



2021/0104(COD)

22.2.2022

OPINION

of the Committee on Women's Rights and Gender Equality

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: Robert Biedroń

PA_Legam

SHORT JUSTIFICATION

The European Commission's proposal to recast the Non-Financial Reporting Directive (NFRD) sets strong reporting requirements in the area of corporate environmental sustainability, with the objective to transform the EU into a modern, resource-efficient and competitive economy with no net emissions of greenhouse gases by 2050. Unfortunately, the proposal currently lacks the same level of ambition in the field of social sustainability.

Current proposal for NFDR does not adequately address reporting requirements concerning issues such as diversity, social inclusion, gender equality or protection of minority and vulnerable groups and neglects Commission's obligations and commitments in this regard, including:

1. Commitments listed in "Gender Equality Strategy 2020-2025", such as addressing women's under-representation in decision-making positions in Europe's businesses and industry.
2. Pushing for the adoption of the so called "Women on Boards Directive", which sets the aim of a minimum of 40% of non-executive members of the under-represented sex on company board in order to improve gender balance on the boards of large EU listed companies by sharing information on companies' diversity policies.
3. The right to equal pay for the same work or work of equal value between female and male workers, which is one of the founding principles of the European Union since the Treaty on the Functioning of the European Union (TFEU). In practice, however, its implementation has been hindered by systemic lack of transparency in pay systems, lack of legal certainty and by procedural obstacles faced by victims of discrimination. Increased transparency requirements under the NFRD would allow monitoring for possible gender bias and discrimination in the pay structures of companies in the EU. For that reason, the Commission released On 4 March 2021, a proposal for a Pay Transparency Directive, which includes specific reporting requirements. Regrettably, the proposal for NFRD fails to take them into account.
4. The European Court of Auditors (ECA) found in May 2021 that - despite the EU's long-standing commitment to gender equality - too little has been done for gender mainstreaming, i.e. to systematically and actively promote gender equality in policy-making and in spending the EU budget. According to the ECA, the gender analysis of EU policies and programmes has not been sufficient. The NFRD proposal illustrates the ECA's findings have not been addressed.

Having in mind the aforementioned points, as well as the numerous obstacles and discriminations that women still face on the labour market, the European Parliament's Committee on Women's Rights and Gender Equality must ensure that social sustainability and gender equality are adequately incorporated within the upcoming directive.

As revealed by the European Gender Equality Institute, the EU is at least 60 years away from reaching complete gender equality, if we continue at the current pace. Some of the biggest problems holding back gender equality is segregation in education and work, unequal pay contributing to the pay and pension gap, as well as women's underrepresentation in leadership and managerial positions.

Achieving a gender equal Europe and eliminating structural inequality between women and men requires a strong commitment not only from the EU institutions, policymakers and NGOs, but also from all economic sectors and their supply chains.

Antidiscrimination, diversity and gender equality measures should therefore become an integral part of social sustainability reporting standards. Special attention should be given to vulnerable and minority groups and people with disabilities. Social sustainability reporting standards must include working conditions, including flexible work schedules, maternity, paternity and parental leave as well as gender-equality informed procurement policies, gender-performance audits of suppliers and gender impact assessment of supply chains.

The Covid-19 pandemic and its economic and social consequences makes it even more pressing to tackle this issue, given that the crisis has hit female workers especially hard.

AMENDMENTS

The Committee on Women's Rights and Gender Equality 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 2 a (new)

Text proposed by the Commission

Amendment

(2a) Gender equality is a human and fundamental right and a key principle of the European Pillar of Social Rights and according to the treaties the Union is to ensure that it is promoted in all the Union's activities and actions. Despite being enshrined in the Treaty on the Functioning of the European Union (TFEU), the principle of "equal pay for equal work or work of equal value" has been undermined, mainly due to a lack of transparency in pay systems, a lack of legal certainty regarding the concept of 'work of equal value', and procedural obstacles faced by victims of discrimination^{1a}. To enforce the right to equal pay the Commission proposed, on 4 March 2021, a Pay Transparency Directive^{1b} as key action based on Article 157(3) of the TFEU, introducing concrete measures regarding reporting on the gender pay gap. The Commission also announced the tabling of a legislative proposal to combat gender-based violence and stressed the importance for Member

States to ratify the International Labour Organization (ILO) Convention on combating violence and harassment in the world of work and implement the existing Union rules on protecting workers from sexual harassment.

^{1a} Commission Staff Working Document on an evaluation of the relevant provisions in the Directive 2006/54/EC implementing the Treaty principle on ‘equal pay for equal work or work of equal value, SWD(2020)0051, p.53 -66.

^{1b} Proposal for a Directive of the European Parliament and of the Council to strengthen the application of the principle of equal pay for equal work or work of equal value between men and women through pay transparency and enforcement mechanisms (COM(2020)0093).

Amendment 2

Proposal for a directive Recital 2 b (new)

Text proposed by the Commission

Amendment

(2b) In its Communication on “A Union of Equality: Gender Equality Strategy 2020-2025”^{1a}, the Commission underlined that a broad range of talents and skills contributes to better decision-making and corporate governance and drives economic growth. However, women’s under-representation in decision-making positions in Europe’s businesses and industry persists. In this regard, the Commission committed to pushing for the adoption of the 2012 proposal of the so-called “Women on Boards” Directive that sets the aim of attaining a minimum of 40% of non-executive members of the under-

represented sex on company boards in order to improve gender balance on the boards of large EU listed companies by sharing information on companies. Women's underrepresentation in the labour market has been also addressed by the Work-life Balance Directive^{1b}. In order to assess the extent to which the companies take into account diversity in their board and to which management composition can improve the quality of their leadership and decision-making, especially in relation to performance on sustainability issues, further studies in this field should be encouraged. Efforts already made by companies and public and private funds that implement diversity policies in this regard are welcome, including the Diversity Commitment initiative.

