



2021/0104(COD)

15.12.2021

AMENDMENTS

54 - 269

Draft report

Pascal Durand

(PE700.458v01-00)

Amending Directive 2013/34/EU, Directive 2004/109/EC, Directive 2006/43/EC and Regulation (EU) No 537/2014, as regards corporate sustainability reporting

Proposal for a directive

(COM(2021)0189 – C9-0147/2021 – 2021/0104(COD))

Amendment 54
Daniel Buda, Axel Voss

Proposal for a directive
Recital 1

Text proposed by the Commission

(1) In its communication on the European Green Deal adopted on 11 December 2019³⁰, 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 Commission³¹. The European Green Deal is the European Union's new growth strategy. It aims to transform the Union into a modern, resource-efficient and competitive economy with no net emissions of greenhouse gases by 2050. It also aims to protect, conserve and enhance the Union's natural capital, and protect the health and well-being of citizens from environment-related risks and impacts. The European Green Deal aims at decoupling economic growth from resource use, and ensuring that all regions and citizens of the Union participate in a socially just transition to a sustainable economic system. It will contribute to the objective of building an economy that works for the people, strengthening the EU's social market economy, helping to ensure that it is future-ready and that it delivers stability, jobs, growth and investment. These goals are especially important considering the socio-economic damage caused by the COVID-19 pandemic and the need for a sustainable, inclusive and fair recovery. In its proposal of 4 March 2020 for a European Climate Law, the European Commission proposed to make the objective of climate neutrality by 2050 binding in the Union³².

Amendment

(1) In its communication on the European Green Deal adopted on 11 December 2019³⁰, 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 Commission³¹. 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, ***so that no person and no place is left behind***. 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 ***sustainable*** investment. These goals are especially important considering the socio-economic damage caused by the COVID-19 pandemic and the need for a sustainable, inclusive and fair recovery. In its proposal of 4 March 2020 for a European Climate Law, the European Commission proposed to make the objective of climate neutrality by 2050 binding in the Union³².

³⁰ COM(2019) 640 final

³¹ 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).

³² 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)]

³⁰ COM(2019) 640 final

³¹ 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).

³² 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)].

Or. ro

Amendment 55

Marie Toussaint

on behalf of the Greens/EFA Group

Heidi Hautala, Lara Wolters, Manon Aubry

Proposal for a directive

Recital 2

Text proposed by the Commission

(2) In its Action Plan: Financing Sustainable Growth the Commission set out measures to achieve the following objectives: reorient capital flows towards sustainable investment in order to achieve sustainable and inclusive growth, manage financial risks stemming from climate change, resource depletion, environmental degradation and social issues, and foster transparency and long-termism in financial and economic activity³³. The disclosure by undertakings of relevant, comparable and reliable sustainability information is a prerequisite for meeting those objectives. The European Parliament and the Council adopted a number of legislative acts as part of the implementation of the Action Plan

Amendment

(2) In its Action Plan: Financing Sustainable Growth the Commission set out measures to achieve the following objectives: reorient capital flows towards sustainable investment in order to achieve sustainable and inclusive growth, manage financial risks stemming from climate change, resource depletion, environmental degradation and social issues, and foster transparency and long-termism in financial and economic activity³³. The disclosure by undertakings of relevant, comparable and reliable sustainability information is a prerequisite for meeting those objectives. ***In its Guidelines on reporting climate-related information, the European Commission highlighted the benefits for***

on Financing Sustainable Growth. Regulation (EU) 2019/2088 of the European Parliament and of the Council³⁴ governs how financial market participants and financial advisers are to disclose sustainability information to end investors and asset owners. Regulation (EU) 2020/852 of the European Parliament and of the Council³⁵ creates a classification system of environmentally sustainable economic activities with the aim of scaling up sustainable investments and combatting greenwashing of financial products that unduly claim to be sustainable. Regulation (EU) 2019/2089 of the European Parliament and of the Council³⁶, complemented by Commission Delegated Regulations (EU) 2020/1816³⁷, (EU) 2020/1817³⁸ and (EU) 2020/1818³⁹, introduces environmental, social and governance ('ESG') disclosure requirements for benchmarks administrators and minimum standards for the construction of EU Climate Transition Benchmarks and EU Paris-aligned Benchmarks. Regulation (EU) No 575/2013 of the European Parliament and of the Council⁴⁰ requires large institutions which have issued securities that are admitted to trading on a regulated market to disclose information on ESG risks from 28 June 2022. The new prudential framework for investment firms set by Regulation (EU) 2019/2033 of the European Parliament and of the Council⁴¹ and Directive (EU) 2019/2034 of the European Parliament and of the Council⁴² contains provisions concerning the introduction of an ESG risk dimension in the supervisory review and evaluation process (SREP) by competent authorities, and contains ESG risks disclosure requirements for investment firms, applicable from 26 December 2022. The Commission has also announced a proposal on a European Green Bond Standard in its Work Programme for 2021, following up on the Action Plan on Financing Sustainable Growth.

companies to report on climate related information particularly by increasing awareness and understanding of climate related risks and opportunities within the company, diversifying investor base, creating a lower cost of capital and by improving constructive dialogue with all stakeholders. The European Parliament and the Council adopted a number of legislative acts as part of the implementation of the Action Plan on Financing Sustainable Growth. Regulation (EU) 2019/2088 of the European Parliament and of the Council³⁴ governs how financial market participants and financial advisers are to disclose sustainability information to end investors and asset owners. Regulation (EU) 2020/852 of the European Parliament and of the Council³⁵ creates a classification system of environmentally sustainable economic activities with the aim of scaling up sustainable investments and combatting greenwashing of financial products that unduly claim to be sustainable. Regulation (EU) 2019/2089 of the European Parliament and of the Council³⁶, complemented by Commission Delegated Regulations (EU) 2020/1816³⁷, (EU) 2020/1817³⁸ and (EU) 2020/1818³⁹, introduces environmental, social and governance ('ESG') disclosure requirements for benchmarks administrators and minimum standards for the construction of EU Climate Transition Benchmarks and EU Paris-aligned Benchmarks. Regulation (EU) No 575/2013 of the European Parliament and of the Council⁴⁰ requires large institutions which have issued securities that are admitted to trading on a regulated market to disclose information on ESG risks from 28 June 2022. The new prudential framework for investment firms set by Regulation (EU) 2019/2033 of the European Parliament and of the Council⁴¹ and Directive (EU) 2019/2034 of the European Parliament and of the Council⁴² contains provisions concerning the introduction of an ESG risk dimension in

the supervisory review and evaluation process (SREP) by competent authorities, and contains ESG risks disclosure requirements for investment firms, applicable from 26 December 2022. The Commission has also announced a proposal on a European Green Bond Standard in its Work Programme for 2021, following up on the Action Plan on Financing Sustainable Growth.

³³ COM(2018) 97 final.

³⁴ Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (OJ L 317, 9.12.2019, p. 1).

³⁵ 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).

³⁶ Regulation (EU) 2019/2089 of the European Parliament and of the Council of 27 November 2019 amending Regulation (EU) 2016/1011 as regards EU Climate Transition Benchmarks, EU Paris-aligned Benchmarks and sustainability-related disclosures for benchmarks (OJ L 317, 9.12.2019, p. 17).

³⁷ Commission Delegated Regulation (EU) 2020/1816 of 17 July 2020 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards the explanation in the benchmark statement of how environmental, social and governance factors are reflected in each benchmark provided and published (OJ L 406, 3.12.2020, p. 1).

³⁸ Commission Delegated Regulation (EU) 2020/1817 of 17 July 2020 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards the minimum content of the explanation on how environmental, social

³³ COM(2018) 97 final.

³⁴ Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (OJ L 317, 9.12.2019, p. 1).

³⁵ 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).

³⁶ Regulation (EU) 2019/2089 of the European Parliament and of the Council of 27 November 2019 amending Regulation (EU) 2016/1011 as regards EU Climate Transition Benchmarks, EU Paris-aligned Benchmarks and sustainability-related disclosures for benchmarks (OJ L 317, 9.12.2019, p. 17).

³⁷ Commission Delegated Regulation (EU) 2020/1816 of 17 July 2020 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards the explanation in the benchmark statement of how environmental, social and governance factors are reflected in each benchmark provided and published (OJ L 406, 3.12.2020, p. 1).

³⁸ Commission Delegated Regulation (EU) 2020/1817 of 17 July 2020 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards the minimum content of the explanation on how environmental, social

and governance factors are reflected in the benchmark methodology (OJ L 406, 3.12.2020, p. 12).

³⁹ Commission Delegated Regulation (EU) 2020/1818 of 17 July 2020 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards minimum standards for EU Climate Transition Benchmarks and EU Paris-aligned Benchmarks (OJ L 406, 3.12.2020, p. 17).

⁴⁰ Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (OJ L 176, 27.6.2013, p. 1).

⁴¹ Regulation (EU) 2019/2033 of the European Parliament and of the Council of 27 November 2019 on the prudential requirements of investment firms and amending Regulations (EU) No 1093/2010, (EU) No 575/2013, (EU) No 600/2014 and (EU) No 806/2014 (OJ L 314, 5.12.2019, p. 1).

⁴² Directive (EU) 2019/2034 of the European Parliament and of the Council of 27 November 2019 on the prudential supervision of investment firms and amending Directives 2002/87/EC, 2009/65/EC, 2011/61/EU, 2013/36/EU, 2014/59/EU and 2014/65/EU (OJ L 314, 5.12.2019, p. 64).

and governance factors are reflected in the benchmark methodology (OJ L 406, 3.12.2020, p. 12).

³⁹ Commission Delegated Regulation (EU) 2020/1818 of 17 July 2020 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards minimum standards for EU Climate Transition Benchmarks and EU Paris-aligned Benchmarks (OJ L 406, 3.12.2020, p. 17).

⁴⁰ Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (OJ L 176, 27.6.2013, p. 1).

⁴¹ Regulation (EU) 2019/2033 of the European Parliament and of the Council of 27 November 2019 on the prudential requirements of investment firms and amending Regulations (EU) No 1093/2010, (EU) No 575/2013, (EU) No 600/2014 and (EU) No 806/2014 (OJ L 314, 5.12.2019, p. 1).

⁴² Directive (EU) 2019/2034 of the European Parliament and of the Council of 27 November 2019 on the prudential supervision of investment firms and amending Directives 2002/87/EC, 2009/65/EC, 2011/61/EU, 2013/36/EU, 2014/59/EU and 2014/65/EU (OJ L 314, 5.12.2019, p. 64).

Or. en

Amendment 56
Daniel Buda, Axel Voss

Proposal for a directive
Recital 2

Text proposed by the Commission

(2) In its Action Plan: Financing Sustainable Growth the Commission set

Amendment

(2) In its Communication entitled Action Plan: Financing Sustainable

out measures to achieve the following objectives: reorient capital flows towards sustainable investment in order to achieve sustainable and inclusive growth, manage financial risks stemming from climate change, resource depletion, environmental degradation and social issues, and foster transparency and long-termism in financial and economic activity³³. The disclosure by undertakings of relevant, comparable and reliable sustainability information is a prerequisite for meeting those objectives. The European Parliament and the Council adopted a number of legislative acts as part of the implementation of the Action Plan on Financing Sustainable Growth. Regulation (EU) 2019/2088 of the European Parliament and of the Council³⁴ governs how financial market participants and financial advisers are to disclose sustainability information to end investors and asset owners. Regulation (EU) 2020/852 of the European Parliament and of the Council³⁵ creates a classification system of environmentally sustainable economic activities with the aim of scaling up sustainable investments and combatting greenwashing of financial products that unduly claim to be sustainable. Regulation (EU) 2019/2089 of the European Parliament and of the Council³⁶, complemented by Commission Delegated Regulations (EU) 2020/1816³⁷, (EU) 2020/1817³⁸ and (EU) 2020/1818³⁹, introduces environmental, social and governance ('ESG') disclosure requirements for benchmarks administrators and minimum standards for the construction of EU Climate Transition Benchmarks and EU Paris-aligned Benchmarks. Regulation (EU) No 575/2013 of the European Parliament and of the Council⁴⁰ requires large institutions which have issued securities that are admitted to trading on a regulated market to disclose information on ESG risks from 28 June 2022. The new prudential framework for investment firms set by Regulation (EU) 2019/2033 of the European Parliament and of the Council⁴¹

Growth, the Commission set out measures to achieve the following objectives: reorient capital flows towards sustainable investment in order to achieve sustainable and inclusive growth, manage financial risks stemming from climate change, resource depletion, environmental degradation and social issues, and foster transparency and long-termism in financial and economic activity³³. The disclosure by *certain categories of* undertakings of relevant, comparable and reliable sustainability information is a prerequisite for meeting those objectives. The European Parliament and the Council adopted a number of legislative acts as part of the implementation of the Action Plan on Financing Sustainable Growth. Regulation (EU) 2019/2088 of the European Parliament and of the Council³⁴ governs how financial market participants and financial advisers are to disclose sustainability information to end investors and asset owners. Regulation (EU) 2020/852 of the European Parliament and of the Council³⁵ creates a classification system of environmentally sustainable economic activities with the aim of scaling up sustainable investments and combatting greenwashing of financial products that unduly claim to be sustainable. Regulation (EU) 2019/2089 of the European Parliament and of the Council³⁶, complemented by Commission Delegated Regulations (EU) 2020/1816³⁷, (EU) 2020/1817³⁸ and (EU) 2020/1818³⁹, introduces environmental, social and governance ('ESG') disclosure requirements for benchmarks administrators and minimum standards for the construction of EU Climate Transition Benchmarks and EU Paris-aligned Benchmarks. Regulation (EU) No 575/2013 of the European Parliament and of the Council⁴⁰ requires large institutions which have issued securities that are admitted to trading on a regulated market to disclose information on ESG risks from 28 June 2022. The new prudential framework for investment firms set by

and Directive (EU) 2019/2034 of the European Parliament and of the Council⁴² contains provisions concerning the introduction of an ESG risk dimension in the supervisory review and evaluation process (SREP) by competent authorities, and contains ESG risks disclosure requirements for investment firms, applicable from 26 December 2022. The Commission has also announced a proposal on a European Green Bond Standard in its Work Programme for 2021, following up on the Action Plan on Financing Sustainable Growth.

³³ COM(2018) 97 final

³⁴ Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (OJ L 317, 9.12.2019, p. 1).”;

³⁵ 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).

³⁶ Regulation (EU) 2019/2089 of the European Parliament and of the Council of 27 November 2019 amending Regulation (EU) 2016/1011 as regards EU Climate Transition Benchmarks, EU Paris-aligned Benchmarks and sustainability-related disclosures for benchmarks (OJ L 317, 9.12.2019, p. 17).

³⁷ Commission Delegated Regulation (EU) 2020/1816 of 17 July 2020 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards the explanation in the benchmark statement of how environmental, social and governance factors are reflected in each benchmark provided and published (OJ L 406, 3.12.2020, p. 1).

Regulation (EU) 2019/2033 of the European Parliament and of the Council⁴¹ and Directive (EU) 2019/2034 of the European Parliament and of the Council⁴² contains provisions concerning the introduction of an ESG risk dimension in the supervisory review and evaluation process (SREP) by competent authorities, and contains ESG risks disclosure requirements for investment firms, applicable from 26 December 2022. The Commission has also announced a proposal on a European Green Bond Standard in its Work Programme for 2021, following up on the Action Plan on Financing Sustainable Growth.

³³ COM(2018) 97 final

³⁴ Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (OJ L 317, 9.12.2019, p. 1).”;

³⁵ 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).

³⁶ Regulation (EU) 2019/2089 of the European Parliament and of the Council of 27 November 2019 amending Regulation (EU) 2016/1011 as regards EU Climate Transition Benchmarks, EU Paris-aligned Benchmarks and sustainability-related disclosures for benchmarks (OJ L 317, 9.12.2019, p. 17).

³⁷ Commission Delegated Regulation (EU) 2020/1816 of 17 July 2020 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards the explanation in the benchmark statement of how environmental, social and governance factors are reflected in each benchmark provided and published (OJ L 406, 3.12.2020, p. 1).

³⁸ Commission Delegated Regulation (EU) 2020/1817 of 17 July 2020 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards the minimum content of the explanation on how environmental, social and governance factors are reflected in the benchmark methodology (OJ L 406, 3.12.2020, p. 12).

³⁹ Commission Delegated Regulation (EU) 2020/1818 of 17 July 2020 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards minimum standards for EU Climate Transition Benchmarks and EU Paris-aligned Benchmarks (OJ L 406, 3.12.2020, p. 17).

⁴⁰ Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (OJ L 176, 27.6.2013, p. 1).

⁴¹ Regulation (EU) 2019/2033 of the European Parliament and of the Council of 27 November 2019 on the prudential requirements of investment firms and amending Regulations (EU) No 1093/2010, (EU) No 575/2013, (EU) No 600/2014 and (EU) No 806/2014 (OJ L 314, 5.12.2019, p. 1).

⁴² Directive (EU) 2019/2034 of the European Parliament and of the Council of 27 November 2019 on the prudential supervision of investment firms and amending Directives 2002/87/EC, 2009/65/EC, 2011/61/EU, 2013/36/EU, 2014/59/EU and 2014/65/EU (OJ L 314, 5.12.2019, p. 64).

³⁸ Commission Delegated Regulation (EU) 2020/1817 of 17 July 2020 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards the minimum content of the explanation on how environmental, social and governance factors are reflected in the benchmark methodology (OJ L 406, 3.12.2020, p. 12).

³⁹ Commission Delegated Regulation (EU) 2020/1818 of 17 July 2020 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards minimum standards for EU Climate Transition Benchmarks and EU Paris-aligned Benchmarks (OJ L 406, 3.12.2020, p. 17).

⁴⁰ Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (OJ L 176, 27.6.2013, p. 1).

⁴¹ Regulation (EU) 2019/2033 of the European Parliament and of the Council of 27 November 2019 on the prudential requirements of investment firms and amending Regulations (EU) No 1093/2010, (EU) No 575/2013, (EU) No 600/2014 and (EU) No 806/2014 (OJ L 314, 5.12.2019, p. 1).

⁴² Directive (EU) 2019/2034 of the European Parliament and of the Council of 27 November 2019 on the prudential supervision of investment firms and amending Directives 2002/87/EC, 2009/65/EC, 2011/61/EU, 2013/36/EU, 2014/59/EU and 2014/65/EU (OJ L 314, 5.12.2019, p. 64).

Or. ro

Amendment 57

Marie Toussaint

on behalf of the Greens/EFA Group

Heidi Hautala, Lara Wolters, Manon Aubry

Proposal for a directive
Recital 4

Text proposed by the Commission

(4) In its resolution on sustainable finance of 29 May 2018⁴³, the European Parliament called for the further development of non-financial reporting requirements in the framework of Directive 2013/34/EU. In its resolution on sustainable corporate governance of 17 December 2020⁴⁴, the European Parliament welcomed the Commission's commitment to review Directive 2013/34/EU and expressed the need to set up a comprehensive Union framework on non-financial reporting that contains mandatory Union non-financial reporting standards. The European Parliament called for the expansion of the scope of the reporting requirements to additional categories of undertakings and for the introduction of an audit requirement.

⁴³ 2018/2007(INI).

⁴⁴ A9-0240/2020 (INI).

Amendment

(4) In its resolution on sustainable finance of 29 May 2018⁴³, the European Parliament called for the further development of non-financial reporting requirements in the framework of Directive 2013/34/EU. In its resolution on sustainable corporate governance of 17 December 2020⁴⁴, the European Parliament welcomed the Commission's commitment to review Directive 2013/34/EU and expressed the need to set up a comprehensive Union framework on non-financial reporting that contains mandatory Union non-financial reporting standards. The European Parliament called for the expansion of the scope of the reporting requirements to additional categories of undertakings ***for the identification of high-risk sectors of economic activity with a significant impact on sustainability matters that could justify the inclusion of small and medium sized enterprises (SMEs)***, and for the introduction of an audit requirement. ***Furthermore, the resolution called for a sustainability approach that would imply that companies should give due consideration and respect for the planetary boundaries, in order to address the most pressing risks posed by their activities.***

⁴³ 2018/2007(INI).

⁴⁴ A9-0240/2020 (INI).

