

VOTING LIST

on the draft report

on the proposal for a Directive of the European Parliament and of the Council amending
Directive 2013/34/EU, Directive 2004/109/EC, Directive 2006/43/EC and Regulation (EU)
No 537/2014, as regards corporate sustainability reporting

(2021/0104(COD))

Rapporteur: Pascal Durand

Draft report: Fdr 1243339 - PE700.458 v01-00

Amendments: (AMs 54-269) - Fdr 1245653 - PE 703.020 v01-00

(AMs 270-616) - Fdr 1245663 - PE 703.023 v01-00

Concerned text	AM	Tabled by	Remarks	Rapp	Vote
	CA Block		<i>All CA except CA 6, CA 9, CA 17, CA 29, CA J and CA Zb</i>		
Article 1 – point 2 Directive 2013/34/EU – Article 2 – point (20c) (new)	217	Toussaint, Wolters, Hautala			
Article 1 – point 3	CA 6		If adopted, 221, 222, 13, ECON 41, 223, AFET 19, 224, 225, 226, ENVI 30, DEVE 45, 227, 228, EMPL 34, ITRE 5 and 231 fall		
Article 1 – point 3 2013/34/eu – Article 19a – paragraph 1	221	Didier	Falls if CA 6 adopted		
Article 1 – point 3 Directive	222	Voss, Niebler, Weiss, Ehler, Ferber, Pieper,	Falls if CA 6 or 221 adopted		

2013/34/EU – Article 19a – paragraph 1		Gieseke, Walsmann, Verheyen, Schneider, Kanev, Seekatz, Polfjård, Buda			
Article 1 – point 3 Directive 2013/34/EU – Article 19 a – paragraph 1	13	Durand	Falls if CA 6, 221 or 222 adopted		
Article 1 – paragraph 1 – point 3 Directive 2013/34/EU – Article 19a – paragraph 1	ECON 41		Falls if CA 6, 221, 222 or 13 adopted		
Article 1 – point 3 Directive 2013/34/EU – Article 19(a) – paragraph 1	223	Toussaint, Hautala	Falls if CA 6, 221, 222, 13 or ECON 41 adopted		
Article 1 – point 3 Directive 2013/34/EU – Article 19a – paragraph 1	AFET 19		Falls if CA 6, 221, 222, 13, ECON 41 or 223 adopted		
Article 1 – point 3 Directive 2013/34/EU – Article 19a – paragraph 1	224	Lebreton	Falls if CA 6, 221, 222, 13, ECON 41, 223 or AFET 19 adopted		
Article 1 – point 3 Directive 2013/34/EC – Article 19a – paragraph 1	225	Stancanelli	Falls if CA 6, 221, 222, 13, ECON 41, 223, AFET 19 or 224 adopted		
Article 1 – point 3 Directive	226	Aubry, Toussaint	Falls if CA 6, 221, 222, 13, ECON 41, 223, AFET 19, 224 or 225 adopted		

2013/34/EU – Article 19a – paragraph 1					
Article 1 – paragraph 1 – point 3 Directive 2013/34/EU – Article 19 a – paragraph 1	ENVI 30			Falls if CA 6, 221, 222, 13, ECON 41, 223, AFET 19, 224, 225 or 226 adopted	
Article 1 – paragraph 1 – point 3 Directive 2013/34/EU – Article 19a – paragraph 1	DEVE 45			Falls if CA 6, 221, 222, 13, ECON 41, 223, AFET 19, 224, 225, 226 or ENVI 30 adopted	
Article 1 – point 3 Directive 2013/34/EU – Article 19 a – paragraph 1	227	Vázquez Lázara		Falls if CA 6, 221, 222, 13, ECON 41, 223, AFET 19, 224, 225, 226, ENVI 30 or DEVE 45 adopted	
Article 1 – point 3 Directive 2013/34/EU – Article 19a – paragraph 1	228	Wolters, Wölken, Vollath		Falls if CA 6, 221, 222, 13, ECON 41, 223, AFET 19, 224, 225, 226, ENVI 30, DEVE 45 or 227 adopted	
Article 1 – paragraph 1 – point 3 Directive 2013/34/EU – Article 19a – paragraph 1	EMPL 34			Falls if CA 6, 221, 222, 13, ECON 41, 223, AFET 19, 224, 225, 226, ENVI 30, DEVE 45, 227 or 228 adopted	
Article 1 – point 3 Directive 2013/34/EU Article 19a – paragraph 1	ITRE 5			Falls if CA 6, 221, 222, 13, ECON 41, 223, AFET 19, 224, 225, 226, ENVI 30, DEVE 45, 227, 228 or EMPL 34 adopted	
Article 1 – point 3 Directive	231	Stancanelli		Falls if CA 6 adopted	

2013/34/EC – Article 19a – paragraph 1a (new)					
	CA 29		If adopted, ECON 59, 49, 50, 601, ECON 118 and 602 fall		
Article 1 – paragraph 1 – point 3 Directive 2013/34/EU – Article 19a – paragraph 5 b (new)	ECON 59		Falls if CA 29 adopted		
Article 1 – point 3 (part 4)	CA 9		If adopted, 20, 304, AFET 36, 305, 21, EMPL 50, 306, 307, 308, ECON 61, ENVI 49, EMPL 51, 22, 309, 310, 311, 312, ECON 62, 313, EMPL 52a, 314, 315, 316, EMPL 52b, 317, EMPL 52c, EMPL 52d and 319 fall		
Article 1 – point 3 Directive 2013/34/EU – Article 19 a – paragraph 7 – subparagraph 1	20	Durand	Fall if CA 9 adopted Identical		
	301	Toussaint, Hautala			
	302	Wolters, Wölken, Vollath			
	303	Aubry			
	ECON 60				
	EMPL 49				
Article 1 – point 3 Directive 2013/34/EU – Article 19 a – paragraph 7 – subparagraph 1	304	Niebler, Pieper, Voss, Walsmann	Falls if CA 9 or 20 adopted		
Article 1 – point 3 Directive	AFET 36		Falls if CA 9, 20 or 304 adopted		

2013/34/EU – Article 19 a – paragraph 7 – subparagraph 1					
Article 1 – point 3 Directive 2013/34/EU – Article 19 a – paragraph 7 – subparagraph 1	305	Voss, Niebler, Weiss, Ehler, Ferber, Pieper, Gieseke, Walsmann, Verheyen, Schneider, Kanev, Seekatz, Polfjärd	Falls if CA 9, 20, 304 or AFET 36 adopted		
Article 1 – point 3 Directive 2013/34/EU – Article 19 a – paragraph 7 – subparagraph 2	21	Durand	Falls if CA 9 adopted		
Article 1 – paragraph 1 – point 3 Directive 2013/34/EU – Article 19a – paragraph 7 – subparagraph 2	EMPL 50		Falls if CA 9 or 21 adopted		
Article 1 – point 3 Directive 2013/34/EU – Article 19 a – paragraph 7 – subparagraph 2	306	Niebler, Pieper, Voss, Walsmann	Falls if CA 9 or 21 adopted		
Article 1 – point 3 Directive 2013/34/EU – Article 19 a – paragraph 7 – subparagraph 2	307	Wolters, Wölken, Vollath	Falls if CA 9, 21 or 306 adopted		

Article 1 – point 3 Directive 2013/34/EU – Article 19 a – paragraph 7 – subparagraph 2	308	Aubry	Falls if CA 9, 21, 306 or 307 adopted		
Article 1 – paragraph 1 – point 3 Directive 2013/34/EU – Article 19a – paragraph 7 – subparagraph 2	ECON 61		Falls if CA 9, 21, 306, 307 or 308 adopted		
Article 1 – paragraph 1 – point 3 Directive 2013/34/EU – Article 19a – paragraph 7 – subparagraph 3	ENVI 49		Falls if CA 9 adopted		
Article 1 – paragraph 1 – point 3 Directive 2013/34/EU – Article 19a – paragraph 7 – subparagraph 3	EMPL 51		Falls if CA 9 or ENVI 49 adopted		
Article 1 – point 3 Directive 2013/34/EU – Article 19 a – paragraph 7 – subparagraph 3	22	Durand	Falls if CA 9, ENVI 49 or EMPL 51 adopted		
Article 1 – point 3 Directive	309	Voss, Niebler, Weiss, Ehler, Ferber, Pieper,	Falls if CA 9, ENVI 49, EMPL 51 or 22 adopted		

2013/34/EU – Article 19 a – paragraph 7 – subparagraph 3		Gieseke, Walsmann, Verheyen, Schneider, Kanev, Seekatz, Polfjärd			
Article 1 – point 3 Directive 2013/34/EU – Article 19 a – paragraph 7 – subparagraph 3	310	Didier	Falls if CA 9, ENVI 49, EMPL 51, 22 or 309 adopted		
Article 1 – point 3 Directive 2013/34/EU – Article 19 a – paragraph 7 – subparagraph 3	311	Wolters, Wölken, Vollath	Falls if CA 9, ENVI 49, EMPL 51, 22, 309 or 310 adopted		
Article 1 – point 3 Directive 2013/34/EU – Article 19 a – paragraph 7 – subparagraph 3	312	Aubry	Falls if CA 9, ENVI 49, EMPL 51, 22, 309, 310 or 311 adopted		
Article 1 – paragraph 1 – point 3 Directive 2013/34/EU – Article 19a – paragraph 7 – subparagraph 3	ECON 62		Falls if CA 9, ENVI 49, EMPL 51, 22, 309, 310, 311 or 312 adopted		
Article 1 – point 3 Directive 2013/34/EU – Article 19 a – paragraph 7 – subparagraph 4 –	313	Aubry	Falls if CA 9 adopted		

introductory part					
Article 1 – paragraph 1 – point 3 Directive 2013/34/EU – Article 19a – paragraph 7 – subparagraph 4 – introductory part	EMPL 52a			Falls if CA 9 or 313 adopted	
Article 1 – point 3 Directive 2013/34/EU – Article 19 a – paragraph 7 – subparagraph 4 – introductory part	314	Wolters, Wölken, Vollath		Falls if CA 9, 313 or EMPL 52a adopted	
Article 1 – point 3 Directive 2013/34/EU – Article 19a – paragraph 7 – subparagraph 4 - point (a)	315	Wolters, Wölken, Vollath		Falls if CA 9 adopted	
Article 1 – point 3 Directive 2013/34/EU – Article 19a – paragraph 7 – subparagraph 4 - point (a)	316	Niebler, Pieper, Voss, Walsmann		Falls if CA 9 or 315 adopted	
Article 1 – paragraph 1 – point 3 Directive 2013/34/EU –	EMPL 52b			Falls if CA 9 or 315 adopted	

Article 19a – paragraph 7 – subparagraph 4 – point (a)					
Article 1 – point 3 Directive 2013/34/EU – Article 19a – paragraph 7 – subparagraph 4 - point (b)	317	Aubry	Fall if CA 9 adopted Identical		
	318	Wolters, Wölken, Vollath			
Article 1 – paragraph 1 – point 3 Directive 2013/34/EU – Article 19a – paragraph 7 – subparagraph 4 – point (b)	EMPL 52c		Falls if CA 9 or 317 adopted		
Article 1 – paragraph 1 – point 3 Directive 2013/34/EU – Article 19a – paragraph 7 – subparagraph 4 – point b a (new)	EMPL 52d		Falls if CA 9 adopted		
Article 1 – point 3 Directive 2013/34/EU – Article 19a – paragraph 7a (new)	319	Stancanelli	Falls if CA 9 adopted		
Article 1 – paragraph 1 – point 4 Directive 2013/34/EU – Article 19 b a (new)	EMPL 65				

Article 1 – paragraph 1 – point 4 Directive 2013/34/EU – Article 19c – paragraph 2 a (new)	ENVI 62				
Article 1 – point 4 Directive 2013/34/EU – Article 19d a (new)	456	Aubry			
Article 1 – point 5 (part 4)	CA 17		If adopted, 529, 37, EMPL 77, 536, 537, 38, 538, ECON 99, 539, 541, 542, 39, ECON 100, 543, 544, 545 and 40 fall		
Article 1 – point 7 Directive 2013/34/EU – Article 29a – paragraph 5	529	Vázquez Lázara	Fall if CA 17 adopted Identical		
	530	Toussaint, Hautala			
	531	Buda			
	532	Voss, Niebler, Weiss, Ehler, Ferber, Pieper, Gieseke, Walsmann, Verheyen, Schneider, Kanev, Seekatz, Polfjård			
Article 1 – point 7 Directive 2013/34/EU – Article 29 a – paragraph 7 – subparagraph 1	37	Durand	Fall if CA 17 adopted Identical		
	533	Toussaint, Hautala			
	534	Aubry			
	535	Wolters, Wölken, Vollath			
	ECON 98				
Article 1 – paragraph 1 – point 7 Directive 2013/34/EU –	EMPL 77		Falls if CA 17 or 37 adopted		