^{1a} Communication of the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on "A Union of Equality: Gender Equality Strategy 2020-2025".

^{1b} Directive (EU) 2019/1158 of the European Parliament and of the Council of 20 June 2019 on work-life balance for parents and carers and repealing Council Directive 2010/18/EU (OJ L 188, 12.7.2019, p. 79).

Amendment 3

Proposal for a directive Recital 2 c (new)

Text proposed by the Commission

Amendment

(2c) Additional Union funding should be reserved for research into the topic of diversity, company management, business development, innovation and sustainability. Such research should look

broadly at characteristics such as gender, ethnicity, culture, age, disability, professional experience and education, in order to fully elucidate all aspects of the issue of diversity in the companies' boards and management.

Amendment 4

Proposal for a directive Recital 6

Text proposed by the Commission

(6) Directive 2014/95/EU of the European Parliament and the Council⁴⁷ amended Directive 2013/34/EU as regards disclosure of non-financial information by certain large undertakings and groups. Directive 2014/95/EU introduced a requirement on undertakings to report information on, as a minimum, environmental, social and employee matters, respect for human rights, and anti-corruption and bribery matters. With regard to these topics, Directive 2014/95/EU required undertakings to disclose information under the following reporting areas: business model, policies (including due diligence processes implemented), the outcome of the policies, risks and risk management, and key performance indicators relevant to the business.

⁴⁷ Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups (OJ

Amendment

(6) Directive 2014/95/EU of the European Parliament and the Council⁴⁷ amended Directive 2013/34/EU as regards disclosure of non-financial information by certain large undertakings and groups. Directive 2014/95/EU introduced a requirement on undertakings to report information on, as a minimum, environmental, social and employee matters, respect for human rights, and anti-corruption and bribery matters. With regard to these topics, Directive 2014/95/EU required undertakings to disclose information under the following reporting areas: business model, policies (including due diligence processes implemented), the outcome of the policies, risks and risk management, and key performance indicators relevant to the business. ***Such information to be reported by undertakings could concern, inter alia, the actions taken to ensure gender equality, implementation of fundamental conventions of the ILO, working conditions, social dialogue or health and safety at work.***

⁴⁷ Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups (OJ

Amendment 5

Proposal for a directive Recital 6 a (new)

Text proposed by the Commission

Amendment

(6a) The concepts which undertakings are to report about, including gender equality, should be sufficiently defined to ensure compliance, lessen the administrative burden and improve the comparability of data.

Amendment 6

Proposal for a directive Recital 8

Text proposed by the Commission

Amendment

(8) The ultimate beneficiaries of better sustainability reporting by undertakings are individual citizens and savers. Savers who want to invest sustainably will have the opportunity to do so, while all citizens should benefit from a stable, 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

(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, accountable** and inclusive **socio-economic** system. To realise these benefits, the sustainability information disclosed in undertaking's annual reports first has to reach two primary groups ('users'). The first group of users consists of investors, including asset managers, who want to better understand the risks and opportunities that sustainability issues pose to their **reputation and** investments and the impacts of those investments on people, **including to advance societal issues such as gender equality and diversity and intersectionality and inclusion**, and **on** the environment. The second group of users consists of organisations, including non-

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

governmental organisations and social partners, that wish to better hold undertakings to account for their **societal and environmental** impacts. Other stakeholders may also make use of sustainability information disclosed in annual reports. ***The integration of gender-related information into sustainability reporting can also assist organisations in publicly demonstrating their accountability to women and commitment towards gender equality and non-discrimination.*** 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, **NGOs, social and economic partners** and environmental agencies **and other stakeholders** may use such information, in particular on an aggregate basis, to monitor environmental, social **and gender equality** trends, to contribute to environmental accounts, and to inform public policy, **including as regards tackling discrimination.** Few individual citizens and consumers directly consult undertaking's reports, but they may use such information indirectly such as when considering the advice or opinions of financial advisers or non-governmental organisations. Many investors and asset managers purchase sustainability information from third party data providers, who collect information from various sources, including public corporate reports.

Amendment 7

Proposal for a directive Recital 9

Text proposed by the Commission

(9) There has been a very significant

Amendment

(9) There has been a very significant

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

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 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, ***inclusion and gender equality***, is also growing. The increase in demand for sustainability information is also driven by the growth in investment products that explicitly seek to meet certain sustainability standards or achieve certain sustainability objectives. Part of that increase is the logical consequence of previously adopted Union legislation, notably Regulation (EU) 2019/2088 and Regulation (EU) 2020/852. Some of the increase would have happened in any case, due to fast-changing citizen awareness, consumer preferences and market practices. The COVID-19 pandemic will further accelerate the increase in users' information needs, in particular as it has exposed the vulnerabilities of workers, ***particularly women and people with disabilities***, 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. ***Currently, limited amounts of gender-disaggregated data are being reported despite the inclusion of gender-related indicators in the GRI framework.***

Amendment 8

Proposal for a directive

Recital 10

Text proposed by the Commission

(10) Undertakings themselves stand to benefit from carrying out high quality reporting on sustainability matters. The growth in the number of investment products that aim to pursue sustainability objectives means that good sustainability reporting can enhance an undertaking's access to financial capital. Sustainability reporting can help undertakings to identify and manage their own risks and opportunities related to sustainability matters. It can provide a basis for better dialogue and communication between undertakings and their stakeholders, and can help undertakings to improve their reputation.

