Declaration of Principles of the International Labour Organisation concerning Multinational Enterprises and Social Policy, the ISO 26000 standard on social responsibility, and the UN Principles for Responsible Investment.

Other frameworks such as the UN Convention against Corruption, Section VII of the OECD Guidelines for Multinational Enterprises, the principles of the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions and related recommendations should also be taken into account.

**Amendment 153**

Caroline Roose, Michèle Rivasi, Pierrette Herzberger-Fofana on behalf of the Greens/EFA Group

**Proposal for a directive**

**Recital 39**

*(39) Sustainability reporting standards should also take account of internationally recognised principles and frameworks on responsible business conduct, corporate social responsibility, and sustainable development, including the UN Sustainable Development Goals, the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, the OECD Due Diligence Guidance for Responsible Business Conduct and related sectoral guidelines, the UN Global Compact, the Tripartite Declaration of Principles of the International Labour Organisation concerning Multinational Enterprises and Social Policy, the ISO 26000 standard on social responsibility, and the UN Principles for Responsible Investment.*

*(39) Sustainability reporting standards should also take account of internationally recognised principles and frameworks on responsible business conduct, corporate social responsibility, and sustainable development, including the UN Sustainable Development Goals, the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, the OECD Due Diligence Guidance for Responsible Business Conduct and related sectoral guidelines, the UN Global Compact, the Tripartite Declaration of Principles of the International Labour Organisation concerning Multinational Enterprises and Social Policy, the ISO 26000 standard on social responsibility, and the UN Principles for Responsible Investment.*
Declaration of Principles of the International Labour Organisation concerning Multinational Enterprises and Social Policy, the ISO 26000 standard on social responsibility, and the UN Principles for Responsible Investment. Other frameworks such as the UN Declaration on the Rights of Indigenous Peoples (UNDRIP) and its principle of Free, Prior and Informed Consent should equally be taken into account.

Amendment 154
Marlene Mortler

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

(40) It should be ensured that the information reported by undertakings in accordance with the sustainability reporting standards meet the needs of users and do not place a disproportionate burden in effort and costs on those reporting. The reporting standards should therefore specify the information that undertakings are to disclose on major environmental factors. Regulation (EU) 2020/852 provides a classification of the environmental objectives of the Union.
Or. en

Amendment 155
Manon Aubry

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

(40) It should be ensured that the information reported by undertakings in accordance with the sustainability reporting standards meet the needs of users, including policy makers and public authorities, investors, social partners, and non-governmental organisations. 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.

Or. en

Amendment 156
Marlene Mortler

Proposal for a directive
Recital 41
With regard to climate-related information, users are interested in knowing about undertakings’ physical and transition risks, and about their resilience to different climate scenarios. They are also interested in the level and scope of greenhouse gas emissions and removals attributed to the undertaking, including the extent to which the undertaking uses offsets and the source of those offsets. Achieving a climate neutral economy requires the alignment of greenhouse gas accounting and offset standards. Users need reliable information regarding offsets that addresses concerns regarding possible double-counting and overestimations, given the risks to the achievement of climate-related targets that double-counting and overestimations can create. The reporting standards should therefore specify the information undertakings should report with regard to those matters.
requires the alignment of greenhouse gas accounting and offset standards. Users need reliable information regarding offsets that addresses concerns regarding possible double-counting and overestimations, given the risks to the achievement of climate-related targets that double-counting and overestimations can create. The reporting standards should therefore specify the information undertakings should report with regard to those matters.

Amendment 158
Manon Aubry
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 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, of those offsets. Achieving a climate neutral economy requires the alignment of greenhouse gas accounting and offset standards. Users need reliable information regarding offsets that addresses concerns regarding possible double-counting and overestimations, given the risks to the achievement of climate-related targets that double-counting and overestimations can create. The reporting standards should therefore specify the information undertakings should report with regard to those matters.

Amendment

(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 undertaking should disclose country-by-country information regarding their workforce, working conditions, including wages per gender and per deciles, working hours, workers’ physical and psychological health and safety. It should also disclose information on social dialogue and workers’ representation. The information that undertakings disclose about human rights should include information about the impacts on human rights and workers’ rights in their value chains, including but not limited to forced labour and living wages in their value chains where relevant. Reporting standards that address social factors should specify the information that undertakings should
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.

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 relevant conventions of the International Labour Organisation, the European Convention on Human Rights, the European Social Charter, and the Charter of Fundamental Rights of the European Union, the United Nations Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises.

Amendment 159
Barry Andrews
on behalf of the Renew Group
Catherine Chabaud

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

Amendment

(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 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.

**Amendment 160**
Marlene Mortler

**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

*Amendment*

(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 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 where relevant 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.

Or. en

Value chain due diligence should be covered by the upcoming Sustainable Corporate Governance Commission Proposal. Otherwise, due diligence obligations would need to be included in reporting before the standards are clear, which prevents legal certainty.

Amendment 161
Caroline Roose, Michèle Rivasi, Pierrette Herzberger-Fofana on behalf of the Greens/EFA Group

Proposal for a directive
Recital 44

Text proposed by the Commission
Amendment

PE704.531v01-00 88/171 AM\1247135EN.docx
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 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.

The disclosure of these data aims at enabling investors to make better-informed decisions, improving corporate governance and accountability and contributing to containing tax evasion.

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 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.

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in commercial transactions (OJ L 48, 23.2.2011, p. 1).

Amendment 162
Manon Aubry

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 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 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

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, alert mechanisms and risk management systems, including in relation to the reporting process. Users also need information about undertakings’ anti-corruption and anti-bribery programmes, and about their political engagements, including details about their lobbying activities. The undertaking should also provide information on beneficial ownership and organisational structure. 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 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.
undertakings to identify prompt and reliable payers, detect unfair payment practices, access information about the businesses they trade with, and negotiate fairer payment terms.

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.


Amendment 163
Caroline Roose, Michèle Rivasi, Pierrette Herzberger-Fofana
on behalf of the Greens/EFA Group

Proposal for a directive
Recital 46

Text proposed by the Commission

(46) Undertakings in the same sector are often exposed to similar sustainability-related risks, and they often have similar impacts on society and the environment. Comparisons between undertakings in the same sector are especially valuable to investors and other users of sustainability information. Sustainability reporting standards adopted by the Commission should therefore specify both information that undertakings in all sectors should disclose and information that undertakings should disclose depending on their sector of activity. Standards should also take account of the difficulties that undertakings may encounter in gathering information from actors throughout their value chain, especially from SME suppliers and from suppliers in emerging markets and economies.

Amendment

(46) Undertakings in the same sector are often exposed to similar sustainability-related risks, and they often have similar impacts on society and the environment. Comparisons between undertakings in the same sector are especially valuable to investors and other users of sustainability information. Sustainability reporting standards adopted by the Commission should therefore specify both information that undertakings in all sectors should disclose and information that undertakings should disclose depending on their sector of activity. Standards applicable to undertakings active, e.g. in the extractive industry and the logging of forests, should be consistent with reporting requirements of Chapter 10 of Directive 2013/34/EU and require sustainability disclosures to be made at project-level. Project-level disclosures are crucial for investors who need consistent and detailed information.
on projects to fully understand the impact of climate-related financial risk in the fossil fuels sector and regarding the supply of critical transition minerals. Project-level disclosure is equally crucial for communities affected by the extractive and logging industries and civil society organisations of resource-rich countries, to understand and scrutinise the benefits of the oil, gas, mining and logging industries and their environmental, social and governance impacts. Standards should also take account of the difficulties that undertakings may encounter in gathering information from actors throughout their value chain, especially from SME suppliers and from suppliers in emerging markets and economies.

Amendment 164
Manon Aubry
Proposal for a directive
Recital 46

Text proposed by the Commission

(46) Undertakings in the same sector are often exposed to similar sustainability-related risks, and they often have similar impacts on society and the environment. Comparisons between undertakings in the same sector are especially valuable to investors and other users of sustainability information. Sustainability reporting standards adopted by the Commission should therefore specify both information that undertakings in all sectors should disclose and information that undertakings should disclose depending on their sector of activity. Standards should also take account of the difficulties that undertakings may encounter in gathering information from actors throughout their value chain, especially from SME suppliers and from suppliers in emerging markets and economies.

Amendment

(46) Undertakings in the same sector are often exposed to similar sustainability-related risks, and they often have similar impacts on society and the environment. Comparisons between undertakings in the same sector are especially valuable to investors and other users of sustainability information. Sustainability reporting standards adopted by the Commission should therefore specify both information that undertakings in all sectors should disclose and information that undertakings should disclose depending on their sector of activity. Standards applicable to undertakings active in the extractive industry and the logging of forests should be consistent with reporting requirements of Chapter 10 of Directive 2013/34/EU and require sustainability disclosures to
Project-level disclosures are crucial for investors who need consistent and detailed information to analyse the resilience and risks of specific projects with regard to climate change, environmental and social risks, or resource scarcity. Project-level disclosure is equally crucial for communities affected by the extractive and logging industries and civil society organisations to understand and scrutinize the benefits of extractive and logging industries and their environmental, social and governance impacts. Standards should also take account of the difficulties that undertakings may encounter in gathering information from actors throughout their value chain, especially from SME suppliers and from suppliers in emerging markets and economies.

Amendment 165
Marlene Mortler

Proposal for a directive
Recital 46

(46) Undertakings in the same sector are often exposed to similar sustainability-related risks, and they often have similar impacts on society and the environment. Comparisons between undertakings in the same sector are especially valuable to investors and other users of sustainability information. Sustainability reporting standards adopted by the Commission should therefore specify both information that undertakings in all sectors should disclose and information that undertakings should disclose depending on their sector of activity. Standards should also take account of the difficulties that undertakings may encounter in
gathering information from actors throughout their value chain, especially from SME suppliers and from suppliers in emerging markets and economies.

Amendment 166
Barry Andrews
on behalf of the Renew Group
Catherine Chabaud

Proposal for a directive
Recital 46

Text proposed by the Commission

(46) Undertakings in the same sector are often exposed to similar sustainability-related risks, and they often have similar impacts on society and the environment. Comparisons between undertakings in the same sector are especially valuable to investors and other users of sustainability information. Sustainability reporting standards adopted by the Commission should therefore specify both information that undertakings in all sectors should disclose and information that undertakings should disclose depending on their sector of activity. Standards should also take account of the difficulties that undertakings may encounter in gathering information from actors throughout their value chain, especially from SME suppliers and from suppliers in emerging markets and economies.

Amendment

(46) Undertakings in the same sector are often exposed to similar sustainability-related risks, and they often have similar impacts on society and the environment. Comparisons between undertakings in the same sector are especially valuable to investors and other users of sustainability information. Sustainability reporting standards adopted by the Commission should therefore specify both information that undertakings in all sectors should disclose and information that undertakings should disclose depending on their sector of activity. Standards should also take account of the difficulties that undertakings may encounter in gathering information from actors throughout their value chain, especially from SME suppliers, from suppliers in emerging markets and economies or suppliers operating in fragile contexts, as defined by the OECD's 'States of Fragility' report, conflict-related areas or affected by security concerns.

