



Brussels, 12 January 2024
(OR. en)

5284/24

LIMITE

DRS 5
EF 11
ECOFIN 34
SUSTDEV 4
COMPET 35
CODEC 45

Interinstitutional File:
2023/0368(COD)

'I' ITEM NOTE

From:	General Secretariat of the Council
To:	Permanent Representatives Committee
No. Cion doc.:	596/23
No. prev. doc.:	14574/23
Subject:	Proposal for a DECISION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Directive 2013/34/EU as regards the time limits for the adoption of sustainability reporting standards for certain sectors and for certain third-country undertakings - Mandate for negotiations with the European Parliament

I. INTRODUCTION

1. On 17 October 2023, the Commission submitted to the Council and the European Parliament a proposal for a Decision of the European Parliament and of the Council amending Directive 2013/34/EU as regards the time limits for the adoption of sustainability reporting standards for certain sectors and for certain third-country undertakings¹.
2. The draft Decision is based on Article 50 of the Treaty on the Functioning of the European Union (TFEU) (ordinary legislative procedure).

¹ doc. ST 14574/23

3. The European Economic and Social Committee delivered its opinion on 13 December 2023².
4. The European Parliament's Committee on Legal Affairs (JURI) appointed Mr. Axel Voss (EPP, DE) as rapporteur on the proposal. The JURI Committee is expected to vote on its amendments to the Commission proposal and adopt the mandate for negotiations on 24 January 2024, with the negotiating mandate expected to be voted in plenary on 6-7 February 2024.

II. WORK WITHIN THE COUNCIL

5. The Working Party on Company Law discussed the proposal at its meeting on 16 November 2023. Delegations supported the Commission proposal, while proposing to change the legal form of the Decision, given that the legal basis (Art. 50 of the TFEU) only foresees Directives.
6. The Belgian Presidency prepared a compromise text containing very limited technical amendments related to the change of the legal form of the proposal from a Decision to a Directive.
7. The text proposed by the Presidency is annexed to this note, with changes compared to the Commission proposal marked in **bold/underlined** for text added and ~~striketrough~~ for deletions.

² doc. ST 5119/24

III. MAIN CHANGES TO THE COMMISSION PROPOSAL

8. The limited changes that have been made to the Commission proposal are as follows:

- all elements referring to “Decision” have been replaced by “Directive”;
- a new recital has been added explaining that Member States do not need to transpose this Directive, since the targeted amendments concern a specific element of an empowerment to adopt delegated acts granted to the Commission;
- a new Article 3 has been added explaining that this Directive is addressed to Member States.

IV. CONCLUSION

9. In view of the above, the Permanent Representatives Committee is invited to:

- endorse the Presidency compromise text as set out in the Annex to this note;
- grant a mandate to the Presidency on the basis of that text to start negotiations with the European Parliament with a view to reaching an agreement in first reading.

2023/0368 (COD)

Proposal for a

~~DECISION~~ DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

amending Directive 2013/34/EU as regards the time limits for the adoption of sustainability reporting standards for certain sectors and for certain third-country undertakings

(Text with EEA relevance)

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 50(1) thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national parliaments,

Having regard to the opinion of the European Economic and Social Committee³,

Acting in accordance with the ordinary legislative procedure,

Whereas:

- (1) Sustainability reporting requirements play a key role in ensuring market transparency and in ensuring that undertakings are accountable for their impacts on people and the environment. However, it is important to streamline those requirements, in order to ensure that they fulfil the purpose for which they were intended and to limit the administrative burden.

³ OJ C [...], [...], p. [...].

- (2) Article 29b(1), third subparagraph, of Directive 2013/34/EU of the European Parliament and of the Council⁴ requires the Commission to provide for sustainability reporting standards by means of delegated acts by 30 June 2024 specifying the information that undertakings are to report with regard to sustainability matters and the reporting areas specific to the sector in which an undertaking operates, in addition to the information that undertakings are already **required** to provide under Commission Delegated Regulation (EU) XX/XXX⁵.
- (3) To reduce the reporting burden on undertakings, as set out in the Commission Communication on ‘Long-term competitiveness of the EU: looking beyond 2030’⁶, undertakings should be allowed to focus first on the implementation of sustainability reporting requirements laid down in Delegated Regulation (EU) XX/XXX. For that reason, the time limit for the adoption of the delegated acts containing the complementary sustainability reporting requirements referred to in Article 29b(1), third subparagraph, of Directive 2013/34/EU should be postponed by 2 years.
- (4) Article 40b of Directive 2013/34/EU also requires the Commission to adopt, by 30 June 2024, a delegated act to provide for sustainability reporting standards to be used for the disclosure of sustainability information concerning third-country undertakings with a net turnover above EUR 150 million and with either subsidiaries in the Union that are large undertakings or small and medium-sized undertakings with securities admitted to trading in the Union regulated markets, or with branches in the Union with a net turnover above EUR 40 million.

⁴ Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC (OJ L 182, 29.6.2013, p. 19).

⁵ [Publications office, please insert the full reference to this Delegated Act, once published: COMMISSION DELEGATED REGULATION (EU) .../... of 31.7.2023 supplementing Directive 2013/34/EU of the European Parliament and of the Council as regards sustainability reporting standards (C(2023) 5303 final)].

⁶ COM(2023)168.

- (5) The reporting requirements for certain third-country undertakings only apply as of financial year 2028. Since the time limit for the adoption of the delegated acts containing the complementary sustainability reporting obligations referred to in Article 29b(1), third subparagraph, of Directive 2013/34/EU will be postponed by 2 years, the time limit for the adoption of the sustainability reporting standards for certain third-country undertakings ~~standards~~ should also be postponed by 2 years.
- (6) Directive 2013/34/EU should therefore be amended accordingly. **Since the targeted amendments concern a specific element of an empowerment to adopt delegated acts granted to the Commission, there is no need for the Member States to transpose the amendments in case their national legislations only make reference to such empowerment.**

HAVE ADOPTED THIS ~~DECISION~~ **DIRECTIVE**:

Article 1

Amendments to Directive 2013/34/EU

Directive 2013/34/EU is amended as follows:

- (1) ~~in~~ Article 29b(1), third subparagraph, **the** introductory wording, '30 June 2024' is replaced by '30 June 2026';
- (2) in Article 40b, '30 June 2024' is replaced by '30 June 2026'.

Article 2

Entry into force

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

Article 3

Addressees

This Directive is addressed to the Member States.

Done at Brussels,

*For the European Parliament
The President*

*For the Council
The President*