Amendment

(10) Undertakings themselves stand to benefit from carrying out high quality reporting on sustainability matters. The growth in the number of investment products that aim to pursue sustainability objectives means that good sustainability reporting can enhance an undertaking's access to financial capital. Sustainability reporting can help undertakings to identify and manage their own risks and opportunities related to sustainability matters. It can provide a basis for better dialogue and communication between undertakings and their stakeholders, and can help undertakings to improve their reputation. ***The Union also benefits from high quality reporting on sustainability matters as it informs the Union's policies on priority issues such as gender equality in the workplace.***

Amendment 9

Proposal for a directive
Recital 18

Text proposed by the Commission

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

Amendment

(18) Considering the growing relevance of sustainability-related risks and taking into account that small and medium-sized enterprises (SMEs) listed on regulated markets comprise a significant proportion of all listed undertakings in the Union, in order to ensure investor protection it is appropriate to require that also those SMEs disclose information on ***social, economic and environmental*** sustainability matters. ***The reporting standards are not only necessary but also useful and constitute an opportunity for companies to demonstrate their commitment to the***

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

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

Amendment 10

Proposal for a directive Recital 27

Text proposed by the Commission

(27) To ensure consistency with international instruments such as the UN Guiding Principles on Business and Human Rights and the OECD Due Diligence Guidance for Responsible Business Conduct, the due diligence disclosure requirements should be specified in greater detail than is the case in Article 19a(1), point (b), and Article 29a(1), point (b) of Directive 2013/34/EU. Due diligence is the process that undertakings carry out to identify, prevent, mitigate and remediate the principal actual and potential adverse impacts connected with their activities and identifies how they address those adverse impacts. Impacts connected with an undertaking's activities include impacts directly caused by the undertaking, impacts to which the undertaking contributes, and impacts which are otherwise linked to the undertaking's value chain. The due diligence process concerns the whole value chain of the undertaking including its own operations, its products and services, its business relationships and its supply chains. In alignment with the UN Guiding Principles on Business and Human Rights, an actual or potential adverse impact is to be considered principal where it measures among the greatest impacts connected with the undertaking's activities based on: the gravity of the impact on people or the environment; the number of individuals that are or could be affected, or the scale of damage to the environment; and the ease with which the harm could be remediated, restoring the environment or affected people to their prior state.

Amendment

(27) To ensure consistency with international instruments such as the UN Guiding Principles on Business and Human Rights and the OECD Due Diligence Guidance for Responsible Business Conduct, the due diligence disclosure requirements should be specified in greater detail than is the case in Article 19a(1), point (b), and Article 29a(1), point (b) of Directive 2013/34/EU. Due diligence is the process that undertakings carry out to identify, 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. ***Guidance to businesses on respecting human rights should also include advice on appropriate methods, including human rights due diligence, and consider effectively issues***

of gender equality, vulnerability and marginalisation, as well as recognising the specific challenges that may be faced by women with an intersectional perspective, in particular LGBTI+ persons, racial, ethnic and religious minorities, persons with disabilities, and migrant workers.^{1a}

^{1a} UN Guiding Principles on Business and Human, p. 5-6.

Amendment 11

Proposal for a directive Recital 28

Text proposed by the Commission

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

Amendment

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

related to research and development.

should also include information related to research and development.

Amendment 12

Proposal for a directive Recital 32

Text proposed by the Commission

(32) Undertakings under the scope of Articles 19a(1) and 29a(1) of Directive 2013/34/EU may rely on national, Union-based or international reporting frameworks, and where they do so, they have to specify which frameworks they relied upon. However, Directive 2013/34/EU does not require undertakings to use a common reporting framework or standard, and it does not prevent undertakings from choosing not to use any reporting framework or standards at all. As required by Article 2 of Directive 2014/95/EU, the Commission published in 2017 non-binding guidelines for undertakings under the scope of that Directive⁵². In 2019, the Commission published additional guidelines, specifically on reporting climate-related information⁵³. The climate reporting guidelines explicitly incorporated the recommendations of the Task Force on Climate-related Financial Disclosures. Available evidence indicates that those non-binding guidelines did not have a significant impact on the quality of non-financial reporting by undertakings under the scope of Articles 19a and 29a of Directive 2013/34/EU. The voluntary nature of the guidelines means that undertakings are free to apply them or not. The guidelines can therefore not ensure on their own the comparability of information disclosed by different undertakings or the disclosure of all information that users consider relevant. That is why there is a

Amendment

(32) Undertakings under the scope of Articles 19a(1) and 29a(1) of Directive 2013/34/EU may rely on national, Union-based or international reporting frameworks, and where they do so, they have to specify which frameworks they relied upon. However, Directive 2013/34/EU does not require undertakings to use a common reporting framework or standard, and it does not prevent undertakings from choosing not to use any reporting framework or standards at all. As required by Article 2 of Directive 2014/95/EU, the Commission published in 2017 non-binding guidelines for undertakings under the scope of that Directive⁵². ***The guidelines on non-financial reporting cover social and employee matters with information that companies are expected to disclose, such as diversity issues, gender diversity and equal treatment in employment and occupations, respect for human rights, as well as environmental matters.*** In 2019, the Commission published additional guidelines, specifically on reporting climate-related information⁵³. The climate reporting guidelines explicitly incorporated the recommendations of the Task Force on Climate-related Financial Disclosures. Available evidence indicates that those non-binding guidelines did not have a significant impact on the quality of non-financial reporting by undertakings under the scope of Articles 19a and 29a of Directive 2013/34/EU. The voluntary

need for mandatory common reporting standards to ensure that information is comparable and that all relevant information is disclosed. Building on the double-materiality principle, standards should cover all information that is material to users. Common reporting standards are also necessary to enable the audit and digitalisation of sustainability reporting and to facilitate its supervision and enforcement. The development of mandatory common sustainability reporting standards is necessary to progress to a situation in which sustainability information has a status comparable to that of financial information.