Amendment 167
Barry Andrews
on behalf of the Renew Group
Catherine Chabaud

Proposal for a directive
Recital 47

(47) To meet the information needs from users in a timely manner, and in particular given the urgency to meet the information needs of financial market participants subject to the requirements laid down in the delegated acts adopted pursuant to Article 4, paragraphs 6 and 7 of Regulation (EU) 2019/2088, the Commission should adopt a first set of reporting standards by 31 October 2022. That set of reporting standards should specify the information that undertakings should disclose with regard to all reporting areas and sustainability matters, and that financial market participants need to comply with the disclosure obligations laid down in Regulation (EU) 2019/2088. The Commission should adopt a second set of reporting standards at the latest by 31 October 2023, specifying complementary information that undertakings should disclose about sustainability matters and reporting areas where necessary, and information that is specific to the sector in which an undertaking operates. The Commission should review the standards every 3 years to take account of relevant developments, including the development of international standards.

(47) To meet the information needs from users in a timely manner, and in particular given the urgency to meet the information needs of financial market participants subject to the requirements laid down in the delegated acts adopted pursuant to Article 4, paragraphs 6 and 7 of Regulation (EU) 2019/2088, the Commission should adopt a first set of reporting standards by 31 October 2022. That set of reporting standards should specify the information that undertakings should disclose with regard to all reporting areas and sustainability matters, and that financial market participants need to comply with the disclosure obligations laid down in Regulation (EU) 2019/2088. The Commission should adopt a second set of reporting standards at the latest by 31 October 2023, specifying complementary information that undertakings should disclose about sustainability matters and reporting areas where necessary, and information that is specific to the sector in which an undertaking operates. Standards for undertakings active in high risk sectors that have severe impacts as regards sustainability factors should be developed as a priority. The Commission should review the standards every 3 years to take account of relevant developments, including the development of international standards. A one-off review of the standards should take place following the adoption of the due diligence legislation, in order to ensure as close as possible alignment between corporate sustainability reporting and due diligence.
Amendment 168
Caroline Roose, Michèle Rivasi, Pierrette Herzberger-Fofana
on behalf of the Greens/EFA Group

Proposal for a directive
Recital 47

Text proposed by the Commission

(47) To meet the information needs from
users in a timely manner, and in particular
given the urgency to meet the information
needs of financial market participants
subject to the requirements laid down in
the delegated acts adopted pursuant to
Article 4, paragraphs 6 and 7 of Regulation
(EU) 2019/2088, the Commission should
adopt a first set of reporting standards by
31 October 2022. That set of reporting
standards should specify the information
that undertakings should disclose with
regard to all reporting areas and
sustainability matters, and that financial
market participants need to comply with
the disclosure obligations laid down in
Regulation (EU) 2019/2088. The
Commission should adopt a second set of
reporting standards at the latest by 31
October 2023, specifying complementary
information that undertakings should
disclose about sustainability matters and
reporting areas where necessary, and
information that is specific to the sector in
which an undertaking operates. The
Commission should review the standards
every 3 years to take account of relevant
developments, including the development
of international standards.

Amendment

(47) To meet the information needs from
users in a timely manner, and in particular
given the urgency to meet the information
needs of financial market participants
subject to the requirements laid down in
the delegated acts adopted pursuant to
Article 4, paragraphs 6 and 7 of Regulation
(EU) 2019/2088, the Commission should
adopt a first set of reporting standards by
31 October 2022. That set of reporting
standards should specify the information
that undertakings should disclose with
regard to all reporting areas and
sustainability matters, and that financial
market participants need to comply with
the disclosure obligations laid down in
Regulation (EU) 2019/2088. The
Commission should adopt a second set of
reporting standards at the latest by 31
October 2023, specifying complementary
information that undertakings should
disclose about sustainability matters and
reporting areas where necessary, and
information that is specific to the sector in
which an undertaking operates. Standards
for high-impact undertakings active in
sectors where sustainability risks are the
most severe should be developed as a
priority, in particular undertakings active
in the extractive industry, the
manufacture of wearing apparel, large-
scale crop, animal production and
seafood industry. The Commission should
review the standards every 3 years to take
account of relevant developments,
including the development of international
standards.

Or. en
Amendment 169
Manon Aubry

Proposal for a directive
Recital 47

Text proposed by the Commission

(47) To meet the information needs from users in a timely manner, and in particular given the urgency to meet the information needs of financial market participants subject to the requirements laid down in the delegated acts adopted pursuant to Article 4, paragraphs 6 and 7 of Regulation (EU) 2019/2088, the Commission should adopt a first set of reporting standards by 31 October 2022. That set of reporting standards should specify the information that undertakings should disclose with regard to all reporting areas and sustainability matters, and that financial market participants need to comply with the disclosure obligations laid down in Regulation (EU) 2019/2088. The Commission should adopt a second set of reporting standards at the latest by 31 October 2023, specifying complementary information that undertakings should disclose about sustainability matters and reporting areas where necessary, and information that is specific to the sector in which an undertaking operates. The Commission should review the standards every 3 years to take account of relevant developments, including the development of international standards.

Amendment

(47) To meet the information needs from users in a timely manner, and in particular given the urgency to meet the information needs of financial market participants subject to the requirements laid down in the delegated acts adopted pursuant to Article 4, paragraphs 6 and 7 of Regulation (EU) 2019/2088, the Commission should adopt a first set of reporting standards by 31 October 2022. That set of reporting standards should specify the information that undertakings should disclose with regard to all reporting areas and sustainability matters, and that financial market participants need to comply with the disclosure obligations laid down in Regulation (EU) 2019/2088. The Commission should adopt a second set of reporting standards at the latest by 31 October 2023, specifying complementary information that undertakings should disclose about sustainability matters and reporting areas where necessary, and information that is specific to the sector in which an undertaking operates. The Commission should prioritise the adoption of standards specific to high-risk sectors and high-risk areas. The Commission should review the standards every 3 years to take account of relevant developments, including the development of international standards.

Or. en

Amendment 170
Marlene Mortler

Proposal for a directive
Recital 47
To meet the information needs from users in a timely manner, and in particular given the urgency to meet the information needs of financial market participants subject to the requirements laid down in the delegated acts adopted pursuant to Article 4, paragraphs 6 and 7 of Regulation (EU) 2019/2088, the Commission should adopt a first set of reporting standards by 31 October 2022. That set of reporting standards should specify the information that undertakings should disclose with regard to all reporting areas and sustainability matters, and that financial market participants need to comply with the disclosure obligations laid down in Regulation (EU) 2019/2088. The Commission should adopt a second set of reporting standards at the latest by 31 October 2023, specifying complementary information that undertakings should disclose about sustainability matters and reporting areas where necessary, and information that is specific to the sector in which an undertaking operates. The Commission should review the standards every 3 years to take account of relevant developments, including the development of international standards.

(47a) Undertakings in high-carbon sectors such as extractive and fossil fuel
industry, should take into account the relevant sectoral guidance from the IPCC and the International Energy Agency. Undertakings active in the extractive industry as defined in Article 41(1) of Directive 2013/34/EU should thus be subject to additional sustainability disclosure requirements. Those undertakings have high market capitalization, drive economic growth across the world and are an important source of government revenues in many countries. They also have a huge ecological footprint in terms of greenhouse gas emissions, pollution, biodiversity loss and human health. Extractive activities can also fuel corruption, conflict and threaten human rights when safeguards are not met or if projects are poorly managed. While the fossil fuel industry is a major cause of climate change, the energy transition brings new environmental challenges in a global context of growing demand for raw materials due to population growth, industrialisation, decarbonisation of transport, energy systems and other industrial sectors, increasing demand from developing countries and new technological applications. Without addressing the resource implications of low-carbon technologies, there is a risk that shifting the burden of curbing emissions to other parts of the economic chain may simply cause new environmental and social problems, such as heavy metal pollution, habitat destruction, or resource depletion in third countries. European capital markets are particularly exposed to these climate-related risks, which will significantly impact upon extractive industry stakeholders in producing countries. While Union's future demand of primary critical raw materials will continue to be largely met by imports also in the medium to long term, the Union has a responsibility to promote responsible and sustainable mining practices.
Amendment 172
Manon Aubry

Proposal for a directive
Recital 47 a (new)

Text proposed by the Commission

(47 a) Undertakings active in the extractive industry as defined in Article 41(1) of Directive 2013/34/EU should be subject to additional sustainability disclosure requirements due to sectoral specificities. Undertakings operating in the extractive industry are characterised by high market capitalizations, global economic influence in particular in developing countries, and their operations generate important public revenues. They also have exceptional sustainability impacts that should be disclosed in terms of direct and indirect greenhouse gas emissions, pollution, biodiversity loss and human health. Moreover, their activities can fuel corruption, conflict and threaten human rights when safeguards are not met or if projects are poorly managed. The additional reporting requirements for the extractive industry also derive from the increased need of users for information due to the ongoing energy transition, which will likely usher in a huge reduction in the production of fossil fuels and a massive increase in the exploitation of minerals needed for clean energy technologies. European capital markets are exposed to climate-related risks with the vulnerability of coal, oil and gas companies being particularly pronounced. Those climate-related risks will also have real consequences for extractive industry stakeholders in producing countries.

Or. en
Amendment 173
Caroline Roose, Michèle Rivasi, Pierrette Herzberger-Fofana on behalf of the Greens/EFA Group

Proposal for a directive
Recital 47 b (new)

Text proposed by the Commission  Amendment

(47 b) Undertakings active in the extractive industry should be required to publish the contracts and other documents upon which these projects are based. Given the changes that will be brought by the energy transition, availability of the terms governing resource extraction will be key to understanding how risks and benefits will be shared between companies, communities and governments. According to the International Monetary Fund, contract transparency in the extractive industries has become a global norm, and the practice was made a requirement under the 2019 Extractive Industries Transparency Initiative standard—the main global standard for transparency in the extractive industries. There are already over 49 countries around the world that have disclosed contracts and at least 30 with laws requiring them to do so. Contract disclosure is supported by leading extractives industry companies and has been endorsed by private sector forums including the International Council on Mining and Metals. Leading development finance institutions including the World Bank’s IFC and MIGA already require private sector clients developing extractive resources to publish contracts. The EBRD has the same requirements for hydrocarbons development. The IMF, the UN, the International Bar Association and the OECD have endorsed the practice.