Or. en

Amendment 58
Marie Toussaint
on behalf of the Greens/EFA Group
Heidi Hautala

Proposal for a directive
Recital 4 a (new)

Text proposed by the Commission

Amendment

(4a) The list of high risk sector included in annex IIa of Directive 2013/34/EU is based on and inspired by the NACE Codes and build on four types of sources and evidence, namely: (1) existing EU legislation, (2) scientific evidence and data about sectors that can create particularly high levels of environmental or social harm, (3) sectors that are already considered “high-risk” under international standards and (4) sectors that are already considered “high-risk” under market or business initiatives.

Or. en

Amendment 59
Marie Toussaint
on behalf of the Greens/EFA Group
Heidi Hautala

Proposal for a directive
Recital 6

Text proposed by the Commission

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

(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 L 330, 15.11.2014, p. 1).

implemented), the outcome of the policies, risks and risk management, and key performance indicators **including sales of products that are** relevant to the **business's profitability**.

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 L 330, 15.11.2014, p. 1).

Or. en

Amendment 60

Marie Toussaint

on behalf of the Greens/EFA Group

Heidi Hautala, Manon Aubry, Lara Wolters

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

Amendment

(8) The ultimate beneficiaries of better sustainability reporting by undertakings **must be** individual citizens and savers. Savers who want to invest **ethically and** sustainably **must** 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 **civil society actors**, 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.

undertakings to account for their impacts on people and the environment. Other stakeholders may also make use of sustainability information disclosed in annual reports ***to foster the comparability across market sectors on the basis of environmental merits, corporate entities should disclose the degree to which they contribute to economic activities that qualify as environmentally sustainable pursuant to Article 3 of Regulation (EU) 2020/852 on Sustainable Finance Taxonomy and fully respect the 'do no significant harm principle pursuant to Article 17 of Regulation (EU) 2020/852.*** 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 ***supply and value chains. Experts,*** Policy makers and environmental agencies may use such information, in particular on an aggregate basis, to monitor, ***verify and compare*** environmental, ***climate*** and social ***data and 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. ***There is an urgent need to make this data readily available and free of charge.*** Many investors and asset managers purchase sustainability information from third party data providers, who collect information from various sources, including public corporate reports.

Or. en

Amendment 61
Manon Aubry

Proposal for a directive
Recital 8

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

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

consult undertaking's reports, but they may use such information indirectly such as when considering the advice or opinions of financial advisers or non-governmental organisations. Many investors and asset managers purchase sustainability information from third party data providers, who collect information from various sources, including public corporate reports.

Or. en

Amendment 62

Lara Wolters, Tiemo Wölken, Bettina Vollath

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

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 on people and the environment, ***or wish to exchange with undertakings during the elaboration of those reports.*** Other stakeholders may also make use of sustainability information disclosed in

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.

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.

Or. en

Amendment 63

Lara Wolters, Tiemo Wölken, Bettina Vollath

Proposal for a directive

Recital 8 a (new)

Text proposed by the Commission

Amendment

(8a) The market for sustainability information is rapidly growing, and the role of data providers is gaining in importance with the new obligations that investors and asset managers need to fulfil. With the increased availability of disaggregated data, sustainability information should come at a more reasonable cost. The amended Directive 2013/34 is expected to increase the comparability of data and harmonise standards. It is expected that the practices of data providers should converge and that expertise will grow in this area, with a vast potential for job creation. In the

event that the review of this Directive concludes that the practices of data providers remain fragmented, rules should be introduced in order to further standardise those practices and increase their reliability.

Or. en

Amendment 64

Marie Toussaint

on behalf of the Greens/EFA Group

Heidi Hautala, Lara Wolters, Manon Aubry

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 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’

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 **and civil society**. 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 **and the risks and opportunities associated with our planetary boundaries**. Awareness of the risks **and opportunities** to undertakings and to investments resulting from other environmental **and climate** 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 **ethical** investment products that explicitly seek to meet certain sustainability standards or achieve certain sustainability objectives **and ensure coherence with the ambition of the Paris Agreement and Union policies as well as achieving a balance between the three pillars of sustainability, including the environment, climate, biodiversity, public health and the economy**. Part of that

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 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 **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.

Or. en

Amendment 65
Lara Wolters, Tiemo Wölken, Bettina Vollath

Proposal for a directive
Recital 10 a (new)

Text proposed by the Commission

Amendment

(10a) The European Green Deal will require behavioural change to achieve its objectives. Consequently, there is a need to move from corporate short-termism, to more sustainable, longer-term decision-making. As a study for DG Justice and Consumers in July 2020 revealed, one of the root causes of corporate short-termism is the regulatory framework^{19a}. Though not sufficient on its own, enhanced sustainability reporting can be an important incentive for more sustainable corporate decision-making and governance. Sustainability reporting is also essential to keep track of the progress made in implementing the European Green Deal.

^{19a} *Study on Directors Duties and*

Amendment 66

Marie Toussaint

on behalf of the Greens/EFA Group

Lara Wolters, Heidi Hautala, Manon Aubry

Proposal for a directive

Recital 11

Text proposed by the Commission

(11) The report on the review clause of the Non-Financial Reporting Directive (Directive 2014/95/EU), and its accompanying fitness check on corporate reporting, identified problems as to the effectiveness of that Directive⁴⁸. 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.

⁴⁸ Publication office: please insert reference to Report from the Commission to the European Parliament, the Council and the European Economic and Social

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 Directive⁴⁸. There is significant evidence that many undertakings do not disclose material information on all major sustainability-related topics, ***including climate-related information, emissions generated from agricultural livestock and corporate sales of pesticides, fertilisers and antibiotics.*** The report also identified as significant problems the limited comparability and reliability of sustainability information. Additionally, many undertakings from which users need sustainability information are not obliged to report such information ***which underlines the need for a robust and affordable monitoring, reporting and verification framework and effective auditing within corporate sustainability reporting to ensure the reliability of data and avoid off-setting, greenwashing and/or double accounting.***

⁴⁸ Publication office: please insert reference to Report from the Commission to the European Parliament, the Council and the European Economic and Social

Committee on the review clauses in Directives 2013/34/EU, 2014/95/EU, and 2013/50/EU, and accompanying SWD-Fitness Check.

Committee on the review clauses in Directives 2013/34/EU, 2014/95/EU, and 2013/50/EU, and accompanying SWD-Fitness Check.

Or. en

Amendment 67

Axel Voss, Angelika Niebler, Pernille Weiss, Christian Ehler, Markus Ferber, Markus Pieper, Jens Gieseke, Marion Walsmann, Sabine Verheyen, Christine Schneider, Radan Kanev, Ralf Seekatz, Jessica Polfjärd, Daniel Buda

Proposal for a directive

Recital 12

Text proposed by the Commission

(12) In the absence of policy action, the gap between users' information needs and the sustainability information reported by undertakings is expected to grow. This gap has significant negative consequences. Investors are unable to take sufficient account of sustainability-related risks and opportunities in their investment decisions. ***The aggregation of multiple investment decisions that do not take adequate account of sustainability-related risks has the potential to create systemic risks that threaten financial stability. The European Central Bank and international organisations such as the Financial Stability Board have drawn attention to those systemic risks, in particular in the case of climate. Investors are also less able to channel financial resources to undertakings and economic activities that address and do not exacerbate social and environmental problems, which undermines the objectives of the European Green Deal and the Action Plan on Financing Sustainable Growth. Non-governmental organisations, social partners, communities affected by undertakings' activities, and other stakeholders are less able to hold undertakings accountable for their impacts on people and the environment.***

Amendment

(12) In the absence of policy action, the gap between users' information needs and the sustainability information reported by undertakings is expected to grow. This gap has significant negative consequences. Investors are unable to take sufficient account of sustainability-related risks and opportunities in their investment decisions. ***However, it is necessary to include the possibilities and respective preconditions of the reporting undertakings and bring them to a good consideration. This is the only way to ensure that large companies with more than 500 employees are not overburdened with reporting obligations.***

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.

Or. en

Amendment 68

Marie Toussaint

on behalf of the Greens/EFA Group

Heidi Hautala, Lara Wolters, Manon Aubry

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

Amendment

(12) In the absence of policy action, the gap between users' information needs and the sustainability information reported by undertakings is expected to grow. This gap has significant negative consequences. Investors are unable to take sufficient account of sustainability-related risks and opportunities in their investment decisions. The aggregation of multiple investment decisions that do not take adequate account of sustainability-related risks has the potential to create systemic risks that threaten financial stability. The European Central Bank and international organisations such as the Financial Stability Board have drawn attention to those systemic risks, in particular in the case of climate. Investors are also less able to channel financial resources to undertakings and economic activities that address and do not exacerbate social and environmental problems, which undermines the objectives of the European Green Deal, the Action Plan on Financing

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.

Sustainable Growth *and the objectives of the Paris Agreement*. 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, the environment, *the climate and more generally on all planetary boundaries*. 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. *The lack of sustainability information also limits the ability of stakeholders, including civil society actors and trade unions, to enter into dialogue with undertakings on sustainability matters.*

Or. en

Amendment 69

Axel Voss, Angelika Niebler, Pernille Weiss, Christian Ehler, Markus Ferber, Markus Pieper, Jens Gieseke, Marion Walsmann, Sabine Verheyen, Christine Schneider, Radan Kanev, Ralf Seekatz, Jessica Polfjård

Proposal for a directive Recital 13

Text proposed by the Commission

(13) The report on the review clause of Directive 2014/95/EU, and its accompanying fitness check on corporate reporting, also recognised a significant increase in information requests for information about sustainability matters to undertakings in an attempt to address the existing information gap. In addition, *ongoing expectations on undertakings to use* a variety of different frameworks and standards are likely to continue and may

Amendment

(13) The report on the review clause of Directive 2014/95/EU, and its accompanying fitness check on corporate reporting, also recognised a significant increase in information requests for information about sustainability matters to undertakings in an attempt to address the existing information gap. In addition, a variety of different frameworks and standards are likely to continue and may even intensify as the value placed on

even intensify as the value placed on sustainability information continues to grow. In the absence of policy action to build consensus on the information that undertakings should report, there will be significant increases in costs and burden for reporting undertakings and for users of such information.

sustainability information continues to grow. In the absence of policy action to build consensus on the information that undertakings should report, there will be significant increases in costs and burden for reporting undertakings and for users of such information.

Or. en

Amendment 70

Manon Aubry

Proposal for a directive

Recital 15

Text proposed by the Commission

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

Amendment

(15) Articles 19a and 29a of Directive 2013/34/EU apply to large undertakings that are public-interest entities with an average number of employees in excess of 500, and to public-interest entities that are parent undertakings of a large group with an average number of employees in excess of 500 on a consolidated basis, respectively. In view of the growth of users' needs for sustainability information, additional categories of undertakings should be required to report such information. It is therefore appropriate to require all large undertakings, *all public interest entities, all small and medium sized undertakings operating in high-risk sectors or high risk-areas* and all undertakings listed on regulated markets to report detailed sustainability information. In addition, all undertakings that are parent undertakings of large groups should prepare sustainability reporting at group level. *Undertakings that are not established in the European Union but fulfil those criteria and operate in the single market should be subjected to the same requirements in order to account for their sustainability impacts and to provide a level playing field for undertakings*

Amendment 71

Axel Voss, Angelika Niebler, Pernille Weiss, Christian Ehler, Markus Ferber, Markus Pieper, Jens Gieseke, Marion Walsmann, Sabine Verheyen, Christine Schneider, Radan Kanev, Ralf Seekatz, Jessica Polfjärd, Daniel Buda

Proposal for a directive

Recital 15

Text proposed by the Commission

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

Amendment

(15) Articles 19a and 29a of Directive 2013/34/EU ***apply to and should continue to*** apply to large undertakings that are public-interest entities with an average number of employees in excess of 500, and to public-interest entities that are parent undertakings of a large group with an average number of employees in excess of 500 on a consolidated basis, respectively. ***Moreover, non-EU third country undertakings doing business on the European Single Market could be included in the Directive or should align with International Standards.*** In view of the growth of users' needs for sustainability information, ***the information gap of these undertakings must be closed. In light of the fact that only 32% of currently 11.600 enterprises are reporting in an appropriate manner, this directive aims to close the information gap by introducing mandatory requirements for large undertakings and parent undertakings of a large group that are public interest entities, with an average number of employees in excess of 500. After careful revision and these requirements may also be introduced to large undertakings and large undertakings listed on regulated markets.***

Amendment 72

Marie Toussaint

on behalf of the Greens/EFA Group

Heidi Hautala

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 undertakings to report detailed sustainability information. In addition, all undertakings that are parent undertakings of large groups should **also** prepare sustainability reporting at group level.

Or. en

Amendment 73

Lara Wolters, Tiemo Wölken, Bettina Vollath

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

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. ***In addition, all undertakings that are parent undertakings of large groups should prepare sustainability reporting at group level.***

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, ***and small and medium-sized undertakings operating in high-risk economic sectors,*** to report detailed sustainability information.

Or. en

Amendment 74
Daniel Buda, Axel Voss

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, ***but only after producing conclusive impact assessments.*** It is therefore appropriate to ***request an impact assessment on the application of the requirement for*** all undertakings listed on regulated markets, except micro undertakings, to report detailed sustainability information.

Justification

This amendment makes further applicability subject to conclusive impact assessments, which should show whether reporting data on sustainability by undertakings other than those listed on regulated markets is appropriate.

Amendment 75

Lara Wolters, Tiemo Wölken, Bettina Vollath

Proposal for a directive**Recital 16***Text proposed by the Commission*

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

Amendment

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

Or. en

Amendment 76

Daniel Buda

Proposal for a directive**Recital 16***Text proposed by the Commission*

(16) The requirement that also large non-listed undertakings should disclose information on sustainability matters is mainly driven by concerns about the

Amendment

(16) The requirement that also large non-listed undertakings should disclose information on sustainability matters is mainly driven by concerns about the

impacts and accountability of such undertakings, ***including through their value chain***. In this respect, all large undertakings should be subject to the same requirements to report sustainability information publicly. ***In addition, financial market participants also need information from those large non-listed undertakings.***

impacts and accountability of such undertakings. In this respect, all large undertakings should be subject to the same requirements to report sustainability information publicly.

Or. ro

Amendment 77

Axel Voss, Angelika Niebler, Pernille Weiss, Christian Ehler, Markus Ferber, Markus Pieper, Jens Gieseke, Marion Walsmann, Sabine Verheyen, Christine Schneider, Radan Kanev, Ralf Seekatz, Jessica Polfjård, Daniel Buda

Proposal for a directive Recital 16

Text proposed by the Commission

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

Amendment

(16) The requirement that also large non-listed undertakings ***that are public interest entities with an average number of employees in excess of 500*** should disclose information on sustainability matters is mainly driven by concerns about the impacts and accountability of such undertakings. In this respect, ***these*** undertakings should be subject to the same requirements to report sustainability information publicly.

Or. en

Amendment 78

Marie Toussaint

on behalf of the Greens/EFA Group

Heidi Hautala

Proposal for a directive Recital 16

Text proposed by the Commission

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

Amendment

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

Or. en

Amendment 79
Manon Aubry

Proposal for a directive
Recital 16 a (new)

Text proposed by the Commission

Amendment

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

Or. en

Amendment 80
Manon Aubry

Proposal for a directive
Recital 16 b (new)

Text proposed by the Commission

Amendment

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

Or. en

Amendment 81
Manon Aubry, Marie Toussaint

Proposal for a directive
Recital 16 c (new)

Text proposed by the Commission

Amendment

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

Or. en

Amendment 82
Manon Aubry, Marie Toussaint

Proposal for a directive
Recital 16 d (new)

Text proposed by the Commission

Amendment

(16d) A list of high-risk areas is established in Annex II of this Directive. The European Commission should review and modify the list of high-risk sectors by adopting delegated act when necessary and at least every three years. This list should be based on existing legislation and guidelines of the European Union, reports of international organisations, international reporting standards, reliable and scientific evidence of higher risks of environmental and social harm. When designing and reviewing the list of high risk-sectors, the European Commission should conduct the necessary consultations with independent experts with due respect to the “Better lawmaking” interinstitutional agreement of the 13th of April 2016. In particular, it

should guarantee the equal participation of the European Parliament and of the European Council in preparing the delegated acts. The European Parliament and of the European Council should have access to all documents and all the European Commission's expert groups' meetings. It should be reviewed and modified as appropriate and at least every three years.

Or. en

Amendment 83

Marie Toussaint

on behalf of the Greens/EFA Group

Heidi Hautala

Proposal for a directive

Recital 17

Text proposed by the Commission

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

Amendment

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

Or. en

Amendment 84

Axel Voss, Angelika Niebler, Pernille Weiss, Christian Ehler, Markus Ferber, Markus Pieper, Jens Gieseke, Marion Walsmann, Sabine Verheyen, Christine Schneider, Radan Kanev, Ralf Seekatz, Jessica Polfjärd, Daniel Buda

Proposal for a directive

Recital 17

Text proposed by the Commission

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

Amendment

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

Or. en

Amendment 85
Manon Aubry

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

Or. en

Amendment 86
Daniel Buda, Axel Voss

Proposal for a directive
Recital 18

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

deleted

Amendment 87
Adrián Vázquez Lázara

Proposal for a directive
Recital 18

Text proposed by the Commission

Amendment

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

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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.

Or. en

Justification

Unnecessary insofar small and medium undertakings have been excluded from the scope in the amendments

Amendment 88

Axel Voss, Angelika Niebler, Pernille Weiss, Christian Ehler, Markus Ferber, Markus Pieper, Jens Gieseke, Marion Walsmann, Sabine Verheyen, Christine Schneider, Radan Kanev, Ralf Seekatz, Daniel Buda

Proposal for a directive

Recital 18

Text proposed by the Commission

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

Amendment

(18) In light of the fact that only 32% of reportable companies comply with the European Commission's efforts, SMEs are to be excluded from any reporting obligations in a first step. Only if the still to be defined targets as well as time-dependent intermediate steps of this directive prove to be efficient in closing the information gap in the market, voluntary, proportional and simple reporting standards for SMEs shall follow.

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.

Or. en

Justification

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

Amendment 89 **Manon Aubry**

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

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

enterprises (SMEs) listed on regulated markets comprise a significant proportion of all listed undertakings in the Union, in order to ensure investor protection it is appropriate to require that also those SMEs disclose information on sustainability matters. The introduction of this requirement will help to ensure that financial market participants can include smaller listed undertakings in investment portfolios on the basis that they report the sustainability information that financial market participants need. It will therefore help to protect and enhance the access of smaller listed undertakings to financial capital, and avoid discrimination against such undertakings on the part of financial market participants. The introduction of this requirement is also necessary to ensure that financial market participants have the information they need from investee undertakings to be able to comply with their own sustainability disclosure requirements laid down in Regulation (EU) 2019/2088. SMEs should also be given the possibility to report according to standards that are proportionate to the capacities and resources of SMEs. ***A timeline should be set for non-listed SMEs to apply*** these proportionate standards. The SME standards will set a reference for undertakings that are within the scope of the Directive regarding the level of sustainability information that they could reasonably request from SME suppliers and clients in their value chains.

Or. en

Amendment 90

Proposal for a directive

Recital 18

Text proposed by the Commission

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

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 sustainability matters. The introduction of this requirement will help to ensure that financial market participants can include smaller listed undertakings in investment portfolios on the basis that they report the sustainability information that financial market participants need. It will therefore help to protect and enhance the access of smaller listed undertakings to financial capital, and avoid discrimination against such undertakings on the part of financial market participants. The introduction of this requirement is also necessary to ensure that financial market participants have the information they need from investee undertakings to be able to comply with their own sustainability disclosure requirements laid down in Regulation (EU) 2019/2088. They should be given the possibility to report according to standards that are proportionate to the capacities and resources of SMEs. Non-listed SMEs can ***either*** choose to use these proportionate standards on a voluntary basis, ***or report according to the standards applicable to large undertakings.*** 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.

the scope of the Directive regarding the level of sustainability information that they could reasonably request from SME suppliers and clients in their value chains.

