



**2021/0104(COD)**

28.2.2022

## **OPINION**

of the Committee on Economic and Monetary Affairs

for the Committee on Legal Affairs

on the proposal for a directive of the European Parliament and of the Council amending Directive 2013/34/EU, Directive 2004/109/EC, Directive 2006/43/EC and Regulation (EU) No 537/2014, as regards corporate sustainability reporting  
(COM(2021)0189 – C9-0147/2021 – 2021/0104(COD))

Rapporteur for opinion: Jessica Polfjärd

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## AMENDMENTS

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

### Amendment 1

#### Proposal for a directive Recital 1

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

(1) In its communication on the European Green Deal adopted on 11 December 2019<sup>30</sup>, 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.<sup>31</sup> 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

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objective of climate neutrality by 2050 binding in the Union.<sup>32</sup>

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<sup>30</sup> **COM(2019) 640 final.**

<sup>31</sup> Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC (OJ L 182, 29.6.2013, p. 19).

<sup>32</sup> Proposal for a Regulation of the European Parliament and of the Council establishing the framework for achieving climate neutrality and amending Regulation (EU) 2018/1999 (European Climate Law) [2020/0036 (COD)]

<sup>31</sup> Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC (OJ L 182, 29.6.2013, p. 19).

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## **Amendment 2**

### **Proposal for a directive Recital 2 a (new)**

*Text proposed by the Commission*

*Amendment*

**(2 a) Diversity on company boards might have an influence on decision making, corporate governance and resilience.**

## **Amendment 3**

### **Proposal for a directive Recital 7**

*Text proposed by the Commission*

*Amendment*

(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

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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.

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 ***and strive to improve the coherence between sustainability reporting standards and financial reporting standards.***

#### **Amendment 4**

##### **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

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(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, ***transparent*** 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.

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## Amendment 5

### 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 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

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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.

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, ***particularly those in low-paid jobs and care roles***, and of undertaking's ***due diligence along the supply and*** 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 6

### Proposal for a directive

#### Recital 9 a (new)

*Text proposed by the Commission*

*Amendment*

***(9a) Global value chains, in particular critical raw materials value chains, are impacted by the effects of natural or man-made hazards. The risks in critical supply chains have been made apparent by the COVID-19 crisis while the frequency and impact of those shocks are likely to increase in the future, leading to a subsequent increase of macroeconomic volatility as well as market and trade uncertainty.***

## Amendment 7

### Proposal for a directive

#### Recital 9 b (new)

*Text proposed by the Commission*

*Amendment*

**(9b) *Bureaucratic efforts need to be reduced to a minimum and should not create additional obstacles for companies and SMEs in general.***

## **Amendment 8**

### **Proposal for a directive Recital 9 c (new)**

*Text proposed by the Commission*

*Amendment*

**(9c) *Legislative bodies should provide legal certainty. Undertakings, customers and trade unions, among others, should be allowed to agree upon guidelines that might support the application of this Directive.***

## **Amendment 9**

### **Proposal for a directive Recital 11**

*Text proposed by the Commission*

*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<sup>48</sup>. 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.

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***monitoring, reporting and verification framework and effective auditing within corporate sustainability reporting to ensure the reliability of data and avoid off-setting, green washing and/or double-accounting.***

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<sup>48</sup> 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.

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## **Amendment 10**

### **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

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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.

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 ***and continues to hamper the mainstreaming of sustainable economic activity across Europe and the rest of the world. Impact measurement and valuation provides guidance for quantification and monetary valuation of an undertaking's environmental impacts.***

## Amendment 11

### Proposal for a directive Recital 14

#### *Text proposed by the Commission*

(14) The growing gap between users' information needs and the current reporting practices of undertakings makes it more likely that individual Member States will introduce increasingly divergent national rules or standards. Different reporting requirements in different Member States would create additional costs and complexity for undertakings operating across borders and therefore undermine the single market, and would undermine the right of establishment and the free movement of capital across the Union. Those different reporting requirements also

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(14) The growing gap between users' information needs and the current reporting practices of undertakings makes it more likely that individual Member States will introduce increasingly divergent national rules or standards. Different reporting requirements in different Member States would create additional costs and complexity for undertakings operating across borders and therefore undermine the single market, and would undermine the right of establishment and the free movement of capital across the Union. Those different reporting requirements also

make reported information less comparable across borders, undermining the capital markets union.

make reported information less comparable across borders, undermining the capital markets union. ***The requirements laid down in this Directive are intended to ensure harmonized practices as regards sustainability reporting as well as allow undertakings to comply with Union law relating to sustainability reporting at corporate level based on one set of sustainability reporting standards.***

## Amendment 12

### 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, to report detailed sustainability information. ***Additionally***, 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 internal market should be subject 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 13

### Proposal for a directive Recital 17 a (new)

*Text proposed by the Commission*

*Amendment*

***(17a) The requirement that undertakings established in third countries that operate in the Union also disclose information on sustainability matters is necessary to take account of 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 14

### Proposal for a directive Recital 21

*Text proposed by the Commission*

*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***

(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 within the scope of the 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 the possibility for a parent undertaking to***

*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.*

*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.*

## **Amendment 15**

### **Proposal for a directive**

#### **Recital 22**

*Text proposed by the Commission*

*Amendment*

*(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.*

*deleted*

## Amendment 16

### 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.

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## Amendment 17

### Proposal for a directive Recital 25

#### *Text proposed by the Commission*

(25) Articles 19a and 29a of Directive 2013/34/EU require reporting not only on information ‘to the extent necessary for an understanding of the undertaking’s development, performance, position’, but also on information necessary for an understanding of the impact of the undertaking’s activities on environmental, social and employee matters, respect for

#### *Amendment*

(25) Articles 19a and 29a of Directive 2013/34/EU require reporting not only on information ‘to the extent necessary for an understanding of the undertaking’s development, performance, position’, but also on information necessary for an understanding of the impact of the undertaking’s activities on environmental, social and employee matters, respect for



human rights, anti-corruption and bribery matters. Those articles therefore require undertakings to report both on how various sustainability matters affect the undertaking, and on the impacts of the activities of the undertaking on people and the environment. That is referred to as the double-materiality perspective, in which the risks to the undertaking and the impacts of the undertaking each represent one materiality perspective. The fitness check on corporate reporting shows that those two perspectives are often not well understood or applied. It is therefore necessary to clarify that undertakings should consider each materiality perspective in its own right, and should disclose information that is material from both perspectives as well as information that is material from only one perspective.

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## Amendment 18

### 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

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(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.

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. ***In order to protect the competitiveness of enterprises, the information needs to be provided at an aggregated level.***

## Amendment 19

### Proposal for a directive Recital 27

*Text proposed by the Commission*

(27) To ensure consistency with

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*Amendment*

(27) To ensure consistency with

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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.

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. ***A transparent project provides the methodology for impact measurement and valuation across the entire 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 20**

### **Proposal for a directive Recital 29**

(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.

(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. ***At the same time it is essential to take account of the sensitive nature of such information from a perspective of business confidentiality as well as the fact that such information is subject to uncertainty and not audit-proofed in a robust way.*** 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 ***that is based on science-based harmonised, comparable and uniform indicators and consistent with the harmonised life cycle assessment, while not endangering the commercial position of the undertaking.*** 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 ***impact on society***, 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 21**

### **Proposal for a directive Recital 31**

*Text proposed by the Commission*

(31) Articles 19a(1) and 29a(1) of Directive 2013/34/EU require undertakings to provide a clear and reasoned explanation for not pursuing policies in relation to one or more of the matters listed, where the undertaking does not do so. The different treatment of disclosures on the policies that undertakings may have, compared to the other reporting areas included in those articles, **has** created confusion among reporting undertakings and has not helped to improve the quality of the reported information. Therefore, there is no need to maintain this different treatment of policies in the Directive. The standards will determine what information needs to be disclosed in relation to each of the reporting areas mentioned in Articles 19a and 29a.

*Amendment*

(31) Articles 19a(1) and 29a(1) of Directive 2013/34/EU require undertakings to provide a clear and reasoned explanation for not pursuing policies in relation to one or more of the matters listed, where the undertaking does not do so. The different treatment of disclosures on the policies that undertakings may have, compared to the other reporting areas included in those articles, created confusion among reporting undertakings and has not helped to improve the quality of the reported information. Therefore, there is no need to maintain this different treatment of policies in the Directive. The standards will determine what information needs to be disclosed in relation to each of the reporting areas mentioned in Articles 19a and 29a.

