

Compromise amendments to

DRAFT OPINION

of the Committee on Women's Rights and Gender Equality

**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**

COMPROMISE 1

Covered AMS 1 (Rapporteur), 42 (Kira Marie Peter-Hansen)

Recital 2 a (new)

Text proposed by the Commission

Gender equality is a human and fundamental right and a key principle of the European Pillar of Social Rights and according to the treaties the EU must ensure its promotion in all its activities and actions. (AM 42) Despite being enshrined in the Treaty on the Functioning of the European Union (TFEU) the principle of “equal pay for equal work or work of equal value” has been hindered, mainly due to a lack of transparency in pay systems, a lack of legal certainty regarding the concept of ‘work of equal value’, and by procedural obstacles faced by victims of discrimination.(AM1). ¹ To enforce the right to equal pay the Commission proposed, on 4 march 2021, a Pay Transparency Directive as key action based on Article 157(3) of the TFEU, ^{1b} introducing concrete measures regarding reporting on the gender pay gap, The Commission also announced the tabling of a legislative proposal to combat gender-based violence and stressed the importance for Member States to ratify the International Labour Organisation (ILO) Convention on combating violence and harassment in the world of work and implement the existing EU rules on protecting workers from sexual harassment (42)

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

COMPROMISE 2

Covered AMs 2 (Rapporteur) 44 (Pernille Weiss, Frances Fitzgerald, Christine Schneider),

Recital 2b new

Proposal for a Directive

Text proposed by the Commission

In its “Gender Equality Strategy 2020-2025”^{1a}, the Commission underlined that a broad range of talents and skills contributes to better decision-making and corporate governance and drives economic growth. However, women’s under-representation in decision-making positions in Europe’s businesses and industry persists. In this regard, the Commission committed to pushing for the adoption of the 2012 proposal of the so-called “Women on Boards” Directive that sets the aim of attaining a minimum of 40% of non-executive members of the under-represented sex on company boards, in order to improve gender balance on the boards of large EU listed companies by sharing information on companies; the matter of women’s underrepresentation in the labour market has been also addressed by the Work-life Balance Directive (AM 2).^{1b} In order to assess the extent to which the companies take into account diversity in their board and management composition may for example improve the quality of their leadership and decision-making, especially in relation to performance on sustainability issues, further studies in this field should be encouraged. Welcomes in this regard efforts already made by companies and public and private funds that implement diversity policies, notes in this regard the Diversity Commitment initiative (AM 44)

*1a Communication of the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on “A Union of Equality: Gender Equality Strategy 2020-2025.
1b Directive (EU) 2019/1158 of the European Parliament and of the Council of 20 June 2019 on work-life balance for parents and carers and repealing Council Directive 2010/18/EU (OJ L 188, 12.7.2019, p. 79*

COMPROMISE 3,

Covered AMs 3 (Rapporteur), 48 (Sylvie Brunet, Irène Tolleret, Samira Rafaela)

<<DocAmend>Proposal for a directive</DocAmend>

<Article>Recital 6</Article>

Text proposed by the Commission

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

Amendment

(6) Directive 2014/95/EU of the European Parliament and the Council⁴⁷ amended Directive 2013/34/EU as regards disclosure of non-financial information by certain large undertakings and groups. Directive 2014/95/EU introduced a requirement on undertakings to report information on, as a minimum, environmental, social and employee matters, respect for human rights, and anti-corruption and bribery matters. With regard to these topics, Directive 2014/95/EU required undertakings to disclose information under the following reporting areas: business model, policies (including due diligence processes implemented), the outcome of the policies, risks and risk management, and key performance indicators relevant to the business. ***Such information to be (AMs 3, 48) reported by undertakings may concern inter alia the actions taken to ensure gender equality, implementation of fundamental conventions of the International Labour Organisation, working conditions, social dialogue or health and safety at work. (AMs 3, 48).***

⁴⁷ Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups (OJ L 330, 15.11.2014, p. 1).