Or. en

Amendment 91

Marie Toussaint

on behalf of the Greens/EFA Group

Heidi Hautala

Proposal for a directive

Recital 18

Text proposed by the Commission

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

Amendment

(18) **The** relevance of sustainability-related risks **is growing** and small and medium-sized enterprises (SMEs) **represent over 99 per cent of** undertakings **and employ 65 per cent of all employees** in the Union. **Therefore**, in order to ensure investor protection **and positive social and environmental impacts of their business operations as well as to achieve the Union's ambitious environmental, climate and social objectives**, it is appropriate to require that also SMEs disclose information on sustainability matters. **The reporting standards are not only necessary but also useful and constitute an opportunity for companies to demonstrate their commitment to the ecological and social transition and 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 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 undertakings to financial capital, and avoid discrimination against such undertakings on the part of financial

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.**

market participants **and to put an equal footing, all undertakings concerning sustainability reporting standards as well as management reporting regardless of their size**. 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 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. They should also be given the possibility to report **on the sustainability standards in a way and format that is** proportionate to the capacities and resources of SMEs.

Or. en

Amendment 92

Lara Wolters, Tiemo Wölken, Bettina Vollath

Proposal for a directive

Recital 18 a (new)

Text proposed by the Commission

Amendment

(18a) Environmental, social and employee matters, respect for human rights, anti-corruption and bribery matters are not contingent on the size of an undertaking. Therefore, SMEs which are operating in economic sectors determined to be high risk should also be required to disclose information on sustainability matters, irrespective of whether or not they are listed on regulated markets.

Or. en

Amendment 93

Axel Voss, Angelika Niebler, Pernille Weiss, Christian Ehler, Markus Ferber, Markus Pieper, Jens Gieseke, Marion Walsmann, Sabine Verheyen, Christine Schneider, Radan Kanev, Ralf Seekatz, Jessica Polfjård

**Proposal for a directive
Recital 19**

Text proposed by the Commission

(19) Directive 2004/109/EC of the European Parliament and of the Council⁴⁹ applies to all undertakings with securities listed on regulated markets. In order to ensure that all undertakings with securities listed on regulated markets, including third country issuers, fall under the same sustainability reporting requirements, Directive 2004/109/EC should contain the necessary cross-references to any requirement on sustainability reporting in the annual financial report.

⁴⁹ 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

(19) Directive 2004/109/EC of the European Parliament and of the Council⁴⁹ applies to all undertakings with securities listed on regulated markets. In order to ensure that all undertakings with securities listed on regulated markets **or business activities in the EU internal market**, including third country issuers, fall under the same sustainability reporting requirements, Directive 2004/109/EC should contain the necessary cross-references to any requirement on sustainability reporting in the annual financial report.

⁴⁹ 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).

Or. en

Amendment 94
Marie Toussaint
on behalf of the Greens/EFA Group
Heidi Hautala

**Proposal for a directive
Recital 19**

Text proposed by the Commission

(19) Directive 2004/109/EC of the European Parliament and of the Council⁴⁹

Amendment

(19) Directive 2004/109/EC of the European Parliament and of the Council⁴⁹

applies to all undertakings with securities listed on regulated markets. In order to ensure that all undertakings with securities listed on regulated markets, including third country issuers, fall under the same sustainability reporting requirements, Directive 2004/109/EC should contain the necessary cross-references to any requirement on sustainability reporting in the annual financial report.

⁴⁹ 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).

applies to all undertakings with securities listed on regulated **markets and SME growth** markets. In order to ensure that all undertakings with securities listed on regulated markets, including third country issuers, fall under the same sustainability reporting requirements, Directive 2004/109/EC should contain the necessary cross-references to any requirement on sustainability reporting in the annual financial report.

⁴⁹ 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).

Or. en

Amendment 95

Manon Aubry

Proposal for a directive

Recital 19

Text proposed by the Commission

(19) Directive 2004/109/EC of the European Parliament and of the Council⁴⁹ applies to all undertakings with securities listed on regulated markets. In order to ensure that all undertakings with securities listed on regulated markets, including third country issuers, fall under the same sustainability reporting requirements, Directive 2004/109/EC should contain the necessary cross-references to any requirement on sustainability reporting in the annual financial report.

⁴⁹ Directive 2004/109/EC of the European

Amendment

(19) Directive 2004/109/EC of the European Parliament and of the Council⁴⁹ applies to all undertakings with securities listed on regulated **markets and SME Growth** Markets. In order to ensure that all undertakings with securities listed on regulated markets, including third country issuers, fall under the same sustainability reporting requirements, Directive 2004/109/EC should contain the necessary cross-references to any requirement on sustainability reporting in the annual financial report.

⁴⁹ 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).

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).

Or. en

Amendment 96

Lara Wolters, Tiemo Wölken, Bettina Vollath

Proposal for a directive

Recital 20

Text proposed by the Commission

Amendment

(20) Article 23(4), first subparagraph, point (i), and Article 23(4), fourth subparagraph of Directive 2004/109/EC empower the Commission to adopt measures to set up a mechanism for the determination of equivalence of information required under the Directive, and for the establishment of general equivalence criteria regarding accounting standards, respectively. Article 23(4), third subparagraph, of Directive 2004/109/EC also empowers the Commission to take the necessary decisions on the equivalence of accounting standards that are used by third-country issuers. In order to reflect the inclusion of the sustainability requirements in Directive 2004/109/EC, the Commission should be empowered to establish a mechanism for the determination of equivalence of sustainability reporting standards applied by third-country issuers of securities. For the same reason, the Commission should also be empowered to take the necessary decisions on the equivalence of sustainability reporting standards that are used by third-country issuers. Those amendments will ensure consistent equivalence regimes for sustainability reporting obligations and for financial

deleted

reporting obligations regarding the annual financial report.

Or. en

Amendment 97

Marie Toussaint

on behalf of the Greens/EFA Group

Heidi Hautala

Proposal for a directive

Recital 21

Text proposed by the Commission

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

Amendment

(21) Articles 19a(3) and 29a(3) of Directive 2013/34/EU currently exempt all subsidiary undertakings from the obligation to report non-financial information where such undertakings and their subsidiary undertakings are included in the consolidated management report of their parent undertaking, provided this includes the required non-financial information. It is necessary, however to ensure that sustainability information is easily accessible for users, ***including with regard to subsidiaries.***

Or. en

Amendment 98

Lara Wolters, Tiemo Wölken, Bettina Vollath

Proposal for a directive

Recital 21

Text proposed by the Commission

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

Amendment

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

Or. en

Amendment 99

Axel Voss, Angelika Niebler, Pernille Weiss, Christian Ehler, Markus Ferber, Markus Pieper, Jens Gieseke, Marion Walsmann, Sabine Verheyen, Christine Schneider, Radan Kanev, Ralf Seekatz, Jessica Polfjärd

Proposal for a directive
Recital 21

Text proposed by the Commission

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

Amendment

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

Or. en

Justification

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

Amendment 100
Manon Aubry

Proposal for a directive

Recital 21

Text proposed by the Commission

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

Amendment

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

Or. en

Amendment 101

Lara Wolters, Tiemo Wölken, Bettina Vollath

Proposal for a directive

Recital 22

Text proposed by the Commission

(22) ***Article 23 of Directive 2013/34/EU exempts parent undertakings from the obligation to prepare consolidated***

Amendment

deleted

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

Or. en

Amendment 102
Manon Aubry

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 **deleted**

consolidated management reports operates independently from the exemption regime for consolidated sustainability reporting. An undertaking can therefore be exempted from consolidated financial reporting obligations but not exempted from consolidated sustainability reporting obligations where its ultimate parent prepares consolidated financial statements and consolidated management reports in accordance with Union law, or in accordance with equivalent requirements if the undertaking is established in a third country, but does not prepare consolidated sustainability reporting in accordance with EU law, or in accordance with equivalent requirements if the undertaking is established in a third country.

Or. en

Amendment 103

Axel Voss, Angelika Niebler, Pernille Weiss, Christian Ehler, Markus Ferber, Markus Pieper, Jens Gieseke, Marion Walsmann, Sabine Verheyen, Christine Schneider, Radan Kanev, Ralf Seekatz, Jessica Polfjård

Proposal for a directive

Recital 22

Text proposed by the Commission

(22) Article 23 of Directive 2013/34/EU exempts parent undertakings from the obligation to prepare consolidated financial statements and a consolidated management report where those undertakings are subsidiaries of another parent undertaking that complies with that obligation. It should be specified, however, that the exemption regime for consolidated financial statements and consolidated management reports operates independently from the exemption regime for consolidated sustainability reporting. An undertaking can therefore be exempted from consolidated financial reporting obligations

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 *still* 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.

and exempted from consolidated sustainability reporting obligations where its ultimate parent prepares consolidated financial statements and consolidated management reports in accordance with Union law, or in accordance with requirements **in international frameworks** if the undertaking is established in a third country, but does not prepare consolidated sustainability reporting in accordance with EU law, or in accordance with **international frameworks** if the undertaking is established in a third country.

Or. en

Justification

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

Amendment 104

Axel Voss, Angelika Niebler, Pernille Weiss, Christian Ehler, Markus Ferber, Markus Pieper, Jens Gieseke, Marion Walsmann, Sabine Verheyen, Christine Schneider, Radan Kanev, Ralf Seekatz, Jessica Polfjård

Proposal for a directive Recital 23

Text proposed by the Commission

(23) Credit institutions and insurance undertakings play a key role in the transition towards a fully sustainable and inclusive economic and financial system in line with the European Green Deal. They can have significant positive and negative impacts via their lending, investment and underwriting activities. Credit institutions and insurance undertakings other than those that are required to comply with Directive 2013/34/EU, including cooperatives and mutual undertakings, should therefore be subject to sustainability reporting requirements provided that they meet certain size criteria. Users of that

Amendment

(23) Credit institutions and insurance undertakings play a key role in the transition towards a fully sustainable and inclusive economic and financial system in line with the European Green Deal. They can have significant positive and negative impacts via their lending, investment and underwriting activities. Credit institutions and insurance undertakings other than those that are required to comply with Directive 2013/34/EU, including cooperatives and mutual undertakings, should therefore be subject to sustainability reporting requirements provided that they meet certain size criteria. Users of that

information would thus be enabled to assess both the impacts of these undertakings on society and the environment and the risks arising from sustainability matters that these undertakings could face. To ensure coherence with the reporting requirements of Council Directive 86/635/EEC⁵⁰ on the annual accounts and consolidated accounts of banks and other financial institutions, sustainability reporting Member States may choose not to apply sustainability reporting requirements to credit institutions listed in Article 2(5) of Directive 2013/36/EU of the European Parliament and of the Council⁵¹.

information would thus be enabled to assess both the impacts of these undertakings on society and the environment and the risks arising from sustainability matters that these undertakings could face. To ensure coherence with the reporting requirements of Council Directive 86/635/EEC⁵⁰ on the annual accounts and consolidated accounts of banks and other financial institutions, sustainability reporting Member States may choose not to apply sustainability reporting requirements to credit institutions listed in Article 2(5) of Directive 2013/36/EU of the European Parliament and of the Council *as well as 'small and non-complex institutions' as defined in Article 4 (1) point (145) of Regulation (EU) No 575/2013.*⁵¹

⁵⁰ Council Directive 86/635/EEC of 8 December 1986 on the annual accounts and consolidated accounts of banks and other financial institutions (OJ L 372, 31.12.1986, p. 1).

⁵¹ Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC (OJ L 176, 27.6.2013, p. 338).

⁵⁰ Council Directive 86/635/EEC of 8 December 1986 on the annual accounts and consolidated accounts of banks and other financial institutions (OJ L 372, 31.12.1986, p. 1).

⁵¹ Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC (OJ L 176, 27.6.2013, p. 338).

Or. en

Amendment 105

Axel Voss, Angelika Niebler, Pernille Weiss, Christian Ehler, Markus Ferber, Markus Pieper, Jens Gieseke, Marion Walsmann, Sabine Verheyen, Christine Schneider, Radan Kanev, Ralf Seekatz, Jessica Polfjård, Daniel Buda

Proposal for a directive **Recital 24**

Text proposed by the Commission

(24) The list of sustainability matters on

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Amendment

(24) The list of sustainability matters on

53/191

PE703.020v01-00

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.***

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

Or. en

Justification

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

Amendment 106

Lara Wolters, Tiemo Wölken, Bettina Vollath

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

Amendment

(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.

definition of sustainability matters in Directive 2013/34/EU should therefore be based on the definition, ***indicators and methodologies*** of ‘sustainability factors’ laid down in Regulation (EU) 2019/2088 ***and the associated delegated acts***, but with the addition of governance matters.

Or. en

Amendment 107

Marie Toussaint

on behalf of the Greens/EFA Group

Heidi Hautala

Proposal for a directive

Recital 24 a (new)

Text proposed by the Commission

Amendment

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

Or. en

Amendment 108

Marie Toussaint

on behalf of the Greens/EFA Group

Heidi Hautala, Lara Wolters, Manon Aubry

Proposal for a directive

Recital 25

Text proposed by the Commission

Amendment

(25) Articles 19a and 29a of Directive 2013/34/EU require reporting not only on

(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.

information ‘to the extent necessary for an understanding of the undertaking's development, performance, position’, but also on information necessary for an understanding of the impact of the undertaking’s activities on environmental, *climate-related*, social and *workers’ rights, gender equality*, respect for human rights, anti-corruption and bribery matters. Those articles therefore require undertakings to report both on how various sustainability matters affect the undertaking, and on the impacts of the activities of the undertaking on people and the environment. That is referred to as the double-materiality perspective, in which the risks to the 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.

Or. en

Amendment 109

Axel Voss, Angelika Niebler, Pernille Weiss, Christian Ehler, Markus Ferber, Markus Pieper, Jens Gieseke, Marion Walsmann, Sabine Verheyen, Christine Schneider, Radan Kanev, Ralf Seekatz, Jessica Polfjärd, Daniel Buda

Proposal for a directive

Recital 26

Text proposed by the Commission

(26) Articles 19a(1) and 29a(1) of Directive 2013/34/EU require undertakings to disclose information about five reporting areas: business model, policies (including due diligence processes implemented), the outcome of those policies, risks and risk management, and key performance

Amendment

(26) Articles 19a(1) and 29a(1) of Directive 2013/34/EU require undertakings to disclose information about five reporting areas: business model, policies (including due diligence processes implemented), the outcome of those policies, risks and risk management, and key performance

indicators relevant to the business. Article 19a(1) of Directive 2013/34/EU does not contain explicit references to other reporting areas that users of information consider relevant, some of which align with disclosures included in international frameworks, including the recommendations of the Task Force on Climate-related Financial Disclosures.

Disclosure requirements should be specified in sufficient detail to ensure that undertakings report information on their resilience to risks related to sustainability matters. In addition to the reporting areas identified in Articles 19a(1) and 29a(1) of Directive 2013/34/EU, undertakings should therefore be required to disclose information about their business strategy and the resilience of the business model and strategy to risks related to sustainability matters, any plans they may have to ensure that their business model and strategy are compatible with the transition to a sustainable and climate-neutral economy; whether and how their business model and strategy take account of the interests of stakeholders; any opportunities for the undertaking arising from sustainability matters; the implementation of the aspects of the business strategy which affect, or are affected by sustainability matters; any sustainability targets set by the undertaking and the progress made towards achieving them; the role of the board and management with regard to sustainability matters; the principal actual and potential adverse impacts connected with the undertaking's activities; and how the undertaking has identified the information that they report on. Once the disclosure of elements such as targets and the progress towards achieving them is required, the separate requirement to disclose the outcomes of policies is no longer necessary.

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.

Or. en

Amendment 110

Manon Aubry

Proposal for a directive

Recital 26

Text proposed by the Commission

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

Amendment

(26) Articles 19a(1) and 29a(1) of Directive 2013/34/EU require undertakings to disclose information about five reporting areas: business model, policies (including due diligence processes implemented), the outcome of those policies, risks and risk management, and key performance indicators relevant to the business. Article 19a(1) of Directive 2013/34/EU does not contain explicit references to other reporting areas that users of information consider relevant, some of which align with disclosures included in international frameworks, including the recommendations of the Task Force on Climate-related Financial Disclosures. Disclosure requirements should be specified in sufficient detail to ensure that undertakings report information on their resilience to risks related to sustainability matters. In addition to the reporting areas identified in Articles 19a(1) and 29a(1) of Directive 2013/34/EU, undertakings should therefore be required to disclose information about their business strategy and the resilience of the business model and strategy to risks related to sustainability matters, ***the assessment by the undertaking of its impacts on sustainability matters, any plans they may have to ensure that their business model and strategy respect workers' rights and potentially affected communities, any plans they may have to ensure that their business model and strategy are compatible with the transition to a sustainable and climate-neutral economy; whether and how their business model and strategy take account of the interests of stakeholders; whether and how sustainability matters and related targets, in connection with principal risks, opportunities, and severe***

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.

impacts, have been integrated into the undertaking's strategy, any opportunities and risks 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 science-based and time-bound short-term, mid-term and long-term sustainability targets set by the undertaking, and a description of the investments, actions and policies adopted to achieve those targets and of the progress made towards achieving them; the role of the board and management with regard to sustainability matters; the due diligence process implemented with regard to sustainability matters, the principal actual and potential adverse impacts connected with the undertaking's activities; the negative or positive effects of the undertaking's business practices, policies and decisions on the identified impacts; and how the undertaking has identified the information that they report on. Once the disclosure of elements such as targets and the progress towards achieving them is required, the separate requirement to disclose the outcomes of policies is no longer necessary.

Or. en

Amendment 111

Marie Toussaint

on behalf of the Greens/EFA Group

Lara Wolters, Heidi Hautala

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

Amendment

(26) Articles 19a(1) and 29a(1) of Directive 2013/34/EU require undertakings to disclose information about five reporting areas: business model, policies (including due diligence processes implemented), the outcome of those policies, risks and risk

management, and key performance indicators relevant to the business. Article 19a(1) of Directive 2013/34/EU does not contain explicit references to other reporting areas that users of information consider relevant, some of which align with disclosures included in international frameworks, including the recommendations of the Task Force on Climate-related Financial Disclosures. Disclosure requirements *should* be specified in sufficient detail to ensure that undertakings report information on their resilience to risks related to sustainability matters. In addition to the reporting areas identified in Articles 19a(1) and 29a(1) of Directive 2013/34/EU, undertakings should therefore be required to disclose information about their business strategy and the resilience of the business model and strategy to risks related to sustainability matters, any plans they may have to ensure that their business model and strategy are compatible with the transition to a sustainable and climate-neutral economy; whether and how their business model and strategy *take account of the* interests of stakeholders; any opportunities for the undertaking arising from sustainability matters; the implementation of the aspects of the business strategy which affect, or are affected by sustainability matters; any sustainability targets set by the undertaking and the progress made towards achieving them; the role of the board and management with regard to sustainability matters; the principal actual and *potential adverse* impacts connected with the undertaking's activities; and how the undertaking has identified the information that they report on. Once the disclosure of elements such as targets and the progress towards achieving them is required, the separate requirement to disclose the outcomes of policies is no longer necessary.

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 *must* 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 *and should include information on planetary boundaries and in particular on climate, deforestation, ecological and ecosystems health, biodiversity restoration, soil health and degradation, carbon farming practices including the restoration of peatland areas, manure and nutrient management, as well as information concerning the reduction of pesticides, fertilisers and antibiotics sales or use*; whether and how their business model and strategy *respect and safeguard the rights and* interests of stakeholders, *including workers and communities*; any opportunities for the undertaking arising from sustainability matters; the implementation of the aspects of the business strategy which affect, or are affected by sustainability matters; any sustainability targets set by the undertaking and the progress made towards achieving them; the role of the board and management with regard to sustainability matters; the principal actual and *potential adverse* impacts connected with the

undertaking's activities; and how the undertaking has identified the information that they report on. Once the disclosure of elements such as targets and the progress towards achieving them is required, the separate requirement to disclose the outcomes of policies is no longer necessary.

Or. en

Amendment 112

Lara Wolters, Tiemo Wölken, Bettina Vollath

Proposal for a directive

Recital 26

Text proposed by the Commission

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

Amendment

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

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

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 actual and potential adverse impacts connected with the undertaking's activities; *a due diligence strategy for identifying actual or potential adverse impacts and addressing them*; and how the undertaking has identified *and evaluated* the information that they report on. Once the disclosure of elements such as targets and the progress towards achieving them is required, the separate requirement to disclose the outcomes of policies is no longer necessary.

Or. en

Justification

Referring to "actual and potential adverse impacts" reflects the European Parliament's INL report on Corporate Due Diligence of March 2021. As "adverse" already stipulates the most relevant and important impacts, there is no need to further stipulate "principal adverse."