*Justification*

*Editorial amendment.*

**Amendment 22**

**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.

*Amendment*

(33) In ***developing its own*** sustainability reporting ***standards the Union should ensure consistency with global equivalent standards.*** Information required by Directive 2013/34/EU needs to cover information relevant from each of the materiality perspectives, needs to cover all sustainability matters, ***including the monetary valuation of business impacts on society, where beneficial for data preparers and users to compare the relevance of different indicators. In order to avoid duplication of obligations and***

In addition, mandatory sustainability reporting standards for Union undertakings must be commensurate with the level of ambition of the European Green Deal and the Union's climate-neutrality objective for 2050. It is therefore necessary to empower the Commission to adopt Union sustainability reporting standards, enabling their rapid adoption and ensuring that the content of sustainability reporting standards are consistent with the Union's needs.

***inconsistencies in definitions, the scope and objectives of applicable requirements, and of sustainability*** and needs to be aligned, where appropriate, with other obligations under Union law to disclose sustainability information, including, ***but not limited to*** obligations laid down in Regulation (EU) 2020/852 and Regulation (EU) 2019/2088. ***This information should be based on science-based harmonised, comparable and uniform indicators and consistent with the harmonised life cycle assessment.*** In addition, mandatory sustainability reporting standards for Union undertakings must be commensurate with the ***Union's social and economic objectives under Article 3(3) of the Treaty on European Union***, the level of ambition of the European Green Deal and the Union's climate-neutrality objective for 2050, ***while taking into account global standards.*** It is therefore necessary to empower the Commission to adopt Union sustainability reporting standards ***in convergence with the development of International Sustainability Standards (ISS) adopted by the International Sustainability Standards Board (ISSB)***, enabling their rapid adoption and ***where necessary*** ensuring that the content of sustainability reporting standards are consistent with the Union's needs.

## Amendment 23

### 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

#### *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 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

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, **including monetary valuation of impacts and natural capital accounting methods** from a double-materiality perspective. Those recommendations also contain a detailed roadmap for developing such standards, and proposals for mutually reinforcing **convergence** between global standard-setting initiatives **such as International Sustainability Standards (ISS) adopted by the International Sustainability Standards Board (ISSB)** 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 **convergence with global standard-setting initiatives and within the Union such as SFDR and taxonomy and 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



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<sup>54</sup>, 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.

transparency, accompanied by **public consultations and** cost benefit analyses, and be developed with the expertise of relevant stakeholders, **including the Platform on Sustainable Finance, and relevant national experts of the Member States**. 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. **To ensure that Union sustainability reporting standards take account of the need for consistency with Regulation (EU) 2020/852, before adopting the standards the Commission should consult the Platform on Sustainable Finance referred to in Article 20 of Regulation (EU) 2020/852 on EFRAG's technical advice. To ensure that Union sustainability reporting standards take account of the need for convergence with global standard-setting initiatives, before adopting the standards, the Commission should consult with the International Sustainability Standards Board.** 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<sup>54</sup>, 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 **four months of the date of receipt of the request from the Commission and it**

***shall provide its opinion on amendments to existing standards 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 two months from the date of being consulted by the Commission.

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<sup>54</sup> Regulation (EU) No 1095/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Securities and Markets Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/77/EC (OJ L 331, 15.12.2010, p. 84).

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<sup>54</sup> Regulation (EU) No 1095/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Securities and Markets Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/77/EC (OJ L 331, 15.12.2010, p. 84).

## Amendment 24

### Proposal for a directive Recital 35

#### *Text proposed by the Commission*

(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)

#### *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<sup>55</sup>, 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<sup>56</sup> and Regulation (EC) No 1221/2009 of the European Parliament and of the Council<sup>57</sup>, and should take account of Commission Recommendation 2013/179/EU<sup>58</sup> and its annexes, and their updates. Other relevant Union legislation, including Directive 2010/75/EU of the European Parliament and of the Council<sup>59</sup>, ***and requirements laid down in Union law for undertakings as regards directors' duties and due diligence***, should also be taken into account.

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<sup>55</sup> Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (OJ L 171, 29.6.2016, p. 1).

<sup>56</sup> Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a scheme for greenhouse gas emission allowance trading within the Community and amending Council Directive 96/61/EC (OJ L 275,

2019/2088, and they should take account of underlying ***criteria***, 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<sup>55</sup>, 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<sup>56</sup> and Regulation (EC) No 1221/2009 of the European Parliament and of the Council<sup>57</sup>, and should take account of Commission Recommendation 2013/179/EU<sup>58</sup> and its annexes, and their updates. Other relevant Union legislation, including Directive 2010/75/EU of the European Parliament and of the Council<sup>59</sup> should also be taken into account.

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<sup>55</sup> Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (OJ L 171, 29.6.2016, p. 1).

<sup>56</sup> Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a scheme for greenhouse gas emission allowance trading within the Community and amending Council Directive 96/61/EC (OJ L 275,



25.10.2003, p. 32).

<sup>57</sup> Regulation (EC) No 1221/2009 of the European Parliament and of the Council of 25 November 2009 on the voluntary participation by organisations in a Community eco-management and audit scheme (EMAS), repealing Regulation (EC) No 761/2001 and Commission Decisions 2001/681/EC and 2006/193/EC (OJ L 342, 22.12.2009, p. 1).

<sup>58</sup> Commission Recommendation 2013/179/EU of 9 April 2013 on the use of common methods to measure and communicate the life cycle environmental performance of products and organisations (OJ L 124, 4.5.2013, p. 1).

<sup>59</sup> Directive 2010/75/EU of the European Parliament and of the Council of 24 November 2010 on industrial emissions (integrated pollution prevention and control) (OJ L 334, 17.12.2010, p. 17).

25.10.2003, p. 32).

<sup>57</sup> Regulation (EC) No 1221/2009 of the European Parliament and of the Council of 25 November 2009 on the voluntary participation by organisations in a Community eco-management and audit scheme (EMAS), repealing Regulation (EC) No 761/2001 and Commission Decisions 2001/681/EC and 2006/193/EC (OJ L 342, 22.12.2009, p. 1).

<sup>58</sup> Commission Recommendation 2013/179/EU of 9 April 2013 on the use of common methods to measure and communicate the life cycle environmental performance of products and organisations (OJ L 124, 4.5.2013, p. 1).

<sup>59</sup> Directive 2010/75/EU of the European Parliament and of the Council of 24 November 2010 on industrial emissions (integrated pollution prevention and control) (OJ L 334, 17.12.2010, p. 17).

## Amendment 25

### 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<sup>60</sup> and the Commission guidelines on reporting climate-related information<sup>61</sup>. **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. ***In particular, they should refer to key performance indicators including those developed under Section 3.5 of the Commission Communication of 18 June 2019 entitled “Guidelines on non-financial reporting: Supplement on reporting climate-related information” as well as additional indicators covering all the environmental objectives. These indicators should be defined in accordance with the Commission Communication of 26 June 2017 entitled “Guidelines on non-***

*financial reporting (methodology for reporting non-financial information)” and in close collaboration and involvement with organisations promoting environmental protection, social partners, investors and stakeholders involved in international human rights and social matters. Sustainability reporting standards* 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.

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<sup>60</sup> 2017/C 215/01.

<sup>61</sup> 2019/C 209/01.

## Amendment 26

### Proposal for a directive Recital 37

#### *Text proposed by the Commission*

(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

#### *Amendment*

(37) Sustainability reporting standards should be proportionate, and should not impose unnecessary administrative burden **and costs** 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 **and ensure consistency with** 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

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.

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, ***in particular of the International Sustainability Standards Board (ISSB)***. 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. ***Union sustainability standards should take into account, as far as possible, equivalent global sustainable reporting standards. Where possible, the Union should cooperate with other international players to promote the use of the sustainability reporting standards set out in this Directive at international level.***

## Amendment 27

### 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

#### *Amendment*

(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 ***as well as their impact on social, economic and governance risks***, and reduce related transaction costs. The Transparent Project sponsored under the LIFE programme is developing ***and testing*** the first natural

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.

capital accounting methodology, which *consolidates the existing methods and best practices to make performance* 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 *Transparent Project's methodology builds upon the Natural Capital Protocol which* is also an important reference in this field *and reflects the double-materiality perspective*. While natural capital accounting methods serve principally to strengthen internal management decisions, they should be duly considered when establishing sustainability reporting standards *as information collected and audited will be used for external disclosures as well*. Some natural capital accounting methodologies seek to assign a monetary value to the environmental impacts of companies' activities, which *will* help users to better understand those impacts *and their interdependencies*. It is therefore appropriate that sustainability reporting standards should be able to include monetised indicators of sustainability impacts if that is deemed necessary.