Article 29a – paragraph 7					
Article 1 – point 7 Directive 2013/34/EU – Article 29a – paragraph 7 – subparagraph 2	536	Wolters, Wölken, Vollath	Falls if CA 17 or 37 adopted		
Article 1 – point 7 Directive 2013/34/EU – Article 29a – paragraph 7 – subparagraph 2	537	Aubry	Falls if CA 17, 37 or 536 adopted		
Article 1 – point 7 Directive 2013/34/EU – Article 29 a – paragraph 7 – subparagraph 3	38	Durand	Falls if CA 17 adopted		
Article 1 – point 7 Directive 2013/34/EU – Article 29 a – paragraph 7 – subparagraph 3	538	Aubry	Falls if CA 17 or 38 adopted		
Article 1 – paragraph 1 – point 7 Directive 2013/34/EU – Article 29a – paragraph 7 – subparagraph 3	ECON 99		Falls if CA 17, 38 or 538 adopted		
	539	Didier			

Article 1 – point 7 Directive 2013/34/EU – Article 29 a – paragraph 7 – subparagraph 3	540	Voss, Niebler, Weiss, Ehler, Ferber, Pieper, Gieseke, Walsmann, Verheyen, Schneider, Kanev, Seekatz, Polfjärd	Fall if CA 17, 38, 538 or ECON 99 adopted Identical		
Article 1 – point 7 Directive 2013/34/EU – Article 29 a – paragraph 7 – subparagraph 3	541	Aubry	Falls if CA 17, 38, 538 or 539 adopted		
Article 1 – point 7 Directive 2013/34/EU – Article 29 a – paragraph 7 – subparagraph 3	542	Wolters, Wölken, Vollath	Falls if CA 17, 38, 538, 539 or 541 adopted		
Article 1 – point 7 Directive 2013/34/EU – Article 29 a – paragraph 7 – subparagraph 4 – introductory part	39	Durand	Falls if CA 17 adopted		
Article 1 – paragraph 1 – point 7 Directive 2013/34/EU – Article 29a – paragraph 7 – subparagraph 4 – introductory part	ECON 100		Falls if CA 17 or 39 adopted		

Article 1 – point 7 Directive 2013/34/EU – Article 29 a – paragraph 7 – subparagraph 4 – introductory part	543	Aubry	Falls if CA 17, 39 or ECON 100 adopted		
Article 1 – point 7 Directive 2013/34/EU – Article 29 a – paragraph 7 – subparagraph 4 – introductory part	544	Wolters, Wölken, Vollath	Falls if CA 17, 39, ECON 100 or 543 adopted		
Article 1 – point 7 Directive 2013/34/EU – Article 29a – paragraph 7 – sub paragraph 4 – point (a)	545	Wolters, Wölken, Vollath	Falls if CA 17 adopted		
Article 1 – point 7 Directive 2013/34/EU – Article 29 a – paragraph 7 – subparagraph 4 – point (b)	40	Durand	Fall if CA 17 adopted Identical		
	546	Wolters, Wölken, Vollath			
	547	Aubry			
	ECON 101				
Article 3 – point 13 Directive 2006/43/EC – Article 27 a – subparagraph 1a (new)	49	Durand	Fall if CA 29 adopted Identical		
	DEVE 93				
Article 3 – point 14 – point e	50	Durand	Fall if CA 29 adopted Identical		
	DEVE 94				

Directive 2006/43/EC – Article 28 – paragraph 4 – subparagraph 1					
Article 3 – point 14 – point e Directive 2006/43/EC – Article 28 – paragraph 4 – subparagraph 1	601	Wolters, Wölken, Vollath	Falls if CA 29 adopted		
Article 3 – paragraph 1 – point 14 – point e Directive 2006/43/CE – Article 28 – paragraph 4 – subparagraph 1	ECON 118		Falls if CA 29 adopted		
Article 3 – point 14 – point (e) Directive 2006/43/EC – Article 28 – paragraph 4	602	Voss, Niebler, Weiss, Berger, Ehler, Ferber, Pieper, Gieseke, Walsmann, Verheyen, Schneider, Kanev, Seekatz, Polfjärd	Falls if CA 29 adopted		
Recital 43 a (new)	FEMM 17				
Recital 2 a (new)	ECON 2				
Recital 2 a (new)	FEMM 1				
Recital 2 a (new)	EMPL 2				
Recital 2 b (new)	FEMM 2				

Recital 2 c (new)	FEMM 3				
Recital 4	57	Toussaint, Hautala, Wolters, Aubry	Split vote Part 1 <i>Falls if CA B adopted</i>		
			Part 2 <i>“Furthermore ... activities”</i> <i>Does not fall on CA B</i>		
Recital 5	DEVE 3				
Recital 8	EMPL 4		Split vote Part 1 <i>AM except part 2 and 3</i> <i>Falls if CA C adopted</i>		
			Part 2 <i>“trade unions dialogue”</i>		
			Part 3 <i>“However ... issues.”</i>		
Recital 8	FEMM 6		Split vote Part 1 <i>AM except part 2 and 3</i> <i>Falls if CA C adopted</i>		
			Part 2 <i>“Including ... inclusion”</i>		
			Part 3 <i>“The integration ... non- discrimination”</i>		
Recital 8 a (new)	63	Wolters, Wölken, Vollath			
Recital 8 a (new)	EMPL 5				
Recital 8 b (new)	EMPL 6				
Recital 9	64	Toussaint, Hautala, Wolters, Aubry	Split vote Part 1 <i>AM except part 2</i> <i>Falls if CA D adopted</i>		
			Part 2 <i>“and the risks and opportunities associated with our planetary boundaries”</i>		

Recital 9	FEMM 7				
Recital 9	DEVE 6		Split vote Part 1 <i>AM except part 2</i> <i>Falls if CA D adopted</i>		
			Part 2 <i>“Paris agreement ... Convention on Biological Diversity”</i>		
Recital 9 c (new)	ECON 8				
Recital 10 a (new)	65	Wolters, Wölken, Vollath			
Recital 12	68	Toussaint, Hautala, Wolters, Aubry	Split vote Part 1 <i>AM except part 2</i> <i>Falls if CA D adopted</i>		
			Part 2 <i>“the climate and more generally on all planetary boundaries”</i>		
Recital 12	DEVE 8		Split vote Part 1 <i>AM except part 2</i> <i>Falls if CA D adopted</i>		
			Part 2 <i>“including ... undermined”</i>		
Recital 15 a (new)	DEVE 10				
Recital 18a (new)	ITRE 2				
Recital 21	CA J		If adopted, 3, 97, 98, EMPL 13, 99, 100, DEVE 18, ECON 14, 4, 103, 104 and DEVE 20 fall		
Recital 21	3	Durand	Falls if CA J adopted		
Recital 21	97	Toussaint, Hautala	Falls if CA J or 3 adopted		
Recital 21	98	Wolters, Wölken, Vollath	Falls if CA J, 3 or 97 adopted		

Recital 21	EMPL 13		Falls if CA J, 3, 97 or 98 adopted		
Recital 21	99	Voss, Niebler, Weiss, Ehler, Ferber, Pieper, Gieseke, Walsmann, Verheyen, Schneider, Kanev, Seekatz, Polfjärd	Falls if CA J, 3, 97, 98 or EMPL 13 adopted		
Recital 21	100	Aubry	Falls if CA J, 3, 97, 98, EMPL 13 or 99 adopted		
Recital 21	DEVE 18		Falls if CA J, 3, 97, 98, EMPL 13, 99 or 100 adopted		
Recital 21	ECON 14		Falls if CA J, 3, 97, 98, EMPL 13, 99, 100 or DEVE 18 adopted		
Recital 22	4	Durand	Fall if CA J adopted Identical		
	101	Wolters, Wölken, Vollath			
	102	Aubry			
	ECON 15				
	DEVE 19				
Recital 22	103	Voss, Niebler, Weiss, Ehler, Ferber, Pieper, Gieseke, Walsmann, Verheyen, Schneider, Kanev, Seekatz, Polfjärd	Falls if CA J or 4 adopted		
Recital 23	104	Voss, Niebler, Weiss, Ehler, Ferber, Pieper, Gieseke, Walsmann, Verheyen, Schneider, Kanev, Seekatz, Polfjärd	Falls if CA J adopted		
Recital 23	DEVE 20		Falls if CA J adopted		

Recital 24	ECON 16		<i>Vote as addition</i>		
Recital 24	ENVI 10		<i>Vote as addition</i>		
Recital 25	ECON 17		<i>Vote as addition</i>		
Recital 27	DEVE 24		Split vote Part 1 <i>AM except part 2</i> <i>Falls if CA L adopted</i>		
			Part 2 <i>“the UN declaration ...</i> <i>Informed Consent”</i>		
			Part 3 <i>“With regard to ... related</i> <i>Recommendations.”</i>		
Recital 27	FEMM 10		Split vote Part 1 Falls if DEVE 24 Part 1 adopted <i>AM except part 2</i> <i>Falls if CA L adopted</i>		
			Part 2 <i>“Guidance to ... migrant</i> <i>workers.”</i>		
Recital 27 a (new)	AFET 6				
Recital 29	ENVI 13		Split vote Part 1 <i>AM except part 2</i> <i>Falls if CA N adopted</i>		
			Part 2 <i>“that is on ... the</i> <i>undertaking”</i>		
Recital 33	ENVI 15		Split vote Part 1 <i>AM except modifications in</i> <i>part 2</i> <i>Falls if CA P adopted</i>		
			Part 2 <i>“This information ...</i> <i>Regulation 2021/1119”</i>		

Recital 34	FEMM 14		Split vote Part 1 <i>AM except part 2</i> <i>Falls if CA Q adopted</i>		
			Part 2 <i>“the European Foundation ... Gender Equality”</i>		
Recital 34	DEVE 26		Split vote Part 1 <i>AM except part 2</i> <i>Falls if CA Q adopted</i>		
			Part 2 <i>“The Commission ... of interest”</i>		
Recital 36	DEVE 28				
Recital 36	134	Toussaint, Hautala			
Recital 36	135	Aubry			
Recital 37a (new)	AFET 8				
Recital 39	DEVE 29				
Recital 40	143	Toussaint, Hautala, Wolters, Aubry			
Recital 44a	155	Wolters, Wölken, Vollath			
Recital 44	AFET 11				
Recital 44	EMPL 24		<i>Falls if CA T adopted</i>		
Recital 46	160	Toussaint, Hautala	Identical		
	161	Aubry			
Recital 46	DEVE 34				
Recital 46 a (new)	163	Wolters, Wölken, Vollath			
Recital 47 a (new)	166	Toussaint, Hautala			

Recital 47 a (new)	167	Aubry			
Recital 47 a (new)	ENVI 22				
Recital 47 b (new)	168	Toussaint, Hautala			
Recital 48	ITRE 4		Split vote Part 1 <i>AM except part 2</i> <i>Falls if CA W adopted</i>		
			Part 2 <i>“Digitalisation ... of data.”</i>		
Recital 48 a (new)	172	Aubry	Identical		
	DEVE 36				
Recital 51	FEMM 21		Split vote Part 1 <i>AM except part 2</i> <i>Falls if CA Y adopted</i>		
			Part 2 <i>“and gender ... work-life balance”</i>		
Recital 54	CA Z b				
Recital 54	182	Wolters, Wölken, Vollath	Falls if CA Z b adopted		
Recital 54	183	Didier	Falls if CA Z b adopted		
Recital 54	7	Durand	Falls if CA Z b adopted		
Recital 54 a (new)	184	Aubry	Falls if CA Z b adopted		
Recital 57 a (new)	186	Voss, Niebler, Weiss, Ehler, Ferber, Pieper, Gieseke, Walsmann, Verheyen, Schneider, Kanev, Seekatz, Polfjärd			
Recital 57 a (new)	DEVE 39				
Final vote – Draft as amended (Roll-call vote)					

COMPROMISE AMENDMENTS

Annex

Please note that where a question is subject to the exclusive competence on an opinion-giving committee, any text below is only for informational purposes. The text tabled from JURI will be the text tabled by the opinion-giving committee.

COMP A : EPP 54

(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 Commission.³¹ 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 Union.

COMP B : Greens/S&D/left 55, EPP 56, Greens 57.

(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 **certain categories of** 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 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 Council 36 , complemented by Commission Delegated Regulations (EU) 2020/1816 37 , (EU) 2020/1817 38 and (EU) 2020/1818 39 , introduces environmental, social and governance ('ESG') disclosure requirements for benchmarks administrators and minimum standards for the construction of EU Climate Transition Benchmarks and EU Paris-aligned Benchmarks. Regulation (EU) No 575/2013 of the European Parliament and of the Council 40 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 Council 41 and Directive (EU) 2019/2034 of the European Parliament and of the Council 42 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

(3) On 5 December 2019, in its conclusions on deepening the Capital Markets Union, the Council stressed the importance of reliable, comparable and relevant information on sustainability risks, opportunities and impacts, and called on the Commission to consider the development of a European non-financial reporting standard.

(4) In its resolution on sustainable finance of 29 May 2018 43 , the European Parliament called for the further development of non-financial reporting requirements in the framework of Directive 2013/34/EU. In its resolution on sustainable corporate governance of 17 December 2020 44 , 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. ~~The resolution also calls 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.~~

(5) On 25 September 2015, the UN General Assembly adopted a new global sustainable development framework: the 2030 Agenda for Sustainable Development (the '2030 Agenda'). The 2030 Agenda has at its core the Sustainable Development Goals and covers the three dimensions of sustainability: economic, social and environmental. The Commission communication of 22 November 2016 on the next steps for a sustainable European future linked the Sustainable Development Goals to the Union policy framework to ensure that all Union actions and policy initiatives, both in and beyond the Union, take those goals on board at the outset. 45 In its conclusions of 20 June 2017, the Council confirmed the commitment of the Union and its Member States to the implementation of the 2030 Agenda in a full, coherent, comprehensive, integrated and effective manner, in close cooperation with partners and other stakeholders. 46

(6) Directive 2014/95/EU of the European Parliament and the Council 47 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.