nature of the guidelines means that undertakings are free to apply them or not. The guidelines can therefore not ensure on their own the comparability of information disclosed by different undertakings or the disclosure of all information that users consider relevant. That is why there is a need for mandatory common reporting standards to ensure that information is comparable and that all relevant information is disclosed. Building on the double-materiality principle, standards should cover all information that is material to users. Common reporting standards are also necessary to enable the audit and digitalisation of sustainability reporting and to facilitate its supervision and enforcement. The development of mandatory common sustainability reporting standards is necessary to progress to a situation in which sustainability information has a status comparable to that of financial information.

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

⁵³ Communication from the Commission Guidelines on non-financial reporting: Supplement on reporting climate-related information (C/2019/4490).

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

⁵³ Communication from the Commission Guidelines on non-financial reporting: Supplement on reporting climate-related information (C/2019/4490).

Amendment 13

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

Amendment

(33) No existing standard or framework satisfies the Union's needs for detailed sustainability reporting by itself. Information required by Directive 2013/34/EU needs to cover information relevant from each of the materiality

perspectives, needs to cover all sustainability matters and needs to be aligned, where appropriate, with other obligations under Union law to disclose sustainability information, including obligations laid down in Regulation (EU) 2020/852 and Regulation (EU) 2019/2088. In addition, mandatory sustainability reporting standards for Union undertakings must be commensurate with the level of ambition of the European Green Deal **and** the Union's climate-neutrality objective for 2050. It is therefore necessary to empower the Commission to adopt Union sustainability reporting standards, enabling their rapid adoption and ensuring that the content of sustainability reporting standards are consistent with the Union's needs.

perspectives, needs to cover all sustainability matters and needs to be aligned, where appropriate, with other obligations under Union law to disclose sustainability information, including obligations laid down in Regulation (EU) 2020/852 and Regulation (EU) 2019/2088. In addition, mandatory sustainability reporting standards for Union undertakings must be commensurate with the level of ambition of the European Green Deal, the Union's climate-neutrality objective for 2050 **and the principles of the European Pillar of Social Rights**. 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.

Amendment 14

Proposal for a directive Recital 34

Text proposed by the Commission

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

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 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

Union. Those recommendations contain proposals to develop a coherent and comprehensive set of reporting standards, covering all sustainability matters from a double-materiality perspective. Those recommendations also contain a detailed roadmap for developing such standards, and proposals for mutually reinforcing cooperation between global standard-setting initiatives and standard-setting initiatives of the European Union. In March 2021, the EFRAG President published recommendations for possible governance changes to EFRAG if it were to be asked to develop technical advice about sustainability reporting standards. These recommendations include offsetting up within EFRAG a new sustainability reporting pillar while not significantly modifying the existing financial reporting pillar. When adopting sustainability reporting standards, the Commission should take account of technical advice that EFRAG will develop. In order to ensure high-quality standards that contribute to the European public good and meet the needs of undertakings and of users of the information reported, EFRAG's technical advice should be developed with proper due process, public oversight and transparency, accompanied by cost benefit analyses, and be developed with the expertise of relevant stakeholders. To ensure that Union sustainability reporting standards take account of the views of the Member States of the Union, before adopting the standards the Commission should consult the Member State Expert Group on Sustainable Finance referred to in Article 24 of Regulation (EU) 2020/852 on EFRAG's technical advice. The European Securities and Markets Authority (ESMA) plays a role in drafting regulatory technical standards pursuant to Regulation (EU) 2019/2088 and there needs to be coherence between those regulatory technical standards and sustainability reporting standards. According to Regulation (EU) No

1095/2010 of the European Parliament and of the Council⁵⁴, 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.

⁵⁴ 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).

1095/2010 of the European Parliament and of the Council⁵⁴, 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 Foundation for the Improvement of Living and Working Conditions, the European Agency for Safety and Health at Work, the European Institute for Gender Equality***, the European Central Bank, the Committee of European Auditing Oversight Bodies and the Platform on Sustainable Finance ***and, where applicable, relevant stakeholders, including trade unions and civil society organisations***, 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.

⁵⁴ 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 15

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) 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 Council⁵⁵, 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 Council⁵⁶ and Regulation (EC) No 1221/2009 of the European Parliament and of the Council⁵⁷, and should take account of Commission Recommendation 2013/179/EU⁵⁸ and its annexes, and their updates. Other relevant Union legislation, including Directive 2010/75/EU of the European Parliament and of the Council⁵⁹, and requirements laid down in Union law for undertakings as regards directors' duties and due diligence, should also be taken into account.