## Amendment 28

### Proposal for a directive Recital 41

*Text proposed by the Commission*

(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

*Amendment*

(41) With regard to climate-related information, users are interested in knowing about undertakings' physical and transition risks, *about its detailed plans to mitigate its own emissions*, and about their resilience *and plans to adapt* 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

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.

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 29**

### **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, fundamental freedoms, democratic principles and standards established in the International Bill of Human Rights and

#### *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. 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,

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.

the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the *relevant conventions of the International Labour Organization and in particular the* fundamental conventions of the International Labour Organisation, *the European Convention on Human Rights, the European Social Charter*, 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 30

### Proposal for a directive Recital 48

#### *Text proposed by the Commission*

(48) Directive 2013/34/EU does not require that the financial statements or the management report are provided in a digital format, which hinders the findability and usability of the reported information. Users of sustainability information increasingly expect such information to be findable and machine-readable in digital formats. Digitalisation creates opportunities to exploit information more efficiently and holds the potential for significant cost savings for both users and undertakings. Undertakings should therefore be required to prepare their financial statements and their management report in XHTML format in accordance with Article 3 of Commission Delegated Regulation (EU) 2019/815,<sup>63</sup> and to mark-up sustainability information, including the disclosures required by Article 8 of Regulation (EU) 2020/852, in accordance with that Delegated Regulation. A digital taxonomy to the Union sustainability reporting standards will be necessary to allow for the information reported to be tagged in accordance with those standards. These requirements should feed into the

#### *Amendment*

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



work on digitalisation announced by the Commission in its Communication A European strategy for data<sup>64</sup> and in the Digital Finance Strategy for the EU.<sup>65</sup> These requirements also complement the creation of a European single access point for public corporate information as envisaged in the capital markets union action plan, which also considers the need for structured data.

allow for the information reported to be tagged in accordance with those standards. These requirements should feed into the work on digitalisation announced by the Commission in its Communication A European strategy for data<sup>64</sup> and in the Digital Finance Strategy for the EU.<sup>65</sup> These requirements also complement the creation of a European single access point for public corporate information as envisaged in the capital markets union action plan, which also considers the need for structured data.

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

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

<sup>65</sup>

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

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

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

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

## Amendment 31

### 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

#### *Amendment*

(49) To allow **and ensure** 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 **open data and machine-readable** electronic format, and ensure that management reports containing sustainability reporting are made available, without **undue** delay following their

mechanism referred to in Article 21(2) of Directive 2004/109/EC.

publication, to the relevant officially appointed mechanism referred to in Article 21(2) of Directive 2004/109/EC.

## Amendment 32

### 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 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***

#### *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 information. Undertakings should therefore report sustainability information in the management report and Member States should no longer be allowed to exempt undertakings from the obligation to include in the management report information on sustainability matters. Such obligation also helps to clarify the role of national competent authorities in supervising sustainability reporting, as part of the management report, in accordance with Directive 2004/109/EC. 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.*

## Amendment 33

### Proposal for a directive Recital 51

#### *Text proposed by the Commission*

(51) Article 20 of Directive 2013/34/EU requires undertakings with securities listed on regulated markets to include a corporate governance statement in their management report, which has to contain among other information a description of the diversity policy applied by the undertaking in relation to its administrative, management and supervisory bodies. Article 20 of Directive 2013/34/EU leaves flexibility to undertakings to decide what aspects of diversity they report on. It does not explicitly oblige undertakings to include information on any particular aspect of diversity. In order progress towards a more gender-balanced participation in economic decision-making, it is necessary to ensure that undertakings with securities listed on regulated markets always report on their gender diversity policies and the implementation thereof. However, to avoid

#### *Amendment*

(51) Article 20 of Directive 2013/34/EU requires undertakings with securities listed on regulated markets to include a corporate governance statement in their management report, which has to contain among other information a description of the diversity policy applied by the undertaking in relation to its administrative, management and supervisory bodies. Article 20 of Directive 2013/34/EU leaves flexibility to undertakings to decide what aspects of diversity they report on. It does not explicitly oblige undertakings to include information on any particular aspect of diversity. In order progress towards a more gender-balanced participation in economic decision-making, it is necessary to ensure that undertakings with securities listed on regulated markets always report on their gender diversity policies, ***including with regards to women on boards***, and the

unnecessary administrative burden, those undertakings should have the possibility to report some of the information required by Article 20 of Directive 2013/34/EU alongside other sustainability-related information.

implementation thereof. However, to avoid unnecessary administrative burden, those undertakings should have the possibility to report some of the information required by Article 20 of Directive 2013/34/EU alongside other sustainability-related information.

## **Amendment 34**

### **Proposal for a directive Recital 52**

#### *Text proposed by the Commission*

(52) Article 33 of Directive 2013/34/EU requires Member States to ensure that the members of the administrative, management and supervisory bodies of an undertaking have collective responsibility for ensuring that the (consolidated) annual financial statements, the (consolidated) management report and the (consolidated) corporate governance statement are drawn up and published in accordance with the requirements of that Directive. That collective responsibility should be extended to the digitalisation requirements laid down in Delegated Regulation (EU) 2019/815, to the requirement to comply with Union sustainability reporting standards and to the requirement to mark up sustainability reporting.

#### *Amendment*

(52) Article 33 of Directive 2013/34/EU requires Member States to ensure that the members of the administrative, management and supervisory bodies of an undertaking have collective responsibility for ensuring that the (consolidated) annual financial statements, the (consolidated) management report and the (consolidated) corporate governance statement are drawn up and published in accordance with the requirements of that Directive. That collective responsibility should be extended to the digitalisation requirements laid down in Delegated Regulation (EU) 2019/815, to the requirement to comply with Union sustainability reporting standards and to the requirement to mark up sustainability reporting ***and to publish in an open data format.***

## **Amendment 35**

### **Proposal for a directive Recital 56**

#### *Text proposed by the Commission*

(56) The rules on the approval and recognition of statutory auditors and audit firms should ensure that statutory auditors have the necessary level of theoretical

#### *Amendment*

(56) The rules on the approval and recognition of statutory auditors and audit firms should ensure that statutory auditors have the necessary level of theoretical

knowledge of subjects relevant to the assurance of sustainability reporting and the ability to apply such knowledge in practice. However, statutory auditors that have already been approved or recognised by a Member State should continue to be allowed to carry out statutory audits and should be allowed to carry out assurance engagements of sustainability reporting. Member States should, however, ensure that already approved statutory auditors acquire the necessary knowledge in sustainability reporting and the assurance of sustainability reporting via continued professional education.

knowledge of subjects relevant to the assurance of sustainability reporting and the ability to apply such knowledge in practice. However, statutory auditors that have already been approved or recognised by a Member State should continue to be allowed to carry out statutory audits and should be allowed to carry out assurance engagements of sustainability reporting. Member States should, however, ensure that already approved statutory auditors acquire the necessary knowledge in sustainability reporting and the assurance of sustainability reporting via continued professional education. ***Nothing in this Directive should prevent statutory auditors from also performing assurance work.***

## Amendment 36

### Proposal for a directive

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

Directive 2013/34/EU

Article 1 – paragraph 3 – subparagraph 1 – 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 regardless of their legal form ***provided they have over 500 employees:***

## Amendment 37

### Proposal for a directive

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

Directive 2013/34/EU

Article 1 – paragraph 3 – subparagraph 2

*Text proposed by the Commission*

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\*<sup>3</sup>.

*Amendment*

Member States may choose, ***under a justified reason***, 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\*<sup>3</sup>.

**Amendment 38**

**Proposal for a directive**

**Article 1 – paragraph 1 – point 2**

Directive 2013/34/EU

Article 2 – point 17

*Text proposed by the Commission*

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

*Amendment*

(17) ‘sustainability matters’ means sustainability factors as defined in Article 2, point (24) of Regulation (EU) 2019/2088 of the European Parliament and of the Council\*<sup>4</sup>, and governance factors, ***where the environmental factors are understood in line with the environmental objectives set out in Article 9 of Regulation (EU) 2020/852***;

**Amendment 39**

**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 consistent with intangible assets already reported in the financial reporting framework***;

## Amendment 40

### Proposal for a directive

#### Article 1 – paragraph 1 – point 2

Directive 2013/34/EU

Article 2 – point 20 a (new)

*Text proposed by the Commission*

*Amendment*

***(20a) ‘high-risk economic activities’ are economic activities likely to have serious negative impacts on sustainability matters or those which are exposed to sustainability risks and included in the list referred to in Article 19a(7a);***

## Amendment 41

### Proposal for a directive

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

Directive 2013/34/EU

Article 19a – paragraph 1

*Text proposed by the Commission*

*Amendment*

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.