Or. en
Amendment 174
Manon Aubry

Proposal for a directive
Recital 48 a (new)

Text proposed by the Commission

\[
\text{(48 a)} \quad \text{The online platform to access the information should allow users to easily compare the data disclosed by companies online, including by categories such as themes, sectors, countries, turnover and number of employees.}
\]

Or. en

Amendment 175
Manon Aubry

Proposal for a directive
Recital 49

Text proposed by the Commission

\[
\text{(49)} \quad \text{To allow for the inclusion of the reported sustainability information in the European single access point, Member States should ensure that undertakings publish the duly approved annual financial statements and the management report in the prescribed electronic format, and ensure that management reports containing sustainability reporting are made available, without delay following their publication, to the relevant officially appointed mechanism referred to in Article 21(2) of Directive 2004/109/EC.}
\]

Or. en

Amendment 176
Marlene Mortler
Proposal for a directive
Recital 49

Text proposed by the Commission

(49) To allow for the inclusion of the reported sustainability information in the European single access point, Member States should ensure that undertakings publish the duly approved annual financial statements and the management report in the prescribed electronic format, and ensure that management reports containing sustainability reporting are made available, without delay following their publication, to the relevant officially appointed mechanism referred to in Article 21(2) of Directive 2004/109/EC.

Amendment

(49) To allow for the inclusion of the reported sustainability information in the European single access point, Member States should ensure that undertakings publish the duly approved annual financial statements and the management report in the prescribed electronic format, and ensure that management reports containing sustainability reporting are made available, following their publication, to the relevant officially appointed mechanism referred to in Article 21(2) of Directive 2004/109/EC.

Or. en

Justification

Taking into account that companies need to adapt their internal processes

Amendment 177
Marlene Mortler

Proposal for a directive
Recital 50

Text proposed by the Commission

(50) Article 19a(4) of Directive 2013/34/EU enables Member States to exempt undertakings from including in the management report the non-financial statement required under Article 19a(1). Member States may do so where the undertaking concerned prepares a separate report that is published together with the management report in accordance with Article 30 of that Directive, or where that report is made publicly available on the undertaking's website within a reasonable period of time not exceeding 6 months, after the balance sheet date, and is referred

Amendment

(50) Article 19a(4) of Directive 2013/34/EU enables Member States to exempt undertakings from including in the management report the non-financial statement required under Article 19a(1). Member States may do so where the undertaking concerned prepares a separate report that is published together with the management report in accordance with Article 30 of that Directive, or where that report is made publicly available on the undertaking's website within a reasonable period of time not exceeding 6 months, after the balance sheet date, and is referred
to in the management report. The same possibility exists for the consolidated non-financial statement referred to in Article 29(a)(4) of Directive 2013/34/EU. Twenty Member States have used that option. The possibility to publish a separate report hinders, however, the availability of information that connects financial and information on sustainability matters. It also hinders the findability and accessibility of information for users, especially investors, who are interested in both financial and sustainability information. Possible different publication times for financial and sustainability information exacerbate this problem. Publication in a separate report can also give the impression, internally and externally, that sustainability information belongs to a category of less relevant information, which can impact negatively on the perceived reliability of the information. Undertakings should therefore consider which sustainability information is relevant from a financial point of view and whether, depending on the materiality for stakeholders other than those targeted by the annual report, it would be better provided in a separate document.

Member States should be allowed to exempt undertakings from the obligation to include in the management report information on sustainability matters. In addition, undertakings required to report sustainability information should in no case be exempted from the obligation to publish the management report as it is important to ensure that sustainability information is publically available.

Or. en

Amendment 178
Manon Aubry

Proposal for a directive

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Recital 53

Text proposed by the Commission

(53) The assurance profession distinguishes between limited and reasonable assurance engagements. The conclusion of a limited assurance engagement is usually provided in a negative form of expression by stating that no matter has been identified by the practitioner to conclude that the subject matter is materially misstated. The auditor performs fewer tests than in a reasonable assurance engagement. The amount of work for a limited assurance engagement is therefore less than for reasonable assurance. The work effort in a reasonable assurance engagement entails extensive procedures including consideration of internal controls of the reporting undertaking and substantive testing, and is therefore significantly higher than in a limited assurance engagement. The conclusion of this type of engagement is usually provided in a positive form of expression and states an opinion on the measurement of the subject matter against previously defined criteria. Article 19a(5) and Article 29a(5) of Directive 2013/34/EU require Member States to ensure that the statutory auditor or audit firm checks whether the non-financial statement or the separate report has been provided. It does not require that an independent provider of assurance services verifies the information, although it allows Member States to require such verification where they wish to. The absence of an assurance requirement on sustainability reporting, in contrast to the requirement for the statutory auditor to perform a reasonable assurance engagement on financial statements, would threaten the credibility of the sustainability information disclosed, thus failing to meet the needs of the intended users of that information. Although the objective is to have a similar level of assurance for financial and sustainability reporting, the absence of a

Amendment

(53) The assurance profession distinguishes between limited and reasonable assurance engagements. The conclusion of a limited assurance engagement is usually provided in a negative form of expression by stating that no matter has been identified by the practitioner to conclude that the subject matter is materially misstated. The auditor performs fewer tests than in a reasonable assurance engagement. The amount of work for a limited assurance engagement is therefore less than for reasonable assurance. The work effort in a reasonable assurance engagement entails extensive procedures including consideration of internal controls of the reporting undertaking and substantive testing, and is therefore significantly higher than in a limited assurance engagement. The conclusion of this type of engagement is usually provided in a positive form of expression and states an opinion on the measurement of the subject matter against previously defined criteria. Article 19a(5) and Article 29a(5) of Directive 2013/34/EU require Member States to ensure that the statutory auditor or audit firm checks whether the non-financial statement or the separate report has been provided. It does not require that an independent provider of assurance services verifies the information, although it allows Member States to require such verification where they wish to. The absence of an assurance requirement on sustainability reporting, in contrast to the requirement for the statutory auditor to perform a reasonable assurance engagement on financial statements, would threaten the credibility of the sustainability information disclosed, thus failing to meet the needs of the intended users of that information. Although the objective is to have a similar level of assurance for financial and sustainability reporting, the absence of a
commonly agreed standard for the assurance of sustainability reporting creates the risk of different understandings and expectations of what a reasonable assurance engagement would consist of for different categories of sustainability information, especially with regard to forward looking and qualitative disclosures. Therefore, a progressive approach to enhance the level of the assurance required for sustainability information should be considered, starting with an obligation on the statutory auditor or audit firm to express an opinion about the compliance of the sustainability reporting with Union requirements based on a limited assurance engagement. This opinion should cover the compliance of the sustainability reporting with Union sustainability reporting standards, the process carried out by the undertaking to identify the information reported pursuant to the sustainability reporting standards and compliance with the requirement to mark-up sustainability reporting. The auditor should also assess whether the undertaking’s reporting complies with the reporting requirements of Article 8 of Regulation (EU) 2020/852. To guarantee a common understanding and expectations of what a reasonable assurance engagement would consist of, the statutory auditor or audit firm should be required to express an opinion based on a reasonable assurance engagement about the compliance of the sustainability reporting with Union requirements, should the Commission adopt assurance standards for reasonable assurance of sustainability reporting. This would also allow for the progressive development of the assurance market for sustainability information, and of undertakings’ reporting practices. Finally, this progressive approach would phase in the increase in costs for reporting undertakings, given that reasonable assurance is more costly than limited assurance.
Proposed for a directive
Recital 57 a (new)

Text proposed by the Commission

Amendment

(57 a) A high level of independence should be ensured for sustainability reporting assurance operations by establishing the principle of incompatibility between a statutory audit engagement and an assurance of sustainability reporting engagement being carried out by the same statutory auditor or the same audit firm.

Amendment 180
Marlene Mortler

Proposal for a directive
Recital 57 a (new)

Text proposed by the Commission

Amendment

(57 a) There should not be a principle of incompatibility between a statutory audit engagement and an assurance of sustainability reporting engagement, as assurance should be allowed to be carried out by the same statutory auditor or the same audit firm.

Amendment 181
Marlene Mortler
Proposal for a directive
Recital 57 b (new)

Text proposed by the Commission

(57 b) The audit bodies for sustainability reports should have a high level of technical and specialised expertise in the field of sustainability in order to assess the information.

Or. en

Amendment 182
Barry Andrews
on behalf of the Renew Group
Catherine Chabaud

Proposal for a directive
Recital 60

Text proposed by the Commission

(60) Article 27 of Directive 2006/43/EC sets out rules on the statutory audit of a group of undertakings. Those rules should be extended to the assurance of consolidated sustainability reporting, where the statutory auditor performs the statutory audit.

(60) Article 27 of Directive 2006/43/EC sets out rules on the statutory audit of a group of undertakings. Those rules should be extended to the assurance of consolidated sustainability reporting.

Or. en

Amendment 183
Manon Aubry

Proposal for a directive
Recital 63 a (new)

Text proposed by the Commission

(63 a) Directive 2006/43/EC does not require Member States to allow users to submit complaints against undertakings or statutory auditors or
audit firms in case of a breach of the sustainability reporting and assurance requirements. Trade unions, consumer associations, civil society organisations in particular and members of the public in general should be able to file a complaint if they are aware of a violation of those requirements. The Member State should examine the complaint, decide whether the statutory auditor or audit firm has breached its obligation and provide for adequate sanctions. This would give a recourse to users and actors potentially concerned by an undertaking’s incorrect sustainability reporting and allow for a better enforcement of this Directive.

Amendment 184
Caroline Roose, Michèle Rivasi, Pierrette Herzberger-Fofana
on behalf of the Greens/EFA Group

Proposal for a directive
Recital 70 a (new)

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<tr>
<th>Text proposed by the Commission</th>
<th>Amendment</th>
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<tr>
<td>(70 a) Undertakings should be required to consistently report on projects which are based on ‘substantially interconnected’ legal agreements to address weaknesses, including identification of governments, project definition and joint ventures, identified by the Commission in its report on the review clause in Article 48 of Directive 2013/34/EU[1]. Reporting on each project varies across companies, making it difficult to have a complete and consistent overview of projects involving several companies. Investors managing risk and citizens holding governments to account require consistency in the identification of projects involving substantially interconnected legal agreements in order to progress sustainability objectives. Improved reporting on joint ventures is</td>
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needed given the prevalence of such structures in the oil, gas and mining industry. Without improved joint venture reporting, major payments to governments risk being hidden from view. Payments to governments for the purchase of oil, gas and minerals by undertakings active in physical trading are now a commonly recognized payment stream within the EITI framework and should be added as a payment category.