Amendment 113

Axel Voss, Angelika Niebler, Pernille Weiss, Christian Ehler, Markus Ferber, Markus Pieper, Jens Gieseke, Marion Walsmann, Sabine Verheyen, Christine Schneider, Radan Kanev, Ralf Seekatz, Jessica Polfjård

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

Amendment

deleted

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.

Or. en

Justification

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

**Amendment 114
Marie Toussaint**

on behalf of the Greens/EFA Group

Heidi Hautala

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, the OECD Due Diligence Guidance for Responsible Business Conduct, **and the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy**, 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 **operations and** 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 115**Lara Wolters, Tiemo Wölken, Bettina Vollath****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 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 impact **should** be considered **adverse** 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 116**Manon Aubry****Proposal for a directive****Recital 27***Text proposed by the Commission*

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

Amendment 117

Axel Voss, Angelika Niebler, Pernille Weiss, Christian Ehler, Markus Ferber, Markus Pieper, Jens Gieseke, Marion Walsmann, Sabine Verheyen, Christine Schneider, Radan Kanev, Ralf Seekatz, Jessica Polfjård

**Proposal for a directive
Recital 28**

Text proposed by the Commission

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

deleted

Justification

Intangibles are already part of IFRS

Amendment 118

Marie Toussaint

on behalf of the Greens/EFA Group

Heidi Hautala

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 related to research and development.

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. Information on intangibles should also include information related to research and development ***as well as any profits generated on intangible property.***

Or. en

Amendment 119

Axel Voss, Angelika Niebler, Pernille Weiss, Christian Ehler, Markus Ferber, Markus Pieper, Jens Gieseke, Marion Walsmann, Sabine Verheyen, Christine Schneider, Radan Kanev, Ralf Seekatz, Jessica Polfjård, Daniel Buda

Proposal for a directive

Recital 29

Text proposed by the Commission

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

Amendment

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

Or. en

Justification

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

Amendment 120

Manon Aubry

Proposal for a directive

Recital 29

Text proposed by the Commission

(29) Articles 19a(1) and 29a(1) of

Amendment

(29) Articles 19a(1) and 29a(1) of

Directive 2013/34/EU do not specify whether the information to be reported is to be forward looking or information about past performance. There is currently a lack of forward-looking disclosures, which users of sustainability information especially value. Articles 19a and 29a of Directive 2013/34/EU should therefore specify that the sustainability information reported shall include forward-looking and retrospective, and both qualitative and quantitative information. Reported sustainability information should also take into account short, medium and long-term time horizons and contain information about the undertaking's whole value chain, including its own operations, 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.

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

Or. en

Amendment 121
Daniel Buda, Axel Voss

Proposal for a directive
Recital 29 a (new)

Text proposed by the Commission

Amendment

(29a) For reporting purposes, undertakings shall not publish confidential information that may lead to a competitive disadvantage on the EU internal market, such as know-how data or trade secrets, pursuant to Directive (EU) 2016/943 of the European Parliament and of the Council of 8 June

2016 on the protection of undisclosed know-how and business information (trade secrets) against their unlawful acquisition, use and disclosure.

Or. ro

Justification

Este important să acordăm o atenție deosebită dimensiunii informațiilor care trebuie dezvăluite – pe de o parte, dacă informațiile prea detaliate și sensibile sunt necesare pentru a fi raportate, ar putea crea un dezavantaj competitiv pentru întreprinderile din UE pe piață, de asemenea, trebuie să ne asigurăm de faptul că informațiile confidențiale, precum secretele comerciale nu sunt dezvăluite. Pe de altă parte, cerințele de raportare prea granulare pot să nu adauge valoare sau să nu corespundă nevoilor utilizatorilor de date și, în ciuda acestui fapt, sporesc eforturile de creare a pregătitorilor în mod disproporționat.

Amendment 122

Axel Voss, Angelika Niebler, Pernille Weiss, Christian Ehler, Markus Ferber, Markus Pieper, Jens Gieseke, Marion Walsmann, Sabine Verheyen, Christine Schneider, Radan Kanev, Ralf Seekatz, Jessica Polfjård

Proposal for a directive

Recital 30

Text proposed by the Commission

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

Amendment

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

the annual report, it would be better provided in a separate document.

Or. en

Justification

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

Amendment 123
Raffaele Stancanelli

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

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. 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 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).

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. ***When defining such standards, it is essential to give due consideration to the main sustainability reporting standards used worldwide today, which represent an established market practice.***

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).

Or. it

Justification

Si ritiene che il nuovo standard di reporting europeo debba essere il più vicino possibile alle pratiche di mercato consolidate e in particolare allo standard GRI, utilizzato da tutte le società italiane che pubblicano la rendicontazione di sostenibilità, e tenga conto dell'allineamento con le disposizioni dell'Autorità di vigilanza prudenziale e dell'importanza di un coordinamento a livello internazionale; quest'ultimo per consentire agli operatori europei di operare sul mercato internazionale il più possibile a parità di oneri di disclosure e di accesso a informazioni rilevanti; alla luce della varietà e complessità delle informazioni

che caratterizzano la rendicontazione di sostenibilità, riteniamo che questa possa essere l'occasione per consolidare in un unico standard (come detto con primario riferimento al GRI) la pluralità di standard/modelli di riferimento.

Amendment 124

Axel Voss, Angelika Niebler, Pernille Weiss, Christian Ehler, Markus Ferber, Markus Pieper, Jens Gieseke, Marion Walsmann, Sabine Verheyen, Christine Schneider, Radan Kanev, Ralf Seekatz, Jessica Polfjård

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

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. 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, ***as only 32% of the reportable companies used these standards.*** . 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

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.

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 *for the undertakings originally targeted under the scope of Articles 19a and 29a of Directive 2013/34/EU (large undertakings which are public entities with an average number of employees in excess of 500)* 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).

Or. en

Amendment 125
Marie Toussaint
on behalf of the Greens/EFA Group
Heidi Hautala

Proposal for a directive
Recital 32

Text proposed by the Commission

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. 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 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

(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, **reliability and sincerity of the** 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, **reliable and sincere** 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 **an** digitalisation of sustainability reporting and to facilitate its supervision and enforcement. The development of mandatory common sustainability reporting standards is necessary to progress

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).

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).

Or. en

Amendment 126

Axel Voss, Angelika Niebler, Pernille Weiss, Christian Ehler, Markus Ferber, Markus Pieper, Jens Gieseke, Marion Walsmann, Sabine Verheyen, Christine Schneider, Radan Kanev, Ralf Seekatz, Jessica Polfjärd, Daniel Buda

Proposal for a directive Recital 33

Text proposed by the Commission

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

Amendment

(33) ***Leading on the development of sustainability reporting standards, the European Union can contribute to the development of globally uniform standards.*** Information required by Directive 2013/34/EU needs to cover information relevant from each of the materiality perspectives, needs to be aligned, ***and consistent, in order to avoid duplication of obligations and inconsistencies in definitions, scope, objectives and application requirements.*** ***This makes it necessary to develop one set of reporting standards for undertakings with an average number of employees in excess of 500 that bring recent requirements together in one form.*** In addition, mandatory sustainability reporting standards for Union undertakings must be commensurate with the level of ambition of the European Green Deal and

content of sustainability reporting standards are consistent with the Union's needs.

the Union's climate-neutrality objective for 2050. It is therefore necessary to empower the Commission to adopt Union sustainability reporting standards, **not exceeding the ambitions in international standard setting**, enabling their rapid adoption and ensuring that the content of sustainability reporting standards are consistent with the Union's needs.

Or. en

Amendment 127

Daniel Buda, Axel Voss

Proposal for a directive

Recital 33

Text proposed by the Commission

(33) ***No existing standard or framework satisfies the Union's needs for detailed sustainability reporting by itself.***

Information required by Directive 2013/34/EU needs to cover information relevant from each of the materiality perspectives, needs to cover ***all*** sustainability matters and needs to be aligned, ***where appropriate, with other obligations under Union law to disclose sustainability information, including obligations laid down in Regulation (EU) 2020/852 and Regulation (EU) 2019/2088.*** In addition, mandatory sustainability reporting standards for Union undertakings must be commensurate with the level of ambition of the European Green Deal and the Union's climate-neutrality objective for 2050. It is therefore necessary to empower the Commission to adopt Union sustainability reporting standards, enabling their rapid adoption and ensuring that the content of sustainability reporting standards are consistent with the Union's needs.

Amendment

(33) Information required by Directive 2013/34/EU needs to cover information relevant from each of the materiality perspectives, needs to cover sustainability matters and needs to be aligned ***and correlated with the entire EU acquis.*** In addition, mandatory sustainability reporting standards for ***large*** 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 ***and with international standards, but without imposing supplementary administrative and financial burdens on European business and without affecting competitiveness and fair competition in the internal market.***

Or. ro

Amendment 128

Manon Aubry

Proposal for a directive

Recital 34

Text proposed by the Commission

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

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. *However, the current structure, governance and functioning of EFRAG does not provide for the adequate involvement of workers' representatives and civil society organisations. For example, EFRAG currently requires stakeholders to pay a fee in order to participate in its work which is a barrier for the participation of some stakeholder and entails a risk of conflict of interests with others. Important changes regarding the governance of EFRAG are necessary in order to guarantee its independence, prevent all conflicts of interests and allow for the inclusion of non-corporate stakeholders.* 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

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

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.

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).

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).

Or. en

Amendment 129

Manon Aubry

Proposal for a directive

Recital 34

Text proposed by the Commission

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

Amendment

(34) ***The Commission should guarantee the inclusion of trade unions in the development of sustainability reporting standards, and include other relevant stakeholders.*** 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

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

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 **may take into** account **the** technical advice that EFRAG **develops, provided that the technical advisory body responsible for the advice and the process give sufficient guarantees of inclusion of trade unions and other stakeholders, as well as guarantees of due process, transparency, expertise and prevention of conflicts of interests**. 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

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.

(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).

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).

Or. en

Amendment 130

Marie Toussaint

on behalf of the Greens/EFA Group

Heidi Hautala

Proposal for a directive

Recital 34

Text proposed by the Commission

(34) The European Financial Reporting Advisory Group (EFRAG) is a non-profit association established under Belgian law that serves the public interest by providing advice to the Commission on the endorsement of international financial reporting standards. EFRAG has established a reputation as a European centre of expertise on corporate reporting, ***and is well placed to foster coordination between European sustainability reporting standards and international initiatives that seek to develop standards that are consistent across the world.*** In March 2021, a multi-stakeholder task force set up by EFRAG published recommendations for the possible development of sustainability reporting standards for the European Union. Those recommendations contain proposals to develop a coherent and comprehensive set of reporting standards, covering all sustainability matters from a double-materiality perspective. Those recommendations also contain a detailed roadmap for developing such standards, and proposals for mutually reinforcing cooperation between global standard-setting initiatives and standard-setting initiatives of the European Union. In March 2021, the EFRAG President published recommendations for possible governance changes to EFRAG if it were to be asked to develop technical advice about sustainability reporting standards. These recommendations include offsetting up within EFRAG a new sustainability reporting pillar while not significantly modifying the existing financial reporting pillar. When adopting sustainability

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,. 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. ***Taking into account however the expansion of the sustainability reporting standards following this Directive, the current composition of EFRAG and its restricting funding structure, there is a need to designate a European Sustainable***

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**

Corporate Reporting Board (ESCRB) as a new independent and publically controlled advisory body to take over the advisory role on the sustainability reporting standards from EFRAG. Through its composition, funding and governance structure, the ESCRD should ensure that its positions and technical advice reflect balanced and quality input of experts from all different fields and representing all relevant stakeholders. It the ESCRB will have a tripartite structure with its members coming from (1) public authorities, (2) corporate representatives and (3) civil society, including trade unions. When adopting sustainability reporting standards, the Commission should take account of technical advice that **the ESCRD** 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, **ESCRD'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 coherence between corporate financial reporting standards and corporate sustainability reporting standards, the ESCRD and EFRAG should meet on a regular basis and develop a close cooperation.** 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. **In addition, the Commission should consult all relevant EU bodies, including the European Securities and Markets Authority, the European Banking Authority, the European Insurance and Occupational Pensions Authority, the European Environment Agency, the European Union Agency for Fundamental**

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.

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, *as well as relevant stakeholders such as civil society organisations and trade unions*, 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).

Or. en

Amendment 131

Axel Voss, Angelika Niebler, Pernille Weiss, Christian Ehler, Markus Ferber, Markus Pieper, Jens Gieseke, Marion Walsmann, Sabine Verheyen, Christine Schneider, Radan Kanev, Ralf Seekatz, Jessica Polfjård

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 referred to in Article 24 of Regulation (EU)

centre of expertise on corporate reporting, and is well placed to foster coordination between European sustainability reporting standards and international initiatives that seek to develop standards that are consistent across the world. In March 2021, a multi-stakeholder task force set up by EFRAG published recommendations for the possible development of sustainability reporting standards for the European Union. Those recommendations contain proposals to develop a coherent and comprehensive set of reporting standards, covering all sustainability matters from a double-materiality perspective. Those recommendations also contain a detailed roadmap for developing such standards, and proposals for mutually reinforcing cooperation between global standard-setting initiatives and standard-setting initiatives of the European Union. In March 2021, the EFRAG President published recommendations for possible governance changes to EFRAG if it were to be asked to develop technical advice about sustainability reporting standards. These recommendations include offsetting up within EFRAG a new sustainability reporting pillar while not significantly modifying the existing financial reporting pillar. When adopting sustainability reporting standards, the Commission should take account of technical advice that EFRAG will develop. In order to ensure high-quality standards that contribute to the European public good and meet the needs of undertakings and of users of the information reported, EFRAG's technical advice should be developed with proper due process, public oversight and transparency, accompanied by cost benefit analyses, and be developed with the expertise of relevant stakeholders. To ensure that Union sustainability reporting standards take account of the views of the Member States of the Union, before adopting the standards the Commission should consult the Member State Expert Group on Sustainable Finance referred to in Article 24 of Regulation (EU)

2020/852 on EFRAG's technical advice. The European Securities and Markets Authority (ESMA) plays a role in drafting regulatory technical standards pursuant to Regulation (EU) 2019/2088 and there needs to be coherence between those regulatory technical standards and sustainability reporting standards. According to Regulation (EU) No 1095/2010 of the European Parliament and of the 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),

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

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).

amending Decision No 716/2009/EC and repealing Commission Decision 2009/77/EC (OJ L 331, 15.12.2010, p. 84).

Or. en

Amendment 132

Lara Wolters, Tiemo Wölken, Bettina Vollath

Proposal for a directive

Recital 34

Text proposed by the Commission

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

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 *can* foster coordination between European sustainability reporting standards and international initiatives that seek to develop standards that are consistent across the world. In March 2021, a multi-stakeholder task force set up by EFRAG published recommendations for the possible development of sustainability reporting standards for the European Union. Those recommendations contain proposals to develop a coherent and comprehensive set of reporting standards, covering all sustainability matters from a double-materiality perspective. Those recommendations also contain a detailed roadmap for developing such standards, and proposals for mutually reinforcing cooperation between global standard-setting initiatives and standard-setting initiatives of the European Union. In March 2021, the EFRAG President published recommendations for possible governance changes to EFRAG if it were to be asked to develop technical advice about sustainability reporting standards.

These recommendations include offsetting up within EFRAG a new sustainability reporting pillar while not significantly modifying the existing financial reporting pillar. When adopting sustainability reporting standards, the Commission should take account of technical advice that EFRAG will develop. In order to ensure high-quality standards that contribute to the European public good and meet the needs of undertakings and of users of the information reported, EFRAG's technical advice should be developed with proper due process, public oversight and transparency, accompanied by cost benefit analyses, and be developed *with the expertise* of relevant stakeholders. To ensure that Union sustainability reporting standards take account of the views of the Member States of the Union, before adopting the standards the Commission should consult the Member State Expert Group on Sustainable Finance referred to in Article 24 of Regulation (EU) 2020/852 on EFRAG's technical advice. The European Securities and Markets Authority (ESMA) plays a role in drafting regulatory technical standards pursuant to Regulation (EU) 2019/2088 and there needs to be coherence between those regulatory technical standards and sustainability reporting standards. According to Regulation (EU) No 1095/2010 of the European Parliament and of the 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

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 *by an independent body constituted of a balanced representation* of relevant stakeholders, *including civil society organisations and social partners*. 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 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.

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).

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).

Or. en

Amendment 133

Axel Voss, Angelika Niebler, Pernille Weiss, Christian Ehler, Markus Ferber, Markus Pieper, Jens Gieseke, Marion Walsmann, Sabine Verheyen, Christine Schneider, Radan Kanev, Ralf Seekatz, Jessica Polfjärd

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

Amendment

(35) Sustainability reporting standards **need to** be coherent with **all** other Union legislation, **which address the subjects touched upon in this directive**. Those standards should in particular be aligned with the disclosure requirements laid down in Regulation (EU) 2019/2088, and they should **be fully in line with** underlying **criteria**, indicators and methodologies set out in the various delegated acts adopted pursuant to Regulation (EU) 2020/852,

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.

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

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 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).

(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).

Or. en

Amendment 134

Marie Toussaint

on behalf of the Greens/EFA Group

Heidi Hautala

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 reporting⁶⁰ and the Commission guidelines on reporting climate-related information⁶¹. 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 reporting⁶⁰ and the Commission guidelines on reporting climate-related information⁶¹. They should also take account of other reporting requirements in Directive 2013/34/EU, ***including reporting on payments to governments by undertakings active in the extractive and logging industries, as well as other reporting requirements*** not directly related to sustainability, with the aim of providing the users of the reported information with a better understanding of the development, performance, position and ***environmental and social*** impact of the undertaking, by maximising the links between the sustainability information and other information reported in accordance with Directive 2013/34/EU.

⁶⁰ 2017/C 215/01.

⁶¹ 2019/C 209/01.

⁶⁰ 2017/C 215/01.

⁶¹ 2019/C 209/01.

Or. en

Amendment 135

Manon Aubry

Proposal for a directive

Recital 36

Text proposed by the Commission

(36) Sustainability reporting standards should take account of the Commission guidelines on non-financial reporting⁶⁰ and the Commission guidelines on reporting climate-related information⁶¹. 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.

⁶⁰ 2017/C 215/01.

⁶¹ 2019/C 209/01.

Amendment

(36) Sustainability reporting standards should take account of the Commission guidelines on non-financial reporting⁶⁰ and the Commission guidelines on reporting climate-related information⁶¹. They should also take account of other reporting requirements in Directive 2013/34/EU, ***in particular reporting on payments to governments by undertakings active in the extractive industry and the logging of forests, as well as other reporting requirement*** not directly related to sustainability, with the aim of providing the users of the reported information with a better understanding of the development, performance, position and impact of the undertaking, by maximising the links between the sustainability information and other information reported in accordance with Directive 2013/34/EU.

⁶⁰ 2017/C 215/01.

⁶¹ 2019/C 209/01.

Or. en

Amendment 136

Daniel Buda

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 reporting⁶⁰ and the Commission guidelines on reporting climate-related information⁶¹. 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.

⁶⁰ 2017/C 215/01.

⁶¹ 2019/C 209/01.

Amendment

(36) Sustainability reporting standards should take account of the Commission guidelines on non-financial reporting⁶⁰ and the Commission guidelines on reporting climate-related information⁶¹, **including the KPIs included in these guidelines**. 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.

⁶⁰ 2017/C 215/01.

⁶¹ 2019/C 209/01.

Or. ro

Amendment 137

Axel Voss, Angelika Niebler, Pernille Weiss, Christian Ehler, Markus Ferber, Markus Pieper, Jens Gieseke, Marion Walsmann, Sabine Verheyen, Christine Schneider, Radan Kanev, Ralf Seekatz, Jessica Polfjård, Daniel Buda

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

Amendment

(37) Sustainability reporting standards should be proportionate, and should not impose unnecessary administrative burden **and cost** on companies that are required to use them. In order to minimise disruption for undertakings that already report sustainability information, sustainability reporting standards **need to be consistent and in line with** existing standards and frameworks for sustainability reporting and

where appropriate. *Those include the Global Reporting Initiative, the Sustainability Accounting Standards Board, the International Integrated Reporting Council, the International Accounting Standards Board, the Task Force on Climate-related Financial Disclosures, the Carbon Disclosure Standards Board, and CDP (formerly the Carbon Disclosure Project).* Standards of the European Union should take account of any sustainability reporting standards developed under the auspices of *International Financial Reporting Standards* Foundation. To avoid unnecessary regulatory fragmentation that may have negative consequences for undertakings operating globally, European standards should contribute to the process of convergence of sustainability reporting standards at global level.

accounting where appropriate. Standards of the European Union should take account of any sustainability reporting standards developed under the auspices of *IFRS* Foundation, *and in particular the 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.