1. ***The following entities*** shall include in the ***full audited*** 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:

***(a) large undertakings, including undertakings organised as foundations, trusts or franchises;***

***(b) 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;***

*(c) small and medium-sized undertakings whose transferable securities are admitted to trading on a trading venue of any Member State within the meaning of Article 4(1), point (24), of Directive 2014/65/EU*

*(d) small and medium sized undertakings carrying out high-risk economic activities.*

## Amendment 42

### Proposal for a directive

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

Directive 2013/34/EU

Article 19a – paragraph 2 – subparagraph 1 – introductory part

*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:

## Amendment 43

### Proposal for a directive

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

Directive 2013/34/EU

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

*Text proposed by the Commission*

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

*Amendment*

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

## Amendment 44

### Proposal for a directive

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

Directive 2013/34/EU

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

*Text proposed by the Commission*

(ii) the opportunities for the

*Amendment*

(ii) the opportunities ***and risks*** for the

undertaking related to sustainability matters;

undertaking related to sustainability matters, ***including the transition to a carbon-neutral economy***;

## Amendment 45

### Proposal for a directive

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

Directive 2013/34/EU

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

(iv) how the undertaking's business ***takes*** account of ***risk management***, the interests of the undertaking's stakeholders and of the impacts of the undertaking on sustainability matters;

## Amendment 46

### Proposal for a directive

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

Directive 2013/34/EU

Article 19a – paragraph 2 – subparagraph 1 – point a – 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 in particular***;

## Amendment 47

### 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

#### *Amendment*

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

sustainability matters;

sustainability matters, *as well as their composition and expertise, the stakeholders they consult with on sustainability matters and related targets, their decision-making processes, and whether incentives linked to sustainability matters are offered to members of those bodies*;

## **Amendment 48**

### **Proposal for a directive**

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

Directive 2013/34/EU

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

#### *Text proposed by the Commission*

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

#### *Amendment*

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

## **Amendment 49**

### **Proposal for a directive**

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

Directive 2013/34/EU

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

#### *Text proposed by the Commission*

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

#### *Amendment*

(i) the due diligence process implemented with regard to sustainability matters, *in accordance with international conventions on social and human rights, in particular the UN Guiding Principles on Business and Human Rights, the OECD Due Diligence Guidance for Responsible Business Conduct, the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work, the ILO fundamental conventions and the Charter of Fundamental Rights of the European Union*;



## Amendment 50

### 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 products and services, its business relationships and its supply chain;

#### *Amendment*

(ii) the principal actual or potential adverse impacts connected with the undertaking's value chain, including its own operations, its products and services, its business relationships and its supply chain, ***given that the competitiveness of the undertaking is preserved by protecting professional or industrial sensitive data;***

## Amendment 51

### Proposal for a directive

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

Directive 2013/34/EU

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

#### *Text proposed by the Commission*

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

#### *Amendment*

(iii) any actions taken, and the result of such actions, to ***identify, assess,*** prevent, mitigate, ***cease, monitor, communicate, account for, address and*** remediate actual impacts;

## Amendment 52

### Proposal for a directive

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

Directive 2013/34/EU

Article 19a – paragraph 2 – subparagraph 2

#### *Text proposed by the Commission*

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

#### *Amendment*

Undertakings shall also disclose information on intangibles ***as defined in Article 2, point(19).***

## Amendment 53

### Proposal for a directive

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

Directive 2013/34/EU

Article 19a – paragraph 2 – subparagraph 3

#### *Text proposed by the Commission*

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*

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 **and medium-term** horizons.

## Amendment 54

### Proposal for a directive

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

Directive 2013/34/EU

Article 19a – paragraph 3 – subparagraph 1

#### *Text proposed by the Commission*

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

#### *Amendment*

The information referred to in paragraphs 1 and 2 shall contain **retrospective and, when relevant,** forward-looking **information. The** information **shall combine** qualitative and quantitative information **to ensure that the most relevant information is reported under each standard. Where appropriate, the information shall take into account short, medium and long-term horizons. The information shall be provided in an aggregated manner covering areas where the undertaking operates.**

## Amendment 55

### Proposal for a directive

#### Article 1 – paragraph 1 – 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 ***and supply*** chain, including the undertaking's own operations, products and services, ***and*** its business relationships, ***provided that the competitiveness of the undertaking is preserved by protecting professional or industrial sensitive data***.

**Amendment 56**

**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 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 ***certain*** 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 prejudicial to the commercial ***and competitive*** position of the undertaking.

**Amendment 57**

**Proposal for a directive**

**Article 1 – paragraph 1 – point 3**

Directive 2013/34/EU  
Article 19a – paragraph 3 – subparagraph 4 a (new)

*Text proposed by the Commission*

*Amendment*

***The Commission shall prepare guidelines, taking into consideration technical advice from EFRAG, on appropriate methodology to generate the forward-looking information to be provided in the reporting. The guidelines shall be short and concise and take into account the administrative burden of the reporting undertaking.***

## **Amendment 58**

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

*Text proposed by the Commission*

*Amendment*

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.

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

## **Amendment 59**

**Proposal for a directive**  
**Article 1 – paragraph 1 – point 3**  
Directive 2013/34/EU  
Article 19a – paragraph 5 b (new)

*Text proposed by the Commission*

*Amendment*

***5b. In accordance with Article 34, Member States shall ensure that the management report is audited by one or more statutory auditors or audit firms approved by Member States to carry out***

## **Amendment 60**

### **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*

*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\*<sup>6</sup>, to the manner required by the sustainability reporting standards referred to in Article 19b of this Directive.*

*deleted*

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<sup>\*6</sup> *Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004 on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market*

*and amending Directive 2001/34/EC (OJ L 390, 31.12.2004, p. 38).’;*

## **Amendment 61**

### **Proposal for a directive**

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

Directive 2013/34/EU

Article 19a – paragraph 7 – subparagraph 2

#### *Text proposed by the Commission*

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.

#### *Amendment*

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 is governed.

## **Amendment 62**

### **Proposal for a directive**

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

Directive 2013/34/EU

Article 19a – paragraph 7 – subparagraph 3

#### *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 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 63

### Proposal for a directive

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

Directive 2013/34/EU

Article 19a – paragraph 7 a (new)

*Text proposed by the Commission*

*Amendment*

**7a. The Commission shall be empowered to adopt delegated acts in accordance with Article 49 to establish a list of economic activities that are considered high-risk in terms of actual or potential negative impacts on sustainability matters or exposure to sustainability risks. The list of high-risk activities shall include economic activities ranked with a risk level of “high” in either the environmental or social category of the EBRD list of Environmental and Social Risk Categorisation or that are excluded from being financed with EBRD funds. In duly justified cases, the Commission may deviate from the EBRD list or supplement the list with other economic activities with actual or potential negative sustainability impacts or risks, taking 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. Every three years, the Commission shall review these delegated acts as appropriate.**

## Amendment 64

### Proposal for a directive

#### Article 1 – paragraph 1 – point 4 – introductory part



Directive 2013/34/EU  
Article 19b, Article 19c and Article 19d

*Text proposed by the Commission*

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

*Amendment*

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

**Amendment 65**

**Proposal for a directive**

**Article 1 – paragraph 1 – point 4**

Directive 2013/34/EU

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

*Text proposed by the Commission*

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

*Amendment*

The Commission shall adopt delegated acts in accordance with Article 49 to provide for **principle based** sustainability reporting standards. **The sustainability reporting standards shall ensure simplicity, and shall be implemented in such a way that stakeholders receive relevant and material information and that any unnecessary administrative burden for the reporting undertaking is avoided.** Those sustainability reporting standards shall specify the information that undertakings are to report in accordance with Articles 19a and 29a and, where relevant, shall specify the structure in which that information shall be reported. In particular:

**Amendment 66**

**Proposal for a directive**

**Article 1 – paragraph 1 – point 4**

Directive 2013/34/EU

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

*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

*Amendment*

(a) **by ... [18 months after the entry into force of this Directive]**, the Commission shall adopt delegated acts specifying the information that

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.

undertakings are to report in accordance with Article 19a(1) and (2), ***in line with*** the disclosure obligations of Regulation (EU) 2019/2088.