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

COMP C : Greens 60, Left 61, S&D 62 + EMPL + COMP 8.

(8) The ultimate beneficiaries of better sustainability reporting by undertakings are **public authorities**, individual citizens, **including workers**, and savers. Savers who want to invest **ethically and** 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~~ **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, ~~or wish to exchange with undertakings during the elaboration of those reports or in the case of worker’s representatives wish to take part in the design of those reports.~~ Other stakeholders may also make use of sustainability information disclosed in annual reports, **notably to foster comparability across and within market sectors and assess, in line with Regulation (EU) 2020/852, the respect of the “do not significant harm” principle.** 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.

COMP D + Greens 66 + Greens/SD/Left 68 + EPP 69 + EMPL

(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 **is also growing on** the risks **and opportunities** to undertakings and to investments resulting from other environmental **and climate** issues and **from health** and social issues, including **on child and forced labour** ~~and 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 **and to ensure coherence with the ambition of the Paris Agreement and Union policies**. Part of that increase is the logical consequence of previously adopted Union legislation, notably Regulation (EU) 2019/2088 and Regulation (EU) 2020/852. Some of the increase would have happened in any case, due to fast-changing citizen awareness, consumer preferences and market practices. The COVID-19 pandemic will further accelerate the increase in users' information needs, in particular as it has exposed the vulnerabilities of workers and of undertaking's ~~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.

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

(11) The report on the review clause of the Non-Financial Reporting Directive (Directive 2014/95/EU), and its accompanying fitness check on corporate reporting, identified problems as to the effectiveness of that Directive 48 . There is significant evidence that many undertakings do not disclose material information on all major sustainability-related topics, **especially climate-related information including all green-house gas emission and factors that affect biodiversity**. 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**.

(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 **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 and the environment **and the climate and more generally on the 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, trade unions and workers representatives to enter into dialogue with undertakings on sustainability matters.**

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

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

COMP E in line with COMP 6 on scope + Greens 78, Greens 83, EPP 84, Left 85

(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.

(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.

(17) The requirement that undertakings not established in the Union but with securities listed on regulated markets or doing business in the EU 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.

COMP F in line with COMP 6

(17a) In order to ensure a level playing field on the single market, it is appropriate that third-country companies that are not established in the EU but provide goods and services inside the EU are subject to the same reporting rules than EU companies, or at least apply rules that are evaluated equivalent to the EU standards by the Commission, once implementing measures for those equivalence schemes are adopted.

COMP G in line with COMP 6 and 13

(18a) VOLUNTARY STANDARDS FOR SMES

SMEs should be given the possibility to report according to standards that are proportionate to their capacities and resources. ~~Listed and Non-listed~~ SMEs can choose to use proportionate standards on a voluntary basis. The SME standards should 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, investees and clients in their value chains.

~~(74)~~ **(18b)** 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. [*→ 18b) Recital 71 moved up*]

COMP H in line with COMP 10

(18c) Certain economic activities in high-risk sectors are recognised as posing particularly significant sustainability risks. The list of high-risk sectors are based on existing sectoral OECD guidance. In order to ensure that this directive can also apply to such economic activities in high-risk sectors they should be defined and the power to adopt a delegated act in accordance with Article 290 of the Treaty on the Functioning of the European Union in respect of establishing a list economic activities in high-risk sectors of economic activity should be delegated to the Commission. This list should, to the extent possible, use the European NACE classification. Not all economic activities in those sectors could be considered as high-risk. The Commission should therefore aim at using the lowest classification level possible. It is of particular importance that the Commission carry out appropriate consultations during its preparatory work, including at expert level, and that those consultations be conducted in accordance with the principles laid down in the Interinstitutional Agreement of 13 April 2016 on Better Law-Making. In particular, to ensure their equal participation in the preparation of delegated acts, Parliament and the Council should receive all documents at the same

time as Member States' experts, and their experts should systematically have access to meetings of Commission expert groups dealing with the preparation of delegated acts.

COMP I: EPP 93

(19) Directive 2004/109/EC of the European Parliament and of the Council 49 applies to all undertakings with securities listed on regulated markets. In order to ensure that all **large** 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.

(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 reporting obligations regarding the annual financial report.

COMP J in line with COMP 9 + COMP 17.

(21) Articles 19a(3) and 29a(3) of Directive 2013/34/EU currently exempt all subsidiary undertakings from **obligations** to report **some** 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 and that **certain information are broken down for each consolidated entity**. 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 **some** sustainability information **in their own management report**. ~~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.~~

(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 **unless the parent undertaking is a subsidiary undertaking from a parent undertaking that is established in a third country**. 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.~~

(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, **as well as for-profit legal entities organised as trusts or under similar legal arrangements, or legal entities which are controlling owners of “for-profit organisations”**² 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.

→ **To be voted separately**

COMP K in line with COMP 2 + AM SD 106, EPP 105

(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, **and prevent a mismatch of information required by data users and 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. 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, **indicators and methodologies** of ‘sustainability factors’ laid down in Regulation (EU) 2019/2088 **and delegated acts**, but with the addition of governance matters.

COMP L in line with COMP 12 + Greens 108 + ENVI + Greens 111 + SD 112 + Greens 114, Left 116

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

respect for human rights, **gender equality**, 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.

(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 **and should include information on, as appropriate, climate change mitigation and adaptation; the sustainable use and protection of water and marine and soil resources; the transition to circular economy, including resource use; pollution prevention and control; and protection and restoration of biodiversity and ecosystems;** whether and how their business model and strategy take account of the interests of stakeholders, **including workers, indigenous people and local 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 **science-based and time-bound short-term, mid-term and long-term** 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; **a description of the due diligence strategy**; the principal actual and potential adverse impacts connected with the undertaking's activities; ~~**a description of the due diligence strategy for identifying and addressing actual or potential adverse impacts;**~~ 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.

(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 **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, **track**, prevent, mitigate, **cease** 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 **adverse 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.

COMP Min line with COMP 3

(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 **relevant** information on **intangibles that are consistent with intangibles reported in the financial statement**, including **when material on** 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.

COMP N in line with COMP 7

(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. **The Commission should help businesses and prepare non-binding guidelines on appropriate methodologies to generate the forward-looking information to be provided in the reporting.**

COMP O in line with COMP 6 + AM 121

(29a) **For reporting purposes**, Articles 19a(1) and 29a(1) of Directive 2013/34/EU should not require undertakings to **publish confidential information, in accordance with**

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 Directive).

(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.

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

COMP P: ECR 123 + Greens 125 + EPP 127, ENVI.

(32) Undertakings under the scope of Articles 19a(1) and 29a(1) of Directive 2013/34/EU may rely on national, Union-based or international reporting frameworks, and where they do so, they have to specify which frameworks they relied upon. However, Directive 2013/34/EU does not require undertakings to use a common reporting framework or standard, and it does not prevent undertakings from choosing not to use any reporting framework or standards at all. As required by Article 2 of Directive 2014/95/EU, the Commission published in 2017 non-binding guidelines for undertakings under the scope of that Directive 52 . In 2019, the Commission published additional guidelines, specifically on reporting climate-related information 53 . 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** 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 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.**

(33) No existing standard or framework satisfies the Union's needs for detailed sustainability reporting by itself. **Nevertheless, there is an interest to ensure coherence and synergy between Union and global standards.** Information required by Directive 2013/34/EU needs to cover information relevant from each of the materiality perspectives, needs to cover all sustainability matters and needs to be aligned, ~~where appropriate, with other obligations under Union law to disclose sustainability information,~~ including **with** obligations laid down in Regulation (EU) 2020/852, Regulation (EU) 2019/2088 **and with the EU acquis.** 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, **while ensuring consistency with international standards.**

COMP Q in line with COMP 23

(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. **In January 2022, EFRAG announced the membership of several civil society organisations and hopes to enable a broader representation of all relevant sustainability reporting stakeholders.** When adopting sustainability reporting standards, the Commission should take account of technical advice that EFRAG will develop. **In order to ensure that EFRAG has sufficient independence from private funding contributions to its budget while being sufficiently equipped to develop high quality standard recommendations, the Commission should increase its funding to at least 75% of the work on sustainability issues in relative and absolute share.** 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 a balanced representation** relevant stakeholders, ~~including the social partners, NGOs and consumer organisations, who should be able to participate in the standard setting process on equal footing and, if any, at very low adhesion fees.~~ **Participation in the independent technical advisory group shall be based on expertise on matters outlined in articles 19a and 19b and shall not be conditional to any financial contribution.** 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.

34 a) Every year the Commission should consult and associate the relevant Council working groups and European Parliament committees on the EFRAG working programme. In order to foster democratic control, parliamentary scrutiny and transparency, regular exchanges should be held between EFRAG and the relevant European Parliament committees.

COMP R : EPP 133, EPP 136, EPP 137, Greens 138, ENVI

(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~~ **be fully consistent with** the underlying indicators and methodologies set out in the various delegated acts adopted pursuant to Regulation (EU) 2020/852, disclosure requirements applicable to benchmark administrators pursuant to Regulation (EU) 2016/1011 of the European Parliament and of the Council⁵⁵, the minimum standards for the construction of EU climate transition benchmarks and EU Paris-aligned benchmarks; and of any work carried out by the European Banking Authority in the implementation of the Pillar III disclosure requirements of Regulation (EU) No 575/2013. Standards should take account of Union environmental legislation, including Directive 2003/87/EC of the European Parliament and of the Council⁵⁶ and Regulation (EC) No 1221/2009 of the European Parliament and of the Council⁵⁷, and should take account of Commission Recommendation 2013/179/EU⁵⁸ and its annexes, and their updates. Other relevant Union legislation, including Directive 2010/75/EU of the European Parliament and of the Council⁵⁹, and requirements laid down in Union law for undertakings as regards directors' duties and due diligence, should also be taken into account.

(36) Sustainability reporting standards should take account of the Commission guidelines on non-financial reporting⁶⁰ and the Commission guidelines on reporting climate-related information, **including the KPIs of these guidelines** (footnote 61). They should also take account of other reporting requirements in Directive 2013/34/EU not directly related to sustainability, with the aim of providing the users of the reported information with a better

understanding of the development, performance, position and impact of the undertaking, by maximising the links between the sustainability information and other information reported in accordance with Directive 2013/34/EU.

(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~~ **be consistent with** existing standards and frameworks for sustainability reporting and accounting where appropriate. Those include the Global Reporting Initiative, the Sustainability Accounting Standards Board, the International Integrated Reporting Council, the International 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 gases Protocol in the calculation of greenhouse gases emissions, including scope 1, 2 and 3 from undertakings 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 **by supporting the work of the International Sustainability Standards Board (ISSB).**

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

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

COMP S - EPP 142 + Greens 145 + Left 146+ Greens 147 in line with COMP 12.

(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 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. **When specifying the information about environmental factors that undertakings are to disclose, coherence should be ensured with the definitions in Article 2 and the reporting requirements of Article 8 in Regulation (EU) 2020/852 and the delegated acts adopted pursuant to that Regulation.**

(41) With regard to climate-related information, users, **including consumers,** are interested in knowing about undertakings' physical and transition risks, and about their resilience **and plans to adapt** to different climate scenarios **and to the EU's climate neutrality goal.** 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.~~ These parties are also interested to know the efforts made by companies to effectively reduce absolute GHG emissions as **part of their climate mitigation and adaptation strategies.** The reporting standards should therefore specify the information undertakings should report with regard to those matters.

(42) Achieving a climate neutral and circular economy ~~and a toxic-free environment~~ **without 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.

COMP T Greens and Left 148, EPP 151, S&D 155 in line with COMP 7, 12, 15 + EMPL

[→ Alignment with Greens and Left 148, EPP 151 in line with COMP 7, 12, 15 can't be made because of exclusive EMPL competence on recital 43).]