Or. en

Justification

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

Amendment 138

Marie Toussaint

on behalf of the Greens/EFA Group

Heidi Hautala, Lara Wolters, Manon Aubry

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

Amendment

(37) Sustainability reporting standards should be proportionate, and should not impose unnecessary administrative burden on companies that are required to use them. In order to minimise disruption for undertakings that already report sustainability information, sustainability

reporting standards should take account of existing standards and frameworks for sustainability reporting and accounting where appropriate. Those include the Global Reporting Initiative, the Sustainability Accounting Standards Board, the International Integrated Reporting Council, the International Accounting Standards Board, the Task Force on Climate-related Financial Disclosures, the Carbon Disclosure Standards Board, and CDP (formerly the Carbon Disclosure Project). Standards of the European Union should take account of any sustainability reporting standards developed under the auspices of International Financial Reporting Standards Foundation. To avoid unnecessary regulatory fragmentation that may have negative consequences for undertakings operating globally, European standards should contribute to the process of convergence of sustainability reporting standards at global level.

reporting standards should take account of existing standards and frameworks for sustainability reporting and accounting where appropriate. Those include the Global Reporting Initiative, the Sustainability Accounting Standards Board, the International Integrated Reporting Council, the International Accounting Standards Board, the Task Force on Climate-related Financial Disclosures, the Carbon Disclosure Standards Board, and CDP (formerly the Carbon Disclosure Project) ***and the Greenhouse Gas Protocol in the calculation of greenhouse gas (GHG) emissions from undertakings, and including emissions generated from industrial livestock production.*** . 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.

Or. en

Amendment 139

Axel Voss, Angelika Niebler, Pernille Weiss, Christian Ehler, Markus Ferber, Markus Pieper, Jens Gieseke, Marion Walsmann, Sabine Verheyen, Christine Schneider, Radan Kanev, Ralf Seekatz, Jessica Polfjård

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

Amendment

deleted

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

Or. en

Amendment 140

Marie Toussaint

on behalf of the Greens/EFA Group

Heidi Hautala

Proposal for a directive

Recital 38

Text proposed by the Commission

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

deleted

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

Or. en

Amendment 141

Axel Voss, Angelika Niebler, Pernille Weiss, Christian Ehler, Markus Ferber, Markus Pieper, Jens Gieseke, Marion Walsmann, Sabine Verheyen, Christine Schneider, Radan Kanev, Ralf Seekatz, Jessica Polfjård

Proposal for a directive Recital 39

Text proposed by the Commission

Amendment

(39) Sustainability reporting standards should also take account of internationally recognised principles and frameworks on responsible business conduct, corporate social responsibility, and sustainable development, including *deleted*

the UN Sustainable Development Goals, the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, the OECD Due Diligence Guidance for Responsible Business Conduct and related sectoral guidelines, the UN Global Compact, the Tripartite Declaration of Principles of the International Labour Organisation concerning Multinational Enterprises and Social Policy, the ISO 26000 standard on social responsibility, and the UN Principles for Responsible Investment.

Or. en

Justification

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

Amendment 142

Axel Voss, Angelika Niebler, Pernille Weiss, Christian Ehler, Markus Ferber, Markus Pieper, Jens Gieseke, Marion Walsmann, Sabine Verheyen, Christine Schneider, Radan Kanev, Ralf Seekatz, Jessica Polfjård, Daniel Buda

Proposal for a directive

Recital 40

Text proposed by the Commission

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

Amendment

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

reporting standards. The reporting standards should consider and specify any geographical or other contextual information that undertakings should disclose to provide an understanding of their principal impacts on sustainability matters and the principal risks to the undertaking arising from sustainability matters.

Or. en

Amendment 143

Marie Toussaint

on behalf of the Greens/EFA Group

Heidi Hautala, Lara Wolters, Manon Aubry

Proposal for a directive

Recital 40

Text proposed by the Commission

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

Amendment

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

Amendment 144

Axel Voss, Angelika Niebler, Pernille Weiss, Christian Ehler, Markus Ferber, Markus Pieper, Jens Gieseke, Marion Walsmann, Sabine Verheyen, Christine Schneider, Radan Kanev, Ralf Seekatz, Jessica Polfjård, Daniel Buda

Proposal for a directive

Recital 41

Text proposed by the Commission

Amendment

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

Amendment 145

Marie Toussaint

on behalf of the Greens/EFA Group

Heidi Hautala

Proposal for a directive

Recital 41

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

(41) With regard to climate-related information, users, ***including consumers,*** 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. ***These parties are also interested to know the efforts made by companies to effectively reduced absolute GHG emissions as part of their climate mitigation and adaption strategies.*** The reporting standards should therefore specify the information undertakings should report with regard to those matters.

Or. en

Amendment 146

Manon Aubry

Proposal for a directive

Recital 41

(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

(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.

Or. en

Amendment 147

Marie Toussaint

on behalf of the Greens/EFA Group

Lara Wolters, Heidi Hautala, Manon Aubry

Proposal for a directive

Recital 42

Text proposed by the Commission

(42) Achieving a climate neutral and circular economy and a toxic-free environment requires the full mobilisation of all economic sectors. Reducing energy use and increasing energy efficiency is key in this respect as energy is used across supply chains. Energy aspects should therefore be duly considered in sustainability reporting standards, in particular in relation to environmental matters.

Amendment

(42) Achieving a climate neutral and circular economy and a toxic-free environment ***without any diffuse pollution***, requires the full mobilisation of all economic sectors. Reducing energy use and increasing energy efficiency is key in this respect as energy is used across supply chains. Energy aspects should therefore be duly considered in sustainability reporting standards, in particular in relation to environmental ***and climate related*** matters.

Or. en

Amendment 148

Manon Aubry, Marie Toussaint

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

Or. en

Amendment 149
Manon Aubry

Proposal for a directive
Recital 43

Text proposed by the Commission

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

Amendment

(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 *relevant conventions of the International Labour Organisation 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*

Amendment 150

Axel Voss, Angelika Niebler, Pernille Weiss, Christian Ehler, Markus Ferber, Markus Pieper, Jens Gieseke, Marion Walsmann, Sabine Verheyen, Christine Schneider, Radan Kanev, Ralf Seekatz, Jessica Polfjård

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 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

Amendment

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

Justification

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

Amendment 151**Daniel Buda****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 other core UN human rights conventions, the International Labour Organization's Declaration on Fundamental Principles and

Amendment

(43) Sustainability reporting standards should specify the information that undertakings should disclose on social factors, including employee factors, ***inclusion measures*** 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, ***such as the Convention on the Rights of***

Rights at Work, the fundamental conventions of the International Labour Organisation, and the Charter of Fundamental Rights of the European Union.

Persons with Disabilities, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the fundamental conventions of the International Labour Organisation, and the Charter of Fundamental Rights of the European Union.

Or. ro

Amendment 152 **Manon Aubry**

Proposal for a directive **Recital 44**

Text proposed by the Commission

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

Amendment

(44) Users need information about governance factors, including information on the role of an undertaking's administrative, management and supervisory bodies, including with regard to sustainability matters, the composition of such bodies, and an undertaking's internal control, ***alert mechanism*** and risk management systems, including in relation to the reporting process. Users also need information about undertakings' corporate culture and anti-corruption and anti-bribery ***risk assessments and programmes***, and about their political engagements, including ***details about direct and indirect*** lobbying activities. ***The undertaking should also provide information on beneficial ownership and organisational structure.*** Information about the management of the undertaking and the quality of relationships with business partners, including payment practices relating to the date or period for payment, the rate of interest for late payment or the compensation for recovery costs referred to in Directive 2011/7/EU of the European Parliament and of the Council⁶² on late payment in commercial transactions, helps users to understand an undertaking's risks as well as its impacts on sustainability

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.

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).

Or. en

Amendment 153

Marie Toussaint

on behalf of the Greens/EFA Group

Heidi Hautala

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,

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, ***particularly with regard to workers' and women's participation, age, ethnicity and diversity 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 and approach to business ethics,

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).

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 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).

Or. en

Amendment 154

Lara Wolters, Tiemo Wölken, Bettina Vollath

Proposal for a directive

Recital 44

Text proposed by the Commission

(44) Users need information about governance factors, including information

Amendment

(44) Users need information about governance factors, including information

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

on the role of an undertaking's administrative, management and supervisory bodies, including with regard to sustainability matters, the composition of such bodies, ***including the gender balance of company boards and related policies for increasing diversity***, 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 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).

Or. en

Amendment 155

Lara Wolters, Tiemo Wölken, Bettina Vollath

Proposal for a directive

Recital 44 a (new)

Text proposed by the Commission

Amendment

(44a) Diversity on company boards contributes to better decision-making, corporate governance and resilience in undertakings. Workers' representatives as well as more women on boards would promote the sustainable development of undertakings.

Or. en

Amendment 156

Lara Wolters, Tiemo Wölken, Bettina Vollath, Paul Tang

Proposal for a directive

Recital 44 b (new)

Text proposed by the Commission

Amendment

(44b) Fair tax policies are an integral part of an undertaking's corporate social responsibility. It is therefore relevant that undertakings should disclose their policies in this field. Specifically relevant are an undertaking's policies regarding potentially harmful tax regimes as can be indicated using the hallmarks laid out in Annex IV of the Council Directive (EU) 2018/822 amending Directive 2011/16/EU. These hallmarks, as well as international standards on tax reporting, such as those developed by the Global Reporting Initiative, should be used to develop delegated acts further specifying the sustainability reporting standards on fair taxation practices.

Or. en

Amendment 157
Daniel Buda, Axel Voss

Proposal for a directive
Recital 45

Text proposed by the Commission

(45) The reporting standards should promote a more integrated view of all the information published by undertakings in the management report to provide users of that information with a better understanding of the development, performance, position and impact of the undertaking. Those standards should distinguish as necessary between information that undertakings should disclose when reporting at individual level and the information that undertakings should disclose when reporting at consolidated level. Those standards should also contain guidance for undertakings on the process carried out to identify the sustainability information that should be included in the management report.

Amendment

(45) The reporting standards should promote a more integrated view of all the information published by undertakings in the management report to provide users of that information with a better understanding of the development, performance, position and impact of the undertaking. Those standards should distinguish as necessary between information that undertakings should disclose when reporting at individual level and the information that undertakings should disclose when reporting at consolidated level ***but without revealing confidential know-how and trade secrets.*** Those standards should also contain guidance for undertakings on the process carried out to identify the sustainability information that should be included in the management report.

Or. ro

Amendment 158
Lara Wolters, Tiemo Wölken, Bettina Vollath

Proposal for a directive
Recital 45

Text proposed by the Commission

(45) The reporting standards should promote a more integrated view of all the information published by undertakings in the management report to provide users of that information with a better understanding of the development, performance, position and impact of the

Amendment

(45) The reporting standards should promote a more integrated view of all the information published by undertakings in the management report to provide users of that information with a better understanding of the development, performance, position and impact of the

undertaking. Those standards should distinguish as necessary between information that undertakings should disclose when reporting at individual level and the information that undertakings should disclose when reporting at consolidated level. Those standards should also contain guidance for undertakings on the process carried out to identify the sustainability information that should be included in the management report.

undertaking. Those standards should distinguish as necessary between information that undertakings should disclose when reporting at individual level and the **additional** information that undertakings should disclose when reporting at consolidated level. Those standards should also contain guidance for undertakings on the process carried out to identify the sustainability information that should be included in the management report.

Or. en

Amendment 159

Lara Wolters, Tiemo Wölken, Bettina Vollath

Proposal for a directive

Recital 45 a (new)

Text proposed by the Commission

Amendment

(45a) Member States should ensure that sustainability reporting is done in compliance with workers' rights to information and consultation, in accordance with Directive 2002/14/EC and, where applicable, in accordance with Directive 2009/38/EC, Directive 2001/86/EC or Directive 2003/72/EC. Member States may decide that workers' rights to information and consultation apply with respect to the workers of companies other than those referred to in Article 3(1) of Directive 2002/14/EC.

Or. en

Amendment 160

Marie Toussaint

on behalf of the Greens/EFA Group

Heidi Hautala

Proposal for a directive

Recital 46

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

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

Or. en

Amendment 161

Manon Aubry

Proposal for a directive

Recital 46

Text proposed by the Commission

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

Amendment

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

Or. en

Amendment 162

Axel Voss, Angelika Niebler, Pernille Weiss, Christian Ehler, Markus Ferber, Markus Pieper, Jens Gieseke, Marion Walsmann, Sabine Verheyen, Christine Schneider, Radan Kanev, Ralf Seekatz, Jessica Polfjärd

Proposal for a directive

Recital 46

Text proposed by the Commission

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

Amendment

(46) Undertakings in the same sector are often exposed to similar sustainability-related risks, and they often have similar impacts on society and the environment. Comparisons between undertakings in the same sector are especially valuable to investors and other users of sustainability information.

Or. en

Amendment 163

Lara Wolters, Tiemo Wölken, Bettina Vollath

Proposal for a directive

Recital 46 a (new)

Text proposed by the Commission

Amendment

(46a) Sector specific standards should be in particular developed for the extractive industry, as defined in Article 41 (1) of Directive 2013/34/EU, and the logging of forests. Those standards should be

consistent with the project level reporting requirements foreseen in Chapter 10 of Directive 2013/34/EU, and should require the publication of contracts and other relevant documents upon which these projects are based, as well as information on payments to Governments and joint ventures.

Or. en

Amendment 164

Manon Aubry, Marie Toussaint

Proposal for a directive

Recital 47

Text proposed by the Commission

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

Amendment

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

of international standards.

to take account of relevant developments, including the development of international standards.

Or. en

Amendment 165

Axel Voss, Angelika Niebler, Pernille Weiss, Christian Ehler, Markus Ferber, Markus Pieper, Jens Gieseke, Marion Walsmann, Sabine Verheyen, Christine Schneider, Radan Kanev, Ralf Seekatz, Jessica Polfjärd, Daniel Buda

Proposal for a directive

Recital 47

Text proposed by the Commission

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

Amendment

(47) To meet the information needs from users in a timely manner, and in particular given the urgency to meet the information needs of financial market participants subject to the requirements laid down in the delegated acts adopted pursuant to Article 4, paragraphs 6 and 7 of Regulation (EU) 2019/2088, the Commission should adopt a first set of reporting standards **one and a half years after the entry into force of the Directive**. That set of reporting standards should specify the information that undertakings should disclose with regard to all reporting areas and sustainability matters, and that financial market participants need to comply with the disclosure obligations laid down in Regulation (EU) 2019/2088. The Commission should adopt a second set of reporting standards **three years after the entry into force of the Directive**, specifying complementary information that undertakings should disclose about sustainability matters and reporting areas where necessary, and information that is specific to the sector in which an undertaking operates. The Commission **shall** review the standards every 3 years to **align them with** relevant developments, including **newly developed** international standards.

Amendment 166
Marie Toussaint
on behalf of the Greens/EFA Group
Heidi Hautala

Proposal for a directive
Recital 47 a (new)

Text proposed by the Commission

Amendment

(47a) Undertakings in certain particularly emitting sectors such as extractive and fossil fuel industry, should take into account the relevant sectoral guidance from the IPCC and the International Energy Agency. Undertakings active in the extractive industry as defined in Article 41(1) of directive 2013/34/EU should thus be subject to additional sustainability disclosure requirements. These undertakings have high market capitalization, drive economic growth across the world and are an important source of government revenues in many countries. They also have exceptional sustainability impacts in terms of greenhouse gas emissions, pollution, biodiversity loss and human health. Extractive activities can also fuel corruption, conflict and threaten human rights when safeguards are not met or if projects are poorly managed. The fossil fuel industry is a major cause of climate change while the energy transition will transform the extractive industries, with a huge reduction in the production of fossil fuels and a massive increase in the exploitation of minerals needed for clean energy technology. European capital markets are exposed to climate-related risk - the vulnerability of coal, oil and gas companies is particularly pronounced. These climate related risks will also have real consequences for extractive industry stakeholders in producing countries.

Amendment 167**Manon Aubry****Proposal for a directive****Recital 47 a (new)***Text proposed by the Commission**Amendment*

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

Amendment 168
Marie Toussaint
on behalf of the Greens/EFA Group
Heidi Hautala

Proposal for a directive
Recital 47 b (new)

Text proposed by the Commission

Amendment

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

Or. en

Amendment 169

Manon Aubry

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) 2019/815,⁶³ 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.

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) 2019/815,⁶³ 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/2009-24-digital-finance-proposals_en

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/2009-24-digital-finance-proposals_en

Or. en

Amendment 170

Daniel Buda

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) 2019/815⁶³, 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

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 **and fully accessible, including to 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) 2019/815⁶³, and to mark-up sustainability information, including the disclosures required by Article 8 of Regulation (EU) 2020/852, in accordance

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 EU⁶⁵. 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.

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 EU⁶⁵. 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.

Or. ro

Amendment 171

Marie Toussaint

on behalf of the Greens/EFA Group

Heidi Hautala

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

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

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 **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

Or. en

Amendment 172

Manon Aubry

Proposal for a directive

Recital 48 a (new)

Text proposed by the Commission

Amendment

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

Or. en

Amendment 173

Manon Aubry

Proposal for a directive

Recital 49

Text proposed by the Commission

Amendment

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

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

Or. en

Amendment 174

Axel Voss, Angelika Niebler, Pernille Weiss, Christian Ehler, Markus Ferber, Markus Pieper, Jens Gieseke, Marion Walsmann, Sabine Verheyen, Christine Schneider, Radan Kanev, Ralf Seekatz, Jessica Polfjård

Proposal for a directive

Recital 49

Text proposed by the Commission

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

Amendment

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

Or. en

Justification

Taking into account that companies need to adapt their internal processes

Amendment 175

Raffaele Stancanelli

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

Amendment

(50) Article 19a(4) of Directive 2013/34/EU enables Member States to exempt undertakings from including in the management report the non-financial statement required under Article 19a(1). Member States may do so where the undertaking concerned prepares a separate report that is published together with the management report in accordance with

Article 30 of that Directive, or where that report is made publicly available on the undertaking's website within a reasonable period of time not exceeding 6 months, after the balance sheet date, and is referred to in the management report. The same possibility exists for the consolidated non-financial statement referred to in Article 29(a)(4) of Directive 2013/34/EU. Twenty Member States have used that option. ***The possibility to publish a separate report hinders, however, the availability of information that connects financial and information on sustainability matters. It also hinders the findability and accessibility of information for users, especially investors, who are interested in both financial and sustainability information. Possible different publication times for financial and sustainability information exacerbate this problem. Publication in a separate report can also give the impression, internally and externally, that sustainability information belongs to a category of less relevant information, which can impact negatively on the perceived reliability of the information.*** Undertakings should ***therefore*** 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.

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. Undertakings should ***be allowed to decide whether to*** report sustainability information in the management report ***or in a separate non-financial report, provided that this is submitted within six months of the balance sheet date.*** Member States should no longer be allowed to exempt undertakings from the obligation to ***provide*** information on sustainability matters. Such obligation 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.

Or. it

Justification

Non si concorda con l'eliminazione nella proposta di CSRD della possibilità (attualmente prevista nella NFRD) per gli Stati membri di consentire alle società di riportare le informazioni richieste in una relazione separata, che non faccia parte della relazione sulla gestione annuale. L'obiettivo, su cui si concorda, di dare pari dignità alle informazioni finanziarie e di sostenibilità, si ritiene che possa essere meglio perseguito evitando di appesantire ulteriormente il rapporto di gestione e optando per la pubblicazione di un documento separato, in grado di dare maggiore visibilità e fruibilità delle informazioni di sostenibilità alla platea di stakeholder interessati, più ampia e meno specializzata.