## **Amendment 67**

### **Proposal for a directive**

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

Directive 2013/34/EU

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

*Text proposed by the Commission*

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

*Amendment*

(b) ***by ... [30 months after the entry into force of this Directive]***, the Commission shall adopt delegated acts specifying:

## **Amendment 68**

### **Proposal for a directive**

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

Directive 2013/34/EU

Article 19b – paragraph 1 – subparagraph 1 – point b – 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), where necessary, ***in a precise and easy accessible form***;

## **Amendment 69**

### **Proposal for a directive**

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

Directive 2013/34/EU

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

*Text proposed by the Commission*

*Amendment*

**(iia) the criteria and implementing rules for sustainability reporting for medium-sized undertakings referred to in Article 19a(1);**

## **Amendment 70**

**Proposal for a directive**

**Article 1 – paragraph 1 – point 4**

Directive 2013/34/EU

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

*Text proposed by the Commission*

*Amendment*

**(ii b) the specific measurable objectives based on scientific evidence;**

## **Amendment 71**

**Proposal for a directive**

**Article 1 – paragraph 1 – point 4**

Directive 2013/34/EU

Article 19b – paragraph 1 – subparagraph 1 – point b – point ii c(new)

*Text proposed by the Commission*

*Amendment*

**(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 Union when they operate in the internal market selling goods or providing services.**

## **Amendment 72**

**Proposal for a directive**

**Article 1 – paragraph 1 – point 4**

Directive 2013/34/EU

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

*Text proposed by the Commission*

*Amendment*

***The Commission shall, at least once a year, consult the Platform on Sustainable Finance referred to in Article 20 and the Member State Expert Group on Sustainable Finance referred to in Article 24 of Regulation (EU) 2020/852 on EFRAG's work programme as regards the development of sustainability reporting standards.***

### **Amendment 73**

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

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

Directive 2013/34/EU

Article 19b – paragraph 2 – subparagraph 1

*Text proposed by the Commission*

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.

*Amendment*

The sustainability reporting standards referred to in paragraph 1 shall require that the information to be reported is understandable, relevant, representative, verifiable, ***reliable*** comparable, and is represented in a faithful manner. ***Where possible this information should be science-based. The sustainability reporting standards shall ensure simplicity, and shall be implemented in such a way that stakeholders receive relevant and material information.***

### **Amendment 74**

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

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

Directive 2013/34/EU

Article 19b – paragraph 2 – subparagraph 2 – introductory part

*Text proposed by the Commission*

The sustainability reporting standards shall, ***taking into account the subject matter of a***

*Amendment*

The sustainability reporting standards shall ***reflect the environmental objectives set***

*particular standard:*

*out in Article 9 of Regulation (EU) 2020/852 and be consistent with the definitions and requirements set out in that Regulation and the associated delegated acts and specify:*

## **Amendment 75**

### **Proposal for a directive**

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

Directive 2013/34/EU

Article 19b – paragraph 2 – subparagraph 2 – point a – introductory part

*Text proposed by the Commission*

*Amendment*

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

*deleted*

## **Amendment 76**

### **Proposal for a directive**

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

Directive 2013/34/EU

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

*Text proposed by the Commission*

*Amendment*

*(iii) water and marine resources;*

*(iii) the sustainable use and protection of water and marine resources;*

## **Amendment 77**

### **Proposal for a directive**

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

Directive 2013/34/EU

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

*Text proposed by the Commission*

*Amendment*

*(iv) resource use and circular economy;*

*(iv) the transition to a circular economy;*

## Amendment 78

### Proposal for a directive

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

Directive 2013/34/EU

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

*Text proposed by the Commission*

*Amendment*

(v) pollution;

(v) pollution ***prevention and control***;

## Amendment 79

### Proposal for a directive

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

Directive 2013/34/EU

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

*Text proposed by the Commission*

*Amendment*

(vi) biodiversity and ecosystems;

(vi) ***the protection and restoration of***  
biodiversity and ecosystems;

## Amendment 80

### Proposal for a directive

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

Directive 2013/34/EU

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

*Text proposed by the Commission*

*Amendment*

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

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

## Amendment 81

### Proposal for a directive

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

Directive 2013/34/EU

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

*Text proposed by the Commission*

*Amendment*

(iii) political ***engagements of the undertaking, including its lobbying activities***;

(iii) ***direct political influence on the formulation or implementation of policy and the decision-making processes***;

## **Amendment 82**

**Proposal for a directive**

**Article 1 – paragraph 1 – point 4**

Directive 2013/34/EU

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

*Text proposed by the Commission*

*Amendment*

***(v a) the undertaking's overall business model and strategy in relation to sustainability matters, and its engagement with civil society and state actors.***

## **Amendment 83**

**Proposal for a directive**

**Article 1 – paragraph 1 – point 4**

Directive 2013/34/EU

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

*Text proposed by the Commission*

*Amendment*

***The information may be based on, inter alia, the monetary valuation of sustainability impacts, if deemed useful.***

## **Amendment 84**

**Proposal for a directive**

**Article 1 – paragraph 1 – point 4**

Directive 2013/34/EU

Article 19b – paragraph 3 – point c

*Text proposed by the Commission*

*Amendment*

(c) the criteria set out in the delegated acts adopted pursuant to Regulation (EU)

(c) the criteria, ***indicators and methodologies*** set out in the delegated acts



2020/852\*7;

adopted pursuant to Regulation (EU) 2020/852\*7, ***including inter alia technical screening criteria, criteria for substantial contribution, DNSH criteria.***

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\*7 Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (OJ L 198, 22.6.2020, p. 13).

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\*7 Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (OJ L 198, 22.6.2020, p. 13).

## Amendment 85

### Proposal for a directive

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

Directive 2013/34/EU

Article 19 b – paragraph 3 – point h a (new)

*Text proposed by the Commission*

*Amendment*

***(ha) natural capital accounting methods to strengthen internal management decisions to assign a monetary value to the environmental impacts of companies' activities, which may help users to better understand those impacts.***

## Amendment 86

### Proposal for a directive

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

Directive 2013/34/EU

Article 19 c – paragraph 1

*Text proposed by the Commission*

*Amendment*

The Commission shall adopt delegated acts in accordance with Article 49 to provide for sustainability reporting standards proportionate to the capacities and characteristics of small and medium-sized undertakings. Those sustainability reporting standards shall specify ***which information referred to in Articles 19a***

The Commission shall adopt delegated acts in accordance with Article 49 to provide for sustainability reporting standards proportionate to the capacities and characteristics of small and medium-sized undertakings. Those sustainability reporting standards shall specify ***how*** small and medium-sized undertakings referred to

**and 29a** small and medium-sized undertakings referred to in Article 2, point (1)(a) shall report. They shall take into account the criteria set out in Article 19b, paragraphs 2 and 3. They shall also, where relevant, specify the structure in which that **information shall** be reported.

## **Amendment 87**

### **Proposal for a directive**

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

Directive 2013/34/EU

Article 19 d – paragraph 2 a (new)

*Text proposed by the Commission*

in Article 19a(1), points (d) and (c), shall report **on information referred to in Articles 19a and 29a**. They shall take into account the criteria set out in Article 19b(2) and (3). They shall also, where relevant, specify the structure in which that **information shall** be reported.

*Amendment*

**2a. 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.**

## **Amendment 88**

### **Proposal for a directive**

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

Directive 2013/34/EU

Article 29a – paragraph 1

*Text proposed by the Commission*

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

*Amendment*

1. **Public-interest entities which are** parent undertakings of a large group **exceeding on its balance sheet date, on a consolidated basis, the criterion of the average number of 500 employees during the financial year** shall include in the consolidated management report information necessary to understand the group's impacts on sustainability matters, and information necessary to understand how sustainability matters affect the group's development, performance and position.