Amendment 185
Manon Aubry

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 provide the necessary information on sustainability matters and impacts but 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 186
Marlene Mortler

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) **Before any standards are introduced for large enterprises and SMEs, the Commission needs** to assess the impact of their act on **large undertakings and** SMEs in order to ensure that they are not disproportionately affected, e.g. by **multiplication effects or indirect costs,** giving specific attention to the administrative burden, and to publish the results of such assessments. **Therefore, a review clause should be established.**

Justification

Extending the scope to all SMEs brings reporting obligations to 1.471.501 undertakings in the EU (given micros are excluded). Even only an expansion to medium-sized enterprises would expand the scope from originally 11.700 (NFRD) over 49.000 (CSRD Commissions proposal) to roughly or up to 247.000 enterprises (including listed SMEs and high risk SMEs as foreseen in the Durand Proposal).

Amendment 187
Marlene Mortler

Proposal for a directive
Article 1 – paragraph 1 – point 1
Directive 2013/34/EU
Article 1 – paragraph 3

Text proposed by the Commission

3. The coordination measures prescribed by Articles 19a, 19d, 29a, 30 and 33, Article 34(1), second subparagraph, point (aa), paragraphs 2 and 3 of Article 34, and Article 51 of this Directive shall also apply to the laws, regulations and administrative provisions of the Member States relating to the

Amendment

3. The coordination measures prescribed by Articles 19a, 19d, 29a, 30 and 33, Article 34(1), second subparagraph, point (aa), paragraphs 2 and 3 of Article 34, and Article 51 of this Directive shall also apply to the laws, regulations and administrative provisions of the Member States relating to the
following undertakings regardless of their legal form:

Amendment 188
Barry Andrews
on behalf of the Renew Group
Catherine Chabaud

Proposal for a directive
Article 1 – paragraph 1 – point 1
Directive 2013/34/EU
Article 1 – paragraph 3 – introductory part

Text proposed by the Commission

3. The coordination measures prescribed by Articles 19a, 19d, 29a, 30 and 33, Article 34(1), second subparagraph, point (aa), paragraphs 2 and 3 of Article 34, and Article 51 of this Directive shall also apply to the laws, regulations and administrative provisions of the Member States relating to the following undertakings regardless of their legal form:

Amendment

3. The coordination measures prescribed by Articles 19a, 19d, 29a, 30 and 33, Article 34(1), second subparagraph, point (aa), paragraphs 2 and 3 of Article 34, and Article 51 of this Directive shall also apply to the laws, regulations and administrative provisions of the Member States relating to the following undertakings, provided they are large undertakings in excess of an average number of 500 employees during the financial year on their balance sheet date, operating in the European Single Market as Union or third-country undertaking:

Or. en

Amendment 189
Manon Aubry

Proposal for a directive
Article 1 – paragraph 1 – point 1
Directive 2013/34/EU
Article 1 – paragraph 3
3. The coordination measures prescribed by Articles 19a, 19d, 29a, 30 and 33, Article 34(1), second subparagraph, point (aa), paragraphs 2 and 3 of Article 34, and Article 51 of this Directive shall also apply to the laws, regulations and administrative provisions of the Member States relating to the following undertakings regardless of their legal form:

3. The coordination measures prescribed by Articles 19a, 19d, 29a, 30 and 33, Article 34(1), second subparagraph, point (aa), paragraphs 2 and 3 of Article 34, and Article 51 of this Directive shall also apply to the laws, regulations and administrative provisions of the Member States relating to the following undertakings and the undertakings defined in Article 19a(1) of this Directive regardless of their legal form:

Or. en

Amendment 190
Manon Aubry

Proposal for a directive
Article 1 – paragraph 1 – point 1
Directive 2013/34/EU
Article 1 – paragraph 3

Text proposed by the Commission
Amendment

Member States may choose not to apply the coordination measures referred to in the first subparagraph to the undertakings listed in Article 2(5), points (2) to (23), of Directive 2013/36/EU of the European Parliament and of the Council*¹.

deleted

Or. en

Amendment 191
Marlene Mortler

Proposal for a directive
Article 1 – paragraph 1 – point 1
Directive 2013/34/EU
Article 1 – paragraph 3

Text proposed by the Commission
Amendment

AM\1247135EN.docx 113/171 PE704.531v01-00
Member States may choose not to apply the coordination measures referred to in the first subparagraph to the undertakings listed in Article 2(5), points (2) to (23), of Directive 2013/36/EU of the European Parliament and of the Council*3.

Member States shall choose not to apply the coordination measures referred to in the first subparagraph to the undertakings listed in Article 2(5), points (2) to (23), of Directive 2013/36/EU of the European Parliament and of the Council*3 and 'small and non-complex institutions' as defined in Article 4(1)(145) of Regulation (EU) No 575/2013.

Amendment 192
Caroline Roose, Michèle Rivasi, Pierrette Herzberger-Fofana
on behalf of the Greens/EFA Group

Proposal for a directive
Article 1 – paragraph 1 – point 1
Directive 2013/34/EU
Article 1 – paragraph 3 (a) – new

Text proposed by the Commission

3 a. A list of high-risk sectors is included in Annex IIa which shall be reviewed and modified by the Commission, as appropriate, through a delegated act every three years. This review shall take into account existing Union sector-specific legislation and sector-specific disclosures in recognised international reporting frameworks.

Amendment

Or. en

Amendment 193
Barry Andrews
on behalf of the Renew Group
Catherine Chabaud

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

(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 *4, namely respect for environmental, social and employee issues, human rights and governance factors;

Or. en

Amendment 194
Marlene Mortler

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

Text proposed by the Commission


Amendment


Or. en

Amendment 195
Marlene Mortler

Proposal for a directive
Article 1 – paragraph 1 – point 2
Directive 2013/34/EU
Article 2 – point (19)

Text proposed by the Commission

(19) ‘intangibles’ means non-physical resources that contribute to the undertaking’s value creation;

Amendment

(19) ‘intangibles’ means non-physical resources that contribute to the undertaking’s value creation and are equivalent to intangible assets already reported in the financial reporting

Or. en
framework;

Or. en

Amendment 196
Barry Andrews
on behalf of the Renew Group
Catherine Chabaud

Proposal for a directive
Article 1 – paragraph 1 – point 2
Directive 2013/34/EU
Article 2 – point 20a (new)

Text proposed by the Commission

Amendment

(20 a) ‘high-risk economic activity sector’ means economic activities likely to have serious negative impacts on sustainability matters, namely respect for human rights, the environment, social and employee issues, good governance and the rule of law of countries, regions and territories where the undertaking or its supply chains operate;

Or. en

Amendment 197
Caroline Roose, Michèle Rivasi, Pierrette Herzberger-Fofana
on behalf of the Greens/EFA Group

Proposal for a directive
Article 1 – paragraph 1 – point 2
Directive 2013/34/EU
Article 2 – point 20a (new)

Text proposed by the Commission

Amendment

(20 a) ‘high risk sectors’ are those sectors of economic activity likely to have severe impacts on the environment, human rights and the rule of law and good governance systems of countries, regions and territories where the undertaking or its supply chains operate
and is listed in Annex IIa;

Or. en

Amendment 198
Manon Aubry

Proposal for a directive
Article 1 – paragraph 1 – point 2
Directive 2013/34/EU
Article 2 – point 20a (new)

Text proposed by the Commission
Amendment

(20 a) 'high-risk sector' means a sector that is particularly exposed to sustainability risks or is associated with a high likelihood of actual or potential severe impacts on sustainability matters.

Or. en

Amendment 199
Caroline Roose, Michèle Rivasi, Pierrette Herzberger-Fofana
on behalf of the Greens/EFA Group

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-risk undertaking' means an undertaking active in one or more of the high-impact sectors listed in Annex IIa;

Or. en

Amendment 200
Manon Aubry

Proposal for a directive
Article 1 – paragraph 1 – point 2
Directive 2013/34/EU
Article 2 – point 20b (new)

Text proposed by the Commission

(20 b) ‘high-risk areas means a geographical area that is particularly exposed to sustainability risks or is associated with a high likelihood of actual or potential severe impacts on sustainability matters.

Amendment

Or. en

Amendment 201
Barry Andrews
on behalf of the Renew Group
Catherine Chabaud

Proposal for a directive
Article 1 – paragraph 1 – point 2
Directive 2013/34/EU
Article 2 – point 20b (new)

Text proposed by the Commission

(20 b) ‘Specific science-based measurable targets’ means indicators which take into account the UN programme ‘Transforming our world: the 2030 Agenda for Sustainable Development’, reports and analyses of the Organisation for Economic Cooperation and Development (OECD) on the Sustainable Development Goals and the EU’s ‘Europe 2020 strategy’.

Amendment

Or. en

Amendment 202
Barry Andrews
on behalf of the Renew Group
Catherine Chabaud

Proposal for a directive
Article 1 – paragraph 1 – point 2
Directive 2013/34/EU
Article 2 – point 20c (new)

Text proposed by the Commission
(20 c) 'sustainability strategy' means the undertaking’s plans of action to achieve long term SDGs and targets in line with the UN 2030 Agenda, the Paris Agreement and other relevant international commitments, as well as Union policies and legislation. It includes corporate due diligence processes aimed at identifying and managing the potential or actual adverse risks and impacts linked to sustainability matters.

Amendment

Proposal for a directive
Article 1 – paragraph 1 – point 2
Directive 2013/34/EU
Article 2 – point 20 c (new)

Text proposed by the Commission
(20 b) (20 c) 'severe impacts' are adverse impacts on people, their fundamental human rights and the environment connected to the undertaking’s value chain by its own operations, its products and services, its business relationships, its subsidiaries, and its supply chain, based on the gravity of the impact on the sustainability matter, the number of individuals that are or could be affected, or the scale of the damage to the environment; the ease with which the harm could be remediated, restoring the environment or affected people to their prior state; and which cause the greatest harm relative to other impacts the undertaking has identified.

Amendment 203
Caroline Roose, Michèle Rivasi, Pierrette Herzberger-Fofana on behalf of the Greens/EFA Group
Amendment 204
Manon Aubry

Proposal for a directive
Article 1 – paragraph 1 – point 2
Directive 2013/34/EU
Article 2 – point 20c (new)

Text proposed by the Commission

(20 c) ‘targets’ means measurable, specific, time-bound and, when applicable, science-based indicators

Or. en

Amendment 205
Barry Andrews
on behalf of the Renew Group
Catherine Chabaud

Proposal for a directive
Article 1 – paragraph 1 – point 3
Directive 2013/34/EU
Article 19a – paragraph 1

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. Large undertakings and undertakings referred to in Article 3(7) which are governed by the law of a third country and are not established in the territory of the Union when they operate in the internal market selling goods or providing services under the arrangements set out in Article 19b(1), and, as of 1 January 2026, small and medium-sized undertakings which are undertakings referred to in Article 2, point (1), point (a), and small and medium-sized undertakings referred to in Article 3(3) which operate in one or more of the high risk economic activities referred to in Article 19a (8), 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 206
Marlene Mortler

Proposal for a directive
Article 1 – paragraph 1 – point 3
Directive 2013/34/EU
Article 19a – paragraph 1

**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. Large undertakings and which are public-interest entities exceeding on their balance sheet dates the criterion of the average number of 500 employees during the financial year shall include in the management report or in a separate sustainability 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 not earlier than two full financial years during which the companies have had the opportunity to adapt to the provisions and reporting standards set out in this Directive and the accompanying, adopted and published delegated acts, e.g. Regulation (EU) 2020/852.