⁴⁷ Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups (OJ L 330, 15.11.2014, p. 1).

COMPROMISE 4

Covered AMs 4 (rapporteur) 49 (Kira Marie Peter-Hansen), 50, (And elika Anna Mo d anowska) 51 (Pernille Weiss, Frances Fitzgerald, Christine Schneider)

Recital 8

Text proposed by the Commission

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

Amendment

The ultimate beneficiaries of better sustainability reporting by undertakings are individual citizens and savers. Savers who want to invest sustainably will have the opportunity to do so, while all citizens should benefit **from a stable, sustainable, transparent, accountable and inclusive socio-economic system (AMS 4, 49)**. To realise these benefits, the sustainability information disclosed in undertaking's annual reports first has to reach two primary groups ('users'). The first group of users consists of investors, including asset managers, who want to better understand the risks and opportunities that sustainability ***issues pose to their reputation and investments (AM 5)*** and the impacts of those investments on people, ***including to advance societal issues such as gender equality and diversity (AM 51)*** intersectionality and inclusion and the environment. The second group of users consists of organisations, including non-governmental organisations and social partners that wish to better hold undertakings to account for their ***societal and environmental impacts (50)***. Other stakeholders may also make use of sustainability information disclosed in annual reports. ***The integration of gender-related information into sustainability reporting can also assist organizations in publicly demonstrating their accountability to women and commitment towards gender equality and non-discrimination (49)***. The business partners of undertakings, including customers, may rely on this information to understand, and where necessary report on, the sustainability risks and impacts through their own value chains. Policy makers, ***NGOs, social and economic partners and environmental agencies and other stakeholders may use such information, in particular on an aggregate basis, to monitor environmental, (AMs 4, 50, 51) social and gender equality trends (AMs 4, 49)*** to contribute to environmental accounts, and to inform public policy, ***including as regards tackling discrimination (AM 50)*** 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.

COMPROMISE 5

Covered AMs 5 (Rapporteur), 53 (And elika Anna Mo d anowska), 54 (Sylvie Brunet, Irène Tolleret, Samira Rafaela)

Recital 9

Text proposed by the Commission

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

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(9) There has been a very significant increase in demand for corporate sustainability information in recent years, especially on the part of the investment community. That increase in demand is driven by the changing nature of risks to undertakings and growing investor awareness of the financial implications of these risks. That is especially the case for climate-related financial risks. Awareness of the risks to undertakings and to investments resulting from other environmental issues and from social issues, including health issues, ***inclusion and gender equality*** (AMs 5, 54), is also growing. The increase in demand for sustainability information is also driven by the growth in investment products that explicitly seek to meet certain sustainability standards or achieve certain sustainability objectives. Part of that increase is the logical consequence of previously adopted Union legislation, notably Regulation (EU) 2019/2088 and Regulation (EU) 2020/852. Some of the increase would have happened in any case, due to fast-changing citizen awareness, consumer preferences and market practices. The COVID-19 pandemic will further accelerate the increase in users' information needs, in particular as it has exposed the vulnerabilities of workers, ***particularly women and people with disabilities*** (AMs 5, 53) and of undertaking's value chains. Information on environmental

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

Currently, limited amounts of gender disaggregated data are being reported despite the inclusion of gender-related indicators in the GRI framework. (AM52)

COMPROMISE 6

Covered AMs 6 (Rapporteur), 56 (Kira Marie Peter-Hansen)