(43) Sustainability reporting standards should specify the information that undertakings should disclose on social factors, including employee factors, **including working conditions, workers' rights, social partner involvement, collective bargaining (106), equality, non-discrimination, prevention of workplace violence and harassment diversity and inclusion** and human rights. Such information **should be disclosed country-by country, where relevant,**

in close consultation with trade unions and worker's representatives and should cover the impacts of undertakings on its workers, people and on human health. Where the administrative or management body of the undertaking receives an opinion on the sustainability report from the representatives of workers, it should append that opinion to the sustainability report, if this is provided for under national law and practices. The information that undertakings disclose about human rights should include information about forced and child labour in their value chains where relevant. **Reporting requirements on forced labour should not replace the public authorities' responsibility to address import of goods, produced as a result of human rights abuses, including forced labour, through trade policy and diplomatic means (107).** Undertakings may also report on possible risks and negative trends regarding employment and incomes due to the absence of a just transition process (105). Reporting standards that address social factors should specify the information that undertakings should disclose with regard to the principles of the **twenty** 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, **including the UN Convention on the Rights of Persons with Disabilities, the UN Declaration on the Rights of Indigenous Peoples, the UN Convention on the Rights of the Child, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the fundamental conventions of the International Labour Organisation, the International Labour Organization's Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, including the list of relevant standards under its Annex I, the European Convention of Human Rights, the (revised) European Social Charter, the Charter of Fundamental Rights of the European Union and the OECD Guidelines for Multinational Enterprises.** **The reporting on social factors should be proportionate to the scope and the goals of this Directive.** [EXCLU EMPL]

(44) Users need information about governance factors, including information on the role of an undertaking's administrative, management and supervisory bodies **and committees**, including with regard to sustainability matters, the composition of **those, particularly with regard to workers' and women's participation and gender balance (EXCLU EMPL - 19b b ii)** **and whether the company has a policy in terms of incentives offered to members of these bodies which are linked to sustainability matters**, and an undertaking's internal control and risk management systems, including in relation to the reporting process. Users also need information about undertakings' corporate culture and approach to business ethics, including anti-corruption and anti-bribery, and about their political engagements, including lobbying activities. Information about the management of the undertaking and the quality of relationships with business partners, including payment practices relating to the date or period for payment, the rate of interest for late payment or the compensation for recovery costs referred to in Directive 2011/7/EU of the European Parliament and of the Council 62 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. Diversity on company boards contributes to better decision-making, corporate governance and resilience in undertaking

(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.

→ To be voted separately.

(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.

COMP U - S&D 159 - in line with COMP 8

45a) Member States should ensure that sustainability reporting is done in compliance with workers' rights to information and consultation, including when it comes to take part in the design of the reporting system in close relation with administrative, management or supervisory bodies.

(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.

COMP V in line with COMP 11

(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 – 30 April 2023** 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. **To comply with those disclosure obligations, financial market participants should be given sufficient time to receive relevant information from undertakings. Financial Market Participants should therefore be required to report on sustainability matters that are specifically needed to comply with the measures laid down in Regulation (EU 2019/2088) on the financial year following the first transposition year of obligations for undertakings within the scope of**

this Directive. Other information should be reported according to transposition deadlines that apply to undertakings in the scope of the Directive. The Commission should adopt a second set of reporting standards at the latest ~~by 31 October 2023~~ ~~30 avril 2024~~ **January 2024** 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.

COMP W - In line with COMP 14 Left 169, EPP 170, Greens 171 + Left 173, EPP 174, rapp 5

(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 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 **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 data 64 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.

(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 **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.

COMP X in line with COMP 16 + ECR 175, EPP 176

(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 **but they should, at consolidated level, be allowed to publish sustainability matters information in a specific section of the management report and in a format equivalent to, and compatible with, that laid down for the publication of the financial statements.** 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.

COMP Y - In line with COMP 15 and COMP 20.

(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, as well as **other aspects of policies such as, age, or educational and professional backgrounds or disabilities** 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.

(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 **that is well defined** 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.

COMP Z in line with COMP 21 and COMP 28 and 28 + Rapp 8

(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 **and conditioned** 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 **then** be required to express an opinion based on a reasonable assurance engagement about the compliance of the sustainability reporting with Union requirements, **after** the Commission adopts assurance standards for reasonable assurance of sustainability reporting **and following a positive outcome of the review mechanism and should the co-legislators decide to review the level of assurance compliance**. This would also allow for the progressive development of the assurance market for sustainability information, and of undertakings' reporting practices.

(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 Council 66 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 **equivalent to** ~~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. **Furthermore, a high level of independence should be ensured for sustainability reporting assurance operations by establishing the principle of incompatibility between a statutory audit engagement and an assurance of sustainability reporting engagement being carried out by the same statutory auditor or the same audit firm or network.**

→ **To be voted separately**

(55) Directive 2006/43/EC of the European Parliament and of the Council 67 sets out rules concerning the statutory audit of annual and consolidated financial statements. It is necessary to ensure that consistent rules apply to the audit of financial statements and the assurance of sustainability reporting by the statutory auditor. Directive 2006/43/EC should apply where the opinion on sustainability reporting is given by the statutory auditor or audit firm carrying out the statutory audit of financial statements.

COMP AA in line with COMP 26 and COMP 30 + S&D 185 + EPP 187

(56) The rules on the approval and recognition of statutory auditors and audit firms should ensure that statutory auditors have the necessary level of theoretical knowledge of subjects relevant to the assurance of sustainability reporting and the ability to apply such knowledge in practice. **This knowledge could also be based on previous employment experiences and professional equivalences.** However, statutory auditors that have already been approved or recognised by a Member State should continue to be allowed to carry out statutory audits and should be allowed to carry out assurance engagements of sustainability reporting. Member States should, however, ensure that already approved statutory auditors acquire the necessary knowledge in sustainability reporting and the assurance of sustainability reporting via continued professional education.

(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.

(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.

(58) Article 25 of Directive 2006/43/EC requires Member States to put appropriate rules in place to avoid that the fees on the statutory audit are influenced or determined by the

provision of additional services to the audited entity or are based on any form of contingency. Articles 21 to 24 of that Directive also require Member States to ensure that statutory auditors carrying out statutory audits comply with the rules on professional ethics, independence, objectivity, confidentiality and professional secrecy. For reasons of coherence, it is appropriate that those rules are extended to the work carried out by statutory auditors on the assurance of sustainability reporting.

(59) In order to provide for uniform assurance practices and high quality assurance of sustainability reporting across the Union, the Commission should be empowered to adopt sustainability assurance standards by means of delegated acts. Member States should apply national assurance standards, procedures or requirements as long as the Commission has not adopted an assurance standard covering the same subject matter. These assurance standards should set out the procedures that the auditor shall perform in order to draw its conclusions on the assurance of sustainability reporting.

(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.

(61) Article 28 of Directive 2006/43/EC requires statutory auditors or audit firms to present the results of their statutory audit in an audit report. That requirement should be extended to the assurance of sustainability reporting to ensure that the results of the assurance of sustainability reporting are presented in the same audit report.

(62) Article 29 of Directive 2006/43/EC requires Member States to set up a system of quality assurance review of statutory auditors and audit firms. To ensure that quality assurance reviews also take place for the assurance of sustainability reporting and that the persons who carry out quality assurance reviews have appropriate professional education and relevant experience in the assurance of sustainability reporting and sustainability reporting, that requirement to set up a system of quality assurance review should be extended to the assurance of sustainability reporting.

(63) Chapter VII of Directive 2006/43/EC requires Member States to have in place an investigations and sanctions regime for statutory auditors and audit firms carrying out statutory audits. Chapter VIII of that Directive requires Member States to organise an effective system of public oversight, and to ensure that regulatory arrangements for public oversight systems permit effective cooperation at Union level in respect of Member States' oversight activities. Those requirements should be extended to statutory auditors and audit firms that conduct assurance engagements of sustainability reporting in order to ensure the consistency of the investigations, sanctions and oversight frameworks set up for the auditor's work in the statutory audit and the assurance of sustainability reporting.

(64) Article 37 and 38 of Directive 2006/43/EC contain rules on the appointment and dismissal of statutory auditors and audit firms carrying out statutory audits. Those rules should be extended to the assurance of sustainability reporting to ensure the consistency of the rules imposed on auditors as regards their work on the statutory audit and the assurance of sustainability reporting.

(65) Article 39 of Directive 2006/43/EC requires Member States to ensure that each public-interest entity has an audit committee, and specifies its tasks with regard to the statutory audit. That audit committee should be assigned with certain tasks with regard to the assurance

of sustainability reporting. Those tasks should include the obligation to inform the administrative or supervisory body of the audited entity of the outcome of the assurance of sustainability reporting, and to explain how the audit committee contributed to the integrity of sustainability reporting and what the role of the audit committee was in that process. **Some companies have set up Sustainable Corporate Reporting Committees. Companies may decide to involve both the audit committee and any other committees involved on sustainable reporting.**

(66) Article 45 of Directive 2006/43/EC contains requirements for registration and oversight of third-country auditors and audit entities. To ensure that a consistent framework exists for the work of auditors in both the statutory audit and the assurance of sustainability reporting, it is necessary to extend those requirements to the assurance of sustainability reporting.

(67) Regulation (EU) No 537/2014 of the European Parliament and of the Council 68 applies to statutory auditors and audit firms carrying out statutory audits of public-interest entities. To ensure the independence of the statutory auditor, Article 5 of that Regulation prohibits the provision of certain non-audit services over certain time periods. That independence should also be ensured for the work of statutory auditors and audit firms carrying out statutory audits of public-interest entities on the assurance of sustainability reporting. Consulting services for the preparation of sustainability reporting should therefore be included in the list of prohibited non-audit services.

(68) Article 14 of Regulation (EU) No 537/2014 requires statutory auditors and audit firms to inform their competent authority annually of the revenues generated from statutory audits and non-audit services of public-interest entities. Auditors and audit firms should be required to specify which revenues among the revenues from non-audit services are generated from the assurance of sustainability reporting.

COMP AB - in line with COMP 25 + EPP 190

(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.

(69a) Non-EU companies ~~would~~ should be required to publish their non-financial sustainability reporting and their due diligence strategy on their website according to sustainability report requirements or requirements which are deemed equivalent by the European Commission. Non-compliant companies ~~would~~ should be publicly notified by the Commission that they failed to comply and be required to provide the necessary information. Tougher sanctions could be envisaged through the review mechanism.

(70) Article 24 of Directive 2004/109/EC assigns to national supervisors the task of enforcing compliance with corporate reporting requirements by undertakings with securities listed on

regulated markets. Article 4 of that Directive specifies the content of the annual financial reports, but lacks an explicit reference to Articles 19a and 29a of Directive 2013/34/EU, which require the preparation of a (consolidated) non-financial statement. This implies that national competent authorities of some Member States have no legal mandate to supervise those non-financial statements, especially where those statements are published in a separate report, outside of the annual financial report, which Member States may currently allow. It is therefore necessary to insert into Article 4(5) of Directive 2004/109/EC a reference to sustainability reporting. It is also necessary to require that the persons responsible within the issuer confirm in the annual financial report that, to the best of their knowledge, the management report is prepared in accordance with the sustainability reporting standards. In addition, given the novel character of those reporting requirements, the European Securities and Markets Authority should issue guidelines for national competent authorities to promote convergent supervision of sustainability reporting by issuers subject to Directive 2004/109/EC.

[→ Moved up to COMP L]

~~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 **unnecessary and unjustified** 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.~~

COMP AC - In line with COMP 32.

(71a)The Directive establishes that, by the end of 2026, the Commission shall submit a report on the effectiveness of the new provisions integrated in the present Directive and assess several aspects that were proposed in the negotiation phase. Such a review clause already existed in the NFRD. The review clause in CSRD should assess, in particular the scope enlargement, the level of assurance engagement by auditors, the need to improve European standards on human rights, the added value of expanding the list of activities and high-risk sectors and related economic activities, the development of sanction mechanisms for companies operating in Europe based in third-countries.

(72) Directive 2013/34/EU, Directive 2004/109/EC, Directive 2006/43/EC and Regulation (EU) No 537/2014 should therefore be amended accordingly,

Article 1

Amendments to Directive 2013/34/EU

Directive 2013/34/EU is amended as follows:

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

COMP 1 on the scope at large

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: SHARED ECON.

(a) insurance undertakings within the meaning of Article 2(1) of Council Directive 91/674/EEC*1;

(b) credit institutions as defined in Article 4(1), point (1), of Regulation (EU) No 575/2013 of the European Parliament and of the Council*2.

(ba) for profit legal entities organised as trusts or as similar legal arrangements ~~or legal entities that are controlling owners of for-profit undertakings;~~

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.

By derogation of Article 1 paragraph 3, undertakings referred to in subparagraphs a) and b) shall report information defined in delegated acts referred to in Article 19b paragraph 1 (a) that correspond to the needs of disclosure obligations of Regulation (EU) 2019/2088, on the financial year following the first financial year referred to in Article 5.

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

COMP 2 on definitions (AM 207 S&D)

‘(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 further specified in the standards and delegated acts referred to in Article 4 thereof, as well as governance factors.**

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

COMP 3 on definitions (AM 211 EPP)

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

(20) ‘independent assurance services provider’ means a conformity assessment body accredited in accordance with Regulation (EC) No 765/2008 of the European Parliament and of the Council*5 for the specific conformity assessment activity referred to in Article 34(1), second subparagraph, point (aa) of this Directive.

COMP 4 on definitions (AM 11 rapp, 212 Greens, 213 S&D, 214 Left)

~~(20a new) “High-risk sectors of economic activity” mean economic activities in sectors where, as a result of their size, business and value chain characteristics, adverse impacts on sustainability matters are likely to occur; Economic activities that belong to those sectors shall be consistent with correspondence of the NACE classification (ref 1a) and relevant classification levels. They shall take into account relevant and reliable evidence, existing legislation and guidelines of the European Union, international reporting standards, the work of the Platform on Sustainable Finance established in accordance with Article 20 of Regulation (EU) 2020/852 and the OECD Due Diligence Guidance for Responsible Business Conduct.~~

~~1a Statistical classification of economic activities in the European Union, NACE Rev. 2.1~~

COMP 5 on definitions (AM 12 rapp, 218 Left, 219 Greens).