Amendment 207
Manon Aubry

Proposal for a directive
Article 1 – paragraph 1 – point 3
Directive 2013/34/EU
Article 19a

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. Large undertakings, public interest entities and small and medium-sized undertakings which are undertakings operating in high-risk sectors or high-risk areas listed in Annex IIa, and undertakings meeting those criteria that operate in the single market without being established in the Union 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.

Or. en

Amendment 208
Marlene Mortler

Proposal for a directive
Article 1 – paragraph 1 – point 3
Directive 2013/34/EU
Article 19a – paragraph 2

Text proposed by the Commission

2. The information referred to in paragraph 1 shall contain in particular:

Amendment

2. The information referred to in paragraph 1 shall contain:

Or. en

Amendment 209
Barry Andrews
on behalf of the Renew Group
Catherine Chabaud

Proposal for a directive
Article 1 – paragraph 1 – point 3
Directive 2013/34/EU
Article 19a – paragraph 2 – subparagraph 1 – point a

_text proposed by the Commission_  

(a) a brief description of the undertaking’s business model and strategy, including:

_amendment_

(a) a brief description of the undertaking's business model and strategy and its implementation, including:

Or. en

Amendment 210
Marlene Mortler

Proposal for a directive
Article 1 – paragraph 1 – point 3
Directive 2013/34/EU
Article 19a – paragraph 2 – subparagraph 1 – point a

_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 resilience of the undertaking's business model and strategy to risks related to sustainability matters and climate change;

Or. en

Amendment 211
Marlene Mortler

Proposal for a directive
Article 1 – paragraph 1 – point 3
Directive 2013/34/EU
Article 19a – paragraph 2 – subparagraph 1 – point a

_text proposed by the Commission_  

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

_amendment_

(ii) the opportunities for the undertaking related to sustainability matters and the transition to a carbon neutral economy;

Or. en
Amendment 212
Barry Andrews
on behalf of the Renew Group
Catherine Chabaud

Proposal for a directive
Article 1 – paragraph 1 – point 3
Directive 2013/34/EU
Article 19a – paragraph 2 – point a – sub–point ii

Text proposed by the Commission
(ii) the opportunities for the undertaking related to sustainability matters;

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

Or. en

Amendment 213
Manon Aubry

Proposal for a directive
Article 1 – paragraph 1 – point 3
Directive 2013/34/EU
Article 19a – paragraph 2 – point a

Text proposed by the Commission
(ii) the opportunities for the undertaking related to sustainability matters;

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

Or. en

Amendment 214
Manon Aubry

Proposal for a directive
Article 1 – paragraph 1 – point 3
Directive 2013/34/EU
Article 19a – paragraph 2 – point a – sub–point ii a (new)

Text proposed by the Commission

Amendment
(ii a) the assessment by the undertaking of its impacts on sustainability matters;
Amendment 215
Marlene Mortler

Proposal for a directive
Article 1 – paragraph 1 – point 3
Directive 2013/34/EU
Article 19a – paragraph 2 – point a – sub-point iii

Text proposed by the Commission

(iii) 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

Or. en

Amendment 216
Barry Andrews on behalf of the Renew Group
Catherine Chabaud

Proposal for a directive
Article 1 – paragraph 1 – point 3
Directive 2013/34/EU
Article 19a – paragraph 2 – subparagraph 1 point a – sub-point iii a (new)

Text proposed by the Commission

(iii a) how the business model and strategies contribute to the implementation of the UN 2030 Agenda for Sustainable development in the developing countries where the undertaking or its supply and value chains operate;

Amendment

Or. en

Amendment 217
Manon Aubry

Proposal for a directive
Article 1 – paragraph 1 – point 3
Directive 2013/34/EU
Article 19a – paragraph 2 – subparagraph 1 – point a – sub-point iii a (new)

Text proposed by the Commission

(iii a) the plans of the undertaking to ensure that its business model and strategy respect workers’ rights and potentially affected communities;

Amendment

Or. en

Amendment 218
Marlene Mortler

Proposal for a directive
Article 1 – paragraph 1 – point 3
Directive 2013/34/EU
Article 19a – paragraph 2 – subparagraph 1 – point a – sub-point iv

Text proposed by the Commission

(iv) 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 matters;

Amendment

deleted

Or. en

Amendment 219
Barry Andrews
on behalf of the Renew Group
Catherine Chabaud

Proposal for a directive
Article 1 – paragraph 1 – point 3
Directive 2013/34/EU
Article 19a – paragraph 2 – subparagraph 2 – point a – sub-point iv

Text proposed by the Commission

Amendment
(iv) 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 matters;

(iv) how the undertaking’s business model and strategy take account of the interests and needs of the undertaking’s stakeholders and risk management and of the principal actual or potential adverse impacts of the undertaking on sustainability matters along the entire supply and value chain;

Or. en

Amendment 220
Manon Aubry

Proposal for a directive
Article 1 – paragraph 1 – point 3
Directive 2013/34/EU
Article 19a – paragraph 2 – subparagraph 2 – point a – sub–point v

Text proposed by the Commission

Amendment

(v) how the undertaking’s strategy has been implemented with regard to sustainability matters;

(v) how sustainability matters and related targets, in connection with principal risks, opportunities, and severe impacts, have been integrated into the undertaking’s strategy;

Or. en

Amendment 221
Barry Andrews
on behalf of the Renew Group
Catherine Chabaud

Proposal for a directive
Article 1 – paragraph 1 – point 3
Directive 2013/34/EU
Article 19a – paragraph 2 – subparagraph 2 – point a – sub–point v

Text proposed by the Commission

Amendment

(v) how the undertaking’s strategy has been implemented with regard to sustainability matters;

(v) how the undertaking’s sustainability strategy has been implemented and the results achieved with regard to sustainability matters;
Amendment 222
Marlene Mortler

Proposal for a directive
Article 1 – paragraph 1 – point 3
Directive 2013/34/EU
Article 19a – paragraph 2 – subparagraph 2 – point a – sub-point v

Text proposed by the Commission
(v) how the undertaking’s strategy has been implemented with regard to sustainability matters;

Amendment
(v) how the undertaking’s strategy has been implemented with regard to sustainability matters and climate change;

Amendment 223
Caroline Roose, Michèle Rivasi, Pierrette Herzberger-Fofana
on behalf of the Greens/EFA Group

Proposal for a directive
Article 1 – paragraph 1 – point 3
Directive 2013/34/EU
Article 19(a) – paragraph 2 – 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 time-bound, short, medium and long-term targets related to sustainability matters set by the undertaking with respect to the undertaking’s principle risks and opportunities, whether such targets are science-based alongside corresponding evidence, and of the progress the undertaking has made towards achieving those targets including:
(i) a clearly defined path to reach the targets and corresponding timeframes;
(ii) the methods, main data and rationale used in setting these targets which must uphold the principle of ‘do no significant harm’ within the meaning of Article 17 of
Regulation(EU) 2020/852;

(iii) targets to be reviewed by independent scientific reviewers, and made available to the general public including information on how and to what extent the undertaking is aligned with the broader strategy that qualify as 'environmentally sustainable' pursuant to Regulation (EU) 2020/852;

(iv) the reasons explaining the impossibility or failure to reach intermediary and final targets;

Or. en

Amendment 224
Barry Andrews
on behalf of the Renew Group
Catherine Chabaud

Proposal for a directive
Article 1 – paragraph 1 – point 3
Directive 2013/34/EU
Article 19a – paragraph 2 – 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 sustainability matters set by the undertaking, the actions to be taken to successfully achieve those targets, the progress the undertaking has made towards achieving those targets and where relevant, an analysis of the lack of progress in relation to those targets and corrective measures;

Or. en

Amendment 225
Manon Aubry

Proposal for a directive
Article 1 – paragraph 1 – point 3
Directive 2013/34/EU
Article 19a – paragraph 2 – 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 science-based and time-bound short-term, mid-term and long-term targets set by the undertaking to address the principal risks, opportunities and impacts of its activities with regards to sustainability matters, along with corresponding evidence;

Or. en

Amendment 226
Manon Aubry

Proposal for a directive
Article 1 – paragraph 1 – point 3
Directive 2013/34/EU
Article 19a – paragraph 2 – point b a (new)

**Text proposed by the Commission**

(b a) a description of the investments, actions and policies adopted to achieve those targets, and of the progress the undertaking has made towards achieving those targets;

**Amendment**

Or. en

Amendment 227
Caroline Roose, Michèle Rivasi, Pierrette Herzberger-Fofana on behalf of the Greens/EFA Group

Proposal for a directive
Article 1 – paragraph 1 – point 3
Directive 2013/34/EU
Article 19(a) – paragraph 2 – point c

**Text proposed by the Commission**

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

**Amendment**

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

(i) the extent to which these bodies shall take into consideration sustainability matters and, where appropriate, the resources at their disposal in order to do so;

(ii) the consistency of the remuneration schemes of their members with the company’s sustainability strategy;

(iii) discussions on the results of the due diligence process implemented with regard to sustainability matters and on adverse effects, as well as involvement and exchanges with the different stakeholders affected by the identified impacts;

(iv) discussions on the principal risks to the undertaking and opportunities for the undertaking with regard to sustainability matters;

(v) the process set up to oversee the implementation of the undertaking’s strategy related to sustainability matters;

(vi) expertise on sustainability matters of the members of the administrative, management and supervisory bodies;

(vi) the matters addressed by these bodies during the reporting period

Amendment 228
Manon Aubry

Proposal for a directive
Article 1 – paragraph 1 – point 3
Directive 2013/34/EU
Article 19a – paragraph 2 – point c

Text proposed by the Commission

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

Amendment

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

(i) the matters addressed by these bodies during the reporting period;

(ii) their engagement in the due diligence process implemented with regard to sustainability matters to identify adverse impacts, including any direct engagement with the stakeholders affected by the identified impacts;

(ii) their engagement in the analysis of main risks and opportunities for the undertaking related to sustainability matters;

(iii) approval of the undertaking’s strategy and targets related to sustainability matters and of financial resources for their implementation;

(iv) specific oversight on the implementation of the undertaking’s strategy related to sustainability matters;

(v) expertise on sustainability matters possessed by the members of the administrative, management and supervisory bodies and consultation of external experts;

Or. en

Amendment 229
Barry Andrews
on behalf of the Renew Group
Catherine Chabaud

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 and the composition of the administrative, management and supervisory bodies with regard to sustainability matters;
Amendment 230
Manon Aubry

Proposal for a directive
Article 1 – paragraph 1 – point 3
Directive 2013/34/EU
Article 19a – paragraph 2 – 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 sustainability matters and in particular with respect to identified actual or potential severe impacts and opportunities;

Amendment 231
Marlene Mortler

Proposal for a directive
Article 1 – paragraph 1 – point 3
Directive 2013/34/EU
Article 19a – paragraph 2 – point e – sub-point i

Text proposed by the Commission
(i) the due diligence process implemented with regard to sustainability matters;

Amendment
deleted

Justification
Due diligence should be covered by the upcoming Sustainable Corporate Governance Commission Proposal. Otherwise, due diligence obligations would need to be included in reporting before the standards are clear, which prevents legal certainty.