Recital 18

Text proposed by the Commission

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

Amendment

(18) Considering the growing relevance of sustainability-related risks and taking into account that small and medium-sized enterprises (SMEs) listed on regulated markets comprise a significant proportion of all listed undertakings in the Union, in order to ensure investor protection it is appropriate to require that also those SMEs disclose information ***on social, economic and environmental sustainability matters (AM 6). The reporting standards are not only necessary but also useful and constitute an opportunity for companies to demonstrate their commitment to the ecological, social and gender equal transition and therefore the establishment of leading standards and thereby feed into their competitive advantage (AM 56).*** The introduction of this requirement will help to ensure that financial market participants can include smaller listed undertakings in investment portfolios on the basis that they report the sustainability information that financial market participants need. It will therefore help to protect and enhance the access of smaller listed undertakings to financial capital, and avoid discrimination against such undertakings on the part of financial market participants. The introduction of this requirement is also necessary to ensure that financial market participants have the information they need from investee undertakings to be able to comply with their own sustainability disclosure requirements laid

given the possibility to report according to standards that are proportionate to the capacities and resources of SMEs. Non-listed SMEs can also choose to use these proportionate standards on a voluntary basis. The SME standards will set a reference for undertakings that are within the scope of the Directive regarding the level of sustainability information that they could reasonably request from SME suppliers and clients in their value chains.

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COMPROMISE 7

Covered AMs 7 (Rapporteur), 60 (Sylvie Brunet, Irène Tolleret, Samira Rafaela),

Recital 27

Text proposed by the Commission

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

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Business and Human Rights, an actual or potential adverse impact is to be considered principal where it measures among the greatest impacts connected with the undertaking's activities based on: the gravity of the impact on people or the environment; the number of individuals that are or could be affected, or the scale of damage to the environment; and the ease with which the harm could be remediated, restoring the environment or affected people to their prior state.

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

COMPROMISE 8

Covered AMs 9 (Rapporteur), 62 (Sylvie Brunet, Irène Tolleret, Samira Rafaela)

Recital 32

Text proposed by the Commission

(32) Undertakings under the scope of Articles 19a(1) and 29a(1) of Directive 2013/34/EU may rely on national, Union-based or international reporting frameworks, and where they do so, they have to specify which frameworks they relied upon. However, Directive 2013/34/EU does not require undertakings to use a common reporting framework or standard, and it does not prevent undertakings from choosing not to use any reporting framework or standards at all. As required by Article 2 of Directive 2014/95/EU, the Commission published in 2017 non-binding guidelines for undertakings under the scope of that Directive⁵². In 2019, the Commission published additional guidelines, specifically on

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reporting climate-related information⁵³. The climate reporting guidelines explicitly incorporated the recommendations of the Task Force on Climate-related Financial Disclosures. Available evidence indicates that those non-binding guidelines did not have a significant impact on the quality of non-financial reporting by undertakings under the scope of Articles 19a and 29a of Directive 2013/34/EU. The voluntary nature of the guidelines means that undertakings are free to apply them or not. The guidelines can therefore not ensure on their own the comparability of information disclosed by different undertakings or the disclosure of all information that users consider relevant. That is why there is a need for mandatory common reporting standards to ensure that information is comparable and that all relevant information is disclosed. Building on the double-materiality principle, standards should cover all information that is material to users. Common reporting standards are also necessary to enable the audit and digitalisation of sustainability reporting and to facilitate its supervision and enforcement. The development of mandatory common sustainability reporting standards is necessary to progress to a situation in which sustainability information has a status comparable to that of financial information.

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

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

matters with information companies are expected to disclose such as diversity issues, gender diversity and equal treatment in employment and occupation (AM 62), respect for human rights, as well as environmental matters (AM 9).

In 2019, the Commission published additional guidelines, specifically on reporting climate-related information⁵³. The climate reporting guidelines explicitly incorporated the recommendations of the Task Force on Climate-related Financial Disclosures.

Available evidence indicates that those non-binding guidelines did not have a significant impact on the quality of non-financial reporting by undertakings under the scope of Articles 19a and 29a of Directive 2013/34/EU. The voluntary nature of the guidelines means that undertakings are free to apply them or not. The guidelines can therefore not ensure on their own the comparability of information disclosed by different undertakings or the disclosure of all information that users consider relevant. That is why there is a need for mandatory common reporting standards to ensure that information is comparable and that all relevant information is disclosed. Building on the double-materiality principle, standards should cover all information that is material to users. Common reporting standards are also necessary to enable the audit and digitalisation of sustainability reporting and to facilitate its supervision and enforcement. The development of mandatory common sustainability reporting standards is necessary to progress to a situation in which sustainability information has a status comparable to that of financial information.