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 Council⁵⁵, the minimum standards for the construction of EU climate transition benchmarks and EU Paris-aligned benchmarks, ***as well as of the Gender Equality Strategy 2020-2025 and provisions of the future Pay Transparency Directive***, 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 Council⁵⁶ and Regulation (EC) No 1221/2009 of the European Parliament and of the Council⁵⁷, and should take account of Commission Recommendation 2013/179/EU⁵⁸ and its annexes, and their updates. Other relevant Union legislation, including Directive 2010/75/EU of the European Parliament and of the Council⁵⁹, and requirements laid down in Union law for undertakings as regards directors' duties and due diligence, should also be taken into account.

⁵⁵ 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).

⁵⁶ 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).

⁵⁷ 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).

⁵⁸ 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).

⁵⁹ 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).

⁵⁵ 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).

⁵⁶ 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).

⁵⁷ 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).

⁵⁸ 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).

⁵⁹ 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 16

Proposal for a directive Recital 43

(43) Sustainability reporting standards should specify the information that undertakings should disclose on social factors, including employee factors and human rights. Such information should cover the impacts of undertakings on people, including on human health. The information that undertakings disclose about human rights should include information about forced labour in their value chains where relevant. Reporting standards that address social factors should specify the information that undertakings should disclose with regard to the principles of the European Pillar of Social Rights that are relevant to businesses, **including** equal opportunities for all and working conditions. The European Pillar of Social Rights Action Plan adopted in March 2021 calls for stronger requirements on undertakings to report on social issues. The reporting standards should also specify the information that undertakings should disclose with regard to the human rights, fundamental freedoms, democratic principles and standards established in the International Bill of Human Rights and other core UN human rights conventions, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the fundamental conventions of the International Labour Organisation, and the Charter of Fundamental Rights of the European Union.

(43) Sustainability reporting standards should specify the information that undertakings should disclose on social factors, including employee factors, **labour rights** and human rights **with a focus on gender equality, diversity and inclusion**. 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 **20** principles of the European Pillar of Social Rights that are relevant to businesses, **particularly** equal opportunities for all, **including gender equality, work life balance** and **fair** 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. ***Environmental and social responsibility disclosures are complementary to one another. However, companies that increase environmental disclosures do not necessarily increase social disclosures. Despite this difference in disclosure practice, the capital market generally appears to value higher social disclosures^{1a}. The same level of ambition should be given to the reporting on environmental and social sustainability. The information undertakings disclose about gender equality should include a list of current actions that promote equal opportunities, diversity, work life balance and anti-harassment measures in the workplace, and that ensure equal pay for equal work regardless of gender, in accordance with, where applicable, the pay reporting requirements to be established by the Pay Transparency Directive.*** 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, *including the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW), the UN Convention on the Rights of Persons with Disabilities, the UN Declaration on the Rights of Indigenous Peoples, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the fundamental conventions of the International Labour Organisation, the European Convention on Human Rights, the European Social Charter and the Charter of Fundamental Rights of the European Union.*

^{1a} German Federal Ministry and Social Affairs – “What is CSR? Benefits for companies”, <https://www.csr-in-deutschland.de/EN/What-is-CSR/Benefits-for-Companies/benefits-for-companies-article.html>

Amendment 17

Proposal for a directive Recital 43 a (new)

Text proposed by the Commission

Amendment

(43a) Achieving a gender equal Europe and eliminating structural inequality between women and men require increased commitment by all economic sectors and across supply chains. Anti-discrimination, diversity and gender equality measures should therefore become an integral part of social sustainability reporting standards. Special

attention should be given to vulnerable and minority groups and people with disabilities. Social sustainability reporting standards should cover working conditions, including flexible work schedules, maternity, paternity and parental leave as well as gender-equality informed procurement policies, gender-performance audits of suppliers and gender impact assessment of the supply chain. The COVID-19 pandemic and its economic and social consequences make it even more pressing to tackle this issue, given that the crisis has hit female workers especially hard.

Amendment 18

Proposal for a directive Recital 44

Text proposed by the Commission

(44) Users need information about governance factors, including information on the role of an undertaking's administrative, management and supervisory bodies, including with regard to sustainability matters, the composition of such bodies, and an undertaking's internal control and risk management systems, including in relation to the reporting process. Users also need information about undertakings' corporate culture **and** approach to business ethics, including anti-corruption and anti-bribery, and about their political engagements, including lobbying activities. Information about the management of the undertaking and the quality of relationships with business partners, including payment practices relating to the date or period for payment, the rate of interest for late payment or the compensation for recovery costs referred to in Directive 2011/7/EU of the European Parliament and of the Council⁶² on late payment in commercial

Amendment

(44) Users need information about governance factors, including information on the role of an undertaking's administrative, management and supervisory bodies, including with regard to sustainability matters, the composition of such bodies, ***broken down by gender, particularly with regard to workers' and women's participation, age, ethnic or racial backgrounds and other diversity and intersectional aspects***, and an undertaking's internal control and risk management systems, including in relation to the reporting process. Users also need information about undertakings' corporate culture, ***including equal treatment and equal opportunities, inclusion and diversity measures, provisions preventing mobbing, sexual harassment and reducing violence against women, as well as about their*** approach to business ethics, including anti-corruption and anti-bribery, ***anti-discrimination and anti-harassment*** and about their political engagements,

transactions, helps users to understand an undertaking's risks as well as its impacts on sustainability matters. Every year, thousands of businesses, especially SMEs, suffer administrative and financial burdens because they are paid late, or not at all. Ultimately, late payments lead to insolvency and bankruptcy, with destructive effects on entire value chains. Increasing information about payment practices should empower other undertakings to identify prompt and reliable payers, detect unfair payment practices, access information about the businesses they trade with, and negotiate fairer payment terms.

including lobbying activities. Information about the management of the undertaking and the quality of relationships with business partners, including payment practices relating to the date or period for payment, the rate of interest for late payment or the compensation for recovery costs referred to in Directive 2011/7/EU of the European Parliament and of the Council⁶² on late payment in commercial transactions, helps users to understand an undertaking's risks as well as its impacts on sustainability matters. Every year, thousands of businesses, especially SMEs, suffer administrative and financial burdens because they are paid late, or not at all. Ultimately, late payments lead to insolvency and bankruptcy, with destructive effects on entire value chains. Increasing information about payment practices should empower other undertakings to identify prompt and reliable payers, detect unfair payment practices, access information about the businesses they trade with, and negotiate fairer payment terms.