Amendment 232
Barry Andrews
on behalf of the Renew Group
Catherine Chabaud

Proposal for a directive
Article 1 – paragraph 1 – point 3
Directive 2013/34/EU
Article 19a – paragraph 2 – point e – subpoint 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 sustainability
matters in particular regarding human
rights, social rights, rule of law and good
governance systems and environmental
due diligence along the entire supply and
value chain, in accordance with
international and regional human rights
conventions, guidelines and standards
such as the UN Guiding Principles on
Business and Human Rights, the OECD
Due Diligence Guidance for Responsible
Business Conduct, the International
Labour Organisation (ILO) Declaration
on Fundamental Principles and Rights at
Work, the ILO fundamental conventions
and the Charter of Fundamental Rights
of the European Union.

The reporting requirements as regards
due diligence shall be based on the
upcoming legislation on corporate due
diligence;

Or. en

Amendment 233
Manon Aubry

Proposal for a directive
Article 1 – paragraph 1 – point 3
Directive 2013/34/EU
Article 19a – paragraph 2 – point e – sub–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 sustainability
matters in line with applicable Union
legislation on due diligence [Directive
Amendment 234
Manon Aubry

Proposal for a directive
Article 1 – paragraph 1 – point 3
Directive 2013/34/EU
Article 19a – paragraph 2 – point e – sub–point i a (new)

Text proposed by the Commission

(i a) the structure of the undertaking’s value chain including through a mapping of its own operations, subsidiaries, suppliers and business relationships. Disclosed information shall include names, locations, types of products and services supplied;

Amendment

Or. en

Amendment 235
Marlene Mortler

Proposal for a directive
Article 1 – paragraph 1 – point 3
Directive 2013/34/EU
Article 19a – paragraph 2 – point e – sub–point ii

Text proposed by the Commission

(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;

Amendment

deleted

Or. en

Justification

Due diligence should be covered by the upcoming Sustainable Corporate Governance
Commission Proposal. Otherwise, due diligence obligations would need to be included in reporting before the standards are clear, which prevents legal certainty.

Amendment 236
Caroline Roose, Michèle Rivasi, Pierrette Herzberger-Fofana
on behalf of the Greens/EFA Group

Proposal for a directive
Article 1 – paragraph 1 – point 3
Directive 2013/34/EU
Article 19a – paragraph 2 – point e – sub–point ii

Text proposed by the Commission
(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;

Amendment
(ii) the actual or potential adverse impacts connected with the undertaking’s supply and value chain, in particular as identified through the due diligence process, including its own operations, its products and services, its business relationships and its supply chain, including with regard to:
- all people affected by those impacts with particular attention to persons who frequently face discrimination or are in a vulnerable situation, such as women, children, minorities, indigenous people, persons experiencing poverty or social exclusion, LGBTIQ persons, persons with disabilities;
- the effect of the undertaking’s business policies, practices and decisions on the identified issues, including of the undertaking’s purchasing policies and practices;

Or. en

Amendment 237
Barry Andrews
on behalf of the Renew Group
Catherine Chabaud

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

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

Amendment

(ii) the principal actual or potential adverse impacts on sustainability matters connected with the undertaking’s value chain, as identified in the implementation of the due diligence strategy, including its own operations, its products, services and assets, its business relationships, its subsidiaries and its supply chain;

Or. en

Amendment 238
Manon Aubry

Proposal for a directive
Article 1 – paragraph 1 – point 3
Directive 2013/34/EU
Article 19a – paragraph 2 – point e – sub–point ii

Text proposed by the Commission

(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;

Amendment

(ii) the actual or potential adverse impacts connected with the undertaking’s value chain as identified through the due diligence process, including its own operations, its products and services, its subsidiaries, its business relationships and its supply chain, including information on people affected by those impacts;

Or. en

Amendment 239
Manon Aubry

Proposal for a directive
Article 1 – paragraph 1 – point 3
Directive 2013/34/EU
Article 19a – paragraph 2 – point e – sub–point ii a (new)
Text proposed by the Commission

(ii a) the negative or positive effects of the undertaking’s business practises, policies and decisions on the identified impacts, including its purchasing policies and practises;

Amendment

Or. en

Amendment 240
Marlene Mortler

Proposal for a directive
Article 1 – paragraph 1 – point 3
Directive 2013/34/EU
Article 19a – paragraph 2 – point e – sub–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

deleted

Or. en

Justification

Due diligence should be covered by the upcoming Sustainable Corporate Governance Commission Proposal. Otherwise, due diligence obligations would need to be included in reporting before the standards are clear, which prevents legal certainty.

Amendment 241
Manon Aubry

Proposal for a directive
Article 1 – paragraph 1 – point 3
Directive 2013/34/EU
Article 19a – paragraph 2 – point e – sub–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

Amendment

identify, assess, prevent, mitigate, cease, monitor, communicate, account for, address and remediate actual
impacts; or potential adverse impacts;

Amendment 242
Marlene Mortler

Proposal for a directive
Article 1 – paragraph 1 – point 3
Directive 2013/34/EU
Article 19a – paragraph 2 – point f

Text proposed by the Commission  Amendment

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

Amendment 243
Marlene Mortler

Proposal for a directive
Article 1 – paragraph 1 – point 3
Directive 2013/34/EU
Article 19a – paragraph 2 – point g

Text proposed by the Commission  Amendment

(g) indicators relevant to the disclosures referred to in points (a) to (f).

(g) indicators relevant to the disclosures referred to in points (a) to (f) which are provided by the Commission by means of an delegated act in collaboration with the technical advice of the EFRAG and the Platform on Sustainable Finance.

Amendment 244
Undertakings shall also disclose information on intangibles, including information on intellectual, human, and social and relationship capital.

Amendment 245
Marlene Mortler

Undertakings shall report the process carried out to identify the information that they have included in the management report in accordance with paragraph 1 and in this process they shall take account of short, medium and long-term horizons.

Amendment 246
Marlene Mortler

3. The information referred to in

3. The information referred to in
paragraphs 1 and 2 shall contain *forward-looking and* retrospective information, and qualitative and quantitative *information*.

paragraphs 1 and 2 shall contain retrospective information, and where *appropriate forward looking information* in a qualitative and quantitative *form*.

Or. en

Amendment 247
Marlene Mortler

Proposal for a directive
Article 1 – paragraph 1 – point 3
Directive 2013/34/EU
Article 19a – paragraph 3

*Text proposed by the Commission*

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.

*Amendment*

deleted

Justification

*Due diligence should be covered by the upcoming Sustainable Corporate Governance Commission Proposal. Otherwise, due diligence obligations would need to be included in reporting before the standards are clear, which prevents legal certainty.***

Amendment 248
Manon Aubry

Proposal for a directive
Article 1 – paragraph 1 – point 3
Directive 2013/34/EU
Article 19(a) – point 3

*Text proposed by the Commission*

Where appropriate, the information referred to in paragraphs 1 and 2 shall contain information about the

*Amendment*

The information referred to in paragraphs 1 and 2 shall contain *all* information about the undertaking’s value chain, including
undertaking’s value chain, including the undertaking’s own operations, products and services, its business relationships and its supply chain.

the undertaking’s own operations, workforce, investments, assets, products and services, its business relationships and its supply chain that is useful in order to understand the impacts and risks related to sustainability matters for the undertaking.

Amendment 249
Caroline Roose, Michèle Rivasi, Pierrette Herzberger-Fofana
on behalf of the Greens/EFA Group

Proposal for a directive
Article 1 – paragraph 1 – point 3
Directive 2013/34/EU
Article 19(a) – point 3

Text proposed by the Commission

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.

Amendment

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 sectors referred to in Annex IIa.

Amendment 250
Barry Andrews
on behalf of the Renew Group
Catherine Chabaud

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

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

Amendment
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.

Amendment 251
Marlene Mortler

Proposal for a directive
Article 1 – paragraph 1 – point 3
Directive 2013/34/EU
Article 19a – paragraph 3

Text proposed by the Commission

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 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.

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 and competitive position of the undertaking.
Amendment 252
Manon Aubry

Proposal for a directive
Article 1 – paragraph 1 – point 3
Directive 2013/34/EU
Article 19a

Text proposed by the Commission

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 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.

Amendment

Member States may allow limited 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 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.

Or. en

Amendment 253
Barry Andrews
on behalf of the Renew Group
Catherine Chabaud

Proposal for a directive
Article 1 – paragraph 1 – point 3
Directive 2013/34/EU
Article 19a – paragraph 3 – subparagraph –1 (new)

Text proposed by the Commission

3 a. The information referred to in paragraphs 1 and 2 shall be published in a specific section of the management report and in a formal equivalent to, and consistent with, that laid down for the publication of financial statements.

Amendment
Amendment 254
Marlene Mortler

Proposal for a directive
Article 1 – paragraph 1 – point 3
Directive 2013/34/EU
Article 19a – paragraph 4

Text proposed by the Commission

4. Undertakings shall report the information referred to in paragraphs 1 to 3 in accordance with the sustainability reporting standards referred to in Article 19b.

Amendment

4. Undertakings shall report the information referred to in paragraphs 1 to 3 in accordance with the sustainability reporting standards referred to in Article 19b and after the Commission has published stringent and clear guidelines after technical advice from EFRAG.

Amendment 255
Marlene Mortler

Proposal for a directive
Article 1 – paragraph 1 – point 3
Directive 2013/34/EU
Article 19a – paragraph 5

Text proposed by the Commission

5. By way of derogation from Article 19a, paragraphs 1 to 4, small and medium sized undertakings referred to in Article 2, point (1), point (a), may report in accordance with the sustainability reporting standards for small and medium sized undertakings referred to in Article 19c.

Amendment
deleted

Justification

Extending the scope to all SMEs brings reporting obligations to 1.471.501 undertakings in
the EU (given micros are excluded). Even only an expansion to medium-sized enterprises would expand the scope from originally 11,700 (NFRD) over 49,000 (CSRD Commissions proposal) to roughly or up to 247,000 enterprises (including listed SMEs and high risk SMEs as foreseen in the Durand Proposal).