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

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

COMPROMISE 9

Covered AM 65 (Kira Marie Peter-Hansen), 66 (Sylvie Brunet, Irène Tolleret, Samira Rafaela)

Recital 34

Text proposed by the Commission

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

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developed with proper due process, public oversight and transparency, accompanied by cost benefit analyses, and be developed with the expertise of relevant stakeholders. To ensure that Union sustainability reporting standards take account of the views of the Member States of the Union, before adopting the standards the Commission should consult the Member State Expert Group on Sustainable Finance referred to in Article 24 of Regulation (EU) 2020/852 on EFRAG's technical advice. The European Securities and Markets Authority (ESMA) plays a role in drafting regulatory technical standards pursuant to Regulation (EU) 2019/2088 and there needs to be coherence between those regulatory technical standards and sustainability reporting standards. According to Regulation (EU) No 1095/2010 of the European Parliament and of the Council⁵⁴, ESMA also plays a role in promoting supervisory converge in the enforcement of corporate reporting by issuers whose securities are listed on EU regulated markets and who will be required to use these sustainability reporting standards. Therefore, ESMA should be required to provide an opinion on EFRAG's technical advice. This opinion should be provided within two months from the date of receipt of the request from the Commission. In addition, the Commission should consult the European Banking Authority, the European Insurance and Occupational Pensions Authority, the European Environment Agency, the European Union Agency for Fundamental Rights, the European Central Bank, the Committee of European Auditing Oversight Bodies and the Platform on Sustainable Finance to ensure that the sustainability reporting standards are coherent with relevant Union policy and legislation. Where any of those bodies decide to submit an opinion, they shall do so within two months from the date of being consulted by the Commission.

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COMPROMISE 10

Covered AM 11 (Rapporteur), 69 (Kira Marie Peter-Hansen), 70 (Sylvie Brunet, Irène Tolleret, Samira Rafaela), 72 (Eugenia Rodríguez Palop)

Recital 43

Text proposed by the Commission

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

Amendment

(43) Sustainability reporting standards should specify the information that undertakings should disclose on social factors, including employee **factors, labour rights and human rights with a focus on gender equality, diversity and inclusion.**(AMs 69, 72) Such information should cover the impacts of undertakings on people, including on human health. The information that undertakings disclose about human rights should include information about forced labour in their value chains where relevant. Reporting standards that address social factors should specify the information that undertakings should disclose with regard to the **20 principles** of the European Pillar of Social Rights that are relevant to businesses, **particularly** equal opportunities for all, including **gender equality, work life balance (AM 69) and fair working conditions (AM 70).** The European Pillar of Social Rights Action Plan adopted in March 2021 calls for stronger requirements on undertakings to report on social issues. ***Environmental and social responsibility disclosures are complimentary (70) to one another. However, companies that increase environmental disclosures do not necessarily increase social disclosures. Despite this difference in disclosure practice, the capital market generally appears to value higher social disclosures (AM 11)***². ***The same level of ambition must be given to the reporting on environmental and social sustainability (AM 70). The information undertakings disclose about gender equality should include a list of current actions that promote equal opportunities, diversity, work life balance, anti-***

² German Federal Ministry and Social Affairs – “What is CSR? Benefits for companies”, <https://www.csr-in-deutschland.de/EN/What-is-CSR/Benefits-for-Companies/benefits-for-companies-article.html>

harassment measures in the workplace and ensure equal pay between genders for equal work, the pay reporting requirements as to be established by the Pay Transparency Directive. The reporting standards should also specify the information that undertakings should disclose with regard to the human rights, fundamental freedoms, democratic principles and standards established in the International Bill of Human Rights and other core UN human rights conventions, *including CEDAW Convention, the UN Convention on the Rights of Persons with Disabilities, the UN Declaration on the Rights of Indigenous Peoples*, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the fundamental conventions of the International Labour Organisation, *The European Convention of Human rights, The European Social Charter and the Charter of Fundamental Rights of The European Union.* (AMs 11, 70, 72)