Amendment 176

Axel Voss, Angelika Niebler, Pernille Weiss, Christian Ehler, Markus Ferber, Markus Pieper, Jens Gieseke, Marion Walsmann, Sabine Verheyen, Christine Schneider, Radan Kanev, Ralf Seekatz, Jessica Polfjård

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

Amendment

(50) Article 19a(4) of Directive 2013/34/EU enables Member States to exempt undertakings from including in the management report the non-financial statement required under Article 19a(1). Member States may do so where the undertaking concerned prepares a separate report that is published together with the management report in accordance with Article 30 of that Directive, or where that report is made publicly available on the undertaking's website within a reasonable period of time not exceeding 6 months, after the balance sheet date, and is referred to in the management report. The same possibility exists for the consolidated non-financial statement referred to in Article 29(a)(4) of Directive 2013/34/EU. Twenty Member States have used that option. The possibility to publish a separate report **can hinder**, however, the availability of information that connects financial and information on sustainability matters. It **can also hinder** the findability and accessibility of information for users, especially investors, who are interested in both financial and sustainability

information. Possible different publication times for financial and sustainability information exacerbate this problem. Publication in a separate report can also give the impression, internally and externally, that sustainability information belongs to a category of less relevant information, which can impact negatively on the perceived reliability of the information. Undertakings should therefore **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.

information. Possible different publication times for financial and sustainability information exacerbate this problem. Publication in a separate report can also give the impression, internally and externally, that sustainability information belongs to a category of less relevant information, which can impact negatively on the perceived reliability of the information. Undertakings should therefore **consider which** sustainability information **is relevant from a financial point of view and should therefore be included** in the management report, **or whether, depending on the materiality for stakeholders other than those targeted by the annual report, it would be better provided in a separate document.** Member States should be allowed to exempt undertakings from the obligation to include in the management report information on sustainability matters. In addition, undertakings required to report sustainability information should in no case be exempted from the obligation to publish the management report **or sustainability** as it is important to ensure that sustainability information is publically available.

Or. en

Justification

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

Amendment 177

Marie Toussaint

on behalf of the Greens/EFA Group

Heidi Hautala

Proposal for a directive

Recital 51

Text proposed by the Commission

(51) Article 20 of Directive 2013/34/EU requires undertakings with securities listed

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 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.

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 *to* 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, ***in particular with respect to reaching at least equal representation in company boards and compliance with pay transparency requirements***. However, to avoid unnecessary ***unreasonable and unjustified*** 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.

Or. en

Amendment 178
Manon Aubry

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)

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.

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.***

Or. en

Amendment 179 **Raffaele Stancanelli**

Proposal for a directive **Recital 53**

Text proposed by the Commission

(53) The assurance profession distinguishes between limited and reasonable assurance engagements. The conclusion of a limited assurance engagement is usually provided in a negative form of expression by stating that no matter has been identified by the practitioner to conclude that the subject matter is materially misstated. The auditor performs fewer tests than in a reasonable assurance engagement. The amount of work for a limited assurance engagement is therefore less than for reasonable assurance. The work effort in a reasonable assurance engagement entails extensive procedures including consideration of internal controls of the reporting undertaking and substantive testing, and is therefore significantly higher than in a limited assurance engagement. ***The conclusion of this type of engagement is usually provided in a positive form of expression and states an opinion on the measurement of the subject matter against previously defined criteria.*** Article 19a(5) and Article 29a(5) of Directive

Amendment

(53) The assurance profession distinguishes between limited and reasonable assurance engagements. The conclusion of a limited assurance engagement is usually provided in a negative form of expression by stating that no matter has been identified by the practitioner to conclude that the subject matter is materially misstated. The auditor performs fewer tests than in a reasonable assurance engagement. The amount of work for a limited assurance engagement is therefore less than for reasonable assurance. The work effort in a reasonable assurance engagement entails extensive procedures including consideration of internal controls of the reporting undertaking and substantive testing, and is therefore significantly higher than in a limited assurance engagement. ***Furthermore, reasonable assurance would involve increased costs for reporting undertakings. Currently, limited assurance of sustainability can be regarded as the only way forward that does not involve excessive additional costs***

2013/34/EU require Member States to ensure that the statutory auditor or audit firm checks whether the non-financial statement or the separate report has been provided. It does not require that an independent provider of assurance services verifies the information, although it allows Member States to require such verification where they wish to. ***The absence of an assurance requirement on sustainability reporting, in contrast to the requirement for the statutory auditor to perform a reasonable assurance engagement on financial statements, would threaten the credibility of the sustainability information disclosed, thus failing to meet the needs of the intended users of that information. Although the objective is to have a similar level of assurance for financial and sustainability reporting, the absence of a commonly agreed standard for the assurance of sustainability reporting creates the risk of different understandings and expectations of what a reasonable assurance engagement would consist of for different categories of sustainability information, especially with regard to forward looking and qualitative disclosures. Therefore, a progressive approach to enhance the level of the assurance required for sustainability information should be considered, starting with an obligation on the statutory auditor or audit firm to express an opinion about the compliance of the sustainability reporting with Union requirements based on a limited assurance engagement. This opinion should cover the compliance of the sustainability reporting with Union sustainability reporting standards, the process carried out by the undertaking to identify the information reported pursuant to the sustainability reporting standards and compliance with the requirement to mark-up sustainability reporting. The auditor should also assess whether the undertaking's reporting complies with the reporting requirements of Article 8 of Regulation (EU) 2020/852.***

for undertakings, in particular for small and medium-sized businesses. We hope that in the future market conditions will allow more extensive use of reasonable assurance with a more balanced cost-benefit ratio. Article 19a(5) and Article 29a(5) of Directive 2013/34/EU require Member States to ensure that the statutory auditor or audit firm checks whether the non-financial statement or the separate report has been provided. It does not require that an independent provider of assurance services verifies the information, although it allows Member States to require such verification where they wish to.

To guarantee a common understanding and expectations of what a reasonable assurance engagement would consist of, the statutory auditor or audit firm should be required to express an opinion based on a reasonable assurance engagement about the compliance of the sustainability reporting with Union requirements, should the Commission adopt assurance standards for reasonable assurance of sustainability reporting. This would also allow for the progressive development of the assurance market for sustainability information, and of undertakings' reporting practices. Finally, this progressive approach would phase in the increase in costs for reporting undertakings, given that reasonable assurance is more costly than limited assurance.

Or. it

Justification

Current market conditions do not allow for a cost-benefit ratio that would justify progressing towards a reasonable assurance requirement, in particular for small and medium-sized undertakings. However, we hope that in the future conditions will allow a gradual transition towards reasonable assurance.

Amendment 180
Daniel Buda, Axel Voss

Proposal for a directive
Recital 53

Text proposed by the Commission

(53) The assurance profession distinguishes between limited and reasonable assurance engagements. The conclusion of a limited assurance engagement is usually provided in a negative form of expression by stating that no matter has been identified by the practitioner to conclude that the subject matter is materially misstated. The auditor performs fewer tests than in a reasonable

Amendment

(53) The assurance profession distinguishes between limited and reasonable assurance engagements. The conclusion of a limited assurance engagement is usually provided in a negative form of expression by stating that no matter has been identified by the practitioner to conclude that the subject matter is materially misstated. The auditor performs fewer tests than in a reasonable

assurance engagement. ***The amount of work for a limited assurance engagement is therefore less than for reasonable assurance.*** The work effort in a reasonable assurance engagement entails extensive procedures including consideration of internal controls of the reporting undertaking and substantive testing, and is therefore significantly higher than in a limited assurance engagement. The conclusion of this type of engagement is usually provided in a positive form of expression and states an opinion on the measurement of the subject matter against previously defined criteria. Article 19a(5) and Article 29a(5) of Directive 2013/34/EU require Member States to ensure that the statutory auditor or audit firm checks whether the non-financial statement or the separate report has been provided. It does not require that an independent provider of assurance services verifies the information, although it allows Member States to require such verification where they wish to. The absence of an assurance requirement on sustainability reporting, ***in contrast to the requirement for the statutory auditor to perform a reasonable assurance engagement on financial statements,*** would threaten the credibility of the sustainability information disclosed, thus failing to meet the needs of the intended users of that information. Although the objective is to have a similar level of assurance for financial and sustainability reporting, the absence of a commonly agreed ***standard*** for the assurance of sustainability reporting creates the risk of different understandings and expectations of what a reasonable assurance engagement would consist of for different categories of sustainability information, ***especially with regard to forward looking and qualitative disclosures.*** Therefore, a progressive approach to ***enhance*** the level of the assurance required for sustainability information should be considered, starting with an obligation on the statutory auditor or audit firm to express an opinion about

assurance engagement. The work effort in a reasonable assurance engagement entails extensive procedures including consideration of internal controls of the reporting undertaking and substantive testing, and is therefore significantly higher than in a limited assurance engagement. The conclusion of this type of engagement is usually provided in a positive form of expression and states an opinion on the measurement of the subject matter against previously defined criteria. Article 19a(5) and Article 29a(5) of Directive 2013/34/EU require Member States to ensure that the statutory auditor or audit firm checks whether the non-financial statement or the separate report has been provided. It does not require that an independent provider of assurance services verifies the information, although it allows Member States to require such verification where they wish to. The absence of an assurance requirement on sustainability reporting would threaten the credibility of the sustainability information disclosed, thus failing to meet the needs of the intended users of that information. Although the objective is to have a similar level of assurance for financial and sustainability reporting, the absence of commonly agreed ***guidelines*** for the assurance of sustainability reporting creates the risk of different understandings and expectations of what a reasonable assurance engagement would consist of for different categories of sustainability information. Therefore, ***for the purpose of a priori impact assessments,*** a progressive approach to ***strengthen*** the level of the assurance required for sustainability information should be considered, starting with an obligation on the statutory auditor or audit firm to express an opinion about the compliance of the sustainability reporting with Union requirements based on a limited assurance engagement. This opinion should cover the compliance of the sustainability reporting with Union sustainability reporting standards and compliance with the requirement to mark-

the compliance of the sustainability reporting with Union requirements based on a limited assurance engagement. This opinion should cover the compliance of the sustainability reporting with Union sustainability reporting standards, ***the process carried out by the undertaking to identify the information reported pursuant to the sustainability reporting standards*** and compliance with the requirement to mark-up sustainability reporting. The auditor should also assess whether the undertaking's reporting complies with the reporting requirements of Article 8 of Regulation (EU) 2020/852. ***To guarantee a common understanding and expectations of what a reasonable assurance engagement would consist of, the statutory auditor or audit firm should be required to express an opinion based on a reasonable assurance engagement about the compliance of the sustainability reporting with Union requirements, should the Commission adopt assurance standards for reasonable assurance of sustainability reporting.*** This would also allow for the progressive development of the assurance market for sustainability information, and of undertakings' reporting practices. Finally, this progressive approach would phase in the increase in costs for reporting undertakings, given that reasonable assurance is more costly than limited assurance.

up sustainability reporting. The auditor should also assess whether the undertaking's reporting complies with the reporting requirements of Article 8 of Regulation (EU) 2020/852. ***When revising this Directive, and only after analysing impact assessments, the Commission could draw up a set of shared assurance standards to ensure reasonable sustainability reporting, according to which the statutory auditor or audit firm could issue an opinion based on a reasonable assurance engagement about the compliance of the reporting with Union requirements. This would also allow for the progressive development of the assurance market for sustainability information, and of undertakings' reporting practices. Finally, this progressive approach would phase in the increase in costs for reporting undertakings, given that reasonable assurance is more costly than limited assurance.***

Or. ro

Amendment 181

Manon Aubry

Proposal for a directive

Recital 53

Text proposed by the Commission

(53) The assurance profession distinguishes between limited and reasonable assurance engagements. The

Amendment

(53) The assurance profession distinguishes between limited and reasonable assurance engagements. The

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

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

forward looking and qualitative disclosures. Therefore, a progressive approach to enhance the level of the assurance required for sustainability information should be considered, starting with an obligation on the statutory auditor or audit firm to express an opinion about the compliance of the sustainability reporting with Union requirements based on a limited assurance engagement. This opinion should cover the compliance of the sustainability reporting with Union sustainability reporting standards, the process carried out by the undertaking to identify the information reported pursuant to the sustainability reporting standards and compliance with the requirement to mark-up sustainability reporting. The auditor should also assess whether the undertaking's reporting complies with the reporting requirements of Article 8 of Regulation (EU) 2020/852. To guarantee a common understanding and expectations of what a reasonable assurance engagement would consist of, the statutory auditor or audit firm should be required to express an opinion based on a reasonable assurance engagement about the compliance of the sustainability reporting with Union requirements, ***should the Commission adopt assurance standards for reasonable assurance of sustainability reporting***. This would also allow for the progressive development of the assurance market for sustainability information, and of undertakings' reporting practices. Finally, this progressive approach would phase in the increase in costs for reporting undertakings, given that reasonable assurance is more costly than limited assurance.

forward looking and qualitative disclosures. Therefore, a progressive approach to enhance the level of the assurance required for sustainability information should be considered, starting with an obligation on the statutory auditor or audit firm to express an opinion about the compliance of the sustainability reporting with Union requirements based on a limited assurance engagement. This opinion should cover the compliance of the sustainability reporting with Union sustainability reporting standards, the process carried out by the undertaking to identify the information reported pursuant to the sustainability reporting standards and compliance with the requirement to mark-up sustainability reporting. The auditor should also assess whether the undertaking's reporting complies with the reporting requirements of Article 8 of Regulation (EU) 2020/852. To guarantee a common understanding and expectations of what a reasonable assurance engagement would consist of, the ***Commission should adopt assurance standards for reasonable assurance of sustainability reporting by 31 October 2023***. The statutory auditor or audit firm should ***then*** be required to express an opinion based on a reasonable assurance engagement about the compliance of the sustainability reporting with Union requirements. This would also allow for the progressive development of the assurance market for sustainability information, and of undertakings' reporting practices. Finally, this progressive approach would phase in the increase in costs for reporting undertakings, given that reasonable assurance is more costly than limited assurance.

Or. en

Amendment 182

Lara Wolters, Tiemo Wölken, Bettina Vollath

Proposal for a directive

Recital 54

Text proposed by the Commission

(54) Statutory auditors or audit firms already verify the financial statements and the management report. The assurance of sustainability reporting by the statutory auditors or audit firms would help to ensure the connectivity between, and consistency of, financial and sustainability information, which is particularly important for by users of sustainability information. However, there is a risk of further concentration of the audit market, which could risk the independence of auditors and increase audit or assurance fees. It is therefore desirable to offer undertakings a broader choice of independent assurance service providers for the assurance of sustainably reporting. Member States should therefore be allowed to accredit independent assurance services providers in accordance with Regulation (EC) No 765/2008 of the European Parliament and of the Council⁶⁶ to provide an opinion on sustainability reporting, which should be published together with the management report. Member States should set out requirements that ensure consistent outcomes in the assurance of sustainability reporting carried out by different assurance service providers. Therefore, all independent assurance services providers should be subject to requirements that are consistent with those set out in Directive 2006/43/EC as regards the assurance of sustainability reporting. This will also guarantee a level playing field among all persons and firms allowed by Member States to provide the opinion on the assurance of sustainability reporting, including statutory auditors. If an undertaking seeks the opinion of an accredited independent assurance services provider other than the statutory auditor on its sustainability reporting, it should not in addition need to request this opinion from the statutory auditor.

Amendment

(54) Statutory auditors or audit firms already verify the financial statements and the management report. The assurance of sustainability reporting by the statutory auditors or audit firms would help to ensure the connectivity between, and consistency of, financial and sustainability information, which is particularly important for by users of sustainability information. However, there is a risk of further concentration of the audit market, which could risk the independence of auditors and increase audit or assurance fees. It is therefore desirable to offer undertakings a broader choice of independent assurance service providers for the assurance of sustainably reporting. Member States should therefore be allowed to accredit independent assurance services providers in accordance with Regulation (EC) No 765/2008 of the European Parliament and of the Council⁶⁶ to provide an opinion on sustainability reporting, which should be published together with the management report. Member States should set out requirements that ensure consistent outcomes in the assurance of sustainability reporting carried out by different assurance service providers. Therefore, all independent assurance services providers should be subject to requirements that are consistent with those set out in Directive 2006/43/EC as regards the assurance of sustainability reporting. This will also guarantee a level playing field among all persons and firms allowed by Member States to provide the opinion on the assurance of sustainability reporting, including statutory auditors. If an undertaking seeks the opinion of an accredited independent assurance services provider other than the statutory auditor on its sustainability reporting, it should not in addition need to request this opinion from the statutory auditor. ***Likewise, an undertaking should not seek the opinion***

of the same audit firm or equivalent for both the fulfilment of its due diligence obligations, and the assurance of sustainability disclosures as set out in this directive.

⁶⁶ Regulation (EC) No 765/2008 of the European Parliament and of the Council of 9 July 2008 setting out the requirements for accreditation and market surveillance relating to the marketing of products and repealing Regulation (EEC) No 339/93 (OJ L 218, 13.8.2008, p. 30).

⁶⁶ Regulation (EC) No 765/2008 of the European Parliament and of the Council of 9 July 2008 setting out the requirements for accreditation and market surveillance relating to the marketing of products and repealing Regulation (EEC) No 339/93 (OJ L 218, 13.8.2008, p. 30).

Or. en

Amendment 183 **Geoffroy Didier**

Proposal for a directive **Recital 54**

Text proposed by the Commission

(54) Statutory auditors or audit firms already verify the financial statements and the management report. The assurance of sustainability reporting by the statutory auditors or audit firms would help to ensure the connectivity between, and consistency of, financial and sustainability information, which is particularly important for by users of sustainability information. However, there is a risk of further concentration of the audit market, which could risk the independence of auditors and increase audit or assurance fees. It is therefore desirable to offer undertakings a broader choice of independent assurance service providers for the assurance of sustainably reporting. Member States should therefore be allowed to accredit independent assurance services providers in accordance with Regulation (EC) No 765/2008 of the European Parliament and of the Council⁶⁶ to provide an opinion on sustainability reporting,

Amendment

(54) Statutory auditors or audit firms already verify the financial statements and the management report. The assurance of sustainability reporting by the statutory auditors or audit firms would help to ensure the connectivity between, and consistency of, financial and sustainability information, which is particularly important for by users of sustainability information. However, there is a risk of further concentration of the audit market, which could risk the independence of auditors and increase audit or assurance fees. It is therefore desirable to offer undertakings a broader choice of independent assurance service providers for the assurance of sustainably reporting. Member States should therefore be allowed to accredit independent assurance services providers in accordance with Regulation (EC) No 765/2008 of the European Parliament and of the Council⁶⁶ to provide an opinion on sustainability reporting,

which should be published together with the management report. Member States should set out requirements that ensure consistent outcomes in the assurance of sustainability reporting carried out by different assurance service providers. Therefore, all independent assurance services providers should be subject to requirements that are consistent with those set out in Directive 2006/43/EC as regards the assurance of sustainability reporting. This will also guarantee a level playing field among all persons and firms allowed by Member States to provide the opinion on the assurance of sustainability reporting, including statutory auditors. If an undertaking seeks the opinion of an accredited independent assurance services provider other than the statutory auditor on its sustainability reporting, it should not in addition need to request this opinion from the statutory auditor.

⁶⁶ Regulation (EC) No 765/2008 of the European Parliament and of the Council of 9 July 2008 setting out the requirements for accreditation and market surveillance relating to the marketing of products and repealing Regulation (EEC) No 339/93 (OJ L 218, 13.8.2008, p. 30).

which should be published together with the management report. Member States should set out requirements that ensure consistent outcomes in the assurance of sustainability reporting carried out by different assurance service providers. Therefore, all independent assurance services providers should be subject to requirements that are consistent with those set out in Directive 2006/43/EC as regards the assurance of sustainability reporting ***except for Chapter III of Directive 2006/43/EC***. This will also guarantee a level playing field among all persons and firms allowed by Member States to provide the opinion on the assurance of sustainability reporting, including statutory auditors. If an undertaking seeks the opinion of an accredited independent assurance services provider other than the statutory auditor on its sustainability reporting, it should not in addition need to request this opinion from the statutory auditor.

⁶⁶ Regulation (EC) No 765/2008 of the European Parliament and of the Council of 9 July 2008 setting out the requirements for accreditation and market surveillance relating to the marketing of products and repealing Regulation (EEC) No 339/93 (OJ L 218, 13.8.2008, p. 30).