Amendment 256
Barry Andrews
on behalf of the Renew Group
Catherine Chabaud

Proposal for a directive
Article 1 – paragraph 1 – point 3
Directive 2013/34/EU
Article 19a – paragraph 6a (new)

Text proposed by the Commission

Amendment

6 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 19a(1). In establishing that list the Commission 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, including for mining, extractive industries, agriculture, clothing and footwear, finance and international shipping, as well as other relevant UN bodies’ guidance on specific sectors. The list of sectors taken into account in this definition shall take account of the need to be consistent with the NACE classification.

Or. en

Amendment 257
Barry Andrews
on behalf of the Renew Group
Catherine Chabaud
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
Amendment

[...]
deleted

Or. en

Amendment 258
Manon Aubry

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

7. deleted

* Or. en
Amendment 259
Marlene Mortler

Proposal for a directive
Article 1 – paragraph 1 – point 3
Directive 2013/34/EU
Article 19a – paragraph 7

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

Amendment

7. An undertaking which is a subsidiary undertaking shall continue to 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), of Directive 2004/109/EC of the European Parliament and of the Council*6, to the manner required by the sustainability reporting standards referred to in Article 19b of this Directive.

Amendment 260
Manon Aubry

Proposal for a directive
Article 1 – paragraph 1 – point 3
The consolidated management report of the parent undertaking referred to in subparagraph 1 shall be published in accordance with Article 30, in the manner prescribed by the law of the Member State by which the undertaking that is exempted from the obligations set out in paragraphs 1 to 4 is governed.

The consolidated management report of the parent undertaking referred to in subparagraph 1 shall be published in accordance with Article 30, in the manner prescribed by the law of the Member State by which the undertaking which meets the requirements referred to in paragraphs 1 to 4 of this Article is governed.

Amendment 262
Marlene Mortler
Proposal for a directive
Article 1 – paragraph 1 – point 3
Directive 2013/34/EU
Article 19a – paragraph 7

The consolidated management report of the parent undertaking referred to in subparagraph 1 shall be published in accordance with Article 30, in the manner prescribed by the law of the Member State by which the undertaking which meets the requirements referred to in paragraphs 1 to 4 of this Article is governed.

Or. en
**Text proposed by the Commission**

The Member State by which the undertaking that is exempted from the obligations set out in paragraphs 1 to 4 is governed, may require that the consolidated management report referred to in the first subparagraph of this paragraph is published in an official language of the Member State or in a language customary in the sphere of international finance, and that any necessary translation into those languages is certified.

**Amendment**

The Member State by which the undertaking that is exempted from the obligations set out in paragraphs 1 to 4 is governed, may require that the consolidated management report referred to in the first subparagraph of this paragraph is published in an official language of the Member State or in a language customary in the sphere of international finance.

**Or. en**

**Amendment 263**

**Manon Aubry**

Proposal for a directive

**Article 1 – paragraph 1 – point 3**

Directive 2013/34/EU

**Article 19a**

**Text proposed by the Commission**

The Member State by which the undertaking that is exempted from the obligations set out in paragraphs 1 to 4 is governed, may require that the consolidated management report referred to in the first subparagraph of this paragraph is published in an official language of the Member State or in a language customary in the sphere of international finance, and that any necessary translation into those languages is certified.

**Amendment**

The Member State governing a subsidiary of an undertaking referred to in paragraph 1 may require that the consolidated management report of that parent undertaking is published in an official language of the Member State or in a language customary in the sphere of international finance, and that any necessary translation into those languages is certified.

**Or. en**

**Amendment 264**

**Barry Andrews**

on behalf of the Renew Group
The Member State by which the undertaking that is exempted from the obligations set out in paragraphs 1 to 4 is governed, may require that the consolidated management report referred to in the first subparagraph of this paragraph is published in an official language of the Member State or in a language customary in the sphere of international finance, and that any necessary translation into those languages is certified.

The management report of an undertaking that is exempted from the obligations set out in paragraphs 1 to 4 shall contain all of the following information:

The management report of a subsidiary of a parent undertaking subjected to the obligations set out in paragraphs 1 to 4 shall contain all of the following information:

Or. en
Article 1 – paragraph 1 – point 3
Directive 2013/34/EU
Article 19a

Text proposed by the Commission

(b) the fact that the undertaking is exempted from the obligations set out in paragraphs 1 to 4 of this Article.

Amendment

deleted

Amendment 267
Barry Andrews
on behalf of the Renew Group
Catherine Chabaud

Proposal for a directive
Article 1 – paragraph 1 – point 3
Directive 2013/34/EU
Article 19a – paragraph 7 – subparagraph 4 – point b

Text proposed by the Commission

(b) the fact that the undertaking is exempted from the obligations set out in paragraphs 1 to 4 of this Article.

Amendment

deleted

Amendment 268
Manon Aubry

Proposal for a directive
Article 1 – paragraph 1 – point 3
Directive 2013/34/EU
Article 19a – paragraph 7a (new)

Text proposed by the Commission

7 a. The European Commission shall be empowered to adopt delegated acts in accordance with Article 49 to amend the lists of high-risk sectors and high-risk areas set out in Article 2, point (20a) and point (20b).
The list shall take into account the NACE classification, existing legislation and guidelines of the European Union, international reporting standards, reports of international organisations, and relevant and reliable evidence.

The European Commission shall guarantee the involvement of trade unions in the process of reviewing the lists and the consultation of all relevant stakeholders in the process of review and amendment of the lists.

Amendment 269
Marlene Mortler
Proposal for a directive
Article 1 – paragraph 1 – point 4 – introductory part

Text proposed by the Commission

(4) the following Articles 19b, 19c and 19d are inserted:

Amendment

(4) the following Articles 19b and 19d are inserted:

Amendment 270
Marlene Mortler
Proposal for a directive
Article 1 – paragraph 1 – point 4
Directive 2013/34/EU
Article 19b – paragraph 1

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

Amendment

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 shall specify the structure, format and calculation in
which that information shall be reported. In particular:

Amendment 271
Marlene Mortler

Proposal for a directive
Article 1 – paragraph 1 – point 4
Directive 2013/34/EU
Article 19b – paragraph 1

Text proposed by the Commission

(a) by 31 October 2022, the Commission shall adopt delegated acts specifying the information that undertakings are to report in accordance with paragraphs 1 and 2 of Article 19a, and at least specifying information corresponding to the needs of financial market participants subject to the disclosure obligations of Regulation (EU) 2019/2088.

Amendment

(a) one and a half years after the entry into force of this Directive, the Commission shall adopt delegated acts specifying the information that undertakings are to report in accordance with paragraphs 1 and 2 of Article 19a, being fully in line with the information matching to the reporting obligations of Regulation (EU) 2019/2088 of financial market participants.

Amendment 272
Marlene Mortler

Proposal for a directive
Article 1 – paragraph 1 – point 4
Directive 2013/34/EU
Article 19b – paragraph 1

Text proposed by the Commission

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

Amendment

(b) two years after the entry into force of this Directive, the Commission shall adopt delegated acts specifying:
Amendment 273
Marlene Mortler

Proposal for a directive
Article 1 – paragraph 1 – point 4
Directive 2013/34/EU
Article 19b – paragraph 1 – subparagraph 1 – point b – sub point i

Text proposed by the Commission

(i) complementary information that undertakings shall report with regard to the sustainability matters and reporting areas listed in Article 19a(2), where necessary;

Amendment

(i) complementary information that undertakings shall report with regard to the sustainability matters and reporting areas listed in Article 19a(2), in a precise and accessible form;

Or. en

Amendment 274
Manon Aubry

Proposal for a directive
Article 1 – paragraph 1 – point 4
Directive 2013/34/EU
Article 19b – paragraph 1 – subparagraph 1 – point b – sub point i a (new)

Text proposed by the Commission

(i a) key targets against which all undertakings must report on sustainability matters;

Amendment

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

(ii) information that undertakings shall report that is specific to the sector or the
they operate. area in which they operate, and as a matter of priority, information that undertaking operating in high-risk sectors and high-risk areas shall report.

Amendment 276
Barry Andrews
on behalf of the Renew Group
Catherine Chabaud

Proposal for a directive
Article 1 – paragraph 1 – point 4
Directive 2013/34/EU
Article 19b – paragraph 1 – subparagraph 1 – point b – sub point ii

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

Amendment
(ii) information that undertakings shall report that is specific to the sector in which they operate. Standards for undertakings operating in high risk sectors shall be adopted as a priority.

Or. en

Amendment 277
Marlene Mortler

Proposal for a directive
Article 1 – paragraph 1 – point 4
Directive 2013/34/EU
Article 19b – paragraph 1 – subparagraph 1 – point b – sub point ii

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

Amendment
(ii) information that the Commission deems undertakings necessary to report that are specific to the sector in which they operate.

Or. en
Amendment 278
Barry Andrews
on behalf of the Renew Group
Catherine Chabaud

Proposal for a directive
Article 1 – paragraph 1 – point 4
Directive 2013/34/EU
Article 19b – paragraph 1 – subparagraph 1 – point b – subpoint ii a (new)

Text proposed by the Commission

(ii a) the specific measurable objectives based on scientific evidence set out in Article 2, point (20b);

Amendment

Or. en

Amendment 279
Barry Andrews
on behalf of the Renew Group
Catherine Chabaud

Proposal for a directive
Article 1 – paragraph 1 – point 4
Directive 2013/34/EU
Article 19b – paragraph 1 – subparagraph 1 – point b – subpoint ii b (new)

Text proposed by the Commission

(ii b) the criteria and implementing information rules for sustainability reporting for small and medium-sized undertakings referred to in Article 19(a)1;

Amendment

Or. en

Amendment 280
Barry Andrews
on behalf of the Renew Group
Catherine Chabaud

Proposal for a directive
Article 1 – paragraph 1 – point 4
Directive 2013/34/EU
Article 19 b – paragraph 1 – subparagraph 1 – point b – sub point ii c (new)
(ii c) the criteria and implementing rules for sustainability reporting for undertakings referred to in Article 3(7), which are governed by the law of a third country and are not established in the territory of the Union when they operate in the internal market selling goods or providing services;

Amendment

Or. en

Amendment 281
Manon Aubry

Proposal for a directive
Article 1 – paragraph 1 – point 4
Directive 2013/34/EU
Article 19b

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. It shall guarantee the involvement of trade unions in that process, and include other relevant stakeholders and civil society organisations. The European Commission may rely on the technical advice of the European Financial Reporting Advisory Group (EFRAG), provided that such advice has been developed by an independent technical advisory body funded by the European Union and financially independent from private stakeholders, with proper due process, public oversight, transparency, and with the expertise, direct and balanced participation of relevant stakeholders. Where necessary, the European Commission shall amend such delegated act to take into account relevant developments, including developments with regard to international standards.
Amendment 282
Barry Andrews
on behalf of the Renew Group
Catherine Chabaud

Proposal for a directive
Article 1 – paragraph 1 – point 4
Directive 2013/34/EU
Article 19b – paragraph 1 – point b

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 where necessary shall amend such delegated act to take into account relevant developments, including developments with regard to international standards. In addition, the Commission shall carry out a one-off review of the aforementioned delegated acts following the adoption of the upcoming legislation on corporate due diligence.