COMPROMISE 11

Covered AMs 13 (Rapporteur), 73 (And elika Anna Mo d anowska,), 74 (Kira Marie Peter Hansen), 75 (Sylvie Brunet, Irène Tolleret, Samira Rafaela)

Proposal for a directive

Recital 44

Text proposed by the Commission

(44) Users need information about governance factors, including information on the role of an undertaking's administrative, management and supervisory bodies, including with regard to sustainability matters, the composition of such bodies, and an undertaking's internal control and risk management systems, including in relation to the reporting process. Users also need information about undertakings' corporate culture *and* approach to business ethics, including anti-corruption and anti-bribery, and about their political engagements, including lobbying activities. Information about the management of the undertaking and the quality

Amendment

(44) Users need information about governance factors, including information on the role of an undertaking's administrative, management and supervisory bodies, including with regard to sustainability matters, the composition of such bodies, ***broken down by gender (AM 75)***, particularly with regard to workers' and women's participation, age, ethnic/racial backgrounds and other diversity and intersectional aspects,(AM74) and an undertaking's internal control and risk management systems, including in relation to the reporting process. Users also need information about undertakings' corporate culture, ***including equal treatment and equal***

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

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

*opportunities, inclusion and diversity measures, provisions preventing mobbing, sexual harassment and reducing violence against women, (AMs 13, 73) as well as about their approach to business ethics, including anti-corruption and anti-bribery, **anti-discrimination and anti-harassment (AM 75)** and about their political engagements, including lobbying activities. Information about the management of the undertaking and the quality of relationships with business partners, including payment practices relating to the date or period for payment, the rate of interest for late payment or the compensation for recovery costs referred to in Directive 2011/7/EU of the European Parliament and of the Council⁶² on late payment in commercial transactions, helps users to understand an undertaking's risks as well as its impacts on sustainability matters. Every year, thousands of businesses, especially SMEs, suffer administrative and financial burdens because they are paid late, or not at all. Ultimately, late payments lead to insolvency and bankruptcy, with destructive effects on entire value chains. Increasing information about payment practices should empower other undertakings to identify prompt and reliable payers, detect unfair payment practices, access information about the businesses they trade with, and negotiate fairer payment terms.*

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

COMPROMISE 12

Covered AMs 14 (Rapporteur), 80 (Sylvie Brunet, Irène Tolleret, Samira Rafaela), 81 (Kira Marie Peter-Hansen)

Proposal for a directive

Recital 51

Text proposed by the Commission

(51) Article 20 of Directive 2013/34/EU requires undertakings with securities listed on regulated markets to include a corporate governance statement in their management

Amendment

(51) Article 20 of Directive 2013/34/EU requires undertakings with securities listed on regulated markets to include a corporate governance statement in their management

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

report, which has to contain among other information a description of the diversity policy applied by the undertaking in relation to its administrative, management and supervisory bodies *with regard to aspects such as, for instance, age, gender, or educational and professional backgrounds, the objectives of that diversity policy, how it has been implemented and the results in the reporting period.*(AMs 14, 80) Article 20 of Directive 2013/34/EU leaves flexibility to undertakings to decide what aspects of diversity they report on. It does not explicitly oblige undertakings to include information on any particular aspect of diversity. In order to progress towards a more gender-balanced participation in economic decision-making, it is necessary to ensure that undertakings with securities listed on regulated markets always report on their gender diversity *and gender equality (AM 80)* policies and the implementation thereof, *in particular, with the aim to achieve gender-balanced representation in company boards compliance with the requirements of still to be established Pay Transparency Directive, fighting against harassment in the workplace and promoting work life balance.*(AM 81) 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.