Or. en

Justification

This amendment aims to allow “Independent assurance services providers” to pursue their activity. They are essential, if the scope of companies is larger than the present one. Otherwise, the certification will be problematic for many companies, as they will not find certifiers.

Amendment 184
Manon Aubry

Proposal for a directive
Recital 54 a (new)

(54a) To guarantee the independence of the assurance of sustainability information, in case an undertaking relies on statutory auditors, audit firm or independent assurance services firms in the design, implementation or assessment of their due diligence process, it should not in addition request assurance of sustainability reporting from the same entity.

Or. en

Amendment 185

Lara Wolters, Tiemo Wölken, Bettina Vollath

Proposal for a directive

Recital 57

Text proposed by the Commission

Amendment

(57) It should be ensured that the requirements imposed on auditors as regards their work on the statutory audit and the assurance of sustainability reporting are consistent. It should therefore be laid down that, where the opinion on sustainability reporting is given by the statutory auditor or audit firm carrying out the statutory audit of financial statements, the key audit partners are actively involved in conducting the assurance of sustainability reporting. When carrying out the assurance of sustainability reporting, statutory auditors should be required to devote sufficient time to the engagement and assign sufficient resources to enable them to carry out their duties appropriately. Finally, the client account record should specify the fees charged for the assurance of sustainability reporting and the audit file should include information related to the assurance of sustainability reporting.

(57) It should be ensured that the requirements imposed on auditors as regards their work on the statutory audit and the assurance of sustainability reporting are consistent. It should therefore be laid down that, where the opinion on sustainability reporting is given by the statutory auditor or audit firm carrying out the statutory audit of financial statements, the key audit partners are actively involved in conducting the assurance of sustainability reporting. When carrying out the assurance of sustainability reporting, statutory auditors should be required to devote sufficient time to the engagement and assign sufficient resources ***and expertise*** to enable them to carry out their duties appropriately. Finally, the client account record should specify the fees charged for the assurance of sustainability reporting and the audit file should include information related to the assurance of sustainability reporting.

Amendment 186

Axel Voss, Angelika Niebler, Pernille Weiss, Christian Ehler, Markus Ferber, Markus Pieper, Jens Gieseke, Marion Walsmann, Sabine Verheyen, Christine Schneider, Radan Kanev, Ralf Seekatz, Jessica Polfjärd

Proposal for a directive

Recital 57 a (new)

Text proposed by the Commission

Amendment

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

Or. en

Amendment 187

Angelika Niebler, Markus Pieper, Axel Voss, Marion Walsmann

Proposal for a directive

Paragraph 57 a (new)

Text proposed by the Commission

Amendment

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

Or. de

Amendment 188

Manon Aubry

Proposal for a directive

Recital 60

Text proposed by the Commission

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

Amendment

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

Or. en

Amendment 189

Manon Aubry, Marie Toussaint

Proposal for a directive

Recital 63 a (new)

Text proposed by the Commission

Amendment

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

Or. en

Amendment 190

Daniel Buda, Axel Voss

Proposal for a directive
Recital 69

Text proposed by the Commission

(69) According to Article 51 of Directive 2013/34/EU, the enforcement of corporate reporting by undertakings the securities of which are not listed on regulated markets is carried out by Member States. The types of sanctions are, however, not specified, which means that sanctioning regimes can vary widely between Member States, so undermining the single market. To improve sustainability reporting in the internal market and to contribute to the transition towards a fully sustainable and inclusive economic and financial system in which the benefits of growth are broadly shared in accordance with the European Green Deal, Member States should provide for certain sanctions and administrative measures in the case of infringements of sustainability reporting requirements. The sanctioning regime of Directive 2013/34/EU should therefore be strengthened accordingly, whereby Member States are to provide for appropriate sanctions and administrative measures.

Amendment

(69) According to Article 51 of Directive 2013/34/EU, the enforcement of corporate reporting by undertakings the securities of which are not listed on regulated markets is carried out by Member States. The types of sanctions are, however, not specified, which means that sanctioning regimes can vary widely between Member States, so undermining the single market. To improve sustainability reporting in the internal market and to contribute to the transition towards a fully sustainable and inclusive economic and financial system in which the benefits of growth are broadly shared in accordance with the European Green Deal, Member States should provide for certain *types of* sanctions and administrative measures in the case of infringements of sustainability reporting requirements. The sanctioning regime of Directive 2013/34/EU should therefore be strengthened accordingly, whereby Member States are to provide for appropriate *types of* sanctions and administrative measures.

Or. ro

Amendment 191

Marie Toussaint

on behalf of the Greens/EFA Group

Heidi Hautala

Proposal for a directive
Recital 70 a (new)

Text proposed by the Commission

Amendment

(70a) In its report on the review clause in Article 48 of Directive 2013/34/EU^{1a}, the Commission concluded that the review highlights a number of weaknesses in

reporting standards. These weaknesses include the identification of governments, project definition and joint ventures. With reporting to date, the right government entities cannot easily be identified and held to account. Sustainability objectives, including a stable investment climate in resource-rich countries, cannot be achieved if citizens are unable to hold specific government entities to account. Undertakings should be required to consistently report on projects which are based on 'substantially interconnected' legal agreements. Reporting on each project varies across companies, making it difficult to have a complete and consistent overview of projects involving several companies. Investors managing risk and citizens holding governments to account require consistency in the identification of projects involving substantially interconnected legal agreements in order to progress sustainability objectives. Improved reporting on joint ventures is needed given the prevalence of such structures in the oil, gas and mining industries. Without improved joint venture reporting, major payments to governments risk being hidden from view. Payments to governments for the purchase of oil, gas and minerals by undertakings active in physical trading are now a commonly recognized payment stream within the EITI framework and should be added as a payment category under article 41(5).

1^a 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, COM/2021/199 final, 21 April 2021.

Or. en

Amendment 192
Daniel Buda

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

deleted

Or. ro

Amendment 193
Manon Aubry

Proposal for a directive
Recital 71

Text proposed by the Commission

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

Amendment

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

Or. en

Amendment 194

Marie Toussaint
on behalf of the Greens/EFA Group
Heidi Hautala

Proposal for a directive
Recital 71

Text proposed by the Commission

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

Amendment

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

Or. en

Amendment 195

Axel Voss, Angelika Niebler, Pernille Weiss, Christian Ehler, Markus Ferber, Markus Pieper, Jens Gieseke, Marion Walsmann, Sabine Verheyen, Christine Schneider, Radan Kanev, Ralf Seekatz

Proposal for a directive
Recital 71

Text proposed by the Commission

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

Amendment

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

Or. en

Justification

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

Amendment 196

Lara Wolters, Tiemo Wölken, Bettina Vollath

Proposal for a directive

Recital 71

Text proposed by the Commission

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

Amendment

(71) Member States are invited to assess the impact of their transposition act on SMEs in order to ensure that they are not disproportionately affected, giving specific attention to micro-enterprises and to the **unnecessary** 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.

Or. en

Amendment 197

Marie Toussaint

on behalf of the Greens/EFA Group

Heidi Hautala

Proposal for a directive

Article 1 – paragraph 1 – point 1 – introductory part

Text proposed by the Commission

(1) in Article 1, the following paragraph 3 *is* added:

Amendment

(1) in Article 1, the following paragraph 3 **and 3a are** added:

Or. en

Amendment 198

Axel Voss, Angelika Niebler, Pernille Weiss, Christian Ehler, Markus Ferber, Markus Pieper, Jens Gieseke, Marion Walsmann, Sabine Verheyen, Christine Schneider, Radan Kanev, Ralf Seekatz, Jessica Polfjård

Proposal for a directive

Article 1 – paragraph 1 – point 1

Directive 2013/34/EU

Article 1 – paragraph 3

Text proposed by the Commission

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

Or. en

Amendment 199

Daniel Buda

Proposal for a directive

Article 1 – paragraph 1 – point 1

2013/34/EU

Article 1 – paragraph 3

Text proposed by the Commission

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

Amendment

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

legal form:

are large undertakings with 500 employees on average, as per their balance sheets for the current financial year, and they trade on the EU internal market as an EU or third-country undertaking:

Or. ro

Amendment 200

Manon Aubry

Proposal for a directive

Article 1 – paragraph 1 – point 1

Directive 2013/34/EU

Article 1

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 ***and the undertakings defined in Article 19a(1)*** regardless of their legal form:

Or. en

Amendment 201

Marie Toussaint

on behalf of the Greens/EFA Group

Heidi Hautala

Proposal for a directive

Article 1 – paragraph 1 – point 1

Directive 2013/34/EU

Article 1 – paragraph 3

Text proposed by the Commission

3. The coordination measures

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:

prescribed by Articles 19a, 19d, 29a, 30 and 33, Article 34(1), second subparagraph, point, 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:

Or. en

Amendment 202

Lara Wolters, Tiemo Wölken, Bettina Vollath

Proposal for a directive

Article 1 – paragraph 1 – point 1

Directive 2013/34/EU

Article 1 – paragraph 3 – point b a (new)

Text proposed by the Commission

Amendment

(ba) legal entities such as foundations and legal arrangements similar to trusts as referred to in Directive 2015/849 of the European Parliament and of the Council^{1a}.

^{1a} Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Regulation (EU) No 648/2012 of the European Parliament and of the Council, and repealing Directive 2005/60/EC of the European Parliament and of the Council and Commission Directive 2006/70/EC (Text with EEA relevance)

Or. en

Amendment 203

Manon Aubry

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

Text proposed by the Commission

Amendment

*Member States may choose not to apply the coordination measures referred to in the first subparagraph to the undertakings listed in Article 2(5), points (2) to (23), of Directive 2013/36/EU of the European Parliament and of the Council*³.*

deleted

Or. en

Amendment 204

Axel Voss, Angelika Niebler, Pernille Weiss, Christian Ehler, Markus Ferber, Markus Pieper, Jens Gieseke, Marion Walsmann, Sabine Verheyen, Christine Schneider, Radan Kanev, Ralf Seekatz, Jessica Polfjärd

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

Text proposed by the Commission

Amendment

Member States *may* choose not to apply the coordination measures referred to in the first subparagraph to the undertakings listed in Article 2(5), points (2) to (23), of Directive 2013/36/EU of the European Parliament and of the Council*³.

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

Or. en

Amendment 205

Marie Toussaint
on behalf of the Greens/EFA Group
Heidi Hautala

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

Text proposed by the Commission

Amendment

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

Or. en

Amendment 206
Marie Toussaint
on behalf of the Greens/EFA Group
Heidi Hautala

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

Text proposed by the Commission

Amendment

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

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

Or. en

Amendment 207
Lara Wolters, Tiemo Wölken, Bettina Vollath

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

Text proposed by the Commission

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^{*4}, and governance factors;

(17) ‘sustainability matters’ means sustainability factors as defined in Article 2, point (24) of Regulation (EU) 2019/2088 of the European Parliament and of the Council^{*4}, ***including the underlying methodologies and indicators pertaining to environmental matters set out in that regulation, as well as the delegated acts pursuant to it***, and governance factors;

Or. en

Amendment 208

Axel Voss, Angelika Niebler, Pernille Weiss, Christian Ehler, Markus Ferber, Markus Pieper, Jens Gieseke, Marion Walsmann, Sabine Verheyen, Christine Schneider, Radan Kanev, Ralf Seekatz, Jessica Polfjård, Daniel Buda

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^{*4}, ***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^{*4};

Or. en

Amendment 209

Marie Toussaint

on behalf of the Greens/EFA Group

Heidi Hautala

Proposal for a directive

Article 1 – paragraph 1 – point 2

Directive 2013/34/EU

Article 2 – point 18

Text proposed by the Commission

(18) ‘sustainability reporting’ means reporting information related to

Amendment

(18) ‘sustainability reporting’ means reporting information related to

sustainability matters in accordance with Articles 19a, 19d and 29a of this Directive;

sustainability matters in accordance with Articles 19a, 19d and 29a of this Directive, ***where the environmental matters shall be based on, and take account of underlying indicators and methodologies set out in Regulation (EU) 2020/852 and the delegated acts adopted pursuant to it.***

Or. en

Amendment 210
Daniel Buda

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

Text proposed by the Commission

Amendment

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

deleted

Or. ro

Amendment 211

Axel Voss, Angelika Niebler, Pernille Weiss, Christian Ehler, Markus Ferber, Markus Pieper, Jens Gieseke, Marion Walsmann, Sabine Verheyen, Christine Schneider, Radan Kanev, Ralf Seekatz, Jessica Polfjård

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

Text proposed by the Commission

Amendment

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

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

Or. en

Amendment 212
Marie Toussaint
on behalf of the Greens/EFA Group
Heidi Hautala

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 sector' means a sector that is association, as a result of its size, business and value or supply chain characteristics, with a high likelihood of actual or potential severe impacts on sustainability matters and is listed in Annex IIa;

Or. en

Amendment 213
Lara Wolters, Tiemo Wölken, Bettina Vollath

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 sectors' are those business sectors in which there is a high risk for adverse impacts on the environment, good governance, social or human rights, due to factors including their size, business and value chain characteristics.

Or. en

Amendment 214
Manon Aubry

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

Text proposed by the Commission

Amendment

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

Or. en

Amendment 215
Manon Aubry, Marie Toussaint

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

Text proposed by the Commission

Amendment

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

Or. en

Amendment 216
Marie Toussaint
on behalf of the Greens/EFA Group
Heidi Hautala

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

Text proposed by the Commission

Amendment

(20b) 'high-risk undertaking' means an undertaking active in one or more of the high-impact sectors listed in Annex IIa;

Or. en

Amendment 217

Marie Toussaint

on behalf of the Greens/EFA Group

Lara Wolters, Heidi Hautala

Proposal for a directive

Article 1 – paragraph 1 – point 2

Directive 2013/34/EU

Article 2 – point 20 c (new)

Text proposed by the Commission

Amendment

(20c) 'climate neutrality' and 'net-zero' mean a balance between anthropogenic greenhouse gas emissions by sources and removals by sinks to be reached by 2050, in accordance with the Article 2 of the Regulation (EU) 2021/1119, ("European Climate Law") ;

Or. en

Amendment 218

Manon Aubry

Proposal for a directive

Article 1 – paragraph 1 – point 2

Directive 2013/34/EU

Article 2

Text proposed by the Commission

Amendment

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

Or. en

Amendment 219

Marie Toussaint

on behalf of the Greens/EFA Group

Lara Wolters, Heidi Hautala

Proposal for a directive

Article 1 – paragraph 1 – point 2

Directive 2013/34/EU

Article 2 – point 20 d (new)

Text proposed by the Commission

Amendment

(20d) ‘Science-based target’ is a target defined on the basis of conclusive scientific environmental evidence and within dependent scientific validation, that when achieved by the undertaking ensures that the undertaking’s impacts, as specified in Article 19a, will be aligned with the sustainability goals and criteria of the European Union for the specific environmental issue. In the specific case of climate change mitigation, this means a target enabling alignment of the undertaking’s impacts on climate change with a 1.5°C climate scenario with no or limited overshoot as defined by the IPCC;

Or. en

Amendment 220

Marie Toussaint

on behalf of the Greens/EFA Group

Heidi Hautala

Proposal for a directive

Article 1 – paragraph 1 – point 2

Directive 2013/34/EU

Article 2 – point 20 e (new)

Text proposed by the Commission

Amendment

(20e) ‘Severe impacts’ are adverse impacts on people and the environment connected to the undertaking’s value chain by its own operations, its products

and services, its business relationships, its subsidiaries, and its supply chain, based on the gravity of the impact on the sustainability matter, the number of individuals that are or could be affected, or the scale of the damage to the environment; the ease with which the harm could be remediated, restoring the environment or affected people to their prior state; and which cause the greatest harm relative to other impacts the undertaking has identified.

Or. en

Amendment 221
Geoffroy Didier

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

Text proposed by the Commission

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

Amendment

1. Large undertakings, small and medium-sized undertakings which are undertakings referred to in Article 2, point (1), point (a), *as of 1 January 2026, and undertakings not established in the European Union which are operating in the European Union, and whose consolidated revenue on their balance sheet date exceeds for each of the last two consecutive financial years a total of EUR 750 000 000, as reflected in their consolidated financial statement, and whose revenue generated within the European Union exceeds for each of the last two consecutive financial years EUR 40 000 000 as referred to in Article 3, point (4), point (b)*, shall include in the management report information necessary to understand the undertaking's impacts on sustainability matters, and information necessary to understand how sustainability matters affect the undertaking's

development, performance and position.

Or. en

Justification

All foreign companies established in the EU and foreign companies active in the EU but not established in the internal market should be imposed the same obligations than EU companies, on behalf of non-discrimination principle and in order to ensure a level playing field. It is essential to include these companies when they exceed a certain threshold of global turnover to guarantee competitiveness of European businesses and the basic principles of the internal market.

Amendment 222

Axel Voss, Angelika Niebler, Pernille Weiss, Christian Ehler, Markus Ferber, Markus Pieper, Jens Gieseke, Marion Walsmann, Sabine Verheyen, Christine Schneider, Radan Kanev, Ralf Seekatz, Jessica Polfjärd, Daniel Buda

Proposal for a directive

Article 1 – paragraph 1 – point 3

Directive 2013/34/EU

Article 19a – paragraph 1

Text proposed by the Commission

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

Amendment

1. Large undertakings and which are ***public-interest entities exceeding on their balance sheet dates the criterion of the average number of 500 employees during the financial year*** shall include in the management ***report or in a separate sustainability*** report information necessary to understand the undertaking's impacts on sustainability matters, and information necessary to understand how sustainability matters affect the undertaking's development, performance and position, ***not earlier than two full financial years during which the companies have had the opportunity to adapt to the provisions and reporting standards set out in this Directive and the accompanying, adopted and published delegated acts, e.g. Directive 2020/852.***

Or. en

Amendment 223

Marie Toussaint

on behalf of the Greens/EFA Group

Heidi Hautala

Proposal for a directive

Article 1 – paragraph 1 – point 3

Directive 2013/34/EU

Article 19(a) – point 1

Text proposed by the Commission

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

Amendment

1. **All** undertakings, **including** small and medium-sized undertakings which are undertakings referred to in Article 2, point (1), point (a), **small and medium-sized high-impact undertakings, undertakings registered in a non-EU/EEA country with significant business in the EU, and undertakings organised as foundations or trusts or franchises meeting the size criteria for large undertakings in Directive 2013/34/EU** shall include in the management report information necessary to understand the undertaking's impacts on sustainability matters, and information necessary to understand how sustainability matters affect the undertaking's development, performance and position.

Or. en

Amendment 224

Gilles Lebreton

Proposal for a directive

Article 1 – subparagraph 1 – point 3

DIRECTIVE 2013/34/EU OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

Article 3(7)

Text proposed by the Commission

1. Large undertakings and, **as of 1 January 2026, small and medium-sized undertakings which are** undertakings referred to in Article 2, point (1), point (a), shall include in the management report information necessary to understand the

Amendment

1. Large undertakings and undertakings referred to in Article 3(7), **which are governed by the law of a third country and are not established in the territory of the Union when they operate in the internal market selling goods or**

undertaking's impacts on sustainability matters, and information necessary to understand how sustainability matters affect the undertaking's development, performance and position.

providing services under the arrangements set out in Article 19b(1), shall include in the management report information necessary to understand the undertaking's impacts on sustainability matters, and information necessary to understand how sustainability matters affect the undertaking's development, performance and position.

Or. fr

Amendment 225
Raffaele Stancanelli

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

Text proposed by the Commission

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

Amendment

1. Large undertakings **established in the European Union and large undertakings not established in the European Union that operate in the European Union** shall **be required to provide material** information necessary to **make an informed assessment of** the undertaking's impacts on sustainability matters, and information necessary to **make an informed assessment of** how sustainability matters affect the undertaking's development, performance and position, **by including it in either the management report or a separate report as defined in subparagraph 8 of this article.**

Or. it

Justification

L'estensione delle disposizioni della direttiva alle PMI quotate non è giustificata poiché il significativo aumento di costi che graverebbe su tali imprese sarebbe sproporzionato rispetto alla loro dimensioni . La definizione di PMI, infatti, include anche imprese molto piccole, cioè quelle che superano due di questi criteri: 10 dipendenti, fatturato netto 350.000, bilancio 700.000.L'estensione non è giustificata nemmeno dal fatto di essere "quotate", perché non vi

è nessuna correlazione tra l'essere "quotata" e l'impatto dell'impresa sui fattori ESG. Al contrario, l'estensione alle PMI quotate creerebbe un ulteriore carico amministrativo e quindi un ulteriore ostacolo all'accesso al mercato dei capitali da parte delle PMI, andando contro il progetto europeo di un'Unione dei mercati dei capitali. La previsione di standard semplificati e di un'applicazione differita per le PMI quotate non sono sufficienti.