Amendment 283
Marlene Mortler

Proposal for a directive
Article 1 – paragraph 1 – point 4
Directive 2013/34/EU
Article 19b – paragraph 1

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

Amendment

The Commission shall, at least every five 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 284
Manon Aubry

Proposal for a directive
Article 1 – paragraph 1 – point 4
Directive 2013/34/EU
Article 19b – paragraph 2

Text proposed by the Commission

2. The sustainability reporting standards referred to in paragraph 1 shall require that the information to be reported is understandable, relevant, representative, verifiable, comparable, and is represented in a faithful manner. When applicable, the information shall be science-based and measurable.

Amendment

2. The sustainability reporting standards referred to in paragraph 1 shall require that the information to be reported is understandable, relevant, representative, verifiable, comparable, and is represented in a faithful manner. When applicable, the information shall be science-based and measurable.

The sustainable reporting standards referred to in paragraph 1 shall require undertakings to disclose all contextual information that is necessary to understand the information reported.

The sustainable reporting standards referred to in paragraph 1 shall require undertakings to provide information on its capability to reduce negative impacts and maximise positive impacts.

Amendment 285
Marlene Mortler

Proposal for a directive
Article 1 – paragraph 1 – point 4
Directive 2013/34/EU  
Article 19b – paragraph 2

**Text proposed by the Commission**

(a) specify the information that undertakings are to disclose about environmental factors, including information about:

**Amendment**

(a) specify the information that undertakings are to disclose about environmental factors, mirroring the definitions and requirements set out in Regulation (EU) 2020/852 and the associated delegated acts.

Or. en

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**Amendment 286**

**Marlene Mortler**

Proposal for a directive  
Article 1 – paragraph 1 – point 4

**Directive 2013/34/EU**  
Article 19b – paragraph 2

**Text proposed by the Commission**

(i) climate change mitigation;

**Amendment**

deleted

Or. en

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**Amendment 287**

**Manon Aubry**

Proposal for a directive  
Article 1 – paragraph 1 – point 4

**Directive 2013/34/EU**  
Article 19b

**Text proposed by the Commission**

(i) climate change mitigation;

**Amendment**

(i) climate change mitigation, including substantiated explanation on the alignment of the undertaking’s business model and strategy with the goal of limiting of global warming to 1.5 °C with no or limited overshoot and recourse to compensation technologies, pursuant to the latest
evidence provided by the IPCC;

Or. en

Amendment 288
Manon Aubry

Proposal for a directive
Article 1 – paragraph 1 – point 4
Directive 2013/34/EU
Article 19b

Text proposed by the Commission
(i) climate change mitigation;

Amendment
(i) climate change mitigation, including absolute and relative emission reduction targets on a 5 years rolling basis, as well as milestone targets for 2030 and 2050;

Or. en

Amendment 289
Manon Aubry

Proposal for a directive
Article 1 – paragraph 1 – point 4
Directive 2013/34/EU
Article 19b

Text proposed by the Commission
(i) climate change mitigation;

Amendment
(i) climate change mitigation, including detailed transition plans to achieve those targets including economic, financial and investment programs;

Or. en

Amendment 290
Manon Aubry

Proposal for a directive
Article 1 – paragraph 1 – point 4
Directive 2013/34/EU
Article 19b

Text proposed by the Commission

(i) climate change mitigation;

Amendment

(i) climate change mitigation, including greenhouse gas emissions (scope 1, 2 and 3);

Or. en

Amendment 291
Marlene Mortler

Proposal for a directive
Article 1 – paragraph 1 – point 4
Directive 2013/34/EU
Article 19b – paragraph 2

Text proposed by the Commission

(ii) climate change adaptation;

Amendment

Deleted

Or. en

Amendment 292
Manon Aubry

Proposal for a directive
Article 1 – paragraph 1 – point 4
Directive 2013/34/EU
Article 19b – paragraph 2

Text proposed by the Commission

(ii) climate change adaptation;

Amendment

(ii) climate change adaptation, including risks identified by the undertaking for its operations under different climate scenarios, targets and detailed transition plans to address these risks;

Or. en
Amendment 293
Marlene Mortler

Proposal for a directive
Article 1 – paragraph 1 – point 4
Directive 2013/34/EU
Article 19b – paragraph 2

Text proposed by the Commission Amendment

(iii) water and marine resources; deleted

Or. en

Amendment 294
Manon Aubry

Proposal for a directive
Article 1 – paragraph 1 – point 4
Directive 2013/34/EU
Article 19b – paragraph 2

Text proposed by the Commission Amendment

(iii) water and marine resources; (iii) use of water, soil, land and marine resources, including information on the changes in quality or quantity of those resources and the fair access to those resources by other users and local stakeholders;

Or. en

Amendment 295
Caroline Roose, Michèle Rivasi, Pierrette Herzberger-Fofana on behalf of the Greens/EFA Group

Proposal for a directive
Article 1 – paragraph 1 – point 4
Directive 2013/34/EU
Article 19b – paragraph 2

Text proposed by the Commission Amendment

(iii) water and marine resources; (iii) the sustainable use and protection of water, soil and marine resources;
Amendment 296
Manon Aubry

Proposal for a directive
Article 1 – paragraph 1 – point 4
Directive 2013/34/EU
Article 19b – paragraph 2 – point a

Text proposed by the Commission

Amendment

(iii a) land use, including the artificialisation of land;

Amendment 297
Marlene Mortler

Proposal for a directive
Article 1 – paragraph 1 – point 4
Directive 2013/34/EU
Article 19b – paragraph 2

Text proposed by the Commission

Amendment

(iv) resource use and circular economy;
deleted

Amendment 298
Manon Aubry

Proposal for a directive
Article 1 – paragraph 1 – point 4
Directive 2013/34/EU
Article 19b – paragraph 2

Text proposed by the Commission

Amendment

(iv) resource use and circular economy;

(iv) resource use and targets to limit the use of resource and in particular rare resources, and circular economy,
including targets related to the reparability of assets and products, to upstream and downstream recycling, as well as detailed plans to achieve those targets;

Amendment 299
Marlene Mortler

Proposal for a directive
Article 1 – paragraph 1 – point 4
Directive 2013/34/EU
Article 19b – paragraph 2

Text proposed by the Commission

(v) pollution;

Amendment
deleted

Or. en

Amendment 300
Manon Aubry

Proposal for a directive
Article 1 – paragraph 1 – point 4
Directive 2013/34/EU
Article 19b – paragraph 2

Text proposed by the Commission

(v) pollution;

Amendment
(of any kind, including plastic pollution, water, air and soil pollution, diffuse pollution, targets to reduce pollution and detailed plans to achieve those targets;

Or. en

Amendment 301
Marlene Mortler

Proposal for a directive
Article 1 – paragraph 1 – point 4
Directive 2013/34/EU
Article 19b – paragraph 2

Text proposed by the Commission

(vi) biodiversity and ecosystems; deleted

Amendment

Or. en

Amendment 302
Manon Aubry

Proposal for a directive
Article 1 – paragraph 1 – point 4
Directive 2013/34/EU
Article 19b – paragraph 2

Text proposed by the Commission

(vi) biodiversity and ecosystems;

Amendment

(vi) biodiversity and ecosystems, including targets to reduce deforestation and impacts on wildlife, as well as detailed plans to achieve those targets;

Or. en

Amendment 303
Manon Aubry

Proposal for a directive
Article 1 – paragraph 1 – point 4
Directive 2013/34/EU
Article 19b – paragraph 2

Text proposed by the Commission

(vi a) animal welfare, including living conditions, conditions for the transport and the slaughter of animals involved in the activities of the undertaking;

Amendment

Or. en
Amendment 304
Marlene Mortler

Proposal for a directive
Article 1 – paragraph 1 – point 4
Directive 2013/34/EU
Article 19b – paragraph 2

Text proposed by the Commission

(b) specify the information that undertakings are to disclose about social factors, including information about:

Amendment

(b) specify the information that undertakings are to disclose about social factors, limited to information about:

Or. en

Amendment 305
Manon Aubry

Proposal for a directive
Article 1 – paragraph 1 – point 4
Directive 2013/34/EU
Article 19b – paragraph 2(b)(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 opportunities for all, including gender equality and equal pay for equal work, training and skills development and the average expenditure on training per worker, employment and inclusion of people with disabilities, and steps taken to reduce inequalities on a country-by-country base;

Or. en

Amendment 306
Marlene Mortler

Proposal for a directive
Article 1 – paragraph 1 – point 4
Directive 2013/34/EU
Article 19b – paragraph 2(b)(i)
(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;

(ii) working conditions, including secure and adaptable employment, wages, social dialogue, collective bargaining and the involvement of workers, work-life

Amendment

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

(ii) country-by-country data on working conditions, including secure and adaptable employment, wages, including wage levels disaggregated per gender, per

Justification

"equal opportunity for all" is not quantifiable
balance, and a healthy, safe and well-adapted work environment; deciles, per category of occupation, management to workers pay ratio and median pay gap, and comparison with applicable minimum wage and living wage levels, social dialogue, including freedom of association, collective bargaining coverage, board-level employee representation where applicable, work-life balance, including working time and leave per type of occupation, and a healthy, safe and well-adapted work environment, including data on workplace accidents and safety programs;

Amendment 309
Marlene Mortler

Proposal for a directive
Article 1 – paragraph 1 – point 4
Directive 2013/34/EU
Article 19b – paragraph 2

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, wages, social dialogue and collective bargaining in line with employees and workers standards established in the Directive 89/391/EEC;

Amendment 310
Caroline Roose, Michèle Rivasi, Pierrette Herzberger-Fofana on behalf of the Greens/EFA Group

Proposal for a directive
Article 1 – paragraph 1 – point 4
Directive 2013/34/EU
Article 19 b – point 2

Text proposed by the Commission

Amendment
(iii) respect for 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 and the ILO fundamental conventions and the Charter of Fundamental Rights of the European Union.

(iii) respect for 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 and the ILO fundamental conventions and the Charter of Fundamental Rights of the European Union, the UN Guiding Principles on Business and Human Rights, the European Convention on Human Rights and its additional protocols, the UNECE Convention on Access to Information, Public Participation in Decision Making and Access to Justice in Environmental Matters (Aarhus Convention) the UN Declaration on the Rights of Indigenous People (UNRIP) and its principle of Free, Prior and Informed Consent, the ILO Indigenous and Tribal People Convention, 1989, and Resolution 48/13 adopted by the Human Rights Council on the 8 October 2021 on the human right to a clean, healthy environment.

Or. en