COMPROMISE 13

Covered AMs 16 (Rapporteur), 17 (Rapporteur), 84 (Eugenia Rodríguez Palop), **88 (Kira Marie Peter-Hansen)**

Proposal for a directive

Article 1 – paragraph 1 – point 3
Directive 2013/34/EU

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

Text proposed by the Commission

Amendment

(iiib) the plans of the undertaking to promote gender equality and *ensure that gender*

mainstreaming, and diversity and inclusion policies are implemented, particularly regarding pay gap and pay transparency, with requirements to be established by the Pay Transparency Directive, as well as gender-balanced participation in decision-making and work-life balance (AMS 17, 84, 88).

COMPROMISE 14

AMs 20 (Rapporteur), 22 (Rapporteur), 102, 108 (Kira Marie Peter-Hansen) 103 (Sylvie Brunet, Irène Tolleret, Samira Rafaela), 104 (Eugenia Rodríguez Palop), 105 (Sirpa Pietikäinen)

Proposal for a directive

Article 1 – paragraph 1 – point 4 Directive 2013/34/EU

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

Text proposed by the Commission

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

Amendment

- (i) *workforce diversity, (AM 104) equal treatment and (AMs 103, 104) opportunities for all, including gender equality, the application of the principle of equal pay for equal work or work of equal value, including the reporting and obligations as to be established in the Pay transparency Directive, (AM 104, 108)*

(new) training and skills development, in particular the rate of workers participating in training disaggregated by gender (AM 103) and employment and inclusion of people with disabilities,

(new) gender equality and diversity composition in management positions and measures against harassment in the workplace; following, among others, the equality principles and standards established in the Beijing Declaration and Istanbul Convention. (AMs 102, 105)

COMPROMISE 15

Covered AMs 23 (Rapporteur), 110 (Eugenia Rodríguez Palop), 114 (Sylvie Brunet, Irène Tolleret, Samira Rafaela), 115 (Kira Marie Peter-Hansen)

Article 1 – paragraph 1 – point 4

Directive 2013/34/EU

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

Text proposed by the Commission

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

Amendment

(ii) working conditions, including secure and adaptable employment, social dialogue, collective bargaining and the involvement of workers, work-life balance, ***including flexible adaptable working-time, parental leave paternity, maternity, including take up and return rates (AMs 23,110, 114, 113, 115), the possibility of teleworking (114)*** and a healthy, safe and well-adapted work environment, ***free from all forms of violence, among others gender-based violence, harassment, including psychological and sexual harassment, from an inclusive, integrated and gender-responsive approach (AMs 23, 110, 113, 114).***

COMPROMISE 16

Covered AMs 24 (Rapporteur), 116 (Kira Marie Peter-Hansen)

Proposal for a directive

Article 1 – paragraph 1 – point 4

Directive 2013/34/EU

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

Text proposed by the Commission

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

Amendment

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

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

Disabilities, the UN Declaration on the Rights of Indigenous Peoples (AM 116), the International Labour Organization's, Declaration on Fundamental Principles and Rights at Work and the ILO fundamental conventions and the European Convention of Human Rights, the European Social Charter (AM 24) and the Charter of Fundamental Rights of the European Union.

COMPROMISE 17

Covered AMs 25 (Rapporteur), 118 (Kira Marie Peter-Hansen), 119 (Pernille Weiss, Frances Fitzgerald, Christine Schneider, 120 (Sylvie Brunet, Irène Tolleret, Samira Rafaela)

Proposal for a directive

Article 1 – paragraph 1 – point 4

Directive 2013/34/EU

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

Text proposed by the Commission

Amendment

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

(i) the role of the undertaking's administrative, management and supervisory bodies, including with regard to sustainability matters, and their composition, ***broken down by gender (AM120,119) including with regards to the intersectional representation of women in leadership and managerial positions. (AMS 25, 118);***