## Amendment 89

### Proposal for a directive

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

Directive 2013/34/EU

Article 29a – paragraph 2 – subparagraph 1 – point a – point i

#### *Text proposed by the Commission*

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

#### *Amendment*

(i) the resilience of the group's business model and strategy to risks related to sustainability matters **and climate change in particular**;

## Amendment 90

### Proposal for a directive

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

Directive 2013/34/EU

Article 29a – paragraph 2 – subparagraph 1 – point a – point ii

#### *Text proposed by the Commission*

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

#### *Amendment*

(ii) the opportunities for the group related to sustainability matters **and mainly transition to a carbon-neutral economy**;

## Amendment 91

### Proposal for a directive

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

Article 1 – paragraph 1 – point 7

Article 29 a – paragraph 2 – subparagraph 1 – point a – point iv

#### *Text proposed by the Commission*

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

#### *Amendment*

(iv) how the group's business model and strategy take account of the interests of the group's stakeholders, **sustainability risks faced by the group** and of the **principal actual or potential adverse** impacts of the group on sustainability matters;

## Amendment 92

### Proposal for a directive

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

Directive 2013/34/EU

Article 29 a – paragraph 2 – subparagraph 1 – point a – point v

#### *Text proposed by the Commission*

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

#### *Amendment*

(v) how the group's strategy has been implemented with regard to sustainability matters ***and related targets***;

## Amendment 93

### Proposal for a directive

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

Directive 2013/34/EU

Article 29 a – paragraph 2 – subparagraph 1 – point e – point i

#### *Text proposed by the Commission*

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

#### *Amendment*

(i) the due diligence process implemented with regard to sustainability matters, ***in accordance with international conventions on social and human rights, in particular the UN Guiding Principles on Business and Human Rights, the OECD Due Diligence Guidance for Responsible Business Conduct, the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work, the ILO fundamental conventions and the Charter of Fundamental Rights of the European Union***;

## Amendment 94

### Proposal for a directive

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

Directive 2013/34/EU

Article 29 a – paragraph 2 – subparagraph 1 – point e – point iii

#### *Text proposed by the Commission*

(iii) any actions taken, and the result of

#### *Amendment*

(iii) any actions taken, and the result of

such actions, to prevent, mitigate or remediate actual or potential adverse impacts;

such actions, to prevent, mitigate or remediate actual or potential adverse impacts ***and the effectiveness of their results***;

## Amendment 95

### Proposal for a directive

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

Directive 2013/34/EU

Article 29 a – paragraph 2 – subparagraph 1 a (new)

*Text proposed by the Commission*

*Amendment*

***If deemed necessary, the disclosures referred to in point (a) to (f) of the first subparagraph shall be designed to include the monetary valuation of sustainability impacts.***

## Amendment 96

### Proposal for a directive

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

Directive 2013/34/EU

Article 29a – paragraph 3 – subparagraph 1

*Text proposed by the Commission*

*Amendment*

The information referred to in paragraphs 1 and 2 shall contain forward-looking information ***and*** information ***about past performance, and*** qualitative and quantitative information. This information shall take into account short, medium and long-term time horizons, where ***appropriate***.

The information referred to in paragraphs 1 and 2 shall contain ***retrospective and, where relevant,*** forward-looking information. ***The*** information ***shall combine*** qualitative and quantitative information ***to ensure that the most relevant information is reported under each standard. Where appropriate,*** this information shall take into account short, medium and long-term time horizons. ***The information shall be provided in an aggregated manner covering areas where the undertaking operates.***

## Amendment 97

## Proposal for a directive

### Article 1 – paragraph 1 – point 7

Directive 2013/34/EU

Article 29a – paragraph 3 – subparagraph 4

#### *Text proposed by the Commission*

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

#### *Amendment*

Member States may allow information relating to impending developments or matters in the course of negotiation to be omitted in **certain** 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 prejudicial to the commercial **and competitive** position of the group.

## Amendment 98

### Proposal for a directive

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

Directive 2013/34/EU

Article 29a – paragraph 7 – subparagraph 1

#### *Text proposed by the Commission*

***A parent undertaking which is also a subsidiary undertaking shall be exempted from the obligation set out in paragraphs 1 to 4 if that exempted parent undertaking and its subsidiaries are included in the consolidated management report of another undertaking, drawn up in accordance with Article 29 and this Article. A parent 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***

#### *Amendment*

***deleted***

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

#### **Amendment 99**

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

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

Directive 2013/34/EU

Article 29a – paragraph 7 – subparagraph 3

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

The Member State by which the parent 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 in the first subparagraph of this paragraph is published in its official language 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 parent undertaking is governed may require that the consolidated management report referred to in in the first subparagraph of this paragraph is published in its official language or in a language customary in the sphere of international finance, and that any necessary translation into those languages is certified.

#### **Amendment 100**

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

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

Directive 2013/34/EU

Article 29a – paragraph 7 – subparagraph 4 – introductory part

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

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

##### *Amendment*

The consolidated management report of a parent undertaking shall contain all of the following information:



## **Amendment 101**

### **Proposal for a directive**

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

Directive 2013/34/EU

Article 29a – paragraph 7 – subparagraph 4 – point b

*Text proposed by the Commission*

*Amendment*

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

***deleted***

## **Amendment 102**

### **Proposal for a directive**

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

Directive 2013/34/EU

Article 30 – paragraph 1 – subparagraph 1

*Text proposed by the Commission*

*Amendment*

Member States shall ensure that undertakings publish within a reasonable period of time, which shall not exceed **12** months after the balance sheet date, the duly approved annual financial statements and the management report in the format prescribed by Article 19d of this Directive where applicable, together with the opinions and statement submitted by the statutory auditor or audit firm referred to in Article 34 of this Directive, as laid down by the laws of each Member State in accordance with Chapter 3 of Directive (EU) 2017/1132 of the European Parliament and of the Council\*<sup>16</sup>.

Member States shall ensure that undertakings publish within a reasonable period of time, which shall not exceed **18** months after the balance sheet date, the duly approved annual financial statements and the management report in the format prescribed by Article 19d of this Directive where applicable, together with the opinions and statement submitted by the statutory auditor or audit firm referred to in Article 34 of this Directive, as laid down by the laws of each Member State in accordance with Chapter 3 of Directive (EU) 2017/1132 of the European Parliament and of the Council\*<sup>16</sup>.

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\*<sup>16</sup> Directive (EU) 2017/1132 of the European Parliament and of the Council of 14 June 2017 relating to certain aspects of company law (*OJL 169, 30.6.2017, p. 46*).

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\*<sup>16</sup> Directive (EU) 2017/1132 of the European Parliament and of the Council of 14 June 2017 relating to certain aspects of company law (*OJL 169, 30.6.2017, p. 46*).

## **Amendment 103**

### **Proposal for a directive**

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

Directive 2013/34/EU  
Article 30 – paragraph 1 – subparagraph 3

*Text proposed by the Commission*

*Amendment*

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

***deleted***

#### **Amendment 104**

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

##### **Article 1 – paragraph 1 – point 9**

Directive 2013/34/EU

Article 33 – paragraph 1 – introductory part

*Text proposed by the Commission*

*Amendment*

1. Member States shall ensure that the members of the administrative, management and supervisory bodies of an undertaking, acting within the competences assigned to them by national law, ***have collective*** responsibility ***for ensuring*** that the following documents are drawn up and published in accordance with the requirements of this Directive and, where applicable, with the international accounting standards adopted in accordance with Regulation (EC) No 1606/2002, with Delegated Regulation 2019/815, with the sustainability reporting standards referred to in ***Article 19b*** of this Directive, and with the requirements of Article 19d of this Directive:

1. Member States shall ensure that the members of the administrative, management and supervisory bodies of an undertaking, acting within the competences assigned to them by national law ***and having a clearly defined division of*** responsibility, ***ensure*** that the following documents are drawn up and published in accordance with the requirements of this Directive and, where applicable, with the international accounting standards adopted in accordance with Regulation (EC) No 1606/2002, with Delegated Regulation 2019/815, with the sustainability reporting standards referred to in ***Article 19b*** of this Directive, and with the requirements of Article 19d of this Directive:

#### **Amendment 105**

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

##### **Article 1 – paragraph 1 – point 10 – point b**

Directive 2013/34/EU

Article 34 – paragraph 3

*Text proposed by the Commission*

3. Member States **may** allow **an** independent assurance services **provider** to express the opinion referred to in paragraph 1, second subparagraph, point (aa), provided that it is subject to requirements that are consistent with those set out in Directive 2006/43/EC as regards the assurance of sustainability reporting as defined in Article 2(1), point (r) of that Directive.

*Amendment*

3. Member States **shall** allow independent assurance services **providers** to express the opinion referred to in paragraph 1, second subparagraph, point (aa), provided that it is subject to requirements that are consistent with those set out in Directive 2006/43/EC as regards the assurance of sustainability reporting as defined in Article 2(1), point (r) of that Directive.

**Amendment 106**

**Proposal for a directive**

**Article 1 – paragraph 1 – point 11 – point a**  
Directive 2013/34/EU  
Article 49 – paragraph 2

*Text proposed by the Commission*

2. The power to adopt delegated acts referred to in Article 1(2), Article 3(13), Article 46(2), Article **19b** and Article **19c** shall be conferred on the Commission for an indeterminate period of time.

*Amendment*

2. The power to adopt delegated acts referred to in Article 1(2), Article 3(13), Article 46(2), Article **19a**, **Article 19b**, **Article 19c** and Article **19ca** shall be conferred on the Commission for an indeterminate period of time.