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

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

Amendment 19

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

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 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) 2019/815,⁶³ and to mark-up sustainability information, including the disclosures required by Article 8 of Regulation (EU) 2020/852, in accordance with that Delegated Regulation. A digital taxonomy to the Union sustainability reporting standards will be necessary to allow for the information reported to be tagged in accordance with those standards. These requirements should feed into the work on digitalisation announced by the Commission in its Communication A European strategy for data⁶⁴ and in the Digital Finance Strategy for the EU.⁶⁵ 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.

⁶³ 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).

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

⁶⁵ https://ec.europa.eu/info/publications/200924-digital-finance-proposals_en

information increasingly expect such information to be findable and machine-readable in digital formats ***and fully accessible, including for persons with disabilities***. 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) 2019/815,⁶³ and to mark-up sustainability information, including the disclosures required by Article 8 of Regulation (EU) 2020/852, in accordance with that Delegated Regulation. A digital taxonomy to the Union sustainability reporting standards will be necessary to allow for the information reported to be tagged in accordance with those standards. These requirements should feed into the work on digitalisation announced by the Commission in its Communication A European strategy for data⁶⁴ and in the Digital Finance Strategy for the EU.⁶⁵ 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.

⁶³ 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).

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

⁶⁵ https://ec.europa.eu/info/publications/200924-digital-finance-proposals_en

Amendment 20

Proposal for a directive Recital 49

Text proposed by the Commission

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

Amendment

(49) To allow for **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 electronic format, and ensure that management reports containing sustainability reporting are made available, without delay following their publication, to the relevant officially appointed mechanism referred to in Article 21(2) of Directive 2004/109/EC.

Amendment 21

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

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 ***with regard to aspects such as age, gender, or educational and professional backgrounds, the objectives of that diversity policy, how it has been implemented and the results of implementation in the reporting period.***

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 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.

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 *and gender equality* policies and the implementation thereof *in particular, with the aim of achieving gender-balanced representation in company boards, compliance with the requirements of a future Pay Transparency Directive, fighting against harassment in the workplace and promoting work-life balance*. 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 22

Proposal for a directive Recital 71

Text proposed by the Commission

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

Amendment

(71) *The Commission should* assess the impact of *the* transposition *acts* on SMEs in order to ensure that they are not disproportionately affected, giving specific attention to micro-enterprises and to the administrative burden, and *should* publish the results of such assessments. Member States should consider introducing measures to support SMEs in applying the voluntary simplified reporting standards. *The Commission should create an online tool to facilitate reporting in small and medium-sized enterprises, in order to avoid an excessive administrative burden*

*for SMEs with under 250 employees.
Such online tool should be free of charge,
easy to use and easily accessible.*

Justification

A tool such as Online Interactive Risk Assessment (<https://oiraproject.eu/en>) with online reporting with adequate tools and instructions.

Amendment 23

Proposal for a directive

Article 1 – paragraph 1 – point 3

Directive 2013/34/EU

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

Text proposed by the Commission

Amendment

(iiib) the plans of the undertaking to promote gender equality and ensure that gender mainstreaming, and diversity and inclusion policies are implemented, particularly regarding pay gap and pay transparency, with requirements to be established by the Pay Transparency Directive, as well as gender-balanced participation in decision-making and work-life balance.

Amendment 24

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

Amendment

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

(iv) how the undertaking's business model and strategy **ensure decent work and safeguard the rights and** interests of the undertaking's stakeholders, **including workers and communities and take account** of the impacts of the undertaking

on sustainability matters;

Amendment 25

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, ***including regarding gender equality***;

Amendment 26

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 ***supply and*** value chain, including its own operations, its products and services, its business relationships and its supply chain, ***including with regard to all persons affected by those impacts, with particular attention to persons who frequently face intersectional and diverse forms of discrimination or are in a vulnerable situation, such as women, children, LGBTIQ persons, persons with disabilities, persons from ethnic or racial minority backgrounds or persons experiencing poverty, especially the poorest 20% of society, or persons who suffer social exclusion.***

Amendment 27

Proposal for a directive

Article 1 – paragraph 1 – point 3

Directive 2013/34/EU

Article 19a – paragraph 3 – subparagraph -1 (new)

Text proposed by the Commission

Amendment

Where possible, the undertaking shall also include the gender-disaggregated data of the information referred to in paragraphs 1 and 2 as a way of incorporating gender mainstreaming in the sustainability reporting.