20a) ‘Science-based target’ is a target defined on the basis of conclusive scientific evidence and with independent 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 sustainability matters.

(3) Article 19a is replaced by the following:

‘Article 19a

Sustainability Reporting

COMP 6 on the scope of the sustainability reporting AMs ECR 225, ID 224, Rapp 13, S&D 228, Greens 223, LEFT 226, Rapp 13, EPP 221, ECR 231, EPP 232, EPP 297/299, Greens 298, Renew 300. +

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), small and medium-sized undertakings referred to in Article 3(2) and 3(3) which operate in one or more economic activities in high-risk sectors referred to in 19 a (7a)~~, 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.

1a) *Third-country companies which are of a legal form comparable to undertakings referred to in Article 19a (1) and that are not established in the territory of the Union when they operate in the internal market selling goods or providing services under implementing measures set out in Article 19b (1) – iic) 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.*

COMP 7 on sustainability reporting (AM_EPP 233, 234, 236, 247, 276, 278, 282, 296 S&D [241], 246, 249, 254, 262, 267, 271; Rapp 14, 15, 16, 17, 18 ; Greens 235, 248, LEFT 250, 238, 245, 250, 273)

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

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

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

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

(iii) the plans of the undertaking to ensure that its business model and strategy are consistent with securing employment in the EU and promoting fair working conditions as defined in the European Pillar of Social Rights EXCLU EMPL

(iii) the plans of the undertaking, **taking into account the entire value chain supplies and sub-contractors, including transition plans with implementing actions and related financial and investment plans and short-term and medium-term absolute emission reduction targets for 2025 and 2030, reviewed every five years up to 2050**, to ensure that its business model and strategy are **aligned with the objective to achieve climate neutrality by 2050 at the latest, set out in Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 (“European Climate Law”)**, as regards the undertaking’s operations in the EU and 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 **with no or limited overshoot and pursuant to the latest recommendations of the IPCC and the European Scientific Advisory Board on Climate Change; and**

- where relevant, the degree of exposure of the undertaking to sectors listed in Divisions 05, 06,09, 19, 35, 46.71, 73.1 of Annex I to Regulation (EC) No 1893/2006 insofar as they relate to coal, oil, gas-related activities;

- where relevant, for undertakings which activities have a particular impact on or that operate in sectors which particularly rely on natural resources, a disclosure of the main impacts and risks on the loss of biodiversity and habitats that are associated with the undertaking's business model; [ENVI EXCLU]

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

(v) how the undertaking’s strategy has been implemented with regard to sustainability matters **and science-based targets;**

(b) a description of the **time-bound short-term, mid-term and long-term** targets related to sustainability matters set by the undertaking **with respect to the undertaking's risks and opportunities and adverse impacts on sustainability matters, whether such targets are science-based** and of the progress the undertaking has made towards achieving those targets **including a clearly defined path and implementing actions to reach those; SHARED WITH ENVI.**

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

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

(da) information about the existence of incentive schemes offered to members of the administrative, management and supervisory bodies which are linked to sustainability matters

(e) a description of:

(i) the due diligence process implemented with regard to sustainability matters **and, where applicable, pursuant to EU and/or national legislation;**

(ii) the 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;

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

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

(g) indicators **and time-bound targets** relevant to the disclosures referred to in points (a) to (f) **based on the guidelines developed by the European Commission.**

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

Undertakings shall report the process carried out to identify the information that they have included in the management report in accordance with paragraph 1 **and 2**, in this process they shall take account of short, medium and long-term **horizons objectives, strategies and targets.**

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

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

Where **appropriate-applicable**, the information referred to in paragraphs 1 and 2 shall also contain references to, and additional explanations of, other information included in the

management report in accordance with Article 19 and amounts reported in the annual financial statements.

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

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

(4a) The Commission shall prepare non-binding guidelines, on appropriate methodologies to generate the forward-looking information to be provided in the reporting.

COMP 8 on internal processes (S&D 230, Greens 229 - supported by EPP if EMPL compromise in 19b falls).

5. In accordance with applicable EU and national legislation and practice, the appropriate worker's representatives shall take part in the design of the reporting system and the outcome should be presented, where applicable, to the relevant administrative, management or supervisory bodies.

6. Undertakings that comply with the requirements set out in paragraphs 1 to 4 shall be deemed to have complied with the requirement set out in the third subparagraph of Article 19(1).

COMP 9 on exemptions (AM 20, 21, 22 rapp, 30, 315 S&D, 302 Greens, 303 Left)

→ separate vote EPP, not key vote.

7. An undertaking which is a subsidiary undertaking shall be exempted from the obligations set out in paragraphs *1 and 2 with the exception of obligations set out in paragraph 2) a), b), e), f) and corresponding obligations set out in g)*, if that undertaking and its subsidiary undertakings are included in the consolidated management report of a parent undertaking which is registered in a Member State, drawn up in accordance with Articles 29 and 29a and *that such obligations are broken down for each consolidated entity. An undertaking that is a subsidiary undertaking from a parent undertaking that is established in a third country shall also be exempted from the obligations set out in paragraphs 1 to 4 where that undertaking and its subsidiary undertakings are included in the consolidated management report of that parent undertaking and where the consolidated management report is drawn up in a manner that may be considered equivalent, in accordance with the relevant implementing measures adopted pursuant to Article 23(4), point (i), of Directive 2004/109/EC of the European Parliament and of the Council⁶, to the manner required by the sustainability reporting standards referred to in Article 19b of this Directive.*

The consolidated management report of the parent undertaking referred to in subparagraph 1 shall be published in accordance with Article 30, in the manner prescribed by the law of the Member State by which the undertaking, *which meets the requirements referred to in paragraphs ~~1 to 4~~ 1 and 2 with the exception of obligations set out in paragraph 2) a), b), e), f) and corresponding obligations set out in g),* is governed.

The Member State by which the undertaking, that is exempted from the obligations set out in paragraphs ~~1 to 4~~ *1 and 2 with the exception of obligations set out in paragraph 2) a), b), e), f) and corresponding obligations set out in g),* is governed, may require that the consolidated management report referred to in the first subparagraph of this paragraph is published in an official language of the Member State or in a language customary in the sphere of international finance, and that any necessary translation into those languages **is provided is certified**.

The management report of an undertaking, that is exempted from the obligations set out in paragraphs *1 and 2 with the exception of obligations set out in paragraph 2) a), b), e), f) and corresponding obligations set out in g),* shall contain all of the following information:

(a) the name and registered office of the parent undertaking that reports information at group level in accordance with Articles 29 and 29a, or in a manner that may be considered equivalent, in accordance with the implementing measures adopted pursuant to Article 23(4), point (i) of Directive 2004/109/EC, to the manner required by the sustainability reporting standards referred to in Article 19b;

(b) the fact that the undertaking is exempted from the obligations set out in paragraphs *2 c) and d)*’;

c) the name and address of each consolidated entities

COMP 10 on delegation for economic activities in high risk sectors (AM 23 rapp, 328 S&D, 320, 440, 556, 558 Greens & Left, 321, 555 Left)

7a. The Commission shall be empowered to adopt delegated acts in accordance with Article 49 to establish and amend a list of activities referred to in ~~Article 2 (20a)~~ that shall include economic activities in the following high-risk sectors:

- *Garment and footwear, including manufacturing of textile*
- *Agriculture, including manufacturing of food and beverage*
- *Extractive sector (mining, oil and gas industries)*
- *Minerals, including tin, tantalum, tungsten and gold, as well as all other mineral resources.*

The list should correspond to the European NACE codes and take into account, when possible, the lowest classification level.

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

COMP 11 on the timing of the delegated acts (AM 25, 26, 27 rapp, 327 EPP) + COMP 24 (AM 339, 340, 341, 342, 567 EPP)

‘Article 19b

Sustainability reporting standards

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

(a) ~~by 31 October 2022~~ **by 30 April 2023**, the Commission shall adopt delegated acts specifying the information that undertakings are to report in accordance with paragraphs 1 and 2 of Article 19a, and at least specifying information corresponding to the needs of disclosure obligations of Regulation (EU) 2019/2088.

(b) ~~by 31 October 2023~~ **by 1 January 2024** the Commission shall adopt delegated acts specifying:

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

(ii) information that undertakings shall report that is specific to the sector in which they operate, *prioritising information in economic activities in high-risk sectors referred to in Article 19a (7a)*.

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

iiib) the criteria and implementing rules for sustainability reporting for undertakings operating economic activities in high-risk sectors referred to in Article 19a (7a);

iiic) implementing rules and guidelines for sustainability reporting for undertakings referred to in Article 19 a) point 1a which are governed by the law of a third country and are not established in the territory of the Union when they operate in the internal market selling goods or providing services.

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

COMP 12 on sustainability standards (EPP 330, 401, 424, 438; S&D 344, 376, 387, 410, 416 ; 425, 426, 439 ; Rapp 28, 29, 30, 31, 32 ; Greens 343, 349, 375, 399 ;LEFT 345, 388, 398)

2. The sustainability reporting standards referred to in paragraph 1 shall **ensure the quality and relevance of reported information, by requiring that its representative, verifiable, reliable, easily accessible**, comparable, and is represented in a faithful manner **and, where possible, based on specific measurable science-based objectives as described in article 19b) 1 b. iia).**

The sustainability reporting standards shall, taking into account the subject matter of a particular standard:

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

(i) climate change mitigation *including*;

- *emissions on all scopes of greenhouse gas emissions, including Scope 1, 2 and 3 GHG emissions, and other relevant indicators, as appropriate;*

- *transition, financial and investment plans related to GHG emissions and any emission reduction targets of the undertaking and any targeted date to achieve climate neutrality; and*

- *the alignment of the undertaking's business model and strategy with the goal of limiting of global warming to well-below 2 °C and pursuing efforts to limit it to 1.5° with no or limited overshoot,*

(ii) climate change adaptation; **EXCLU ENVI**

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

(iv) **the transition to** circular economy, **including resource use**;

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

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

When specifying the information about environmental factors that undertakings are to disclose, coherence should be ensured with the definitions in Article 2 and the reporting requirements of Article 8 in Regulation (EU) 2020/852 (Taxonomy Regulation) and the delegated acts adopted pursuant to that Regulation.

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

(i) Equal **treatment and** opportunities for all, including gender equality and equal pay for **work of equal value, diversity at all levels as defined under existing EU legislation, pay transparency, measures against violence and harassment, training and skills development, in particular the rate and breakdown of workers participating in training, and** employment and inclusion of people with disabilities, specifying information on accessibility measures, **on a country-by-country basis**; **SHARED EMPL**.

(ia) the composition of the workforce including through its operations and business activities, disaggregated by gender sex, on a country-by-country basis; **SHARED EMPL**.

(i b) existence of collective agreements and the coverage of workers therein, and the existence of work councils, including international work councils, in accordance with applicable law and practice. **SHARED EMPL**.

(ii) working conditions, including secure employment, *adequate and fair* wages, *working time*, social dialogue, *freedom of association*, collective bargaining and the *information, consultation and participation rights* of workers, *including with regard to their participation in administrative and supervisory boards*, work-life balance, *maternity, paternity and parental leave*, and a health and safety, the *rate of workers injured at work and measures that the company may implement to ensure a just transition for workers, particularly those in vulnerable regions and sectors*; **EXCLU EMPL**.

~~*In accordance with the EU labour law acquis and national law and practice, the central management shall consult with the 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 trade unions and workers' representatives in the identification of risks and impacts of the undertaking on the environment and people.*~~

~~*Workers' representatives shall be provided with the necessary resources to ensure the effective exercise of the rights arising from this Directive. This shall include the support of an expert, where this is in line with national law and practice.*~~

~~*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 existing EU legal framework, such as Directive 2002/14/EC, Directive 2009/38/EC, Directive 2001/86/EC and 2003/72/EC;*~~ **EXCLU EMPL**

TECHNICAL SPLIT : FALL UNDER COMP 8.

(iii) respect for the human rights, fundamental freedoms, democratic principles and standards established in the International Bill of Human Rights, **the UN Guiding Principles on Business and Human Rights** and other core UN human rights conventions, **including the UN Convention on Persons with Disabilities, the UN Declaration on the Rights of Indigenous Peoples**, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the ILO fundamental and governance conventions, **the International Labour Organization's Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy**, including the list of relevant standards in Annex I, **the European Convention of Human Rights, the revised European Social Charter, the Charter of Fundamental Rights of the European Union, the OECD Guidelines on Multinational Enterprises and the EU labour law acquis.**
SHARED EMPL.

~~*/(iii a) human rights impact assessments carried out by the relevant public authorities and the undertaking with respect to sustainability matters as defined under this Directive./*~~ **SHARED EMPL → Moved to COMP 32 Review clause**

(c) specify the information that undertakings are to disclose about governance factors, including information about:

(i) the role **and expertise** of the undertaking's administrative, management and supervisory bodies **and committees**, including with regard to sustainability matters, ~~direct involvement of social partners~~ and **their** composition

(ii) business ethics and corporate culture, including anti-corruption and anti-bribery **and internal arrangements within the undertaking for protecting whistleblowers** and *animal welfare where applicable ~~and combating food waste~~*.

~~**iii) if applicable incentives offered to members of these bodies which are linked to sustainability matters and associated targets in terms of remuneration;**~~

→ We ask in COMP 7 : that undertakings state whether incentive schemes are existent and we do no longer ask for a description of the policies. Therefore, no need to have an approach by standards.