**Amendment 107**

**Proposal for a directive**

**Article 1 – paragraph 1 – point 11 – point a**  
Directive 2013/34/EU  
Article 49 – paragraph 3

*Text proposed by the Commission*

3. The delegation of power referred to in Article 1(2), Article 3(13), Article 46(2), Article 19b **and** Article 19c may be revoked at any time by the European Parliament or by the Council. A decision to revoke shall put an end to the delegation of the power specified in that decision. It shall

*Amendment*

3. The delegation of power referred to in Article 1(2), Article 3(13), Article 46(2), **Article 19a**, Article 19b, Article 19c **and Article 19ca** may be revoked at any time by the European Parliament or by the Council. A decision to revoke shall put an end to the delegation of the power

take effect the day following the publication of that decision in the Official Journal of the European Union or at a later date specified therein. It shall not affect the validity of any delegated acts already in force.’;

specified in that decision. It shall take effect the day following the publication of that decision in the Official Journal of the European Union or at a later date specified therein. It shall not affect the validity of any delegated acts already in force’;

## Amendment 108

### Proposal for a directive

#### Article 1 – paragraph 1 – point 11 – point b

Directive 2013/34/EU

Article 49 – paragraph 3a – subparagraph 1

#### *Text proposed by the Commission*

When adopting delegated acts pursuant to Articles 19b and 19c, the Commission shall take into consideration technical advice from EFRAG, provided such advice has been developed with proper due process, public oversight and transparency and with the expertise *of* relevant stakeholders, and is accompanied by cost-benefit analyses that include analyses of the impacts of the technical advice on sustainability matters.

#### *Amendment*

When adopting delegated acts pursuant to Articles 19b and 19c, the Commission shall take into consideration technical advice from EFRAG, provided such advice has been developed with proper due process, public oversight and transparency and with the expertise *and involvement of social partners and other* relevant stakeholders, and is accompanied by cost-benefit analyses that include analyses of the impacts of the technical advice on sustainability matters.

## Amendment 109

### Proposal for a directive

#### Article 1 – paragraph 1 – point 11 – point b

Directive 2013/34/EU

Article 49 – paragraph 3a – subparagraph 3

#### *Text proposed by the Commission*

The Commission shall request the opinion of the European Securities and Markets Authority on the technical advice provided by EFRAG, in particular with regard to its consistency with Regulation (EU) 2019/2088 and its delegated acts. The European Securities and Markets Authority shall provide its opinion within *two* months

#### *Amendment*

The Commission shall request the opinion of the European Securities and Markets Authority on the technical advice provided by EFRAG, in particular with regard to its consistency with Regulation (EU) 2019/2088 and its delegated acts. The European Securities and Markets Authority shall provide its opinion *on new standards*

from the date of receipt of the request from the Commission.

within *four months of the date of receipt of the request from the Commission and it shall provide its opinion on amendments to existing standards within three* months from the date of receipt of the request from the Commission. *The Commission shall address any significant issues identified in those opinions prior to the adoption of the delegated acts referred to in Article 19b.*

## Amendment 110

### Proposal for a directive

#### Article 1 – paragraph 1 – point 11 – point b

Directive 2013/34/EU

Article 49 – paragraph 3a – subparagraph 4

#### *Text proposed by the Commission*

The Commission shall also 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 established pursuant to Article 20 of Regulation (EU) 2020/852 on the technical advice provided by EFRAG prior to the adoption of delegated acts referred to in Articles 19b and 19c. 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*

The Commission shall also consult the European Banking Authority, the European Insurance and Occupational Pensions *Authority, the European Labour* 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 established pursuant to Article 20 of Regulation (EU) 2020/852 on the technical advice provided by EFRAG prior to the adoption of delegated acts referred to in Articles 19b and 19c. 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 111

### Proposal for a directive

#### Article 1 – paragraph 1 – point 11 – point c

Directive 2013/34/EU

Article 49 – paragraph 5

*Text proposed by the Commission*

5. A delegated act adopted pursuant to Article 1(2), Article 3(13), Article 46(2), Article 19b and Article 19c shall enter into force only if no objection has been expressed either by the European Parliament or the Council within a period of **two** months of notification of that act to the European Parliament and the Council or if, before the expiry of that period, the European Parliament and the Council have both informed the Commission that they will not object. That period shall be extended by **two** months at the initiative of the European Parliament or the Council.

*Amendment*

5. A delegated act adopted pursuant to Article 1(2), Article 3(13), Article 46(2), **Article 19a**, Article 19b, Article 19c **and Article 19ca** shall enter into force only if no objection has been expressed either by the European Parliament or the Council within a period of **four** months of notification of that act to the European Parliament and the Council or if, before the expiry of that period, the European Parliament and the Council have both informed the Commission that they will not object. That period shall be extended by **four** months at the initiative of the European Parliament or the Council.

**Amendment 112**

**Proposal for a directive**

**Article 2 – paragraph 1 – point 2 – point a**

Directive 2004/109/EC

Article 4 – paragraph 2 – point c

*Text proposed by the Commission*

(c) statements made by the persons responsible within the issuer, whose names and functions shall be clearly indicated, to the effect that, to the best of their knowledge, the financial statements prepared in accordance with the applicable set of accounting standards give a **true and fair** view of the assets, liabilities, financial position and profit or loss of the issuer and the undertakings included in the consolidation taken as a whole and that the management report includes a **fair** review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face and, where appropriate, that it is prepared in accordance with sustainability reporting

*Amendment*

(c) statements made by the persons responsible within the issuer, whose names and functions shall be clearly indicated, to the effect that, to the best of their knowledge, the financial statements prepared in accordance with the applicable set of accounting standards give a **transparent** view of the assets, liabilities, financial position and profit or loss of the issuer and the undertakings included in the consolidation taken as a whole and that the management report includes a **transparent** review of the development and performance of the business and the position of the issuer, **risk analysis and management** and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face and, where appropriate, that it is

standards referred to in Article 19b of Directive 2013/34/EU.;

prepared in accordance with sustainability reporting standards referred to in Article 19b of Directive 2013/34/EU;

## Amendment 113

### Proposal for a directive

#### Article 2 – paragraph 1 – point 2 – point b

Directive 2004/109/EC

Article 4 – paragraph 4 – subparagraph 2

#### *Text proposed by the Commission*

The audit report, signed by the person or persons responsible for carrying out the work set out in paragraphs 1 and 2 of Article 34 of Directive 2013/34/EU shall be disclosed in full to the public together with the annual financial report.

#### *Amendment*

The audit report, signed by the person or persons responsible for carrying out the work set out in paragraphs 1 and 2 of Article 34 of Directive 2013/34/EU shall be disclosed in full to the public, ***while safeguarding sensitive business information***, together with the annual financial report.

## Amendment 114

### Proposal for a directive

#### Article 2 – paragraph 1 – point 3

Directive 2004/109/EC

Article 23 – paragraph 4 – subparagraph 3

#### *Text proposed by the Commission*

The Commission shall, in accordance with the procedure referred to in Article 27(2), take the necessary decisions on the equivalence of accounting standards and on the equivalence of sustainability reporting standards as referred to in Article 19b of Directive 2013/34/EU which are used by third-country issuers under the conditions set out in Article 30(3). If the Commission decides that the accounting standards or the sustainability reporting standards of a third country are not equivalent, it may allow the issuers concerned to continue using such accounting standards during an appropriate transitional period.

#### *Amendment*

The Commission shall, in accordance with the procedure referred to in Article 27(2), take the necessary decisions on the equivalence of accounting standards and on the equivalence of sustainability reporting standards as referred to in Article 19b of Directive 2013/34/EU which are used by third-country issuers under the conditions set out in Article 30(3). If the Commission decides that the accounting standards or the sustainability reporting standards of a third country are not equivalent, it may allow the issuers concerned to continue using such accounting standards during an appropriate transitional period ***that shall not exceed***



*two years from the adoption of the delegated acts referred to in Article 19b(1), point (b), of Directive 2013/34/EU.*

## **Amendment 115**

### **Proposal for a directive**

#### **Article 2 – paragraph 1 – point 4**

Directive 2004/109/EC

Article 28d – paragraph 1

#### *Text proposed by the Commission*

After consulting the European Environment Agency **and** the European Union Agency for Fundamental Rights, ESMA shall issue guidelines in accordance with Article 16 of **Regulation 1095/2010** on the supervision of sustainability reporting by national competent authorities.

#### *Amendment*

After consulting the European Environment Agency, the European Union Agency for Fundamental Rights **and the European Labour Authority**, ESMA shall issue guidelines in accordance with Article 16 of **Regulation (EU) No 1095/2010** on the supervision of sustainability reporting by national competent authorities **within a reasonable timeframe**.