Amendment 226

Manon Aubry, Marie Toussaint

Proposal for a directive

Article 1 – paragraph 1 – point 3

Directive 2013/34/EU

Article 19a

Text proposed by the Commission

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

Amendment

1. Large undertakings, ***public interest entities***, small and medium-sized undertakings ***operating in high-risk sectors or high-risk areas listed in annex, and*** undertakings ***meeting those criteria that operate in the single market without being established in the European Union*** shall include in the management report information necessary to understand the undertaking's impacts on sustainability matters, and information necessary to understand how sustainability matters affect the undertaking's development, performance and position.

Or. en

Amendment 227

Adrián Vázquez Lázara

Proposal for a directive

Article 1 – paragraph 1 – point 3

Directive 2013/34/EU

Article 19 a

Text proposed by the Commission

1. Large undertakings ***and, as of 1 January 2026, small and medium-sized undertakings which are undertakings***

Amendment

1. Large undertakings shall include in the management report information necessary to understand the undertaking's

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.

impacts on sustainability matters, and information necessary to understand how sustainability matters affect the undertaking's development, performance and position.

Or. en

Justification

The Covid-19 pandemic has had a profound impact on small and medium size undertakings (SMEs). Even with the support of the national and European recovery plans, most of these companies are struggling to keep their activity within a context of economic turbulence and worrying supply chain shortages. Therefore, the inclusion in the scope of this proposal of every SME whose transferable securities are admitted to trading on a regulated market of any Member State would impose an excessive and unjustified burden on these undertakings, as well as to put their viability at risk. The criteria chosen by the European Commission to define the SMEs that will be bound by the obligations set by this proposal has not been justified by objective reasons. The fact of having transferable securities admitted to trading on a regulated market does not imply, per se, a higher sustainability-related risk. Moreover, applying this criterion is likely to disincentive SMEs access to capital markets.

Amendment 228

Lara Wolters, Tiemo Wölken, Bettina Vollath

Proposal for a directive

Article 1 – paragraph 1 – point 3

Directive 2013/34/EU

Article 19a – paragraph 1

Text proposed by the Commission

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

Amendment

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

Amendment 229
Marie Toussaint
on behalf of the Greens/EFA Group
Heidi Hautala

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

Text proposed by the Commission

Amendment

1a. In accordance with the EU labour law acquis and national law and practice, the central management shall consult with the workers, trade unions and workers' representatives at the beginning of the reporting period on the design of the reporting system, including the indicators included and the means of obtaining and verifying sustainability information. Central management shall also consult workers, trade unions and workers' representatives in the identification of risks and impacts of the undertaking on the environment and people. Workers, trade unions and workers' representatives shall be provided with the necessary resources, including the support of an expert, to ensure the effective exercise of the rights arising from this Directive. Member States shall ensure that workers' rights to information and consultation are respected in relation to sustainability reporting and are exercised in accordance with the legal framework provided for in Directive 2002/14/EC and, where applicable for community-scale undertakings or community-scale groups of undertakings, in accordance with Directive 2009/38/EC, European Companies in accordance with Directive 2001/86EC and European Cooperative Societies in accordance with Directive 2003/72/EC. Member States may decide that workers' rights to information

and consultation apply with respect to the workers of companies other than those referred to in Article 3 (1) of Directive 2002/14/EC. Where the administrative or management body of the undertaking receives an opinion on the sustainability report from the representatives of the workers or, where there are no such representatives, from the workers themselves, as provided for under national law, that opinion shall be appended to the sustainability report

Or. en

Amendment 230

Lara Wolters, Tiemo Wölken, Bettina Vollath

Proposal for a directive

Article 1 – paragraph 1 – point 3

Directive 2013/34/EU

Article 19a – paragraph 1a (new)

Text proposed by the Commission

Amendment

1a. In accordance with applicable EU and national legislation and practice, the appropriate workers' representative bodies shall be consulted, at the beginning of the reporting period and 30 days prior to the submission of the report to the auditor, on the design of the reporting system, the indicators included, the methodology put in place to gather and verify sustainability information, and on the potential or actual sustainability impacts identified. A report on this consultation should be presented to the administrative, management and supervisory bodies or the audit committee of the supervisory board.

Where the workers or their representatives provide a written opinion, it shall be appended to the sustainability report.

Workers' representatives shall be provided with the resources necessary to enable

them to exercise the rights foreseen in this paragraph.

Or. en

Amendment 231
Raffaele Stancanelli

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

Text proposed by the Commission

Amendment

1a. Undertakings not established in the European Union that operate in the European Union under paragraph 1 shall be exempt from the obligations set out in this Directive where their consolidated management reports are prepared in a manner that may be considered equivalent, in accordance with the relevant implementing measures adopted pursuant to Article 23(4) of Directive 2004/109/EC, in the manner required by the sustainability reporting standards referred to in Article 19b of this Directive.

Or. it

Justification

To guarantee a level playing field and avoid unfair competition from undertakings in third countries that are less transparent on sustainability matters, non-EU undertakings should be subject to the same transparency requirements as EU undertakings.

Amendment 232
Geoffroy Didier

Proposal for a directive
Article 1 – paragraph 1 – point 3
2013/34/eu
article 19a

1a. Undertakings not established in the European Union which are operating in the European Union referred to in paragraph 1 shall be exempted from the requirements set out in this Directive only where their consolidated management reports are 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.

Or. en

Justification

All foreign companies established in the EU and foreign companies active in the EU but not established in the internal market should be imposed the same obligations than EU companies, on behalf of non-discrimination principle and in order to ensure a level playing field. It is essential to include these companies when they exceed a certain threshold of global turnover to guarantee competitiveness of European businesses and the basic principles of the internal market.

Amendment 233

Daniel Buda

Proposal for a directive

Article 1 – paragraph 1 – point 3

2013/34/EU

Article 3

Text proposed by the Commission

Amendment

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

(2) The information referred to in paragraph 1 **shall be limited to:**

Or. ro

Amendment 234

Axel Voss, Angelika Niebler, Pernille Weiss, Christian Ehler, Markus Ferber, Markus Pieper, Jens Gieseke, Marion Walsmann, Sabine Verheyen, Christine Schneider, Radan

Kanev, Ralf Seekatz, Jessica Polfjård

Proposal for a directive

Article 1 – paragraph 1 – point 3

Directive 2013/34/EU

Article 19a – paragraph 2

Text proposed by the Commission

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

Amendment

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

Or. en

Amendment 235

Marie Toussaint

on behalf of the Greens/EFA Group

Heidi Hautala

Proposal for a directive

Article 1 – paragraph 1 – point 3

Directive 2013/34/EU

Article 19(a) – point 2

Text proposed by the Commission

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

Amendment

(a) a brief description of the undertaking's ***short-, medium- and long-term*** business model and strategy, including:

Or. en

Amendment 236

Axel Voss, Angelika Niebler, Pernille Weiss, Christian Ehler, Markus Ferber, Markus Pieper, Jens Gieseke, Marion Walsmann, Sabine Verheyen, Christine Schneider, Radan Kanev, Ralf Seekatz, Jessica Polfjård

Proposal for a directive

Article 1 – paragraph 1 – point 3

Directive 2013/34/EU

Article 19a – paragraph 2

Text proposed by the Commission

(i) the resilience of the undertaking's

Amendment

(i) the resilience of the undertaking's

business model and strategy to risks related to sustainability matters;

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

Or. en

Amendment 237

Axel Voss, Angelika Niebler, Pernille Weiss, Christian Ehler, Markus Ferber, Markus Pieper, Jens Gieseke, Marion Walsmann, Sabine Verheyen, Christine Schneider, Radan Kanev, Ralf Seekatz, Jessica Polfjård

Proposal for a directive

Article 1 – paragraph 1 – point 3

Directive 2013/34/EU

Article 19a – paragraph 2

Text proposed by the Commission

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

Amendment

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

Or. en

Amendment 238

Manon Aubry

Proposal for a directive

Article 1 – paragraph 1 – point 3

Directive 2013/34/EU

Article 19a

Text proposed by the Commission

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

Amendment

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

Or. en

Amendment 239

Manon Aubry

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

Text proposed by the Commission

Amendment

(ii) the assessment by the undertaking of its impacts on sustainability matters;

Or. en

Amendment 240

Axel Voss, Angelika Niebler, Pernille Weiss, Christian Ehler, Markus Ferber, Markus Pieper, Jens Gieseke, Marion Walsmann, Sabine Verheyen, Christine Schneider, Radan Kanev, Ralf Seekatz, Jessica Polfjärd, Daniel Buda

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

Text proposed by the Commission

Amendment

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

Or. en

Amendment 241

Lara Wolters, Tiemo Wölken, Bettina Vollath

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

Text proposed by the Commission

Amendment

(iiia) the plans of the undertaking to ensure that corporate strategies, goals and measures are consistent with securing

employment and promoting decent work conditions, as evidenced by collective bargaining agreements and workers rights of information, consultation and where applicable worker board level representation;

Or. en

Amendment 242

Manon Aubry

Proposal for a directive

Article 1 – paragraph 1 – point 3

Directive 2013/34/EU

Article 19a

Text proposed by the Commission

Amendment

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

Or. en

Amendment 243

Axel Voss, Angelika Niebler, Pernille Weiss, Christian Ehler, Markus Ferber, Markus Pieper, Jens Gieseke, Marion Walsmann, Sabine Verheyen, Christine Schneider, Radan Kanev, Ralf Seekatz, Jessica Polfjård, Daniel Buda

Proposal for a directive

Article 1 – paragraph 1 – point 3

Directive 2013/34/EU

Article 19a – paragraph 2

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;

deleted

Or. en

Amendment 244

Marie Toussaint

on behalf of the Greens/EFA Group

Heidi Hautala

Proposal for a directive

Article 1 – paragraph 1 – point 3

Directive 2013/34/EU

Article 19(a) – point 2

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 model and strategy take account of the ***rights and*** interests of the undertaking's stakeholders, ***including its workers and the broader community***, and of the impacts of the undertaking on sustainability matters ***and related targets, in connection with principle risks and opportunities have been integrated into the undertaking's strategy***;

Or. en

Amendment 245

Manon Aubry

Proposal for a directive

Article 1 – paragraph 1 – point 3

Directive 2013/34/EU

Article 19a

Text proposed by the Commission

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

Amendment

(v) how the ***undertaking has integrated*** sustainability matters ***and related targets in connection with principal risks, opportunities, and severe impacts, into its strategy***;

Or. en

Amendment 246

Lara Wolters, Tiemo Wölken, Bettina Vollath

Proposal for a directive

Article 1 – paragraph 1 – point 3

Directive 2013/34/EU

Article 19a – paragraph 2 – point a – subpoint 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 associated targets***;

Or. en

Amendment 247

Axel Voss, Angelika Niebler, Pernille Weiss, Christian Ehler, Markus Ferber, Markus Pieper, Jens Gieseke, Marion Walsmann, Sabine Verheyen, Christine Schneider, Radan Kanev, Ralf Seekatz, Jessica Polfjärd, Daniel Buda

Proposal for a directive

Article 1 – paragraph 1 – point 3

Directive 2013/34/EU

Article 19a – paragraph 2

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***;

Or. en

Amendment 248

Marie Toussaint

on behalf of the Greens/EFA Group

Heidi Hautala

Proposal for a directive

Article 1 – paragraph 1 – point 3

Directive 2013/34/EU

Article 19(a) – point 2

Text proposed by the Commission

Amendment

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

(b) a description of the *time-bound, short, medium and long-term* targets related to sustainability matters set by the undertaking *with respect to the undertaking's principle risks and opportunities, whether such targets are science-based alongside corresponding evidence*, and of the progress the undertaking has made towards achieving those targets *including*:

(i) a clearly defined path to reach the targets and corresponding timeframes;

(ii) the methods, main data and rationale used in setting these targets which must uphold the principle of 'do no significant harm' within the meaning of Article 17 of Regulation(EU) 2020/852;

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

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

Or. en

Amendment 249

Lara Wolters, Tiemo Wölken, Bettina Vollath

Proposal for a directive

Article 1 – paragraph 1 – point 3

Directive 2013/34/EU

Article 19a – paragraph 2 – point b

Text proposed by the Commission

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

Amendment

(b) a description of the *time-bound* targets *and progress previously made and envisaged to be made towards achieving those targets, and corresponding evidence* related to sustainability matters set by the

undertaking, **any potential or actual adverse impacts**, and of the progress the undertaking has made towards achieving those targets;

Or. en

Amendment 250
Manon Aubry

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

Text proposed by the Commission

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

Amendment

(b) a description of the **time-bound short-term, mid-term, and long-term** targets **set by the undertaking to address the principal risks, opportunities and impacts of its activities with regards** to sustainability matters. **In all cases possible, those targets should be science-based and presented along with corresponding evidence;**

Or. en

Amendment 251
Manon Aubry

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

Text proposed by the Commission

(ba) **a description of the investments, actions and policies adopted to achieve those targets;**

Amendment

Or. en

Amendment 252

Manon Aubry

Proposal for a directive

Article 1 – paragraph 1 – point 3

Directive 2013/34/EU

Article 19a

Text proposed by the Commission

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

Amendment

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

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

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

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

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

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

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

Or. en

Amendment 253

Marie Toussaint

on behalf of the Greens/EFA Group

Heidi Hautala

Proposal for a directive

Article 1 – paragraph 1 – point 3

Directive 2013/34/EU

Article 19(a) – point 2

Text proposed by the Commission

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

Amendment

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

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

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

(iii) agreements on the undertaking's strategy with regard to sustainability matters and financial resources for the implementation and monitoring progress;

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

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

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

Or. en

Amendment 254

Lara Wolters, Tiemo Wölken, Bettina Vollath

Proposal for a directive

Article 1 – paragraph 1 – point 3

Directive 2013/34/EU
Article 19a – paragraph 2 – point c

Text proposed by the Commission

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

Amendment

(c) a description of the role of the administrative, management and supervisory bodies with regard to sustainability matters, ***as well as their composition and expertise, the stakeholders they consult with on sustainability matters, their decision-making processes, and whether incentives linked to sustainability matters are offered to members of these bodies;***

Or. en

Amendment 255
Manon Aubry

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

Text proposed by the Commission

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

Amendment

(c) a description of the ***composition, role and responsibilities*** of the administrative, management and supervisory bodies with regard to sustainability matters, ***including the link between executive and non-executive directors' variable remuneration and the achievement of sustainability targets;***

Or. en

Amendment 256
Manon Aubry

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

Text proposed by the Commission

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

Amendment

(c) a description of the **composition, role and responsibilities** of the administrative, management and supervisory bodies with regard to sustainability matters, **including employee representation in such bodies**;

Or. en

Amendment 257

Marie Toussaint

on behalf of the Greens/EFA Group

Heidi Hautala

Proposal for a directive

Article 1 – paragraph 1 – point 3

Directive 2013/34/EU

Article 19(a) – point 2

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, **including with regard to:**

(i) identified severe risks and opportunities;

(ii) the steps taken to overcome incoherences and mainstream sustainability matters throughout all other relevant policies, including prices negotiated between suppliers and subcontractors, financial returns from subsidiaries, taxation strategies and lobbying activities, overcome incoherence with the undertaking's strategy and policies;

Or. en

Amendment 258

Manon Aubry

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

Text proposed by the Commission

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

Amendment

(d) a description of the undertaking's policies in relation to sustainability matters ***and in particular with respect to identified actual or potential severe impacts and opportunities;***

Or. en

Amendment 259
Lara Wolters, Tiemo Wölken, Bettina Vollath

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

Text proposed by the Commission

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

Amendment

(d) a description of the undertaking's policies in relation to sustainability matters, ***including in relation to potential and actual adverse impacts;***

Or. en

Amendment 260
Axel Voss, Angelika Niebler, Pernille Weiss, Christian Ehler, Markus Ferber, Markus Pieper, Jens Gieseke, Marion Walsmann, Sabine Verheyen, Christine Schneider, Radan Kanev, Ralf Seekatz, Jessica Polfjärd

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

Text proposed by the Commission

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

Amendment

deleted

matters;

Or. en

Justification

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

Amendment 261

Marie Toussaint

on behalf of the Greens/EFA Group

Heidi Hautala

Proposal for a directive

Article 1 – paragraph 1 – point 3

Directive 2013/34/EU

Article 19(a) – point 2

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 with regard to:***

- identification, assessment and prioritisation of actual and potential adverse impacts;- policies and measures for the prevention, cessation, mitigation or remediation of actual or potential adverse impacts;

- tracking of the implementation of the process and its results;

- identification and involvement of all adversely affected people;

- alert mechanisms as well as complaints and grievances, including how they are received and used by different stakeholders and affected people;

- the different actors involved in the development, implementation, monitoring and evaluation of the process at different stages, and the human, informational and financial resources available to them;

- how the due diligence process complies with international standards and duty of

care of the company concerning all matter related to sustainability;

Or. en

Amendment 262

Lara Wolters, Tiemo Wölken, Bettina Vollath

Proposal for a directive

Article 1 – paragraph 1 – point 3

Directive 2013/34/EU

Article 19 a – paragraph 2 – point e – subpoint i

Text proposed by the Commission

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

Amendment

(i) the due diligence process *and strategy, pursuant to applicable EU and national legislation, and the UN Guiding Principles for Business and Human Rights and the OECD Due Diligence Guidance for Responsible Business Conduct*, implemented with regard to sustainability matters;

Or. en

Amendment 263

Manon Aubry

Proposal for a directive

Article 1 – paragraph 1 – point 3

Directive 2013/34/EU

Article 19a

Text proposed by the Commission

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

Amendment

(i) the due diligence process implemented with regard to sustainability matters *in line with applicable EU legislation on due diligence [Directive XXX]*;

Or. en

Amendment 264

Manon Aubry

Proposal for a directive

Article 1 – paragraph 1 – point 3

Directive 2013/34/EU

Article 19a

Text proposed by the Commission

Amendment

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

Or. en

Amendment 265

Axel Voss, Angelika Niebler, Pernille Weiss, Christian Ehler, Markus Ferber, Markus Pieper, Jens Gieseke, Marion Walsmann, Sabine Verheyen, Christine Schneider, Radan Kanev, Ralf Seekatz, Jessica Polfjård, Daniel Buda

Proposal for a directive

Article 1 – paragraph 1 – point 3

Directive 2013/34/EU

Article 19a – paragraph 2

Text proposed by the Commission

Amendment

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

Or. en

Justification

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

Amendment 266
Marie Toussaint
on behalf of the Greens/EFA Group
Heidi Hautala

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

Text proposed by the Commission

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

Amendment

(ii) the actual or potential adverse impacts connected with the undertaking's *supply and* value chain, *in particular as identified through the due diligence process*, including its own operations, its products and services, its business relationships and its supply chain, *including with regard to:*

- all people affected by those impacts with particular attention to persons who frequently face discrimination or are in a vulnerable situation, such as women, children, minorities, LGBTIQ persons, persons with disabilities or persons experiencing poverty, especially the 20% poorest, or social exclusion ;

- the effect of the undertaking's business policies, practices and decisions on the identified issues, including of the undertaking's purchasing policies and practices ;

Or. en

Amendment 267
Lara Wolters, Tiemo Wölken, Bettina Vollath

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

Text proposed by the Commission

(ii) the *principal* actual or potential

Amendment

(ii) the *mapping process of* actual or

adverse impacts connected with the undertaking's value chain, including its own operations, its products and services, its business relationships and its supply chain;

potential adverse impacts connected with the undertaking's value chain, including its own operations, its products and services, its business relationships, *its subsidiaries* and its supply chain, *including the persons adversely impacted, and how these have been identified and prioritised*;

Or. en

Amendment 268
Manon Aubry

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

Text proposed by the Commission

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

Amendment

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

Or. en

Amendment 269
Manon Aubry

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

Text proposed by the Commission

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

Amendment