(iii) ~~direct~~ **political influence** of the undertaking, including its lobbying activities and **political donations**;

(iv) the management and quality of relationships with business partners, including payment practices, **especially towards SMEs**;

(v) the undertaking's internal control and risk management systems, including in relation to the undertaking's reporting **and decision-making** process.

3. When adopting delegated acts pursuant to paragraph 1, the Commission shall take account of:

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

(aa) administrative costs of the reporting for undertakings

(b) the information that financial market participants need to comply with their disclosure obligations laid down in Regulation (EU) 2019/2088 and the delegated acts adopted pursuant to that Regulation; **EXCLU ECON**.

(c) the criteria set out in the delegated acts adopted pursuant to Regulation (EU) 2020/852*7; **EXCLU ECON**.

(d) the disclosure requirements applicable to benchmarks administrators in the benchmark statement and in the benchmark methodology and the minimum standards for the construction of EU Climate Transition Benchmarks and EU Paris-aligned Benchmarks in accordance with Commission Delegated Regulations (EU) 2020/1816*8, (EU) 2020/1817*9 and (EU) 2020/1818*10; **SHARED ECON**

(e) the disclosures specified in the implementing acts adopted pursuant to Article 434a of Regulation (EU) No 575/2013*11; **EXCLU ECON**

(f) Commission Recommendation 2013/179/EU*12; **EXCLU ENVI**

(g) Directive 2003/87/EC of the European Parliament and of the Council*13; **EXCLU ENVI**

(h) Regulation (EC) No 1221/2009 of the European Parliament and of the Council*14.
EXCLU ENVI

(h a) Directive (EU) 2019/1937 of the European Parliament and of the Council

COMP 13 on delegation for lighter standards for SMEs (AM 443, 445, 447, 448, 450, 451, 455 EPP, 444, 449, 452, 454 Renew, 453 Greens)

Article 19c

Voluntary sustainability reporting standards for SMEs

The Commission shall adopt delegated acts in accordance with Article 49 to provide for sustainability reporting standards proportionate to the capacities and characteristics of small and medium-sized undertakings. Those sustainability reporting standards shall specify which information referred to in Articles 19a and 29a small and medium-sized undertakings *that choose to use sustainability reporting standards for SMEs on a voluntary basis while meeting the requirements and obligations of this Directive concerning the content, auditing and publication of the management report*, shall report. They shall take into account the criteria set out in Article 19b, paragraphs 2 and 3. They shall also, where relevant, specify the structure in which that information shall be reported.

Member States are invited to assess the impact of their transposition acts on SMEs giving specific attention to small enterprises, in particular SMEs indirectly impacted by the Directive obligations, in order to ensure that they are not disproportionately affected, and to publish the results of such assessments. Member States may set up and operate measures, such as certified labels or financial support, to help SMEs apply voluntary sustainability reporting standards.

Voluntary sustainability reporting standards should 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 Commission shall adopt those delegated acts at the latest by 30 April 2024.

COMP 14 (EPP 457, Rapp 33, 34, Left 458, 461)

Article 19d

Single electronic reporting format

1. Undertakings subject to Article 19a shall prepare their financial statements and their management report in a single electronic reporting format in accordance with Article 3 of Commission Delegated Regulation (EU) 2019/815*15 and shall mark-up their sustainability reporting, including the disclosures laid down in Article 8 of Regulation (EU) 2020/852, in accordance with that Delegated Regulation. **The mark-up must be compatible with the consolidation and re-use of such data in a European single access point as described in**

Action 1 of the Commission Communication entitled ‘A Capital Markets Union for people and businesses – new action plan’.

1.a Electronic financial statements and management reports must comply with the relevant access requirements laid down in Directive (EU) 2019/882 on the accessibility requirements for products and services.

2. Undertakings subject to Article 29a shall prepare their consolidated financial statements and their consolidated management report in a single electronic reporting format in accordance with Article 3 of Delegated Regulation (EU) 2019/815 and shall mark-up sustainability reporting, including the disclosures laid down in Article 8 of Regulation (EU) 2020/852. **The mark-up must be compatible with the format specified in paragraph 1.**

(5) Article 20(1) is amended as follows:

COMP 15 on corporate governance (EPP 466, [S&D 463, Rapp 35], Renew 467)

Article 20(1) is amended as follows:

(a) point (g) is replaced by the following:

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

(b) the following subparagraph is added:

‘Undertakings subject to Article 19a may comply with the obligation laid down in points (c), (f) and (g) of the first subparagraph of this Article where they include the information required under those points as part of their sustainability reporting.’

(6) Article 23 is amended as follows:

(a) in paragraph 4, point (b) is replaced by the following:

‘(b) the consolidated financial statements referred to in point (a) and the consolidated management report of the larger body of undertakings are drawn up by the parent undertaking of that body, in accordance with the law of the Member State by which that parent undertaking is governed, in accordance with this Directive, with the exception of the requirements laid down in Article 29a, or in accordance with international accounting standards adopted in accordance with Regulation (EC) No 1606/2002;’;

(b) in paragraph 8, point (b)(i) is replaced by the following:

‘(i) in accordance with this Directive, with the exception of the requirements laid down in Article 29a,’;

(c) in paragraph 8, (b)(iii) is replaced by the following:

‘(iii) in a manner equivalent to consolidated financial statements and consolidated management reports drawn up in accordance with this Directive, with the exception of the requirements laid down in Article 29a, or’;

COMP 16 on consolidated report (EPP 470, 473, 474, 485, 512 ; S&D 484, 488, 498, 503 ; Rapp 36 ; Greens 471, 472, 482, 486 ; LEFT 476, 483, 487, 504).

Article 29a is replaced by the following:

‘Article 29a

Consolidated sustainability reporting

1. Parent undertakings of a large group shall include in the consolidated management report information necessary to understand the group's impacts on sustainability matters, and information necessary to understand how sustainability matters affect the group's development, performance and position. **This information shall be published in a specific section of the management report and in a format equivalent to, and compatible with, that laid down for the publication of the financial statements.**

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

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

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

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

(iii) the plans of the undertaking, ***taking into account the entire value chain, including transition plans with implementing actions and related financial and investment plans and short-term and medium-term absolute emission reduction targets for 2025 and 2030, reviewed every five years up to 2050, to ensure that its overall 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, with no or limited overshoot and pursuant to the latest recommendations of the IPCC and the European Scientific Advisory Board on Climate Change, and the undertaking's operations within the Union are aligned with the objective to achieve climate neutrality by 2050 at the latest, set out in Regulation (EU)***

2021/1119 of the European Parliament and of the Council of 30 June 2021 (“European Climate Law”); and

- where relevant, the degree of exposure of the undertaking to sectors listed in Divisions 05, 06,09, 19, 35, 46.71, 73.1 of Annex I to Regulation (EC) No 1893/2006 insofar as they relate to coal, oil, gas-related activities;

- where relevant, undertakings, which activities particularly impact natural resources and, or that operate in sectors particularly relying on natural resources, should disclose the nature-related impacts and risks on biodiversity and ecosystems that are associated with the undertaking's business model and plans by the undertaking to mitigate the loss of nature and restore nature in consistence with the latest science; EXCLU ENVI

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

(v) how the undertaking's strategy has been implemented with regard to sustainability matters **and science-based targets;**

(b) a description of the **time-bound short-term, mid-term and long-term** targets related to sustainability matters set by the undertaking **with respect to the undertaking's risks and opportunities and adverse impacts on sustainability matters, whether such targets are science-based** and of the progress the undertaking has made towards achieving those targets **including a clearly defined path and implementing actions to reach those;** SHARED WITH ENVI.

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

(d) a description of the undertaking's policies, ~~including policies, if any, on incentive schemes~~ in relation to sustainability matters;

(da) information about the existence of incentive schemes offered to members of the administrative, management and supervisory bodies which are linked to sustainability matters

(e) a description of:

(i) the due diligence process implemented with regard to sustainability matters **and, where applicable, pursuant to EU and/or national legislation;**

(ii) the 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;

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

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

(g) indicators **and time-bound targets** relevant to the disclosures referred to in points (a) to (f) **based on the guidelines developed by the European Commission.**

Parent undertakings shall also report information on intangibles, including information on intellectual, human, and social and relationship capital.

Parent undertakings shall describe the process carried out to identify the information that they have included in the consolidated management report in accordance with this Article.

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

The information referred to in paragraphs 1 and 2 shall include information about the group's value chain, including its own operations, its products and services, its business relationships and its supply chain, where **appropriate applicable.**

The information referred to in paragraphs 1 and 2 shall also, where **appropriate applicable**, include references to, and additional explanations of, other information included in the consolidated management report in accordance with Article 29 of this Directive and amounts reported in the consolidated financial statements.

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

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

(4a) The Commission shall prepare non-binding guidelines, on appropriate methodologies to generate the forward-looking information to be provided in the reporting.

COMP 18 on internal processes 18 (S&D 469 + supported by EPP if EMPL text on 19b falls)

5. In accordance with applicable EU and national legislation and practice, the appropriate worker's representatives shall take part in the design of the reporting system and the outcome should be presented, where applicable, to the relevant administrative, management or supervisory bodies.

COMP 17 on exemption at consolidated level (AM 37, 38, 39, 40 rapp, 539, 540 EPP, 528, 535, 536, 542, 543, 546, 548 S&D, 533, 545 Greens, 534, 537, 541, 544, 547 Left)

5. By way of derogation from Article 29a, paragraphs 1-4, parent undertakings that are small and medium sized undertakings referred to in Article 2, point (1), point (a), may report in accordance with the sustainability reporting standards for small and medium sized undertakings referred to in Article 19c. ***This derogation does not apply in case parent undertakings of a group referred to in Article 3(7) report the information in a consolidated sustainability report.***

6. A parent undertaking that complies with the requirements set out in paragraphs 1 to 4 shall be deemed to have complied with the requirements set out in the third subparagraph of Article 19(1), Article 19a and Article 29.

7. A parent undertaking which is also a subsidiary undertaking shall be exempted from the obligation set out in paragraphs ***1 and 2, with the exception of obligations set out in paragraph 2) a), b), e), f) and corresponding obligations set out in g)***, if that exempted parent undertaking and its subsidiaries are included in the consolidated management report of another undertaking, drawn up in accordance with Article 29 and this Article. ~~***A parent undertaking that is a subsidiary undertaking from a parent undertaking that is established in a third country shall also be exempted from the obligations set out in paragraphs 1 to 4 where that undertaking and its subsidiary undertakings are included in the consolidated management report of that parent undertaking and where the consolidated management report is drawn up in a manner that may be considered equivalent, in accordance with the relevant implementing measures adopted pursuant to Article 23(4)(i) of Directive 2004/109/EC, to the manner required by the sustainability reporting standards referred to in Article 19b of this Directive.***~~

The consolidated management report of the parent undertaking referred to in subparagraph 1 shall be published in accordance with Article 30, in the manner prescribed by the law of the Member State by which the parent undertaking, ***which meets the requirements referred to in paragraphs 1 to 4 1 and 2 with the exception of obligations set out in paragraph 2 a), b), e), f) and corresponding obligations set out in g)***, is governed.

The Member State by which the parent undertaking, ***which meets the requirements referred to in paragraphs 1 to 4 1 and 2 with the exception of obligations set out in paragraph 2 a), b), e), f) and corresponding obligations set out in g)***, is governed, may require that the consolidated management report referred to in the first subparagraph of this paragraph is published in its official language or in a language customary in the sphere of international finance, ~~***and that any necessary translation into those languages is provided is certified.***~~

The consolidated management report of a parent undertaking, ***which meets the requirements referred to in paragraphs 1 to 4 1 and 2 with the exception of obligations set out in paragraph 2 a), b), e), f) and corresponding obligations set out in g)***, shall contain all of the following information:

(a) the name and registered office of the parent undertaking that reports information at group level in accordance with Articles 29 and this Article, or 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 standards adopted pursuant to Article 19b;

(b) the fact that the undertaking is exempted from the obligations set out in paragraph 2 (c) and (d)';

c) *the name and address of each consolidated entities*

Article 30 is amended as follows:

COMP 19 (S&D 548)

(a) paragraph 1 is replaced by the following:

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

'Where an independent assurance services provider gives the opinion referred to in point (aa) of Article 34(1), this opinion shall be published together with the reports referred to in the first subparagraph.

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

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

(9) in Article 33, paragraph 1 is replaced by the following:

COMP 20 on responsibility (EPP 551)

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

(a) the annual financial statements, the management report and the corporate governance statement when provided separately;

(b) the consolidated financial statements, the consolidated management reports and the consolidated corporate governance statement when provided separately.';

COMP 21 (AM Rapp 42, 43; EPP 554).