## **Amendment 116**

### **Proposal for a directive**

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

Directive 2006/43/CE

Article 7 – paragraph 1

#### *Text proposed by the Commission*

The examination of professional competence referred to in Article 6 shall guarantee the necessary level of theoretical knowledge of subjects relevant to statutory audit and assurance of sustainability reporting and the ability to apply such knowledge in practice. Part at least of that examination shall be written.’;

#### *Amendment*

The examination of professional competence referred to in Article 6 shall guarantee the necessary level of theoretical knowledge of subjects relevant to statutory audit and assurance of sustainability reporting and the ability to apply such knowledge in practice, **as well as theoretical knowledge of international development cooperation**. Part at least of that examination shall be written.’;

## **Amendment 117**

## Proposal for a directive

### Article 3 – paragraph 1 – point 4 – point d

Directive 2006/43/CE

Article 8 – paragraph 1 – point ff

#### *Text proposed by the Commission*

(ff) due diligence processes with regard to sustainability matters;

#### *Amendment*

(ff) due diligence processes with regard to sustainability matters ***and, where applicable, pursuant to Union and national legislation;***

## Amendment 118

### Proposal for a directive

#### Article 3 – paragraph 1 – point 14 – point e

Directive 2006/43/CE

Article 28 – paragraph 4 – subparagraph 1

#### *Text proposed by the Commission*

The audit report shall be signed and dated by the statutory auditor. Where an audit firm carries out the statutory audit ***and***, where applicable, the assurance of sustainability reporting, the audit report shall bear the signature of at least the statutory auditor(s) carrying out the statutory audit and the assurance of sustainability reporting on behalf of the audit firm. Where more than one statutory auditor or audit firm have been simultaneously engaged, the audit report shall be signed by all statutory auditors or at least by the statutory auditors carrying out the statutory audit and the assurance of sustainability reporting on behalf of every audit firm. In exceptional circumstances Member States may provide that such signature(s) need not be disclosed to the public if such disclosure could lead to an imminent and significant threat to the personal security of any person.;

#### *Amendment*

The audit report shall be signed and dated by the statutory auditor ***or by the audit firm carrying out the statutory audit.*** Where an audit firm carries out the statutory audit ***or***, where applicable, the assurance of sustainability reporting, the audit report shall bear the signature of at least the statutory auditor(s) carrying out the statutory audit and ***that of the auditor who carried out*** the assurance of sustainability reporting on behalf of the audit firm. Where more than one statutory auditor or audit firm have been simultaneously engaged, the audit report shall be signed by all statutory auditors or at least by the statutory auditors carrying out the statutory audit and the assurance of sustainability reporting on behalf of every audit firm. In exceptional circumstances Member States may provide that such signature(s) need not be disclosed to the public if such disclosure could lead to an imminent and significant threat to the personal security of any person.

## Amendment 119

### Proposal for a directive

#### Article 4 – paragraph 1 – point 1 – point a – point i

Regulation (EU) No 537/2014

Article 5 – paragraph 1 – subparagraph 1 – introductory part

#### *Text proposed by the Commission*

1. A statutory auditor or an audit firm carrying out the statutory audit **and, where applicable**, the assurance of sustainability reporting of a public-interest entity, or any member of the network to which the statutory auditor or the audit firm belongs, shall not directly or indirectly provide to the audited entity, to its parent undertaking or to its controlled undertakings within the Union any prohibited non-audit services in:

#### *Amendment*

1. A statutory auditor or an audit firm carrying out the statutory audit **or** the assurance of sustainability reporting of a public-interest entity, or any member of the network to which the statutory auditor or the audit firm belongs, shall not directly or indirectly provide to the audited entity, to its parent undertaking or to its controlled undertakings within the Union any prohibited non-audit services in:

## Amendment 120

### Proposal for a directive

#### Article 5 – paragraph 1 – subparagraph 1

#### *Text proposed by the Commission*

Member States shall bring into force the laws, regulations and administrative provisions necessary to comply with Articles 1 to 3 of this Directive by 1 December **2022**. They shall immediately inform the Commission thereof.

#### *Amendment*

Member States shall bring into force the laws, regulations and administrative provisions necessary to comply with Articles 1 to 3 of this Directive by 1 December **2023**. They shall immediately inform the Commission thereof.

#### *Justification*

*See justification for amendment 11.*

## Amendment 121

### Proposal for a directive

#### Article 5 – paragraph 1 – subparagraph 2

#### *Text proposed by the Commission*

Member States shall provide that the

#### *Amendment*

Member States shall provide that the

provisions referred to in the first subparagraph shall apply for financial years starting on or after 1 January **2023**

provisions referred to in the first subparagraph shall apply for financial years starting on or after 1 January **2024**.

## **Amendment 122**

### **Proposal for a directive Article 6 – paragraph 1**

*Text proposed by the Commission*

Article 4 of this Directive shall apply to financial years starting on or after 1 January **2023**.

*Amendment*

Article 4 of this Directive shall apply to financial years starting on or after 1 January **2024**.

## **Amendment 123**

### **Proposal for a directive Article 6 a (new)**

*Text proposed by the Commission*

*Amendment*

#### **Article 6a**

##### **Review Clause**

***The Commission shall review the impact of the amendments made by this Directive by ... [five years from the date of entry into force]. This review shall examine, in particular, the impact of the sustainability reporting standards on sustainability reporting of financial and non-financial undertakings, its added value as well as the associated administrative burden and direct and indirect costs thereof.***

***After a successful review, which has been confirmed by opinions of the European Parliament, the Council and the Regulatory Scrutiny Board of the European Commission, a further extension of the scope of this Directive may be taken into consideration.***

***Voluntary standards for SMEs below the size criteria laid down in Article 3(4) of Directive 2013/34/EU may be developed corresponding to the process as well as***

*reporting requirements of the already  
reporting companies in a simplified and  
proportionate form.*

## PROCEDURE – COMMITTEE ASKED FOR OPINION

<b>Title</b>	Amending Directive 2013/34/EU, Directive 2004/109/EC, Directive 2006/43/EC and Regulation (EU) No 537/2014, as regards corporate sustainability reporting	
<b>References</b>	COM(2021)0189 – C9-0147/2021 – 2021/0104(COD)	
<b>Committee responsible</b> Date announced in plenary	JURI 23.6.2021	
<b>Opinion by</b> Date announced in plenary	ECON 23.6.2021	
<b>Associated committees - date announced in plenary</b>	16.12.2021	
<b>Rapporteur for the opinion</b> Date appointed	Jessica Polfjärd 1.9.2021	
<b>Discussed in committee</b>	6.12.2021	7.2.2022
<b>Date adopted</b>	28.2.2022	
<b>Result of final vote</b>	+: –: 0:	29 25 4

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

29	+
PPE	Frances Fitzgerald, Sirpa Pietikäinen
Renew	Gilles Boyer, Carlo Calenda, Luis Garicano, Billy Kelleher, Dragoș Pîslaru, Stéphanie Yon-Courtin
S&D	Marek Belka, Jonás Fernández, Eero Heinäluoma, Aurore Lalucq, Pedro Marques, Costas Mavrides, Csaba Molnár, Evelyn Regner, Alfred Sant, Joachim Schuster, Pedro Silva Pereira, Paul Tang, Irene Tinagli
The Left	Chris MacManus, Mick Wallace
Verts/ALE	Rasmus Andresen, Damien Carême, Claude Gruffat, Piernicola Pedicini, Kira Marie Peter-Hansen, Ernest Urtasun

25	-
ECR	Michiel Hoogeveen, Dorien Rookmaker, Johan Van Overtveldt, Roberts Zīle
ID	Gunnar Beck, Valentino Grant, Maximilian Krah, Antonio Maria Rinaldi, Marco Zanni
NI	Enikő Győri, Lefteris Nikolaou-Alavanos
PPE	Isabel Benjumea Benjumea, Stefan Berger, Markus Ferber, José Manuel García-Margallo y Marfil, Danuta Maria Hübner, Othmar Karas, Georgios Kyrtos, Aušra Maldeikienė, Siegfried Mureșan, Lídia Pereira, Ralf Seekatz, Inese Vaidere
Renew	Engin Eroglu
Verts/ALE	Stasys Jakeliūnas

4	0
ID	France Jamet
PPE	Luděk Niedermayer
Renew	Ondřej Kovařík, Caroline Nagtegaal

Key:

+ : in favour

- : against

0 : abstentions