Amendment 28

Proposal for a directive

Article 1 – paragraph 1 – point 3

Directive 2013/34/EU

Article 19a – paragraph 3 – subparagraph 2

Text proposed by the Commission

Amendment

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

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

Amendment 29

Proposal for a directive

Article 1 – paragraph 1 – point 4

Directive 2013/34/EU
Article 19b – paragraph 1 – subparagraph 2

Text proposed by the Commission

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

Amendment

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

Amendment 30

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

Directive 2013/34/EU
Article 19b – paragraph 2 – subparagraph 2 – point b

Text proposed by the Commission

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

Amendment

(b) specify the information that undertakings are to disclose about social ***and gender equality*** factors, including ***the undertaking's*** information about:

Amendment 31

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

Directive 2013/34/EU

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

Text proposed by the Commission

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

Amendment

(i) **1. workforce diversity**, equal **treatment and** opportunities for all, including gender equality, **the application of the principle of** equal pay for equal work **or work of equal value, including the reporting and other obligations laid down in a future Pay transparency Directive;**

2. training and skills development, in particular the percentage of workers participating in training, disaggregated by gender and employment and inclusion of people with disabilities;

3. gender equality and diversity composition in management positions and measures against harassment in the workplace, in line with, among others, the equality principles and standards established in the Beijing Declaration and the Istanbul Convention;

Amendment 32

Proposal for a directive

Article 1 – paragraph 1 – point 4

Directive 2013/34/EU

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

Text proposed by the Commission

Amendment

(ia) **data on wage levels disaggregated according to gender and on pay transparency measures;**

Amendment 33

Proposal for a directive

Article 1 – paragraph 1 – point 4

Directive 2013/34/EU

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

Text proposed by the Commission

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

Amendment

(ii) working conditions, including secure and adaptable employment, social dialogue, collective bargaining and the involvement of workers, work-life balance, ***including flexible adaptable working-time, parental leave, paternity and maternity leave, including take-up and return rates, the possibility of teleworking,*** and a healthy, safe and well-adapted work environment, ***free from all forms of violence, including, among others, gender-based violence, harassment, including psychological and sexual harassment, approached in an inclusive, integrated and gender-responsive manner;***

Amendment 34

Proposal for a directive

Article 1 – paragraph 1 – point 4

Directive 2013/34/EU

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

Text proposed by the Commission

(iii) respect for the human rights, fundamental freedoms, democratic principles and standards established in the International Bill of Human Rights and other core UN human rights conventions, the International Labour Organization's Declaration on Fundamental Principles and

Amendment

(iii) respect for the human rights, fundamental freedoms, democratic principles and standards established in the International Bill of Human Rights and other core UN human rights conventions, ***such as the CEDAW Convention, the UN Convention on Persons with Disabilities,***

Rights at Work and the ILO fundamental conventions and the Charter of Fundamental Rights of the European Union.

the UN Declaration on the Rights of Indigenous Peoples, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the ILO fundamental conventions and the *European Convention on Human Rights, the European Social Charter and the Charter of Fundamental Rights of the European Union*.

Amendment 35

Proposal for a directive

Article 1 – paragraph 1 – point 4

Directive 2013/34/EU

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

Text proposed by the Commission

Amendment

(iiia) human rights and gender equality impact assessments carried out by the undertaking including in supply chains with respect to affected communities, in particular indigenous peoples' rights and the implementation of the undertaking's policy on free, prior and informed consent.

Amendment 36

Proposal for a directive

Article 1 – paragraph 1 – point 4

Directive 2013/34/EU

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

Text proposed by the Commission

Amendment

(i) the role of the undertaking's administrative, management and supervisory bodies, including with regard to sustainability matters, and their composition;

(i) the role of the undertaking's administrative, management and supervisory bodies, including with regard to sustainability matters, and their composition, *broken down by gender, including with regard to the intersectional*

*representation of women in leadership
and managerial positions;*

Amendment 37

Proposal for a directive

Article 1 – paragraph 1 – point 4

Directive 2013/34/EU

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

Text proposed by the Commission

Amendment

*(ia) the number of workers and the
type of arrangement they are engaged
under by the undertaking, including
through its operations and business
activities, disaggregated by gender;*

Amendment 38

Proposal for a directive

Article 1 – paragraph 1 – point 4

Directive 2013/34/EU

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

Text proposed by the Commission

Amendment

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

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

Amendment 39

Proposal for a directive

Article 1 – paragraph 1 – point 4

Directive 2013/34/EU

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

Text proposed by the Commission

Amendment

(ha) The future Directive of the European Parliament and of the Council to strengthen the application of equal pay for equal work or work of equal value between men and women through pay transparency and enforcement mechanisms.

Amendment 40

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

Directive 2013/34/EU

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

Text proposed by the Commission

Amendment

(hb) Directive (EU) 2019/1158 of the European Parliament and of the Council;

Amendment 41

Proposal for a directive

Article 1 – paragraph 1 – point 4

Directive 2013/34/EU

Article 19c – paragraph 1 a (new)

Text proposed by the Commission

Amendment

The Commission shall create an online tool to facilitate reporting in small and medium-sized enterprises.

Justification

A tool such as Online Interactive Risk Assessment (<https://oiraproject.eu/en>) with online reporting with adequate tools and instructions.

Amendment 42

Proposal for a directive

Article 1 – paragraph 1 – point 5 – point a

Text proposed by the Commission

(g) a description of the diversity **policy** applied in relation to the undertaking's administrative, management and supervisory bodies with regard to gender and other aspects such as, age, or educational and professional backgrounds, the objectives of that diversity policy, how it has been implemented and the results in the reporting period. If no such policy is applied, the statement shall contain an explanation as to why this is the case.