10) Article 34 is amended as follows:

(a) in paragraph 1, the second subparagraph is amended as follows:

(i) point (a)(ii) is replaced by the following:

‘(ii) whether the management report has been prepared in accordance with the applicable legal requirements, excluding the requirements on sustainability reporting laid down in Article 19a;’;

(ii) the following point (aa) is inserted:

‘(aa) where applicable, express an opinion based on a limited assurance engagement as regards the compliance of the sustainability reporting with the requirements *and scope* of this Directive, including the compliance of the sustainability reporting with the reporting standards adopted pursuant to Article 19b, the process carried out by the undertaking to identify the information reported pursuant to those reporting standards, and the compliance with the requirement to mark-up sustainability reporting in accordance with Article 19d, and as regards the compliance with the reporting requirements of Article 8 of Regulation (EU) 2020/852.’;

(b) paragraph 3 is replaced by the following:

‘3. Member States **shall** allow an independent assurance services provider to express the opinion referred to in paragraph 1, second subparagraph, point (aa), provided that it is subject to requirements that are **equivalent** with those set out in Directive 2006/43/EC as regards the assurance of sustainability reporting as defined in Article 2(1), point (r) of that Directive. **Member States shall allow prope equivalence of those requirements in the European Union by involving relevant national authorities. Member States shall specify such requirements applying to independent service providers produce identical effects in terms of the quality of the audit of sustainability information, while being adapted to an assurance provider which does not conduct a statutory audit on financial information.**

COMP 22 on delegated acts (AM 558, 561 EPP, 559, 563 Greens)

(11) Article 49 is amended as follows:

(a) paragraphs 2 and 3 are replaced by the following:

‘2. The power to adopt delegated acts referred to in Article 1(2), Article 3(13), Article 46(2), Article 19b and Article 19c shall be conferred on the Commission **for 4 years from the entry into force of the basic legislative act or any other date set by the co-legislators.**

The delegation of power shall be tacitly extended for periods of an identical duration, unless the European Parliament or the Council revoke such delegation of power. *The Commission shall draw up a report in respect of the delegation of power no later than nine months before the end of the four-year period.*

3. The delegation of power referred to in Article 1(2), Article 3(13), Article 46(2), Article 19b and Article 19c may be revoked at any time by the European Parliament or by the Council. A decision to revoke shall put an end to the delegation of the power specified in that decision. It shall take effect the day following the publication of that decision in the Official Journal of the European Union or at a later date specified therein. It shall not affect the validity of any delegated acts already in force.’;

COMP 23 on EFRAG (AM 571, 605 EPP, 566 S&D, 336, 338, 565 Left, 337 Greens)

(b) the following paragraph 3a is inserted:

‘3a. When adopting delegated acts pursuant to Articles 19b and 19c, the Commission shall take into consideration technical advice from EFRAG, provided EFRAG ***receives sufficient public funding that is representing at least 75% of the budget dedicated to the work on sustainability matters*** and that such advice has been developed with proper ***transparent*** due process ***and*** public oversight, ~~and transparency and, with the *of* expertise relevant stakeholders, *with sufficient independence and with the balanced participation of preparers, investors, civil society organisations and trade unions*~~ and is accompanied by cost-benefit analyses that include ~~analyses of the impacts of the technical advice on sustainability matters.~~ ***Participation in the independent technical advisory group shall be based on expertise on matters outlined in articles 19a and 19b and shall not be conditional to any financial contribution. SHARED ECON.***

The Commission shall, at least once a year, associate and consult jointly the Member State Expert Group on Sustainable Finance referred to in Article 24 of Regulation (EU) 2020/852, the Accounting Regulatory Committee referred to in Article 6 of Regulation (EU) 1606/2002 and the competent committee of the European Parliament on EFRAG’s work programme as regards the development of sustainability reporting standards.

The Commission shall consult the Member State Expert Group on Sustainable Finance referred to in Article 24 of Regulation (EU) 2020/852 on the technical advice provided by EFRAG prior to the adoption of the delegated acts referred to in Articles 19b and 19c.

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

The Commission shall also consult the European Banking Authority, the European Insurance and Occupational Pensions Authority, the European Environment Agency, the European Union Agency for Fundamental Rights, the European Central Bank, the Committee of European Auditing Oversight Bodies and the Platform on Sustainable Finance established pursuant to Article 20 of Regulation (EU) 2020/852 on the technical advice provided by

EFRAG prior to the adoption of delegated acts referred to in Articles 19b and 19c. Where any of those bodies decide to submit an opinion, they shall do so within two months from the date of being consulted by the Commission.’; ***The Commission shall ensure opinions are coordinated in a way that allows high quality implementation of delegated acts.***

(c) paragraph 5 is replaced by the following:

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

~~COMP 24 on complaint mechanism (AM Greens/Left 573, 603)~~

~~(11 a) The following Article 50a is inserted:~~

~~Article 50a~~

~~Oversight regime~~

~~*According to Chapter VII of Directive 2006/43/EC Member States shall organise an effective investigation and oversight regime, that allows third parties to raise concerns, for obligations related to the assurance of sustainability reporting. Those requirements should be extended to statutory auditors and audit firms that conduct assurance engagements of sustainability reporting in order to ensure the consistency of the investigations, sanctions and oversight frameworks set up for the auditor’s work in the statutory audit and the assurance of sustainability reporting.*~~

*

COMP 25 redress mechanisms (EPP 587) + EPP (576, 577, 578).

Article 51 is replaced by the following:

‘Article 51

Penalties

1. Without prejudice to paragraph 2, Member States shall provide for penalties applicable to infringements of the national provisions adopted in accordance with this Directive and shall take all the measures necessary to ensure that those penalties are enforced. The penalties provided for shall be effective, proportionate and dissuasive.’

2. In case of a breach of the national provisions transposing Articles 19a, 19d and 29a, Member States shall provide for at least the following administrative measures and sanctions:

(a) a public statement indicating the **responsible** person or the legal entity responsible and the nature of the infringement;

(b) an order requiring the **responsible** person or the legal entity responsible to cease the conduct constituting the infringement and to desist from any repetition of that conduct;

(c) administrative pecuniary sanctions.

3. Member States shall ensure that, when determining the type and level of penalties, administrative sanctions or measures referred to in paragraph 2, all relevant circumstances are taken into account, including:

(a) the gravity and the duration of the breach;

(b) the degree of responsibility of the **responsible** person or legal entity responsible;

(c) the financial strength of the **responsible** person or legal entity responsible;

(d) the importance of profits gained or losses avoided by the **responsible** person or legal entity responsible, in so far as such profits or losses can be determined;

(e) the losses sustained by third parties as a result of the breach, in so far as those losses can be determined;

(f) the level of cooperation of the **responsible** person or legal entity responsible with the competent authority;

(g) previous infringements by the **responsible** person or legal entity responsible.?

(3a) Member States shall ensure that, when determining the type and level of penalties, administrative sanctions or measures referred to in paragraph 2, they also provide for an effective redress mechanism based on national law.

4 aa . If an undertaking referred to in Article 19a (1), that is governed by the law of a third country and that is not established in the territory of the Union when it operates in the internal market selling goods or providing services, fails to report according to implementing measures referred to Article 19b (1) – iic) the European Commission shall ensure compliance of reporting obligations within the internal market, publish and send a formal writing notification to the undertaking for failure to comply that include at least:

- *a request for the undertaking to comply with its reporting obligation within a reasonable deadline*
- *a request to provide information on why the undertaking did not comply with its reporting obligations.*

No amendment

Article 2 [*SHARED ECON*]

Amendments to Directive 2004/109/EC

Directive 2004/109/EC is amended as follows:

(1) in Article 2(1) the following point (r) is added:

‘(r) ‘sustainability reporting’ means sustainability reporting as defined in Article 2(18) of Directive 2013/34/EU of the European Parliament and of the Council*18.’;

(2) Article 4 is amended as follows:

(a) in paragraph 2, point (c) is replaced by the following:

‘(c) statements made by the persons responsible within the issuer, whose names and functions shall be clearly indicated, to the effect that, to the best of their knowledge, the financial statements prepared in accordance with the applicable set of accounting standards give a true and fair view of the assets, liabilities, financial position and profit or loss of the issuer and the undertakings included in the consolidation taken as a whole and that the management report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face and, where appropriate, that it is prepared in accordance with sustainability reporting standards referred to in Article 19b of Directive 2013/34/EU.’;

(b) paragraphs 4 and 5 are replaced by the following:

‘4. The financial statements shall be audited in accordance with Article 34 of Directive 2013/34/EU and Article 28 of Directive 2006/43/EC.

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

5. The management report shall be drawn up in accordance with Articles 19, 19a, 19d(1) and 20 of Directive 2013/34/EU, when drawn-up by undertakings referred to in those provisions.

Where the issuer is required to prepare consolidated accounts, the consolidated management report shall be drawn up in accordance with Article 19d(2), 29 and 29a of Directive 2013/34/EU, when drawn-up by undertakings referred to in those provisions.’;

(3) in Article 23(4), the third and fourth subparagraphs are replaced by the following:

‘The Commission shall, in accordance with the procedure referred to in Article 27(2), take the necessary decisions on the equivalence of accounting standards and on the equivalence of sustainability reporting standards as referred to in Article 19b of Directive 2013/34/EU which are used by third-country issuers under the conditions set out in Article 30(3). If the Commission decides that the accounting standards or the sustainability reporting standards of

a third country are not equivalent, it may allow the issuers concerned to continue using such accounting standards during an appropriate transitional period.

In the context of the third subparagraph, the Commission shall also adopt, by means of delegated acts adopted in accordance with paragraphs 2a, 2b and 2c of Article 27, and subject to the conditions laid down in Articles 27a and 27b, measures aimed at establishing general equivalence criteria regarding accounting standards and sustainability reporting standards relevant to issuers of more than one country.’;

(4) the following Article 28(d) is inserted:

‘Article 28d

ESMA guidelines

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

No amendments

Article 3

Amendments to Directive 2006/43/EC

Directive 2006/43/EC is amended as follows:

(1) Article 1 is replaced by the following:

‘Article 1

Subject matter

This Directive establishes rules concerning the statutory audit of annual and consolidated accounts and the assurance of annual and consolidated sustainability reporting, where this is performed by the statutory auditor or audit firm carrying out the statutory audit of financial statements.’;

(2) Article 2 is amended as follows:

(a) points 2 and 3 are replaced by the following:

‘2. ‘statutory auditor’ means a natural person who is approved in accordance with this Directive by the competent authorities of a Member State to carry out statutory audits and assurance engagements of sustainability reporting;

3. ‘audit firm’ means a legal person or any other entity, regardless of its legal form, that is approved in accordance with this Directive by the competent authorities of a Member State to carry out statutory audits and assurance engagements of sustainability reporting.’

(b) the following points 21 and 22 are added:

‘21. ‘sustainability reporting’ means sustainability reporting as defined in Article 2, point (18), of Directive 2013/34/EU;

‘22. ‘assurance of sustainability reporting’ means the opinion expressed by the statutory auditor or audit firm in accordance with Article 34(1), second subparagraph, point (aa) and Article 34(2) of Directive 2013/34/EU .’;

3) Articles 6 and 7 are replaced by the following:

‘Article 6

Educational qualifications

Without prejudice to Article 11, a natural person may be approved to carry out a statutory audit and an assurance engagement of sustainability reporting only after having attained university entrance or equivalent level, then completed a course of theoretical instruction, undergone practical training and passed an examination of professional competence of university final or equivalent examination level, organised or recognised by the Member State concerned.

The competent authorities referred to in Article 32 shall cooperate with each other with a view to achieving a convergence of the requirements set out in this Article. When engaging in such cooperation, those competent authorities shall take into account developments in auditing and in the audit profession and, in particular, convergence that has already been achieved by the profession. They shall cooperate with the Committee of European Auditing Oversight Bodies (CEAOB) and the competent authorities referred to in Article 20 of Regulation (EU) No 537/2014 in so far as such convergence relates to the statutory audit and assurance of sustainability reporting of public-interest entities.

Article 7

Examination of professional competence

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

(4) Article 8(1) is amended as follows:

(a) the following point (bb) is inserted:

‘(bb) legal requirements and standards relating to the preparation of annual and consolidated sustainability reporting;’;

(b) the following point (cc) is inserted:

‘(cc) sustainability reporting standards;’;

(c) the following point (dd) is inserted:

‘(dd) sustainability analysis;’;

(d) the following point (ff) is inserted:

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

(e) the following point (ii) is inserted:

‘(ii) sustainability assurance standards as referred to in Article 26a;’;

(f) point (h) is replaced by the following:

‘(h) legal requirements and professional standards relating to statutory audit and assurance of sustainability reporting and statutory auditors;’;

(5) in Article 10, paragraph 1 is replaced by the following:

COMP 26 (AM 595 EPP)

(1) In order to ensure the ability to apply theoretical knowledge in practice, a test of which is included in the examination, a trainee shall complete ~~a minimum of three years’~~ practical training in, inter alia, the auditing of annual financial statements, consolidated financial statements or similar financial statements and the assurance of annual and consolidated sustainability reporting. Assessments of the ability to apply theoretical knowledge in practice **should take into account previous employment experiences and professional equivalences. Member States shall decide on the duration of the practical training, which must be equivalent in all Member States.** At least two thirds of such practical training shall be completed with a statutory auditor or audit firm approved in any Member State.