COMPROMISE 18

Covered AMs 28 (Rapporteur) 127 (Kira Marie Peter-Hansen), 128 (Eugenia Rodríguez Palop, 129 (And elika Anna Mo d anowska), 130 (Sylvie Brunet, Irène Tolleret, Samira Rafaela)

Proposal for a directive

Article 1 – paragraph 1 – point 5 – point a

Directive 2013/34/EU

Article 20 – paragraph 1 – point g

Text proposed by the Commission

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

Amendment

(g) a description of the diversity, gender equality ***and inclusion policies***, (AM 28, 128, 129, 130) applied in relation to the undertaking's administrative, management and supervisory bodies with regard to gender ***equality, anti-discrimination, support for minority and vulnerable groups***, and other aspects such as, age, ***disability*** (AM 128) or educational and professional backgrounds , ***as well other intersectional characteristics and discriminations protected under Directives 2000/43/EC and 2000/78/EC***, the objectives ***and indicators*** (127) 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.

COMPROMISE 19

Covered AMs 29 (Rapporteur), 131(And elika Anna Mo d anowska)

Proposal for a directive

Article 1 – paragraph 1 – point 7

Directive 2013/34/EU

Article 29a – paragraph 1

Text proposed by the Commission

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

Amendment

1. Parent undertakings of a large group shall include in the consolidated management report information necessary to understand the group's impacts on ***social, economic and environmental*** (AMs 29, 131) sustainability matters, and information necessary to understand how sustainability matters affect the group's development, performance and position,

COMPROMISE 20

Covered AMs 30, 31 (Rapporteur), 132 (Eugenia Rodríguez Palop) 134 (Sylvie Brunet, Irène Tolleret, Samira Rafaela)

Proposal for a directive

Article 1 – paragraph 1 – point 7

Directive 2013/34/EU

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

Text proposed by the Commission

Amendment

(iiia) the plans of the undertaking to promote that anti-discrimination, diversity and gender equality measures (AMs 30,31) are implemented, particularly regarding pay gap and pay transparency in line with requirements to be established in the Pay Transparency Directive, gender-equal participation in decision-making and work-life balance (AMs 132, 134).

COMPROMISE 21

Covered AMs 32 (Rapporteur), 136 (And elika Anna Mo d anowska)

Proposal for a directive

Article 1 – paragraph 1 – point 7

Directive 2013/34/EU

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

Text proposed by the Commission

Amendment

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

(i) the due diligence process implemented with regard to sustainability **and gender equality matters** (AMs 32, 136).

COMPROMISE 22

Covered ASMs 33 (Rapporteur), 138 (Kira Marie Peter-Hansen)

Proposal for a directive

Article 1 – paragraph 1 – point 7

Directive 2013/34/EU

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

Text proposed by the Commission

Amendment

(ii) the principal actual or potential adverse

(ii) the principal actual or potential adverse

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

impacts connected with the group's value chain, including its own operations, its products and services, its business relationships and its supply chain ***and gender equality procurement policies*** (AM 33), ***with particular attention to persons who frequently face intersectional and diverse discriminations or are in a vulnerable situation, such as women, children minorities, LGBTIQ persons, persons with disabilities, from ethnic/racial backgrounds or persons experiencing poverty, or social exclusion.*** (AM 138)

COMPROMISE 23

Covered ASMs 143 (Kira Marie Peter-Hansen) 144 (Sylvie Brunet, Irène Tolleret, Samira Rafaela), 145 (Eugenia Rodríguez Palop)

Proposal for a directive

Article 2 – paragraph 1 – point 4

Directive 2004/109/EC

Article 28d – paragraph 1

Text proposed by the Commission

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

Amendment

After consulting the European Environment Agency, the European Union Agency for Fundamental Rights, ***the European Agency for Safety and Health at Work (AM 143) and the European Institute for Gender Equality, (AMS 143 144, 145), and where applicable, relevant stakeholders, including trade unions and civil society organisations*** (143) ESMA shall issue guidelines in accordance with Article 16 of Regulation 1095/2010 on the supervision of sustainability reporting by national competent authorities.