Amendment

(g) a description of the diversity, ***gender equality and inclusion policies***, applied in relation to the undertaking's administrative, management and supervisory bodies with regard to gender ***equality, anti-discrimination, support for minority and vulnerable groups***, and other aspects such as, age, ***disability*** or educational and professional backgrounds, ***as well other intersectional characteristics and discrimination in respect of which protection is provided for under Directives 2000/43/EC and 2000/78/EC***, the objectives ***and indicators*** of that diversity policy, how it has been implemented and the results in the reporting period. If no such policy is applied, the statement shall contain an explanation as to why this is the case.

Amendment 43

Proposal for a directive
Article 1 – paragraph 1 – point 7

Directive 2013/34/EU
Article 29a – paragraph 1

Text proposed by the Commission

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

Amendment

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

Amendment 44

Proposal for a directive

Article 1 – paragraph 1 – point 7

Directive 2013/34/EU

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

Text proposed by the Commission

Amendment

(iiia) the plans of the undertaking to promote the implementation of anti-discrimination, diversity and gender equality measures, particularly regarding pay gap and pay transparency in line with requirements to be laid down in a future Pay Transparency Directive, gender-equal participation in decision-making and work-life balance;

Amendment 45

Proposal for a directive

Article 1 – paragraph 1 – point 7

Directive 2013/34/EU

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

Text proposed by the Commission

Amendment

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

(v) how the group's strategy has been implemented with regard to sustainability matters, ***including gender equality;***

Amendment 46

Proposal for a directive

Article 1 – paragraph 1 – point 7

Directive 2013/34/EU

Article 29a – 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 ***and gender equality*** matters;

Amendment 47

Proposal for a directive

Article 1 – paragraph 1 – point 7

Directive 2013/34/EU

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

Text proposed by the Commission

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

Amendment

- (ii) the principal actual or potential adverse impacts connected with the group's value chain, including its own operations, its products and services, its business relationships and its supply chain ***and gender equality procurement policies, with particular attention to persons who frequently face intersectional and diverse forms of discriminations or are in a vulnerable situation, such as women, children, LGBTIQ persons, persons with disabilities, persons from ethnic or racial minority backgrounds or persons experiencing poverty or social exclusion;***

Amendment 48

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,

Amendment

After consulting the European Environment Agency, the European Union Agency for Fundamental Rights, ***the***

ESMA shall issue guidelines in accordance with Article 16 of Regulation 1095/2010 on the supervision of sustainability reporting by national competent authorities;

European Agency for Safety and Health at Work and the European Institute for Gender Equality, and where applicable, relevant stakeholders, including trade unions and civil society organisations,
ESMA shall issue guidelines in accordance with Article 16 of Regulation 1095/2010 on the supervision of sustainability reporting by national competent authorities.

PROCEDURE – COMMITTEE ASKED FOR OPINION

Title	Amending Directive 2013/34/EU, Directive 2004/109/EC, Directive 2006/43/EC and Regulation (EU) No 537/2014, as regards corporate sustainability reporting
References	COM(2021)0189 – C9-0147/2021 – 2021/0104(COD)
Committee responsible Date announced in plenary	JURI 23.6.2021
Opinion by Date announced in plenary	FEMM 23.6.2021
Rapporteur for the opinion Date appointed	Robert Biedroń 7.6.2021
Discussed in committee	9.12.2021 25.1.2022
Date adopted	10.2.2022
Result of final vote	+: 28 –: 7 0: 1
Members present for the final vote	Isabella Adinolfi, Simona Baldassarre, Robert Biedroń, Vilija Blinkevičiūtė, Annika Bruna, Margarita de la Pisa Carrión, Rosa Estaràs Ferragut, Frances Fitzgerald, Cindy Franssen, Helène Fritzon, Lina Gálvez Muñoz, Livia Járóka, Arba Kokalari, Alice Kuhnke, Elżbieta Katarzyna Łukacijewska, Radka Maxová, Andželika Anna Mozdżanowska, Maria Noichl, Sandra Pereira, Pina Picierno, Sirpa Pietikäinen, Samira Rafaela, Evelyn Regner, Terry Reintke, Diana Riba i Giner, Eugenia Rodríguez Palop, María Soraya Rodríguez Ramos, Christine Schneider, Sylwia Spurek, Jessica Stegrud, Isabella Tovaglieri, Hilde Vautmans, Elissavet Vozemberg-Vrionidi, Chrysoula Zacharopoulou, Marco Zullo
Substitutes present for the final vote	Sylvie Brunet

FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION

28	+
PPE	Isabella Adinolfi, Rosa Estaràs Ferragut, Frances Fitzgerald, Cindy Franssen, Sirpa Pietikäinen, Christine Schneider, Elissavet Vozemberg-Vrionidi, Elżbieta Katarzyna Łukacijewska
Renew	Sylvie Brunet, Samira Rafaela, María Soraya Rodríguez Ramos, Hilde Vautmans, Chrysoula Zacharopoulou, Marco Zullo
S&D	Robert Biedroń, Vilija Blinkevičiūtė, Heléne Fritzton, Lina Gálvez Muñoz, Radka Maxová, Maria Noichl, Pina Picierno, Evelyn Regner
The Left	Sandra Pereira, Eugenia Rodríguez Palop
Verts/ALE	Alice Kuhnke, Terry Reintke, Diana Riba i Giner, Sylwia Spurek

7	-
ECR	Andželika Anna Mozdżanowska, Jessica Stegrud, Margarita de la Pisa Carrión
ID	Simona Baldassarre, Annika Bruna, Isabella Tovaglieri
PPE	Arba Kokalari

1	0
NI	Livia Járóka

Key to symbols:

+ : in favour

- : against

0 : abstention