(6) in Article 11, point (a) is replaced by the following:

‘(a) that he or she has, for 15 years, engaged in professional activities which have enabled him or her to acquire sufficient experience in the fields of finance, law and accountancy, and sustainability reporting and has passed the examination of professional competence referred to in Article 7, or’;

(7) in Article 14, paragraph 2, third subparagraph is replaced by the following:

‘The aptitude test shall be conducted in one of the languages permitted by the language rules applicable in the host Member State concerned. It shall cover only the statutory auditor's adequate knowledge of the laws and regulations of that host Member State in so far as it is relevant to statutory audits and assurance engagements of sustainability reporting.’;

(8) the following Article 14a is inserted:

COMP 27 (AM 596 EPP)

‘Article 14a

Statutory auditors approved or recognised before 1 January 2023

Member States shall ensure that statutory auditors that are approved or recognised to carry out statutory audits before 1 January 2023 are not subject to the requirements of Articles 6, 7, 10, 11 and 14 of this Directive.

Member States shall ensure that statutory auditors approved before 1 January 2023 acquire the necessary knowledge in sustainability reporting and the assurance of sustainability reporting via the continuing education requirement of Article 13.’; **Member States shall ensure that the audit bodies for sustainability reports have a high level of technical and specialised expertise in the field of sustainability in order to assess the information.’;**

9) Article 24b is amended as follows:

(a) paragraph 1 is replaced by the following:

‘1. Member States shall ensure that, when the statutory audit and the assurance of sustainability reporting is carried out by an audit firm, that audit firm designates at least one key audit partner. The audit firm shall provide the key audit partner(s) with sufficient resources and with personnel that have the necessary competence and capabilities to carry out his, her or its duties appropriately.

Securing audit quality, independence and competence shall be the main criteria when the audit firm selects the key audit partner(s) to be designated. The key audit partner(s) shall be actively involved in the carrying-out of the statutory audit and the assurance of sustainability reporting.’;

(b) the following paragraph 2a is inserted:

‘2a. When carrying out the assurance of sustainability reporting, the statutory auditor shall devote sufficient time to the engagement and shall assign sufficient resources to enable him or her to carry out his or her duties appropriately.’;

(c) in paragraph 4, point (c) is replaced by the following:

‘(c) the fees charged for the statutory audit, for the assurance of sustainability reporting and the fees charged for other services in any financial year.’;

(d) paragraph 5 is replaced by the following:

‘5. A statutory auditor or an audit firm shall create an audit file for each statutory audit. The audit file shall also include information related to the assurance of sustainability reporting, where applicable.’;

(10) Article 25 is replaced by the following:

‘Article 25

Audit fees

Member States shall ensure that adequate rules are in place which provide that fees for statutory audits and the assurance of sustainability reporting:

- (a) are not influenced or determined by the provision of additional services to the audited entity;
- (b) cannot be based on any form of contingency.’;

(11)the following Article 25b is inserted:

‘Article 25b

Professional Ethics, Independence, Objectivity, Confidentiality and Professional Secrecy as regards the assurance of sustainability reporting

The requirements of Articles 21 to 24a as regards the statutory audit of financial statements shall apply to the assurance of sustainability reporting.’;

12)the following Article 26a is inserted:

‘Article 26a

Assurance standards for sustainability reporting

1. Member States shall require statutory auditors and audit firms to carry out the assurance of sustainability reporting in compliance with assurance standards adopted by the Commission in accordance with paragraph 2.

Member States shall apply national assurance standards, procedures or requirements as long as the Commission has not adopted an assurance standard covering the same subject-matter.

Member States shall communicate the assurance procedures or requirements to the Commission at least three months before their entry into force.

COMP 28 (AM 47, 48 rapp, 553 S&D, 552 Greens, 598 S&D ; 600 EPP).

(2). The Commission shall be empowered to adopt, by means of delegated acts in accordance with Article 48a, *limited* assurance standards ***before 1 October 2023 and reasonable assurance standards before 1 January 2026*** in order to set out the procedures that the auditor shall perform in order to draw its conclusions on the assurance of sustainability reporting, including engagement planning, risk consideration and response to risks and type of conclusions to be included in the audit report.

The Commission may adopt the assurance standards only where they:

- (a) have been developed with proper due process, public oversight and transparency;
- (b) contribute a high level of credibility and quality to the annual or consolidated sustainability reporting;

(c) are conducive to the Union public good.’

(3) Where the Commission adopts standards for reasonable assurance, ***following a positive outcome of the review mechanism referred to in Article 5a***, the opinion referred to in Article 34(1), second subparagraph, point (aa) of Directive 2013/34/EU shall be based on a reasonable assurance engagement ***for the financial years following the ~~adoption~~ application of the delegated act referred to in the subparagraph of Article 2.***;

(13)the following Article 27a is inserted:

‘Article 27a

Assurance of consolidated sustainability reporting

The requirements of Article 27 as regards the audit of consolidated financial statements shall apply mutatis mutandis to the assurance of consolidated sustainability reporting.’

(14)Article 28 is amended as follows:

(a)paragraph 1 is replaced by the following:

‘1. The statutory auditor(s) or the audit firm(s) shall present the results of the statutory audit and, where applicable, of the assurance of sustainability reporting in an audit report. The report shall be prepared in accordance with the requirements of auditing standards adopted by the Union or Member State concerned, as referred to in Article 26 and with the requirements of assurance standards adopted by the Commission or Member State concerned, as referred to in Article 26a.’;

(b)paragraph 2 is amended as follows:

(i)the following point (aa) is inserted:

‘(aa) specify the annual or consolidated sustainability reporting and the date and period they cover; and identify the sustainability reporting framework that has been applied in their preparation;’;

(ii)the following point (bb) is inserted:

‘(bb) include a description of the scope of the assurance of sustainability reporting which shall, as a minimum, identify the assurance standards in accordance with which the assurance of sustainability reporting was conducted;’;

(c)in paragraph 2, point (e) is replaced by the following:

‘(e) include the opinions and statement, which shall be based on the work undertaken in the course of the audit, referred to in the second subparagraph of Article 34(1) of Directive 2013/34/EU, where applicable;’;

(d)in paragraph 3, the following subparagraph is added:

‘The requirements of the first subparagraph as regards the statutory audit shall apply to the assurance of sustainability reporting.’;

(e) in paragraph 4 the first subparagraph is replaced by the following:

COMP 29 (AM 49, 50 rapp, 601 S&D)

→ Separate vote EPP, no key vote.

‘The audit report shall be signed and dated by the statutory auditor and *by the statutory auditor or the audit firm carrying out the assurance of sustainability reporting*. Where an audit firm carries out the statutory audit *or*, where applicable, the assurance of sustainability reporting, the audit report shall bear the signature of at least the statutory auditor(s) carrying out the statutory audit and the assurance of sustainability reporting on behalf of the audit firm. *The statutory auditor(s) and the audit firm(s) carrying out the assurance of sustainability reporting cannot belong to the same audit firm nor be a member of the same network*. Where more than one statutory auditor or audit firm have been simultaneously engaged, the audit report shall be signed by all statutory auditors or at least by the statutory auditors carrying out the statutory audit and the assurance of sustainability reporting on behalf of every audit firm. In exceptional circumstances Member States may provide that such signature(s) need not be disclosed to the public if such disclosure could lead to an imminent and significant threat to the personal security of any person.’;

(f) paragraph 5 is replaced by the following:

‘5. The report of the statutory auditor or the audit firm on the consolidated financial statements and, where applicable, on the consolidated sustainability reporting shall comply with the requirements set out in paragraphs 1 to 4. In reporting on the consistency of the management report and the financial statements as required by paragraph 2, point (e), the statutory auditor or the audit firm shall consider the consolidated financial statements and the consolidated management report. Where the annual financial statements of the parent undertaking are attached to the consolidated financial statements, the reports of the statutory auditors or the audit firms required by this Article may be combined.’

(18) the following Article 38a is inserted:

‘Article 38a

Appointment and dismissal as regards the assurance of sustainability reporting

The requirements of Articles 37 and 38 as regards the statutory audit of financial statements shall apply to the assurance of sustainability reporting.’;

(19) in Article 39(6), points (a) to (e) are replaced by the following:

COMP 30 (AM 604 EPP, 283 S&D)

(a) inform the administrative or supervisory body of the audited entity of the outcome of the statutory audit and of the outcome of the assurance of sustainability reporting and explain how the statutory audit and the assurance of sustainability reporting contributed to the integrity of financial and sustainability reporting and what the role of the audit committee *and any other committee that undertook an equivalent role*, was in that process;

(b) monitor the financial and sustainability reporting process, including the digital reporting process referred to in Article 19d and the process carried out by the undertaking to identify the information reported according to the standards adopted pursuant to Article 19b of Directive 2013/34/EU, and submit recommendations or proposals to ensure its integrity;

(c) monitor the effectiveness of the undertaking's internal quality control and risk management systems and, where applicable, its internal audit, regarding the financial and sustainability reporting of the audited entity, including its digital reporting as referred to in Article 19d, without breaching its independence;'

(d) monitor the statutory audit of the annual and consolidated financial statements and the assurance of the annual and consolidated sustainability reporting, in particular, its performance, taking into account any findings and conclusions by the competent authority pursuant to Article 26(6) of Regulation (EU) No 537/2014;

(e) review and monitor the independence of the statutory auditors or the audit firms in accordance with Articles 22, 22a, 22b, 24a, 24b and 25b of this Directive and Article 6 of Regulation (EU) No 537/2014, and in particular the appropriateness of the provision of non-audit services to the audited entity in accordance with Article 5 of that Regulation;';

Article 4 (SHARED ECON)

Amendments to Regulation (EU) No 537/2014

Regulation (EU) No 537/2014 is amended as follows:

(22)Article 5 is amended as follows:

(a)paragraph 1 is amended as follows:

(i) the first subparagraph is replaced by the following:

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

(a) the period between the beginning of the period audited and the issuing of the audit report; and

(b) the financial year immediately preceding the period referred to in point (a) in relation to the services listed in point (e) of the second subparagraph.'

(ii) in the second subparagraph, the following point (l) is added:

'(l) consulting services for the preparation of sustainability reporting, where the statutory auditor or audit firm carries out the assurance of sustainability reporting.'

(b)the following paragraph 6 is added:

‘6. Paragraphs 4 and 5 referring to the statutory audit of financial statements shall apply to the assurance of sustainability reporting, where applicable.’

(23)in Article 14, point (b) is replaced by the following:

‘(b) revenues from non-audit services other than those referred to in Article 5(1) which are required by Union or national legislation, specifying the revenues from the assurance of sustainability reporting; and,’

COMP 31 on the timing for transposition (AM 53, 54 rapp, 609 EPP, 606 S&D, 610, 615 Renew, 611, 612, 613 ECR, 614, 616 EPP, 563 Greens)

Article 5

Transposition

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

Member States shall provide that the provisions referred to in the first subparagraph shall apply for financial years starting on *1 January 2024, or later the same year, for large undertakings*.

~~Member States shall provide that the provisions referred to in the first subparagraph shall apply for financial years starting on *1 January 2025 or later the same year for large undertakings which are not large public-interest companies with more than 500 employees*.~~

Member States shall provide that the provisions referred to in the first subparagraph shall apply for financial years starting on *1 January 2026, or later the same year, for small medium-size undertakings which choose to use sustainability reporting standards for SMEs on a voluntary basis*.

By derogation to Article 5, reporting requirements laid down in the delegated acts referred to in Articles 19b and 19c shall not enter into force earlier than six months after their adoption by the Commission.

When Member States adopt those provisions, they shall contain a reference to this Directive or be accompanied by such a reference on the occasion of their official publication. The methods of making such reference shall be laid down by Member States.

2. Member States shall communicate to the Commission the text of the main provisions of national law which they adopt in the field covered by this Directive.

COMP 32 on report and review clause (rapp new and AM 195 EPP)

Article 5a

Review and report

The Commission shall submit a report to the European Parliament and to the Council on the implementation of this Directive, including, among other aspects:

- *an assessment of the possible extension of its scope to small and medium-sized undertakings which are undertakings referred to in Article 2, point (1), point (a) and small and medium-sized undertakings referred to in Article 3(2) and 3(3) which operate in one or more economic activities in high-risk sectors referred to in 19a (7a), and on whether extending the scope to those undertakings would facilitate the implementation of the SFDR and an assessment of the progress of the EU's social and environmental goals,*
- *an assessment of the number of SMEs using voluntary reporting standards referred to in article 19c*
- *the added value of expanding the list of activities and high-risk sectors referred to in 19a (7a)*
- *the application, effectiveness and the level of guidance and methods provided,*
- *the convergence of reporting practises between Member States,*
- *the progress with non-financial reporting throughout the world,*
- *the convergence of the practices of data providers and users and of the level of guidance and methods provided,*
- *the feasibility of applying standards for reasonable assurance,*
- *the effectiveness of reporting standards related to human rights,*
- *the possibility of developing specific measures to complete the formal notification for failure to comply with reporting obligations as referred to in Article 51 (4) of Directive 2013/34/EU.*
- *An impact assessment on human rights carried out by the relevant public authorities ~~and the undertaking with respect to sustainability matters as defined under this Directive~~*

The report shall be published by 31 December 2026 and every three years thereafter, and shall be accompanied, if appropriate, by legislative proposals.

Article 6 [SHARED ECON]

Date of application of Article 4

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

Article 7

Entry into force

This Directive shall enter into force on the twentieth day following that of its publication in the Official Journal of the European Union.

Article 8

Addressees

This Directive is addressed to the Member States. Article 4 shall, however, be binding in its entirety and directly applicable in all Member States.